

Environmental and Social Review Summary (ESRS) Inkaterra Sustainable Tourism – PERU

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1 Overview of the Project and Scope of IDB Invest’s Environmental and Social Review

This transaction seeks to provide Inkaterra¹ (the “Company”) with financing to enable it to do the following: (i) the execution of its growth and investment program, which consists in (a) the construction of a hotel within its ecotourism project² in Cabo Blanco, Peru, (b) the development and construction of four lodges in the Peruvian Amazon region, and (c) the construction of a hotel in the Machupicchu Pueblo or Aguas Calientes area; and (ii) to meet its working capital needs through a revolving credit facility (collectively, the “Project”).

The environmental and social due diligence process (ESDD) included onsite³ 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 Inkaterra, such as: (i) its business strategy; (ii) its E&S management policies and procedures; (iii) its OHS programs; (iv) its human resources (HR) policy; (v) its supplier management procedures; (vi) its solid waste and effluent management processes; (vii) its community engagement program; and (viii) its emergency response plans.

2 Environmental and Social Classification, and Rationale

The Project was 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 and runoff wastewater; (vii) OHS risks; (viii) potential health and safety impacts for the community related to an increase in vehicle traffic and number of workers; and (ix) increase in the use of resources, mainly water and energy. These impacts and risks are expected to be of low-medium intensity, both in the construction, and operations and maintenance (O&M) 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

¹ Through the following companies that form part of it: Palma Real, S.A.C., Estación Ecológica Turística Amarumayo S.A.C. and Cabo Inka S.A.C.

² The ecotourism project will consist of a 24-room hotel under the format of isolated bungalow-type constructions, the main house with reception, a restaurant-bar, an eco-center, a store, an infinity swimming pool, a spa and auxiliary facilities; 151 lots for houses or condominiums and a surfing and sailing club.

³ Visits included Inkaterra’s corporate offices in Lima, Peru, and Reserva Amazónica and Hacienda Concepción hotels (near the Madre de Dios river) in the Province of Tambopata, Department of Madre de Dios, as well as the project under development of the Cabo Blanco Ecotourism Center in the Province of Talara, Department of Piura.

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

Inkaterra is a Peru-based hotel group recognized for its sustainable tourism initiatives and for being a pioneer in the ecotourism field⁴. Founded in 1975, the Company currently operates a collection of 7 boutique hotels and low-density, nature-oriented lodges in unique environments in Peru, including the Amazon rainforest (Tambopata, in the Madre de Dios region) and the Andes (mainly Cusco, Machu Picchu and Valle Sagrado). Each existing hotel has its current environmental authorization or certification and complies with the relevant regulations and obligations assumed by the environmental management instruments required in the tourism sector⁵.

Inkaterra is embarking on an ambitious growth strategy that reflects its commitment to sustainability and immersive experiences for its guests. The Company has acquired a plot of land in Cabo Blanco, on Peru's northern coast, where it intends to develop a 24-room hotel. Together with the hotel development, the Company plans to establish a marine reserve to protect the area from large-scale industrial fishing, emphasizing its involvement in environmental management and conservation.

The Company also aims to strengthen its presence in the Peruvian Amazon through the development of lodges in the Madre de Dios region, located in southeastern Peru. This initiative includes the construction of four new hotels (low-density, low-impact lodges), strategically designed to provide guests with a sustainable experience in the heart of the Amazon rainforest, including: (i) Billingham, located on a 3.5-hectare property in Puerto Maldonado, with 8 rooms (in an initial phase), a social area, and a staff area; (ii) Lago Sandoval, located on a 5-hectare property within the Tambopata National Reserve, with 8 cabins, a social area, and a staff area; (iii) Lago Valencia, located on a 25-hectare property in the Tambopata province, with 4 cabins overlooking the lake, a social area, and a staff area; and (iv) Heath, located in a future concession area connected to the Tambopata National Reserve, comprising 8 cabins, a social area, a staff area, and a canopy. To complete its tourism offer in the Machu Picchu area, Inkaterra will allocate part of its funds to build a 24-room hotel in Aguas Calientes⁶, the capital of the Machu Picchu District located in the Urubamba Province, Department of Cusco.

Inkaterra places significant emphasis on environmental conservation and community engagement. Its properties are designed to integrate harmoniously with their surroundings (eco-friendly designs), using eco-friendly construction materials obtained locally, such as various types of wood and tree bark, palm

⁴ In 2012, Inkaterra became the first hotel company to be awarded the Green Choice Certification by Control Union (Green Choice Sustainable Tourism Standard) (<https://www.controlunion.com/certification-program/green-choice/>).

⁵ General Tourism Law No. 29,408, of September 16, 2009, and its Tourism Sector Environmental Management Administrative Order (Supreme Decree No. 003-2023-MICETUR, of May 30, 2023).

⁶ Aguas Calientes is called Machupicchu-Pueblo, so as to distinguish it from the archeological area.

leaves, river rocks, gravel and sand, and sustainable practices to minimize the environmental impact (these practices include bioclimatic⁷ and energy-efficient designs).

The Company's initiatives go beyond its properties and include conservation projects, reforestation efforts and biodiversity research. Inkaterra cooperates with local communities to protect Peru's natural heritage and promote responsible tourism. In this sense, it received numerous certifications and awards for its sustainability efforts, including acknowledgments from National Geographic⁸ and UNESCO. Recognized as the first "carbon-neutral"⁹ hotel brand, the Company works with local communities to foster economic development, promote cultural preservation and improve the residents' livelihoods in its operating areas.

3.2 Contextual risks

Peru has huge gaps in nutrition, health, education, employment and population well-being indicators. According to the Inter-American Commission on Human Rights (IACHR), the country experiences a high level of conflict due to poor service administration, impunity and legal uncertainty concerning land ownership, the nonconsensual exploitation of natural resources, the failure to implement the International Labour Organization (ILO) Convention 169, and unresolved structural issues. This situation seriously affects the human rights of its inhabitants, especially its indigenous peoples, who have often seen their rights over ancestral land violated and have suffered from exclusion, inequality, racism and discrimination.

Although the last 20 years have shown a significant decrease in the number of people living below the poverty line in the country, this reduction has not reached all sectors of society and has not been consistent in all regions¹⁰. In 2021, the poverty rate in Peru stood at 25.9%, as compared to 30.1% in 2020. The highest poverty levels were reported in the rural mountains (44.3%) and the rural jungle (35.0%). As compared to 2020, these figures showed a decrease of 6.1% and 4.2%, respectively¹¹.

