

## Environmental and Social Review Summary (ESRS) Danper – Peru

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### 1. General Information of the Project and Overview of Scope of IDB Invest’s Review

Danper Trujillo SAC (Danper or the “Company”), founded in 1994, is a leading company in the fruit and vegetable sector in Peru that is dedicated to the planting, production, and packaging of fresh and canned products (fine vegetables, fruits, super grains, gourmet, ready meals and organic products). It contributes to world food security through the optimization of natural resources; the production of new, more nutritious, and functional food, and innovation in packaging, in order to have safe food available for as long as possible.

This is the IDB Group’s third transaction with Danper. This summary is based on the information provided by the Company during the supervision stage and the environmental and social due diligence visit carried out on November 16, 2022. During this visit, IDB Invest visited the Compositán farm property and the canning and frozen food plants in Trujillo. Meetings were held with the management team during such visit.

The Project consists of two financing facilities: (i) a revolving uncommitted reverse factoring line to Danper in the amount of up to USD 10 million, by means of which IDB Invest seeks to facilitate access to financing at competitive prices for Danper’s suppliers (SMEs) in Peru (Reverse Factoring); and (ii) a long-term secured loan for a ten-year term for industrial and agricultural capital investments to foster growth and increase productivity, as well as to supplement its structural working capital needs (the “Long-Term Financing”, the Long-Term Financing and Reverse Factoring jointly, the “Project”).

### 2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B transaction as per IDB Invest’s Environmental and Social Sustainability Policy, since it may generate medium-intensity impacts and risks. The main environmental and social (E&S) aspects related to the Project include: (i) functionality of the management and monitoring systems; (ii) labor and working conditions management; (iii) emergency preparedness and response; (iv) water management and control of wastewater, waste, energy consumption and emissions; (v) impact on the environment and biodiversity; (vi) land degradation; and (vii) road safety.

The Performance Standards (PS) triggered by the Project are: (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS2: Labor and Working Conditions; (iii) PS3: Resource Efficiency and Pollution Prevention; (iv) PS4: Community Health, Safety, and Security; and (v) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

### **3. Environmental and Social Context**

#### **3.1 General characteristics of the Project's site**

Danper and its related companies (Danper Agrícola La Venturosa SAC and Danper Agrícola Olmos SAC) carry out their activities in different areas in Peru, with different climates and environmental characteristics. Danper cultivates about 7,000 hectares and has nine processing plants. The Company's head office and the largest concentration of production, as well as the main processing plants are located in La Libertad region on the northern coast of Peru, close to the city of Trujillo. It also has operations in Arequipa, Chepén and Olmos. Usually, the cultivation lands have already been intervened by humans for agricultural developments colonized on the basis of hydric developments such as Project Chavimochic or Project Olmos.

#### **3.2 Contextual risks**

Political instability, policy changes and social unrest could affect the Company's operation in different manners. Demonstrations or strikes disrupting transportation and logistics could delay or prevent the delivery of products to their destination, which could result in losses for the company. In addition, social unrest could create uncertainty and instability, which could make it difficult for the Company to plan and make long-term business investments.

The changes in tax policies or regulations could increase costs for exporters, thus making it more difficult for them to compete in global markets. Likewise, the changes in environmental or labor regulations could require agricultural exporters to modify their operations significantly, which could be expensive and take very long.

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

#### **4.1 Assessment and management of environmental and social risks**

##### **4.1.a E&S assessment and management system**

Danper has in place an Integrated Management System (IMS) in line with the level of environmental and social risks and impacts that is periodically audited by international certifying entities. The Company is certified under international standards such as ISO 14001 on environmental management, ISO 14064 on greenhouse gases (GHG) management, ISO 45001 on occupation health and safety (OHS), Rainforest Alliance on cultivation of avocado and its processing plant La Venturosa. It also has other major certifications such as Global GAP in good practices and sustainability for asparagus, cranberry, avocado and grape crops, and Albert Heijn - GROW for asparagus and avocado cultivation, BRC in food safety and security, BASC in good safe trade practices, SA 8000 in fair treatment of workers at the Danper's farming properties and plants in Trujillo, EDGE in gender equality, Alliance for Water Stewardship (AWS) in sustainable water management at the Compositán farming property, SPRING for the farming properties of Compositán, Santo Domingo, Victoria, Casa Verde, Agromorin, Fresco plant and Venturosa.

In 2022, it was considered again as one of the 100 Peruvian companies with best corporate reputation and the first in the agroindustrial sector according to Monitor Empresarial de Reputación

Corporativa (MERCO). It was ranked as the best company in the agroindustrial sector in Merco Responsabilidad Social Corporativa, Merco Talento and Merco Empresas.

#### 4.1.b Policy

Danper has a policy in the IMS which reflects the highest quality, environmental management and corporate integrity standards, in addition to its commitment to regulations, social responsibility, gender equality and local communities. Internally, the personnel responsible for guaranteeing compliance are designated. In addition, it is periodically updated and published on the Company's website. The Policy is advised to contractors, temporary workers and other stakeholders.

#### 4.1.c Identification of risks and impacts

The identification of environmental risks is included in the IMS Procedures Manual in a document for the Identification of Aspects and Evaluation of Environmental Impacts. Such document includes a procedure to identify and assess the E&S impacts in order to make an impact matrix and define control measures. It is drafted and validated with worker representatives.

