

Environmental and Social Review Summary (ESRS) Marinasol – PERU

Original language of the document: Spanish

Issue date: August 2022

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

This transaction consists of a secured financing facility for Marinasol, S.A. (“Marinasol” or the “Company”), main shrimp producing and exporting company in Peru. The financing will be used to expand the Company’s operations and working capital needs (the “Project”).

The environmental and social due diligence (ESDD) was carried out in a hybrid manner (in person and remotely) and included the review of documentation related to manuals, procedures, licenses and permits and operation reports, as well as a series of visits from July 17 through 22, 2022, to its fishing farms (northern and central areas in the district and province of Zarumilla, department of Tumbes, and southern area in the district of Corrales, province and department of Tumbes); the Postlarval Development Research Center in the district of Canoas de Punta Sal, province of Contralmirante Villar, department of Tumbes; and La Cruz plant in the district of La Cruz, province and department of Tumbes, where shrimp is processed and packed. The visits to the facilities were made together with the managers and heads of each area, and meetings were held with the heads of Quality, and Management, Occupational Health and Safety (OHS), Human Resources (HR) and Operations integrated systems related to the Project. At the end of the period of visits, a closing meeting was held with the General Manager and the Administration and Finance Manager of the Company.

2 Environmental and Social Categorization and Rationale

Pursuant to IDB Invest’s Environmental and Social Sustainability Policy, the transaction was classified as a Category B transaction, as its environmental and social (E&S) and OHS impacts and risks are expected to be, in general, reversible and mitigable with the measures enabled by current technologies. They include: i) OHS risks; ii) air pollutant emissions; iii) solid (hazardous and non-hazardous) and liquid (mainly domestic and industrial wastewater) waste generation; and (iv) use of the resources, mainly drinking water and energy. Most of these estimated impacts and risks are moderately important.

The locations where the Project will be developed endure natural threats, such as earthquakes, fire, floods, hurricanes or storms and high waves, which represent a moderate to low risk for the potential damages on the physical infrastructure of the Company (mainly production farms) and on personnel.

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

Marinasol was founded in 1987 to be engaged in the production and marketing of shrimp and currently leads the Peruvian market with a 48% share. The Company is located in the northern coast of Peru, in the department of Tumbes, a privileged region to produce shrimp due to the weather and environmental conditions prevailing in the Guayaquil Gulf. Products are distributed mainly abroad, the main destinations being Asia (China, Malaysia and Korea), United States and Europe.

As of 2021, the Company had 1,386 hectares of shrimp tanks (fishing farms or pools) distributed in aquaculture production sites (APS) and, according to its operation expansion project¹, it is expected to reach 1,730 hectares by 2022, with an estimated 71% use of installed capacity. Their production exceeds 20,000 tons per year, estimating almost 30,000 tons for 2022, which turns it into a significant source of employment with around 2,600 direct workers.

As part of the business strategy, vertical integration stands out, monitoring from the larvae farming or laboratory phase until marketing, including the fishing farms where the two farming systems are used: i) the semi-intensive system with a density of 20 shrimp per square meter, as usually done in Ecuador and ii) the intensive system with a density of 300 shrimp per square meter, representing the successful model in Asia. All APSs have health certifications as Aquaculture Farming Center issued by the Peruvian Organization for Fish Health (SANIPES, in Spanish), while Campo Rodas, one of the Company's main APSs, has also the certifications on Best Aquaculture Practices (BAP²) and from Friend of the Sea (FOS³).

For marketing purposes, there are three state-of-the-art processing and freezing plants where products are processed and packed in different farmed shrimp presentations, certified under HACCP⁴, BRCGS⁵, BASC⁶, FAD⁷ and BAP, ensuring high food safety and product quality standards.

The Company has an Animal Health Plan for APSs, which describes all the activities from postlarvae acclimation and farming to biosecurity, density, medication⁸ and food measures in all fattening

¹ The expansion of operations consists in adapting inactive tanks under the semi-intensive system and converting semi-intensive tanks into the intensive system.

² The Best Aquaculture Practices (BAP), developed by the Global Aquaculture Alliance (GAA), are a voluntary certification program for aquaculture facilities that comprises each stage of the production chain, based on four sustainability pillars: Environmental Responsibility, Social Accountability, Food Safety, and Animal Health & Welfare.

³ Friend of the Sea (FOS) is a project of the World Sustainability Organization for the certification and promotion of sea products resulting from sustainable fishing and aquaculture.

⁴ Hazard Analysis Critical Control Point (HACCP) is a preventive systematic process that guarantees food safety.

⁵ BRC (British Retail Consortium) Global Standard (BRCGS) is an independent food safety certification. It is acknowledged by supermarkets and large organizations to prove the existence of high food safety standards and that the supply of a food company is safe.

⁶ Business Alliance for Secure Commerce (BASC) is an international commercial alliance created to promote secure international trade in cooperation with governments and international organizations.

⁷ Registered with the US Food and Drug Administration.

⁸ Based on corporate policies, intensive farming systems do not use antibiotics in any production phase; only the use of organic acids and probiotics is allowed. In semi-intensive farming systems, medicated feed is used only when the laboratory diagnosis (CRP test) is positive for necrotizing hepatopancreatitis (NHP).

stages. Furthermore, Marinasol uses the BAP certification⁹ as a guideline for animal welfare in its operations, as this is an internationally accredited standard that is recognized by the Global Food Safety Initiative (GFSI).

