

## Environmental and Social Review Summary (ESRS) Orion II – EL SALVADOR

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

The present transaction seeks to finance American Industrial Park, S.A. de C.V. (“AIP” or the “Company”), as part of Aristos Inmobiliaria<sup>1</sup>, in order to: (i) launch the second phase (Phase II) of the industrial park and free-trade zone Orion Industrial Park (“Orion IP”) entailing the construction of 3 or 4 industrial buildings as well as the following investments in: (a) the expansion of the current Dollar City facilities by up to 11,560 m<sup>2</sup> in Building A; (b) the construction of new industrial building in Block C with an area of 16,240 m<sup>2</sup>; and (c) the installation of photovoltaic panels and other investments in energy efficiency and equipment, such as battery banks; and (ii) refurbishing the industrial buildings of the American Industrial Park (“AIP IP”) and obtaining the necessary licenses to attract new industries into El Salvador, as well as developing the Logistics Park Air City (“Air City LP”) located in the out-of-port areas in the El Salvador International Airport<sup>2</sup> (jointly the “Project”).

This would become the third transaction involving IDB Invest and AIP.

The environmental and social due diligence process (ESDD) included onsite<sup>3</sup> technical visits, interviews and meetings with Company managers and senior management, as well as reviewing the environmental and social (E&S), and occupational health and safety (OHS) information provided by AIP, such as: (i) its business strategy; (ii) its E&S management policies and procedures; (iii) its OHS programs; (iv) its human resources policy; (v) its supplier management procedures; (vi) its solid waste and effluent management processes (including hazardous, non-hazardous and special management wastes); and (vii) the emergency preparedness and response plans of both AIP IP and Orion IP.

### 2 Environmental and Social Classification, and Rationale

The Project has been classified as a **Category B** transaction in accordance with IDB Invest’s Environmental and Social Sustainability Policy, since it will likely generate among others, the following E&S and OHS impacts and risks: (i) removal of vegetation; (ii) modification of the soil substrate owing to leveling, digging and compacting processes; (iii) noise pollution and vibrations; (iv) generation of hazardous and non-hazardous wastes; (v) air pollution, mainly from combustion gases released by construction equipment and machinery; (vi) generation of domestic wastewater and runoff water; (vii) OHS risks; (viii) potential health and safety impacts for the community related to an increase in vehicle traffic and number of

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<sup>1</sup> Aristos Inmobiliaria is the Grupo Aristos division encompassing its industrial estates and free-trade zones in El Salvador (<https://aristosrealestate.com.sv/es/>).

<sup>2</sup> San Óscar Arnulfo Romero y Galdámez International Airport, located in the municipalities of San Pedro Masahuat and San Luis Talpa, in the Department of La Paz.

<sup>3</sup> The visits included AIP’s corporate offices in Ciudad Arce, Department of La Libertad in El Salvador, Orion IP’ facilities where Phase II is already underway, and a perimeter tour and photographic record of Air City LP.

workers; and (ix) use of resources, mainly water and energy. These impacts and risks will be of medium-low intensity during both phases.

The Project triggers the following performance standards (PS) of the International Finance Corporation (“IFC”): 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**

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

Founded in 1993, AIP engages in developing and operating industrial parks and free-trade zones, thus significantly contributing to the Salvadorian economy by generating employment and attracting foreign investments.

AIP IP, operated by Grupo Aristos, is one of the most important industrial parks in El Salvador. It has over 200,000 m<sup>2</sup> in built-up areas and includes 31 companies employing about 12,000 individuals. This industrial park boasts advanced infrastructure with its own line of subtransmission of energy, drinking water wells and domestic and industrial wastewater treatment plants (WWTP). These characteristics, jointly with additional services, such as a corporate and pediatric clinic, pharmacy and ambulance, make AIP IP an attractive and competitive choice for companies.

Located on Panamericana Road, AIP IP is only 30 minutes away from the main seaport and 90 minutes away from the El Salvador International Airport. In addition, it is located close to cities accounting for 48% of El Salvador’s population (San Salvador and Santa Ana), simplifying the logistics and access to extensive labor force.

Orion IP is the first eco-industrial free-trade zone in El Salvador, developed under the approach designed by the United Nations Industrial Development Organization<sup>4</sup> (UNIDO). This approach seeks to imitate the way natural ecosystems work into man-made systems, obtaining more efficient, environmentally friendly models that improve the environmental, economic and social performance of their customers and neighboring communities. This industrial park centered in manufacturing, logistics and storage customers has the necessary core infrastructure obtained in Phase I, including drinking water supply, wastewater and stormwater drains, solid waste collection and management, fire systems, wastewater treatment, customs, customs control booths, security booths and green areas. Phase II will entail building and making operational about 100,000 m<sup>2</sup> of land where 3 or 4 additional industrial buildings will be located, as well as its internal access roads, green areas and leisure areas.

