Environmental and Social Review Summary (ESRS)
Ingenio Tres Valles – Driving Agriculture Forward in Honduras

Original language of the document: Spanish
Date of issuance: November, 2026

1 General Project Information and Scope of the IDB Invest Environmental and Social Review

This operation consists of financing for Compañía Azucarera Tres Valles, S.A. de C.V. ("CATV" or the "Company") for capital expenditures ("CAPEX") that include: (i) the renovation of sugarcane [1]cultivation farms; (ii) the replacement of traditional irrigation with drip irrigation systems; and (iii) the expansion of milling at the existing Sugar Mill or Processing Plant (the "Mill") (the "Project").

The Project is expected to: (i) strengthen the operational efficiency and sustainability of the Mill, enabling the modernization of agricultural and productive infrastructure; (ii) increase productivity and resilience to climate challenges, contributing to the rural and economic development of the central region of Honduras; and (iii) consolidate the Company's leadership in sugar and clean energy production, expanding sugarcane processing capacity.

The Environmental and Social Due Diligence ("ESDD") process included, among other aspects: (i) on-site technical *visits;*[2] (ii) interviews and meetings with executives from key areas of the Companies (environmental and social management, labor, and occupational health and safety) and Mill workers; (iii) the review of environmental permits, licenses, and certifications; (iv) an analysis of the Company's management systems; (v) a review of compliance with national and international good manufacturing practices associated with quality, environmental sustainability, and social responsibility; (vi) an assessment of the environmental and social ("E&S") and labor baseline information related to the Project; (vii) the analysis of issues associated with the management of climate change risks and impacts; (viii) the review of preparedness and emergency response plans and procedures for anthropogenic and natural hazard threats; (ix) an assessment of the engagement process with key stakeholders; and (x) an assessment of efficient resource use (primarily water, fuels, and energy).

To ensure the Project's commitment to respecting and protecting human rights, its zero tolerance for retaliation, and its commitment to providing and guaranteeing a safe environment for stakeholders to express their concerns without fear of retaliation, the ESDD process also included the review of, among other documents, CATV's Code of Ethics and Human Rights Policy ("HRP"); as well as other social and labor procedures and regulations of the Company.

2 Environmental and Social Classification and Justification

In accordance with IDB Invest's Environmental and Social Sustainability Policy, the Project has been classified under Category B, as it may generate, among others, the following impacts: (i) emission of

[1] The renewal of cultivation farms is carried out when the rootstocks or "ratoons" lose their productive vigor after several years of harvesting, and includes a set of agricultural tasks (e.g., destruction and undercutting of old rootstocks, land preparation and tillage, or selection and disinfection of vegetative seeds) aimed at preparing the land for a new high-efficiency planting cycle. This activity does not contemplate the opening of new agricultural areas.

[2] The visit focused on a tour of the Mill located in the village of El Porvenir, on the road leading from the municipality of Cantarranas to the municipality of Villa de San Francisco, in the department of Francisco Morazán; as well as visiting some cultivation farms located within a 20 km radius around the Mill and the solar energy park.

polluting gases due to vehicle and machinery traffic, and from energy cogeneration using bagasse biomass; (ii) [3]increased noise levels from the use of agricultural machinery and equipment and sugar production processes; (iii) production of wastewater; (iv) possible soil contamination from spills of fuels, oils, solvents, and chemical inputs; (v) generation of domestic and industrial solid waste (packaging materials: paper, wood, metal scraps, etc.) and hazardous waste (generated by the maintenance of infrastructure and operational machinery and equipment, etc.); (vi) increased health and safety risks for workers and the community; and (vii) use of other resources, primarily water, fuels, and energy. The majority of impacts and risks are estimated to be of moderate to low significance.

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

3 Environmental and Social Context

3.1 General characteristics of the project site

The sugar mill was established in 1975 under the name Azucarera Cantarranas S.A. ("ACANSA") as a property of the State of Honduras. In 1993, it became the property of CATV under the State Enterprise Privatization Law. Today, CATV is part of the Grupo [4]Cadelga and is an agro-industrial company dedicated to the production of cane sugar and the generation of renewable electric energy from bagasse, for internal consumption and sale of surpluses to the public grid.

CATV has approximately 7,690 hectares of sugarcane crops, distributed across the municipalities of Talanga, Guaimaca, Cantarranas, Villa de San Francisco, and San Antonio de Oriente (department of Francisco Morazán), as well as the municipalities of Morocelí and Yuscarán (department of El Paraíso), which include independent producers (approximately 5%), leased cultivated land managed by CATV, and own land.

The Company has two own electricity generation sources: (i) a solar park of approximately 3.0 megawatts peak ("MWp") of installed capacity; and (ii) an electric power and steam generation plant of 37.5 megavolt-amperes ("MVA") that operates through the combustion of biomass, primarily bagasse; however, other biomass residues are also used, such as: sugarcane agricultural residue ("SAR"), sawdust, chips, and edge boards (wood). These generation sources are focused on supplying the internal demand of the Mill and irrigation systems, while surpluses are delivered to the National Electric Energy Company of Honduras ("ENEE").

The Company has a robust Corporate Social Responsibility Program, under the pillars of: education, health, community development, and environment; thus promoting the sustainability of its operations for the benefit of those communities within its area of influence.

[3] Bagasse is the residue from the milling of sugarcane.

[4] Cadelga was founded in 1966 with a vision of serving the agricultural sector to boost agricultural productivity in Honduras through the commercialization of quality agricultural inputs. Today they have two mills in Honduras, Ingenio Tres Valles and Ingenio Chumbagua, which strengthen their value chain and contribute to the development of the sugar industry in the Central American region and to the communities where they operate.

Under this premise, CATV operates in strict compliance with current legal regulations in Honduras, permanently and systematically fulfilling the regulatory procedures required by the competent authorities, including: (i) environmental regulations contained in the environmental[5] licenses issued by the Secretariat of Natural Resources and Environment ("SERNA"); (ii) water exploitation and [6]use permits, both surface and groundwater, issued by SERNA; (iii) the operating sanitary license granted by the Sanitary Regulation Agency ("ARSA"); (iv) the operating permit from the Municipality of Cantarranas; and (v) periodic audits and registrations with government entities, such as environmental control measure compliance reports ("ICMA") to SERNA.

The most representative certifications and recognitions held by CATV are: (i) the FSSC 22000 Scheme for [7]the food safety management system; (ii) the Socially Responsible Company ("ESR") seal under the guidelines of the voluntary international standard ISO 26000:2010; and (iii) recognition from the Ecological Flag Program – Climate Change ("PBECC") promoted by the National Cleaner Production Center of Honduras ("CNP+LH") together with SERNA, the Honduran Council of Private Enterprise ("COHEP"), and the National Autonomous University of Honduras ("UNAH"). In turn, the Company is registered with the Association of Sugar Producers of Honduras ("APAH").

3.2 Contextual Risks

Honduras is particularly vulnerable to extreme weather events, such as floods, storms, hurricanes, and droughts (particularly in the Dry Corridor). In addition to these climate events, the poverty conditions in which a large part of its population lives make it prone to social conflicts: deaths, displacement, vandalism, sexual and gender-based violence ("SGBV"), job losses, among others. Also, because most of the Honduran territory is located in mountainous areas, the country is highly susceptible to earthquakes, landslides, or rockfalls that affect road infrastructure in particular and [8]are exacerbated by the seismic activity that characterizes the territory.

In this regard, the Project's infrastructure and the Company's logistics operations, which rely heavily on land and maritime transport, will be subject to these natural hazards and social conflicts. However, these represent a moderate to low risk, both due to the location of the Mill and the crops, and due to the damage that the materialization of these risks could cause to the Project's physical infrastructure and its supply and distribution routes, as well as to employees and suppliers.

---

5 The Environmental Licenses for the Projects: (i) Sugarcane Cultivation and Processing and Production at the Francisco Morazán Mill; (ii) Central Tres Valles; (iii) Expansion of Electricity Generation through Biomass and Connection Network to the ENEE Energy Distribution System; and (iv) El Pedregal 3MW Photovoltaic.

