

## Environmental and Social Review Summary (ESRS) ROYAL AMERICA - Chile - Colombia

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### 1. General Information of the Project and Scope of IDB Invest's Environmental and Social Review

This operation (the “Project”) consists of a loan for partial financing of the capital expenditure (“Capex”) plan of Royal América S.A.’s (“RA”, the “Company”, or the “Client”) operating subsidiaries in Chile and Colombia, which primarily relates to the import of electrical equipment for subsequent lease or sale. RA is a leading company in the development of green mobility in distribution centers and industrial cargo movement through vehicle maintenance solutions and services in Chile, Colombia, and Ecuador. For this purpose, the Company has four business units: leasing, maintenance, equipment sale, and electrical solutions.

The environmental and social due diligence (“ESDD”) process was based on a review of the Company’s relevant environmental and social information, including an analysis of its Environmental and Social Management System (“ESMS”), environmental permits, and current certifications. Moreover, several virtual meetings were held with the Client’s personnel responsible for managing its environmental and social issues.

### 2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation in accordance with IDB Invest’s Environmental and Social Sustainability Policy, since it will likely generate the following risks and impacts, among others: i) an increase in the health and safety risk for employees in maintenance and assembly workshops;<sup>1</sup> ii) traffic accidents related to services provided through mobile workshops;<sup>2</sup> iii) pollution caused by the discharge of liquid waste originating from the maintenance workshops; and iv) handling of hazardous materials and waste, such as used batteries. These impacts and risks are deemed to be of medium-low intensity and can be mitigated by implementing adequate control measures.

The Performance Standards (PS) triggered by the Project are: i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; and iv) PS4: Community Health, Safety, and Security.

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<sup>1</sup> Lead-acid batteries and lithium batteries.

<sup>2</sup> Vans that the Company uses to carry out maintenance on its customers’ equipment.

### 3. Environmental and Social Context

RA has operations in every region in Chile, from Arica to Biobío. The maintenance of equipment and machinery under lease agreements is primarily conducted in mobile workshops (85%), while the rest is done in the maintenance workshop located in the Santiago Metropolitan Region. Similarly, the assembly of lead-acid and lithium batteries, as well as the distribution of spare parts from its Distribution Center (“DC”), is also done in the Santiago Metropolitan Region.

The contextual risks associated with its operations in Chile include risks related to: i) employee health due to the COVID-19 pandemic; and ii) social disturbs such as those that took place in 2019, which, despite none being observed at the date of the ESDD in the locations where the Company operates, could still happen again in the future, although this is unlikely.

Maintenance operations<sup>3</sup> in Colombia are performed through mobile workshops and, to a lesser extent, in fixed workshops located in Bogotá and Yumbo (Valle del Cauca). As in Chile, the contextual risks in Colombia relate to the effects of the COVID-19 pandemic and to social disturbs in recent years. This country’s contextual risks also involve drug trafficking. According to the United Nations Office on Drugs and Crime (“UNODC”), Colombia remains the world’s largest cocaine producer (70%),<sup>4</sup> and in the first quarter of this year the highest homicide rate in the country was in the Valle del Cauca Department’s capital (14.4 per 100,000 inhabitants), followed by Cartagena, Barranquilla, Medellín, and Bogotá.<sup>5</sup>

### 4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

#### 4.1 Assessment and Management of Environmental and Social Risks and Impacts

##### 4.1.a E&S Assessment and Management System

The Company has implemented an Occupational Health and Safety Management System (“OHSMS”) in line with the ISO 45001 standard,<sup>6</sup> under the Competitive Companies Program (“CCP”) which is administered by occupational insurance companies “Mutual de Seguridad in Chile” and “Administradora de Riesgos Laborales” (ARL) in Colombia.

To identify and manage service quality risks and impacts, RA has implemented a Quality Management System (“QMS”) with ISO 9001:2015 certification<sup>7</sup> for its operations in Chile and Colombia, which covers the following activities: i) leasing and sale of machinery and equipment; ii) preventive and corrective maintenance of forklifts and cranes; iii) maintenance of batteries and chargers; and vi) battery room administration service.

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<sup>3</sup> In the following departments: Cundinamarca (Bogotá), Valle del Cauca (Cali), Antioquia (Medellín), Costa Atlántica (Barranquilla), and Risaralda (in Colombia’s coffee-producing region).

<sup>4</sup> [https://www.unodc.org/documents/AnnualReport/Annual-Report\\_2018.pdf](https://www.unodc.org/documents/AnnualReport/Annual-Report_2018.pdf)

<sup>5</sup> Cartagena (11.8 per 100,000 inhabitants); Barranquilla (9.6 per 100,000 inhabitants), Medellín (4.6 per 100,000 inhabitants), and Bogotá (3.7 per 100,000 inhabitants).