Orion IP has an environmental operation permit in place granted by the Ministry of the Environment and Natural Resources (“MARN”, for its acronym in Spanish) of El Salvador for Phase I, jointly with the rest of

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<sup>4</sup> The United Nations Industrial Development Organization (UNIDO) was established by the General Assembly in 1966 as the agency in charge of promoting and accelerating industrialization in developing countries (<https://www.unido.org/>).

the authorizations issued by competent authorities<sup>5</sup>. Likewise, it has obtained a site preparation and construction environmental permit (*permiso ambiental de ubicación y construcción*) for the execution of Phase II granted by the MARN, a construction permit for Phase II issued by the OPVSA of the Municipality of the City of Arce and the approval of the preliminary design from the Fire Brigade of El Salvador.

The creation of the AirCity LP, which will cover an area of 506,350 m<sup>2</sup>, involves developing: (i) business buildings for logistics, car rental, offices, commercial use, a commercial pad and a fixed base operator; (ii) a hotel; (iii) security perimeter fencing and booths; (iv) a wastewater treatment plant; (v) parking areas and internal roads; (vi) recreational, leisure and sports areas; and (vii) forest reserve and green areas. This development has an Environmental Impact Assessment (“EIA”) used to obtain the site preparation and construction environmental permit granted by the MARN<sup>6</sup>. However, upon the conclusion of this preparation and construction phase, the Client will need to request, through an environmental assessment audit, the environmental permit for the operation phase as well as other sector authorizations, such as those needed to use water.

### **3.2 Contextual risks**

El Salvador is particularly vulnerable to extreme climate events, such as floods, storms, hurricanes and droughts (particularly in the Dry Corridor). Together with these climate events, the poverty conditions in which most of the population lives make it food for social conflict: death, displacement, vandalism, sexual and gender-based violence and loss of jobs, among others. Also, since most of the Salvadorian territory is located in the mountains, the country is highly prone to landslides and rock falls mostly impacting the road infrastructure and which are exacerbated by the seismic activity characterizing the territory.

In this sense, the Project infrastructure and the Company’s logistics operations, dependent upon land and sea transport, will be subject to natural threats and social conflict. However, these represent a low to moderate risk due to both the location of the industrial parks (in free-trade zones on the outskirts of a major city) and the damages that could be caused on the Project’s physical infrastructure, employees and suppliers should these risks materialize.

## **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**

Within the Sustainability Strategy of Grupo Aristos, AIP has in place an Environmental and Social Management System (“ESMS”) for its operations, which will be updated to include specific controls, procedures and parameters for each operational and administrative area, and to allow for the efficient use of material, natural, human and financial resources. The ESMS defined performance indicators for each area and has an associated Implementation Manual.

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<sup>5</sup> The Valley of San Andrés Planning Office (OPVSA, for its acronym in Spanish) of the Municipality of the City of Arce, the El Salvador Fire Brigade (the Fire Brigade), the National Aqueduct and Sewerage Authority (ANDA, for its acronym in Spanish), among others.

<sup>6</sup> Resolution MARN-NFA191-2022-R-624-2023.

#### 4.1.b Policies

As part of the ESMS, AIP has adopted Aristos Inmobiliaria's Environmental Management Policy, which defines the Company's commitment to engaging in its activities sustainably by maintaining the control and management over the most significant environmental risks and impacts, meeting the applicable legal requirements and maintaining a process of continuous improvement to protect the environment.

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

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

As a general rule, the Company looks to minimize the environmental impact and to prevent pollution by promoting good practices focused on correct waste management, decreased emissions, water and energy saving, and employee and supplier awareness about the optimal use of resources.

Orion IP's EIA characterizes the E&S and OHS impacts and risks for each phase in the works and activities scope, including construction, commissioning (e.g. execution of nondestructive tests), operation and maintenance (O&M) and closure and abandonment of construction sites. This assessment includes a matrix which, based on the regulations and standards applicable to each phase's processes and activities, identifies and analyzes the significant E&S risks and impacts on product quality, the environment, OHS and the affected communities. This information helps define the operational controls or corrective actions, as well as the measurement and monitoring mechanisms (including indicators) required to manage each risk.

For the development of Air City IP, the EIA identifies and assesses the E&S and OHS impacts and risks based on each activity (bush cutting, tree felling and site clearing, ground leveling and earthworks, temporary facilities and supply of materials and equipment, as well as installation of perimeter fences, foundation laying and metallic structure assembly and setting up, walls and floors building, circulation network, stormwater and wastewater drains, drinking water network, wastewater treatment plants, emergency equipment, reforestation of green areas and closure of construction sites), and the management measures necessary to reduce its effects on the environment and the workers.

##### 4.1.c.ii Analysis of alternatives

Since the Project will be carried out in the Company's existing facilities and on its own land located in industrial parks and free-trade zones, no consideration was given to other alternatives outside its space layout, but several technology options were analyzed based on their price and efficiencies (in terms of electricity and accessibility).

##### 4.1.c.iii Cumulative impact analysis

Given the characteristics of the Project, the cumulative impact of those generated by present, past and future projects will be minor. Therefore, a plan to mitigate the cumulative impact is not required.

