Environmental and Social Review Summary (ESRS)
Salaverry Port Bond – PERU

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1 General Information of the Project and Scope of Environmental and Social Review

The Consortium Transportadora Salaverry S.A., formed by the companies Tramarsa and the shipping company of the same name, was awarded the concession of the Salaverry Multipurpose Port Terminal ("TPMS" or the "Port") in May 2018 and incorporated Salaverry Terminal Internacional S.A. ("STI", the "Concessionaire" or the "Company"), the entity that started the modernization and operation of the Salaverry Port.

This transaction consists of financing a 20-year A/B Bond for STI, which will be used to refinance a construction facility that financed the modernization of the TPMS between 2020 and 2022, as required by the concession commitments (the "Project").

Due to restrictions arising from the COVID-19 pandemic,[1] the Environmental and Social Due Diligence (ESDD) process was for the most part conducted remotely and included a review of the following information, among others: i) environmental management policies, plans, manuals, and procedures; ii) human resources (HR) policy; iii) occupational health and safety (OHS) programs; iv) hazardous, non-hazardous, and special handling waste management procedures; v) procedures for monitoring and evaluating environmental conditions (e.g., air emissions, noise, and effluents); vi) emergency response plans; and vii) construction progress monitoring reports. This process was supplemented by remote interviews with personnel from the HR and operations areas associated with the Project, and from the Integrated Management System (IMS) Committee.

2 Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according with BID Invest´s Environmental and Social Sustainability Policy since it will likely generate the following environmental and social (E&S) and OHS impacts and risks, generally reversible and mitigable through available measures and existing technologies. These include: i) risks to the health and safety of workers; (ii) the generation of polluting emissions to the atmosphere; iii) the generation of solid waste (both hazardous and non-hazardous) and liquid waste (mainly industrial and domestic wastewater); and (iv) use of resources, mainly potable water, and energy. Most of these impacts and risks are estimated to be of moderate importance.

Due to its location, the Project is subject to natural hazards, such as earthquakes, fires, floods, hurricanes or storms, and strong swells, which present a moderate to low risk in terms of both possible damage to the Port's physical infrastructure and to its users.

[1] COVID-19 is the infectious disease caused by the coronavirus discovered in Wuhan, China in December 2019 (https://www.who.int/emergencies/diseases/novel-coronavirus-2019)

The Project will trigger the following International Finance Corporation (IFC) Performance Standards (PS): PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health, Safety, and Security.

3 Environmental and Social Context

The Terminal Portuaria Multipropósito de Salaverry is located in northern Peru, in the province of Trujillo, 15 kilometers south of the city of the same name and approximately 560 km north of Lima. The port, built between 1960 and 1964, is one of the four facilities built by the Port Administration of the Ministry of Economy and Finance (MEF) of Peru in an attempt to increase the national port capacity.

In May 2018, the Ministry of Transportation and Communications (MTC) awarded STI a 30-year concession to modernize and refurbish the TPMS. To this end, STI will work to raise the Port's operating standards through the provision of infrastructure and state-of-the-art technology, offering its users a complete stevedoring service that includes indirect shipping, stacking, and unstacking, internal transport at the Port, cargo handling, and free storage for 10 days.

The concession requires implementing investments in 6 phases,[2] of which only phases 1 and 2 are mandatory and not subject to capacity utilization, while the others will be activated when the terminal reaches certain volume thresholds. Phase 1 consists of modernizing the wharf infrastructure and implementing facilities for operations involving the indirect unloading of bulk shipments, plus dredging activities. Phase 2 considers modernizing and developing Port equipment and increasing storage capacity, among other works that will provide operational flexibility to the Port (thus improving its competitiveness). As of May 2022, the Principal Contractor (EPCC) reported 99.20% progress of the construction works in its May 2022 Physical Progress Report. The main highlights of the mandatory Stage 1 and Stage 2 investments include the execution of the initial dredging, the repair of Pier 2, the construction of a new Pier 1 measuring 285m x 43 m, the construction of a battery of 12 silos with a combined capacity of 30,000 tons, the construction of three roofed warehouses, one with a capacity of 20,000 tons for soybeans, one with a capacity of 30,000 tons for fertilizers, and one with a capacity of 30,000 tons for ore, the commissioning of a 15,000 m^2 slab for different types of cargo, the acquisition of two mobile cranes, the construction of a Pre-Port, and the remodeling of the Access Gate with four scales. In anticipation of the investments in Stages 3 and 4, a second battery of 12 silos with a combined capacity of 30,000 tons has been implemented, and the capacity of two warehouses has been expanded to achieve a capacity of 40,000 tons for soybeans and 60,000 tons for fertilizers, all of this to increase the operational flexibility of the Port Terminal.

Since the Port was an existing and operational facility since before the TPMS concession was granted, the environmental conditions of the concession area have been fully altered, and the Project's additional impacts on the soil, flora, and fauna will therefore be of little or no significance. There are also no water courses or surface water bodies that can be significantly affected by the Project.

The socioeconomic environment of the Project's area of direct influence consists of the town of Salaverry Tradicional (next to the TPMS and its access road), whose main economic activity is retail trade (13.71%) followed by fishing (12.77%), urban transportation (6.15%), and agriculture (5.91%).