<sup>6</sup> Certification by the International Organization for Standardization (“ISO”) for occupational health and safety management systems.

<sup>7</sup> ISO certification for the quality management system.

#### 4.1.b Policy

RA Chile has implemented the following policies: i) Quality, Safety, Occupational Health, and Environment; and ii) People Management. RA Colombia has implemented the following policies: i) Occupational Health and Safety Management System; ii) Quality; iii) Workplace Harassment Prevention; and iv) Alcohol, Tobacco, Psychoactive, and Other Substance Use Prevention.

Nevertheless, the Client will develop a corporate Community Health, Safety, and Security Policy.

#### 4.1.c Identification of Risks and Impacts

RA Chile has implemented a Hazard Identification and Risk Assessment (“HIRA”) Procedure and Matrix, which are applicable to all activities associated with the tasks performed in its workshops and in customers’ facilities. Additionally, RA’s personnel have received training from the insurance company (Mutual de Seguridad) on the use of HIRA matrices and accident investigation processes.

RA Colombia has also implemented a HIRA Matrix applicable to all the Company’s areas. Nevertheless, it will develop a formal procedure to identify and assess environmental risks and impacts, which will include their categorization and classification by severity, the corresponding control measures, and the person responsible for the implementation of these measures.

At a corporate level, the Client will also develop: i) an Environmental Risks and Impacts Identification Procedure; ii) a risk management matrix for each of its facilities (maintenance workshop, assembly workshop, paint workshop, repair workshop); and iii) an environmental permit registration and control matrix that allows it to ensure the traceability of its compliance with the obligations established by each permit.

#### 4.1.c.i Gender Risks

As part of its corporate policies, the Client promotes and values diversity, protects personal dignity, and guarantees equal opportunities for all its employees.

RA is launching a program to foster gender equality and promote personal, family, and professional development. RA Chile currently has 366 employees, 42 (11.5%) of whom are women, who all hold administrative positions.

To promote training women in technical areas and ensure the availability of female employees in such areas, the Company has opened conversations with technical training institutes and centers.

RA Colombia currently has 150 employees, 33 (22%) of whom are women. Of its female employees, 23 (70%) hold administrative positions.

Nevertheless, RA will implement a gender risks and impacts matrix based on IDB Invest's<sup>8</sup> Gender Risk Assessment Tool ("GRAT") to prevent and manage gender risks in its operations.

#### 4.1.c.ii Climate Change Exposure

For RA Chile, physical risk is considered to be moderate or medium, as there is a high exposure to the risk of seismic activity. With regard to hazards that may be exacerbated by climate change, there is a moderate exposure to river floods within a 5-km radius of the site. Models show that this could potentially extend to a larger area as climate change progresses, and changes in rainfall patterns may be moderate to high. Additionally, under a high emissions scenario (Representative Concentration Pathway, RCP, 8.5), the number of days of drought in the area may increase by more than 50%. There is also a high degree of water scarcity, considering both historical conditions and an RCP 8.5 climate change scenario.

At RA Colombia, there is a moderate exposure to risks related to seismic activity and forest fires. In terms of hazards that may be exacerbated by climate change, there is a moderate exposure to river floods. This is a relevant factor, considering that Colombia's Pacific region receives the most rainfall in the country, especially during the "La Niña" phenomenon.

Given the Project's characteristics, supply chain vulnerabilities have been identified in both countries, as well as potential damage to equipment due to flooding and possible damage to construction infrastructure caused by earthquakes.

In view of the above, the Project's exposure to climate change-related physical risks is moderate. As such, RA will periodically update: i) its E&S risk matrix, considering climate change risk at a corporate level; and ii) its Emergency Plan, including the most likely natural hazard-related risks for its operations.

#### 4.1.d Management Programs

As part of its OHSMS, the Company has developed procedures, plans, instructions, legal risk matrices, external audit procedures, action plans, training plans, an environmental emergency drill schedule, and operational controls to manage its occupational health and safety ("OHS") risks. It has also implemented environmental management procedures regarding handling hazardous and non-hazardous solid and liquid waste, environmental monitoring plans (emissions, effluents, and noise), and procedures for the maintenance and operation of its industrial wastewater treatment plants in Chile, as it doesn't have an industrial wastewater treatment plant (IWWTP) in Colombia.

