

Environmental and Labor Issues

This is a category III project according to the IIC's environmental and labor review procedure because it could produce certain effects that may be avoided or mitigated by following generally recognized performance standards, guidelines, and design criteria. The main environmental and labor considerations related to the project include quality management systems, occupational safety and health, labor practices, social issues, and environmental impact.

Construction Safety, Fire Safety, Personal Safety, and Emergency Response

Los Portales' safety procedures were developed in accordance with the compliance requirements established in Peruvian safety legislation. Los Portales abides by local regulations governing the construction of earthquake-resistant housing and has secured the pertinent authorizations and permits required by local government authorities to develop the land. All company operating permits and licenses are current.

During construction, company management will ensure that contractors comply with workplace safety practices, provide their workers with necessary safety equipment, and make every effort to minimize any adverse effects on the environment and local populations (e.g., noise, dust, and traffic disruptions). The company further agrees to secure all the necessary permits, licenses, and authorizations for the construction and subsequent operation of the renovated facilities.

Each hotel is equipped with a fire detection system that includes different types of sensors, manual fire alarm pull stations, as well as an intercom and fire alarm system. The firefighting system includes a pump equipped with an independent electric power supply and remote control activation, a 75-cubic-meter water reservoir, a "wet pipe" water delivery system fitted with hoses, and a network of fire extinguishers. Each hotel has access to an external network of fire hydrants. Guest rooms and common areas are equipped with signage indicating escape routes and emergency evacuation procedures, as well as emergency backup lighting. Emergency exits are well-lit and include the requisite signage. Each hotel has developed an emergency response plan that provides for employee training in first aid and fire evacuation procedures. The plan also provides for regular evacuation drills and an emergency response brigade on call 24 hours a day. As part of the plan, organizational charts have been prepared detailing the chain of command for emergency situations, fire brigades, first aid operations, personal safety, as well as rescue, support, and recovery operations.

Project Environmental Impact

The company has the backing of Grupo ICA through Constructoras ICA S.A. de C.V. ("CICASA"). CICASA has a comprehensive management system to ensure compliance with domestic regulations governing all its operations and those of its controlled entities, with a view to preventing and mitigating any negative impacts associated with the various stages of its projects. This system includes business plans and procedures for managing quality, environmental, and occupational safety issues, and is also ISO 9001 and ISO 14001 certified, for quality and environmental management, respectively. CICASA's workplace safety and health system is based on OHSAS 18001 guidelines.

Los Portales regularly implements environmental, occupational health, safety, and corporate-social responsibility best practices based on the above-mentioned standards. In addition, the IIC will require this project to comply with its own environmental and labor guidelines.

The company only generates non-industrial effluents and solid waste, which it disposes of in accordance with regulations established at the municipal level. Los Portales is in the process of launching a company-wide environmental campaign to raise awareness on the importance of curbing consumption to avoid waste, and to promote recycling and reuse. The campaign serves the dual purpose of promoting environmental health and recovering waste paper. Paper recovered through this initiative is subsequently sold and the resulting proceeds donated to charitable causes. In keeping with its commitment to good environmental and social practices, the company has also joined forces with the Peru Green Building Council, an organization that promotes compliance with sustainable construction practices.

At the national level the company's compliance with environmental regulations is overseen by the Peruvian Ministry of the Environment, and by municipal governments at the local level (e.g., the Municipality of San Isidro in the case of the Country Club Lima Hotel).

Labor Practices and Social Issues

All personnel providing services in the different business areas of the company—parking facilities, construction, and hotel divisions—are duly registered on its payroll in compliance with the relevant Peruvian legislation. The company is current with its contractual obligations (e.g., employee salaries, bonuses, and payroll contributions) and complies with the core labor standards of the International Labour Organization, such as nondiscrimination, equal opportunity, freedom of association, workers' labor rights, the right to collective bargaining, and the prohibition of forced labor. Company policy requires workers to be at least 18 years of age. The company has prepared a manual for its workers reflecting their labor rights and obligations.

The company has likewise prepared a manual to familiarize its workers with existing regulations governing occupational safety and health. Copies of these manuals are provided to each employee and govern the performance of their duties. The contracts of company suppliers and service providers include safety standards and provisions. New employees are required to attend an orientation seminar as set out in the handbook for the orientation of new employees. The company's regulations governing occupational safety and health and handbook for the orientation of new employees establish mandatory workplace safety procedures as well as any necessary emergency and/or contingency plans.

Monitoring and Compliance

Los Portales shall prepare an Environmental and Social Action Plan (ESAP) satisfactory to the IIC to ensure compliance with domestic regulations and the IIC's environmental and workplace safety and health guidelines. Additionally, the company shall be required to submit yearly reports to the IIC detailing its environmental, labor, and social performance. The IIC will evaluate the monitoring reports submitted by the company each year and conduct periodic visits to the company's facilities as part of the supervision process.