

Environmental and Social Review Summary (ESRS) Virú TSFC Loan – 13487-02- PERU

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

The proposed transaction consists of a committed revolving working capital facility for Virú S.A. (“Virú” or the “Company”), a leading agro-industrial export company comprised of a Peruvian-owned investment complex that began production and export operations in 1994. The purpose of this transaction is to meet the artichoke business's working capital needs for growth and sustainability, under conditions—especially regarding terms—aligned with the cash conversion cycle of the artichoke crop.

IDB Invest conducted the virtual environmental and social (E&S) due diligence for the Project from October 4–8, 2021. E&S, occupational health and safety (OHS), and labor information such as procedures, policies, reports, audits, licenses, and other internal documents of Virú were reviewed and meetings with company personnel were held.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according with BID Invest’s Environmental and Social Sustainability Policy as it may generate medium-high intensity impacts and risks related to the following aspects: large workforce, effluents, use of pesticides, fertilizers and industrial chemicals, agricultural and industrial waste, local water resources, biodiversity, and cultural sites.

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; iv) PS4: Community Health, Safety, and Security; vi) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and viii) PS8: Cultural Heritage. PS5: Land Acquisition and Involuntary Resettlement and PS7: Indigenous Peoples are not applicable. Should these PSs be applicable, Virú will immediately inform IDB Invest.

3. Environmental and Social Context

3.1 General Characteristics of the Project’s site

Located in the Peruvian agricultural area, it has more than 13,000 hectares of land, both owned and leased. Its productive activity takes place in nine (9) facilities. To the north, in Virú and Piura; to the northeast, in Tarapoto; and to the south, in Chincha. The main agroindustrial complex is located in the Province of Virú, in the Region of La Libertad, where there are two processing facilities for processed food, sauces, frozen and dehydrated products, and fresh fruits and vegetables. White asparagus, green asparagus, avocados, blueberries, and peppers are grown in the surrounding area. In the Province of Chincha in the Ica Region, there is a processing facility for preserved food, a quinoa processing facility, a fresh vegetable packing facility, and artichoke plantations. Finally, in the Province of Sullana, Piura Region, there is a processing facility for preserved food.

Most of the land for artichoke farming is in Chincha. Virú manages part of the crop, while approximately 30% is managed by third parties. Virú manages leased properties averaging 4 hectares. The third parties are farmers who cultivate their own land, with the Company providing seed, technical advisory (cultivation), inputs and fertilizers. The company promotes supplier partnerships to facilitate Fair Trade certifications. There are no purchase contracts with third-party suppliers. For artichoke production, 1,500 employees work in the field and 2,000 in the plant.

3.2 Contextual Risks

The main climate risk faced by Virú is the El Niño/La Niña phenomenon, which could affect the productivity of some crops due to the increase in temperature and rainfall. There is a risk of a decrease in aquifers and hydrological flows that feed the irrigation system of the Chavimochic Special Project, especially the flows coming from the Andean glaciers, which could decrease in the long term due to climate change-related extreme phenomena. The Company, however, has developed precise strategies to address these risks, including optimizing the use of resources, ongoing improvement of processes and technologies, and weekly review of agricultural projections that feed into production and shipping schedules, as well as cost structures to determine their impact on sales prices.

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

Virú has an Integrated Management System (IMS) that includes the Environmental Management System (based on ISO 14001: 2015), Occupational Health and Safety management (based on ISO 45001: 2018), Supply Chain Security management, and Social Issues management based on SA 8000.

This IMS is continually reviewed and improved and has internal resources available for its implementation. It is audited externally by an independent certifying body and internally to verify the degree of compliance and conformity of the agribusiness processes. The IMS has been implemented in the processing facilities. The agricultural fields in Virú and Chincha are audited according to Sedex Members Ethical Trade Audit (SMETA) management systems.

Virú has prepared an Environmental Impact Study (EIS) for the processing facility for processed food and an Environmental Declaration of Ongoing Activities (EDO) for the processing facility for frozen food in La Libertad; an EDO for the processing facility for quinoa and an Environmental Management Adequacy Program (EMAP) for the processing facility for processed food in Chincha, and an EMAP for the NorAgro plant in Sullana. All of the industrial sites have the corresponding environmental authorizations; however, the agricultural fields are still in the process of being certified. The Company has obtained the CAAR for the Virú - La Libertad agricultural field. Internal personnel from the logistics are in charge of verifying that third parties have their respective CAARs, when applicable. Virú will follow up on the pending certifications processed before the environmental authority and inform IDB Invest when they are approved.