##### 4.1.c.i Direct and indirect impacts and risks

Direct impacts: Extreme climatic conditions and natural disasters such as floods, droughts and landslides could negatively affect agricultural production and supplies and products transportation; pests and diseases could attack the crops and give rise to significant yield losses; the continuous use of the land for agricultural production could cause soil degradation and depletion of nutrients thus reducing crop yields.

Indirect impacts: Labor issues since the agricultural industry of Peru depends mostly on labor; labor conflicts, strikes and changes in labor laws that could negatively affect production, product supply, operation, transportation and sales; market fluctuations since product demand could be impacted by seasonality, the changing preferences of consumers, economic conditions, trade barriers, changes in trade regulations, tariffs and other restrictions which could hamper exports thus affecting industry profits. Social unrest could also affect operations.

##### 4.1.c.ii Cumulative impact analysis

The potential cumulative impact resulting from the extraction of water for agriculture in the region is regulated by the Asociación Nacional de Agua, ANA (national water association) and the Juntas Administradoras de Servicio y Saneamiento, JASS (service and sewage management boards). This financing is not expected to generate any kind of cumulative impact.

##### 4.1.c.iii Gender risks

In Peru, women represent a major labor force in the field, accounting for 47% of the agricultural labor force. However, most female farmers are small owners and the average land exploited is usually considerably smaller than that of men. Female farmers own 1.8 ha of arable land on average while male farmers hold 3 ha (Fourth National Agricultural Census, 2012). Therefore, production limitations related to access to land, credit and other resources (such as technologies) impact on them more than on male farmers (INEI, 2019) generating a growing gender gap in the agricultural sector.<sup>1</sup>

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<sup>1</sup> <https://care.org.pe/mujeres-del-campo/>

Women are often discriminated against at the workplace and have limited access to formal employment opportunities, they are paid less than men for the same job and they may be excluded from decision-making processes. Also, they are exposed to physical, sexual and emotional violence at the workplace or while commuting to and from work. Physical violence cases occur more in the rural area as per the ENDES survey. This may be particularly challenging for women working in remote or isolated areas.

It is also frequent for women to lack access to social protection programs such as healthcare or pension benefits, which makes them vulnerable to economic insecurity.

#### 4.1.c.iv Gender programs

To counterbalance the abovementioned risks, Danper works first to modify behaviors and transform mindsets that promote discrimination and gender violence. With its Victoria Program, Danper impacts on its communities by forming change agents for gender equality; workers acquire knowledge and tools to teach gender equality workshops for students in the last three years of their secondary education at schools located in the area of influence. The program empowers students to open up spaces for different schools at La Libertad generating a multiplying effect into their communities and homes.

“Mamás que dejan huella”, one of its exclusive free programs addressed to women through its network of healthcare centers at all its Peruvian operations, provides specialists in obstetrics, nutrition, ultrasound imaging and psychology for the prenatal phase of its female workers. It also launches family planning campaigns empowering its female workers to make informed decisions.

In 2021, Danper obtained again the international EDGE certification on gender equality ratifying with good results its commitment to equal opportunity for male and female personnel at the workplace. Danper is the only EDGE-certified Peruvian and agroindustrial company.

It received the “EmpowerHer Company” 2021 award, a global recognition granted every year by the Global Women Fresh association promoting gender equality and women empowerment around the world in the fresh food and products sector.

In 2020, it received the “Gran Premio Igualitario” from Scotiabank Peru, granted due to its positive impact on society by promoting organizational practices which contribute to reduce salary and gender gaps. Likewise, it was awarded the “Buenas Prácticas Laborales” recognition by the Peruvian Ministry of Labor in 2019 for its Victoria Program and its efforts to prevent sexual harassment at the workplace.

#### 4.1.c.v Climate change exposure

The Company’s assets consist in administrative buildings, processing plants and farming properties. The assessment of the natural disaster and physical climate risk was based on the main locations of the farming properties. As to the natural disaster risk, there is a moderate-high exposure to seismic hazards and river floods at all the locations and the coastal locations are exposed to tsunamis. In terms of the climate-related risks, the exposure to droughts is mostly moderate. The El Niño/La Niña

phenomenon could cause an increase in temperatures and precipitations which could in turn give rise to river overflows affecting the productivity of some crops and causing disturbances in product transportation. As climate change progresses, the intensity of droughts and variability of precipitations in general could increase even more and precipitation patterns could change not only periodically but also systematically. In the long term, coastal areas may face an increase in the sea level.

The agrifood industry is highly sensitive to climate change impacts, being temperature levels, water availability and the incidence of pests and diseases critical issues for the industry. To prevent the effects of climate change, Danper has implemented sustainable agriculture and agricultural efficiency standards and practices such as: (i) application of Good Agricultural Practices (GAP) to diverse crops, (ii) use of Agrotech 4.0 precision agriculture to manage crops and crop rotation to prevent soil degradation, (iii) training of suppliers, (iv) technical investment for process improvement, and (v) transformation of fallow land into agricultural ecosystems.