6 Current water contract issued by the General Directorate of Water Resources ("DGRH") of the SERNA.

7 The FSSC 22000 Scheme is an international food safety certification system recognized by the *Global Food Safety Initiative* (GFSI). It is based on the integration of the ISO 22000 standard with the ISO/TS 22002 technical specifications for prerequisite programs in the food production sector, which includes a series of additional requirements relating to specifications for services, personnel supervision, incoming materials management, food safety, fraud prevention, allergen management, labeling, and environmental control.

8 Fragile and stripped slopes (very steep), as well as deforestation, cause dangerous landslides toward road infrastructure during high-precipitation seasons (Source: "Honduras Climate and Development Report"; World Bank Group; 2023)

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

CATV has implemented robust E&S management practices that: (i) comply with the legislation and related standards required for its operations in Honduras (environmental license and operating permit); (ii) is certified under CSR and food safety standards; and (iii) has been recognized for implementing sustainability and energy efficiency measures. These certifications and recognitions resemble the existence of an Environmental and Social Management System ("ESMS") composed of formalized management procedures at the corporate level, which include aspects related to environmental and social practices, occupational health and safety ("OHS"), quality, compliance, and secure trade.

Nevertheless, CATV will conduct a periodic E&S [9]management assessment (resembling an ESMS) to strengthen or update its components in accordance with applicable E&S and OHS requirements.

4.1.b Policies

CATV has an Environmental Management Policy, which declares its commitment to: (i) comply with legal, regulatory, and voluntarily subscribed requirements for environmental protection; (ii) promote processes that prevent, mitigate, and compensate for impacts within its surroundings; and (iii) contribute to the development and transformation of the capacities of its employees and communities, fostering a culture of environmental responsibility.

4.1.c Identification of Risks and Impacts

4.1.c.i Direct and indirect impacts and risks

Based on the Environmental Impact Assessments ("EIAs") that evaluated the environmental and social impacts arising from its operations, CATV obtained the corresponding environmental licenses for the operation of its Plant. These EIAs include a matrix of significant E&S risks and impacts, based on applicable regulations and standards. Using this information, CATV determines the operational controls, corrective actions, and measurement and monitoring mechanisms required to manage each risk.

Independently, to minimize the environmental impact and prevent pollution generated by its activities, CATV promotes good practices in waste management, emissions reduction, water and energy conservation, and awareness-raising among its employees and suppliers regarding the optimization of resource use.

4.1.c.ii Alternatives analysis

The Project does not generate new productive activities or significant changes in the production process; therefore, an alternatives analysis is not required.

[9] Applying the Environmental and Social Management System, Implementation Manual – General, IFC, version 2.1, November 2015. Environmental and social management system tools – General, IFC, version 1.2, November 2015.

4.1.c.iii Cumulative impacts

Since the Project does not generate new productive activities and will be developed within the Companies' property, the incremental impact of other past, ongoing, and reasonably foreseeable future projects is considered non-material. Accordingly, the Operation does not require a cumulative impact mitigation plan.

4.1.c.iv Gender risks

Even though Honduras has laws [10]and [11]institutions that ensure the protection of women, the number of reported femicide cases in the country (230 cases in 2024) ranks third among 24 countries [12]in Latin America and the Caribbean, with the highest rate [13]among the 24 countries (3.1 per 100,000 women).

In Latin America, there is significant gender inequality, defined as the differential and unequal access to labor, educational, economic, and political participation opportunities based on sex or gender. This gender inequality leads to gender discrimination, unequal access to public services, educational disparities, wage and labor inequality, and lagging political participation rates. This is reflected in the gender gap index, which for Honduras stands at 0.73 for 2025, placing it fourteenth among 21 countries studied in Latin America [14]and the Caribbean. Likewise, as of May 2026, 5 cases of femicide victims and violent deaths of women have been reported in the Department of [15]Francisco Morazán.

Despite the foregoing, given the business activity (sugar production), combined with the fact that the Mill is secured, the gender risk is estimated to be low and mitigable through the application of the principles contained in: (i) the Code of Ethics and the PDH, which address sanctions in cases of sexual harassment and gender-based violence; and (ii) the Non-Discrimination and Equality Policy ("PNDI") and the Internal Work Regulations ("RIT"), which contain internal directives for prevention, investigation, and sanctioning to prevent any form of discrimination within the organization, promoting an inclusive, respectful, and equitable work environment.

4.1.c.v Gender programs

The Project will not generate material differentiated impacts on men and women; nor will it foster gender-based violence or prostitution-related activities. Through the Code of Ethics and, in particular, the PDH and the PNDI, the Company promotes non-discrimination and equal opportunities in the search for and promotion of its human talent.

The Company has incorporated provisions to ensure the appropriate treatment of women working in its facilities in terms of: (i) provision of personal protective equipment ("PPE") adapted for women; (ii)

[10] The Penal Code; the Law against Domestic Violence (Decree 132-97) and its amendments (Decree 66-2014 and 29-2024); the Law against Sexual Violence, Exploitation and Trafficking in Persons (Decree 9/2009); among others.

[11] The Special Prosecutor's Office for Crimes Against Life (FEDCV); the Center for Women's Rights (CDM); the Inter-Institutional Commission against Commercial Sexual Exploitation and Trafficking in Persons of Honduras (CICESCT); among others.

[12] https://www.statista.com/statistics/827170/number-femicide-victims-latin-america-by-country/.

[13] https://www.statista.com/statistics/1102327/femicide-rate-latin-america-by-country/.

[14] The closer the index is to 1, the lower the gender inequality (1 = equality and 0 = inequality)."Gender gap index in Latin America 2025", Statista.

[15] Center for Women's Rights (CDM), Infographic on Femicides in Honduras in 2026:https://derechosdelamujer.org/project/infografias-sobre-femicidios-en-honduras-en-el-2026/

provision of changing rooms separated by work area and by gender; (iii) provision of suitable work environments for women; (iv) adoption, in its Code of Ethics, the PDH, and the PNDI, of zero-tolerance principles toward gender-based violence and sexual harassment; and (v) compliance with local legislation and adherence to international practices on matters such as non-discrimination and equal opportunities for its staff, regardless of gender. Any conduct contrary to the guidelines of the Code of Ethics, the PDH, and the PNDI is investigated and analyzed by an Ethics Committee, and is subject to corrective and disciplinary measures, where applicable.

4.1.c.vi Climate change exposure

Within the area of influence of the Mill and its cultivation farms (Aldea El Porvenir, in the Municipality of Cantarranas), there are [16]natural climatic hazards that could potentially generate an impact on the Company's operations and its connectivity infrastructure (roads, drainage systems, and bridges) and energy distribution infrastructure (distribution lines) to harvesting and processing sites, or on the availability of input, equipment, and material supplies at the regional level, affecting productivity and the reliability of electrical service to certain destinations.

For climate change purposes, according to a global climate model, the Project's facilities may be exposed to hazards such as changes in precipitation regimes and heat waves, the latter under a [17]high-emissions scenario (RCP 8.5).

Energy infrastructure and harvesting, processing, and logistics activities may be sensitive to extreme hydrometeorological events, such as intense rainfall, while an increase in days of extreme heat may lead to greater energy consumption for air conditioning and finished product preservation. In turn, potential flooding may affect the Company's own infrastructure or the transportation infrastructure on which the Project's logistics depend.

In response to the Project's exposure to hazards arising from climate change, the Company has implemented the following measures: (i) a "resilient" design for the Mill in accordance with its location and orientation; (ii) geographic diversification of input sourcing, to mitigate exposure to localized climate risks; (iii) efficient and timely management of water and energy resources, through response protocols for extreme weather events such as heavy rainfall, wind gusts, flooding, or droughts; (iv) the use of appropriate materials to adapt to new climatic conditions; and (v) the adoption of an Emergency Response Plan for the Mill, which is reviewed annually or whenever there are significant changes in the incidence of hazards and risks from climate change exposure in its operations.

