

1. General information on the scope of the IIC Environmental and Social Review. This is the second IDB Group operation with Danper Trujillo SAC (Danper). This summary is based on the information the company provided for the first operation, during the supervision phase, and in the environment and social due diligence visit carried out on July 10 and 11, 2017. This visit included tours of the Agromorín and Casa Verde farms, the fresh production plant at the Muchik farm, and the canned and frozen food plants in Trujillo. Various meetings were held with the management team during those visits. The proposed operation seeks to finance the development of 266 hectares of blueberries and complete the investment of 204 hectares of asparagus, as well as the replacement of farm machinery and equipment, investments in expanding processing capacity, and the acquisition of new farmland.

2. Environmental and social classification and rationale. In accordance with the IIC Environmental and Social Sustainability Policy, the transaction has been classified as a category “B” project because it may have effects that can be avoided or managed by following the performance standards, guidelines, and construction and management criteria for ventures of this kind. The principal environmental and labor aspects related to the project are: the effect on the biological environment and biodiversity, efficiency in the use of resources and pollution prevention, work and labor conditions, community health and safety, and protection of cultural heritage.

3. Environmental and social context. Danper and its subsidiaries companies (Danper Arequipa SAC, Danper Agrícola La Venturosa SAC, and Danper Agrícola Olmos SAC) carry out their activities in various areas of Peru with different climates and environmental characteristics. Danper cultivates approximately 7,000 hectares, has 11 processing plants, and employs about 9,000 people directly and another 7,000 people indirectly. Approximately 50% of its own staff are women holding positions at all levels of the company (laborers, technicians, chiefs, and managers). The company’s headquarters, most of its production, as well as the main processing plants are located in the region of La Libertad, in the northern coastal area of Peru, near the city of Trujillo. It also has operations in Arequipa, Chepén, and Olmos. Its farmlands are generally lands that have been already used for agricultural purposes which were developed based on water projects such as Chavimochic or Olmos.

4. Environmental impacts and risks and proposed mitigation measures and compensation

4.1 Evaluation and management of environmental and social risks and impacts.

a. Environmental and Social Management System. Danper has an integrated management system (Sistema Integrado de Gestión - SIG). The company is certified under international standards such as ISO 14001 in environmental management, OHSAS 18001 in occupational health and safety management, in addition to having other important certifications such as GlobalGAP and USGAP in agricultural good practices and sustainability, BRC in food safety and security, BASC in safe trade practices, SA 8000 in the fair treatment of workers, EDGE in gender equality, AWS for sustainable water management, etc. The company has successfully completed the audit of greenhouse gas emissions achieving the carbon footprint certification. The SIG is audited periodically by international certification bodies.

b. Policy. The SIG policy is published on the company’s website, is available to interested parties, and seeks to maintain the highest standards of quality, sustainability, and integrity in all the company’s activities.

c. Identification of risks and impacts. The SIG Manual of Procedures includes the identification of environmental risks in a document on Identifying Environmental Aspects and Evaluating Environmental Impacts. This document determines a procedure for identifying and evaluating environmental impacts resulting in an impacts matrix, defining objectives and goals, and

establishing responsibilities.

d. Management programs. The Department of Occupational and Environmental Safety and Health (Departamento de Seguridad, Salud Ocupacional y Medio Ambiente - SSOMA) is responsible for developing Environmental Management Programs, the Annual Workplace and Environmental Safety and Health Plan, and the Training Guide.

e. Organizational skills and competence. Danper has a solid professional organization that enabled it to become one of the principal export companies in its line of business, having achieved sustained growth since it was founded in 1994, diversifying its production, and successfully entering the most demanding markets in the world.

f. Preparation for and response to emergency situations. The Manual of Occupational Security and Health Procedures has an Industrial Plants Firefighters Manual and an Agroindustrial Complex Contingency Plan. These manuals indicate the procedures that should be followed in the preventive, emergency, and recovery phases. They encompass different types of emergencies such as accidents and medical emergencies, fires, spills, gas leaks, earthquakes, explosions, floods, and criminal acts. There is a Civil Defense Committee responsible for evaluating and securing the response resources, coordinating firefighters' activities, reporting emergencies internally and externally, and evaluating the effectiveness of the procedures.