[2] For more information on the Phases, see: https://www.sti.com.pe/nuevo-puerto

Fishing, mainly small-scale, makes up 12.77% of the economically active population (EAP) and makes use of the Salaverry artisanal fishing dock; the TPMS facilities are also used from time to time. According to the environmental and social (E&S) baseline information, the fishing areas for small vessels (barges or boats of half to three tons) within five nautical miles are not in the maritime maneuvering area of the TPMS, but are dispersed from Razuri[3] to the vicinity of Guañape Island.[4] Similarly, other identified fishing areas that will not be affected by the maritime maneuvers of the TPMS are those beyond five miles from the coast, from Cao to Punta Gorda, where seasonal (summer and winter) deep-sea fishing with medium (4- to 12-ton) vessels takes place.

Tourism, an activity that has gained traction in the last five years, will benefit from the Project and will generate seasonal mobility toward the district (between January and March), activating recreation areas near the beach and their associated activities such as food sales, boat rides, and surf school.

Given that the Port is operational, the following E&S permits were available when the concession was granted: i) an Environmental Impact Statement (EIS) for the TPMS Maintenance Dredging activities; ii) an Environmental Adequacy and Management Program for the TPMS; iii) a Supporting Technical Report (STR) for the TPMS dump extension and the replacement of dredging equipment; iv) a second STR for the Update of the Initial Dredging Technical File in the TPMS; and v) authorizations to increase the annual dumping volume from dredging operations to 2.6 million m^3 and the dumping of an additional volume of 1.0 million m^3 from dredging activities. Nevertheless, as required by Peruvian environmental legislation[5], STI prepared a Detailed Environmental Impact Assessment (EIA-d) for the Project, which was approved by the National Environmental Certification Service for Sustainable Investments (SENACE) in February 2020.

STI is certified under the standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 22301:2019, ISO 28000:2007 and ISO/IEC 27001:2013[6], for its port services, which include: i) vessel services; ii) cargo services; iii) passenger services; and iv) special services.

4 Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

4.1.a E&S Assessment and Management System

STI has defined, documented, implemented, and maintained an Integrated Management System (IMS) in keeping with the current requirements of International Standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 22301:2019, ISO 28000:2007 and ISO/IEC 27001:2013. The IMS is documented in the IMS Policy, the IMS Manual, and its standards, procedures, guidelines, and records. The documents are

[3] The district of Rázuri (also called the district of Malabrigo) is one of eight districts that make up the province of Ascope, located in the department of La Libertad, in northern Peru, approximately 100 km from the port of Salaverry.

[4] The Guañape Islands are a group of islands located in the Pacific Ocean, off the coast of the department of La Libertad, Peru, about 100 km south of the port of Salaverry.

[5] Law No. 28611, General Environmental Law and Law No. 27446, Law on the National Environmental Impact Assessment System, its Regulation Supreme Decree No. 019-2009-MINAM and amendments in force.

[6] These are quality systems, environmental management, occupational health and safety management, business continuity management, supply chain security management, and information security management certificates, respectively.

disseminated and controlled through the IMS support software, which has the necessary controls to identify, read, store, protect, retain, and delete the records entered into the system.

Its implementation and continuous improvement is overseen by the IMS Committee, which is formed by the CEO, who chairs it, the Administration and Finance Manager, the Engineering Manager, the Operations Manager, the Engineering Assistant Manager, the Head of Operations, the Head of Human Resources - Legal, and the IMS Coordinator.

4.1.b Policy

STI has an IMS Policy that includes commitments and conditions for quality, environmentally, and safety controlled operations. This policy is the written statement of the CEO's commitments. It is disseminated to all levels of the organization and reviewed annually. In July 2021, STI updated its IMS Policy to include supply chain security, business continuity, and information security among its commitments.

The dissemination of the IMS Policy to stakeholders is done through the available means of communication defined in the Internal and External Communications Procedure. This activity is complemented by dissemination and awareness meetings included in the Annual Training Plan.

4.1.c Identification of Risks and Impacts

4.1.c.i Direct and Indirect Impacts and Risks

The Detailed Environmental Impact Assessment (EIA-d) prepared for the Project, in addition to complying with Peruvian environmental legislation,[5] contains a chapter on identifying and evaluating environmental liabilities, because the Port is in operation, and another on characterizing environmental impacts, which describes the risks and impacts for each phase of the Project, including temporary works, construction, repair and rehabilitation of various structures, closure and abandonment of work fronts, and maritime and land activities.

STI keeps its Aspect Identification and Impact Assessment (AIIA) matrices updated for each activity according to the one-year deadline or when new products, activities, or services are planned or developed, based on the Aspect Identification and Environmental Impact Assessment Procedure.

In addition, the Company's IMS Manual contains Hazard Identification, Risk Assessment, and Control Measures, and Supply Chain Risk Identification, Assessment, and Qualification procedures, whose objectives are to monitor operations and activities, and to determine, prevent, and control those that have or may have significant impacts on the environment or entail significant risks associated with occupational health and safety or the protection of cargo, infrastructure, or equipment.

4.1.c.ii Gender Risks

In Latin America, there is significant gender inequality, defined as differential and unequal access to labor, educational, economic, and political participation opportunities based on sex or gender. This inequality, which is reinforced by widespread cultural norms regarding acceptable roles for men and women and exacerbated by weak legal protections or inadequate social response, results in gender discrimination, unequal access to public services, educational differences, wage and employment inequality, and lagging

rates of political participation. The 2021 gender gap index for Peru was 0.72, which places it in 16th place out of 26 Latin American countries.[7]

Although Peru has laws[8] and institutions[9] that ensure the protection of women, the number of reported cases of femicide in the country (148 cases) ranks sixth among 17 Latin American countries.[10] According to the National Institute of Statistics (INEI, for its acronym in Spanish), the Coastal region concentrates the highest number of victims. Nevertheless, the Department of La Libertad recorded the lowest femicide rate for 2020 (0.3 per 100,000 women).