#### 4.1.c.iv Gender risks

Even though El Salvador has in place the Comprehensive and Special Law for a Life Free from Violence Against Women<sup>7</sup> (“LEIV”, for its Spanish acronym) as well as entities<sup>8</sup> seeking to protect women, a total of 23,398 events of violence against women were reported in the country from 2019 to 2022<sup>9</sup>. In 2022, a slight decrease (1.5%) from the 2021 figure was observed (24,089 events); however, the number of events of violence against women is still over those for 2019 (3.5%)<sup>10</sup>. The prevalence of the types of events of violence against women was reconfigured by 2022 —homicides and femicides, deemed as the most extreme forms of gender-based violence, have decreased dramatically since 2019<sup>11</sup>, and so have physical, sexual and economic violence, human trafficking and other crimes set forth in LEIV. Despite the above, property, labor and psychological violence increased (by 14.6%, 36.2% and 45.2%, respectively, as compared to 2021), which indicates that the way to establish control and domination over women would seem to be evolving from a more physical and extreme form to a more symbolic and economic one. The Department of La Libertad, where the project is located, ranked second in number of cases nationwide (below the Department of San Salvador, where the capital city is located) with 1,660 events of violence against women during the first half of 2022.

Nevertheless, given the type of business (construction and operation of an industrial park) and operations (textile and logistics), together with the fact that the Project is located in free-trade zones with perimeter security and surveillance, gender risk is estimated to be low and can be mitigated by applying the principles in the Code of Ethics, and the equality and equity practices of the Company.

#### 4.1.c.v Gender programs

The Project will not generate any significant differential impacts between men and women or promote gender violence or pandering activities. AIP promotes non-discrimination and equal opportunity in seeking and promoting human talent. In this sense, it is expected to generate equitable employment opportunities.

The Company has incorporated provisions to assure its female workers are fairly treated in terms of (i) provision of personal protection equipment (PPE) adapted for women; (ii) separate locker rooms by work area and gender; (iii) provision of work environments that are adequate for pregnant women; (iv) adoption of zero tolerance principles in the event of gender violence in its Code of Ethics; and (v) compliance with local legislation and international practices related to non-discrimination and equal opportunity for its personnel regardless of their gender. Any behavior contrary to the guidelines in the

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<sup>7</sup> Legislative Decree No. 520 of December 14, 2010; “Ley Especial Integral para Una Vida Libre de Violencia para las Mujeres” (LEIV, in Spanish); published in Official Gazette No. 2 of January 4, 2011.

<sup>8</sup> Salvadorian Institute for Women’s Development (ISDEMU, for its acronym in Spanish); Organization of Salvadorian Women for Peace (ORMUSA, for its acronym in Spanish), among others.

<sup>9</sup> These events relate to homicides and femicides as well as sexual, physical, property, labor, psychological and economic violence, human trafficking and other crimes set forth in LEIV.

<sup>10</sup> “Informe de Hechos, Estado y Situación de la Violencia contra las Mujeres – Informe Anual” (Report on events, status and situation of violence against women – Annual report), El Salvador 2022. Sistema Nacional de Datos, Estadísticas e Información de Violencia Contra las Mujeres (National system of data and information on violence against women); Ministry of Justice and Public Safety.

<sup>11</sup> As compared to 2019, homicides of women fell by 84.6% in 2022 and by 66% as compared to the prior year. In addition, femicides in 2022 fell by more than half (53.1%) the total number for 2019 and by one third (33.8%) as compared to 2021.

Code of Ethics is investigated and analyzed by the Company, and it is subject to corrective and disciplinary measures if applicable.

#### 4.1.c.vi Climate change exposure

In general, the Project's infrastructure and specifically Air City LP's are moderately exposed to physical risks and hazards due to climate change, as follows: (i) as per a global climate model, a moderate seasonal exposure to hurricane force winds, river flooding and droughts; and (ii) a moderate trend to an increase of the RCP 8.5 climate change scenario<sup>12</sup>.

However, the risk of exposure to climate change will be managed using measures proposed in the design of the Project's new industrial buildings for both Orion IP and Air City LP, and its Emergency Response Plan, which is reviewed annually or whenever there are major changes in the Project development.

#### 4.1.d Management program

In order to manage the E&S aspects of the Project, the Company prioritizes: (i) the commitments assumed in the EIA and approval resolution; (ii) the commitments approved by the competent sector authorities (OPVSA, ANDA, Fire Brigade, etc.); (iii) the Company's own commitments; (iv) the E&S good practices within the ESMS; and (v) the legal compliance with current and applicable E&S and OHS regulations. In this sense, Orion IP's EIA includes an Environmental Management Plan ("EMP") setting forth management measures (mitigation or compensation) for each impact identified, the agency in charge of executing them, the implementation schedule and details about the monitoring actions to be carried out.

According to the E&S impact risk matrix, all of the Project's activities include the management measures (mainly mitigation) necessary to eliminate or mitigate each of the impacts or risks detected, including preventive measures focused on eliminating or reducing the frequency or severity of the negative impacts or risks, which are supported by the following programs: (a) preventive or predictive maintenance of equipment and machinery, and (b) ongoing training for employees, and drills.

Air City LP's EIA and EMP include programs for managing the risks and impacts generated by the different activities and expected development phases (site preparation, construction, O&M, and site closure and abandonment).