Poverty affects indigenous people differently, who also face deep challenges in accessing the labor market. In fact, only 11% of indigenous population in the country holds formal employment in an economy marked by a high index of labor informality¹². Moreover, men continue to be predominantly in charge of the financial support of families.

⁷ Bioclimatic design takes advantage of the climatic and environmental conditions of a specific location, aiming at creating spaces that are comfortable and energy efficient in their operation; for example, the use of natural lighting and the orientation of buildings to take advantage of natural currents.

⁸ The National Geographic Traveler's Best Practices Award in Sustainable Tourism (2002).

⁹ Inkaterra mitigates the effects of deforestation in the Amazon and contributes to carbon sequestration by protecting a private ecological concession of over 10,000 hectares of virgin forest. As determined by Professor Tim Baker of the University of Leeds, one hectare of forest protected by Inkaterra Reserva Amazónica or Inkaterra Hacienda Concepción captures 200 tons of carbon.

¹⁰ CONFIEP (Peruvian Confederation of Private Business Associations), "Economic, Social and Labor Information on Peru," January 2023.

¹¹ INEI (National Statistics Institute). Press release No. 072: "Poverty affected 25.9% of the country's population in 2021," May 2022.

¹² Ombudsman Office, "Multidimensional Poverty in Peru: a Human Rights Approach," 2022.

The State has not responded effectively to the continuous high levels of violence against women and girls¹³. Peru has high rates of violence and insecurity, with elevated rates of homicides and femicides, as well as significant levels of crimes against personal integrity and property. Crime is the result of a long-standing process of institutional weakening, marginalization and inequality.

Additionally, the challenges faced by Peruvian institutions include the illegal economy involving activities such as unregulated mining, human trafficking and drug trafficking¹⁴. These illegal economies have installed in regions where the State's presence has been insufficient to ensure territorial control, particularly in the provinces of Puno, Madre de Dios, Piura and Ayacucho¹⁵. The country's biodiversity and natural resources are not used sustainably, and the population is permanently exposed to the effects of climate change and recurring natural disasters.

4 Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and management of E&S risks and impacts

4.1.a Environmental and social management system

Inkaterra will prepare and implement an Environmental and Social Management System (ESMS) for its operations, based on international standards (ISO-14001¹⁶), which will include: (i) an environmental policy; (ii) internal procedures to identify, assess and manage potential E&S and OHS risks and impacts associated with each Project activity, both for their own workers and those engaged by third parties (contractors and subcontractors); (iii) internal procedures to ensure compliance with the Environmental Management Plan (EMP); (iv) a description of the organizational capacities and competencies, including the definition of roles and the allocation of responsibilities for the implementation of such ESMS; (v) emergency preparedness and response protocols, including climate change exposure threats and risks; (vi) stakeholder engagement plans; (vii) an external communication and grievance mechanism; (viii) protocols for the disclosure of information, decision making and education of communities; (ix) protocols for the evaluation and continuous improvement of the ESMS; and (x) guidelines to perform audits and inspections regarding the E&S and OHS requirements under Peruvian regulations.

Once adopted, the ESMS will be periodically reviewed¹⁷ to enhance or update its components on the basis of the applicable E&S and OHS requirements, as well as the results of the audits previously mentioned.

¹³ <https://www.amnesty.org/en/location/americas/south-america/peru/>

¹⁴ CONFIEP (Peruvian Confederation of Private Business Associations), "Información económica, social y laboral del Perú" (Economic, Social and Labor Information on Peru), January 2023.

¹⁵ Santiago Pedraglio. "Corrupción y Economía Ilegal The State: Un Protector más que un botín" (Corruption and the Illegal Economy. The State: A Protector rather than a booty). *Argumentos*, edition No. 3, year 8, July 2014.

¹⁶ Standard certifying the environmental and social management system.

¹⁷ Applying the Social and Environmental Management System, Implementation Manual – General, IFC, version 2.1, November 2015. E&S Management System Tools, General, IFC, release 1.2, November 2015.

4.1.b Policies

Framed in the principle of respect for the environment and social and cultural values, Inkaterra's Environmental Policy also promotes the research and conservation of natural resources and ecosystems. In accordance with this policy, the Company has a Sustainability Policy that promotes the generation of a positive impact on ecosystems through productive conservation and the sustainable use of biodiversity, with low-cost and profitable formal and replicable activities for the communities.

4.1.c Identification of risk and impacts

4.1.c.i Direct and indirect impacts and risks

To minimize the environmental impact and to prevent the pollution caused by its activities, the Company promotes good practices focused on waste management, decreased emissions, water and energy saving, and employee and supplier awareness about the optimal use of resources.

The environmental management instruments of existing hotels¹⁸ characterize the E&S and OHS impacts and risks for each phase of the scope of works and activities (construction, commissioning, O&M and closure and abandonment of work fronts). These instruments have a matrix that, based on the regulations and standards applicable to each phase's processes and activities, collects the significant E&S risks and impacts identified on product quality, the environment, OHS and the affected communities. With this information, the system defines the operational controls or corrective actions, as well as the measurement and monitoring mechanisms required to manage each risk.

For the Project's new hotels and lodges, the Company, in compliance with the framework of the National Environmental Impact Assessment System, will prepare, prior to the construction, the relevant environmental management instrument (according to its category) that will specifically describe the environmental impacts arising from the execution of the project in question in each of its phases (construction, O&M, work closure and abandonment), and its effects on the quality of air, soil, and water courses, as well as on watercourses, areas of landscaping value, ecosystems, terrestrial and aquatic flora and fauna, native or rural communities, urban spaces, archaeological, historical and architectural heritage, and national monuments, among others. Similarly, the Company will submit the approved environmental certification (license), following for that purpose the environmental regulations of the tourism sector⁵.

4.1.c.ii Analysis of alternatives

Since the Project will be developed in the Company's plots of land, no alternatives other than space distribution, urban development regulation and evaluation of several technology options based on their economy and efficiencies (in terms of electricity, gravity drainage and accessibility) were considered.