In Peru, gender-based violence and harassment intensified during the beginning of the health emergency caused by COVID-19. Calls to the sexual violence hotline doubled between February 2020 and July 2020.[11]

Despite the above, due to the type of activity and the industrial line of business, and the fact that the Project's facilities are sheltered and close to urban areas, gender risk is considered low and mitigable through the application of the principles contained in the Company's Internal Labor Regulations. Furthermore, as required by labor legislation, the Company has implemented a sexual harassment committee comprised of employee and STI representatives.

4.1.c.iii Climate Change Exposure

The Project's area of influence is affected by a high risk of earthquakes and tsunamis. According to the Peruvian Hazard Atlas (INDECI, 2010), the Port, being located in the South Pacific Ring of Fire, is in seismic zoning No. 3 (Zone 3)[12] and in areas affected by floods and rains during the El Niño phenomenon.

Based on global climate modeling, the Project infrastructure has moderate to high exposure to changes in precipitation patterns as well as sea level rise in the wider Project area. Considering the latter and the fact that all these factors have been included in the designs of the planned structures, the Project has a low overall climate change vulnerability. Climate change exposure risk is addressed by the measures proposed in the Emergency Plan, which is reviewed annually.

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7 The closer the index is to 1, the less gender inequality. "Gender gap index in Latin America 2021", Statista.

8 Law 30862 that strengthens various norms to prevent, punish, and eradicate violence against women and members of the family group (October 25, 2018); Legislative Decree no. 1323, Legislative Decree that strengthens the fight against femicide, family violence, and gender violence (July 29, 2018); Law 31156, Law that modifies Article 15 of Law 30364, law to prevent, punish, and eradicate violence against women and members of the family group, permanently enabling the use of technological channels to report acts of violence (April 7, 2021); Law 1386 Legislative Decree amending Law 30364 (September 4, 2018); Law 30364 to prevent, punish, and eradicate violence against women and members of the family group (November 23, 2015) and its Regulation (Supreme Decree No. 009-MIMP, of July 27, 2016); among others.

9 Ministry of Women and Vulnerable Populations (MIMP); National Police of Peru; Public Prosecutor's Office; National Observatory of Violence against Women and Family Members; National Institute of Human Rights and the Ombudsman's Office; among others.

10 "Number of femicides in Latin America by country 2019", Statista.

11 "La violencia familiar en tiempos de cuarentena en el Perú"; PNUD, Peru.

12 ZONE 3 represents those areas where the seismic potential is high, since it is affected by the occurrence of high magnitude earthquakes (M>7.0) that produce accelerations greater than 300 cm/sec^2.

4.1.d Management Programs

STI has an Environmental Adjustment and Management Program (EAMP) for its existing operations.

In addition, the EIA-d for new Project activities includes an Environmental Management Strategy (EMS) that integrates the following plans and programs: i) Environmental Management Plan (EMP), which contains the E&S measures programs for the construction and operation and maintenance (O&M) phases of the Project, including (a) the management of ancillary facilities, quarries, excess material deposits and dredged material deposits and (b) Solid Waste Management Programs (SWMP); Effluent; Road Signage; Safety; Environmental; Occupational Safety and Health (OHS); Wildlife, Flora, Fauna, Aquatic Ecosystems and Fragile Ecosystems Management; and Hazardous Materials Management; ii) Environmental Surveillance Plan, which presents the monitoring requirements for the physical environment (air quality, environmental noise levels, vibrations, seawater, marine sediments, soil, liquid effluents) and the biological environment (aquatic ecosystem and bioaccumulation, terrestrial fauna and flora, invasive species and vectors); iii) Social Management Plan, which seeks to foster an environment of neighborliness, cordiality, and trust with all stakeholders, leveraging any potential or actual social conflict that may arise due to the Project's execution; iv) Environmental Training and Education Program, which seeks to create environmental and industrial safety awareness in all personnel (direct workers and subcontractors) involved in the execution of TPMS activities, so that their activities are carried out with respect for the environment and awareness of the hazards they are exposed to if they are not cautious in their activities; and v) Closure Plan, which considers the actions to be taken once the Project's construction activities have been completed.

4.1.e Organizational Capacity and Competency

STI has a dedicated E&S organizational structure in place, headed by the IMS Committee. Said committee, in addition to being committed to the development, implementation, and continuous improvement of the system, is also in charge of allocating resources for the effective functioning of the IMS and its dissemination to all levels of the Company.

The Company has an OHS Committee that, in addition to approving the Internal OHS Regulations, the Annual OHS Program, and the Annual OHS Training Plan for workers, oversees compliance with OHS-related legislation, internal standards, and technical specifications.

4.1.f Emergency Preparedness and Response

STI has identified potential emergency scenarios (both environmental and health and safety) and prepared the respective response plans. These management instruments are regularly evaluated in close consultation with the relevant stakeholders. Thus, STI has: i) a Response Plan for Spills of Hydrocarbons and Harmful Substances into the Sea; (ii) an Emergency Plan that is part of the Port Security Procedures Manual (PSPM) and Port Facility Protection Plan; and iii) a Crisis Management Program. These instruments specify the communication and reporting channels to the authorities.