Water management in terms of commercial profitability as well as community health and safety is a major issue since the Project could present related vulnerabilities. Peru faces material hydric stress in the area where most of the Project sites are located. In fact, the Chepén, Compositán, Muchik, Victoria, Santo Domingo and Cayalti sites face very high hydric stress and risk, which are expected to increase by 2030. Chincha is the only location in the area with the lowest risk as per the Aqueduct tool. The Company has launched prevention and adaptation measures and has a protocol in place to mitigate its impact on crop development. Likewise, works were carried out at the Olmos farming property, as follows: dams, land leveling and water channeling to mitigate the risk of flooding resulting from strong rains. On the other hand, two dams were built at Agrícola La Venturosa to mitigate the risk of floods due to the potential phenomenon El Niño.

Based on the documentary review of the contribution countrywide as well as its National Adaptation Plan (PAN, in Spanish), the Project in general is deemed as consistent with the strategy and the objective to adapt to climate change in Peru.

Project exposure to the transition risk is medium based on the main characteristics of the industry and the country profile, and it relates to its environmental impact owing to the GHG emissions and water consumption. Climate-smart agriculture, the reduction in fossil fuel use for processing plants and transportation, as well as the efficiency of resources in general (water, fuel/machinery, fertilizers, etc.) present potential mitigation opportunities for Danper in the context of low-carbon economy.

#### 4.1.d Management programs

The Department of Safety and the Environment (SEMA, in Spanish) is in charge of preparing the Environmental Management Programs, the Annual Environmental and OHS Plan, and the Annual Training Plan. The IMS includes adequate procedures to address the identified E&S risks and impacts by engaging in sustainable management that may be adapted to the productive process, which is dynamic.

#### 4.1.e Organizational capacity and competency

Danper has a sound professional organization. The SEMA is led by a management area formed by five heads, six supervisors, two assistants and eleven inspectors, which are Environmental and Industrial Engineering professionals with the experience and competence to lead environmental management and occupational safety management at the industrial plants and farming properties of Danper. The personnel have well-defined duties and financial support to achieve an effective and sustained E&S performance.

#### 4.1.f Emergency preparedness and response

The OHS Procedures Manual includes a Manual for Emergency Brigades at Industrial Plants and a Plan for Agroindustrial Complex Contingencies. These include the procedures to be followed in the preventive, emergency and recovery phases. It covers different emergencies, such as accidents and medical emergencies, fires, spills, gas leaks, earthquakes, explosions, floods and acts of terrorism. There is a Civil Defense Committee in charge of assessing and securing the means of response, coordinating the activities of brigade members, communicating the emergencies internally and externally, and assessing the effectiveness of procedures.

The Company has in place a procedure to act on in the event of fire which includes training, securing of meeting points and emergency exits, signaling and availability of emergency equipment, communication to the Civil Defense Committee and the emergency brigade, first aid, rescue, assessment of the affected personnel and, finally, an investigation of the causes of the incident.

#### 4.1.g Monitoring and review

Danper has developed a governance framework that aligns with the Company's objectives, by defining and identifying improvement opportunities in the use of resources, product quality and customer service, in the protection of the environment, OHS, sustainability and governance with solutions for the emerging challenges. This is achieved with multidisciplinary teams which systematically go through an inspection, assistance and feedback process to deliver ongoing value.

Some of the most representative initiatives are the Victoria and CEBA programs on social management, treatment of effluents and carbon footprint in environmental management, development of the meals, pouch and poshi snacks products in product innovation and the preparation of the agility system in governance management as well as multiple innovation of processes. Danper uses environmental, social, OHS and contributions-to-the-community key performance indicators (KPI), which are measured and reported periodically.

Likewise, the Company carries out internal audits, is audited by its clients and by certifying companies in order to identify opportunities for improvement on an ongoing basis.

#### 4.1.h Stakeholder engagement

Danper communicates permanently with the authorities and stakeholders from the communities in the area to cooperate and eventually resolve the claims or inquiries on the operations, or requests within the Company's procedures. In addition, the Company has mapped the stakeholders, resulting in a key element of its engagement plan.

The engagement of the authorities and stakeholders also occurs when new productive projects close to the communities are presented (PAMAS, EIAs) In this case, this engagement is governed by federal laws.

#### 4.1.h.i Disclosure of information

Through formal channels and under a transparency framework, the Company's authorized top executives and managers engage with mayors and other important persons in the communities close to Danper' operations, such as neighbors' associations and social organizations, among others, to find out about any concerns of the populations, give early response to any claims and requests, and review work opportunities in alliances for the benefit of the communities.

#### 4.1.h.ii Informed consultation & participation

Danper focuses on the creation of shared value conjugating the operation's productivity and profitability as well as the progress and development of the related communities and people achieving a close and productive relationship with the communities located close to its agricultural and industrial operations respecting their customs and interests. It is also knowledgeable about the environment and the potential impacts on the population through community stakeholders so that they strengthen the links with them and generate direct jobs as an important source of employment for the company.

#### 4.1.i External communication and grievance mechanisms

##### 4.1.i.i External communication

Through the community communication mechanisms, Danper seeks to become aware and resolve potential situations which could affect the community. These mechanisms are available on its website, social media, an anonymous communication system, surveillance posts at plants and farming properties, or through the mayor's offices of such communities in direct and permanent dialogue with the Company.

