

Environmental and Social Review Summary (ESRS) Expansion of Universidad Peruana Cayetano Heredia - PERU

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

Universidad Peruana Cayetano Heredia (“UPCH” or the “Client”) is a non-profit higher education center focused on medical and biological sciences, which has positioned itself among the most important universities in Peru for over 60 years. UPCH has four campuses in Lima¹, serving more than 8,400 students through 22 academic programs, with around 3,200 employees (between faculty and clerical staff). The university also runs several research institutions and helps the community through hospitals as well as rehabilitation, dental care and veterinarian centers.

This transaction involves financing for the expansion of UPCH, which mainly consists in building two new additional facilities at La Molina campus, located in the Parque de Monterrico residential area, La Molina district, Lima province/department; and providing with cutting-edge medical equipment to improve the quality of the educational services (the “Project”).

The environmental and social due diligence (ESDD) process involved a desk review of the Client’s relevant environmental and social (E&S) information (manuals and procedures; technical reports, environmental licenses and permits; environmental reports; certifications and recognition, among others), and included: (i) several in-person meetings with the officers in charge of the Project and of handling the E&S aspects of UPCH; (ii) interviews with the contractor’s workers²; (iii) a visit to the Project site; and (iv) interviews with the relevant stakeholders (workers, contractors, students, neighbors, etc.).

2. Environmental and Social Categorization and Rationale

According to IDB Invest’s Environmental and Social Sustainability Policy, the Project has been classified as of Category B as it may generate the following impacts and risks, among others: (i) air emissions of particulate matter and combustion gases; (ii) generation of noise when the construction equipment is in operation; (iii) generation of hazardous and non-hazardous solid and liquid waste; (iv) demand for water; (v) potential work accidents and effects on the health and safety of direct and indirect workers; (vi) increased probability of road accidents due to the increment of vehicles and trucks traffic from and to the Project; (vii) increased traffic jams; (viii) occurrence of muggings and criminal acts; (ix) changes to the landscape; and (x) possible effects on the infrastructure of neighboring houses. These impacts and risks are estimated to be of medium to low intensity and could be handled with suitable control measures.

¹ Miraflores, La Molina, Santa María, San Martín de Porres and San Isidro

² Constructora INARCO Perú S.A.C.

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.

3. Environmental and Social Context

3.1 General characteristics of the Project’s site

UPCH’s La Molina university campus can accommodate 2,336 people, offers higher education services to over 2,200 students and employs 393 workers (including the faculty and clerical staff). Spread out over an intervened area of almost 19,500 m², the campus, which opened in 2008, has three pavilions and two basements; it is in a low-traffic area, near four schools (Santa Eufrasia, Waldorf, José Abelardo Quiñones and Abraham Lincoln), and has drinking water, sewerage and electric power (grid) services.

The place where the campus is located, in the inter-basin watershed of the Rimac river, records average maximum and minimum temperatures of 24.6°C and 14.6 °C, respectively; has an annual average relative humidity ranging between 88.6% and 67.5%; is mainly covered in alluvial plains from the geomorphological point of view and is geologically made up of recent alluvial deposits.

The Project expects to build new classrooms, simulation rooms, leisure areas for students, co-working rooms and a cafeteria³, as well as a two-level basement for the newly required parking spots and to replace the existing ones. It will be developed on a plot of land covering a total approximate area of 10.6 hectares. Once executed, the Project will raise the campus occupancy by 486 people.

3.2 Contextual risks

Lima has been called out as one of the most dangerous cities in the world⁴, due to its crime, violence and perceived insecurity rates.

La Molina is a district with mostly one-family housing located among modern business buildings, shopping centers and a prominent amount of higher education centers, because of intensive urban planning. The area where the Project will be developed records highly congested roads during rush hour⁵, because the roads near UPCH are toll-free alternative accesses to the bypass road⁶, and there is other five education centers in the area⁷. This traffic congestion enables muggings and other criminal acts, representing a risk for students, faculty members and workers.

³ The construction is planned to include three basements and three floors (called 10-A, 10-B1 and 10-B2), above the elevation to be built on the free portion of UPCH’s La Molina campus.

⁴ According to the Global Index portal (Source: *Infobae*).

⁵ Weekdays from 6 a.m. to 9 a.m. and from 5 p.m. to 8 p.m.

⁶ It is approximately 16-km long. It runs from Trébol de Javier Prado to Ovalo Habich. It prevents heavy vehicles and equipment from moving along the main city roads.

⁷ Saint Patrick (600 students), Santa María Eufrasia (500 students), Waldorf (500 students), José Abelardo Quiñones (800 students) and Abraham Lincoln (1,370 students).