The Company has also implemented procedures to manage the operation of its mobile workshops through regulatory compliance and preventive and corrective maintenance programs for each unit.

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<sup>8</sup> The document can be downloaded at the following link: <https://www.idbinvest.org/es/publications/herramienta-de-evaluacion-de-riesgos-de-genero>

#### 4.1.e Organizational Capacity and Competency

RA Chile has an organizational structure that consists of: i) a People Division (“PD”), reporting directly to the Company’s Executive Chairman; ii) a Head of OHS, reporting directly to the PD; and iii) a Quality Supervisor, reporting to the Projects and Internal Control Manager. Nevertheless, RA Chile will appoint a person responsible for the Company’s environmental and social management and performance.

RA Colombia has a Head of People Management (“PM”) and Quality Assurance (“QA”), reporting directly to the CEO, whose team includes an OHSMS Coordinator and a QMS Coordinator. Nevertheless, RA Colombia will appoint a person responsible for the Company’s environmental and social management and performance.

#### 4.1.f Emergency Preparedness and Response

RA Chile has implemented an Emergency Plan applicable to all internal and external personnel that identifies two types of emergency: i) natural emergencies, including seismic activity and floods; and ii) anthropogenic emergencies, including fires, gas leaks, traffic accidents, hazardous material spills, vandalism, assault, occupational accidents, falls from heights, and electricity and water supply outages. Its facilities have alert systems (push buttons); first aid kits (emergency kits, megaphone equipment, spill kits); a sprinkler system located in the reception area; and ABC, BC, and K fire extinguishers. The Company also maintains an updated list of external emergency service contacts, such as: i) hospitals (ambulance); ii) firefighters (main switchboard and local fire department); iii) police; iv) mutual insurance company. RA Chile has created emergency brigades, referred to as emergency monitors, which have received training and conducted annual drills since 2021.

RA Colombia has implemented an Emergency Control Management Policy and an Emergency Plan for its plants in Yumbo and Bogotá, which are in line with current regulations and are applicable to all facilities and employees in all of its business lines and areas. It also has the following emergency equipment: i) fire extinguishers; ii) stretchers; iii) fire cabinets; iv) first aid kits; v) emergency showers; vi) fire push buttons; vii) spill kits; and viii) megaphones.

RA Colombia has a valid Fire Department permit for its facilities in Yumbo and Bogotá and has created emergency brigades that receive training on firefighting and first aid. The Company routinely carries out drills (earthquakes and hazardous material spills), in coordination with the ARL.

#### 4.1.g Monitoring and Review

RA is regulated and controlled by various government agencies in each of the countries where it operates and is subject to frequent inspections by them, primarily with regard to occupational health and safety issues. As such, to verify compliance with its OHSMS, the Company is subject to annual external audits by Mutual de Seguridad and the ARL in Chile and Colombia, respectively. RA Chile has also implemented an annual internal audit program to assess the modules included in the OHSMS developed under the CCP program.

The Company has formulated Legal Compliance Matrices that include a breakdown of environmental, OHS, and labor requirements, which allow it to monitor mandatory activities in these areas.

In addition to the above, the Client will develop a procedure to monitor and assess the implementation of its ESMS, measure its effectiveness, and ensure compliance with all legal and contractual requirements. This procedure will include: i) a key performance indicator (“KPI”) compliance matrix; ii) a list of the people responsible for complying or ensuring compliance with requirements; iii) the method for recording information to assess ESMS performance; iv) the method for documenting the results of the process; v) a list of the corresponding corrective and preventive actions; and v) the requirements, frequency, and forms for reporting to the Company’s senior management.

#### 4.1.h Stakeholder Engagement

RA has developed a stakeholder map<sup>9</sup> to identify external stakeholders that may be affected by or have an impact on its operations, either directly or indirectly. The Company has also prepared matrices to define each group according to their needs, expectations, impact on the QMS, and corresponding monitoring mechanisms.

#### 4.1.i External Communication and Grievance Mechanisms

RA has implemented a Grievance, Query, Acknowledgment, Complaint, and Proposal Channel for customers, suppliers, competitors, and community members, which guarantees confidentiality, transparency, ease of access, and anonymity of the grievances, queries, or requests made through this channel. The channel can be accessed through the Company’s website<sup>10</sup> or via email<sup>11</sup>. It also has a permanent customer service contact center<sup>12</sup> (for leases, sales, and technical support), and it routinely issues press releases to its stakeholders via both email and its website.