Danper prepares its corporate report in conformity with the worldwide standards of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), available on the Company's website.

##### 4.1.i.ii Community grievance mechanism

Danper has opened to all its workers, customers, suppliers and other stakeholders, a communication line on its website to report claims, grievances or problems related to any aspect of the Company. Reports may be related to information on accounting or financial irregularities, fraud, unethical business practices, mistreatment and harassment, assets misappropriation, noncompliance with laws, damages to the environment, as well as any violation of the Company's Code of Conduct. In addition, its website enables direct communication with the Company.

It has also drafted a procedure to manage claims, suggestions and ideas for improvement establishing and disseminating the different channels among workers and stakeholders.

Also, Danper has an updated list of stakeholders of the communities of influence in its industrial and agricultural operations with whom direct communication mechanisms have been established to review any potential issues of interest and impacts on the communities, and humanitarian help channels when communities need it.

#### 4.1.i.iii Provisions for addressing vulnerable groups' grievances

In the case of communities, the Company maps stakeholders and authorities; it is also permanently in contact with them to resolve and attend to any issue related to its operations such as a specific request or possible claim.

#### 4.1.i.iv Ongoing reporting to affected communities

Danper will prepare reports on issues that may generate risks or impacts on the Affected Communities and which have been a matter of concern for such communities during the consultation process or through grievance mechanisms. The reports will be prepared in response to concerns of the Affected Communities.

## 4.2 Labor and working conditions

In 2022, Danper's headcount was 13,800 at the peak of the campaign. Such figure is formed by an equal number of men and women. Out of them, 25% were payroll employees and 75% were temporary workers. A total of 51% are women in positions across the Company (workers, technicians, heads and managers).

### 4.2.a Working conditions and management of worker relationships

Danper complies with Peruvian labor legislation, including benefits, social security and healthcare.

All the workers engaged in agricultural and industrial tasks are on Danper's payroll. Human capital management is one of the Company's core values; it consequently dedicates significant management resources.

Danper offers education, technical training and development programs to its employees. CEBA, one of these programs, allows workers to finish school taking classes at the Company's training rooms.

Moreover, the Company offers other benefits, such as flexible working hours and remote work, which were adopted during the pandemic.

The Company was recognized in 2022 as the best place to work and talent retainer in the Peruvian agribusiness sector.

#### 4.2.a.i Human resources policies and procedures

Danper has in place a Code of Conduct and Ethics establishing actions to prevent, resolve, report and penalize noncompliances with applicable standards, laws and regulations; an Anticorruption Policy covering concrete mechanisms to stop and report any potential act of corruption; a Salary Policy drafted in compliance with Peruvian labor regulations; a Sexual Harassment Prevention and Penalization at the Work Place Policy; and a Fraud and Corruption Prevention Policy.



The Company has also made a self-declaration of good social practices, human and labor rights protection commitment, which is validated by top management and the representatives of the Company's workers.

#### 4.2.a.ii Working conditions and terms of employment

Within the realm of human and labor rights, Danper maintains its commitment to protect its workers by applying social policies and good practices for the efficient human capital management supported by international social certifications.

Danper obtained the ISO 45001 certification on working conditions and in 2021 it was recertified under the SA 8000 standard on social responsibility management, a global certification held since 2012 as the only Peruvian company of the agricultural exports sector. This standard is the most demanding social certification in the world, based on international legal documents protecting human and labor rights. The Company provides the workers with access to credit as a benefit. It also obtained the recertifications under other social and trade standards such as SMETA, GRASP and Fair-Trade USA.

#### 4.2.a.iii Workers' organizations

Danper does not have a trade union, but there is full freedom of association in compliance with the standard SA 8000. Through the Self-Declaration of Good Social Practices, signed by workers' representatives and a representative of Management, the Company established its commitment to its workers human and labor rights thus generating decent employment.

At Danper, workers decide to enroll in clubs or non-union organizations and its members are chosen freely and democratically at the Company's different locations. The workers' representatives and presidents of the abovementioned clubs form part of the Social Performance Team, a joint committee of freely-elected workers' representatives and Management representatives monitoring agreements for the strict compliance with the requirements on workers' human and labor rights protection. It aims at ensuring compliance with the requirements for the protection of human and labor rights under standard SA 8000. These clubs or non-union associations permanently participate in disseminating the activities involving all the workers.

#### 4.2.a.iv Non-discrimination and equal opportunity

Danper offers equal conditions in all personnel processes, from recruiting and hiring to training, development and promotion. Consequently, it established equality metrics through the gender equality EDGE certification and it developed sexual harassment policies and practices. In addition, it replicates gender equality programs at the community.

The Company guarantees a safe discrimination- and violence-free workspace in which men and women have equal opportunity to develop. As part of this commitment, it has in place a labor sexual harassment prevention and penalization system including policies, as well as investigation procedures in the event of reports establishing exclusive channels therefor. Thus, also, as part of the SA 8000 standards, training is permanently provided to the teams to recognize labor sexual harassment.

Danper ensures that development conditions are equal for men and women, as well as a safe workplace impacting on the Company's performance. It is the first Peruvian company and the only one in its agribusiness sector to obtain the leading global gender equality EDGE certification. As a result of its conviction to enforce equal opportunity and gender equality practices, its salary gap is 3.78% as compared to 25% in Peru.