4.1.b Policy

Virú has established an Integrated Management Policy that includes its commitments to ensuring sustainability and maintaining and continuously improving the safety and health management of its employees, its environmental management inside and outside the facilities, quality management, safety, legality, food security, processes, and social management with regard to stakeholders. The policy is disseminated to all employees and is available to suppliers, contractors, and the general public. It is periodically reviewed by senior management.

The company has also established a Corporate Social Responsibility (CSR) Policy focused on ensuring adequate working conditions for its employees and its supply chain, adhering to various national and international certifications and standards.

Virú has Security Agreements in the International Trade Logistics Chain to ensure that the processes and procedures of its business partners comply with the requirements to implement, maintain and improve management operations aimed at preventing, securing and recognizing threats in the international trade logistics chain, including customs, security, and transportation services, among others.

4.1.c Identification of Risks and Impacts

The company has identified in detail the environmental risks and impacts in fruit and vegetable processing and in the field. Virú will update the biodiversity risk analysis at all locations where it operates and will include in its risk and impact analysis those caused by climate change and natural disasters.

Gender Risks

Virú does not allow any discriminatory treatment or violence against women. 53% of the company's employees are women and the promotion of equity is a constant at the corporate level. Management consists of 17% women and 83% men.

The Company offers special services for women, such as the creation of the "Mi pequeño Virú" daycare center to care for the children of single mothers while they work. It also promotes skills and competencies in women to perform tasks generally associated with men, promoting equal opportunities among employees.

Virú prevents and punishes sexual harassment against any employee, through a procedure that ensures a discreet, confidential, impartial, effective, and prompt investigation, and at the same time allows the harasser to be punished and the harassed to be protected, respecting due process and the corresponding regulations in force. Smooth communication and the opportunity to express oneself freely through personalized or anonymous communications, as well as ongoing training and exemplary sanctions, promote its harassment- and abuse-free work status. Virú will sign the statement of support for the Women's Empowerment Principles (WEP) and complete the WEP gender equality measurement tool.

Climate Change Exposure

The Virú sites are located in areas with high seismic potential, high risk of rainfall changes and flooding by the end of the century, and moderate risk of drought. Likewise, sufficient evidence has

been found to affirm that tsunamis would not affect the Company's locations because the lands are located in elevated areas far from the coast, except for the properties in Chincha - Tambo de Mora, where exposure is high. Earthquakes would not significantly affect agricultural land but would affect the industrial and office areas.

Torrential rains related to the El Niño phenomenon could produce flooding that would mainly affect the industrial zone, which would be minimized by the use of existing pumps for the extraction of excess water. There is an evacuation protocol in place, appropriate equipment, and frequent drills have been carried out for each case.

The agricultural sector in Peru is responsible for 27% of the country's greenhouse gas (GHG) emissions; however, according to data provided by the Company, the carbon footprint associated with direct emissions is not significant, considering the parameters established in the IDB Invest Environmental and Social Policy Framework.

IDB Invest will support Virú with technical assistance to optimize water management, specifically by developing feasibility studies to increase irrigation system resilience.

4.1.d Management Programs

At the corporate level, Virú has numerous procedures, manuals, protocols, guidelines and programs for human resources, occupational health and safety, logistics, and field assurance.

Virú is committed to the Sustainable Development Goals (SDGs), assuming them as its objectives and adapting them to its sustainability model.

4.1.e Organizational Capacity and Competency

The team responsible for the IMS is adequately sized and consists of: A corporate IMS Committee, whose chairmanship is held by the Company's Human Capital and Corporate Affairs Manager; an Assistant Human Capital Manager, a Head of Integrated Management Systems, a corporate Head of Occupational Health and Safety, a Head of Human Resources at each unit, and a Health and Safety Coordinator at each site.

4.1.f Emergency Preparedness and Response

Due to its geographic location, its activities, and its working population, Virú has implemented a Contingency and Crisis Management Plan that is part of the IMS. This plan includes a risk and vulnerability assessment, establishing mitigation and management measures according to the severity of each case and prioritizing responses to emergencies (explosions, machinery and vehicle accidents, fires, hazardous chemical and fuel spills, earthquakes, floods, torrential rains, etc.) in its operations and the surrounding communities, as well as crisis situations, i.e. when there are significant consequences that may result in events beyond the scope of normal operations.