#### 4.1.e Organizational capacity and competency

AIP has an organizational structure dedicated to E&S issues led by the Environmental Area reporting to the Construction Department, which has the following responsibilities: (i) ensuring compliance with and implementation of the legal requirements applicable to the Company's operations; (ii) supervising the implementation, understanding and integration of the ESMS; and (iii) managing and controlling any environmental aspects arising from the productive activities performed and services provided by the Company. As to OHS, the Company has an OHS Area reporting to the Operations Department, which,

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<sup>12</sup> A Representative Concentration Pathway (RCP) is a greenhouse gas (GHG) (not emissions) concentration pathway adopted by the IPCC. The pathways describe the different future climate scenarios, all of which are deemed possible depending on the volume of GHG emitted in the coming years. Originally, RCP 2.6, RCP 4.5, RCP 6 and RCP 8.5 are labeled based on a potential range of radiative forcing values in 2100 (2.6, 4.5, 6 and 8.5 W/m<sup>2</sup>, respectively).

supported by the Human Resources Area, oversees implementing and surveilling health and safety protocols.

On the other hand, Aristos Inmobiliaria has a Sustainability Committee in charge of leading and implementing the actions to meet the sustainability strategy under the ESMS at all the industrial parks.

In order to comply with the General Workplace Risk Prevention Law (Legislative Decree No. 254), the Company will form its own OHS Committee and will appoint its Prevention Officers for Orion IP (in the event of any change) and Air City LP once the O&M phase begins.

#### 4.1.f Emergency preparedness and response

The Company has in place Emergency Response Plans (“ERP”) or Emergency and Evacuation Plans for each industrial park, which meet the applicable OHS regulations<sup>13</sup>. Each ERP establishes the mitigation and aid preventive actions specific for each industrial park to safeguard the physical integrity of workers, visitors, suppliers, other people or customers within the facilities, as well as to address a wide range of emergencies threatening property and uninterrupted production.

The OHS Head is in charge of establishing the annual training program to implement the contingency and drill programs, and to review the frequency of such training sessions.

However, AIP will prepare and implement an ERP for Air City LP, which will include: (i) a distribution-based risk assessment; (ii) emergency preparedness and response procedures including sketches with the evacuation routes and the location of safe meeting points and the firefighting equipment; (iii) the requirements to organize brigades; (iv) a list of emergency contacts as well as of communication systems and protocols; (v) procedures for interacting with local and regional authorities regarding health and emergency resolution issues; (vi) permanent facilities and equipment to deal with emergencies (first aid stations, hoses, fire extinguishers, sprinkler systems, etc.); (vii) protocols for fire trucks, ambulances and other emergency services and vehicles; and (viii) a description of the necessary training exercises (drills and simulations) for the personnel of Orion IP, AIP and other stakeholders and affected parties.

The ERP will include an Annual Training Program, with the following sessions: (i) first aid (basic life support, bleeding, shock, wounds and burns, fractures, transfer of injured individuals, etc.); (ii) firefighting and prevention (firefighter safety, hose folding, handling of extinguishers, etc.); and (iii) search and rescue, among others.

The Company has in place the Internal Environmental Incident Policy establishing the criteria and procedures to identify, control and assess any incident.

#### 4.1.g Monitoring and evaluation

Some of the Company’s goals in the ESMS include monitoring the compliance with all environmental legal provisions. Therefore, as part of its environmental commitment and in order to avoid being penalized, it

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<sup>13</sup> Legislative Decree No. 254 of January 21, 2010, General Workplace Risk Prevention Law; and Legislative Decree No. 89 of April 27, 2012, Administrative Order to the abovementioned law (*Reglamento General de Prevención de Riesgos en los Lugares de Trabajo*).

plans and carries out statutory environmental audits through a systematic and objective review based on international standards (ISO-14001<sup>14</sup>) ensuring compliance with any applicable legal requirements at each branch and warehouse.

The Company will prepare<sup>15</sup> a consolidated annual report on the compliance status of all the E&S and OHS policies and measures applicable to the Project using key performance indicators (KPIs). With the results of these internal or external assessments, the Company will define specific measures to reduce its impacts, improve its efficiency, and document and report on progress and new procedures, and other certifications as required by competent authorities.

#### 4.1.h Stakeholder engagement

AIP has identified all the relevant stakeholders (including local authorities and parties involved in its operations) and it has open and permanent communications with them. In this sense, it has implemented a comprehensive Stakeholder Engagement Plan establishing the mechanisms that enable the inclusion and engagement of stakeholders to identify and manage the impacts of its operations contributing to create and maintain the trust, credibility and support from these local groups.

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

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

The Stakeholder Engagement Plan includes guidelines and criteria to distribute official communications of common interest to internal and external stakeholder groups clearly and consistently. It also defines the external communication channels (reports, websites, press releases, social media, meetings, formal communications, audits, etc.) and the engagement methods for the relevant stakeholders.

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

AIP has in place a formal mechanism allowing communities, employees, other stakeholder groups and strategic partners to submit grievances, claims or inquiries about the Project both in person and anonymously. These grievances, claims or inquiries may be channeled through letters addressed to the Company, telephone calls, emails ([info@aristos.com.sv](mailto:info@aristos.com.sv)) or its website<sup>16</sup>.

The Company has a Grievance Mechanism Procedure establishing the ways grievances are received, as well as the procedure to record, analyze, investigate and resolve them, and the measures to report the decisions adopted and the progress of such issues. It also includes the roles of each functional area, as well as when in the process and how they should get involved (reception, classification, review, analysis, investigation, preparation of an action plan with the person reported, monitoring, management and submission of KPIs).