The Company has established different gender equality initiatives including: (i) Victoria Program: change of behavior in the light of gender violence and discrimination; (ii) "Victoria en casa" and "Victoria en comunidades": focused on training; (iii) "NO es NO" initiative to eradicate gender violence from the working environment; and (iv) CEBA Program on basic education for workers.

Danper offers paid maternity leave in addition to the compulsory leave, and paternity leave to its workers.

#### 4.2.a.v Retrenchment

Danper offers different work opportunities all throughout the years; however, a portion of the funds from the line will be earmarked to automate the Company's industrial processes, which entails optimizing the use of the labor force.

In the event of mass dismissals, Danper will analyze alternatives to retrenchment and, if necessary, it will develop and implement a retrenchment plan in line with PS2.

#### 4.2.a.vi Grievance mechanism

Danper's employees have in-company channels to submit reports, advise concerns, claims and suggestions orally through Social Welfare, Property Safety, Internal Audit, the representative of the workers and/or Prevention Head by email, through the anonymous communication line on the website and boxes. They also have direct access to supervisors and heads in the event of grievances or claims.

#### 4.2.b Protecting the workforce

All social certifications entail having external audits performed on an annual basis to make sure that there are no cases of compulsory or forced labor, child labor, discrimination or violation of freedom of association rights.

##### 4.2.b.i Child labor

Danper has in place control processes to make sure that no child labor is employed in conformity with Peruvian regulations; it also has a child labor remediation procedure in place as indicated in standard SA 8000 aimed at remediating any situation of child labor if it occurs.

##### 4.2.b.ii Forced labor

Danper has in place procedures which ensure there are NO forced labor, and keeps records which are audited by third parties for compliance with this mandatory requirement under Peruvian regulations and standard SA 8000.

#### 4.2.c Occupational health and safety

Danper implemented an OHS Management System. In addition, it created OHS committees engaging workers from all the work units, which are internally elected. All of the Company's workers are trained in OHS, including accident prevention.

The industrial safety area prepares matrixes to identify hazards and assess risks for the activities in each position, while the health area adds to such matrix the potential impact on health in the event of accident or disease.

Likewise, through occupational surveillance, health personnel identify risks, monitors good practices, offers prevention sessions and makes recommendations to eliminate or minimize hazards. It engages in monitoring through noise dosimetry under current legal regulations. Danper will measure the physical, biological and chemical risks, as well as the exposure to cold, heat and radiation in line with the IFC's Guidelines for Food and Beverage Processing.

Noise levels at certain posts in the plants exceed the established permissible levels. Therefore, Danper will decrease the level of the sound of music, perform preventive maintenance tasks on machinery and equipment, assess the vibrations of machinery and equipment, maintain the use of hearing protection devices, enforce the use of hearing protection devices where the presence of unacceptable noise levels are found, train all personnel, have its personnel undergo audiometric tests with different periodicity based on exposure levels, and monitor labor and environmental noise levels during the day and night at all of Danper's plants thus complying with maximum parameters of 85 dB and 70 dB, respectively, according to the General guidelines of the WBG.

Workers, based on their risk level or exposure to hazards, undergo health check-ups. Danper provides different healthcare services for free. Some of these are: medical consultation and nurse assistance, ultrasound, obstetrics, pediatrics, nutrition and physiotherapy services. These services are offered both to workers and their families.

During the last few years, Danper strengthened the medical teleconsultation system as well as the follow-up of workers at the facilities in order to prevent, detect and treat COVID-19 cases. The Company hired more healthcare personnel for in-house monitoring and provided support during the vaccination campaigns carried out by the Ministry of Health at its sites for all workers. Danper also collaborated in the logistics of receiving and transporting the vaccines to the places chosen by health authorities.

In addition, the Company maintained syndromic and epidemiological surveillance supported by an effective communication strategy promoting a prevention culture through reliable and accessible information. The COVID-19 Health Surveillance Committee continued its awareness, monitoring and control tasks establishing an occupational surveillance system focused on the workers' healthcare and on assessing the health risks at the workplace.

There have been no fatal accidents at Danper during its 29 years of operations. The lost time injury frequency rate (LTIFR) of the industrial plants and farming properties in 2022 is below the industry benchmarks (8.16 of 20.2 and 5.75 of 11.7, respectively).

#### 4.2.d Provisions for people with disabilities

At present, Danper employs three persons with disabilities. As a measure to employ more people, the Company annually requests candidates from the people with disabilities group of the Regional Labor Office in order to increase the number of workers with disabilities at Danper and comply with Law No. 29,973.

The Company will consider the incorporation of universal design principles into the design, construction, and operation (including emergency and evacuation plans) of new buildings as well as in the restructuring, expansion or refurbishment actions in the existing facilities, so as to maximize the use of all premises by all potential users, including people with disabilities.

#### 4.2.e Workers engaged by third parties

The workers of Danper's farming properties –both owned or leased by Danper– as well as those working at the industrial plants are directly employed by Danper. Only the personnel rendering, for example, security, transportation or cleaning services are outsourced. The health and safety provisions for outsourced personnel are equal to those for payroll employees.