This plan is based on the identification of hazardous areas and risk situations and includes emergency management and response teams, a communications system, and specific action plans to deal with events. Management of this Plan is the responsibility of the Company's Human Capital and Corporate Affairs Manager.

Virú has formed an Emergency and Crisis Committee that follows national and international requirements in accordance with ISO 14001, OHSAS 18001 and ISO 45001 environmental management standards that include all of the Company's agricultural and industrial operations and its supply chain, as well as local and regional authorities. Drills are held at different locations. The Plan has been disseminated to collaborators, contractors, and to the authorities of nearby localities and regional authorities in their capacity as participants of the Plan.

4.1.g Monitoring and Review

Virú has developed an Improvement Monitoring and Measurement Control Procedure that defines the guidelines for periodic monitoring, measurement and follow-up of IMS performance. It is applicable to all of the organization's processes and activities, and considers environmental, social, occupational health and safety, and supply chain aspects.

The certifying bodies of all its environmental, social, supply chain, CSR and civil defense certifications perform periodic audits and evaluations. It also conducts internal audits of the IMS to ensure compliance and identify new risks.

Virú has defined corporate-level Key Performance Indicators (KPIs) including financial, internal process, customer, innovation and learning, internal social, external social, environmental, and competitor aspects.

4.1.h Stakeholder Engagement

Virú has conducted a detailed stakeholder mapping that considers: customers, suppliers and contractors, community, government agencies, shareholders, employees, and the media.

Disclosure of Information

Virú maintains regular communication with representatives of the population's stakeholder groups, mainly with authorities, representatives of educational and health institutions, public safety, and mothers' clubs in nearby towns.

Informed Consultation and Participation

The respective consultations with neighboring populations were carried out as part of the processes for obtaining the Environmental Statements of Activities in Progress for each of the facilities, in compliance with national regulations. However, the use of funds from this financing does not require additional consultations.

Indigenous Peoples

No communal, indigenous or socially vulnerable population lands are affected.

4.1.i External Communication and Grievance Mechanisms

External Communication

Virú has established an Internal and External Consultation and Communications Procedure to receive concerns and complaints from employees, customers, suppliers and stakeholders about the company's environmental and social performance and to facilitate their resolution. Specific responsible parties have been defined for the reception and response.

Grievance Mechanisms for Affected Communities

The company has also established a Grievance, Complaints, Suggestions and Petitions Procedure for employees and stakeholders. This procedure is communicated internally as soon as any employee is hired and allows for receiving and responding to anonymous complaints. There are several methods available for raising grievances, which are shared periodically and communicated continuously through meetings with the communities.

Provisions for addressing vulnerable groups' grievances

For each production expansion, Virú assesses the potential impacts and risks of the Project that may affect communities and, together with the stakeholders, develops possible solutions.

Virú has supported the local population in obtaining legal titles by registering in the land registry, supporting schools, sponsoring students, providing medical facilities and water pipelines.

Ongoing Reporting to Affected Communities

Virú publishes an annual Environmental Sustainability Report and plans to start reporting according to the best international standards in the short term. Senior Management decides whom to share the Report with and offers presentations to clients and auditors. IDB Invest will support Virú in its disclosure and transparency practices relating to sustainability.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

The company currently employs 8,561 permanent employees and will increase the number with temporary employees to 12,500 between September and December. More than half of its personnel (58%) work in La Libertad and a quarter of its personnel in Chincha, the rest are distributed among the other regions.

Virú has received several national and international accolades in recent years for providing good working conditions and its commitment to CSR. These include *Great Place to Work*, and ABE's (Association of Good Employers) Entrepreneur and Leader of Change.

Human Resources Policies and Procedures

The Company has a Personnel Manual that defines how processes related to human resource management are carried out, including staff recruitment and selection, hiring and onboarding, induction and insertion, evaluation and development, training and education, and termination of employment. It also has a Code of Ethics and Conduct that is communicated through the organization's communication channels: talks, newspapers, murals, e-mails, and web page. The Internal Audit area is responsible for supervising and monitoring compliance with the Code, and the Company has an Ethics Hotline, which is completely confidential.

Working Conditions and Terms of Employment

Virú complies with the International Labour Organization's (ILO) core labor standards and fundamental principles and rights at work, such as working hours, wages, minimum working age, and occupational health and safety requirements. The Company's salaries exceed local minimum wages for skilled and unskilled labor, and salaries are transferred to employees' bank accounts on a weekly basis. Virú pays social security contributions, including contributions to pension funds and

to a training fund for industrial employees. Age verification procedures are sufficiently robust to ensure compliance. A similar approach is followed with suppliers during spot and systematic checks.