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<sup>14</sup> Standard certifying the Environmental and Social Management System.

<sup>15</sup> Whether internally (internal audit) or through an independent external E&S expert (external audit).

<sup>16</sup> <https://aristosrealestate.com.sv/es/contacto/>



#### 4.1.j Reporting to affected communities

AIP offers information about the Company's environmental and social performance on its website<sup>17</sup>. Social responsibility actions are disseminated through Fundación Aristos<sup>18</sup>.

### 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

AIP has in place an Internal Work Rulebook ("IWR") for all its operations; such rulebook is consistent with the Labor Code<sup>19</sup> and approved by the General Labor Office (*Dirección General de Trabajo*) reporting to the Ministry of Labor and Social Security, which defines and establishes: (i) contracts and job application terms; (ii) working hours and schedules; (iii) salaries and annual statutory bonuses; (iv) time off and vacation; (v) employer and employee obligations and prohibitions; (vi) leaves; (vii) working conditions of women and minors (under the applicable Salvadorian labor legislation); (ix) disciplinary actions; (x) requests and claims; (xi) medical tests; (xii) health and safety measures; and (xiii) final provisions, publication and effectiveness.

In addition, the Company has in place a Code of Ethics to prevent money and asset laundering crimes, as well as two additional policies issued by the Human Resources Department related to: (i) statutory obligations, additional benefits, and leaves, and (ii) voluntary retirement, termination, dismissal and causes for contract termination.

At a corporate level, Aristos Inmobiliaria has in place an Employees Coexistence Regulations applicable companywide and compulsory; such rules define the ethical standards, laws and regulations that its personnel need to meet upon interacting with and relating to their coworkers, suppliers and customers. These rules, laws and regulations include issues on: (i) integrity and rules of conduct; (ii) inclusion and non-discrimination; (iii) equal employment opportunities; (iv) labor and sexual harassment reports; (v) fight against corruption; (vi) respect for labor and human rights; (vii) no child or forced labor; and (viii) occupational health and safety.

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

The provisions in the IWR and the Employees Coexistence Regulations are consistent with labor laws effective in El Salvador<sup>19</sup> and industry international best practices<sup>20</sup> as well as the International Labor Organization ("ILO") conventions. These provisions govern personnel recruiting and hiring ways and conditions; workdays and times, days off; vacation; other leaves; flexible work schemes to promote collaboration and productivity; salaries and benefits; the rights and obligations of the employer and the

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<sup>17</sup> [https://grupoaristos.com/american\\_park/](https://grupoaristos.com/american_park/) and <https://grupoaristos.com/grupo-aristos-sostenibilidad/>

<sup>18</sup> <https://grupoaristos.com/fundacion-aristos/>

<sup>19</sup> Decree No. 15 as amended by Legislative Decree No. 275 of February 11, 2004; Labor Code. Published in Official Gazette No. 53 of March 17, 2004.

<sup>20</sup> In August 2021, Grupo Aristos was recognized by Great Place to Work® (<https://greatplacetowork-cayc.com>) to promote policies and practices improving the quality of life within the organization, which is certified by INTECO.

employees; conduct and disciplinary measures; safety of assets; prevention of risks, and the way disabled workers are hired and treated, among others. To reinforce the knowledge of these working conditions, the Company demands each worker to attend a training session on the IWR as part of their onboarding process.

AIP recruits, selects and hires talent following transparent, confidential, objective, and stringent processes that guarantee that the principles of equality and non-discrimination are respected. In addition, the personnel are selected and hired based on their skills, abilities, professional experience and how closely the candidates hold the Company's values.

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

Upon committing to complying with the applicable local legislation, AIP recognizes the workers' rights to form labor associations and to be part of them, and it observes and assumes all the responsibilities arising from the legislation, including international treaties and conventions executed by the countries with the ILO<sup>21</sup>. Additionally, through the IWR, it recognizes the right to free association and collective bargaining.

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

El Salvador is a signatory of several ILO conventions and international treaties related to workers' rights including Convention 100 on Equal Remuneration and Convention 111 on Discrimination (Employment and Occupation). Apart from complying with these provisions, the Company establishes, within its IWR and the Employee Relationships Rules, the respect for individual diversity and equity by acting justly, equally and impartially and looking for an inclusive, positive and social impact. In addition, these two instruments state the Companies' zero tolerance in the event of discrimination, harassment or abuse at the workplace and they ratify the Company's commitment to promote an environment in which no candidate, employee, supplier or contractor of services may be excluded or discriminated against in an external or internal selection process based on ethnical or national origin, gender, age, disability, social status, health condition, religion, immigration status, opinion, sex preference, civil status or any other type against human dignity.

#### 4.2.a.v Retrenchment

AIP does not anticipate any retrenchment in the future. However, if this happened, the IWR establishes the need to meet the provisions in the labor laws of El Salvador, regarding the suspension and termination of work relations collectively.