All of the Company's production units (plants, laboratories and APSs) have an environmental management instrument¹⁰ that is duly approved by competent authorities, as well as aquaculture authorizations and sanitary permits issued by SANIPES, water use licenses issued by the National Water Authority through administrative water authorities or the Local Water Administration.

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 Environmental and Social Management System

Marinasol is developing an Integrated Management System (IMS). In this sense, the Company will continue to develop and implement an IMS Manual specific for its operations, including: (i) the existing IMS integrated policy and the global occupational health and safety policy; (ii) internal procedures to identify, assess, and manage possible 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) required organizational capacity and competency, including the definition of roles and allocation of responsibilities for the implementation of such IMS; (v) emergency preparedness and response protocols; (vi) stakeholder engagement plans; (vii) external communication and grievance mechanism; (viii) protocols for the disclosure of information, decision making and training to communities; (ix) protocols for the evaluation and continuous improvement of the IMS, and (x) regular audits and inspections of E&S and OHS requirements under the Peruvian environmental regulations.

Once implemented, the IMS will be assessed periodically¹¹ to strengthen or update its components based on applicable environmental, social and OHS requirements.

4.1.b Policies

Marinasol has a IMS Integrated Policy that includes operating conditions and commitments, quality, environmental and security controls to prevent any illegal activity. This policy is the written declaration of the General Management's commitment disseminated to all organization levels and reviewed on an annual basis.

⁹ One of the pillars of the BAP certification is animal welfare, intended to prevent potential stress and cruel treatment as much as possible and always aiming at animal biosecurity and workers' social accountability.

¹⁰ Environmental Impact Assessment (EIA), Environmental Compliance and Management Program (ECMP) or Declaration of Environmental Impact (DIA).

¹¹ Applying the Social and Environmental Management System, Implementation Manual – General, IFC, version 2.1, November 2015. Social and Environmental Management System tools – General, IFC, version 1.2, November 2015.

The IMS Integrated Policy is communicated to stakeholders through available communication means and through dissemination and awareness meetings.

4.1.c Identification of Risks and Impacts

4.1.c.i Direct and indirect impacts and risks

Apart from observing Peruvian environmental legislation¹², the environmental management instruments of each one of the Company's production units contain a chapter for the identification and assessment of environmental impacts, as it is in operation, and another one for the characterization of environmental risks for each Project phase, including temporary works, the repair, refurbishment or adaptation of different structures, as well as harvesting and land transport activities.

However, as part of the IMS Manual, the Company will develop and implement a procedure for the identification and assessment of E&S impacts and risks and their control measures, both in relation to its operations and supply chain, the purpose of which is to monitor operations and activities and determine, prevent and control those having or potentially having significant impacts on the environment or material risks associated with occupational health and safety and the protection of shrimp, infrastructure and equipment.

4.1.c.ii Gender Risk

Latin America is highly unequal gender-wise; the gender gap is defined as differential, unequal access to work, education, economic and political participation opportunities based on sex or gender. This gap is supported by widespread cultural rules for what is acceptable for men and women, and is exacerbated by weak legal safeguards or an inadequate social response. It leads to gender discrimination, unequal access to public services, education differences, salary and labor inequality, and lower political participation rates. In 2021 the gender gap was 0.72 in Peru, which places it 16th amongst the 26 countries in Latin America¹³.

Even though there are Peruvian laws¹⁴ and institutions¹⁵ for the protection of women, the number of femicides reported in the country (148 cases) ranks 6th amongst 17 Latin American countries¹⁶. According to the National Statistics Institute (INEI, in Spanish), the coastal region concentrates the

¹² General Environmental Law No. 28,611 and National System for Environmental Impact Assessment Law No. 27,446, and its Administrative Order No. 019-2009-MINAM, as amended.

¹³ The closer the ratio is to 1, the less gender inequality there will be. ["Gender gap index in Latin America 2021", Statista.](#)

¹⁴ 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.

¹⁵ 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 Ombudsman Office; among others.

¹⁶ ["Number of femicides in Latin America by country 2019", Statista.](#)

highest number of victims. However, the department of Tumbes recorded in 2019 a rate of 0.9 femicides (1 every 100,000 women was a victim).

In Peru, gender-based violence and harassment have increased at the beginning of the health emergency caused by COVID-19¹⁷. Calls to the emergency line for cases of sexual violence doubled from February through July 2020¹⁸.

Notwithstanding the foregoing, in view of the type of activity and course of business and considering that Project facilities are protected and near urban centers, it is estimated that the gender risk is low and mitigable through the application of the principles under the Company's Internal Work Rules and the Policy and Internal Directives for the Prevention, Investigation and Punishment of Sexual Harassment¹⁹. In addition, pursuant to labor legislation, the Company created a committee against sexual harassment, formed by workers' and Marinasol's representatives.

4.1.c.iii Climate change exposure

The area of influence of the Project is affected by a high risk of earthquakes and tsunamis. According to the Atlas of Hazards of Peru (INDECI, 2010), the fishing farms that are closer to the coast are located in the Southern Pacific Ring of Fire and, therefore, they are in seismic zone No. 3²⁰ and in areas affected by floods and rains during El Niño phenomenon.