#### 4.2.f Supply chain

Danper receives raw material from a chain of suppliers made up of about 500 independent farmers. This represents about 34% of the raw material it processes at its plants. To maintain the quality, safety and traceability standards required by international certifications, Danper works with its suppliers providing them with training and technical assistance, advisory services after the fruit harvest and advisory services to increase the useful life of products.

In addition, there are about 1,900 Peruvian suppliers providing goods and services to Danper. For the Company, all suppliers of the materials necessary for the industrial and agricultural processes, as well as those rendering transportation services are considered critical suppliers. Jointly, these account for 52% and 20% of the budget to acquire goods and services, raw materials excluded. Suppliers are subject to a selection process and their performance is assessed on an annual basis.

The supplier ratification process is carried out both internally and externally. It takes into account quality, safety, social responsibility, occupational safety, environmental care and labor practices for due supply and financial support. The Company performs annual assessments and provides feedback to the suppliers while the materials and inputs are validated and approved by the Quality Assurance area.

The purchase agreements with asparagus suppliers include clauses on compliance with Good Manufacturing Practices and social responsibility for the physical, chemical and microbiological protection of the workers. The agreements establish specific points such as technical assistance in the fields, the Harvest Instructions Manual, the use of pesticides, the delivery of personnel safety and, finally, the prohibition to use forced labor or child labor.

In the case of human and labor rights protection and under the social certification SA 8000, Danper trains and monitors its critical suppliers for human and labor rights. As part of the controls to prevent forced labor and child labor in the supply chain, Danper requests all its suppliers to sign a

commitment of self-declaration of good social, agricultural and OHS practices in compliance with the requirements of the Global GAP and GRASP standards.

### **4.3 Resource efficiency and pollution prevention**

#### **4.3.a Resource efficiency**

Danper has implemented energy efficiency programs and the use of renewable energies. It measures its hydric balance, efficiently manages its effluents and has obtained the AWS certification for the Compositán farming property and the Spring certification for the farming properties of Compositán, Santo Domingo, Victoria, Casa Verde, Agromorin, Planta Fresco and Venturosa, successfully achieving the objective of proving its water sustainability management.

##### **4.3.a.i Greenhouse gases**

At present Scope 1 (direct emissions) and Scope 2 (indirect emissions by electric power) are measured. The rest of the indirect emissions will be measured for the 2022 carbon footprint, and the GHG emissions of all the supply chain will be identified. The largest CO<sub>2</sub> emissions derive from the consumption of natural gas and electric power, and the use of fertilizers and fuel. At present, Danper is working to shift towards fertilizers with less impact on emissions. The long-term goal is to stop using synthetic fertilizers and use more organic ones.

Danper promotes the implementation of projects using alternative energies; it has also installed more energy-efficient lighting systems at the offices, and has developed and set up solar panels at the cultivation lands, as well as solar water heaters (parabolic mirrors) for the Arequipa Plant heater and a natural gas-fed electric power generator at the Trujillo Plant, thus reducing diesel consumption.

During 2021, emissions decreased by 9% (1,800t CO<sub>2</sub> eq) as compared to 2020 owing to the decrease in electric power consumption thanks to the implementation of energy ecoefficiency technologies as well as the reduction in natural gas consumption.

In 2021, the Company obtained the recertification of standard ISO 14064 on GHG, which earned it the recognition in the “Huella de Carbono Perú” program.

##### **4.3.a.ii Water consumption**

At the industrial plants of the preserves and frozen foods plant, the water is obtained from underground wells. In the case of the rest of the industrial plants the water is obtained from the surface. Farming properties use underground water, which is extracted through tubular wells, while they use surface water coming from irrigation projects. The administrative authority for the Project, Project Chavimochic and Project Olmos is in charge of managing channel irrigation water. The ANA manages underground water pumping for irrigation purposes through its local offices. In all the cases, Danper has authorizations for its use.

The Company has the AWS certification recognizing its sustainable water management, with a scope of the Compositán farming property that accredits the availability and quality of water.

The volume consumed increased during 2020 and 2021 due to personnel hygiene activities, which were an unavoidable priority to prevent potential COVID-19 contagion without disregarding the cleaning and disinfection tasks of processing plants.

As part of its commitment to sustainability, Danper has engineering controls for the rational use of water, recirculation and reuse for green areas and training programs on water use.

In the case of water discharges, Danper monitors the quality of its effluents twice a year to meet local standards. During 2021, Danper implemented the industrial and domestic wastewater treatment plant at the preserve and frozen foods plants. Likewise, it managed to get its effluents to meet category 3 Environmental Quality Standards (ECA, in Spanish) and launched the systems to treat the phytosanitary effluents at the Compositán, Agromorín and Muchik farming properties. At present, the wastewater treatment systems for the industrial plant and farming properties are maintained. Danper will take measurements on a monthly basis and meet the parameters of the effluents in the IFC's Guidelines for Food and Beverage Processing.

#### 4.3.b Pollution prevention

Danper engages in monitoring PM2.5 and PM10 at least once a year as established by the environmental documents approved for each unit. The Company will perform periodic measurements and will tend to meet the parameters in the Air Quality Guidelines of the World Health Organization (WHO).