#### 4.2.a.vi Grievance mechanism

Aristos Inmobiliaria has a general Internal Suggestions and Grievances Procedure in place applicable to all payroll and temporary employees; such Procedure defines the mechanism and internal system to collect suggestions and grievances ensuring that the process is strictly confidential. Under the mechanism, suggestions and grievances may be submitted: (i) physically, through boxes located at the work areas of the different industrial parks or (ii) digitally, whether by email ([info@aristos.com.sv](mailto:info@aristos.com.sv)) or its in-house digital

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<sup>21</sup> Convention 87 provides for the protection of the right to create and participate freely in trade unions; Convention 98 refers to the right to freedom of association and reaching collective bargaining agreements.

network in the *Buzón de Sugerencias* (suggestions box) link. The system can collect and process anonymous grievances.

This procedure, which is the responsibility of the Human Resources Department, is supported by the Grievance Committee to guarantee the transparency of the process and the areas involved, and to analyze, investigate and evaluate the information, advise the decision made and close the grievance.

#### 4.2.b Protecting the workforce

El Salvador is a signatory to several ILO conventions and international treaties related to workers' rights, including Convention 138 on Minimum Age, Convention 182 on Worst Forms of Child Labor, Convention 29 on Forced Labor and Convention 105 on Abolition of Forced Labor. Likewise, the country has extensive labor legislation that regulates, among other aspects, the duration of the workday, schedules, overtime, paid rest days, minimum remuneration, family allowance, statutory bonuses, and the minimum aspects of OHS. AIP meets these regulations through its IWR supported by the Employee Coexistence Regulations.

#### 4.2.c Occupational health and safety

AIP, in compliance with local OHS legislation<sup>22</sup>, has in place a Labor Risks Prevention Management Program for its industrial park. Such programs include the guidelines and actions to take in order to: (i) protect the physical integrity of its workers; (ii) prevent injuries and damage to their health; (iii) avoid affecting the safety of the processes by implementing and executing procedures related to industrial safety and occupational health; and (iv) identify any hazards, evaluate risks and establish prevention, correction, control or transfer measures. These conditions are reinforced through the clauses or sections under safety, health and environmental standards included in the contracts signed with contractors and subcontractors.

However, on the basis of the characteristics and risks of Air City LP, AIP will develop and implement an Occupational Risk Prevention Management Program for the preparation and construction phase of the Project, as well as for its operation. Likewise, considering its experience at other industrial parks, the Company will define the general standards for contractors and subcontractors that will govern the way in which the latter should perform their tasks within the premises of Air City LP.

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

AIP does not discriminate against its workers based on their disabilities and it meets the regulations on the inclusion of people with disabilities<sup>23</sup>.

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<sup>22</sup> Legislative Decree No. 30 of June 15, 2000, ratifying ILO Convention 155; Legislative Decree No. 254 of January 21, 2010, General Workplace Risk Prevention Law (Official Gazette No. 82 of May 5, 2010); and Decree No. 86 of April 27, 2012, Administrative Order to the abovementioned law (*Reglamento de Gestión de la Prevención de Riesgos en los Lugares de Trabajo*).

<sup>23</sup> Legislative Decree No. 672 of August 26, 2020, Special Inclusion of People with Disabilities Law.

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

In accordance with its IWR and Employee Relationships Rules, all of the Company's work rules, policies and procedures are applicable to its personnel, customers, suppliers, contractors and other third parties equally. Workers, both hired by the Company and by third parties, can remain as long as they respect the Employee Relationships Rules and the local applicable laws and regulations.

#### 4.2.f Supply chain

The IWR bans all forms of child labor. Its Code of Ethics urges the Company to see that all applicable legal provisions and conventions ratified by El Salvador, including those related to child labor, are complied with, and expresses the commitments of the Company, its customers and service providers to guaranteeing that the latter observe AIP's ethical principles and general rules of conduct.

All customers or suppliers are selected following a process with stringent tax, anti-trust, professionalism and quality regulations. Within the Procedure on General Requirements for Contractors to Participate in Projects, the Company establishes that its suppliers should comply with its ethical principles, as well as with environmental, labor, OHS, and social responsibility standards, specifically in connection with the ban on child and forced labor, non-discrimination and gender equity, and pollution prevention and rational use of natural and energy resources during their operations.

### 4.3 Resource efficiency and pollution prevention

#### 4.3.a Resource efficiency

##### 4.3.a.i Greenhouse Gases

Greenhouse gas (GHG) emissions for the construction phase of the Project will be lower than 25,000 tons of CO<sub>2</sub> equivalent p.a. (tCO<sub>2</sub>eq/year).

However, during the O&M phase of the Project, AIP will prepare an annual GHG emission inventory for each industrial park (including Air City LP), quantifying the direct emissions from the use of fuel (scope 1), the indirect emissions from electricity consumption (scope 2) and those coming from the transportation of services provided by third parties (scope 3) —for instance, transporting equipment and machinery, materials and goods acquired from their supply chain—, using the methodology created by the Greenhouse Gas Protocol Initiative<sup>24</sup>. On an annual basis, it will report the changes in the results as compared to the base year<sup>25</sup> and will explain the related causes.

The Company is seeking to reduce its emissions by optimizing electric power use and decreasing the consumption of fuels by its vehicle fleet used to transport equipment and machinery, and its customer service and care activities.