¹⁸ Depending on impacts and risks: Environmental Impact Declaration ("DIA" or Category I), Semi-Detailed Environmental Impact Assessment ("EIA-sd" or Category II) or Detailed Environmental Impact Assessment ("EIA-d" or Category III), and for projects that were ongoing or being executed prior to National Environmental Impact Assessment System Law No. 27,446 (April 2001) and its Administrative Order (September 2009), the Environmental Management Adequacy Program.

4.1.c.iii Cumulative impacts

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 there are Peruvian laws¹⁹ and institutions²⁰ for the protection of women, the number of femicides reported in the country (147 cases) ranks 7th amongst 17 Latin American countries²¹. According to the National Statistics Institute (INEI, in Spanish), the coastal region concentrates the largest number of victims.

Latin America is highly unequal gender-wise; the gender gap is defined as differential, unequal access to work, education, economic and participation opportunities based on sex or gender. It leads to gender discrimination, unequal access to public services, education differences, salary and labor inequality, and lower political participation rates. This is observed in the 0.76 gender gap in Peru in 2024, which places it 9th amongst the 26 countries in Latin America²².

Notwithstanding the foregoing, due to the type of activity and business line, combined with the fact that the hotels and lodges are sheltered and, most of them, within or near urban centers, it is estimated that the gender risk is low and can be mitigated through the application of the principles contained in the Internal Work Rulebook (IWR) and the internal guidelines for the prevention, investigation and punishment of acts of sexual harassment²³, of the Company's Policy to Prevent and Punish Sexual Harassment. In addition, in accordance with labor legislation, the Company has implemented a Sexual Harassment Intervention Committee²⁴ formed by representatives of the Company and its employees.

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. Inkaterra promotes non-discrimination and equal opportunities

¹⁹ Law No. 30,862 reinforces certain regulations to prevent, punish and eradicate violence against women and family members (October 25, 2018); Legislative Decree No. 1,323 reinforces the fight against femicides, domestic violence and gender-based violence (July 29, 2018); Law No. 31,156 amends section 15 of Law No. 30,364, aimed at preventing, punishing and eradicating violence against women and family members by permanently enabling the use of technological channels to report violent acts (April 7, 2021); Legislative Decree Law No. 1,386, amending Law No. 30,364 (September 4, 2018); Law No. 30,364 to prevent, punish and eradicate violence against women and family members (November 23, 2015) and its Administrative Order No. 009-MIMP of July 27, 2016); among others.

²⁰ Ministry of Women and Vulnerable Populations; Peruvian Police; Office of the Attorney General; National Observatory on Violence Against Women and Family Members; National Institute of Human Rights and Ombudsperson's Office; among others.

²¹ <https://www.statista.com/statistics/827170/number-femicide-victims-latin-america-by-country/>

²² The closer the ratio is to 1, the less gender inequality there will be. "[Gender gap index in Latin America 2024](#)", Statista.

²³ The guidelines observe Law No. 27,942 for the Prevention and Punishment of Sexual Harassment and Supreme Decree No. 014-2019-MIMP "Administrative Order of the Law for the Prevention and Punishment of Sexual Harassment", as amended (with the modifications of Supreme Decree 021-2021-MIMP).

²⁴ Its purpose is to guarantee the involvement of its employees in the procedure for investigating and imposing penalties on sexual harassment, as provided by Supreme Decree No. 14-2019-MIMP.

when seeking and promoting human talent. In this sense, the Project is expected to generate equitable employment opportunities.

The Company has incorporated provisions to guarantee an adequate treatment of the women working at its facilities regarding: (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 women, including pregnant women; (iv) adoption in its IWR of zero tolerance principles in the event of gender violence and sexual harassment; and (v) compliance with local legislation and international practices related to the non-discrimination and equal opportunity for its personnel regardless of their gender. Any behavior contrary to the guidelines in its IWR is investigated and analyzed by a committee, and it is subject to corrective and disciplinary measures if applicable.

4.1.c.vi Exposure to climate change

In Peru, there are natural climatic hazards that could potentially affect the tourism sector, including more frequent periods of drought, water shortages, intensification of heat waves, changes in precipitation, intensification of floods and landslides. The threat of tsunamis is concentrated in the coasts of the Pacific Ocean.

All of the above threats can have an impact on the operations of tourist destinations, on transportation infrastructure or on the availability of supplies and food at a regional level, thus affecting the visit of tourists to certain destinations.

In general, the Project's hotels and lodges are moderately exposed to physical risks and hazards due to climate change, as follows: (i) as per a global climate model, high exposure to droughts and moderate exposure to changes in precipitation patterns and earthquakes; and (ii) high exposure to heatwaves with a moderate upward trend in the RCP 8.5 climate change scenario²⁵. These sudden changes in temperature could affect the operation of properties, increasing energy consumption in air conditioning for the facilities and to keep food and beverages cool and in optimal conditions, as well as to maintain an adequate working environment.

However, the Project's exposure to climate change is addressed through: (i) the measures proposed in its sustainable design; (ii) the use of appropriate materials to adapt to the new climate conditions (resilience); (iii) the emergency contingency plans for each hotel or lodging, which will be reviewed annually or when there are significant changes in the incidence of threats and risks of exposure to climate change in the Project development; and (iv) the measures to be adopted to promote an efficient use of resources (water and energy) of each property.

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 Environmental Management Program (EMP) of the environmental management instruments and

²⁵ 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. RCPs, 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/m², respectively).

their certification; (ii) the commitments approved by the competent authorities in the sector (MINCETUR²⁶, ANA²⁷, ARFFS²⁸, Fire Department, etc.); (iii) the Company's own commitments; and (iv) compliance with current and applicable E&S and OHS regulations. In this regard, the Company has the management measures (mainly mitigation) required to eliminate or mitigate each one of the impacts or risks detected, including preventive measures aimed at eliminating or reducing the frequency or severity of negative impacts or risks.

In addition, Inkaterra has cleaning programs comprising all areas of the hotels and lodges, from accommodation and guest services to the preparation and storage of food and beverages. Apart from setting the compliance with Peruvian health and safety regulations, these programs describe the quality parameters and good manufacturing practices to comply with food safety measures in each one of its services and products.

4.1.e Organizational capacity and competency

The environmental management process is led by the Company's Chairperson, who, with the support of the Deputy General Manager, ensures compliance with environmental commitments, the achievement of excellence in geotourism and the conservation of the authentic cultural, social and natural values of the areas where it operates.