Virú offers training to all its employees and provides free transportation, medical centers, childcare, cafeteria, and products at reduced prices. Virú employs local labor and therefore does not offer housing services to its employees.

Workers' Organizations

As part of its CSR Policy, Virú respects the creation of unions and the free association and collective bargaining of all its employees. The rights acquired by persons who are members of associations are respected. Virú does not have a union but has Labor Affairs Committees that comply with the Human Rights Principles on freedom of association.

Non-discrimination and Equal Opportunity

Virú does not tolerate discriminatory practices based on race, sex, religion, political affinity, social status, sexual preference, or any other. It guarantees equal opportunities to all its employees in hiring, job assignments, overtime work, promotions, or any other situation inherent to the employment relationship.

Virú has developed specific practices to encourage equal rights among its employees and to avoid harassment or abuse within the company while maintaining authority.

Retrenchment

This financing will not result in retrenchment, on the contrary, there will be an increase of approximately 200 jobs.

Grievance Mechanism

The Company has internal suggestion boxes located at strategic points so that personnel can submit their grievances, complaints, suggestions and requests. These boxes are checked monthly to resolve all suggestions from employees.

4.2.b Protecting the Workforce

The Company's production processes are labor intensive. Risks from exposure to noise, temperatures (high in the processing facilities for processed food and low in sectors of the processing facility for frozen food), and chemicals are relevant to the agricultural and industrial areas and are being adequately monitored and managed by the Company through its IMS.

There have been no fatal accidents at Virú. It has relatively low accident rates (LTIFR: 2.47 during the last year), and the severity of injuries is low (LTISR 5.18).

Although the accident rates reported in recent years are considered adequate and compatible with international best practices in the sector, there is a considerable incidence rate of ergonomic problems related to repetitive tasks that affect employees, which justifies the implementation of a broad set of measures structured in the form of an Ergonomic Action Plan, seeking above all to reduce the incidence of such occupational diseases.

Virú has developed a Corporate Plan for the Surveillance, Prevention and Control of Covid-19 in the workplace, which has an organizational structure, defined roles and responsibilities, trained personnel, a communication system with public entities (MINSA, SUNAFIL, etc.) and the full support of company personnel involved in the execution of the measures contained in the plan, in order to take prompt, effective and timely action.

All the facilities' fire detection and alarm systems are certified as operational and in compliance with national and NFPA regulations.

4.2.b.1 Child Labor

The work performed in the Company cannot be carried out by minors due to its structure and complexity. Virú does not hire employees under 18 years of age.

4.2.b.2 Forced Labor

All employees are hired by mutual agreement and of their own free will, of which there is a record. Virú does not pursue any type of labor or commercial relationship with entities or individuals linked to correctional facilities.

4.2.c Occupational Health and Safety

Virú has established an Occupational Health and Safety ("OHS") Unit and has implemented an OHS Program for the identification, prevention, minimization, and mitigation of risks and impacts of its employees and third parties within Virú's operations. This program complies with the standards set by national regulations and provides an effective response to emergency situations. An OHS Committee has been formed and is actively involved at the corporate level.

The Personal Protective Equipment (PPE) Procedure establishes the guidelines for the selection and use of PPE as a measure to control occupational health and safety risks in Virú's activities and work areas. This procedure applies to all operational and administrative areas, as well as to all contractors and visitors. The Company has identified occupational groups exposed to high levels of occupational noise and provides adequate PPE to counteract these employees' exposure. In addition, annual audiometric tests are performed at all sites.

Employees working with agrochemicals receive adequate PPE according to the toxicity of the products and are trained in their proper handling. Prior to hiring personnel to work with agrochemicals, they are tested for adequate cholinesterase levels. This test, as well as a check-up by an occupational physician, is performed annually. Virú will set objectives, targets, and indicators to monitor the incidence of acute and/or chronic agrochemical poisoning incidents, in order to monitor significant occupational health and safety hazards/risks. Based on the results of these indicators, Virú will propose any necessary preventive or corrective actions. The Company has made progress in improving safety aspects for workers in its agrochemical storage area facilities, in line with Global GAP and SMETA requirements.

To ensure the hydration of operating personnel during their workday, Virú has developed a Hydration Procedure for Operating Personnel in Agricultural and Industrial Units that is applicable to all employees. In the field, water drums are placed in the cafeterias and, in places where personnel are scheduled to work, in wooden huts to protect them from the sun.