Based on a global climate model, the Project's infrastructure has a moderate to high exposure to changes in rainfall patterns, as well as to the sea level rise in the areas that are close to the coast of the Project. Considering this last circumstance and the fact that all these factors have been included in the designs of planned structures, the Project has low general vulnerability to climate change. The risk of exposure to climate change is addressed through the measures proposed in the contingency plan, which is reviewed annually.

4.1.d Management Program

For its existing operations, each production unit has, as part of their environmental management instrument, proper mitigation and management measures described in operating processes and in E&S and OHS management plans; in environmental surveillance plans, in which physical and biological environment monitoring requirements are presented; and in social management plans, intended to promote a context of good neighborly relations, cordiality and trust among stakeholders.

Furthermore, the Company has a training plan to raise environment and industrial security awareness among all staff members (direct workers and subcontractors) involved in the

¹⁷ COVID-19 is the infectious disease caused by the coronavirus discovered in Wuhan, China, in December 2019 (<https://www.who.int/emergencies/diseases/novel-coronavirus-2019>).

¹⁸ ["La violencia familiar en tiempos de cuarentena en el Perú"](#); UNDP, Peru.

¹⁹ The policy observes 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).

²⁰ Zone 3 represents the areas in which the seismic potential is high because it is affected by the occurrence of earthquakes of high magnitude ($M > 7.0$) producing accelerations exceeding 300 cm/sec².

performance of the Project's activities, so that they may be carried out respecting the environment and being aware of the hazards to which they may be exposed if they are not cautious when performing the activities. Staff are trained twice a year or on a quarterly basis, depending on whether environmental, social, labor or OHS matters are involved.

4.1.e Organizational Capacity and Competency

As part of the IMS, Marinasol has an Integrated Environmental Management Area that, together with a coordinator and a group of supervisors distributed by region to serve each APS (the "IMS areas"), are responsible for the Company's compliance with environmental regulations. In combination with HR and apart from being committed to the development, the implementation and the continuous improvement of the system, the IMS areas are in charge of allocating resources for the effective operation of the IMS and its communication at all Company levels.

The Company has an OHS Joint Committee that, apart from approving the Internal OHS Regulations, the Annual OHS Program and the Annual OHS Training Plan for workers, monitors the compliance with OHS legislation, internal standards and technical specifications.

4.1.f Emergency Preparedness and Response

Marinasol has a contingency plan for emergencies, which presents the main and specific goals in compliance with current Peruvian regulations²¹, pointing out and describing the way in which emergency responses are organized and the types of contingencies to be addressed. The plan describes: i) the specific emergency guidelines, guides and procedures addressing the general instructions and organization to face emergencies at the different Project facilities or infrastructure, so as to reduce the Company's maximum response time and increase its efficacy; ii) the specific materials to face the emergency upon each probable scenario; iii) a breakdown of the main actions to be carried out before, during and after the emergency; iv) the internal and external communication systems to be used, and v) the training activities pursuant to the plan, including the performance of drills, to achieve full plan operation and raise the awareness of own and outsourced staff.

Supplementarily, in the event of environmental emergencies, the Regulations governing environmental emergency reporting concerning the activities under the sphere of the Environmental Assessment and Surveillance Body (OEFA, in Spanish) are observed, pursuant to current regulations²².

The OHS Department, in coordination with the HR area, prepares an Annual Training Program for all Marinasol's staff members in relation to firefighting, response to incidents with hazardous materials, first aid and response in the event of hydrocarbon and harmful substance leaks into the sea. Furthermore, the Company will prepare and implement an induction program on OHS and environmental emergency matters for all staff hired by third parties, customers, suppliers and visitors coming to its premises or production units.

²¹ Law No. 28,551 sets forth the obligation to prepare and submit contingency plans; June 2005.

²² Governing Board Resolution No. 028-2019-OEFA/CD.

The Company will prepare and adopt a crisis management program including measures to address and manage E&S crises in the Project's area of influence, with the following goals: i) identifying a crisis; ii) controlling and mitigating as soon as possible and in a proper manner the occurrence or imminence of the impacts or damages caused by the crisis; iii) safeguarding assets in accordance with the order of priority set, for instance: a) the integrity of Marinasol's staff, contractors or subcontractors, b) the environment (resources, water, air and soil), and c) the facilities of each production unit; iv) proposing and adopting measures to resume dialogue.

4.1.g Monitoring and Evaluation

Marinasol has updated the matrix of environmental and operating or performance permits of each production unit. They also file E&S compliance and monitoring reports to the competent authority.

However, the Company will prepare²³ a consolidated annual report on the degree of compliance with the progress of IMS actions in relation to the key performance indicators (KPI), as well as the degree of compliance with IDB Invest's Environmental and Social Sustainability Policy. With the results of the internal audit, Marinasol will define specific measures to reduce impacts and improve efficiency, and document and report progress and new procedures, as well as other certifications, depending on which country the operating site will be located.

4.1.h Stakeholder Engagement

Marinasol performs regular social impact engagement assessments and, based on their conclusions, annual meetings are held with neighboring communities to address the E&S issues that may impair or be of interest to them.

However, to observe PS 1 in full, Marinasol will develop and implement a Community Engagement Plan (CEP) setting the strategies for effective communication and good relations with population and stakeholders within the Project's area of influence, establishing protocols for: i) interviews with authorities and stakeholders' representatives; ii) periodic informative meetings with stakeholders, and iii) social media and network management. The procedure will establish the work team in charge of its implementation, who will seek to strengthen the relationships with the main stakeholders and to provide better education and health opportunities and the generation of various sustainable projects.