However, to strengthen its environmental management, the Company will form an Environmental Management Committee aimed at identifying, evaluating, prioritizing and periodically monitoring E&S risks that could significantly affect its results and develop priority activities in environmental matters, such as: (i) manage environmental protection and conservation programs; (ii) define sustainable development indicators and review compliance with their goals; (iii) prepare the environmental monitoring and compliance reports required by environmental legislation²⁹; and (iv) prepare annual sustainability reports. This committee will be made up of management or executive personnel from the operating area, including legal counsel, administration, and systems and telecommunications areas.

To coordinate corporate OHS activities, the Company has an Occupational Safety and Health Joint Committee to promote occupational health and safety, as well as to advise and monitor the compliance with national regulations and standards. This committee, together with the managers of each hotel or lodge, is responsible for planning, directing and providing guidelines to help the Company control its risks properly and create a risk-free and healthy work environment for its workers.

In addition, at least once a year, the Company will perform an introductory or refresher session of the E&S and OHS training program for all the personnel in charge of managing each facility operating at present or in the future, presenting and analyzing the E&S and OHS risks and impacts of each establishment, as well as the local regulations to be met.

²⁶ MINCETUR: Ministry of Foreign Trade and Tourism.

²⁷ ANA: National Water Authority.

²⁸ ARFFS: Regional Forestry and Wildlife Authorities.

²⁹ These environmental monitoring and compliance reports will be submitted with the frequency established in environmental regulations.

4.1.f Emergency preparedness and response

Inkaterra has Emergency Contingency Plans (ECP) for each one of its lodges. These plans, which comply with current Peruvian regulations³⁰, contain an analysis of risks and vulnerabilities; establish preventive, mitigation and relief actions to safeguard the physical integrity of employees, suppliers and customers who are inside these locations; and describe management items to deal with the wide range of emergencies that may threaten the property and the ongoing operation.

However, as part of the update of existing ECPs, the Company will include a climate change risk analysis addressing the physical risks arising from damages associated with significant weather events and will contain, if necessary, emergency response procedures.

In the event of environmental emergencies, Inkaterra follows the regulations governing environmental emergency reporting concerning the activities under the sphere of the Environmental Assessment and Surveillance Body (OEFA, in Spanish), pursuant to current regulations³¹. However, the Company will prepare and implement an ECP for the Project's new hotels and lodges, including: (i) a distribution-based risk assessment (including climate change risks); (ii) emergency 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) the description of 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 Company's personnel and other stakeholders and affected parties.

The ECP will include an annual emergency 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 fire prevention (firefighter safety, hose folding, handling of extinguishers, etc.); and (iii) search and rescue, among others.

4.1.g Monitoring and review

Some of Inkaterra's environmental commitments include monitoring the compliance with all environmental legal provisions. Therefore, as part of the new ESMS and in order to avoid being penalized, it will plan and prepare statutory environmental audits through a systematic and objective review based on international standards (ISO-14001³²), ensuring compliance with any applicable legal requirements at each Project hotel or lodge.

The Company will prepare³³ 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

³⁰ Law No. 28,551 sets forth the obligation to prepare and submit contingency plans; June 2005.

³¹ Governing Board Resolution No. 028-2019-OEFA/CD.

³² Standard certifying the environmental and social management system.

³³ Either internally (internal audit) or through an external independent E&S expert (external audit).

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

Inkaterra has identified the significant stakeholders (including local authorities and parties involved in its operations) in each one of its operations and it has open and permanent communications with them. However, as part of those stakeholders' management, the Company will prepare and adopt a community relations management procedure, including effective strategies for communicating and maintaining good relations with the population in the area of influence of each Project property. This procedure will identify the work team responsible for its implementation (e.g., the hotel manager, with the support of the host or experience leader) and define the protocols for the following activities: (i) interviews with authorities and stakeholder representatives; (ii) stakeholder briefings, and (iii) media and social networks management.

4.1.i External communications and grievance mechanism

4.1.i.i External communications

Inkaterra will draft a Corporate Communication Policy, which shall ensure that all communications addressed to external audiences, including interest groups, are delivered in a careful, responsible, and efficient manner. This policy will determine the external official communication channels to be used (reports, websites, press releases, social networks, transparency mailboxes, contact centers, focus groups, social events, etc.) to reach the related stakeholders.

4.1.i.ii Community grievance mechanism

To make its business management transparent, maintain an open and honest relationship and promote the values of integrity, honesty, transparency and respect, Inkaterra has a mechanism that allows the communities and the public in general to submit their doubts or grievances about the services offered in each hotel through its website or by using the contact telephone numbers³⁴.

However, the Company will improve its existing mechanism so that the following is recorded for each grievance or claim: (i) how the grievance was received; (ii) who placed it (clients, community, stakeholders); (iii) how it was classified, processed, evaluated, and investigated; (iv) how it was resolved and followed up on; (v) how it was closed; and (vi) how the ESMS was adjusted or improved, in terms of communication and dissemination of information (as the case may be).

4.1.j Reporting to affected communities

Inkaterra offers information about its environmental and social performance on its website³⁵.

³⁴ <https://www.inkaterra.com/es/>

³⁵ <https://www.inkaterra.com/es/nuestra-empresa/> y <https://www.inkaterra.com/es/politica-de-sostenibilidad/>

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

Inkaterra has a series of instruments to manage its human resources, such as: (i) Internal Work Regulations³⁶ (IWR), approved by the Ministry of Labor and Employment Promotion, which contains the general provisions applicable to all workers³⁷; (ii) a Personnel Hiring Policy that defines the guidelines so that new personnel is incorporated in a transparent manner and in compliance with the applicable legal standards.

In addition, to support these policies, the Company has procedures for recruiting and selecting personnel and for managing employee departures.

All these aspects related to labor and working conditions are managed by the Human Resources Management, with the support of Hotel Resident Managers and the regional administrative offices in Cusco, Puerto Maldonado and Cabo Blanco. The Company is also responsible for ensuring that its contractors and other business partners have similar standards of behavior.

4.2.a.ii Working conditions and terms of employment

The IWR is mandatory for all workers, without exception, and contains provisions that comply with Peruvian labor laws, international best practices in the hospitality industry and 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 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.

Inkaterra 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 is selected and hired based on their skills, abilities, professional experience and how closely the candidates hold the Company's values.