4.1.d Management Programs

The existence of the FSSC 22000 Scheme certification and compliance with the applicable and current E&S and OHS regulatory requirements in Honduras demonstrate that CATV has developed instruments that allow it to demonstrate its compliance. In this regard, as required by the environmental license granted to the Project, CATV implements the measures contained in the Environmental Management Programs ("EMPs") to mitigate or offset each of the impacts or risks identified at each stage of its development.

[16] Increase in drought periods, water scarcity, intensification of heat waves, changes in precipitation, intensification of floods and landslides.

[17] A representative concentration pathway (RCP) is a greenhouse gas concentration trajectory (not emissions) adopted by the IPCC. The pathways describe different climate futures, all of which are considered possible depending on the volume of greenhouse gases (GHG) emitted in the coming years. The RCPs, originally RCP 2.6, RCP 4.5, RCP 6, and RCP 8.5, are labeled based on a possible range of radiative forcing values in the year 2100 (2.6, 4.5, 6, and 8.5 W/m², respectively).

4.1.e Organizational Capacity and Competence

CATV has an organizational structure dedicated to E&S and OHS matters. In this regard, it has an Environmental Management Department that: (i) implements and monitors the adaptation of each environmental control measure to the different project processes; (ii) coordinates the implementation of the sustainability strategy in accordance with the environmental management policy; (iii) monitors environmental regulatory compliance; (iv) promotes a sustainable and environmentally responsible business model; and (v) advises General Management on the implementation of sustainability procedures and environmental emergency preparedness and response to natural hazards. In addition, the Occupational Safety Department is responsible for achieving a high level of physical, social, and mental well-being among employees, seeking to reduce or eliminate exposure to occupational risks generated by the different normal operations of the process.

With regard to energy generation, the Company has an Energy Department that is directly responsible for the continuous verification and monitoring of critical parameters of the boiler system, with special attention to water and air quality, both of which are fundamental to ensuring efficient, safe, and environmentally responsible combustion.

The management of social aspects is carried out in an articulated manner between the Human Development Management and the Human Talent Coordinator. This framework encompasses initiatives related to well-being and organizational culture, sustainability, stakeholder engagement, and the implementation of social impact programs in the community.[18] In addition, the Medical Services area, which reports to the Human Development Management and coordinates with the Payroll and Statistics Coordinator on the provision of services and oversight of the Medical Dispensary's operations, complies with the provisions of the Labor Code and the regulations on Preventive Measures for Workplace Accidents and Occupational Diseases (Executive Agreement No. STSS-053-04), which allows it to maintain the highest levels of worker health and develop preventive medicine programs.

Regarding the cultivation and purchase of sugarcane, the Company has an Agriculture Management division, which, together with the Research, Development, and Projects Management and the Quality Control Department, is responsible for the cultivation and harvesting process, as well as for monitoring and controlling the quality and quantity of cane received by the Mill, whether from its own farms or from independent producers under previously executed purchase contracts.

4.1.f Emergency Preparedness and Response

CATV has an Emergency Response Plan ("ERP") for the Mill and its processes. This ERP complies with current Honduran regulations; contains a risk [19]analysis (hazards and threats) and vulnerability assessment; establishes preventive, mitigation, and relief actions to safeguard the physical integrity of employees, suppliers, and clients present within those locations; and describes management elements to address the wide range of emergencies that may threaten the integrity of the infrastructure and continuous operations.

---

[18] As adoption of Corporate Social Responsibility ("CSR") practices

[19] Labor Code (Decree No. 189-59); the General Regulations on Preventive Measures for Occupational Accidents and Occupational Diseases (Agreement STSS-053-04); the Law of the National Risk Management System ("SINAGER", Decree 151-2009); and its Regulations (Decree 032-2010).

The ERP identifies and maps the external support [20]institutions to be contacted should the emergency warrant it; likewise, under the risk analysis and emergency procedures, maintenance plans for fire suppression systems and electrical equipment and installations are considered for each hazard or incident (as applicable). Additionally, CATV maintains a training program for emergency response teams and the execution of drills, conducted at least twice per year.

4.1.g Monitoring and Evaluation

The ESIAs contain prevention and mitigation plans, and environmental monitoring plans, covering aspects related to the following topics: (i) effluent quality; (ii) hazardous, non-hazardous, and special solid and liquid waste; (iii) water quality; (iv) ambient noise; (v) atmospheric emissions; (vi) energy consumption; and (vii) water consumption, among others. Additionally, CATV, pursuant to the requirements of the environmental license, has been submitting the ICMAs to the SERNA.

Regarding labor matters, CATV receives unannounced audits from the Secretariat of Labor and Social Security ("STSS") [21]and the Honduran Social Security Institute ("IHSS"), to confirm compliance with employer obligations, such as reviewing employee payrolls, payments, and documents in accordance with regulations, verified through interviews with workers.

To maintain its certifications, CATV is audited annually by external and internal teams. This has required the creation of the Internal Audits Manual of the Management System, which contains: (i) internal control processes focused primarily on sustainability, based on scheduled inspections; (ii) an auditor registry; and (iii) a rigorous audit calendar prepared by the Integrated Systems Coordinator, to monitor E&S and quality performance, as well as verify compliance with the requirements established by each certification.

Independently, the Company will [22]prepare an annual consolidated report on the compliance status of all E&S and OHS policies and measures applicable to the Project, using key performance indicators ("KPIs") for this purpose. Based on the results of these internal or external assessments, they will define specific measures to reduce their impacts, improve their efficiency, and document and report progress and new procedures, as well as other certifications, as required by the competent authorities.

4.1.h Stakeholder Engagement

CATV maintains a constant and structured interaction with local communities in its area of influence, proactively addressing the environmental and social aspects associated with its operations. In this regard, it actively participates in meetings with the civic organizations of the various communities, including community boards, community leaders, local authorities, and other key stakeholders, where project progress is shared, operational activities are socialized, and concerns or suggestions are addressed.

These interactions seek to establish communication channels, promote the exchange of information, and maintain relationships with communities during its operation, through: (i) the formalization of participatory mechanisms to inform stakeholders about its activities and gather observations; (ii) the

[20] Emergencies (911); Fire Department (198); Permanent Contingency Commission ("COPECO" – 113); IHSS Hospital and Ministry of Health; National Police; Red Cross; among others.

[21] Based on the Labor Inspection Law (Decree 178-2016)

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

provision of grievance and suggestion channels; and (iii) the commitment to maintaining continuous interaction.

4.1.i External Communication and Grievance Mechanism

4.1.i.i External communications

CATV has a communication, consultation, and community engagement process that ensures all communications directed to the external public, including stakeholder groups, are carried out in a careful, responsible, and efficient manner. This process determines the official external communication channels (reports, websites, press releases, social media, transparency mailboxes, social events, etc.) to reach the corresponding stakeholders.

4.1.i.ii Grievance mechanism for affected communities

The community has a formal grievance and complaint reception mechanism, accessible through a QR code and also through direct contact with the Coordinator of the Corporate Affairs Department, who is responsible for receiving, recording, and channeling each case internally, ensuring its analysis and attention by the responsible areas. Subsequently, a timely response is provided to the interested parties, guaranteeing case traceability and follow-up until closure. This approach allows for the effective addressing of community concerns, strengthening impact management, and maintaining a collaborative and transparent relationship with stakeholders in the surrounding environment.

Nevertheless, CATV will develop an External Grievance Handling Manual that includes: (i) objectives; (ii) responsibilities and scope; (iii) principles and types of grievances and complaints, including those of an anonymous nature; (iv) mechanisms to identify and receive grievances and complaints, maintaining confidentiality; and (v) a process for recording, investigating, and resolving grievances and complaints, and their dissemination, ensuring they are handled without fear of retaliation or discrimination against the person submitting them, as established in the Code of Ethics.