4.2.d Provisions for People with Disabilities

Virú has developed a Hazard Identification and Risk Assessment and Control Matrix for vulnerable populations (pregnant women and people with disabilities) that specifies risk levels and mitigation measures.

4.2.e Workers Engaged by Third Parties

Virú has service contracts with third parties, which include clauses ensuring compliance with labor, safety, human rights, health, and environmental standards.

4.2.f Supply Chain

Virú has a Code of Conduct for suppliers that ensures compliance with the requirements of PS2 regarding worker safety and the prohibition of child and forced labor.

The Company cooperates closely with its small suppliers to ensure that they comply with ILO core labor standards and provides relevant training, for example in health and safety.

The company's agricultural supply chain comprises 5,409.5 ha. Of these, the Company owns 4,544 hectares of land and 865.5 hectares belong to third party suppliers, located in the districts of Virú, Chepén, Chincha, Huaura, Lambayeque, Santa, Chiclayo, Chao, Guadalupe, Lima, and Trujillo.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

Virú contributes to global climate change objectives by protecting biodiversity; reducing emissions, chemical fertilizers, and pesticides; and efficiently managing water use and wastewater. In the last 5 years the Company has reduced energy consumption by 12% (975,000 kW), water consumption by 24% (1.2 million m³), and fuel consumption by 10% (113,000 gal), in addition to having recycled 1,187 tons of material.

The maintenance department monitors water and energy consumption. On a monthly basis, it reports consumption against established objectives, targets and indicators, which are aligned with those of the World Bank Group's EHS Guidelines for Food and Beverage Processing.

4.3.a.1 Greenhouse Gases

Virú's various locations use diesel generators for a total generation of 5,127 kW.

Virú has four boilers, three in the processing facility for preserved food that run on LPG and one in the processing facility for frozen food that runs on CNG. There is an additional boiler at the Chincha plant that runs on CNG and another one in Sullana that runs on CNG and LPG. Virú monitors air emissions from the Virú boilers, and all parameters meet the WBG's General Environmental, Health, and Safety Guidelines. The Company will extend the monitoring to all its boilers. Virú monitors air emissions from 7 power generators, 4 boilers, 3 bell pepper burners and a dehydrator.

It also consumes about 700,000 kWh of electricity, which is used in common areas, warehouses, and power generators. Currently, La Libertad has 9.6 kW of installed solar energy, which is used in its Wastewater Treatment Plant (WWTP) and part of its common areas.

Virú conducts an annual GHG inventory that includes direct emissions (Scope 1) and emissions from electricity use (Scope 2). During 2020, direct emissions were 8,780 ton CO_{2e}/year and indirect Scope 2 emissions were 3,337 ton CO_{2e}/year for a total of 12,117 ton CO_{2e}/year. Virú's desert crops contribute to carbon sequestration.

4.3.a2 Water Consumption

Virú operates in regions with relatively low rainfall, which requires the Company to efficiently manage water use and wastewater. Water sources for the plantations and processing plants in La Libertad are: 4 groundwater wells, all licensed, and surface water from the Santa River through the Chavimochic Special Project (PECh), which significantly expanded the agricultural boundaries of this region.

To receive and use surface water, Virú is required to have contractual agreements with PECh and licenses granted by the National Water Authority (ANA). Virú has had contractual agreements with PECh and water use licenses granted by ANA since the acquisition of each of its 44 lots. However, water consumption in the area has increased over time and Virú is in the process of formalizing and regularizing, respectively, the higher volumes of water in its contracts with PECh and in its water use licenses. Currently, the process of formalizing contracts with PECh has been completed for 28 of the 44 lots. The volume of surface water to be regularized in the licenses is approximately 5.5 million m³ per year, which represents 30% of the total water used by the Company.

The water users' board to which Virú belongs manages the surface water supply, measures each user's consumption, and collects the corresponding fees. Virú is up to date with payments, and by complying, is making peaceful and public use of the resource. The funds collected by the Board are transferred to PECh pursuant to contractual agreements, and to the National Water Authority in compliance with legal regulations. Virú will take all actions leading to the regularization of the pending licenses and will submit progress reports to IDB Invest every 6 months".

Sullana's water source is surface water from the Chira River, with an abstraction capacity of 140,050 m³ for a demand of 48,700, for which the Company has a valid license. In the case of Chincha, the water source is 3 licensed wells, with a total abstraction capacity of 925,614 m³ for a demand of 553,950 m³.