4.1.i External Communications and Grievance Mechanism

4.1.i.i External communications

Marinasol acknowledges its responsibility to offer true, complete, updated and accurate information. For this purpose, the Company will prepare a Corporate Communication Policy to ensure that all communications to the external public, including stakeholders, are made 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 corresponding stakeholders.

²³ Either internally (internal audit) or through an external independent E&S expert (external audit).

4.1.i.ii Grievance Mechanism for Affected Communities

Marinasol has a formal mechanism to receive grievances and suggestions from the community and the general public through its website²⁴. However, the Company will improve its existing system by developing and implementing a Methodological Guide for Community Grievances and Suggestions to address and follow-up the grievances and suggestions filed by the people or organizations that are near operating sites. This guide shall set the need to: i) appoint a person in charge of relations with the local community, who will address and follow-up the grievances and suggestions, and report the semiannual performance indicators; ii) establish a methodology to determine how the grievance is received, classified, assessed, investigated and resolved, the method used for follow-up and closing, and how the IMS will be adapted or improved in terms of communication and disclosure of information, and iii) determine the communication channels to receive grievances and suggestions from neighboring people and organizations.

The communication channels should guarantee anonymity and confidentiality and may involve: i) written items (pre-established forms) submitted in mailboxes placed at the premises; ii) calls to a dedicated telephone line, and iii) personal e-mails or from the Company's website.

4.1.j Ongoing Reporting to Affected Communities

Through its website²⁵, Marinasol provides information on the Project and its services, as well as social management matters, frequently asked questions, news and official documentation. Furthermore, through its CEP, the Company will submit reports on its E&S performance to the community or any requesting party.

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

Marinasol has a series of instruments to manage human resources, including: i) the Internal Work Rules approved by the Regional Management of Tumbes, reporting to the Ministry of Labor and Employment Promotion, which contains the standards and conditions for staff screening and hiring, as well as regulations on working hours, work schedule and breaks, vacation, leaves and absences, remuneration and benefits, employer and employee rights and duties, behavior and disciplinary measures, the security of assets, risk prevention, workers with disabilities, among others; ii) a Contracting Policy communicated to all workers to set the guidelines and actions for the formal hiring of suitable staff, promoting equal opportunities, non-discrimination and the compliance with labor legislation, and iii) a Code of Ethics and Conduct setting the basic principles and guidelines for ethical behavior concerning compliance with the law, the fight against corruption, conflict of interest prevention, the commitment towards workers, including human rights, non-discrimination and equal opportunities, inclusion and diversity; safety and health, the commitment towards the society, environmental care, responsible commercial practices, the proper use of the Company's assets and resources, responsible information management, reputation care, as well as the

²⁴ <https://marinasol.com.pe/contacto/>

²⁵ <https://marinasol.com.pe>

information on how the Ethics and Compliance Committee and the Ethics Line will manage claims, without any room for retaliation, ensuring the confidentiality, privacy and anonymity of those issuing the claims.

Marinasol's Code of Ethics and Conduct is mandatory for all workers, including directors, at any national or international subsidiary. The Company is also responsible for ensuring that the third parties acting on its behalf have similar behavior standards.

There are other policies associated with workers' conditions, such as: Loan Policy; Global Occupational Health and Safety Policy, and Policy and Internal Guidelines for the Prevention, Investigation and Punishment of Sexual Harassment.

All these aspects related to labor and working conditions are managed by the HR head, with the support of its analysts and assistants.

4.2.a.ii Working Conditions and Terms of Employment

Marinasol's Internal Work Rules, approved by the Ministry of Labor and Employment Promotion, complies with Peruvian labor legislation and International Labor Organization (ILO) conventions, which established the principles of gender equality and non-discrimination, equal opportunities, the prohibition to use child labor, fair treatment, the prohibition to exert harassment in the workplace, the penalties for sexual harassment, the agreement containing proper labor conditions and terms of employment, and the notice of dismissal and severance pay. All staff working at Marinasol receive training on Internal Work Rules and are required to sign a declaration of knowledge, understanding and compliance in relation to the rules in question upon completion of the relevant induction.

To reinforce the knowledge of working conditions, the Company demands each worker to agree to comply with Internal Work Rules and the Code of Ethics and Conduct and to report any actual, potential or apparent situation departing from such code.

4.2.a.iii Worker Organizations

In compliance with the Peruvian Constitution, relevant labor laws²⁶ and ILO conventions and international treaties²⁷, Marinasol guarantees the free exercise of its workers' collective rights, which include the right of association, collective bargaining and the right to strike.

Marinasol currently has an active relationship with the workers union of Corporación Refrigerados INY, S.A.C. ("SITECRISA").

4.2.a.iv Non-discrimination and Equal Opportunity

Peru 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).

²⁶ Supreme Decree No. 010-2003-TR.

²⁷ Freedom of Association and Protection of the Right to Organize Convention No. 87 and Freedom of Association and Collective Bargaining Convention No. 98.

Apart from complying with these provisions and with Peruvian labor law, Marinasol establishes, within its Internal Work Rules, the Code of Ethics and Conduct and the Contracting Policy, the respect for equality and individual diversity by acting justly, equally and impartially and looking for an inclusive, positive and social impact. In addition, these instruments clearly state there should be zero tolerance for actions of discrimination, bullying, abuse and work harassment, and reaffirm the Company's commitment to promoting an environment in which no applicant, employee, supplier or service provider feels excluded or discriminated against in the internal or external recruitment process based on race, color, age, gender, gender identity, sexual orientation, marital status, ancestry, ethnicity or nationality, religion, disability or medical condition (including COVID-19) or any other discriminatory situation.