³⁶ Updated as of February 2018.

³⁷ Standards and conditions for the selection and hiring of personnel; regulations regarding working hours and breaks, vacations, permits and leaves of absence, compensation and benefits; specific provisions applicable to workers (working hours and schedules, and duties); workers' rights and obligations; induction, education and training requirements; health protection measures (epidemics, pandemics) and against sexual harassment; and misconduct and disciplinary system; among other aspects.

4.2.a.iii Workers' organizations

In compliance with the Peruvian Constitution, relevant labor laws³⁸ and ILO conventions and international treaties³⁹, Inkaterra guarantees the free exercise of its workers' collective rights, which include the right of association, collective bargaining and the right to strike.

4.2.a.iv Non-discrimination and equal opportunity

The IWR rejects any form of discrimination. In this regard, the Company has recruitment procedures that encourage equal opportunities for all workers and their representatives, including principles, criteria and guidelines, whose main objective is to ensure internal equity and gender equality. Thus, the Company hires locally, with currently more than 70% of its personnel coming from the provinces of Cusco and Puerto Maldonado; it also considers candidates of different age ranges without imposing age limits, valuing the talent of all generations.

Similarly, the Company seeks gender equity, providing equal opportunities for men and women; thus, it currently has 59% men and 41% women of the total number of workers on its payroll.

4.2.a.v Retrenchment

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

4.2.a.vi Grievance mechanism

The means for reporting or complaining about any inappropriate conduct, ethically questionable performance or any breach of the IWR is a direct or written complaint to the immediate supervisor, the Human Resources Department or the Sexual Harassment Intervention Committee.

However, the Company will update its reporting mechanism so that: (i) it provides a culturally appropriate and easy-to-access system at any time (e.g. an external box with printed or digital forms to submit the grievances, claims or inquiries); (ii) an anonymous report can be submitted, requesting identity confidentiality; (iii) any retaliation against those reporting suspected violations or cooperating in the investigation of any suspicious act is prohibited; and (iv) it does not prevent but provide access to other applicable legal or administrative resources based on the severity of the violation under local and national labor legislation or regulations.

In addition, the Company will prepare and implement a Grievance System Management Procedure to define the guidelines and terms to secure that all the grievances received are addressed and investigated in a timely manner in order to create and maintain an adequate control environment based on the Company's values and the IWR. These guidelines will establish: (i) the roles of each person involved (the authorized compliance and follow-up manager, the person reported and the Sexual Harassment

³⁸ Supreme Decree No. 010-2003-TR.

³⁹ Convention No. 87 on Freedom of Association and Protection of the Right to Organize and Convention No. 98 on the Right to Organise and Collective Bargaining.

Intervention Committee); (ii) the stages in which each of them will participate; (iii) the process of reception, classification, review, investigation and analysis; (iv) the action plan to be followed with the person reported, when applicable; (v) the monitoring and management actions; and (vi) the presentation of performance indicators.

4.2.b Protecting the workforce

Apart from being signatory to several ILO conventions and international treaties related to workers' rights⁴⁰, Peru has broad labor legislation governing, among other aspects, working hours and schedule, overtime, paid rest days, minimum remuneration, family allowance, statutory bonuses and minimum occupational health and safety aspects.

Inkaterra, in observance of legal requirements applicable in Peru, respects the rights and duties of employers and employees, and promotes equality and equity in the enjoyment of human, civil, political, economic, social, and cultural rights between men and women.

4.2.c Occupational health and safety

Inkaterra is a company committed to the health and safety of its employees and its actions are aimed at promoting and protecting the health of its workers, as well as preventing occupational accidents and diseases caused by working conditions and occupational hazards in the different economic activities.

In this regard, in compliance with Peruvian labor and OHS laws⁴¹, the Company has an Occupational Safety and Health Policy ("OHS Policy") and an Internal Occupational Health and Safety Rulebook ("Internal OHS Rulebook"). Both the OHS Policy and the Internal OHS Rulebook are binding for the Company's own employees and third parties (contractors, subcontractors and independent workers performing their activities inside the Company's facilities in full or in part). The Internal OHS Rulebook even contains a commitment to comply with those rules, which should be signed and delivered after attending the OHS induction event.

The Internal OHS Rulebook establishes the Occupational Health and Safety Management System (the "OHS Management System"), intended to lead and contribute all the resources for the performance of the Company's activities preventing occupational incidents, accidents and diseases, and addressing emergency situations. In addition, apart from goals and scope, the Internal OHS Rulebook specifically establishes: (i) the leadership and commitments of senior management; (ii) the Occupational Health and Safety Policy; (iii) the rights and obligations of the employer, supervisors, the Occupational Health and Safety Committee, workers and third-party employees providing services; (iv) safety and health standards in operations, especially safety in service processes (warehouse management, machinery and infrastructure maintenance, kitchen and bar, barracks, guest reception, office work, cleaning, property surveillance, high-risk work⁴², gardening or green areas, guides, carpentry and vehicular and pedestrian traffic) and the organizational structure and principles of the OHS Management System; (v) safety and

⁴⁰ Minimum Age Convention No. 138, Worst Forms of Child Labour Convention No. 182, Forced Labour Convention No. 29, and Abolition of Forced Labour Convention No. 105.

⁴¹ Occupational Health and Safety Law No. 29,783 and its administrative order approved by Supreme Decree No. 005-2012-TR.

⁴² High-risk work includes work at heights, in confined spaces, in hot environments, with hoisting equipment and with electrical equipment, among others.

health standards for services and related activities, which include the indirect activities performed by contractors; and (vi) emergency preparedness and response, including specific conditions for fires, earthquakes and personal accidents.

Inkaterra has a training program for regulatory compliance, covering topics such as: hazard and risk identification, OHS regulations, brigade training, earthquake drills, and work at heights, hot work, work with electrical hazards and in confined spaces.

4.2.d Provisions for people with disabilities

Inkaterra has a health subprogram for the integration of people with disabilities, which establishes the characterization, selection, hiring and follow-up, as well as the monitoring of a disability at work in compliance with Law No. 29,973. Currently, the Company has 9% of workers with disabilities. Inkaterra, however, will work on a strategy for include employees with disabilities within its operations, as required by law, and will consider the incorporation of universal design principles in the design, construction and operation (including emergency and evacuation plans) whether it is a new construction or the restructuring, expansion or modernization of infrastructure, so as to maximize its use by all potential users, including people with disabilities, in all their facilities and hotels.