Most of the crops are highly water efficient, mainly thanks to the drip irrigation system with humidity sensors in the fields, to properly dose irrigation when needed. Virú also has automated remote groundwater level monitoring tools to track future trends in groundwater availability. It has also implemented automated discharge systems and has a contingency plan for extreme droughts.

Previous environmental studies have shown that the Company's operations do not affect other water users or cause impacts to aquatic ecosystems due to contamination or erosion during the various tasks involved in preparing the soil for cultivation. There is also no evidence of significant water use conflicts directly or indirectly related to the Company.

Water for human consumption, which comes from wells, is supplied to employees in 20-liter bottles. To verify that the water is potable, physical, chemical, and microbiological control analyses are conducted on a monthly basis. Some of the parameters reported by Virú in its drinking and process water analyses exceed the maximum allowable levels. Virú will continue to monitor drinking water quality at all locations, meeting the parameters and periodicity required by the WBG General Guidelines.

The Company will strengthen its consultation and citizen participation actions to avoid and minimize risks and impacts related to water availability and management.

4.3.b Pollution Prevention

To treat industrial and domestic effluents from the processing facilities for processed food and frozen food in La Libertad, Virú built a Wastewater Treatment Plant (WWTP) in 2017, composed of stabilization reservoirs where industrial effluents from its operations are discharged. The effluent is treated naturally using the *Eichhonia crassipes* "water hyacinth" species and is used to irrigate cultivated areas and gardens, allowing almost 100% of the effluent to be reused. In Sullana, effluents are also treated in a WWTP. Treated industrial effluents are used to irrigate common areas and treated domestic effluents go to the sewer. In Chíncha, there is no WWTP, and industrial effluents are recycled for cleaning and irrigation of common areas, while domestic effluents also go to the sewer system.

Several parameters measured for the treated wastewater exceeded the parameters established in the national regulations for water used in crop irrigation. Virú will maintain ongoing monitoring and will comply with the parameters set forth in S.D. No. 004-2017-MINAM Environmental Quality Standards for Water - Category 3 Crop Irrigation and Animal Consumption¹ when used as irrigation, and with the parameters set forth in the World Bank Group's EHS Guidelines for Food and Beverage Processing,² for any other type of effluent.

Machinery contaminated with agrochemicals in the Virú and Chíncha fields is washed after spraying and the effluent is treated through an infiltration process and then collected in a pond and finally managed by an authorized service provider.

Virú employees have participated in International Standard for Sustainable Water Management water stewardship training to implement sustainable water management in all its operations.

Occupational and environmental noise measurements are taken annually and are reported respectively in external safety and social audits (SMETA, BSCI) and in environmental monitoring to the OEFA. Occupational noise levels exceed the permissible limits at several work sites and ambient noise levels exceed the limits during the daytime period. The company will periodically measure occupational noise in all its facilities and comply with the maximum parameter of 80 dB specified in

¹<https://www.minam.gob.pe/wp-content/uploads/2017/06/DS-004-2017-MINAM.pdf>

²<https://www.ifc.org/wps/wcm/connect/65f49065-c2bb-43dc-9479-9721de4b837c/0000199659ESes%2BFood%2BAnd%2BBeverage%2BProcessing%2Brev%2Bcc.pdf?MOD=AJPERES&CVID=jqeCTqj>

national regulations and the maximum parameter of 70 dB of the WBG General Guidelines and will measure daytime and nighttime ambient noise.

4.3.b.1 Waste

Virú has implemented a Corporate Solid Waste Management System that includes the classification of containers by type of waste in accordance with national regulations. Much of the organic waste is converted into compost for Virú's crops and fodder for domestic animals that are highly valued in this desert region. Other non-hazardous waste is recycled within the Company or by recycling companies.

4.3.b.2 Hazardous Materials Management

Virú uses ammonia refrigeration systems in the processing facility for frozen. As part of Virú's Contingency and Crisis Management Plan, actions have been implemented in the event of an ammonia leak in the refrigeration system, including drills using Self Contained Breathing Apparatus (SCBA). The Company provides training to personnel and educates the community surrounding the processing facilities for frozen foods on the response plan in the event of ammonia leaks. Virú, in accordance with the General Maintenance Procedure, performs regular preventive and predictive maintenance of the ammonia system.

Virú also has equipment that uses unrestricted R-717 refrigerants, R-22 or chlorodifluoromethane, which is moderately harmful to the ozone layer and has a medium global warming potential (GWP). It also uses R-507, a hydrofluorocarbon which, although it does not contribute to ozone depletion, has a high GWP and has substantial supply and use restrictions and bans on new equipment. Virú will develop a phase-out plan for ozone-depleting refrigerants subject to international phase-out as required by the Montreal Protocol.