4.1.j Reports to affected communities

CATV, through its website, [23]provides information on its management and shares news and publications. Furthermore, as part of its participatory approach, it holds community assemblies that foster interactive dialogue, enabling the identification and resolution of potential grievances, as well as the joint planning of initiatives.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Labor Relations

As of the end of March 2026, CATV had 3,255 workers, both permanent and temporary, of whom 7% were [24]women. Staff turnover in recent years has been less than 10%.

[23] https://grupocadelga.com/azucarera-tres-valles/.

[24] At the management and middle management level (managers, heads, and coordinators), women represent approximately 15%.

The Company, in addition to having a Code of Ethics, has policies, procedures, and regulations that allow it to appropriately manage its relationships with workers, the transparent and objective selection of its personnel, and the promotion of career plans and training programs, among others.

4.2.a.i Human resources policies and procedures

CATV has a series of instruments to manage its human resources, such as: (i) the Code of Ethics, which sets out the standards of conduct and compliance that should serve as a guide and basis for the performance of all its activities, as well as a reference framework for the behavior of all its employees and suppliers, and for transparency in its negotiations; (iii) the Internal Labor Regulations ("RIT"), approved by the Secretariat of Labor and Social Security, which contain the general [25]provisions applicable to all workers; and (iii) the PDH, which reflects its responsibility to comply with current labor and social security legislation; as well as its commitment to (a) the rights of its employees, where it declares its intention to avoid discriminatory practices or those that undermine the dignity of the employee, eradicate the use of child labor, freedom of peaceful association and collective bargaining, protect health, and offer decent employment; (b) the rights of third parties, where it establishes a commitment to employees linked to suppliers, contractors, and partner companies; (c) the rights of the surrounding community, where it commits to publicly supporting and promoting respect for human rights, respecting indigenous communities and traditional ways of life, protecting facilities and people, and combating corruption.

Additionally, in support of the Code of Ethics and the aforementioned labor policies and regulations, CATV has a PNDI, a Social Investment Policy, and a Collaborator Recruitment and Selection Procedure.

All aspects related to labor and working conditions are managed by the Human Development Management and the Human Talent Coordinator, together with the General Manager, the Agricultural and Industrial Operations Managers, and the Financial Manager, who are responsible for ensuring that their contractors and other business partners have similar standards of conduct.

4.2.a.ii Labor conditions and terms of employment

The Code of Ethics, the PDH, and the RIT of CATV, mandatory for all workers, comply with labor legislation in [26]Honduras, the Honduras Social Security Law, the conventions of the International Labour Organization ("ILO"), and international best practices. These instruments regulate key aspects such as hiring, working hours, rest periods, vacations, leave, flexible arrangements, salaries, benefits, employer and employee obligations[27], disciplinary measures, dismissals, asset security, risk prevention, and the inclusion of persons with disabilities. Every worker receives training on these instruments during their induction.

[25] Standards and conditions for personnel selection and hiring; regulations regarding working hours and schedules and rest periods, vacations, permits and leaves, remuneration and benefits; specific provisions applicable to workers (working hours and schedules, obligations); workers' rights and obligations; induction, training, and capacity-building requirements; health protection measures (epidemics, pandemics) and against sexual harassment; and infractions and the disciplinary regime; among other aspects.

[26] Decree No. 189 of 1959, Labor Code; Decree No. 140 of May 19, 1959, Social Security Law and its amendments

[27] CATV has no plans to reduce its workforce in the future. However, should this occur, layoffs would not be mass layoffs and the Company will comply with the provisions of the Honduran Labor Code regarding the suspension and termination of individual or collective employment relationships, as well as with the provisions contained in its internal work regulations.

4.2.a.iii Labor organizations

In accordance with the provisions of the Constitution of Honduras, the corresponding [28]labor laws, and the international conventions and [29]treaties of the ILO, CATV, through the RIT and the PDH, guarantees the free exercise of the collective rights of its workers, which includes the right to form unions, negotiate collective bargaining agreements, and exercise their right to strike.

4.2.a.iv Non-discrimination and equal opportunity

The Company's Code of Ethics, PDH, PNDI, and RIT establish a zero-tolerance framework against discrimination and harassment, including sexual harassment, guaranteeing respect for human dignity, equality, and diversity in the workplace. CATV implements selection and hiring procedures that promote equal opportunity and gender equity, favoring local hiring, without age restrictions and valuing the talent of all generations. Likewise, the Company has a Collaborator Recruitment and Selection Procedure that establishes measures aimed at promoting equal opportunities between women and men in the processes of selection, hiring, training, promotion, career development, and remuneration.

4.2.a.v Grievance mechanism

The means for filing complaints or claims regarding any inappropriate conduct, ethically questionable behavior, or any breach of the Company's policies and regulations is through the complaint channels established in the Code of Ethics, ranging from a direct or written complaint to the human resources department, to a formal or anonymous complaint through physical suggestion boxes placed within the Company's facilities ("Buzones tu opinión cuenta") and digital [30]options such as: [31]website and email. The Code of Ethics establishes that all complaints are confidential and prohibits any retaliation against those who report suspected violations or cooperate in the investigation of any suspicious act.

The human resources department is responsible for handling complaints and suggestions, communicating complaints to the Institutional Ethics Committee ("Ethics Committee") and to the relevant department for their attention, and providing support to both the department responsible for resolving the complaint and the person who submits it. It is the Ethics Committee that is in charge of investigating, documenting, analyzing, and ruling on the cases brought to its attention.

4.2.b Protection of the workforce

Honduras, in addition to being a signatory to several ILO international conventions and treaties related to workers' [32]rights, has extensive labor legislation that regulates, among other aspects, the duration of the working day, schedules, overtime, paid rest days, minimum remuneration, family allowances, statutory bonuses, and minimum occupational health and safety requirements.

---

[28] Labor Code in its articles 468 and 469.

[29] Convention No. 87 concerning Freedom of Association and Protection of the Right to Organise and Convention No. 98 on the Right to Organise and Collective Bargaining.

[30] https://grupocadelga.com/contacto/.

[31] reporteseticos@tresvalles.hnandsac@grupocadelga.com.

[32] Convention No. 138 on Minimum Age, Convention No. 182 on the Worst Forms of Child Labor, Convention No. 29 on Forced Labor, and Convention No. 105 on the Abolition of Forced Labor.

CATV, in compliance with Honduras's legal obligations, respects the rights and obligations of employees and employers, promoting equality and equity in human, civil, political, economic, social, and cultural rights between men and women.

4.2.c Occupational Health and Safety

The Company maintains a strong commitment to occupational health and safety. CATV, in compliance with the country's labor [33]and OHS legislation, has: (i) an Occupational Health and Safety Policy; (ii) an Occupational Safety Manual ("MSO"); (iii) a Collaborator Health Surveillance Plan; (iv) instructions for the use of personal protective equipment ("PPE"); and (iv) procedures governing safe work permits and analyses, chemical handling, incident investigation, [34]contractor control, and ongoing training. In accordance with the MSO, occupational risks are managed through the Health and Safety Management System ("SGSS"), implemented under current national regulations, which [35]uses a risk matrix by job position and includes information related to training, health and awareness campaigns, and monthly inspections.

The MSO classifies activities and risk profiles for field work, sugarcane transport, reception and weighing, milling, thermal processes, crystallization, drying and packaging, steam generation, mechanical and electrical maintenance, laboratory, storage, dispatch, administration, security, and cleaning. It also identifies physical, chemical, biological, ergonomic, psychosocial, mechanical, electrical, locative, fire, and explosion hazards, and defines controls such as guards, high-risk work permits, PPE, training, equipment maintenance, defensive driving, thermal stress measurement, hydration, breaks, noise controls, brigades, atmospheric measurement in confined spaces, and fire suppression systems.

The Company maintains operational controls through preventive inspections of PPE use, good health and safety practices, order and cleanliness, fire suppression systems, unsafe acts and conditions, and equipment. It also has epidemiological surveillance, periodic medical evaluations, vaccination campaigns, accident records, root cause analysis, and action plans to prevent recurrence.

