

Environmental and Social Review Summary (ESRS) Piñero Group COVID-19 Facility – DOMINICAN REPUBLIC AND JAMAICA

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

The Piñero Group (the "Group" or the "Company") is a 100% family-owned Spanish tourism group founded in 1977 that specializes in the operation of hotel assets with the highest standards and operational efficiencies. The Company is present throughout the travel value chain through: (i) its hotel, residential and golf course division¹; (ii) its tour operator (Soltour²) and inbound (Conming2³) brands; and (iii) other in-destination services, such as logistical support for land and sea transportation, marketing of electric vehicles, water activities in hotel environments, and professional photography and video services.

This transaction seeks to provide working capital financing to the Company so that it can restart and maintain the operation of its hotels and other associated businesses of the Group in the Dominican Republic and Jamaica (the "Project").

Due to restrictions arising from the COVID-19 pandemic,⁴ the environmental and social due diligence (ESDD) process was conducted primarily remotely and included the review of, among others, the following information: (i) environmental management policies, plans, manuals, and procedures; (ii) human resources policy; (iii) occupational health and safety (OHS) programs; (iv) hazardous and non-hazardous waste management; (v) procedures for monitoring and evaluating environmental conditions (e.g., air emissions, noise, and effluents); and (vi) emergency response plans. This process was supplemented by interviews and message exchanges with personnel from the sustainability, human resources, and corporate responsibility departments associated with the Project.

2 Environmental and Social Categorization and Rationale

The operation has been classified as Category C under IDB Invest's Environmental and Social Sustainability Policy, as it will generate almost no, or very limited, adverse environmental or social risks or impacts. Due to the above, the evaluation will focus on the level of compliance with the following International Finance Corporation (IFC) Performance Standards (PS): (i) PS1, Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS 2: Labor and Working Conditions; and (iii) PS 3: Resource Efficiency and Pollution Prevention.

¹ The Piñero Group has 27 hotels in 5 inbound destinations and more than 14,000 rooms, approximately 13,000 projected housing units and 4 golf courses.

² <https://www.soltour.es/>

³ <https://www.coming2.com/es/>

⁴ COVID-19 is the infectious disease caused by the coronavirus discovered in Wuhan, China in December 2019 (<https://www.who.int/emergencies/diseases/novel-coronavirus-2019>)

3 Environmental and Social Context

The Piñero Group has a history that goes back for more than 40 years. For all this time, it has conducted its management in a responsible manner, seeking to offer its customers, guests, and employees the best experience, always focusing on sustainability.⁵

In this regard, since 2016 the Company has had Sustainability Certifications in its flagship brand Bahia Principe Hotels & Resorts⁶ by EarthCheck⁷ and Travelife,⁸ which are international certifying entities endorsed by the Global Sustainable Tourism Council (GSTC). Moreover, in 2017, as part of its contribution to achieving a Responsible and Sustainable Tourism model, the Company joined the United Nations Global Compact and has aligned its sustainability strategy with the United Nations 2030 Agenda for Sustainable Development.

As required by the regulations applicable in each country where the Group operates, the Company complies with municipal or local, provincial or regional, and state or federal legislation, and obtains from the relevant authorities the various licenses and permits required for the operation and functioning of its hotel establishments.

4 Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

The Piñero Group has an Environmental Management System (EMS) framed in the EarthCheck and Travelife international certifications, which defines the corporate sustainability strategy to contribute to the United Nations Sustainable Development Goals (SDGs) through: (i) optimizing water management; (ii) promoting circular economy models; (iii) decarbonizing its operations; (iv) conserving terrestrial and marine ecosystems; and (v) promoting terrestrial biodiversity in marine-coastal ecosystems. The Group also has an Environmental Policy that states its commitment to compliance with applicable legislation in each country where it operates, respect for and protection of the environment, and continuous improvement of the EMS and its sustainability strategy.

The Piñero Group has designated suitable and competent personnel to lead and coordinate the EMS. For this purpose, it has a Sustainability Division that encompasses the following Corporate Departments, with representatives in each country where it operates: (i) Legal, which handles legal issues and the compliance model; (ii) Human Resources, which handles labor and OHS issues; (iii) Corporate Responsibility, which is

⁵ Sustainability is one of the key pillars of the Group's Strategic Plan, a long-term commitment to contribute to the United Nations Sustainable Development Goals (SDGs) and to build a profitable, responsible, competitive, and sustainable business model.