4.2.e Workers engaged by third parties

All companies rendering outsourced services to Inkaterra (contractors, subcontractors and providers of all types of services) are required to meet environmental protection and OHS requirements and standards to enter and carry out activities inside the Company's hotels.

However, the Company will develop a Policy for Outsourced Staff Contracting and Service Provision clearly setting the need to comply with Peruvian labor legislation and ILO international conventions, allowing to: (i) ensure that its contractors are legitimate companies; (ii) ensure that outsourced workers are contracted and dismissed in accordance with local legislation (including the ILO conventions ratified by Peru), especially those referring to the prohibition of using child labor⁴³ or forced labor⁴⁴; (iii) follow-up on the performance of these third-party employers through commercially reasonable measures incorporated into contractual agreements, and (iv) ensure that the workers contracted by third parties have access to the grievance mechanism, either the contractor's or Inkaterra's. Similarly, the Company will develop a training program on the Policy for Outsourced Staff Contracting and Service Provision for its contractors and subcontractors.

4.2.f Supply chain

To address the supply chain, mainly made up of suppliers of services, food and beverage inputs, and materials and equipment for the operation of lodges, Inkaterra will develop and implement a Sustainable Procurement Policy, which will regulate the acquisition of inputs (consumer products, materials and equipment) and the contracting of services, and will require suppliers to comply with labor requirements (specifically the prohibition of child and forced labor, and the exclusion of any product or service using them in its business activity), environmental and OHS requirements, as applicable in Peru.

⁴³ ILO Minimum Age Convention No. 138 and Worst Forms of Child Labour Convention No. 182.

⁴⁴ ILO Forced Labour Convention No. 29 and Abolition of Forced Labour Convention No. 105.

In addition, as part of the Sustainable Procurement Policy, the Company will develop and implement a supplier and contractor registration procedure through which the Procurement Area or Project Management will select, control and evaluate suppliers or contractors based on the environmental, labor and OHS criteria established under Peruvian national legislation.

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 CO₂ equivalent p.a. (tCO₂eq/year), mainly due to the size of constructions and the fact that the construction sites and material storage areas will be close to one another (within an approximate radius of 2 km).

However, during the O&M phase of the Project, Inkaterra will update an annual GHG emission inventory for each one of its hotels (including new prospects), 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, for instance, transporting guests and materials and goods acquired from their supply chain (scope 3), using the methodology created by the Greenhouse Gas Protocol Initiative⁴⁵ (“GHG PI”). Thus, it will report on an annual basis the changes in the results as compared to the base year⁴⁶ and will explain the related causes.

Independently, the Company is seeking to reduce its emissions by optimizing the use of electricity in its operations and the number of trips and routes, by reducing fuel consumption in its fleet of vehicles and boats or ships used to transport personnel, consumer supplies, equipment and machinery, and the service and attention to its guests and customers (other tour operators).

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 Approach⁴⁷.

⁴⁵ The Greenhouse Gas Protocol Initiative (“GHG PI”, <https://ghgprotocol.org/>) is a multi-stakeholder partnership of businesses, non-governmental organizations (NGOs), governments, and other entities 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.

⁴⁶ In the case of the Project’s new developments, the base year for each one of them will be the first full year of operations under normal conditions.

⁴⁷ Document GN-3142-1.

4.3.a.iii Water consumption

The Project's water requirements (consumption associated with workers, construction activities, guests and visitors, sanitary services and industrial use in the kitchen and cleaning during the O&M phases) are expected to be 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 construction activities. During the O&M phase, drinking water will be supplied through the public water system (when located near the hotel) or from wells or surface bodies (rivers) duly awarded under concessions by the National Water Authority (ANA) and their purification systems (as applicable).

Under its environmental commitment, Inkaterra 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 (as available) or through autonomous generation systems (electric generators). In the O&M phase, the energy required by the Project will be provided by several sources: the public grid under a service contract with the authorized distributor (when available); autonomous generation systems; and solar panels (for self-consumption) to be placed on building roofs⁴⁸. Power consumption will be monitored and quantified in the annual GHG emission inventory.

The Company's sustainability strategy seeks both to provide renewable energy to its hotels and to reduce its electric power consumption by: (i) progressively installing LED lighting⁴⁹; (ii) installing and replacing electrical equipment with energy-efficient equipment; (iii) setting energy supply schedules (specifically in the cases of own generation); (iv) installing automatic or semi-automatic controls for high-consumption equipment, such as cooling systems and food refrigeration systems; (v) preventive maintenance of equipment to increase its performance; (vi) scheduling the shutdown of lighting in common areas and unused equipment; (vii) using natural light in as many areas as possible; and (viii) training employees on energy saving.

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 (PM₁₀ and PM_{2.5}). However, in order to comply with applicable regulations, the EMPs establish dust, noise and vibration management, control and monitoring measures.

The normal operation of the Company's hotels and lodges will not generate any significant polluting emissions to the air.

⁴⁸ It will depend on the results of the feasibility studies, taking into account solar radiation and the necessary loads.

⁴⁹ LED stands for light emitting diode.

4.3.b.ii Effluents

Depending on the location of the Project's hotel and lodges, they will be connected to the municipal sewage system or have their own domestic "phyto-purification"⁵⁰ wastewater treatment system, which will comply with the mandatory Peruvian regulations⁵¹ to allow them to discharge their treated water to a receiving body or, otherwise, be reused for irrigation or cleaning processes within the hotel itself.

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 recovery 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 it 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 solid waste operating company duly authorized by the Environmental Ministry or by the garbage collection service of the Municipality and transferred to an authorized landfill in compliance with current regulations⁵².

4.3.b.iv Hazardous materials management

Inkaterra will not generate large quantities of hazardous or special waste, or transport it outside its facilities and hotels. It will be managed by a solid waste operating company, pursuant to Law No. 28,256 governing the land transport of such materials. The final disposal of hazardous solid waste removed from the Company's hotels and facilities will be recorded in the hazardous solid waste management logbook set forth in the Law on Integrated Solid Waste Management administrative order.