Additionally, in compliance with national [36]regulations, CATV has established its Joint Hygiene and Safety Commission ("CMHS"), with representation from employers and workers, which meets monthly and promotes a preventive culture.[37]

---

[33] Labor Code (Decree No. 189-59); Health Code (Decree No. 65-91); the General Regulations on Preventive Measures for Occupational Accidents and Occupational Diseases (Agreement STSS-053-04); the Law and Regulations of the Heroic and Meritorious Fire Corps (Decree No. 56-2019); and the Social Security Law and its Amendments (Decree No. 080-2001).

[34] Labor incidents are investigated following a protocol of site inspection, collection of statements, root cause analysis, team feedback, and implementation of improvements under control hierarchy criteria.

[35] Resolution C.D. 513 Regulations of the General Occupational Risk Insurance of the Ecuadorian Social Security Institute, Executive Decree 255 of the Ministry of Labor, Ministerial Agreement 196 Occupational Health and Safety Standards in Ecuador, Registration of the Occupational Health and Safety Physician and Technician with the Ministry of Labor, Promotion of Occupational Health and Safety registered with the Ministry of Public Health.

[36] General Regulations on Preventive Measures for Occupational Accidents and Occupational Diseases (Agreement STSS-053-2004) of the Secretariat of Labor and Social Security ("STSS").

[37] The Joint Hygiene and Safety Committee, composed of an equal number of company representatives and worker representatives, meets monthly and plays a fundamental role in preventive management: it participates in the design, implementation, and evaluation of policies and programs; reviews reports on occupational accidents and diseases; proposes corrective actions; conducts periodic inspections; and promotes collective commitment to risk prevention.

The Mill has a medical clinic or dispensary with 24/7 care, as [38]well as a formal emergency assistance and hospital transfer procedure when necessary. The activities carried out by the medical services are: (i) vaccination campaigns, (ii) preventive outreach programs, (iii) detection of chronic degenerative diseases, (iv) occupational medical consultations, (v) follow-up monitoring, (vi) health awareness campaigns, (vii) daily talks given by health brigades, and (viii) mobile health centers. CATV reinforces these actions through an Occupational Health and Safety Induction and Training Program, which ensures the technical competencies of personnel and compliance with current certifications.

4.2.c.i Chronic kidney disease

One of the most significant risks for the Company's employees, both agricultural and industrial, is occupational exposure to extreme heat and dehydration, particularly in outdoor activities, harvesting, transportation, equipment operation, maintenance, and industrial areas with thermal load. In this regard, CATV's Collaborator Health Surveillance Plan recognizes the relationship between work under thermal stress and possible renal effects, and incorporates epidemiological surveillance measures aimed at preventing occupational diseases, dehydration, and permanent damage to workers' health.

Nevertheless, CATV will update this Collaborator Health Surveillance Plan to: (i) include pre-employment medical evaluations for workers exposed to heat stress, including biological markers such as serum creatinine, hematocrit, and urinalysis, as well as the calculation of the glomerular filtration rate to assess renal function; (ii) develop protocols for compliance inspections of hydration, shade, rest, and PPE use controls, as well as periodic creatinine monitoring for workers working under heat stress conditions, with restrictions or medical referrals when abnormal values are identified; and (iii) establish fitness, fitness with restriction, or temporary unfitness criteria for work under heat stress, considering parameters such as blood pressure, glycemia, hematocrit, urinary density, presence of proteins, glucose, blood or other findings in urine, and renal function levels.

Finally, during field work, CATV will conduct preventive reviews by groups or work fronts, including measurements before, during, and at the end of the workday of weight, temperature, heart rate, and urine strip, with monitoring of symptoms of heat-related illnesses.

4.2.d Provisions for Persons with Disabilities

CATV complies with the country's [39]regulations, its Code of Ethics and Non-Discrimination and Equality Policy, and does not discriminate on grounds of disability.

4.2.e Workers Contracted by Third Parties

CATV, in accordance with the provisions of its Code of Ethics, the Human Rights Policy, and the RIT, ensures the integrity of workers contracted by third parties working in its facilities, ensuring that there is no child or forced labor, that they have the correct health and safety conditions in their work, and that they are taken into account in the event of emergencies.

[38] This service varies depending on the harvest and inter-harvest season, during which care shifts to a Monday-through-Friday schedule and is staffed by an occupational physician and a nurse, responsible for primary occupational health care and for monitoring activities associated with workers' health surveillance.

[39] Law on Equity and Comprehensive Development for Persons with Disabilities (Decree 160-2005; September 30, 2005).

Every company that provides services to CATV (contractors, subcontractors, and suppliers of any form of services) must comply with the Company's environmental and OHS protection requirements and standards to enter and carry out its activities within its areas of operation.

4.2.f Supply Chain

CATV requires each supplier, through the Code of Ethics, the Human Rights Policy, the General Purchasing Policy, and the Sustainable Purchasing Policy, to comply with current labor and social protection legislation and ILO conventions, and verifies through the clauses of the Service Contract and Work Start Orders, compliance with aspects such as fair working conditions and equitable wages, human rights, social security affiliation, eradication of child labor and discrimination, worker dignity, occupational health and safety, social responsibility, and environmental compliance.

The Company periodically monitors the environmental and social risks of its supply chain through assessments and verifications, and in some cases incorporates the requirement for international voluntary certifications such as FSSC 2200 and BPM (among others). In addition, labor audits are conducted on sugarcane suppliers, particularly in manual cutting operations, to verify identity documentation (DNI[40]), absence of minors, conditions for the provision of drinking water, shade or rest areas, PPE, first aid kits, and other labor requirements.

4.3 Efficiency in Resource Use and Pollution Prevention

4.3.a Efficiency in Resource Use

CATV, in keeping with its commitment to sustainability, has established measures for reducing its carbon footprint and water footprint, and has adopted a progression toward a circular economy. In this regard, it has been implementing measures for: (i) energy efficiency and cleaner production through technological and process improvements; (ii) optimization of water use and other essential inputs in its industry; (iii) waste reduction and the promotion of circular economy practices; and (iv) the use of organic waste, such as filter cake and ash, reincorporating them into the soil in agricultural activities.

CATV has management and monitoring systems related to water consumption, fuel use, energy generation, greenhouse gas ("GHG") emissions, waste management, hazardous materials, and agrochemical management, within the framework of its internal sustainability and environmental systems and applicable certifications. In addition, it produces reports on carbon footprint, water footprint, industrial water monitoring, well gauging, water intake and storage lagoons, GHG calculations, fuel consumption, waste management, hazardous materials, and irrigation water management. These instruments provide a basis for evaluating resource use efficiency, ensuring regulatory compliance, and strengthening environmental management under a preventive and continuous improvement approach.

4.3.a.i Greenhouse Gases

CATV, as an active member of the PBECC, conducts an annual inventory of Greenhouse Gas ("GHG") emissions in which it quantifies direct emissions from fuel consumption and fugitive emissions during its

[40] The National Identity Document ("DNI") is the official identity document in Honduras for adult citizens, issued by the National Registry of Persons ("RNP").

production and operational processes[41] (scope 1); indirect emissions from electricity consumption (scope 2); and those generated by third-party contracted transportation services and input goods acquired from its supply chain (scope 3). In this way, it has been reporting annually on the variation of results with respect to the base year (June 2023 to June 2024). This task will continue throughout the life of the Project.

Independently, CATV seeks to reduce its GHG emissions across all its operations, through: (i) the reduction of the "controlled [42]burning" process during the sugarcane harvest, through the gradual conversion of traditional farms to [43]mechanized ones; (ii) the optimization of electricity consumption in its operations; (iii) preventive maintenance of its equipment to maintain motor efficiency; and (iv) improvements in transportation (optimization of the number of trips and routes) to thereby reduce fuel consumption in its vehicle fleet.