⁶ Flagship brand of its hotel, residential, and golf course division

⁷ EarthCheck certifications are certified by the Global Sustainable Tourism Council (GSTC) and have been approved by the CDP (a non-profit charitable organization that manages the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts). Tourism operations that earn the EarthCheck Certified seal can clearly demonstrate their environmental & social performance and provide assurance to consumers that they are practicing what they preach (<https://es.earthcheck.org/>).

⁸ The Travelife certification program provides an affordable, state-of-the-art certificate to assess, verify, and communicate sustainability achievements (https://www.travelife.info/index_new.php?menu=home&lang=es).

responsible for environmental issues, dialogue with stakeholders ,and collaboration with local communities; and (iv) Communication, which is in charge of validating corporate communication.

In addition to verifying that all its projects comply with local environmental and social regulations, the Company identifies and evaluates environmental and social risks and impacts, and establishes the type of control and the treatment, mitigation, or compensation strategy, in accordance with the following procedures: Waste Management Operation Procedures (solid waste); Management and Storage of Chemical Substances; and Wastewater Treatment, mainly. In addition, to ensure that all the Group's business units comply with the responsibilities established in the EMS, the Company has conducted internal audits and formalized and streamlined procedures to standardize these evaluations in all its establishments.

The Company has an Annual Training Plan, implemented by the Human Resources Department with the support of the Sustainability Division, where at the corporate level, the topics and content of training on environmental, social, and OHS issues are identified and defined and adapted to the specific needs of each job profile.

Communication and participation are essential processes within the EMS, through which employees, external partners, and stakeholders can continuously monitor the Group's sustainability and OHS management and practices. In this sense, the Company has a Communication Plan to identify, know, and be close to its stakeholders in order to have first-hand knowledge of their interests and expectations. The Group maintains an open dialogue, through its Communication and Human Resources Departments, to promote fluid, ongoing, and transparent communication with its employees, external interlocutors and stakeholders, and to publicize its policies and procedures. To this end, it uses communication channels (face-to-face and virtual meetings, participation in forums, press releases, news on the website and intranet, and social media), many of which are bidirectional.

4.2 Labor and Working Conditions

The general labor aspects and conditions are very well regulated by the labor and occupational health and safety (OHS) legislation of the countries where the Project will be developed. This regulation includes working hours, remuneration, paid annual leave, labor compensation, work regimes, safe working conditions, and social benefits, among other aspects. In this sense, the Company has a Code of Ethics that aims to guide the behavior of all its employees, without distinction or limitation, as well as suppliers, distributors, and customers with whom the Company does business or establishes an alliance, so that they all act according to the highest standards of personal and professional integrity in all aspects of their activities. This code makes explicit the Company's commitment to providing safe and healthy workplaces; sets out guidelines for processes and decisions to guarantee equal opportunities, dignified and fair treatment, and non-discrimination of its workers; contains specific measures to prevent, address, and punish any type of harassment, threat, or abuse of power; respects freedom of association and union membership; promotes fair treatment in hiring; and promotes respect for the human rights and dignity of workers. These precepts are extensive to all its suppliers and contractors.

In addition to the Code of Ethics, in 2017 the Company approved its Human Rights Policy where, in addition to ensuring respect for human rights and compliance with local, national, and international legislation, it declares the following commitments: (i) to avoid discriminatory practices or practices that undermine people's dignity; (ii) to eradicate the use of child labor; (iii) to facilitate freedom of association

and collective bargaining; (iv) to protect people's health; (v) to offer decent employment; (vi) to respect local communities and traditional ways of life; and (vii) to contribute to combating corruption. The Company complements this policy with: (i) an Equality Plan, which promotes equal treatment, establishes standards for a non-sexist use of language, and encourages neutrality in all communications; and (ii) a Protocol for the Prevention of Psychological, Sexual, or Gender-Based Harassment, which promotes working conditions that prevent all types of sexual or gender-based harassment in the work environment.