Hazardous waste mainly comprises empty agrochemical, hydrocarbon, grease and lubricating oil containers from maintenance workshops. All hazardous waste is segregated, inventoried, temporarily and appropriately stored, and transported by authorized carriers to duly licensed premises, in accordance with the Waste Management and Disposal Plan for Empty Pesticide Containers, which is part of the IMS.

4.3.b.3 Pesticide Use and Management

Virú does not use Ia (extremely hazardous) or Ib (very hazardous) products according to the toxicological classification of the World Health Organization (WHO). It has a Procedure for Requesting, Premixing, Mixing of Agrochemicals and Return of Containers to the General Warehouse that describes the responsible parties, processes, documentation, toxicological classification of the products and return of containers. In addition, they complement this procedure with the Disposal of Empty Pesticide Containers. The Company will develop a Pesticide Management Plan (PMP) that includes, in addition to the above-mentioned Procedure, procedures for the selection, acquisition, storage, handling and final destruction of all expired stocks in accordance with the FAO International Code of Conduct on Pesticide Management³ and which must be consistent with countries' commitments under the Stockholm, Rotterdam and Basel Conventions.

³<https://www.fao.org/pest-and-pesticide-management/pesticide-management/codigo-internacional-de-conducta-para-el-manejo-de-plaguicidas/es/>

The Company has developed Integrated Pest Management Procedures for its artichoke and asparagus crops in Chincha, and for asparagus and avocado in Virú. Phytosanitary management, biological, ethological, cultural and mechanical control are part of the MIP for asparagus growing. In addition, the "Cultivation with Biological Control and Compatible Methods, and Green Farm" certification was granted by SENASA to the VIRÚ S.A. asparagus crop, for using biological control and compatible methods in its cultivation. Virú does not use aerial spraying for pest control in its crops.

As part of its environmental management tools, the Company has conducted soil analyses and, specifically in Chincha, developed a study to identify polluted sites, which concluded that the plant does not contribute to soil pollution. Virú has a Soil Management Plan for the La Libertad farm. The Company will update this Plan to include the identification of erosion risks in accordance with the WBG Annual Crop Production Guidance and will conduct soil chemistry analyses on agricultural fields following the periodicity and parameters of national regulations to identify areas in need of remediation.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The company has a Traffic and Road Safety Procedure aligned with the National Traffic Regulations. Virú will update the Procedure so that it is aligned with the principles described in the WBG General Guidelines and international best practices for driver and traffic safety, considering own and contracted third-party transport.

4.4.a.1 Infrastructure and Equipment Design and Safety

Virú follows strict construction codes as required by the standards in the national and international regulatory framework and has Building Safety Technical Inspection Certificates for all of its locations.

4.4.a.2 Hazardous Materials Management and Safety

Aside from the ammonia tanks for the processing facility for frozen food's refrigeration systems, which conform to the best standards to prevent any risk, there is no other possibility of risk from exposure to hazardous materials in the community.

4.4.a.3 Community Exposure to Disease

To deal with Covid-19, Virú has implemented a weekly Sanitation Plan, disinfecting the main public institutions, spaces, and streets in all of the communities in its area of influence nationwide. Since the beginning of the pandemic, it has supported the communities in its area of influence by donating hygiene and disinfection materials in order to promote good cleaning habits and thus protect the health of the population. It has also successfully conducted the Great Virú 2021 Medical and Covid Rule Out campaign in the communities. In addition, it has provided essential products and foodstuffs for the families most in need. The Company received first place in Great Place to Work's "Special Outreach Award" for its CSR management for Covid-19 / 2020, which reached more than 26,000 families nationwide.

4.4.a.4 Emergency Preparedness and Response

Virú conducts drills for the event of an ammonia leak, in which the community surrounding the processing facility for frozen food in La Libertad participates and has emergency alarms that are activated in the event of an incident. See 4.1.f Emergency preparedness and response for more information.

4.4.b Security Personnel

Virú has developed a Safety Manual and a Facility Inspection Procedure. The security service is outsourced and is used only in some locations; it does not include plantations. Virú will update this Manual to manage security forces in accordance with the requirements of PS4.