4.3.a.ii Alignment with the Paris Agreement

Based on the analysis conducted using the IDB Group's Implementation Approach for Alignment with the Paris Agreement, the [44]Project is considered aligned with the Paris Agreement.

4.3.a.iii Water Consumption

CATV uses various water sources for the development of its operations, including surface water (mainly rivers) and groundwater (wells), intended for both industrial consumption and agricultural activities.

The use of these water resources, in addition to being carried out in accordance with current permits and registrations that establish authorized extraction volumes and [45]conditions of use, is managed under an efficient and responsible use approach, for which the Company implements the following actions: (i) the use of drip irrigation systems on farms; (ii) use of tensiometers or permanent humidity sensors in the field, in order to further optimize the [46]irrigation hours programmed per system; (iii) the implementation of seven hydrometeorological stations whose results determine the fertilization and irrigation processes of sugarcane plantations; (iv) rainwater [47]reservoir systems or "water harvesting"; and (v) recirculation processes for industrial wastewater generated at the mill [48]for use in fertigation.

---

41 Biogenic emissions from the conventional harvesting process.

42 Controlled burning is very different from a wildfire or an unplanned burn, as it is based on established procedures and is evidenced by its planning, controlled execution, and high safety measures. This practice in Honduras is regulated by the "Standards and Procedures to be Followed in Controlled Burns by Sugar Mills and on the Farms of Independent Sugarcane Producers (Executive Agreement 0011-2005)."

43 The conversion of sugarcane farms from traditional harvesting to mechanized harvesting involves transforming both the cultivation system and the harvest logistics to enable the efficient use of self-propelled harvesters, tractors, and specialized transport equipment. This process has been driven primarily by the need to: (i) increase productivity; (ii) reduce operating costs; (iii) reduce atmospheric pollutant gas emissions; (iv) improve occupational safety; and (v) address the growing shortage of temporary labor during the harvest season.

44 Document GN-3142-1.

45 The approved volume at the surface level is 50.7 cubic hectometers per year (hm3/year) from 4 main extraction sources (4 rivers), and at the groundwater level, 374.3 million gallons per year (gal/year) from 6 drilled wells.

46 It is a technology that allows for the precise measurement of water availability in the soil and the application of only the amount required based on the phenological age of the crop, achieving 100% monitoring of the irrigated area.

47 One practice used to harness rainwater is the "water harvester," which consists of a hydraulic structure designed to store the flow that runs through the farms during the rainy season and compensate for water shortages during the dry season. To carry out these projects, hydrological studies were conducted to determine and validate the feasibility of the project and its design — from the intake structure, conveyance line, perimeter embankment, and overflow spillway — concluding that the watershed provided sufficient flow to fill the reservoir and to control the inflow and outflow.

48 This water resource is endowed with a large quantity of nutrients and organic matter, and therefore has a positive impact on the crop. Its use is permitted provided that the parameters of the "Technical Standard for the Reuse of Wastewater Generated by the Sugar Agroindustry for Irrigation of Sugarcane Crops" are met; Ministerial Agreement No. 0841-2019.

4.3.a.iv Energy

The supply of electrical energy to the Mill is carried out through interconnection with the national grid (National Interconnected System). However, CATV has two own sources of electricity generation: a solar energy park (approximately 3 MW of installed capacity) and electricity generation from [49]bagasse; both sources represent an opportunity for energy efficiency and relative emissions reduction compared to fossil fuel-based alternatives (renewable energies), to the extent that bagasse comes from existing agricultural and industrial operations and is managed under sustainability criteria. Nevertheless, it is estimated that energy consumption (electricity and fuels) during Project execution will remain similar to current levels and will be monitored and quantified within each Annual GHG Emissions Inventory.

It is worth mentioning that energy efficiency is a fundamental aspect of the Company's business strategy. In addition to generating all its energy demand through cogeneration of electricity from bagasse combustion and solar energy, CATV sells surplus energy to third parties, which is distributed through the National Interconnected System ("SIN").

As part of its sustainability strategy, aligned with cleaner production principles, CATV, in order to reduce its electricity consumption, has been implementing the following measures: (i) the progressive [50]installation of LED lighting; (ii) the installation and replacement of electrical equipment with lower-consumption, higher-efficiency alternatives; (iii) the installation of automatic or semi-automated controls for high-consumption equipment; (v) preventive maintenance of equipment to increase its performance; (vi) scheduling the shutdown of lighting in common areas and unused equipment; (viii) the recovery and use of steam or hot air generated during the production process; (ix) use of natural light in as many areas as possible; and (x) training employees on energy savings.

4.3.b Pollution Prevention

4.3.b.i Emissions and Air Quality

The Project does not contemplate a significant increase in its emissions per unit produced. Nevertheless, CATV will continue implementing its GHG reduction measures and periodic monitoring of emissions and environmental conditions, within the framework of its EMPs, using the results to verify regulatory compliance, prevent impacts, and continuously strengthen environmental management.

4.3.b.ii Effluents

Domestic wastewater or sanitary effluents produced at the Mill are conveyed to a Wastewater Treatment Plant ("WWTP") equipped with a UASB (*Upflow Anaerobic Sludge Blanket*) anaerobic reactor, designed for the efficient removal of organic matter through biological processes in the absence of oxygen. This system allows the treated effluent to comply with the limits established in applicable national regulations for discharge into receiving [51]water bodies.

---

[49] Energy production is carried out by transferring bagasse to high-pressure boilers whose steam supplies mechanical energy to a turbogenerator, which converts it into electrical energy.

[50] LED (*Light Emitting Diode*) stands for a semiconductor device that emits light when an electric current passes through it.

[51] Decree No. 181-2009 – General Water Law; and Agreement No. 58 – Technical Standard for the Discharge of Wastewater into Receiving Bodies and Sanitary Sewerage; December 1997.

Regarding process water or industrial effluents, these are reused for irrigation of sugarcane crops after treatment. For this treatment, the Company has a system of facultative lagoons, which allow the progressive purification of the effluent through natural biological processes. The design and operation of the facultative lagoons makes it possible to achieve water quality levels that comply with the limits established in applicable national regulations, making it suitable for reuse in agricultural activities, thereby promoting the efficient use of water resources and the circular economy within operations.

Since no significant increase in water consumption per unit produced is anticipated, no significant increase in effluents is expected either.

4.3.b.iii Solid Waste

CATV, in compliance with current [52]regulations, has a detailed Surroundings Management and Waste Treatment Procedure based on the [53]5S methodology, which requires the characterization, separation, and temporary storage of waste, both hazardous and non-hazardous, ensuring its final disposal at authorized landfills through managers endorsed by SERNA.

In the case of organic waste generated in the production process, such as filter cake and ash, these are utilized through their reincorporation into the soil in agricultural activities, improving physical and nutritional conditions. Additionally, when there are surpluses, part of these by-products is sold to producers, generating added value and reducing waste generation.

4.3.b.iv Hazardous Materials Management

For the Project, the main hazardous materials are fuels (diesel and LPG), lubricants, oils, laboratory reagents, cleaning and industrial products, agrochemicals, biological-infectious waste from the medical service, gases, and maintenance materials, which require adequate storage, identification, safety data sheets, PPE, training, and spill response measures.

CATV has a hazardous waste generator registry, and [54]also has a hazardous and special waste management and handling procedure that: (i) complies with current national regulations; (ii) [55]aims to identify, control, minimize, add value to, and comprehensively manage hazardous waste generated by each process or piece of equipment; (iii) establishes measures for internal collection and transfer to the temporary storage facility, for each type of hazardous and biological-infectious waste; and (iv) identifies an authorized external provider for final disposal.

Hazardous waste generated at the Mill is temporarily stored in technically designed areas, and subsequently handed over to authorized managers for treatment and final disposal, maintaining records

[52] "Regulations for the Comprehensive Management of Solid Waste"; Executive Agreement No. 1567-2010.