The Company has Internal Labor Regulations (ILR) that have been agreed upon with the unions in the Dominican Republic and Jamaica, which establish and ensure compliance with local laws and international labor and human rights conventions and treaties subscribed in each country where the Company operates, as well as dignified treatment, a healthy working environment, and optimal working conditions for its employees. There are also Health and Safety Committees at each work center to monitor compliance with OHS regulations in each country where it operates.

As part of its ethical commitments, in 2015 the Piñero Group adhered to the Code of Conduct for the Protection of Children and Adolescents from Sexual Exploitation in Travel and Tourism (ESNNAVIT, for its acronym in Spanish) represented by ECPAT International⁹ and has been collaborating with this network of organizations to prevent the sexual and commercial exploitation of children and adolescents; child labor exploitation; and the creation of awareness among all its collaborators about this crime. As part of these commitments, in 2019, the Company developed and implemented a Policy against Labor Exploitation, Abuse, and Sexual Abuse of Children and Adolescents, where, in addition to reaffirming its position of rejection and non-tolerance of this social problem, it reiterates its openness and willingness to collaborate with the corresponding organizations and authorities in this fight.

The Piñero Group has a Prevention Plan that includes a Health and Safety Policy, which requires the Company to comply with local health and safety legislation and regulations; prioritizes the prevention of accidents and the health and safety of its employees in the workplace; obliges it to provide safe and healthy workplaces, both for its employees and for its suppliers and contractors; promotes training, awareness, and vigilance in this area, in order to promote health and safety in the workplace; and highlights the need to report possible risks. In addition, the Company continues to promote its "Healthy Company" program, which aims to improve the physical, mental, and social well-being of its employees and their families.

In addition to the Prevention Plan, the Company has a Fire System Operating Procedure, which describes the system for monitoring and acting in case of fire to manage an immediate response during an emergency. The Company regularly conducts internal audits and drills to ensure compliance with occupational safety measures and emergency plans and, if required by the regulations of any country, implements external audits for this purpose.

In 2020 the Company updated its health and safety measures to address the COVID-19 pandemic in all of its business units, and implemented specially designed protocols to comply with the regulations of each country where it operates, as well as to implement the recommendations of the World Health Organization (WHO) and the protocols of the World Travel and Tourism Council (WTTC). During that year, the Company conducted internal biosecurity and health protocol compliance audits in the context of the

⁹ ECPAT International (EI) is a global network of civil society organizations working together in solidarity to eradicate all forms of commercial sexual exploitation of children and adolescents (CSEC) in travel and tourism; <https://www.ecpat.org/>

pandemic (COVID-19 audits), as well as hygienic and sanitary audits and microbiological analyses at the Project's facilities.¹⁰ In addition, in order to follow up on the implementation and analysis of the results of these audits, that same year the Corporate Health and Safety Committee was created, whose objective is to ensure the maximum hygienic safety of the guest throughout the entire travel cycle.

The Code of Ethics and the Responsible Goods and Services Policy set out business practices for a healthy relationship with suppliers, seeking to ensure that the work philosophy is congruent with the Company's values. The policy defines procedures for selecting suppliers in an objective, transparent, and equitable manner, giving priority to local suppliers and establishing responsible purchasing criteria to favor the acquisition of products and the contracting of services based on environmental, social, and ethical criteria.

The Company has a confidential and secure Ethics Channel so that any affected employee can consult, report, or complain to the Channel's Management Body about any breach of the Code of Ethics, internal Group rules or procedures, or laws and regulations applicable in the countries where it operates. The means of communication for accessing the channel are (i) postal mail to the central office mailing address; and (ii) e-mail canaletico@grupo-pinero.com.

The Employee Complaint and Suggestion Management Procedure is an organizational tool to (i) capture, through suggestion boxes, any direct or anonymous comments made by employees; (ii) provide a space for participation that motivates personnel and develops a sense of belonging, without fear of reprisals; (iii) detect areas for improvement in service and relations among employees; and (iv) prevent conflicts and resolve existing ones. This procedure establishes that each week the Human Resources Departments of each facility must collect all the information from the mailboxes and deliver it to the Integration and Development Manager or the designated person for registration, validation and, depending on the complaint, follow-up.