4.2.a.v Grievance Mechanism

The channel to submit grievances or reports of any inappropriate behavior, ethically questionable actions, and noncompliances with the applicable laws and regulations, Marinasol's policies and the Code of Ethics and Conduct is the ethics hotline (*Línea de Ética*) or in person. These practices are reinforced through the Company's open-door policy, which seeks to generate an open culture intended to promote an environment of trust and exchange with open communication channels to express different points of view within Marinasol.

However, the Company will update this method through a Grievance Procedure that: i) documents the internal reports or grievances of its employees, contractors and subcontractors, specifying how they are recorded, investigated or evaluated and the process for follow-up, closing or resolution thereof; ii) provides a culturally appropriate system that is easily accessible at any time (for instance, an inbox or an external mailbox with printed or digital forms to record reports, grievances or inquiries); iii) accepts anonymous grievances, respects confidentiality and provides protection to reporting employees against retaliation, and iv) does not prevent, or more accurately, provides access to other applicable legal or administrative remedies, justified by the severity of the violation, according to national or local labor legislation or regulations.

4.2.b Protecting the Workforce

Apart from being signatory to several ILO conventions and international treaties related to workers' rights²⁸, 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.

Marinasol, 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.

²⁸ 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.

4.2.c Occupational Health and Safety

Marinasol has a Global Occupational Health and Safety Policy and Internal Occupational Health and Safety Rules (the “OHS Rules”), according to Peruvian OHS regulations²⁹. Both the global policy and the OHS Rules are binding for the Company’s own employees and contractors, subcontractors and independent workers performing their activities inside the Company’s production units in full or in part. In this sense, the OHS Rules contain a commitment to comply with those rules, which should be signed and delivered after attending the OHS induction event.

The global policy and the OHS Rules establish 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.

The OHS Rules set forth specifically: i) High Management’s leadership and commitment; ii) the strict principles to be applied in implementing the OHS Policy; iii) the Company’s roles and responsibilities; iv) workers’ and supervisors’ powers and obligations; v) the OHS internal organization, especially the roles and responsibilities of the OHS Committee and its organizational chart, the Annual OHS Program and the risk map of each facility; vi) the implementation of OHS Management System records and documentation; vii) the roles and responsibilities of contracting, subcontracting and special service companies; viii) the health and safety standards applicable to operations, including staff entry control at the premises, the preparation, cleaning, disinfection and conditioning of tanks in the intensive system, farming and transfer of larvae into tanks, farming management and control, shrimp feeding, tank siphoning, shrimp harvesting and separation, activities at the maintenance workshop, the transport of staff, equipment and materials, the use of personal protection equipment (PPE), the standards on occupational incident, accident and disease reporting and investigation, the standards on the identification of hazards and risk assessment at the workplace, the standards on physical agents (noise, vibrations, lighting, ventilation, heat, etc.) and the standards on chemical and biological agents, among others; ix) the standards on security and health in related activities and services, such as tank health, transport and handling of hazardous products and materials, security at administrative offices and dining areas, security at the assets surveillance service, among others; x) the standards on contractors’ safety; xi) emergency preparedness and response, such as firefighting and first aid, among others, and xii) penalties for failing to comply with the OHS Rules.

In May 2020, due to the COVID-19 pandemic³⁰, the Company developed a Plan for Surveillance, Prevention and Control of COVID-19 at the Workplace, pursuant to applicable health regulations and industry protocols³¹ in response to the state of national health emergency declared by the Peruvian Government on March 11, 2020³². The above mentioned plan has the following purposes: i) setting the guidelines for the surveillance, prevention and control of workers’ health during the

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

³⁰ COVID-19 is the infectious disease caused by the coronavirus discovered in Wuhan, China, in December 2019 (<https://www.who.int/emergencies/diseases/novel-coronavirus-2019>).

³¹ Ministry Resolution No. 239-2020-MINSA, which approved the “Guidelines to monitor the health of workers with risk of exposure to COVID-19”, as amended.

³² Supreme Decree No. 008-2020-SA of March 11, 2020.

COVID-19 pandemic; ii) setting the guidelines to return to and resume work, and iii) guaranteeing the sustainability of the surveillance, prevention and control measures adopted to prevent COVID-19 dissemination.

4.2.d Workers Engaged by Third Parties

All companies rendering outsourced services to Marinasol are required to meet environmental protection and OHS requirements and standards to enter and carry out activities inside the Company's production units. The requirements include assessing hazards and controlling risks associated with the activity, complying with applicable OHS legislation, using appropriate PPE, rejecting the performance of illegal activities inside its facilities, and managing the solid and liquid hazardous and non-hazardous waste generated during its operations properly. The OHS Rules also establish contractors', subcontractors' and suppliers' obligations to comply with applicable OHS regulations.

However, Marinasol will develop a Policy for Outsourced Staff Contracting and Service Provision, clearly setting forth the compliance with Peruvian labor legislation and ILO international conventions and 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 to use child or forced labor; 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 Marinasol's. Similarly, the Company will develop a training program on the Policy for Outsourced Staff Contracting and Service Provision.