In March 2019, STI prepared an Emergency Plan for the Special Port Facility Certification ("Emergency Plan"), in order to comply with Board of Directors Agreement Resolution No. 003 and 005-2006-APN/DIR. This plan seeks to raise the awareness of, train, and educate the personnel responsible for anticipating, mitigating, and addressing the different types of emergencies that could arise in storage, transportation,

and hazardous cargo handling areas and activities in an organized, timely and efficient manner. This is important due to the proximity of the Port to the Ethyl Alcohol Storage and Pumping Plant, Coazúcar (managed by Corporación Azucarera del Perú, SA). As part of the Special Port Facility Certification, in 2021 STI updated its Emergency Plan to include the following, among others: i) contact details; ii) emergency flow chart; iii) explosives handling procedure; and iv) various annexes.

The Emergency Plan in force has: i) a description of the Special Port Facility, together with the Emergency Plan organization chart and the identification of the Emergency Management Committee; ii) a risk assessment; iii) a description of the operational and physical measures and the response operation to be implemented in the facilities; iv) emergency procedures in the event of fire, explosions, hydrocarbon and hazardous material spills into the sea or on land, earthquakes, grounding and stranding, and tsunamis and tidal waves; v) a description of post-emergency actions; vi) education, training, and drills; and vii) procedures to review and update the Plan.

The Port has a firefighting system and a water tank with an 800-m^3 capacity located at the summit of Cerro Carretas. This system was modernized to cover the Port's new distribution and operation conditions (covering all its Phases).

The Emergency Plan requires the personnel involved in its implementation (brigades, security and safety personnel, security service, Emergency Management Committee, etc.); some level of certification according to OSHA standard 29 CFR 1910.120,[13] this document is reviewed by a reputable competent company and finally approved and audited by the Port Authority and the National Port Authority (NPA).

The Security and Protection Management, in coordination with HR, prepare the Annual Training Program for all STI personnel on issues related to: firefighting; response to incidents involving hazardous materials; first aid; and response to spills of hydrocarbons and harmful substances into the sea. They also prepare an induction program on safety, health, and security issues for all clients and users, and for all personnel working at the port facility.

The Crisis Management Program, which includes measures to address and manage social crisis situations in the TPMS area of influence, aims to: i) identify crisis situations; ii) adequately control and mitigate, in the shortest possible time, the occurrence or imminence of the impacts or damage causing the crisis; iii) safeguard assets based on the order of priority defined for this, e.g.: a) the safety of STI personnel, contractors, or subcontractors, b) the environment (water, air, and land resources), and c) STI facilities; and iv) propose and adopt measures to re-engage in dialog.

4.1.g Monitoring and Review

STI has a Legal Compliance Identification, Access, and Evaluation Procedure, which sets out the guidelines for accessing, verifying, and evaluating compliance with applicable legal requirements.

In this regard, the Company keeps the environmental and operating permits matrix updated by the phase (construction, operation, and maintenance) of each Stage of the Port modernization. In addition, STI and

[13] Occupational Safety and Health Administration (OSHA) standard regulating responses to uncontrolled releases of hazardous substances.

EPCC submit E&S compliance and monitoring reports to the competent authority[14] and the construction supervisor, who in turn reports to the Regulator.[15] Nevertheless, the Company will prepare[16] a consolidated annual report on the compliance status of the progress of IMS actions with regard to the established key performance indicators (KPI's); as well as the compliance status with IDB Invest's Environmental and Social Sustainability Policy. Based on the results of the internal audit, STI will define specific measures to reduce impacts and improve efficiency and will document and report on its progress and new procedures, as well as on other certifications, depending on the country in which the operating site is located.

4.1.h Stakeholder Engagement

STI has a Community Engagement Procedure that dictates strategies for effective communication and good relations with the population and stakeholders in the Project's area of influence, setting out protocols for: i) interviews with authorities and stakeholder representatives; ii) informative meetings with stakeholders; iii) media and social network management; and iv) guided tours of the Port terminal's facilities. The work team in charge of implementing this procedure consists of the person in charge of social management and a group of social promoters who have been developing activities included in a Work Plan that seeks to strengthen ties with its main social stakeholders, as well as to provide better opportunities in terms of education, health, and the generation of various sustainable projects.

The IMS Manual presents an analysis and stakeholder identification process through its Stakeholder Matrix Format, which consolidates the relevant information on the requirements and expectations of said stakeholders.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External Communication

STI has an Internal and External Communications Procedure that applies both to its employees and to stakeholders, which sets forth the criteria and responsibilities to ensure proper communication between the different levels and responsibilities of the organization, in addition to regulating external communications with the relevant parties in view of the nature of the information before its disclosure.

4.1.i.ii Grievance Mechanisms for Affected Communities

STI has a Grievance, Complaint, and Inquiry Response Procedure that was implemented by the Social Responsibility department of the Administration and Finance Management, which applies to all stakeholders. This procedure presents a mechanism for receiving inquiries, grievances, and complaints either through: i) an e-mail; ii) in person at the information office located within STI facilities; iii) the complaints mailbox located in the facilities; and iv) a dedicated telephone line for this purpose. It also lays out the steps to resolve inquiries or grievances employing an easily understood and transparent process.