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

4.1 Assessment and management of environmental and social risks

The Client has submitted its environmental management adaptation program (EMAP), which is currently awaiting approval by the Ministry of Education. Also, in compliance with the legal requirements in force⁸, it has a road impact assessment and mitigation plan for the Project.

UPCH has been recognized in 2023 by the Peruvian Ministry of Environment for having implemented the second level of greenhouse gases (GHGs) management as part of the Peruvian Carbon Footprint Program, by measuring and verifying its carbon footprint at its Miraflores, La Molina, Santa María and San Martín de Porres campuses in 2021. UPCH is currently developing an emission reduction plan aimed at neutralizing its emissions between 2025 and 2027.

4.1.a E&S Management System

UPCH's environmental and occupational health and safety (EOHS) management during operations is based on four action areas: (i) occupational health and safety (OHS); (ii) environmental management; (iii) occupational health; and (iv) occupational psychology. These areas involve certain processes, namely emergency and risk control, engagement and consultation, requirements and audit, and contractors' management control.

For the construction phase, the Project has adopted the EOHS management system of its main contractor, which includes: (i) an integrated environmental, and occupational health and safety policy; (ii) a matrix to assess environmental aspects and impacts; (iii) an emergency response plan; (iv) an environmental management plan; (v) an industrial and domestic liquid waste management program; (vi) a water consumption control program; and (vii) a community relations plan.

However, the Client will update its environmental and social management system (ESMS) for the Project and all UPCH campuses across the country, to include: (i) the E&S policies so updated; (ii) a procedure to identify risks and impacts; (iii) E&S and OHS risk management programs; (iv) a list of staffing requirements to be looked into; (v) an emergency preparedness and response protocol; (vi) a description of forms of stakeholder engagement; (vii) external communication protocols and grievance mechanisms; (viii) procedures to periodically inform the affected parties; and (ix) monitoring and review mechanisms.

4.1.b Policy

UPCH has implemented a social responsibility policy and an occupational health and safety policy. In connection with the former, the Client has designed a corporate environmental policy, which includes guidelines for achieving: (i) electric power efficiency; (ii) diminished paper use; (iii) decreased use of plastic; (iv) water efficiency and environmental remediation; (v) environmental management; (v) sustainable infrastructure building or adaptation; (vi) climate change mitigation;

⁸ Rule A011 - National Construction Regulations.

and (vii) waste management minimization and comprehensive management. The corporate environmental policy will be disseminated to the direct employees (students, faculty members and clerical staff) or the relevant stakeholders.

For its construction phase, the Project has an integrated environmental, and occupational health and safety policy, which expresses its commitment to complying with the legal requirements, minimizing environmental impacts, building responsibly, carrying out continuous improvement, and achieving good performance and efficiency. However, this policy has not yet been disseminated among all workers and other relevant stakeholders.

4.1.c Identification of risks and impacts

UPCH has a hazard identification, risk assessment and controls (HIRA) matrix. However, the Client will: (i) design an E&S risk and impact identification and assessment procedure; and (ii) a matrix to identify significant and non-significant E&S aspects (ESAI).

In the construction phase, the Project uses a HIRA OHS matrix as well as an E&S ESAI matrix. The Client will also update them as follows: (i) for the HIRA matrix to help assess risks per job position under the legislation in force⁹; (ii) for the HIRA matrix to include control measures, prioritizing elimination, substitution and engineering controls; (iii) to assess the significant environmental impact of the Project in all its activities¹⁰; (iv) to detail the measures in place to minimize impacts and to control them by monitoring environmental quality and performance indicators; and (v) for the ESAI matrix to include the assessment of social and residual impacts. Additionally, the Client will prepare a social diagnosis of the stakeholders in the Project direct area of influence, as the base for the assessment of social risks, which includes a quantitative and qualitative baseline of all the neighbors that might be affected, identifying the state of their infrastructure, their life conditions and livelihoods, and the vulnerable people or family groups.

4.1.c.i Analysis of alternatives

Since the Project will be deployed at the site¹¹ where UPCH is currently operating (in Parque de Monterrico residential area, La Molina district, Lima province and department), it did not require analyzing alternative locations.

4.1.c.ii Gender risks

Women take up 54% of UPCH's payroll, mainly in teaching and clerical positions. The workforce for the Project construction phase includes 8% of female staff.

UPCH has developed sexual harassment prevention and sanction (SHPS) procedures, which are applicable to the clerical staff as well as to faculty members, students and graduates, and contains

⁹ Section 77 of the Administrative Order to Law No. 29783, Occupational Health and Safety Law, approved by Supreme Decree No. 005-2012-TR.