RA Colombia has implemented a Grievance and Complaint Procedure for its customers, which uses the following channels to receive questions, grievances, complaints, and requests (“QGCRs”): i) in-person; ii) written; iii) telephone; iv) email; and v) website.<sup>13</sup> QGCRs are sent to the corresponding departments, which must reply to the customer in writing or via telephone or email no later than 15 days from the time of reception. In order to identify the processes that are the most frequent subject of grievances and implement the necessary corrective actions, the Company produces a monthly overview of the QGCRs received. Nevertheless, RA Colombia must adapt its grievance mechanism (website) in order to receive environmental or social grievances associated with its operations.

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<sup>9</sup> Customers, strategic suppliers, suppliers, contractors, shareholders, regulatory agencies (Quilicura Municipality, Regional Ministerial Departments (SEREMIs), Labor Inspection Department, mutual insurance company), the community, employees, financial institutions, strategic partners (related companies, customs officials), competitors.

<sup>10</sup> [www.RAteescucha.cl](http://www.RAteescucha.cl)

<sup>11</sup> [RAteescucha@royalamerica.com](mailto:RAteescucha@royalamerica.com)

<sup>12</sup> <https://royalamerica.com/cl/home>

<sup>13</sup> <https://royalamerica.com/co/quejas-y-reclamos>

## 4.2 Labor and Working Conditions

### 4.2.a Working Conditions and Management of Worker Relationships

RA Chile and Colombia have implemented Internal Order, Hygiene, and Safety Regulations (“IOHSR”) and Internal Labor Regulations (“ILR”), respectively, which are in force and have been submitted to the corresponding departments for legal validation. These documents, which are in line with the labor regulations in force in both countries, establish provisions related to: i) employment contract and termination conditions; ii) working hours, standard working day, and overtime; iii) sick leave and permits; iv) information, requests, and complaints; v) remuneration and the right to equal pay; vi) equal opportunities for employees with disabilities; vii) discrimination prevention measures; viii) definition, investigation, protection measures, and penalties associated with workplace and sexual harassment; and ix) penalties and fines.

RA Chile has implemented an Annual Training Plan that is prepared with input from employees, managers, and the Company’s various teams. This plan contains general<sup>14</sup> and specific<sup>15</sup> training requirements by area and position. It should be noted that the specific training for personnel who operate the mobile workshops includes defensive driving certifications provided by Mutual de Seguridad. To date, 74% of these employees have this certification.

RA Colombia has also implemented a Training Plan focused on key OHS, environmental, and operational issues, including virtual and in-person courses provided by Company personnel and external experts. It should be noted that, as traffic accidents are one of the Company’s main risks, employees receive specific training on: i) driving vehicles; ii) safe driving of motorcycles; iii) care for more vulnerable users; iv) mobility habits; v) awareness processes; vi) safe vehicles; and vii) internal and public roads.

#### 4.2.a.i Human Resources Policies and Procedures

RA has implemented a People Management Policy (“PMP”) primarily based on regulatory compliance, specified corporate conduct, occupational health and safety, and best human resources practices. The policy focuses on: i) culture; ii) inclusion and diversity; iii) wellbeing, health, and safety; iv) work environment; v) competency-based management; vi) talent management; vii) performance; viii) remuneration; ix) training; and x) internal efficiency.

The PMP is available on RA’s Employee Portal<sup>16</sup> and has been disseminated to all the Company’s employees via their corporate email.

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<sup>14</sup> Company knowledge; health and quality of life; and core competencies.

<sup>15</sup> Office technology; planning and management; leadership; and English.

<sup>16</sup> <https://portalgp.royalamerica.com/#/>  
<https://app.rankmi.com/#/login?e=cm95YWwtYW1lcmljYQ%3D%3D>

#### 4.2.a.ii Working Conditions and Terms of Employment

The Client complies with Chilean and Colombian labor regulations (laws, treaties, and international conventions ratified by these countries).

#### 4.2.a.iii Workers' Organizations

As required by Chilean and Colombian legislation, RA ensures the freedom of association of its employees and the right to collective bargaining. Nevertheless, the Company has not identified any workers' union in either country to date.

#### 4.2.a.iv Non-discrimination and Equal Opportunity

Through its IOHSR and ILR, RA confirms its commitment to preventing discrimination, the right to equal opportunities, and workplace inclusion of people with disabilities, as required by the regulations in force.<sup>17</sup> To achieve this, it has adopted measures aimed at preventing or compensating for the disadvantages faced by people with disabilities, adjusting their physical, social, and attitudinal environment as required by the person's individual challenges. Similarly, the Company complies with the obligation established by Chilean regulations<sup>18</sup> to employ a number of persons with disabilities (or who receive a disability pension under any social security regime) equivalent to 1% of its total employees.