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<sup>24</sup> The Greenhouse Gas Protocol Initiative (<https://ghgprotocol.org/>) is a multi-stakeholder partnership of businesses, non-governmental organizations (NGOs), governments, and others convened by the World Resources Institute (WRI), a U.S.-based environmental NGO, and the World Business Council for Sustainable Development (WBCSD), based in Geneva, Switzerland.

<sup>25</sup> In the case of the Air City LP development, the base year will be the first full year of operations under normal conditions.

#### 4.3.a.ii Alignment with the Paris Agreement

Based on the analysis performed to such end, the Project is deemed as aligned with the provisions of the Paris Agreement based on the analysis performed in line with the IDB Group's Paris Alignment Implementation Approach<sup>26</sup>.

#### 4.3.a.iii Water consumption

The water to be consumed by the Project (human consumption by the workers and visitors, and activities related to construction, restrooms and industrial use during O&M) is estimated as low. During the construction phase, workers will be provided with bottled water for their consumption while tanker trucks and temporary tanks with water from authorized sources will be used in the construction activities. During the O&M phase, drinking water will be provided from wells under concessions granted duly by the ANDA and its purification systems (as the case may be).

Under its environmental commitment, AIP has implemented water use control measures such as: (i) substitution of obsolete or damaged water storage or distribution devices for state-of-the-art alternatives in order to reduce consumption; (ii) implementation of leak detection systems; (iii) reuse of stormwater from tanks installed to collect water in each building thus preventing water waste; and (iv) water use awareness campaigns.

#### 4.3.a.iv Energy

During the Project's construction phase, energy demand will be satisfied through the public grid under a service contract with the authorized distributor. In the O&M phase, the energy required by the Project will be obtained from two sources: the public grid under a service contract with the authorized distributor and solar panels to be placed on roofs. Power consumption will be monitored and quantified in the Annual GHG Emissions Inventory.

The Company's sustainability strategy seeks both to provide renewable energy to its industrial parks and to reduce its electric power consumption without altering production levels by: (i) progressively installing LED lighting<sup>27</sup>; (ii) installing and replacing electric power equipment by other more consumption-efficient one; (iii) turning off any equipment not being used; (iv) installing automatic or semi-automatic controls for high-consumption equipment, such as presses; (v) performing preventive maintenance tasks on equipment to improve its performance; (vi) turning lights off at the premises; (vii) using natural light in as many areas as possible; and (viii) training workers on energy savings.

#### 4.3.b Pollution prevention

##### 4.3.b.i Emissions and air quality

The Project's construction activities will generate certain noise, vibrations and particulate matter (PM<sub>10</sub> and PM<sub>2,5</sub>). However, the EMPs set forth a semi-annual dust control and monitoring measures in order to

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<sup>26</sup> Document GN-3142-1.

<sup>27</sup> LED stands for Light Emitting Diode.

comply with applicable regulations and establish management measures in accordance with the characteristics of each activity, if necessary.

The normal operation of the Company's industrial park will not generate any significant polluting emissions to the air.

#### 4.3.b.ii Effluents

Each Project's industrial park will have two wastewater treatment plants—one for domestic water and the other one for process or industrial water. Both wastewater treatment plants will meet the provisions in the corresponding Salvadorian Mandatory Regulation ("NSO", for its acronym in Spanish)<sup>28</sup> before discharging treated waters to a receiving body.

A smaller volume that will be generated upon separating the domestic water from the collection system can be treated in smaller units to be further reused for irrigation and cleaning processes within the same industrial park.

#### 4.3.b.iii Solid waste

Each Project EMP includes a series of preventive measures to manage materials, common and other waste, and it establishes the commitments to treatment, use and increase in value of solid waste from generation to final disposal. In this sense, the Company and all its contractors and subcontractors will classify their waste and verify whether they may be reused (internal reuse or recycling), segregate and stage it based on its nature (hazardous and non-hazardous) before adequately disposing of it. Domestic or non-hazardous waste will be transported by a duly authorized manager<sup>29</sup> or by the garbage collection service of the Municipality and transferred to an authorized landfill in compliance with current regulations<sup>30</sup>.

#### 4.3.b.iv Hazardous materials management

The Project will not generate a significant volume of hazardous or special waste. However, AIP's Hazardous Materials Collection Plan, encompassing the guidelines in the EMPs and the requirements in the Environmental Permits for each industrial park, establishes that the hazardous waste generated (materials contaminated with or empty containers of paint, solvents, used oils, etc.) will be characterized, managed, staged and collected for final disposal.

The Company will not transport its solid waste outside its facilities.

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<sup>28</sup> NSO 13.49.01:09 Wastewater Discharged into a Receiving Body. Published in the Official Gazette on March 11, 2009. Vol. 382, No. 48. Agreement No. 249 of March 3, 2009.

<sup>29</sup> Under the Environmental Permit, for the development of Air City LP, the provider of the solid waste collection and final disposal provider will be the Comisión Ejecutiva Portuaria Autónoma (CEPA).

<sup>30</sup> Executive Decree No. 42 of May 31, 2000; Special Rules on the Comprehensive Management of Solid Waste and its Exhibits, published in Official Gazette 101 of June 1, 2000.