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[14] The General Directorate of Environmental Affairs, of the Ministry of Transportation and Communications (MTC)

[15] Supervisory Agency for Investment in Transportation Infrastructure for Public Use (OSITRAN, for its acronym in Spanish), a public, decentralized, and supervisory agency attached to the President of the Council of Ministers of Peru.

[16] Either internally (internal audit) or through an external independent E&S expert (external audit).

4.1.j Ongoing Reporting to Affected Communities

The Internal and External Communications Procedure, which must be implemented by several area managers, allows STI to communicate to stakeholders the results of compliance with objectives, internal audits, corrective actions, changes in the IMS, significant environmental aspects, significant occupational health and safety risks, and security risks. To this end, regular meetings are held with area managers and supervisors, and printed (notice board, posters, brochures) or digital (mainly e-mails) media are used.

According to the Internal and External Communications Procedure, the approach to external communications that refer to significant environmental matters, OHS risks, and safety and security risks, and the recording of the decisions made in response to them, is the responsibility of each respective Section Head.

Additionally, STI provides information on the Project, its services, Social Management, FAQs, news, and official documents, on its website[17] and through social media.[18]

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

4.2.a.i Human Resources Policies and Procedures

STI has a series of instruments for human resource management, including: i) the 2018 Internal Labor Regulations (ILR), approved by the La Libertad Regional Directorate of the Ministry of Labor and Employment Promotion (MTPE, for its acronym in Spanish), which contains the rules and conditions governing employee recruitment and hiring; and regulations on working days, working hours, and breaks; paid annual leave; paid and unpaid leaves of absence; wages and benefits; employer and employee rights and obligations; behavior and disciplinary measures; property security; risk prevention; and workers with disabilities; among others; and ii) a Compensation Policy that has been disseminated to all employees, whose purpose is to implement, maintain and administer an employee benefits plan, ensuring internal equality with no discrimination of any kind, taking into account the labor market and external competitiveness and promoting high performance, not exceeding the allocated budget.

All these matters involving labor and working conditions are managed by the Head of HR, with the support of its assistants.

4.2.a.ii Working Conditions and Terms of Employment

STI's ILR, which has been approved by the MTPE, adheres to Peru's Labor Code and to the conventions of the International Labor Organization (ILO), which has established the principles of gender equality and non-discrimination, equal opportunity, the prohibition of child labor, fair treatment, prohibition of workplace harassment and penalties for sexual harassment, a contract with suitable working conditions and terms of employment, and notice of dismissal and severance pay. All STI personnel undergo training

[17] https://www.sti.com.pe/

[18] https://www.facebook.com/SalaverryTerminalInternacionalSTI/

on the ILR and must sign a statement of knowledge, understanding, and compliance with the aforementioned regulations at the end of the corresponding induction.

4.2.a.iii Workers' Organizations

Abiding by the provisions of the Peruvian Constitution, the corresponding labor laws,[19] and the international conventions and treaties of the ILO,[20] STI guarantees the free exercise of the collective rights of its workers, including the right to form unions, negotiate collective bargaining agreements, and exercise their right to strike.

At present, STI actively engages with the Port of Salaverry Stevedores' Unions, the Port of Salaverry Stevedores' and Port Pilots' Guild Union, and the Salaverry Hydrobiological Products Stevedoring Association, among other trade unions.

4.2.a.iv Non-discrimination and Equal Opportunity

Peru is a signatory to several ILO international conventions and treaties relating to workers' rights, including Convention No. 100 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value and Convention No. 111 concerning Discrimination in Respect of Employment and Occupation.

STI, in addition to complying with these provisions and with Peruvian labor legislation, establishes in its ILR respect for individual diversity and equity, proceeding with fairness, equality, and impartiality, and seeking a positive and inclusive social impact. In addition, the ILR sets out a zero tolerance stance against discrimination, harassment, abuse, and workplace harassment, and reaffirms the Company's commitment to promoting an environment in which no applicant, employee, supplier, or contractor is excluded or discriminated against participating in an internal or external selection process based on race, color, age, gender, gender identity, sexual orientation, marital status, ancestry, ethic or national origin, religion, disability or medical condition (including COVID-19), or any other discriminatory condition.

Demonstrating its commitment to ensuring labor inclusion and gender equity within the sector, 20% of TPMS's total workforce consists of women.

4.2.a.v Grievance Mechanism

STI has an internal Grievance and Inquiry Procedure. Nevertheless, it will be updated to: i) accept anonymity and provide confidentiality and protection against retaliation to employees who use it; and ii) not impede, but rather provide access to other applicable legal or administrative remedies, justified by the seriousness of the violation, according to local national labor laws or regulations.

[19] Supreme Decree No. 010-2003-TR.

[20] Convention No. 87 concerning Freedom of Association and Protection of the Right to Organize and Convention No. 98 concerning the Right to Organize and Collective Bargaining.

4.2.b Protecting the Workforce

Peru is also a signatory to several ILO international conventions and treaties related to workers' rights;[21] its extensive labor legislation that regulates, among other aspects, the duration of the workday, working hours, overtime, paid leave, minimum wage, family allowance, legal bonuses, and minimum OHS conditions.

STI, in fulfillment of all Peruvian legal labor obligations, respects employee and employer rights and duties, promoting equality and equity in human, civil, political, economic, social and cultural rights between men and women.