#### 4.2.a.v Grievance Mechanism

As part of its corporate integrity program, RA Chile has implemented the "RAteEscucha" ["RAListensToYou"] grievance channel, which is based on the following: i) corporate governance; ii) code of conduct; iii) regulatory framework; iv) query and grievance systems; and v) training and dissemination. The channels to receive grievances include: i) email;<sup>19</sup> ii) telephone; iii) written communication; and iv) RA web form.<sup>20</sup>

Grievances and complaints may be reported to: i) the PM Deputy Management; ii) direct supervisors; iii) the Ethics Committee; or iv) the compliance area supervisor. All grievances are resolved in no more than 30 days, after which the person responsible for the investigation provides a response to the complainant via the same channel used to inform the grievance. The response is also submitted to the Company's Ethics Committee for their knowledge and, depending on the specific case, may be ratified by RA's CEO or Board of Directors.

Despite the fact that RA Colombia has implemented Instructions for Processing Workplace Harassment Complaints, including the respective form, employees can also submit complaints via

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<sup>17</sup> Chile: Law No. 20,422, which establishes the Regulations on Equal Opportunities and Social Inclusion of People with Disabilities.

<sup>18</sup> Law No. 21,015, which states that companies with one hundred or more employees must hire or maintain, as applicable, a number of people with disabilities or who receive a disability pension under any social security regime equivalent to at least 1% of their total personnel.

<sup>19</sup> [RAteescucha@royalamerica.com](mailto:RAteescucha@royalamerica.com)

<sup>20</sup> [www.RAteescucha.cl](http://www.RAteescucha.cl)



the Company's Intranet, Microsoft Office forms,<sup>21</sup> or a mobile app. Complaints submitted by employees are assessed by the Work Environment Committee, which is formed by employer and employee representatives. This committee has the following objectives: i) to promote a good work environment; ii) to foster positive relations between Company employees; and iii) to safeguard the dignity and integrity of employees at work.

In addition to the above, in Colombia, the Client will develop an internal grievance procedure that will explicitly determine: i) how and via what channels complaints can be received; ii) how they will be assessed; iii) how responses will be provided and followed up on; iv) how the mechanism will be assessed and improved; and v) how the mechanism will be communicated and disseminated. The mechanism will also include the possibility of analyzing anonymous grievances and will guarantee the confidentiality of the process.

#### 4.2.b Protecting the Workforce

As required by the regulations in force in Chile and Colombia (including ILO Convention 105 which, having been ratified, is now part of both countries' national legislation), RA prohibits child labor, except for minors aged 15 to 18, who are only allowed work with written authorization from their parents or legal guardians. Legislation in both countries also prohibits forced or unpaid labor, as well as discrimination of employees based on race, skin color, gender or sexual orientation, descent, marital status, religion, political affiliation, or nationality, among others.

The due diligence did not reveal any child labor or forced labor in the Company in either of the two countries.

#### 4.2.c Occupational Health and Safety

RA Chile conducts its OHS management with technical support and monitoring by "Mutual de Seguridad" and under the CCP. As such, since 2020, the Company has had: i) an Occupational Health and Safety Executive Committee, comprised by the Company's senior management; and ii) an OHS Department and a Joint Health and Safety Committee. Internal audits are conducted, and area supervisors and coordinators are empowered to ensure the health and safety of their employees.

RA's OHSMS is made up of the following modules: i) executive committee; ii) HIRA and occupational health; iii) legal requirements and documented information; iv) joint committee; v) supervisor management; vi) competency-based training; vii) emergency and disaster plan; viii) internal audits; and ix) accident, incident, and occupational disease management. The Company has also implemented an OHS Plan whose objectives include: i) reducing the accident rate; ii) standardizing OHS management; iii) implementing integrated software for safety, wellbeing, and sustainability; and iv) implementing a culture of prevention.

The IOHSR also includes provisions, standards, and instructions regarding prevention, hygiene, and safety and is provided to all new employees.

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<sup>21</sup> <https://forms.office.com/r/hrpmLLmzQ8>

The assessment of occupational risk factors is carried out in accordance with the HIRA Matrix and includes: i) work at heights test; and ii) hearing test.<sup>22</sup> Based on these results, periodic check-ups (annual or more frequently, based on medical criteria) are specified, including the following medical exams: i) pre-occupational exams; ii) periodic general check-up; iii) periodic specific exams (work at heights, alcohol and drugs, psychometric); iv) upon employment termination; v) upon changing position; and vi) upon labor reinsertion.

