

Environmental and Social Review Summary (ESRS) **Grupociencia: High-tech medical equipment - REGIONAL**

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

This transaction consists of a long-term financing for Eurociencia Central America & Caribbean Holdings, S.A. (“Eurociencia” or the “Group”) to cover its needs for working capital and capital expenses.

The scope of the environmental and social review by IDB Invest included: i) an analysis of the information and documents from Eurociencia and its subsidiaries; and (ii) online meetings with the staff responsible for handling the Group’s management systems, human resources, and operations.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation as per IDB Invest’s Environmental and Social Sustainability Policy, since it will likely generate, among others, the following impacts, and risks: i) occupational health and safety (OHS) of the workers; and ii) the generation of hazardous and non-hazardous waste. These impacts and risks are estimated to have low to medium intensity and will be easily handled by the Group.

The Performance Standards (PS) triggered by the Project are: (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS 2: Labor and Working Conditions; and iii) PS 3: Resource Efficiency and Pollution Prevention.

3. Environmental and Social Context

3.1 General characteristics of the Project’s site

Eurociencia is a business group involved in the purchase and distribution of medical implants, endoscopy and orthopedics material, and supplies for treating wounds. Apart from selling equipment, the Group renders services such as in-room technical assistance during surgeries and surgical instrument sterilization.

Through its subsidiaries, Eurociencia has its own warehouse (San José, Costa Rica) and rents five others: one in Panama (in the capital), three in Colombia (Bogota, Cali and Barranquilla), and one in the Dominican Republic (Santo Domingo). Additionally, the Group has two workshops (located in Costa Rica and the Dominican Republic) where equipment is maintained and repaired.

3.2 Contextual risks

As it operates in urban areas and main cities, the Group is exposed to occasional citizen demonstrations, which could be repressed by the Police with disproportionate force.

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

The Group has not yet developed a corporate Environmental and Social Management System (ESMS) to consolidate the management of the environmental and social (E&S) risks of its subsidiaries. Each subsidiary operates independently and has in place some policies and procedures suitable for the legal requirements of each country. In Costa Rica, for instance, Eurociencia is certified under ISO 9001:2015¹ to operate its maintenance workshop.

4.1.b Policy

Eurociencia has no overarching policy. Nevertheless, its corporate Code of Conduct reflects the Group's stance on how its operational E&S risks and impacts should be managed. The Code is available on the website of each subsidiary² and is handed to their employees when they are onboarded.

4.1.c Identification of Risk and Impacts

So far, Eurociencia has no process in place to comprehensively identify risks and impacts (environmental, social, labor and OHS) associated with its activities. However, in Colombia it performs an OHS risk analysis as requested by the local labor legislation.

4.1.d Management Programs

Eurociencia has documented procedures to address the biological risks associated with operating rooms and cleaning surgical instruments. The Group, though, has not yet developed procedures to manage wastes or to adequately store hazardous materials.

4.1.e Organizational Capacity and Competency

Work-related and OHS issues are dealt with at corporate level by the Department of Human Resources. Each subsidiary employs staff to manage human resources issues, who oversee work-

¹ A certification issued by the International Organization for Standardization (ISO) to quality systems that comply with certain requirements.

² <https://www.eurociencia.com.co/trabaje-con-nosotros/codigo-de-conducta/>
<https://www.eurociencia.com.pa/gestion-humana/codigo-de-conducta/>
<https://www.eurociencia.co.cr/gestion-humana/codigo-de-conducta/>
<https://www.eurociencia.com.do/wp-content/uploads/2020/12/Co%CC%81digo-de-Conducta-1.pdf>

related and OHS issues and enforces compliance with the local legal requirements. The Group's Accounting Department, which reports directly to the general manager, is in fact the area responsible for E&S management.

4.1.f Emergency Preparedness and Response

The offices and warehouses rented by Eurociencia have installed a fire alarm system with smoke detectors, emergency lights and sirens. Even though the Group has documented emergency plans for some of its facilities, the procedures have not yet been updated to comply with international standards or adopted by all its subsidiaries.

4.1.g Monitoring and Review

Eurociencia will develop a corporate procedure to monitor its management programs, measure their effectiveness and assure compliance with its legal obligations. This procedure will be implemented by each Group subsidiary.

4.1.h Stakeholder Engagement

The Group has little engagement with the communities and only on social media. However, the level of engagement is consistent with Eurociencia's business model, as the negative effects generated in the population are of low to medium intensity.

4.1.i External Communication and Grievance Mechanisms

Eurociencia's subsidiaries have procedures to manage grievances and suggestions, which are focused on quality issues from its customers rather than on capturing, processing and solving grievances and complaints from the community. Therefore, Eurociencia will develop a corporate procedure by means of which the communities where the subsidiaries operate can file their grievances.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

Grupo Eurociencia's workforce is made up of 202 workers, 124 (61%) of whom are women.