4.2.e Supply Chain

Through its Internal Work Rules and the Code of Ethics and Conduct, Marinasol promotes the respect for human rights in its own operations and throughout its supply chain. In this sense, the Company looks out for the compliance with work-related applicable legal provisions and conventions ratified by Peru, including those regarding child labor³³ and forced labor³⁴. The Company is currently implementing the ASC standard³⁵, which sets forth the control measures to prevent contracting companies that violate the law by using child labor or forced labor.

However, to satisfy the supply chain, Marinasol will develop and implement a Sustainable Procurement Policy to regulate the purchase of assets (materials, equipment, etc.) and service contracting, demanding suppliers to comply with labor regulatory requirements (specifically, child and forced labor prohibitions), as well as the OHS and environmental protection requirements under national environmental regulations. This policy will identify the suppliers failing to comply with these regulations and will allow the Company to apply, as required, the penalties that will range from a mere warning to the termination of the relevant contracts.

³³ ILO Minimum Age Convention No. 138 and Worst Forms of Child Labour Convention No. 182.

³⁴ ILO Forced Labour Convention No. 29 and Abolition of Forced Labour Convention No. 105.

³⁵ As from 2010 there is an Aquaculture Stewardship Council (ASC) that sets forth a series of standards to promote responsible aquaculture. The ASC shrimp farming certification offers certain advantages for exports and marks the difference in relation to competitors.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

Shrimp production and long-term profitability are determined by the efficient use of resources. The combination of Marinasol's farming systems (semi-intensive and intensive systems) turns into a directly efficient system in terms of water use and energy consumption through population density management, feeding practices (automated with sonars to detect feed consumption) and daily water exchange.

4.3.a.i Greenhouse Gases

In view of the magnitude of production site conditioning works and the fact that construction sites and workshop and material storage yards will be close to one another (within a radius of about 2 km), greenhouse gas (GHG) emissions for the Project expansion stage are expected to be below 25,000 tons of CO₂ equivalent annually ("tCO₂eq/year").

However, during Project operations, Marinasol will carry out an annual GHG emission inventory count to quantify both direct emissions from fuel consumption (scope 1) and indirect emissions from electric power consumption (scope 2). Result variations in relation to 2022 will be reported on an annual basis, explaining the causes.

Separately, the Company intends to reduce emissions through its sustainability approach to enhance electric power expenses and reduce fuel consumption (diesel and LPG) in production site operations, and use renewable energies (mainly solar energy) as alternative sources.

4.3.a.ii Water Consumption

Marinasol's aquaculture uses different water sources, depending on the production activity, for instance: i) for larvae hatcheries, the main source of water is sea water; ii) for shrimp fattening APSs, different sources for water intake are used depending on the area where the establishment is located, i.e. sea water and/or marsh water, and iii) in the case of processing and freezing plants, water is taken from underground wells and irrigation channels and then goes through a purification process in pumping stations at the same plant. For the new operating phase, once the operations are expanded, the increase in water consumption will depend on the new Project works and activities and will be adjusted to existing permits, contracts and concessions or, otherwise, the latter should be amended or adapted to the new operating conditions.

However, the Project has no water consumption awareness program for the operation and maintenance phases (particularly in processing and freezing plants). In this sense, Marinasol will develop a Water Consumption Reduction and Awareness Program for Project operations, which includes: i) monitoring the monthly water consumption indicator, and ii) an operating procedure to take action in the event of any variation or alteration in consumption, so as to correct the cause.

4.3.a.iii Energy

Electric power for Marinasol's operations is obtained from the public network through the companies ATRIA or ENOSA (depending on the location of the production unit). It is used mainly for general lighting in the administrative building and operating areas. If the public supply is cut, each production unit has supporting power generators.

In the new operating phase, once operations are expanded, energy consumption will increase depending on the Project's new works and activities, which will be monitored and quantified in the annual GHG emission inventory count. However, as part of the Company's production units modernization process and to reduce energy consumption, Marinasol has started to replace the old lighting system (halogen or incandescent light system) with a LED light system³⁶ to save consumption considerably³⁷ once it is fully installed.

However, as part of the proposed actions to reduce GHG emissions and minimize the carbon footprint of the Project's operations, Marinasol will develop an Energy Efficiency Program to: i) identify the measures to reduce the use of fuels; ii) analyze alternatives for the use of renewable energy sources, and iii) evaluate whether it is feasible to implement the following energy saving measures on an overall basis: replacing low-efficiency air-conditioning systems with high-efficiency systems containing ozone-friendly refrigerants (e.g. replacing the R22 refrigerant), automating processes through programmable logistic controls, applying inverter technology to maximize efficiency in equipment with higher demand, such as industrial refrigeration and air-conditioning systems, using natural lighting inside offices and warehouses, and applying acoustic and thermal insulation materials to reduce heat transfer and eliminate noise.

4.3.b Pollution Prevention

4.3.b.i Wastes

All of the Company's sanitary facilities (office buildings, dressing rooms, laboratories, etc.), are connected, whether to the public sewage network or to their own biodigesters, for the treatment and disposal of their wastewater. Process wastewater from processing and freezing plants are sent to wastewater treatment plants according to local regulations³⁸ to be subsequently reused in irrigating green areas and unpaved roads or to be discharged into receiving bodies (in the event of a surplus). The surveillance and monitoring of such discharge are in compliance with the National Water Authority.