As required by the legislation in force, RA Colombia is affiliated with an ARL and implements its Occupational Health and Safety Management System (“OHSMS”). In 2022, the Company applied the self-assessment “diagnostic” tool<sup>23</sup> on minimum OHS requirements and obtained the maximum possible score. The Company has also implemented a Hygiene and Safety Regulation that has been approved by the competent authority, which, in addition to being provided to new employees, is also displayed at its work sites. The ILR establishes guidelines regarding medical services, which are managed by the ARLs. Medical services are provided by Health Service Providers (“HSPs”).

As required by current regulations, RA Colombia has: i) created a Joint OHS Committee (“JOHSC”) that actively participates in OHSMS compliance; ii) implemented a Road Safety Committee;<sup>24</sup> and iii) appointed a person responsible for compliance with the Strategic Road Safety Plan (“SRSP”).

#### 4.2.d Provisions for People with Disabilities

As required by the Chilean regulations in force, provisions on the prevention of discrimination and harassment of people with disabilities are included in the IOHSR. These include: i) the adaptation of the physical and social environment to facilitate accessibility and participation; ii) measures and adjustments to guarantee the right to equal opportunities for employees; iii) hiring a number of people with disabilities equivalent to at least 1% of total employees; and iv) qualifications and certifications required by law<sup>25</sup> with regard to regulations on equal opportunity and social inclusion of people with disabilities.

In Colombia, the ILR establishes the prohibition of physical or verbal discrimination against people with disabilities.

#### 4.2.e Workers Engaged by Third Parties

RA Chile has implemented Special Regulations for Contractors or Subcontractors, through which it is jointly and severally liable for its contractors’ obligations concerning occupational risk prevention for their employees. This regulation sets forth the obligation and responsibility of the contractor and its subcontractors to comply with the law and RA’s internal guidelines on safety and industrial hygiene during the execution of works or the rendering of services contracted by the Company.

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<sup>22</sup> Occupational noise monitoring program, under the Occupational Exposure to Noise Protocol (PREXOR, according to its Spanish acronym) developed by Chile’s Ministry of Health (“MINSAL”).

<sup>23</sup> Resolution 0312 of 2019 establishes the minimum standards for the OHS Management System.

<sup>24</sup> Resolution 1565 2014, methodological guidelines for producing the Strategic Road Safety Plan.

<sup>25</sup> Law No. 20,422, which establishes the Regulations on Equal Opportunities and Social Inclusion of People with Disabilities.

RA Colombia has prepared a document titled “Guidelines for Contractors”, which mandates contractors and subcontractors to comply with legal and technical OHS and labor requirements.

#### 4.2.f Supply Chain

CROWN,<sup>26</sup> RA’s main supplier, has implemented a Child Labor Policy, a Code of Conduct,<sup>27</sup> and a Supplier Code of Conduct<sup>28</sup> that prohibit child labor and forced labor throughout its value chain. Similarly, it has adopted and reaffirmed its commitment to equal opportunities for its employees and a work environment free of harassment, discrimination, retaliation, unprofessional conduct, or disrespectful behavior based on religion, race, stereotypes, creed, color, gender, origin, ancestors, mental or physical disability, medical conditions, and sexual orientation, among others.

RA Colombia has implemented a Supplier Selection and Assessment Procedure that establishes compliance with labor regulations—such as the payment of social security contributions and implementation of the OHSMS certified by the ARL—as part of the assessment requirements.

### 4.3 Resource Efficiency and Pollution Prevention

#### 4.3.a Resource Efficiency

The equipment and machinery leased or sold by RA: i) is electric, which reduces the generation of CO<sub>2</sub> emissions; ii) has a longer useful life compared to internal combustion equipment; and iii) has low maintenance costs, due to its relative simplicity compared to equipment powered by fossil fuels.

Additionally, the Company recycles lead-acid batteries, and is starting the lithium battery recycling process.

#### 4.3.a.i Greenhouse Gases

As its core business is the leasing and sale of electric machinery and equipment, the Company does not generate much greenhouse gas (“GHG”) emissions or particulate matter (PM<sub>2.5</sub>, PM<sub>10</sub>). However, its GHG emissions relate to: i) the use of vehicles powered by fossil fuels, which are used as mobile workshops for equipment maintenance at its customers’ facilities; ii) fossil fuel use in its boiler; iii) the industrial wastewater treatment plant.

Recently, RA Chile has been required to recycle lithium batteries, as they are reaching the end of their useful life (5-7 years). To do this, it is negotiating a recycling contract with a specialized company in this area. It will also proceed to recycle lead-acid batteries.