4.2.c Occupational Health and Safety

STI has an Annual Occupational Health and Safety Plan (AOHSP) and an Internal Occupational Health Safety Regulation (IOHSR), as provided for in the National Standard on Port Security and Peru's Occupational Health and Safety regulations. Compliance with both the AOHSP and the IOHSR is mandatory for STI personnel; port workers and users both inside and outside of its facilities, persons working on behalf of STI; and contractors, subcontractors and freelancers who conduct their activities partially or totally within TPMS.

The AOHSP defines Risk Assessment and Hazard Identification activities through the Hazard Identification and Risk Assessment and Control Procedure. It also contains a list of general procedures that comprise the AOHSP, which include procedures for: i) work with hazardous goods; ii) alcohol and drug detection; iii) various types of work, such as work at heights, mechanical heavy lifting, hot work, work under electrical risk, etc.; and iv) personal protective equipment (PPE). The AOHSP also provides for training, OHS inspections; the occupational health aspects of its workers (regular medical check-ups) as required by the Ministry of Health; the drill program; the audit program; and the implementation and review of the plan.

The IOHSR specifically sets out: i) rules for the prevention of vessel maneuvering in the Port's aquatic spaces; ii) safety practices in merchandise operations; iii) prevention and control of environmental pollution derived from Port operations: iv) protocols for fire prevention and firefighting in the Port; v) emergency planning and response; vi) accident investigation procedures; vii) accident prevention procedures; ix) first aid infrastructure and equipment; x) training programs; and xi) response and sanctions to complaints and violations.

STI has an Accident and Incident Recording, Investigation, and Analysis Procedure, which includes details on how to report incidents and accidents to the competent NPA Authorities and the requirements for compliance with recommendations to prevent the recurrence of such accidents or the occurrence of occupational diseases. The Company also prepares an Annual Occupational Health and Safety Program, which details a schedule for the implementation and oversight of the initiatives in the OHS Plan.

STI has an Occupational Clinic where occupational medical check-ups of all its workers are performed according to the protocol established by the Occupational Physician. The COVID-19 Workplace

[21] Convention No. 138 concerning Minimum Age for Admission to Employment, Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor, Convention No. 29 concerning Forced or Compulsory Labor, and Convention No. 105 concerning the Abolition of Forced Labor.

Surveillance, Prevention, and Control Plan is based on the technical resolution of the MINSA[22] and the MTC[23] and approved by the OHS Committee, which is mandatory for all STI personnel, contractors, subcontractors, suppliers, and all visitors to the Project's premises. Each day before starting work, employees receive a reinforcement talk on health and safety, as well as the protocol for managing COVID-19. In this regard, all persons entering the TPMS must comply with the following protocol: i) take body temperature upon entering and exiting the pedestrian entrance; ii) maintain distance, wear masks, apply hand sanitizer and disinfect footwear with chlorinated water; iii) wash hands frequently; and iv) in the event of any symptoms associated with COVID-19, isolate the person in an area set aside exclusively for this purpose.

4.2.d Workers Engaged by Third Parties

All companies that provide outsourced services within the Port must comply with the safety, health, environmental, and security requirements and standards to enter and develop activities within the TPMS; which include hazard assessment and risk control associated with the activity, OHS legislation in force, the use of appropriate PPE, the rejection of illegal activities within their facilities and the policy of protection and proper management of waste resulting from their operations. The AOHSP also sets out the obligation of contractors, subcontractors, and suppliers to comply with the provisions of the IOHSR.

Nevertheless, STI will develop a Policy for the Employment and Provision of Services of Workers Engaged by Third Parties that clearly establishes compliance with Peruvian labor legislation and ILO international conventions, and that allows STI to: i) ensure that its contractors are legitimate companies; ii) ensure that the hiring and dismissal of workers engaged by third parties comply with local legislation (including ILO conventions ratified by Peru), especially those referring to the non-use of child or forced labor; iii) monitor the performance of those third party employers through commercially reasonable measures incorporated into the contractual agreements; and iv) ensure that workers engaged by third parties have access to either the Contractor's or the Promoter's own grievance mechanism. Likewise, STI will develop a training program on the Policy for the Employment and Provision of Services of Workers Engaged by Third Parties.

4.2.e Supply Chain

Through its ILR, STI promotes respect for human rights in its internal operations and throughout its value chain. In this sense, the Company ensures the fulfillment of applicable legal provisions and conventions ratified by Peru on labor matters, including those relating to child labor[24] and forced labor.[25]

Nevertheless, in order to address the supply chain, STI will develop and implement a Sustainable Purchasing Policy to regulate the purchase of goods (materials, equipment, etc.) and the contracting of services, requiring its suppliers to comply with labor (specifically the prohibition of child and forced labor), OHS, and environmental protection requirements, pursuant to national environmental regulations. This

[22] The technical document "Guidelines for Surveillance, Prevention and Control of the Health of Workers at Risk of Exposure to COVID-19", contained in Ministerial Resolution No. 239-2020-MINSA, establishes obligations for return and reincorporation to work.

[23] Ministerial Resolution 259-2020- MTC/01 that approves the sectorial guidelines for the gradual and progressive resumption of the projects of the Transport and Communications Sector.

[24] Conventions No. 138 on Minimum age and No 182 on the Worst Forms of Child Labor.

