

1. Scope of the Environmental and Social Review

CHSA sustainably and profitably develops and manages investments in premium quality hotels through its committed and highly professional team. IDB Invest has participated in financing three of its hotels, namely, the Courtyard Alajuela and the Fairfield Alajuela, which are under construction in Costa Rica, and the Courtyard Kingston in Jamaica.

IDB Invest's environmental and social review included a re-evaluation of the public information registered on the CHSA website, an evaluation of the team responsible for the Company's environmental and social matters and its Sustainability Management System (hereinafter, "SMS"), and an analysis of the following documents: environmental and social compliance reports, environmental policies, occupational health and safety policies and procedures, and other documents.

2. Environmental and Social Categorization and Rationale

The Project has been classified as Category C under IDB Invest's Environmental and Social Sustainability Policy, as it will have very limited or no adverse environmental and social risks or impacts. The review will therefore focus on compliance with the following Performance Standards ("PS"): (i) PS 1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS 2: Labor and Working Conditions; and (iii) PS 3: Resource Efficiency and Pollution Prevention.

3. Environmental and Social Context

CHSA is headquartered in Costa Rica, with a regional office in Mexico and 540 employees in total. Marriott International Inc. is the strategic partner that operates its hotels.

CHSA's sustainability policy includes contributing to the design, development, and construction of profitable hotels while complying with all applicable legal, financial, environmental, and social requirements. The Company's environmental commitment has led it to adhere to the following operational monitoring and improvement programs: (i) Sustainable Tourism Certification from the Costa Rican Tourism Institute, and (ii) the Ecological Blue Flag for Climate Change. CHSA has been ISO 14001:2004 certified since 2016 and successfully completed its transition to the 2015 standard in 2018.

The Courtyard Alajuela was the first Marriott hotel in Central America to be awarded silver Leadership in Energy and Environmental Design (hereinafter, "LEED") certification, as it has incorporated advanced technologies that reduce its environmental impact through optimized energy performance, reduced drinking water use, use of insulating materials on buildings' exterior surfaces, use of low emissivity windows, use of equipment that ensures good air quality within the hotel, facilities for access to local transportation and public services, and other innovations. The Fairfield Alajuela is applying for LEED certification, while the Courtyard Kingston was the first hotel to be awarded LEED certified silver status in Jamaica.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

CHSA's Sustainability Policy describes the Company's environmental, social, and occupational health and safety (hereinafter, "OHS") performance guidelines. These guidelines are structured and communicated using its SMS Manual.

CHSA verifies compliance with environmental impact regulations, and identifies and evaluates environmental and social risks and impacts. It establishes controls and the treatment, mitigation, and compensation strategy for all its Projects, in accordance with the following corporate documents, which all form part of the SMS: (i) Environmental Aspects Identification and Evaluation Procedure, (ii) Environmental Aspects and Impacts Register, and (iii) SMS Risk Matrix.

CHSA's Occupational Health, Safety, and Environmental Manual includes general provisions for its sub-contractors regarding the supply of drinking water and electricity services, the construction and maintenance of temporary electrical facilities, temporary facilities management covering warehouses, dining rooms, dressing rooms, restrooms, sinks and showers, camps, etc., employee health management, environmental management, maintenance of cleanliness and tidiness standards, use of personal protective equipment, use of signage, chemicals handling, emergency procedures, and other provisions.

Each CHSA Project has a Sustainability Assistant and a Project Engineer who inspects Project execution. They are responsible for the corresponding environmental and social aspects (hereinafter "E&S").

The SMS provides that during the construction phase of any CHSA project, the general contractor is responsible for responding to emergencies and shall develop an Emergency Preparedness and Response Plan (hereinafter "EPRP"). Marriott, as Operator, is responsible for responding to emergencies during the operations phase. It shall prepare and adopt a Local Crisis Management Plan that complies with the corresponding legal requirements.

CHSA manages external communications in accordance with its Community Relations Procedure (PR-PROY-05) and an external communications and grievance mechanism.

4.2 Labor and Working Conditions

CHSA is committed to diversity and inclusion, as evidenced by its Internal Labor Regulations (hereinafter "ILR") and its policies, which also apply to sub-contracted personnel. They set out guidelines for processes and decisions that guarantee equal opportunity, gender equality, and non-discrimination; contain specific measures to prevent, address, and sanction any type of harassment; ratify the freedom of employees to join a union without fear of reprisals; promote OHS agreements; enforce internal equal benefit policies such as allowances, weekly rest days, working hours, sick days, subsidies, etc.; prohibit discrimination in recruitment and employment; encourage professional training and employment for people with disabilities; promote diversity; and prohibit child labor, forced labor and unpaid work. CHSA requires all its suppliers and sub-contractors to comply with these requirements.

As required by the applicable legislation, all projects must have an Occupational Risk Prevention Program and an Occupational Health Plan.

4.3 Resource Efficiency and Pollution Prevention

CHSA's Sustainability Policy requires that its projects incorporate technologies that reduce their environmental impact. Therefore, in keeping with the legislation in force, it requires that its projects prepare and adopt environmental and social management programs that cover, among others, the following aspects: (i) liquid, solid, and gaseous waste management; (ii) hazardous substances and waste management; (iii) water and energy use optimization; (iv) occupational health and safety risk management; and (v) air emissions reduction.

4.4 Community Health, Safety and Security

The Project will have no impact on the health and safety of communities in the vicinity of its facilities.

4.5 Land Acquisition and Involuntary Resettlement

This Project will not lead to any involuntary physical or economic displacement of the population.

4.6 Biodiversity Conservation and Management of Natural Resources

The Project will have no impact on biodiversity or the management of living natural resources.

4.7 Indigenous Peoples

This Project will have no impact on indigenous peoples' lands or resources.

4.8 Cultural Heritage

This Project does not consider any construction, earthworks, or earthmoving activities, wherefore no cultural heritage is expected to be affected.

5. Local Access of Project Documentation

CHSA's additional sustainability information can be found at the following link:

<https://www.caribehospitality.com/en/sostenibilidad/>

6. Contact Information

For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email requestinformation@idbinvest.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.

7. Environmental and Social Action Plan

The Project's Environmental and Social Action Plan (ESAP) is summarized in Annex 1. (please see attached document).