To date, the Company does not measure its carbon footprint. Hence, it will implement a comprehensive GHG management program, which will: i) include a GHG emissions inventory for all

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<sup>26</sup> <https://www.crown.com/es-la/sustainability.html>

<sup>27</sup> <https://www.crown.com/content/dam/crown/pdfs/es-lat/brochures/c%C3%B3digo-de-conducta.pdf>

<sup>28</sup> <https://www.crown.com/content/dam/crown/pdfs/es-lat/legal/Supplier-Code-of-Conduct-OF20455-034.pdf>

its operations, including maintenance, battery assembly, paint, and mobile workshops; and ii) maintain an updated record of GHG emissions.

#### 4.3.a.ii Water Consumption

The water supply, both for consumption and operations, is provided by the public network. For this purpose, the Company holds the corresponding valid permits from the water supplier in each country.

#### 4.3.b Pollution Prevention

At its maintenance, battery assembly, repair, and paint workshops, RA Chile has implemented an IWWTP that includes the following processes: i) pre-treatment (bar screening); ii) primary sedimentation; and iii) light liquids separators. To determine its compliance with the regulations in force,<sup>29</sup> the plant is monitored on a monthly basis by laboratories accredited by the Superintendency of Sanitary Services' ("SISS"). The results of this monitoring are reported to the SISS.

The IWWTP also has an annual maintenance plan, which includes preventive and corrective maintenance performed by a specialized external company.

In order to comply with discharge parameters,<sup>30</sup> domestic wastewater is treated in degreasing tanks before entering the public sewage system.

The emissions generated by the boiler are monitored annually by the Technical Environmental Inspection Company ("TEIC") appointed by the Superintendency of Environment. This process measures the concentrations of particulate matter (PM<sub>2.5</sub>, PM<sub>10</sub>) and combustion gases (SO<sub>2</sub>, NO<sub>x</sub>, CO). To date, no breach of the maximum permissible limits under the parameters of local regulations has been identified.

Nevertheless, the Company will verify for all its operations in Chile and Colombia that emissions (air and noise) and discharge (industrial effluents) comply with the limits established in the IFC and World Bank Environmental, Health, and Safety General Guidelines.<sup>31</sup>

At RA Colombia, domestic wastewater is discharged to the public sewage system. Water originating from maintenance workshops (Yumbo and Bogotá) is subject to prior treatment through grease traps (managed by the administration of the industrial park where they are located) before being discharged to the public sewage system.

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<sup>29</sup> SD MOP N°609/98 Emissions Standard for the Regulation of Pollutants Associated with Liquid Industrial Waste Discharge to Sewage Systems. Table No 4.

<sup>30</sup> SD MOP N° 609/98.

<sup>31</sup> Environmental, Health, and Safety General Guidelines.

#### 4.3.b.i Waste

To comply with current regulations<sup>32</sup> and ensure proper waste classification, RA Chile has implemented an Integrated Waste Management Procedure applicable to all direct and third-party operations in its customers' distribution centers. The non-hazardous waste generated includes: packaging, plastic, cardboard, organic waste, white paper, tissue paper, and paper towels, among others, from the cafeteria, administrative offices, bathrooms, and locker rooms.

Non-hazardous waste is declared through the National Waste Declaration System<sup>33</sup> ("NWDS") and registered in the Pollutant Release Transfer Register ("PRTR") platform<sup>34</sup> upon its transport to the final disposal site.

RA Chile contracts food services for its personnel from an external company and applies a procedure to classify organic and recyclable waste at the source (temporarily disposed of in containers). This waste is transported and disposed of in municipal systems and is also declared in the NWDS through the corresponding PRTR platform.

Hazardous waste generated in equipment maintenance and battery workshops, the repair workshop, and the paint workshop primarily includes: hoses contaminated with hydrocarbons, used solvents and degreasers, empty packaging, contaminated cloths and wipes, and metal shavings and scraps. The Company uses the PRTR platform in the Ministry of Health's Hazardous Waste Declaration and Monitoring System ("HWDMS")<sup>35</sup> to declare the amount and type of waste generated and to ensure traceability from its origin until its final disposal.

RA Chile transports and manages the treatment and final disposal of hazardous liquid and solid waste through companies authorized by the Regional Ministerial Department of Health ("SEREMI of Health").

RA Colombia has implemented an Integrated Waste Management Procedure in line with current regulations<sup>36</sup> and applicable to all of the Company's operational and administrative facilities. RA Colombia is registered with the Institute of Hydrology, Meteorology, and Environmental Studies ("IDEAM"), which, through its platform, annually records all the Company's actions involving integrated waste management and the purchase of supplies .