4.2.a.i Human Resources Policies and Procedures

All the Group's workers hold a written work contract as per the national labor laws. Even though the corporate Code of Ethics addresses the work-related commitments, the Group does not have yet a human resources policy, and only some of its subsidiaries have developed an internal work rulebook. Eurociencia will, thus, develop and adopt a human resources policy that is aligned with the international best practices, which will be extended to its subsidiaries. Also, it will assure that all subsidiaries have an internal work rulebook that includes such issues as work schedule, benefits, promotions, disciplinary actions, and termination.

4.2.a.ii Working Conditions and Terms of Employment

Even though the Group companies comply with the national legislation regarding working conditions, not all subsidiaries have documented their procedures for recruiting, selecting, hiring and training human resources.

4.2.a.iii Workers' Organizations

As expressed in the Code of Ethics, the Group allows its employees to exercise their right of freedom of association and collective bargaining. However, to date Eurociencia workers have not unionized.

4.2.a.iv Non-discrimination and Equal Opportunity

The Group and its subsidiaries do not discriminate against their workers on gender, race, religion, sexual orientation, physical or economic condition, nationality or any other reason. The Code of Ethics reflects its commitment to non-discrimination and equal opportunity.

4.2.a.v Retrenchment

The Group has no plans to retrench its workforce. Nevertheless, Eurociencia will develop a procedure for mass terminations with the principles to be applied across the Group in case the workforce needs to be reduced for reasons other than the workers' performance.

4.2.a.vi Grievance Mechanism

Workers can file complaints and grievances verbally or in written, or anonymously in the suggestion box available in the web page of each subsidiary³. However, as part of its ESMS, Eurociencia will develop a procedure to document how the mechanism will work, both at corporate and subsidiary levels.

4.2.b Protecting the Workforce

Neither Eurociencia or its subsidiaries support, promote or tolerate child, obligatory or forced labor.

4.2.c Occupational Health and Safety

The main OHS risks, related to handling merchandise in the warehouses, providing technical support at the operating rooms and cleaning surgical equipment, include: ergonomics and biological infections, cuts and pricks, exposure to chemicals and radiation, object drops, and collisions and accidents from handling equipment in the warehouses.

³ <https://www.eurociencia.com.co/trabaje-con-nosotros/buzon-de-sugerencias/>
<https://www.eurociencia.com.pa/gestion-humana/buzon-de-sugerencias/>
<https://www.eurociencia.co.cr/gestion-humana/buzon-de-sugerencias/>
https://www.eurociencia.com.do/?page_id=125

The Group's companies report work accidents to the government authorities as established by the national legislation. In particular, Eurociencia Colombia has documented procedures to identify, manage, mitigate and monitor OHS risks. Nevertheless, as the Group does not have suitable corporate management instruments, it will develop and adopt procedures —as part of its ESMS— at each one of its subsidiaries to manage the OHS risks, following the international best practices.

4.2.d Provisions for people with disabilities

Eurociencia does not discriminate against people with disabilities. However, it has not yet developed specific policies and procedures that protect the rights of people with disabilities, including their employment, access and exit conditions.

4.2.e Workers Engaged by Third Parties

It is unusual for the Group's subsidiaries to engage workers from third parties. When they do, the workers hold signed contracts and have the privileges and rights as indicated by the local law.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

Eurociencia's activities are not electricity or water intensive.

The Group's power consumption (246 MWh per year) derives from its electricity, lighting, and air conditioning needs. Water is used for human consumption and is about 800 m³ per year. Greenhouse gases (GHG) are generated by the Group's vehicle fleet and are about 235 metric tons of CO₂ eq per year.

4.3.b Pollution Prevention

Eurociencia subsidiaries generate ordinary (food, surgical clothing, plastic), recyclable (paper, cardboard), hazardous (chemical product containers) and biohazardous (blood-contaminated materials) waste. Hazardous and bio-hazardous waste in Costa Rica and Colombia is disposed of by specialized companies duly authorized by the local authorities. In Panama and the Dominican Republic no hazardous waste is generated, as sanitation occurs in the medical institutions where surgeries are performed. In those countries, Eurociencia follows a second-wash protocol with enzymatic detergents which do not cause toxic waste that needs to be disposed of. The Group and its subsidiaries will document procedures for the comprehensive management and storage of waste following international best practices.

Given the fact that medical equipment is washed and sterilized with chemicals, Eurociencia will prepare a procedure to store them as per international best practices.

4.4 Community Health, Safety and Security

The facilities rented by Eurociencia subsidiaries hire physical security services. The security personnel is not armed.

4.5 Land Acquisition and Involuntary Resettlement

The Project does not expect to acquire any new sites or cause resettlements.

4.6 Biodiversity Conservation and Natural Habitats

The Project will have no material impact on biodiversity or living natural resources.

4.7 Indigenous Peoples

The Project will not affect any indigenous peoples.

4.8 Cultural Heritage

The Project does not involve building new infrastructure; therefore, it will not affect the cultural heritage.

5. Local Access of Project Documentation

The documentation related to the Project is available at: <https://www.grupociencia.com/>