4.4 Community health and safety

4.4.a Community health and safety

Inkaterra runs its hotels with the best applicable environmental and OHS practices. The existing ECPs and the one to be drafted for the new hotels and lodges will be updated in order to incorporate a specific section analyzing the forms of protecting communities and surrounding facilities (if applicable). These plans will include provisions to handle the participation of specialized staff in emergency response teams

⁵⁰ Water phyto-purification is a natural and sustainable process that uses aquatic plants and microorganisms present in the substrate to clean and purify contaminated water. It is a biological treatment technique in itself that is ideal for cases of isolation of the sewage network of units, which seeks to eliminate or reduce the presence of pollutants and nutrients in the water, turning it into a useful resource for reuse or return to the environment safely.

⁵¹ Supreme Decree No. 003-2010-MINAM, which approves the maximum permissible limits for effluents from domestic and municipal wastewater treatment plants, dated March 16, 2010.

⁵² Legislative Decree No. 1,278, approving the Law on Integrated Solid Waste Management of December 22, 2016; Legislative Decree No. 1,501, amending Legislative Decree No. 1,278; and Supreme Decree No. 014-2017-MINAM, approving the administrative order of Legislative Decree No. 1,278 of the Law on Integrated Solid Waste Management of December 20, 2017.

(fire, rescue and evacuation brigades), and to coordinate actions with the external authorities⁵³, when the leaks, spillages or fires exceed the limits of the Company's response.

The new hotels 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, the Company will update the comprehensive service agreements for the construction of the Project hotels and lodges to include specific clauses binding contractors or service providers to manage all claims and to take responsibility for any damage caused by their actions to private, community or state property (if any).

4.4.a.i Infrastructure and equipment design and safety

In its existing hotels, Inkaterra has leak and spill containment equipment, alarm and firefighting systems, and emergency reporting mechanisms pursuant to Peruvian national regulations⁵⁴. Likewise, the Project complies with the General Law on People with Disabilities⁵⁵, as well as the international conventions on the rights and the principle of equal opportunities for people with disabilities ratified by Peru⁵⁶.

However, based on Technical Standard A.130 – Security Requirements under National Building Regulations⁵⁷, the designs of life and fire safety systems (L&FS) in the Project's new facilities will comply with National Fire Protection Association (NFPA) international standards and the security and fire prevention requirements under General Environmental, Health and Safety ("EHS") Guidelines of the IFC.

In this regard, prior to the occupation or operation of the new Project facilities, the Company will hire qualified L&FS professionals to certify: (i) all Project works were built in conformity with the approved L&FS designs; (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

For the protection and safeguarding of its facilities and hotels, Inkaterra provides private security services through facilities security and surveillance companies that are registered and comply with the regulations of the Peruvian Regulatory Agency for the Control of Security Services, Arms, Ammunition and Explosives for Civilian Use ("SUCAMEC", in Spanish)⁵⁸. However, the Company will provide the evidence required to verify that, by virtue of the contracts signed with these companies, it may: i) carry out reasonable investigations to ensure that security personnel have no criminal records and have not been involved in any case of abuse in the past; ii) verify the details on the training required for participation in protection

⁵³ Persons or entities with technical and legal competence, such as: Civil Protection, the Red Cross, the Fire Brigade, etc.

⁵⁴ National Building Regulations, specifically Standard A.060 for the industrial sector and Supreme Decree No. 042-F, which publishes the OHS Regulations for the Industrial Sector.

⁵⁵ Decree No. 672 of June 22, 2020, published in the Official Gazette on September 3, 2020, No. 178.

⁵⁶ United Nations Convention on the Rights of Persons with Disabilities, subscribed and ratified by Peru through Supreme Decree No. 073-2007-RE of December 30, 2007.

⁵⁷ Supreme Decree No. 011-2006-VIVIENDA.

⁵⁸ SUCAMEC is a specialized technical agency of national scope whose main functions include controlling, administering, supervising, overseeing, regulating and imposing penalties on activities in the area of private security services, manufacture and trade of arms, ammunition and related items, explosives and pyrotechnic products for civilian use.

events; iii) verify the restrictions and procedures used if personnel carry fire arms or are under the influence of alcohol or drugs, and iv) identify the details on environmental training and social awareness, including the matter of human rights.

4.5 Land acquisition and involuntary resettlement

The Project will be carried out in plots owned by Inkaterra 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

4.6.a Protection and conservation of biodiversity

Inkaterra, through properties, possessions and concessions⁵⁹, both for conservation and for the use of products other than timber (chestnut), has among its priorities the conservation of natural resources and their ecosystems. The infrastructure of each operating unit has been installed with minimal deforestation, using mostly local materials and implementing sustainable architectural designs.

In addition, to protect the natural resources within its properties and to compensate the ecosystems for the operation of the hotels, the Company has developed and established: (i) permanent plots to measure carbon sequestration; (ii) specialized gardens for the on-site and off-site conservation of genetic material; (iii) conservation programs for the Andean bear and *aguajales*⁶⁰; (iv) agroforestry systems, interspersing timber species with fruit trees, medicinal plants, palm trees, among others; (v) ecosystem restoration and forest enrichment actions by planting native species; (vi) a system for reporting illegal invasions; and (vii) proposals for the creation of marine conservation areas, aquaculture concessions, and sustainable landscape corridors.

4.6.a.i Legally protected areas and internationally recognized areas

Inkaterra's main tourism operations in the Madre de Dios region are developed near the Tambopata National Reserve, a legally protected natural area of Peru, located in the Department of Madre de Dios, Province of Tambopata. This reserve, created in 2000, covers a 274,690-hectare area and has the following goals: (i) protect wild flora and fauna, as well as the landscaping beauty of a sample of subtropical rainforest; and (ii) generate conservation processes with the population in the reserve area, so as to contribute to regional development through the sustainable use of resources, such as chestnut groves and the landscape, for nature tourism. The reserve, one of the main destinations within the National System of Natural Areas Protected by the State, due to its proximity to the city of Puerto Maldonado, its

⁵⁹ These concessions have a 40-year term and are evaluated every five years.

⁶⁰ *Aguajales* are swampy, permanently flooded areas where the *aguaje* palm tree (*Mauritia flexuosa*) grows, in pure formations and mixed with other palms and various trees. The *aguaje* is closely linked to the life and culture of the Amazonian peoples, offering them important nutritional and economic benefits from its sale in the local and regional markets.

scenic resources and emblematic flora and fauna species⁶¹, has become a potential destination for nature tourism and environmental education.