4.3 Resource Efficiency and Pollution Prevention

The Piñero Group, through its Sustainability Strategy and Environmental Policy, requires that its hotels and associated businesses minimize or eliminate (where possible) the negative environmental and social impacts they generate through their operation. In this regard, and in compliance with the legislation in force in each country where it operates, the Company requires its hotels and associated businesses to prepare and adopt environmental and social management protocols and programs covering, among others, the following aspects: (i) efficient use of water and energy; (ii) comprehensive management of solid and liquid waste; (iii) prevention of air, visual, and noise pollution; (iv) management of chemicals and hazardous waste; and (v) reduction of the carbon footprint and promotion of the use of renewable sources, seeking total decarbonization of its activities by 2050.

In addition, in each of its hotels, the Company has: (i) wastewater treatment plants, which include tertiary treatment systems that facilitate the reuse of effluents, mainly for irrigation of green areas, or reintegration to the subsoil, as an alternative for aquifer recharge; and (ii) climate-controlled storage for solid waste with high moisture content to prevent immediate decomposition, until its removal by a manager authorized by the competent authority, for proper handling, transportation and final disposal.

¹⁰ Water health analyses were performed in swimming pools, drinking water, and ice systems for human consumption, and in wells and water cisterns in all properties. In addition, microbiological analyses were performed on food, surfaces, drinking water, and hands at different control points distributed throughout the properties.

In order to reduce greenhouse gas (GHG) emissions and contribute to reducing the effects of climate change, the Company has developed an Energy Efficiency Measures Plan 2019-2024, which calls for energy from Renewable Energy Guarantees in its hotels and central offices in Spain.

4.4 Community Health, Safety and Security

Since the Project does not include the development of new works or infrastructure, no additional material impacts on the health and safety of the communities located near its facilities are expected to occur.

The Piñero Group has a Corporate Social Responsibility Policy and a Social and Cultural Protection Policy that recognize the sensitivities of some of the local communities in the vicinity of its operations. These policies affirm the Company's commitment to positively influence the development of these groups, ensuring compliance with human rights and child protection.

To implement these policies, the Company has various programs aimed at improving the well-being of people and communities, hiring local personnel, maintaining their cultural identity, promoting healthy habits, covering basic needs, sports and education, prioritizing children and young people at risk of exclusion. The Company also contributes to the social and economic development of the countries where it operates, through innovation, technological development, and the efficient and responsible use of resources, maintaining responsible behavior and integrity in its operations.

4.5 Land Acquisition and Involuntary Resettlement

The Project does not involve any new works or infrastructure, nor does it require the acquisition of land for new development, and therefore does not involve any involuntary physical or economic displacement.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Since the Project does not involve the acquisition of new land or the development of new works or infrastructure, no significant impacts on ecosystems or disturbance of biodiversity are anticipated so no significant impact to vegetation or alteration to biodiversity is foreseen.

Nevertheless, as part of its commitment to the environment, since 2019 the Piñero Group has had an Integrated Coastal Management Plan. This plan, which seeks to plan and manage the Company's properties in a sustainable manner, administering all existing natural resources and preserving their value, contains conservation programs focused on: (i) water, to improve its management and supporting communities to achieve sustainable use; (ii) biodiversity, developing actions to protect native species of flora and fauna; (iii) corals, to promote their population as a way to strengthen climate change adaptation and increase the protection of beaches and marine-coastal infrastructure; (iv) landscape, enhancing integrated management and promoting cultural, natural, and socioeconomic aspects; and (v) beaches, by promoting mechanisms to curb erosion and achieve their stability.

4.7 Indigenous Peoples

The Project does not involve the acquisition of land for new developments, so no impacts to indigenous peoples' lands or resources are foreseen.

4.8 Cultural Heritage

The Project does not involve the development of new properties or hotels, so there are no foreseeable impacts to cultural heritage. Regardless, the Piñero Group, as part of its commitment to the community, develops activities to promote the conservation of the cultural heritage of the countries where it operates.

5 Local Access of Project Documentation

Grupo Piñero provides additional information on its Projects and on its environmental and social performance on its websites: <https://www.grupo-pinero.com/es/> and <https://www.grupo-pinero.com/es/sostenibilidad/#adn>