Instead, it will be managed by a provider duly authorized by the Environmental Authority<sup>31</sup> and contained in compliance with current regulations (Resolution No. 41).<sup>32</sup>

#### 4.4 Community health and safety

##### 4.4.a Community health, safety and security

AIP runs the Project industrial parks with the best applicable environmental and OHS practices. The existing ERPs and the one to be drafted for Air City LP will be updated in order to incorporate a specific section analyzing the forms of protecting communities (if applicable) and surrounding communities. These plans will include provisions to handle the participation of specialized staff in emergency response teams (fire, rescue and evacuation brigades), and to coordinate actions with the external authorities<sup>33</sup>, when the leaks, spillages or fires exceed the limits of the Company's response.

Air City LP's works will be designed and built by competent and well-known contractors having experience in building and operating these types of works, observing good international practices and applicable national and international construction and security guides, standards and codes. However, should there be any external damage outside the limits of the property, the Company will mitigate it accordingly by updating the comprehensive service agreements related to the construction of Air City LP buildings to include specific provisions whereby contractors or service providers undertake to take care of any type of claim and bear any damage caused by their actions on private, community or state property (as the case may be).

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

In its existing industrial parks, AIP has equipment for detecting and containing leaks and spillages, alarm and firefighting systems, and emergency communication systems in line with the national requirements<sup>13</sup>. Likewise, the Project complies with Special Inclusion of Persons with Disabilities Law<sup>34</sup>, the Salvadorian Technical Standards ("NTS", for its acronym in Spanish)<sup>35</sup> and international conventions on the rights and principle of equal opportunity for persons with disabilities ratified by El Salvador<sup>36</sup>.

However, in order to comply with national regulations for fire prevention and protection at the workplace and for accessibility for persons with disabilities, after the construction of the new Project buildings but before their occupation or operation, AIP will hire qualified life and fire safety (L&FS) professionals to certify the following: (i) all the Project buildings were built in conformity with the approved L&FS designs;

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<sup>31</sup> In accordance with the Environmental Permit, the authorized manager for the development of Air City LP is Geocycle.

<sup>32</sup> Executive Decree No. 41 of May 31, 2000; Special Rules on Substances, Hazardous and Other Waste, published in Official Gazette No. 101 of June 1, 2000.

<sup>33</sup> Persons or entities with technical and legal competence, such as: Civil Protection (*Protección Civil*), the Red Cross, the Fire Brigade, etc.

<sup>34</sup> Decree No. 672 of June 22, 2020, published in the Official Gazette on September 3, 2020, No. 178.

<sup>35</sup> NTS 11.69.01:14; "Accesibilidad al medio físico. Urbanismo y Arquitectura. Requisitos" (Accessibility. Urban development and architecture. Requirements).

<sup>36</sup> United Nations Convention on the Rights of Persons with Disabilities, subscribed and ratified by El Salvador through Legislative Decree No. 420, of October 4, 2007.

(ii) all the equipment was installed in conformity with the L&FS design; and (iii) all L&FS equipment was tested following international requirements.

#### 4.4.b Security personnel

The Company has an asset security area covered by duly-registered specialized security companies<sup>37</sup>. Thus, the Company makes sure that all security personnel working at its facilities and plants holds the appropriate registration and certification to perform their duties issued by the applicable authority<sup>38</sup> and that they have been appropriately trained in operational personnel duties in issues such as: (i) requirements to engage in private security guard services; (ii) human rights; (iii) action principles, mainly preventive and deterring, with the use of force as the last resort; (iv) actions to be carried out to notify events to authorities; and (v) use of communication, computing and deterring equipment.

#### 4.5 Land acquisition and involuntary resettlement

The Project will be carried out in plots owned by the AIP which were previously negotiated and acquired from their prior owners; therefore, the Project does not entail any type of involuntary economic or physical displacement.

#### 4.6 Biodiversity conservation and natural habitats

The Project is carried out in previously intervened sites with scarce regenerative vegetation and little ecological value. Therefore, it is not expected to have a material impact on biodiversity.

#### 4.7 Indigenous peoples

The Project is carried out in the suburban areas of Ciudad Arce and the International Airport of El Salvador, where no indigenous peoples or community lands may be found.

#### 4.8 Cultural heritage

Although the Project will be held in previously intervened areas, the National Cultural Heritage Office (*Dirección Nacional de Patrimonio Cultural*) reporting to the Ministry of Culture issued resolutions for Orion IP and Air City LP to refrain from affecting cultural heritage<sup>39</sup>. Nonetheless, in order to manage any type of archeological, paleontological or cultural finds, AIP will preventively adopt its chance find procedure<sup>40</sup>.

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<sup>37</sup> Golán (<https://golanprotege.com/>).

<sup>38</sup> National Civil Police reporting to the Ministry of Public Safety and Justice (Legislative Decree No. 227; Private Security Services Law).

<sup>39</sup> Resolution A-LL-001-2016 for Orion IP and Resolution DA 166-2023 for Air City LP.

<sup>40</sup> This procedure describes the measures to be taken if any heritage remains are found during the construction works in accordance with PS8 and other technical provisions of the National Cultural Heritage Office reporting to the Ministry of Culture.



## 5 Local Access of Project Documentation

Aristos Inmobiliaria and AIP provide additional information on their Projects on their websites: <https://grupoaristos.com/orion-industrial-park/> and <https://grupoaristos.com/aircity/>.