[25] ILO Conventions No. 29 on Forced Labor and 105 on the Abolition of Forced Labor.

policy will identify suppliers that fail to comply with these provisions and will allow the Company to apply, when necessary, sanctions ranging from a simple warning to the cancellation of the corresponding contracts.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

Given the size of the Port modernization construction work and the fact that the construction sites and the construction and material storage yards will be located close to each other (within a radius of approximately 2 km), greenhouse gas (GHG) emissions for the Project construction phase are expected to be less than 25,000 tons of CO_2 equivalent annually (tCO_2eq/year).

Nevertheless, STI has an Annual GHG Emissions Prevention Program in place for the Project's operation and will conduct an Annual GHG Emissions Inventory, where it will quantify both direct emissions from fuel consumption (scope 1) and indirect emissions from electricity consumption (scope 2). The variation of the results with respect to the year 2022 will be reported annually and its causes will be explained.

Regardless, the Company is seeking to reduce its emissions through its sustainability approach aimed at optimizing the use of electricity and reducing fuel consumption (natural gas or fuel oil) for the Port's operations.

4.3.a.ii Water Consumption

The estimated annual water demand of the TPMS is 24,640 m^3/year (approx. 0.78 l/s), with an 800 m^3 drinking water tank located on the north side of Cerro Carretas supplied by the public water utility company SEDALIB, SA.

The Project, however, lacks a program to raise awareness about water consumption for the O&M phases. STI will therefore develop a Water Consumption Awareness and Reduction Program for the Project's operation phase that includes: i) monitoring of the monthly water consumption indicator; and ii) an operating procedure triggered by any variation or alteration in consumption, to correct the cause.

4.3.a.iii Energy

Electricity for TPMS operations, supplied from the public grid by Hidrandina, is used mainly for general lighting, the administrative building, and operational areas. The TPMS has two generator sets for use in the event of a power outage.

The Company has three electrical substations: the main substation (No.1), located at the thermal power plant and fed from the public grid at 33 kV, and two auxiliary substations No.2 and No.3, fed by the main substation at 10 kV. The contracted power for the Project's operation phase is 2.5MW, and there is also a 1MW generator set to support it. As part of the Port's modernization process and to lower energy

consumption, TPMS is replacing the old lighting system (halogen lighting system) with a LED lighting system,[26] which will generate considerable energy savings[27] when fully installed.

Nevertheless, as part of the Energy Efficiency Program proposed to reduce GHG emissions and minimize the carbon footprint of the Project's operations, STI will: (i) identify measures to reduce the use of fuels; (ii) analyze alternatives to utilize renewable energy sources; and (iii) evaluate the feasibility of implementing the following comprehensive energy saving measures: replacing low-efficiency air conditioning systems with high-efficiency equipment and ozone-friendly refrigerants (e.g., replacing the use of R22 as a refrigerant), automating processes through programmable logistics controls, applying inverter technology to maximize efficiency in the equipment with the highest demand, such as industrial cooling and air conditioning systems, using natural lighting in offices and warehouses, and using insulating and thermo-acoustic materials to reduce heat transfer and eliminate noise.

4.3.b Pollution Prevention

4.3.b.i Waste

All port buildings are connected to the SEDALIB, S.A. public sewer system. The water used in the truck wash is recirculated in the same system without generating industrial effluents and the settled sludge is returned to the ore storage area. The maintenance shop has a grease trap, which when saturated is collected and disposed of by a solid waste management company (SWMC) authorized by the Ministry of the Environment (MINAM). To manage effluents from ships, STI also has an Oily Mixture and Wastewater Management Procedure that satisfies the requirements of Annexes I, IV, and V of MARPOL 73/78.

STI has a Solid Waste Management Program (SWMP) that allows it to manage waste from generation to final disposal. The Company, however, will implement a temporary warehouse to store hazardous and non-hazardous waste until it is removed for final disposal. Non-hazardous solid waste will be transported to a landfill by an authorized SWMC.

Any vessel intending to unload its waste at the port must subcontract a SWMC for its management. This activity will be carried out following the guidelines of the NPA and as specified in the regulations in force.[28]

4.3.b.ii Hazardous Materials Management

STI will not generate large quantities of hazardous waste or transport it off-site. It will be managed by an SWMC, as set forth in Law No. 28256 that regulates the overland transport of hazardous materials and waste. The final disposal of hazardous solid waste removed from the TPMS will be recorded by means of the Hazardous Solid Waste Management Manifesto of the Regulations of the Comprehensive Solid Waste Management Law.[29]

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[26] Light emitting diode, or LED.

[27] LED bulbs consume about 32% less energy and last 16 times longer than halogen bulbs, and emit almost no heat at all.

[28] D.R. No. 213-2018-MTC/16 “Guidelines for the Development of a Comprehensive Ship-Generated Waste Management Plan under the MARPOL Agreement: Oily Mixtures, Wastewater, and Garbage”.

[29] Supreme Decree No. 014-2017-MINAM, approving the Regulations of Legislative Decree No. 1278, which approves the Integrated Solid Waste Management Law

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The structures of Phases 1 and 2 of the Project were designed and built by competent and renowned contractors experienced in the construction and operation of this type of works, using international best practices and in keeping with the applicable national and international guidelines, standards, and building codes.

The Company has a specific section within the Emergency Plan for the protection of communities where, through specialized emergency command personnel (fire, rescue, and evacuation brigades), it will coordinate with external authorities[30] to respond to leaks, spills, fires, or explosions that exceed the Company's response limits. Similarly, TPMS, as set out in its Communication Procedure and through the Head of Emergency, will inform the communities about its Emergency Plan, the potential risks in its plants, its response and combat devices, alarm and communication systems, evacuation routes, and the internal and external drills program.