As to the wastewater produced in shrimp tanks as a result of the exchange, harvests and relevant cleaning and disinfection processes, in the case of the intensive farming system, wastewater is taken to a pond treatment system (oxidation or stabilization ponds) to be eventually discharged in

³⁶ Light-emitting diode (LED).

³⁷ LED bulbs consume around 32% less energy and last 16 times more than halogen bulbs; besides they practically produce no heat.

³⁸ Supreme Decree No. 010-2018-MINAM, approving the maximum limits permitted for effluents from fishing industrial establishments for direct and indirect human consumption; Ministry Resolution No. 026-2000-ITINCI, approving the Liquid Effluents Monitoring Protocol in the Industrial Sector, Peru; Ministry Resolution No. 271-2020-PRODUCE, approving the Protocol to Monitor Effluents from Fishing Industrial Establishments for Direct and Indirect Human Consumption.

receiving bodies (mainly estuaries), in compliance with sector industrial standards upon the lack of national regulations³⁹. In this sense, notwithstanding the foregoing, the Company monitors its effluents twice a year, taking as reference the control parameters under regulations effective in Ecuador⁴⁰ (neighboring country) and submits its aquaculture monitoring reports to the relevant authority⁴¹.

In the case of the semi-intensive farming system, effluents are discharged directly into the receiving body (mainly estuaries or rivers), as the production activity does not modify the water quality of such receiving body. It should be noted that aquaculture is a non-transforming activity, as water is the living environment of farmed shrimp, and the success in the production campaign depends, to a great extent, on good water quality. Therefore, the Company is aware of and responsible for water sustainability, as shrimp are delicate creatures that may become stressed under adverse environmental conditions (if stressed, they do not eat well, they tend to get sick and grow slowly), and it seeks to keep proper environmental conditions at the tanks to increase survival, feed conversion and production parameters.

Marinasol has a Solid Waste Minimization and Management Plan that enables management from waste generation through its final disposal, in compliance with national regulations. The Company has a temporary warehouse to stockpile hazardous and non-hazardous waste until it is removed for final disposal. Non-hazardous solid waste is carried to an approved landfill by a solid waste operating company that is duly authorized by the Environmental Ministry.

Similarly, Marinasol has a procedure to treat shrimp organic waste produced by shrimp tank siphoning (dead shrimp, presence of exoskeletons due to shrimp molting, algae, organic matter, etc.). Treatment consists in the drying or natural dehydration of organic matter, exposed to the weather conditions of the area (solar radiation and wind). The byproduct obtained from the discarded material, pursuant to current regulations⁴², is used in agriculture as compost and is marketable.

4.3.b.ii Hazardous Materials Management

Marinasol uses a minimum amount of hazardous materials and, therefore, does not produce large amounts of hazardous waste nor carry them outside its facilities. They are managed by a solid waste operating company, pursuant to Law No. 28,256 governing the land transport of hazardous materials and waste. The final disposal of hazardous solid waste removed from the Company's production units will be recorded in the hazardous solid waste management logbook set forth in the Integral Solid Waste Management Law administrative order⁴³.

³⁹ According to section 28 of General Aquaculture Law (Legislative Decree No. 1195), aquaculture effluents do not qualify as wastewater; therefore, they do not require any discharge authorization.

⁴⁰ Environmental Quality and Effluent Discharge Standard: Water Resource (Book VI, Annex 1).

⁴¹ Ministry Resolution No. 019-2011-PRODUCE, which amended the Guide for Aquaculture Monitoring Reporting, approved by Ministry Resolution No. 168-2007-PRODUCE.

⁴² Legislative Decree No. 1501 (published on May 11, 2020), amending Legislative Decree No. 1278, which approved Integral Solid Waste Management Law.

⁴³ Supreme Decree No. 014-2017-MINAM, which approved Legislative Decree No. 1278 approving the Integral Solid Waste Management Law.

4.3.b.iii Pesticide Use and Management

Marinasol does not use antibiotics, pesticides or chemical additives in its production processes. The use of low population density rates (including intensive farming systems in which population is controlled through separation) and disease-resistant shrimp are the key pillars of the Company's strategy to prevent disease outbreaks, including the white spot syndrome virus (WSSV). These practices are supplemented by farming stronger shrimp that are more resistant to diseases, monitoring water quality parameters (specifically temperature) and providing probiotic supplements to improve the capacity of shrimp populations to resist harmful bacteria and viruses.

The other types of plagues, such as rodent populations in APSs and in processing and freezing plants, are controlled using physical devices monitored by a specialized contractor (outsourced service).

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The Project's new operation expansion 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, as part of the integral service contracts for the expansion of operations, Marinasol will have specific clauses to address all types of losses and respond in the event of damages caused to the property of the State, an individual or the community in general within the area of influence of any Project.

Marinasol has certain multiple insurance policies for businesses (multi-risk, civil liability and D&O⁴⁴), which allow covering all types of losses related to personal and real property at its facilities, including third-party assets under its custody and control. These policies also cover damages to neighboring properties, environmental and social damages outside its premises.

4.4.a.i Infrastructure and Equipment Design and Safety

In its production units, Marinasol has leak and spill detection and containment equipment, alarm and firefighting systems, and emergency reporting mechanisms pursuant to Peruvian regulations⁴⁵.

However, based on Technical Standard A.130 – Security Requirements under National Building Regulations⁴⁶, the designs of life and fire safety systems (L&FS) in Project warehouses and 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.