g. Monitoring and evaluation. The SIG Continuous Improvement Procedure seeks to identify opportunities for improvement in the use of resources, in product quality, in client service, in environmental protection, or in occupational safety and health, and to implement solutions to the problems found. This is achieved by forming teams with the participation of areas where the opportunities for improvement are found; these teams should be multidisciplinary in nature. There is a committee that evaluates the improvement proposals. The improvement projects are managed in four phases: planning, execution, control, and closure.

h. Participation of social actors. Danper has held consultation -processes with local communities within the context of the approval process for the Environmental Remediation and Management Programs (Programas de Adecuación y Manejo Ambiental - PAMAs) for its industrial plants. The company's directors and managers maintain fluid contacts with mayors and other influential contacts within the communities near Danper operations in order to be aware of the population's concerns and to provide an early response to complaints and requests. It also contracted the La Libertad Alternative Action Center for Sustainable Development (Centro Alternativo de Acción para el Desarrollo Sostenible La Libertad - CADES), a nongovernmental agency, to evaluate social impacts in seven communities surrounding Danper's landholdings. The study identified some remediable impacts that Danper is working to mitigate such as: improvements in vehicular traffic, training and employment programs, solid waste management programs for the community, health campaigns, inclusive businesses programs for entrepreneurs, etc. Danper is scheduling a review of the studies and an evaluation of the results for next year.

i. External communications and complaints mechanism. The company's website allows for direct communication with the company. Danper also has an anonymous communication line available to all workers, clients, suppliers, and other interest groups that allows them to report complaints, reports, or problems related to any aspect of the company anonymously. Reports may refer to information on accounting and financial irregularities, fraud, unethical business practices, mistreatment and harassment of female and male employees, misappropriation of assets, violations of laws, damages to the environment, as well as any violation of the provisions of the company's code of conduct, which entails:

- Acting with honesty and integrity with all interest groups;
- Maintaining impartiality, equality, and respect in all actions;
- Complying with all applicable laws and regulations;
- Promoting the reporting of any violation of or failure to comply with this code.

j. Periodic reports to the communities affected. The communities near the sites where Danper carries out its activities are favorably affected by job creation, training, and the aforementioned social actions. Communication mechanisms are opened up via the company's website, the anonymous communication system, or through the mayor's offices in the communities that maintain direct and ongoing dialogue with company officials.

4.2 Work and labor conditions

a. Working conditions and labor relations management. Danper complies with national legislation on labor issues, including benefits, social security, and the health system. All workers engaged in agricultural or industrial tasks are employed directly by Danper. Human capital development is emblematic for the company and Danper dedicates significant material and management resources to that development. Danper's employees have direct access to supervisors and chiefs in the case of complaints or claims.

b. Labor force protection. Danper does not contract minors in its operations.

c. Workplace health and safety. Specific procedures for tasks involving risk are determined following the SIG methodology by identifying the main impacts. Examples of those procedures are:

- Procedure for Control and Handling of Chemicals
- Procedure for Reporting the Use of Pesticides
- Procedure for Washing Mechanized Application Equipment
- Procedure for Triple Washing of Empty Pesticide Containers
- Procedure for the Use of Personal Protective Equipment

d. Workers contracted by third parties. People who work on Danper farmlands, both those belonging to the company and leased properties, as well as those who work in the industrial plants, are employed directly by Danper. The only personnel employed by third parties are those who provide some service such as machinery or transportation services. The health and safety provisions for contracted personnel are the same as those for the company's own personnel.

e. Supply chain. Danper receives raw material from a chain of suppliers made up of approximately 480 independent producers. This represents about 30% of the raw material processed in the company's plants. To maintain the quality, safety, and traceability standards required by international certifications, Danper works with its suppliers, giving them training and technical assistance, post-fruit tree harvest advice, and advice for increasing the shelf life of fresh green asparagus.

There are also about 1,000 small and medium-sized companies that provide goods and services to Danper. The company defines as critical suppliers those that provide the materials necessary for the industrial and agricultural production processes, as well as those that provide transportation services. As a group, they represent between 70% and 80% of the goods and services procurement budget, excluding raw materials. They must go through a selection process and their performance is evaluated annually.