[53] The 5S methodology is a system of Japanese origin focused on organizing, cleaning, and maintaining workspaces to achieve greater efficiency, safety, and productivity; its name comes from five Japanese words: Seiri (Sort); Seiton (Set in Order); Seiso (Shine); Seiketsu (Standardize); and Shitsuke (Sustain / Discipline).

[54] As part of the Pollutant Release and Transfer Register ("RETC"), where all generated pollutants are declared and documented at the level of the Pollutant Control Center ("CESCCO").

[55] "Regulations for the Comprehensive Management of Solid Waste"; Executive Agreement No. 1567-2010 and the "Regulations for the Environmentally Sound Management of Hazardous Chemical Substances in Honduras."

and manifests that ensure the chain [56]of custody and annual reports to the environmental authority. Fuel handling is carried out with authorized companies, storage in steel tanks with containment systems, and in compliance with [57]applicable regulations.

For agricultural hazardous waste, primarily empty pesticide and fertilizer containers, the Company requires that containers be rinsed three times, punctured once empty to prevent reuse, and that employees who use the chemicals receive and use appropriate personal protective equipment. Additionally, it participates in the Empty Pesticide and Fertilizer Container Collection Program ("REVAP") aligned with the National "Campo Limpio" Program, where in addition to [58]complying with applicable regulations, it obtains a certificate or proof of delivery each time a delivery is made.

4.3.b.v Pesticide Management and Use

Agrochemical applications [59]are recorded daily at the mixing plant, where permanent staff receive application requests from the field, prepare weekly application schedules, and upon execution, record in the system the details of the application, indicating farm, plot, area, product, and dose applied.

CATV has an Integrated Pest Management Program ("PMIP") implemented in the agricultural research area and supported by the mixing plant for its execution in the field. This PMIP, through various protocols, focuses primarily[60] on two pests of economic importance to the company: the sugarcane rat and the greater stalk borer (*Diatraea impersonatella*). For the management of these two main pests, cultural, biological, and chemical control strategies are developed when necessary. In the case of the rat, a project is being developed for the reintroduction of barn owls and the use of native birds of prey from the areas, which provide effective biological control, along with nesting and conservation programs for barn owls in protected areas within the farms. Additionally, perches are being built and placed on different farms with the objective of facilitating the movement of birds of prey within the fields to make control effective.

In the case of the greater sugarcane borer, a natural enemy production program (*Cotesia flavipes*) is in place for biological control. CATV has a Laboratory Production Program, where they carry out host rearing, inoculation and parasitism, harvesting and storage, and finally release.

For the safe handling of pesticides, training for personnel involved in agrochemical management is coordinated through human resources, with the objective of developing in staff the necessary competencies to perform in the different job positions. Manuals and procedures are also developed to carry out pest monitoring and control activities within the PMIP maintained by the Company.

[56] Process traceability is supported through Unique Manifests for the Transport of Hazardous and/or Special Waste, as well as treatment and/or destruction certificates issued by the authorized environmental manager.

[57] Executive Decree No. 1215, of February 13, 2001 (amended on September 29, 2010), which issues the Environmental Regulations for Hydrocarbon Activities.

[58] "Program for the Safe Use and Management of Pesticides, Collection and Disposal of Empty Containers in the Country," Agreement C.D. 004-2020; and the "Regulations for the Registration, Use, and Control of Pesticides and Related Substances."

[59] All agrochemical applications are made during the course of crop growth, which takes 12 months per production cycle, and applications are monitored from the mixing plant where application indicators are maintained.

[60] Pest and disease protocol; and Rodent monitoring protocol.

4.4 Community Health and Safety

4.4.a Community health and safety

CATV operates and maintains its works and infrastructure using international best practices and complying with applicable national and international guidelines, standards, and construction and safety codes. Likewise, in the event that contractors or external service providers are required, the Company has specific clauses within service contracts that oblige them to address any type of incident and to be liable for any external damage caused by their actions to private or state property (if applicable) outside the area delimited by the Project.

In addition, CATV has a Social Investment Policy in which it commits to promoting sustainable development, thereby contributing to the economic development of its employees and the communities of influence. The policy focuses its action on four main areas or pillars: (i) education, with support for infrastructure improvement projects, support for teacher payments, delivery of furniture, and provision of backpacks and materials to schools; (ii) health, with support for health centers, with the objective of strengthening and expanding the quality and access to health services (donation of medical equipment, medicines, and infrastructure improvements at health centers); (iii) environment, through the implementation of the co-management agreement for the protection of the El Chile Biological Reserve, and monitoring and maintenance of the Wildlife Important Site "La Estancia"; and (iv) socioeconomic development, focused on supporting programs that strengthen services and economic initiatives such as basic community infrastructure, local business development and entrepreneurship to enable communities to become self-sustaining.

The Company minimizes conflict with communities of influence by mitigating impacts associated with transportation, aerial applications, burning, and irrigation; implementing good operational practices; treating people appropriately; and making rational use of natural resources, including water, soil, and air, and protecting and conserving flora and fauna. These measures include efficient irrigation systems, riverbank management, reforestation programs in strategic areas, reconstruction of biological corridors (where feasible), solid waste management, recycling and waste utilization projects, such as water for fertigation, use of "molasses[61] or filter cake" as fertilizer, and use of filters in boilers to reduce CO_2 emissions into the atmosphere.

Likewise, the health and safety needs of the communities of influence are addressed through risk management strategies and technical planning, and through stakeholder engagement processes. In this regard, to reduce risk to these communities, CATV establishes communication plans and measures that emphasize signage in construction zones and heavy traffic concentration points, as well as traffic flow planning together with the competent authorities (when necessary), in order to implement additional safety measures, in adherence [62]to international best practices.

[61] In sugar mills, "molasses or cachaza" refers to the foam or impurities that float and are removed when sugarcane juice is boiled during the production of sugar or panela. It is also called "filter cake," which comes from a dark solid by-product resulting from the clarification of sugarcane juice, which is sometimes used as fertilizer or animal feed.

[62] Good Practice Notes: Road Safety; World Bankhttps://thedocs.worldbank.org/en/doc/648681570135612401-0290022019/original/GoodPracticeNoteRoadSafety.pdf

4.4.a.i Infrastructure and Equipment Design and Safety

CATV has leak and spill containment equipment, alarm systems and fire suppression systems, and emergency communication protocols that comply with the technical standards of the Fire Prevention and Safety Directorate ("DIPRESEIN") of the Meritorious and Heroic Fire Corps of [63]Honduras, adopting the international standards of the National Fire Protection Association ("NFPA"); as well as the General Regulations on Preventive Measures for Occupational Accidents and Occupational Diseases.[64]

4.4.a.ii Hazardous Materials Management and Safety

For the use and application of agrochemicals, CATV has a Safe Chemical Handling Procedure that addresses topics related to the prevention of events that may affect the productive systems of populations, good practices for the management of agrochemical inputs and waste, the effective use of PPE, and the mechanisms for applying agrochemicals in sensitive areas (such as the use of drones when possible). This procedure includes standards and a monitoring and tracking system to verify its implementation.

In addition, the Company maintains records of prior communication (socialization) with communities and authorities (military centers and police stations) regarding activities associated with burning and [65]aerial application of agrochemicals, and the grievance and complaint mechanism is kept available to address any concerns related to these activities, ensuring a timely response and appropriate follow-up. Likewise, biological pest control technologies are being developed and implemented to reduce the use of these products.

The management of agrochemical waste is established in the Company's Safe Chemical Handling Procedure, the purpose of which is to implement good agricultural practices to prevent harm to the health of employees and to protect the environment. Cardboard boxes, agrochemical bags, fertilizer bags, and plastic application equipment are also stored in designated areas on the farms. In addition, CATV has a collection program, where the warehouse manager completes the material transfer request, indicating the corresponding description and quantity, and the collection is scheduled according to staff availability.