⁴⁴ D&O is a civil liability insurance that protects directors and officers against any indemnification that they may be legally liable to for damages and losses allegedly caused to third parties in exercising their functions, apart from covering the attorneys' fees for their defense.

⁴⁵ 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.

⁴⁶ Supreme Decree No. 011-2006-VIVIENDA.

In this sense, before occupying and operating the Project's new facilities, the Company will contract qualified L&FS professionals to certify that⁴⁷: i) all Project facilities and buildings, whether concluded or under construction, are built in accordance with approved L&FS designs; ii) all services have been installed according to the L&FS design, and iii) all L&FS equipment units have been tested following international requirements.

Furthermore, based on the findings during the inspection visit and considering the high risk in processing and freezing plants as a result of the storage of industrial gases, such as the anhydrous ammonia used in refrigeration systems, and the presence of workers, Marinasol will: i) carry out a security evaluation of the ammonia refrigeration systems, including detection mechanisms, alarm systems and resources to fight and control leaks, and compare the results against applicable local regulatory and international standards, such as those of the International Institute of Ammonia Refrigeration (IAR); ii) based on the results of the security evaluation, develop a Corrective Action Plan (CAP) addressing the gaps to be implemented to guarantee ammonia management and security in compliance with national regulatory limits, the World Bank's General Environmental, Health, and Safety (EHS) Guidelines and IAR standards, and iii) update the OHS Management System's Training Plan, specifically in terms of emergency preparedness and response in the event of ammonia leaks, including the performance of scheduled drills involving the participation of neighboring communities and emergency response sector authorities⁴⁸.

4.4.b Security Personnel

Marinasol has security and surveillance services in place, provided by a specialized security company (outsourced service) that is duly registered and regulated by Peruvian public security legislation⁴⁹. 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 events; iii) verify the restrictions and procedures used if personnel carry fire arms and/or are under the influence of alcohol and/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 does not involve any expansion to new land; therefore, no involuntary resettlement or economic displacement of any kind is expected.

4.6 Biodiversity Conservation and Natural Habitats

Given the fact that the Project will not occupy any new land, only previously intervened areas (inactive fishing farms) will be reactivated as part of the Company's expanded operations. However, considering that certain farms are located within the buffer area of the National Sanctuary "Los

⁴⁷ In Peru, the applicable certificate is the Building Security Technical Inspection Certificate issued by the municipality or the certificates issued by specialized companies regarding the operation of firefighting systems.

⁴⁸ The National Civil Defense Institute (INDECI, in Spanish) and the General Fire Department of Peru (CGBCP, in Spanish).

⁴⁹ Private Security Services Law No. 28,879, enacted in 2006, and its administrative order, approved by Supreme Decree No. 003-2011-IN.

Manglares de Tumbes⁵⁰, in compliance with protected areas regulations⁵¹, the Company has a certificate issued by the National Service for Natural Areas Protected by the State (SERNANP, in Spanish) in relation to the compatibility of its operations.

In addition, as part of the corporate social responsibility framework with the region of Tumbes, the Company donates marine species (such as black shell seeds⁵², juvenile *diapterus peruvianus*, among others) to be released into the National Sanctuary marshes⁵³. The objective is to reinstate the marsh ecosystem balance, as well as to support artisanal sustainable fishing and aquaculture development; for this purpose, specimens will be monitored on a monthly basis and growth and survival evaluations will be made. Thus, APSs cooperate with the authorities in charge of regulating the use of hydrobiological resources in these areas, such as the SERNANP and the Ministry of Production (PRODUCE)⁵⁴.

As to the acquisition of local items or materials from its supply chain, the Company verifies whether they have been collected or manufactured pursuant to Peruvian legislation on biodiversity protection. Similarly, the larvae from foreign countries have legal permits for import, BPA, BRC and BASC certificates (as applicable) and CPR results from the sanitary control. Furthermore, the SANIPES monitors each supplier's compliance with phytosanitary requirements, tax and social security provisions and only issues certificates for compliant suppliers.

4.7 Indigenous Peoples

The Project is not based near any indigenous community and is not expected to impact on any indigenous people. In addition, as Project operations will be expanded in its own already intervened land or in existing facilities within the APSs, no impact is expected to occur on indigenous peoples' land or resources.

4.8 Cultural Heritage

The Project will not generate any cultural heritage impact.

5 Local Access of Project Documentation

Marinasol offers official information on its operations in its main website: <https://www.marinasol.com.pe>.

⁵⁰ The fishing farms had been in operation prior to the creation of the National Sanctuary "Los Manglares de Tumbes" and its buffer area. Furthermore, Marinasol's facilities near the National Sanctuary are well delimited and separated from marsh ecosystems, keeping them protected.

⁵¹ Section 116 of Protected Natural Areas Law administrative order approved by Supreme Decree No. 003-2011-MINAM.

⁵² Black shell seeds were obtained from the induced reproduction process carried out at the shellfish laboratory in Marinasol.

⁵³ The release was achieved thanks to the public/private strategic alliance with the Regional Government of Tumbes, through the Regional Production Office, along with Consortium "Manglares", the SERNANP, collectors' associations in the National Sanctuary "Los Manglares de Tumbes" and Consortium "Manglares del Noroeste del Perú".

⁵⁴ The Peruvian Ministry of Production is the Executive Branch body in charge of creating, approving, implementing and supervising all production, industry, manufacture and fishing levels.