In this regard, for the new lodges that the Company will build in the Madre de Dios region, Inkaterra will prepare and implement, as part of the EMP of the environmental management instruments, a Biodiversity Impact Management Plan that will include the following measures for the protection and conservation of fauna and flora: (i) the development of a detailed study of the habitats and ecosystems in the area of direct influence of each lodge, so as to determine the environmental risks and impacts of each stage of the Project; (ii) the determination and execution of measures to minimize and compensate for impacts on biodiversity; (iii) the monitoring and follow-up of these measures, until a zero net loss or a positive net gain is reached in biodiversity, as appropriate; (iv) the performance of a public consultation with all stakeholders, including local authorities, the community in the area of direct influence and other reserve stakeholders; and (v) the execution of additional programs to promote and enhance the protection and conservation goals, and effective management of the reserve.

4.6.a.ii Invasive alien species

Inkaterra has measures to protect the ecosystems and reduce or minimize the footprint caused, directly or indirectly, by its operations, such as not using invasive alien species when revegetating areas for landscaping in its hotels.

However, due to the great natural wealth of the Madre de Dios region, to prevent its tourism activity from contributing to the entry of exotic species, the Company will develop and implement an Invasive Alien Species Monitoring Plan, including, among others, the following measures for the entry of cargo and food on its vessels: (i) inspection at the place of boarding and disembarking; (ii) declaration to the sanitary authority at the ports of origin and destination (as appropriate); (iii) transport in inert, resistant, clean and well-closed packaging and containers; avoid, as much as possible, the use of wooden packages; (iv) phytosanitary declaration evidencing that the products are in good condition, clean, free of dirt, free of foreign seeds, free of insects and other organisms and microorganisms; and (v) obtaining the sanitary or phytosanitary guide if the inspection is satisfactory at the port of origin (as applicable).

As for passengers, the Company will check and inspect baggage at the boarding stations prior to transfer to the hotels. Note that the sanitary and customs authorities at the airports of origin (in the country being visited) or at domestic airports in Peru, where there is a connecting stopover, carry out a more detailed inspection of baggage. This means that the possibility of introducing exogenous species is considerably reduced to minimum levels.

4.6.b Management of ecosystem services

Due to its characteristics (sustainable architectural designs and minimal deforestation or intervention in the areas where it will be built), the impact of the Project on the ecosystem services of its area of influence is not material.

⁶¹ As to fauna, there are approximately 648 species of birds, 108 species of mammals, 103 species of reptiles, 323 species of fish, about 1,200 species of butterflies and 93 species of amphibians. The flora species reported in the reserve belong to 17 plant associations per forest type and approximately 1,713 species (<https://www.gob.pe/institucion/sernanp/informes-publicaciones/1793047-reserva-nacional-tambopata>).

4.6.c Sustainable management of living natural resources

The Project will not involve the primary production of living natural resources for trade, but only for self-consumption.

4.6.d Supply chain

Inkaterra is aware of the need to control and influence the environmental and social impacts of its suppliers. Therefore, when it requires supplies or food that are not produced internally, it verifies that they have been extracted or obtained in a responsible manner and in accordance with Peruvian legislation on biodiversity protection. In this regard, the Company purchases seasonal, fresh, quality food (fruits, spices, legumes and fish) from local producers and artisanal fishermen; the rest of its supplies are obtained from duly licensed commercial suppliers.

During the construction and O&M phases, the Project will be sourced mainly by licensed distributors (for construction materials) and from local suppliers for the rest of its inputs (including food and beverages).

4.7 Indigenous peoples

Current legislation grants the population that belongs to indigenous or native communities a series of individual and collective rights, such as the protection of community lands, culturally relevant health, intercultural bilingual education and the right to prior consultation.

According to the Ministry of Culture, the Department of Madre de Dios is home to 10 indigenous or native communities who speak 9 native languages⁶². Among these, we can highlight the Ese Eja (or Eje'Eja) indigenous community, considered the only one that has traditionally inhabited a vast area of the Madre de Dios river basin and the Beni river basin, between Peru and Bolivia. According to data from the last census in 2017, about 21% of people living in villages of the indigenous communities of the Department of Madre de Dios are of Ese Eja origin.

Although some of the Project's hotels are located near indigenous communities (Bahuaja Sonenen and Palma Real community, of the Ese Eja indigenous community), the intended activities will take place on previously acquired properties, and their construction and subsequent operation will not cause any impact on the lands or resources of those indigenous communities.

4.8 Cultural heritage

Inkaterra promotes the recovery of the country's cultural heritage by supporting activities such as the use of the sailing boat for artisanal fishing⁶³ (mainly in Cabo Blanco); native architecture and Amazonian handicrafts; and the research, cultivation and use of medicinal plants from the Amazon.

⁶² <https://bdpi.cultura.gob.pe/index.php/buscador-de-localidades-de-pueblos-indigenas>

⁶³ With the publication of Vice-Ministerial Resolution No. 117-2018-VMPCIC-MC in the official gazette, the Ministry of Culture declared "Cultural Heritage of the Nation" the knowledge, wisdom and practices associated with traditional navigation and fishing with artisanal sailboats in the coves of Cabo Blanco and El Ñuro, in Piura, a practice that the current artisanal fishermen of this region have inherited from their ancestors since pre-Hispanic times.

Although the new infrastructure of the Project will be located in areas where no archaeological evidence has been found on the surface and construction activities will not generate significant interventions in the subsoil, the Company, in compliance with the regulations governing the protection of cultural heritage⁶⁴, will request the certificate of non-existence of archaeological remains, or otherwise, depending on the response from the Ministry of Culture, will develop an Archaeological Monitoring Plan to be implemented prior to the execution of earth removal activities or works that require excavation tasks below the surface. Similarly, to handle any type of archaeological, paleontological or cultural findings, Inkaterra will develop and adopt a procedure for chance finds⁶⁵, as part of the EMP.

5 Local Access of Project Documentation

Inkaterra offers additional information about its Projects on its website: <https://www.inkaterra.com/es/nuestra-empresa/>.

⁶⁴ Law No. 28,296; General Law of the Cultural Heritage of the Nation of July 22, 2004, as amended by Law No. 31,770, which amended the General Law of the Cultural Heritage of the Nation of June 5, 2023.

⁶⁵ 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 established by the Ministry of Culture.