4.3 Efficiency in the use of resources and pollution prevention

a. Efficiency in the use of resources

i. Greenhouse gases (GHGs). Danper measures GHGs in its operations periodically to evaluate the tons of CO₂ equivalent released into the atmosphere. To do this, it measures the emissions from its fixed and mobile combustion sources, as well as fugitive emissions produced by the use of fertilizers, composting, and wastewater treatment. This allows Danper to analyze annual trends as well as to document anomalous circumstances. In July 2017, the SGS certification company audited GHG emissions released into the atmosphere, allowing the company to obtain Carbon Footprint certification for the third year in a row.

ii. Water use. Water is a scarce resource and is essential for agricultural crops. In the case of canal irrigation, the resource is managed by the project's administrative authorities, such as for the Chavimochic or Olmos projects. When irrigation is based on pumping underground water, the resource is managed by the National Water Administration (Administración Nacional del Agua - ANA) through its local administrative offices. In all cases, Danper has the corresponding authorization for use of the water. As part of its sustainability commitment, Danper has training programs on the use of water, as well as engineering controls for the rational use of water, recirculation of water, and reuse of water for green areas. An audit was conducted in July for AWS (Alliance for Water Stewardship) certification, which succeeded in obtaining the objective by demonstrating the company's management for the sustainability of water.

b. Pollution prevention. The Solid Waste Management Program deals with the production, collection, storage, transfer, treatment, and final disposal of waste according to its characteristics. It is based on the principle of reducing, reusing, and recycling to preserve human health, natural resources, and the environment. It classifies waste according to whether it is hazardous or non-hazardous, using color codes for its treatment.

In the case of liquid waste, every six months Danper monitors the quality of its effluents to comply with local standards as well as the International Finance Corporation (IFC) guidelines. The results have generally been satisfactory, although some specific deviations were recorded and led to corrective action by Danper.

In accordance with Peruvian legislation, Danper had to submit PAMAs for the Agroindustrial Complex of Industrial Canning and Freezing Plants (Trujillo Plant) and the Fresh Produce Packing Plant (Muchik farmland). Both plans were submitted in 2013.

4.4 Community health and safety

Danper promotes community well-being through health and education campaigns. To do this, it has a health center at the Trujillo Plant and another one at the Arequipa Plant, and campaigns are conducted in agricultural areas, providing preventive and prenatal medical care.

It also promotes the development of the company's young and adult workers by providing access to education for those who were unable to complete secondary education and offers to develop their skills and competence through tertiary level training opportunities.

The inclusive businesses program for entrepreneurs provides training on business/entrepreneur topics and has successfully promoted more than 20 ventures.

Through the community communication mechanisms described above, the company seeks to be aware of and address potential situations that might affect community health and safety.

4.5 Land acquisition and involuntary resettlement

There is no land acquisition in this project phase. Danper leases lands for its agricultural production. Those leases, which normally involve significant areas belonging to medium and large landholders, are leased under market conditions. The leases are registered in Public Registries (Registros

Publicos) in order to ensure the lessee's rights in the event ownership of the lands is transferred.

Danper proposes to acquire about 1,000 hectares of land starting in 2019. Those lands are not yet identified. The IIC will require that those land acquisitions occur under free and informed market conditions, do not entail involuntary resettlements complying with what is indicated in point 5.1 of this document. Following the acquisition of lands, Danper will have to implement environmental, social, and occupational programs to ensure the sustainability of the operations.

4.6 Conservation of biodiversity and sustainable management of living natural resources

Danper carries out its agricultural operations on lands that have had previous human occupation. The agricultural component of the proposed loan will be used to develop blueberry plantations to replace plantations that have exhausted their potential and complete the investment of some hectares of asparagus. New lands that have not been used for agriculture before will not be developed in this phase.

In future development, with Danper's land acquisition plan, there could be changes in land use. This would require the implementation of appropriate management systems to ensure minimal impact on biodiversity.

4.7 Indigenous peoples

No indigenous communities are affected in the areas utilized by Danper.

4.8 Cultural heritage

Numerous archeological remains of various origins and from various eras are found throughout Peru's coastal region, particularly in the area of Trujillo, a Moche Culture (100-800 A.D.) settlement site. To carry out its activities, Danper conducted specialized studies in coordination with the competent authority (Ministry of Culture) to obtain certification of the absence of archeological remains (Certificados de Inexistencia de Restos Arqueológicos - CIRA) for its landholdings.

Danper will have to do the appropriate archeological studies to develop lands that are not included in current certificates, as well as for the lands to be acquired. In addition, the IIC will ask Danper for a Contingency and Chance Finds Plan, to be included as contractual clauses.

5. Environmental and social action plan. (Please see attached document).