##### 4.3.b.i Waste

The Solid Waste Management Program discusses the generation, collection, storage, transfer, treatment and disposal of waste based on its characteristics. It relies on the principle of reducing, reusing and recycling to preserve human health, natural resources and the environment. Danper classifies waste as hazardous or non-hazardous through color codes for its treatment. Later the waste is valued (sale) or, finally, disposed of and eliminated at authorized sanitary landfills (according to the hazard level of the waste). Waste is managed by duly authorized solid waste operating companies as per the provisions of the MINAM or the General Environmental Health Office (DIGESA, in Spanish).

During the years after COVID-19, the Company generated a greater amount of non-usable waste since workers started to wash and dry their hands more frequently. The generation of biocontaminated waste also increased due to the frequent use of masks, gloves and PPE by the frontline personnel.

Danper applies circularity in the use of organic waste for livestock feed and for soil remediation in mining exploitation areas, specifically in the case of *tecnosoles*. It also reuses the wood to manufacture furniture.

In order to reduce the environmental impact of its packaging, the Company eliminates and disposes of waste adequately through duly authorized solid waste managing companies. A total of 70% of the packaging material is recycled while the remaining 30% is virgin or primary.

#### 4.3.b.ii Hazardous materials management

Danper has in place a Manual for Control, Storage and Handling of Hazardous Materials, including chemical inputs and hazardous waste, to protect its workers' health and the environment. Moreover, it uses warehouses for chemical inputs and hazardous waste in accordance with current environmental regulations.

Hazardous waste is disposed of through solid waste managing companies.

The plants use ammonia refrigeration systems. Danper will assess the safety of the refrigeration systems and will compare the results to the applicable international standards, such as the ones of the International Institute of Ammonia Refrigeration (IIRA)

Danper also has equipment using R22 or chlorodifluoromethane refrigerants, which are moderately detrimental to the ozone layer and with a medium global potential for warming (GPW) index. It also uses R-507, a hydrofluorocarbon which, although not contributing to depleting the ozone layer, has a high GWP index and substantial restrictions in its supply and use and prohibitions for new equipment. In addition, it uses R410a and R134a, two hydrofluorocarbons with a zero ozone depletion potential (ODP), but a medium GWP. Danper will develop a Refrigerants Elimination Plan for those depleting the ozone layer subject to the gradual international elimination required by the Protocol of Montreal.

#### 4.3.b.iii Pesticides use and management

Danper does not use Ia (extremely hazardous) or Ib (highly hazardous) products in accordance with the toxicological classification of the World Health Organization (WHO) and it also has in place an Integrated Pest Management Program for the cultivation of blueberries including ethological, genetic, biological and chemical control.

The Company uses conventional pesticides approved by the National Agriculture Health Service of Peru (SENASA, in Spanish). It has the Global Gap V 5.4.1 certification for the cultivation of blueberries, avocado, asparagus and grapes. The personnel in charge of handling agrochemicals are trained and subject to periodic health check-ups. Danper has general guidelines for handling agrochemicals. However, it will update the agrochemical management documents in accordance with the guidelines in the International Code of Conduct for the Distribution and Use of Pesticides by the Agriculture and Food Organization of the UN, including appropriate controls for the use of class II pesticides ensuring that untrained personnel find it hard to access them and that the equipment and facilities are adequate to handle, store, apply and correctly eliminate these products.

### **4.4 Community health and safety**

#### 4.4.a Community health and safety

As part of its value model based on the creation of shared value, Danper has a network of healthcare centers within its operations providing free medical care and occupational surveillance for the prevention and early detection of diseases among the workers and their families. The healthcare

services provided are: psychology, nutrition, pediatrics, teleconsultation, general medicine, physical therapy, ultrasound, obstetrics and family planning.

In addition, the Company launches free healthcare campaigns at the nearby communities, which are executed through its healthcare center and local allies. These activities are carried out in cooperation with government agencies and local municipalities.

During the COVID-19 pandemic they provided oxygen supply equipment to the population through a major monetary contribution for the oxygen plant in the district of El Porvenir as well as oxygen concentrators for the municipality of Moche and oxygen balloons for the municipality of Santo Domingo.

Moreover, jointly with Banco de Alimentos Perú, the Company has been working with the leaders of soup kitchens to provide them with nutritious, tasty food to fortify the food prepared, provide training on healthy eating and anemia prevention. These actions are carried out in coordination with the municipalities, ESSALUD and allied companies.

#### 4.4.a.i Infrastructure and equipment design and safety

Danper will engage in works at the frozen foods, preserve and fresh food plants and any other industrial work financed by this loan in conformity with the industry recommended international good practices taking into consideration the safety risks for third parties or the affected communities. When members of the public are granted access to new constructions or structures, the Company will take into account the additional risks of their potential exposure to operational accidents or natural hazards and will be consistent with the universal access principles. If one of the tasks requires the operation of moving equipment on public roads, Danper will try to prevent any members of the public from being affected by incidents or injuries related to the operation of such equipment.

#### 4.4.a.ii Hazardous materials management and safety

See 4.3.b.ii Hazardous materials management. Danper will update its Hazardous Materials Control, Storage and Handling Manual to prevent or minimize the community's exposure to hazardous materials or substances that the Project may generate and to control the safety of hazardous materials deliveries as well as the transportation and disposal of hazardous waste. It will take measures to prevent or control the community's exposure to pesticides as required by PS3.