The non-hazardous waste generated includes organic waste, paper, cardboard, and plastics, among others. This waste is collected internally by the Company's cleaning personnel, who store it in

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<sup>32</sup> Supreme Decree No. 148, Health Regulations on Hazardous Waste Management; and Supreme Decree No. 594, Regulations on Basic Health and Environmental Conditions in the Workplace.

<sup>33</sup> [https://portalvu.mma.gob.cl/sinader/#:~:text=El%20Sistema%20Nacional%20de%20Declaraci%C3%B3n,el%20Reglamento%20del%20RET%20\(Art](https://portalvu.mma.gob.cl/sinader/#:~:text=El%20Sistema%20Nacional%20de%20Declaraci%C3%B3n,el%20Reglamento%20del%20RET%20(Art)

<sup>34</sup> <http://www.retc.cl/>

<sup>35</sup> <https://sidrep.minsal.cl/>

<sup>36</sup> Decree 1,076 of 2015, Unified Regulatory Decree for the Environment and Sustainable Development.

temporary collection points in the industrial complexes for subsequent transportation and final disposal<sup>37</sup> in the local landfill<sup>38</sup> by the municipality.

The hazardous liquid and solid waste generated in RA Colombia's Operations Plant includes waste from electrical and electronic devices, contaminated fiber packaging, used lubricants and other fluids, contaminated packaging, paint, contaminated personal protective equipment, aerosols, contaminated cloths, and tires. The treatment and final disposal of this waste is performed by an external company, which holds environmental permits granted by the corresponding authority.

#### 4.3.b.ii Hazardous Materials Management

The Client handles a certain amount of hazardous waste (fossil fuels, lubricants, solvents, and paint, among others) during its maintenance and battery assembly activities. It is stored in warehouses with abundant ventilation and safety systems for emergency containment in the area, as well to prevent access by unauthorized persons.

#### 4.3.b.iii Pesticide Use and Management

At a corporate level, RA will ensure that the products used for integrated pest control ("IPC") or integrated vector control ("IVC")<sup>39</sup> in its facilities are not classified as "Ia" (extremely hazardous) or "Ib" (highly hazardous) in the World Health Organization's ("WHO") Recommended Classification of Pesticides by Hazard. Class "II" (moderately hazardous) pesticides may be used provided that the appropriate controls for the use of these chemical substances are established, in addition to access control of personnel who lack adequate training, equipment, and facilities to correctly handle, store, apply, and dispose of these products.

### 4.4 Community Health, Safety and Security

#### 4.4.a Community Health and Safety

During the COVID-19 pandemic, the Company's activities did not exacerbate the risk of disease exposure in the community. To prevent transmission of the virus, RA Chile and Colombia implemented COVID-19 Occupational Health Protocols for Gradual and Safe Return to Work in all their operations, as required by regulations.<sup>40</sup> This involved adopting the following control measures: i) teleworking; ii) risk control of people with symptoms or who test positive; iii) redistribution of spaces, workdays, and deferred shifts; iv) mandatory cleaning, disinfection, and personal hygiene; and vi) provision of masks, face shields, and aprons.

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<sup>37</sup> Public municipal cleaning company, Servigenerales S.A. E.S.P.

<sup>38</sup> Presidente Landfill in the Buga Municipality, Valle del Cauca.

<sup>39</sup> Workshop yard, battery warehouse, office, temporary waste storage area.

<sup>40</sup> Chile: Law No. 21,342 establishes the Occupational Health Protocol for Gradual and Safe Return to Work, following the health emergency declared due to COVID-19 in the country.

#### 4.4.b Security Personnel

RA Chile has entered into a physical security contract that includes procedures and instructions on maintaining a safe working environment for its personnel. The primary goal of these procedures is to safeguard the integrity of people and facilities, without direct involvement. The contractor has signed an explicit declaration regarding respect for human rights, proportional use of force, and compliance with international best practices, in keeping with the United Nations Voluntary Principles on Security and Human Rights. As such: i) it does not hire people who have been implicated in human rights abuses; ii) has investigation and reporting protocols in place in the event of incidents involving the use of physical force; iii) it applies best international practices, including the United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials and the Code of Conduct; and iv) it applies best practices developed by police forces.

RA Colombia does not have in-house security personnel, as it is located within a business park, and physical security services are provided by the park's administration.

### **5. Local Access of Project Documentation**

The documentation relating to the Project can be accessed at the following links:

- <https://royalamerica.com/cl/home>
- <https://royalamerica.com/co/home-co>