4.4.a.iii Emergency Preparedness and Response

The update of the Project's ERP will include provisions to protect neighboring communities and facilities, and incorporates provisions to: (i) include external communication procedures for any incident or accident; (ii) articulate the intervention of specialized personnel in emergency brigades (fire, rescue, and evacuation brigades); and (iii) establish specific provisions for coordination with competent [66]authorities when the response to contingencies (leaks, spills, or fires) exceeds the Companies' response capacity.

Additionally, within the controlled burning process during the sugarcane harvest, in accordance with regulations in Honduras (Executive Agreement 0011-2005), the Company will preventively notify local authorities and nearby communities in advance of the date, schedule, and duration of said activity.

---

[63] Decree No. 294-93 of December 1993; and its Regulations (Agreement No. 12-98 of January 1998)

[64] Executive Agreement No. STSS-053-04 of October 2004.

[65] The information provided includes relevant aspects such as application dates and schedules, type of activity to be carried out, safety measures and preventive recommendations for the population, with the aim of minimizing any possible risk.

[66] Persons or entities with technical, legal and juridical standing, such as: Civil Protection of the National Risk Management Secretariat ("SGR"), Red Cross, Fire Department, Ministry of Environment, etc.

4.4.b Security Personnel

The Company has a Security Protocol with the objective of establishing reasonable security measures aimed at minimizing circumstances that may provide the opportunity to commit criminal acts and/or cause harm, protecting employees, visitors, and property.

The Company's security personnel receive human rights training upon joining and periodic refresher training in accordance with the Code of Ethics guidelines. In addition, they hold special weapons-carrying licenses for private security [67]companies, granted by the Secretariat of Security, particularly by the Ballistics Registration Department.

4.5 Land Acquisition and Involuntary Resettlement

The Project will be developed mostly within the existing properties and facilities of CATV (the Company leases 48% of the land used for sugarcane cultivation, while 50% corresponds to its own land and the remaining 2% to areas cultivated by independent producers), so no physical or economic involuntary displacement of any kind will be generated.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

4.6.a General Requirements

4.6.b Biodiversity protection and conservation

The Project will be developed within CATV's own previously intervened land and does not contemplate the opening of new agricultural areas, so no significant impact on vegetation or alteration to biodiversity is anticipated. Furthermore, none of the existing operational areas overlap with or affect any reserve or protected areas established in Honduras's National System of Protected Areas and Wildlife ("SINAPH").

Independently, CATV carries out forest protection and conservation activities within its area of influence through: (i) the co-management agreement for the protection of the El Chile [68]Biological Reserve; (ii) the implementation of "A todo Pulmón" [69]reforestation campaigns; (iii) monitoring of the site declared as a Site of Importance for Wildlife "La Estancia"; and (iv) the maintenance of a nursery for the supply of organic material (seedlings of native species) for said campaigns. Additionally, as part of these protection and conservation activities, the Company uses all organic waste that is useful for planting, such as filter cake and ash, reincorporating it to nourish the soil. Beyond this organic matter, efforts are made to ensure that any additional product used for fertilization or soil enrichment is legally approved in the country by the authorities and is mostly green-labeled to avoid affecting the soil or the habitats of different species.

---

[67] Under the provisions established in the Law on Control of Firearms, Ammunition, Explosives and Related Materials (Decree No. 101-2018 and its amendments).

[68] Agreement signed between the National Institute for Forest Conservation and Development, Protected Areas and Wildlife ("ICF"), the municipalities of Guaimaca, Cantarranas, Talanga, Morocelí, La Villa de San Francisco and the association of municipalities of the north, east, and west of Francisco Morazán ("MANOFM").

[69] The target group of this campaign is students from schools and colleges in the area of influence, contractors and direct employees, and organizations with which a continuous relationship is maintained. Reforestation activities are carried out in strategic areas that help protect water sources and/or mountainous zones.

Likewise, training sessions, soil analyses, and soil assessments are frequently conducted to identify which nutrients are needed to ensure favorable conditions at the time of planting (efficient and effective fertilization). Through the use of analyses and new technologies, via precision agriculture, efforts are made each year to reduce the amount of agrochemicals used.

Regarding the sugarcane harvest, this can be manual or mechanized, with burning or green, and will depend on different factors such as soil composition, topography, proximity to communities and populations, climate, wind speed, type of cut, etc. All these elements are considered in the harvest plan (or "zafra"), which is shared with related authorities and communities.

Controlled burning or "preparation of cane for cutting" is one of the traditional activities necessary for manual cutting and is deeply rooted in the sugar agroindustry in general. This practice in Honduras is regulated by the "Rules and procedures to be followed in controlled burns by sugar mills and on the farms of independent sugarcane producers (Executive Agreement 0011-2005)."

4.6.b.i Modified Habitat

The Project will only involve activities within CATV's existing facilities and farms, all of which are considered modified habitat.

4.6.b.ii Natural or Critical Habitat

The Project is not expected to affect any natural or critical habitat. However, the farms under CATV's management contain remnants of riparian forest, secondary forests, forest plantations, and reforested areas that, although located in modified agricultural landscapes, may fulfill relevant ecological functions as refuge, food, and connectivity for bird, reptile, amphibian, insect, and local flora species. These areas will not be affected by the Project.

4.6.b.iii Legally Protected and Internationally Recognized Areas

The Project is not located within legally protected or internationally recognized areas. The nearest protected areas (more than 10 km away) are: (i) La Tigra National Park; and (ii) the El Chile Biological Reserve.

4.6.b.iv Invasive Exotic Species

The Project's activities are not expected to introduce invasive exotic species into the region.

4.6.c Ecosystem Services Management

The relevant ecosystem services in the area of influence are mainly associated with the availability of surface and groundwater, firewood, erosion control, flood regulation, pollination, biological control, and the provision of refuge and food for wildlife species. However, none of these services is considered critical or constitutes a fundamental resource used indispensably by communities within the boundaries of the farms.

The only ecosystem service that could be affected by the Project is water availability and use, and its impact is expected to be negligible if not positive due to the adoption of new drip irrigation technologies.

4.6.d Sustainable Management of Living Natural Resources

The Company implements environmental management measures oriented toward the efficient and sustainable use of natural resources, linked to sugarcane cultivation, through: (i) environmental management plans; (ii) integrated pest management programs; (iii) reduction of agrochemical use through non-chemical control methods; (iv) conservation of forested and riparian areas; (v) reforestation with native species; and (vi) evaluation of sugarcane suppliers.

4.6.e Supply Chain

The Project's supply chain depends on sugarcane and bagasse generated by the agricultural and industrial operation. CATV, in adherence to its Code of Ethics and Sustainable Procurement Policy, conducts an evaluation of its suppliers in compliance with applicable national environmental legislation, human rights, and decent and equitable working conditions (minimum wages, legal benefits, IHSS affiliations, prohibition of child labor, and the requirements of the Labor Code and other applicable laws) and OHS.

However, the Company will update the General Procurement Policy to strengthen the environmental management of the sugarcane supply chain linked to the Project, ensuring that its direct and indirect suppliers commit to: (i) sustainable agricultural practices, where (a) deforestation is avoided or prevented, (b) areas of high conservation value or carbon reserves are avoided or protected, (c) historical land use records are maintained, (d) water and ecosystem conservation measures are implemented, (e) agrochemicals, fertilizers, and waste are properly managed, and (f) they participate in continuous improvement processes; and (ii) establishing the right to request full traceability of all ingredients and materials in order to guarantee their origin and identify potential environmental, social, and governance risks. These requirements must be incorporated into selection criteria, contracts, audits, corrective plans, and periodic supplier monitoring.

4.7 Indigenous Peoples

This operation does not involve any expansion or development of new projects. Furthermore, the Project's facilities and farms are not located within any indigenous community; consequently, no impact on indigenous peoples' lands or resources is anticipated.

4.8 Cultural Heritage

The Project is developed on previously intervened land with existing structures and facilities, so no material impact on cultural heritage is anticipated.

5 Local Access to Project Documentation

CATV offers additional information about its products and operations on its website:https://grupocadelga.com/azucarera-tres-valles/.