#### 4.4.a.iii Ecosystem services

Danper was actively involved in repairing the Chavimovic irrigation project channel and in getting it back into operation after the major damages caused by the El Niño phenomenon in 2017. It participated with other companies members of the APTCH (agribusinesses from La Libertad), currently ADAS (Asociación para el Desarrollo Agropecuario Sostenible). In addition, to avoid the effects of extracting water for agriculture on the community, Danper is regulated by the ANA and the JASS, and it has engaged in several projects as a result of the AWS sustainable water management certification.



#### 4.4.a.iv Community exposure to disease

Danper works with local health authorities and promotes community welfare through healthcare and education campaigns. To such end, it has a healthcare center at the Trujillo Plant and another one at the Arequipa Plant. It also engages in campaigns at agricultural areas providing preventive medical care.

In 2020, also jointly with the APTCH (currently, ADAS), a COVID-19 hospital was built for ESSALUD in Virú, which was equipped with 40 beds, a triage area, a pharmacy and an oxygen center. Danper and the APTCH (currently, ADAS) contributed economic resources and organization capacity with fast results for the benefit of all the population.

The Company also contributed a medicinal oxygen bank for the Chao (Virú) healthcare center and participated in the “RESPIRA TRUJILLO” campaign to build an oxygen plant for the community of Trujillo. In 2021, Danper delivered ten oxygen concentrators for the Moche district and made an important financial contribution for the oxygen plant at the district of El Porvenir (province of Trujillo), where there was a major need for oxygen for patients hospitalized due to COVID-19.

Finally, the Hospital Bicentenario Chao was inaugurated in 2022. Its 15,000 m<sup>2</sup> plot of land was donated by ADAS, an organization formed by the agribusinesses from La Libertad, including Danper. The hospital provides care for 56,000 patients of ESSALUD, a social security institution of the Peruvian government, thus optimizing the healthcare services provided in a joint project of the agribusinesses, the Government and the community.

#### 4.4.a.v Emergency preparedness and response

The emergency preparedness and response procedures described in 4.4.f Emergency preparedness and response will be used to consider involving the community.

#### 4.4.b Security personnel

Danper hires security personnel who are mainly in charge of monitoring and protecting the assets, personal and real property at each Company site, as well as protecting the workers at such sites. It also has in place a Civil Defense Committee organized and trained to respond actively in the event of emergencies. The Company’s Property Safety area is part of this committee, which has been created to handle such incidents.

Both the Committee and the security personnel have a procedure in place to act before, during and after any acts of vandalism or attacks take place. Security contractors are armed; however, they are not authorized to respond directly in the event of a confrontation. Danper will analyze the security risks and will draft a Security Management Plan in line with the IFC’s good practices manual.

### **4.5 Land acquisition and involuntary resettlement**

#### 4.5.a General

This financing does not entail land acquisition. Danper leases land for its agricultural productions. Such leases, which usually involve large areas owned by medium or large landowners, are effected under market conditions. The leases are memorialized in writing in order to ensure the rights of the lessee if the property of the land is transferred.

However, when Danper buys or leases land, it engages in inspections and/or documentary formalities to determine whether such land is a protected area. It subsequently obtains the certificates of non-existence of archeological remains (CIRA, in Spanish).

#### **4.6 Biodiversity conservation and sustainable management of living natural resources**

##### **4.6.a General**

Danper's agricultural development takes place on previously anthropized lands. The agricultural component of the proposed agricultural financing will be earmarked for blueberry, asparagus and avocado cultivation. No new lands which have not been previously exploited will be used in this phase.

In future developments, with Danper's land acquisition plan, transformations may occur in the use of land. To such end, it is necessary to implement the related management systems ensuring a minimum impact on biodiversity.

##### **4.6.b Protection and conservation of biodiversity**

This financing will not be used to extend the agricultural border and it will be used on already converted land. Measures are taken at the Company's farming properties to enable preserving local biodiversity.

As part of the due diligence, a desk analysis was performed to assess implications under PS6 and it was confirmed that no protected areas or key biodiversity areas (KBA) will be affected.

##### **4.6.c Supply chain**

Danper assesses the food health systems of the farming properties and the plants with all the traceability requirements of the GLOBAL GAP standard covering certain aspects such as hazard analysis, critical points control and good manufacturing practices. This standard is part of the Global Food Safety Initiative (GFSI), a business initiative aimed at designing food safety management systems.

Danper will implement a procedure to trace suppliers and to identify any significant conversions of natural or critical habitats consistently with PS6.

#### **4.7 Indigenous peoples**

The Company's activities do not directly or indirectly affect any indigenous peoples.

#### **4.8 Cultural heritage**

Numerous archeological remains from different origins and times may be found along Peru's coastal region, especially in the Trujillo area, where the Moche people lived (A.D. 100-800). In order to

perform its activities, Danper engaged in specialized studies in coordination with the competent authority (Ministry of Culture) and obtained the CIRAs for its farming properties.

#### **5. Local Access of Project Documentation**

The documentation related to the project may be accessed to using the following link:

<https://danper.com/sostenibilidad/modelo-sostenible/>