STI has a multi-risk insurance policy which covers physical loss or damage (including damage caused by machinery breakdown and loss of profits resulting from the same) to all buildings, machinery, equipment, cargo handling equipment, staging and any other property of the insured, third parties, or concession property, including the port and property within the boundaries of the port, on the basis of replacement value at all times. It also covers onshore assets, pipelines and subsea facilities, offshore and subway facilities used for the operation of the port. It includes liability to third parties resulting from marine terminal operations, storage, use of repair and refurbishment equipment, and waste disposal.

4.4.a.i Infrastructure and Equipment Design and Safety

The TPMS has a firewater network fed by two 450 m^3 water tanks located in the northern part of the TPMS, as well as a pumping yard that drives the water toward the hydrant system that surrounds all the Port components.

In keeping with Technical Standard A. 130 - Safety Requirements of the National Building Code,[31] the design of the Life and Fire Safety (L&FS) Systems of the Project's warehouses and facilities will satisfy the international standards of the National Fire Protection Association (NFPA).

In this regard, prior to occupancy and operation/commissioning of the new Project facilities, the Company will engage qualified L&FS professionals to certify:[32] i) that all Project facilities and buildings, whether completed or under construction, have been built in accordance with the approved L&FS designs; ii) that all equipment has been installed according to the L&FS design; and iii) that all L&FS equipment has been tested following national and international requirements.

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30 Persons or entities with technical, legal, and judicial personality, such as: Civil Protection, Red Cross, Firefighters, etc. (listed in Appendix 1 "List of Support Organizations and Industrial Facilities in case of Emergencies" of the Emergency Plan).

31 S.D. No. 011-2006-VIVIENDA

32 In Peru, it would be the Certificate of Technical Inspection of Safety in Buildings (ITSE, for its acronym in Spanish) issued by the Municipality or the Certificates of Fire Systems Operability issued by specialized companies.

4.4.b Security Personnel

STI's Port Facility Security Plan (PFSP) complies with international (SOLAS, International Ship and Port Facility Security Code - ISPS) and local regulations of the MTC[33] and NPA.[34] The plan defines the existing security system guidelines and procedures (private surveillance services, perimeter fence, CCTV system, lighting, protection vessel, pedestrian and vehicular access controls, etc.), the role and responsibilities of the Port Facility Security Officer, the communication system's codes and procedures, the procedure to safeguard classified information, the mechanisms to verify security system records, inspection and audit guidelines and procedures, the procedures for submitting failure reports and reports on situations that may affect the security system, safety guidelines for emergency situations (catastrophes, fires or explosions, evacuations, spills, etc.), staff education and training, among others. In addition, STI has Port Security Agent files (describing the activities and profiles of the security personnel), and a Port Security Procedures Manual (PSPM) which is duly approved and audited by the NPA.

In order to protect and safeguard the TPMS facilities, STI relies on private security services (mainly at the TPMS access points). Thus, STI will provide the necessary evidence to verify that under the contracts entered into with these companies, it will be able to: i) conduct reasonable investigations to ensure that security personnel do not have criminal records and have not been previously involved in cases of abuse; ii) verify the details of the necessary training on interventions in protection events; iii) verify the restrictions and procedures used in the event that personnel carry firearms and/or are under the influence of alcohol and/or drugs; and iv) identify environmental and social awareness training details, including human rights issues.

4.5 Land Acquisition and Involuntary Resettlement

The Project will be developed within the State Concession area, so no involuntary resettlement and/or economic displacement of any kind is expected.

4.6 Biodiversity Conservation and Natural Habitats

The Project will be developed on previously intervened land already under concession (the Port has been in operation since 1960). The aquatic concession area, dredged on multiple occasions (records show a dredging EIS dated 2015), lacks vegetation. The terrestrial concession area is practically a desert with a scarce presence of grassland vegetation (salt grass) and wetlands (mainly beach purslane), in only 5% of its extension and mainly in summer. For this reason, no material impact associated with the Project is expected.

4.7 Indigenous Peoples

The Project will be developed in the coastal city of Salaverry, a main city in the north of Peru. There are no Indigenous peoples in the Project development area.

[33] Ministerial Resolution No. 330-2004-MTC/02 approving the "National Standard for Obtaining the Declaration of Compliance of Port Facilities under Part A of the International Ship and Port Facility Security Code".

[34] Board of Directors Resolution No. 044-2017-APN-DIR approving the "Technical Standard on Port Security".

4.8 Cultural Heritage

No archaeological evidence was found on the surface of the Project's direct area of influence (El Molón beach), a previously disturbed area. Nevertheless, STI, in keeping with the regulations on the protection of cultural heritage,[35] has an Archaeological Monitoring Plan (AMP) approved by the Ministry of Culture (MC), to be implemented prior to the execution of earthmoving activities or subsurface works.

No impact to cultural heritage is foreseen for the Project's O&M stage.

5 Local Access of Project Documentation

STI discloses official information on the Project on its main website: https://www.sti.com.pe

[35] STI processed the Certificate of Absence of Archaeological Remains[35] (CAAR) for the concession area; however, the request was rejected by the Ministry of Culture, because the project area is a previously occupied, intervened zone (which is why a CAAR does not apply).