4.5 Land Acquisition and Involuntary Resettlement

No land will be acquired using funds from this loan.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

4.6.a General

In July 2008, during biological monitoring on the property in La Libertad, the species *Phytotoma raimondii* or "Peruvian plantcutter" was observed. This species is currently classified as vulnerable according to the International Union for Conservation of Nature (IUCN), however, at the time of the evaluation it was classified as endangered. Consequently, the Company developed a conservation plan, as well as a consolidated monitoring framework that includes management programs for the conservation of the species and implemented a forest in the El Sifón stream to allow the maintenance and reproduction of this species.

4.6.b Protection and Conservation of Biodiversity

This financing will not be used to expand the agricultural boundary and will be developed on land that has already been converted for farming. Measures are taken on the company's farms to help conserve local biodiversity, such as the use of living fences and biological pest control.

As part of the due diligence, a desktop analysis was conducted to evaluate PS6, which confirmed that no protected areas or internationally recognized areas will be affected. However, species with significant biodiversity value were found in Virú, Chincha and Sullana. Virú will hire competent experts with appropriate regional experience, agreed upon with IDB Invest, to conduct a process to identify risks and impacts, define measures to minimize them, determine whether some of these locations are critical or natural habitats for the identified species in accordance with the quantitative thresholds of the IFC PS-6 Guidance Note "PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources", and develop a mitigation hierarchy that complies with PS-6. The company will adopt and implement the Biodiversity Action Plan developed as a result of the Study.

The Company conducts annual monitoring of flora and fauna. However, this monitoring only includes plants and birds. Virú must adopt an adaptive management practice in which the implementation of mitigation, management, and monitoring measures responds to changes in

conditions and monitoring results throughout the Project cycle. The Company should consider the species identified in this study as part of its future regular monitoring.

4.6.c Sustainable Management of Living Natural Resources

The Company has received several international certifications that guarantee that it applies the best sustainable management practices in the agri-export sector and also complies with the quality regulations of the most demanding markets in the world, including Global GAP, Global GRASP, BRC Global Food Standard, Kosher, IFS Food Standard, HACCP Peru, SCR-Flo Cert, Fundo Verde, BASC Virtual, and Sustainable Agriculture RA 2017 for avocado farming.

4.6.d Supply Chain

The Supplier Evaluation and Approval Procedure includes environmental aspects; however, it must be updated to include supplier location analyses and identify significant conversions of natural or critical habitats.

4.7 Indigenous Peoples

There are no indigenous peoples in the area where the Company operates.

4.8 Cultural Heritage

4.8.a Protection of Cultural Heritage in Project Design and Execution

In 2009, the Company conducted an Archaeological Evaluation Project and identified seven archaeological sites (Cerro Queneto, San Ildefonso Este, San Ildefonso Oeste, Pur Pur Norte, Pur Pur Sur, Las Lomas and Las Lomas Oeste) belonging to the Moche Culture (100-800 AD) located in Virú, La Libertad. Restricted excavations were carried out for delimitation and signage purposes. These sites have been declared intangible, i.e. they will not be subject to conversion. The Ministry of Culture issued the Certificate of Absence of Archaeological Remains (CAAR) corresponding to the La Libertad property in 2018 and, additionally, Virú carried out an Archaeological Rescue Project in Las Lomas and Cerro Queneto to allow Virú to obtain the corresponding permit from the Ministry of Culture for the remaining land, where no evidence of archaeological remains was found, and which can therefore be subject to conversion for agriculture in the future.

An Archaeological Report of the Chavimochic Project was prepared for the farms belonging to third party suppliers in its supply chain that were converted/planted prior to the requirement of the Certificate of Absence of Archaeological Remains (CAAR), which was used as a baseline so that they could be duly regularized in accordance with the legislation in force.

4.8.b Chance Find Procedures

Virú has implemented a Cultural Heritage Preservation Procedure that includes the necessary measures in the event of chance finds. The Company will share this Procedure with suppliers and provide them with training sessions for its proper application.

4.8.c Consultation

As part of the different studies, research and projects carried out by Virú to manage the archaeological sites, consultations were held with the communities, experts, and regional and national regulatory agencies regarding this heritage.

4.8.d Community Access

Virú has created a ceramics showroom with free access to the public.

4.8.e Removal of Non-Replicable Cultural Heritage

No archaeological rescue was carried out, the heritage remains in situ and has been declared an intangible zone.

4.8.f Project's Use of Cultural Heritage

Cultural heritage is not used for commercial purposes.

5. Local Access of Virú Project Documentation

General information about Virú S.A.'s operations in Peru can be accessed at the following link:

<https://www.Virú.com.pe/en/>