¹⁰ Demolition, excavation, steel and wood preparation, formwork, application of release agent, storage of hazardous materials and fuels, storage of hazardous waste, concrete pouring, structural assembly, load lifting, and enamel application.

¹¹ Called 10-A, 10-B1 and 10-B2

provisions that help to identify the people involved and the roles with competence in the prevention and intervention of sexual harassment; the prevention and protection actions and measures for such acts; and the procedures to manage the related reports. However, the Client will update its SHPS procedures to: (i) expand the channels for reporting incidents, and (ii) allow for anonymous reporting.

For the construction phase, the Project has implemented a sexual harassment prevention, investigation and sanction policy, which contains a mechanism to prevent and prohibit sexual harassment at the workplace as well as an internal sanctioning procedure.

4.1.c.iii Gender programs

UPCH has implemented an internal mechanism to capture and process grievances and complaints, including those connected with gender violence, harassment, discrimination and bullying. Despite the above, the Client will: (i) prepare a schedule to train all direct (faculty members, authorities, officers) and indirect (contractors and subcontractors) employees on the content of the procedure, and (ii) expand the number of channels to access the mechanism so that it is more visible and agile for all potential users.

4.1.c.iv Climate change exposure

Even though the expected location of the Project is exposed to climate-related physical risks (particularly in the light of future changes in the precipitation regimes), no significant climate risks are identified because it is meant for buildings for academic use. Likewise, the official information issued by the Peruvian government, through the National Center of Estimation, Prevention and Reduction of Disaster Risk (CENEPRED, in Spanish), it is possible to conclude that none of the UPCH locations is threatened by tsunamis.

4.1.d Management programs

UPCH is expecting approval of its EMAP for the Project construction and operation phases. The instrument contains prevention and mitigation measures for the identified impacts, depending on the risk level. However, the Client will: (i) implement the approved EMAP for its campus in La Molina; (ii) develop management programs for its other campuses across the country, with environmental monitoring and tracking actions as well as comprehensive solid and liquid waste management activities, containing measures to (a) stage and dispose of any waste that cannot be reduced, reused or recycled in an environmentally friendly manner, and (b) handle hazardous waste, such as laboratory chemical products, medication, solvents, lubricants, paints, disinfectants, or any other product requiring special management during UPCH operations; and (iii) adopt labor risk prevention and management measures for all its operations.

For the Project construction phase, the Client has drafted an environmental management plan (EMP) following the guidelines in standard ISO 14001:2015¹², in which the following are defined: (i) procedures to identify and assess environmental aspects; (ii) protocols to manage solid waste; (iii)

¹² International standard for environmental and social management systems.

procedures to handle hazardous materials; (iv) guidelines to manage liquid, industrial and domestic effluents; (v) protocols to handle environmental emergencies (for instance, spills); (vi) control measures for particulate matter emissions, and the use of resources; and (vii) protocols to plan inspections and training sessions. Nevertheless, the Client shall implement its EMP and disseminate it among all the direct and indirect employees for full compliance.

4.1.e Organizational capacity and competency

UPCH has an EOHS team in charge of managing the environmental and occupational health and safety matters across UPCH facilities. It is led by an EOHS chief, who oversees an occupational physician, who in turn is responsible for two nurses and an occupational psychologist. It is also composed of a psychology intern, an OHS supervisor, an analyst, and an assistant, as well as two environmental supervisors and an assistant.

During the construction phase, the Project will rely on an EOHS management team, made up of an EOHS chief, an occupational physician, a healthcare professional, two EOHS supervisors, two EOHS monitors and a social management specialist.

However, the Client will: (i) appoint an employee to be responsible for developing and implementing the ESMS; (ii) define the organizational structure that includes all organizational levels for the Project construction phase and further operations; (iii) strengthen the capabilities and skills of the staff in charge of the EOHS management of the Project; (iv) keep an employee responsible for implementing the EOHS aspects at each location; and (v) appoint an employee to lead the social management aspects of the Project during its construction phase and further operations.

4.1.f Emergency preparedness and response

UPCH has in place emergency response and safety plans (ERSPs) that all authorities, faculty members, non-faculty workers, students, contractors, suppliers and visitors shall obey in all its campuses nationwide, including the administrative and academic areas as well as the laboratory within the facilities. They describe: (i) the infrastructure of each campus across the country; (ii) the responsibilities and organization of the emergency system (emergency response teams); (iii) what emergency procedures to follow in case of accidents; (iv) what the procedures are to respond to natural disasters, and medical and sanitary emergencies; (v) the first aid protocols; (vi) how fire extinguishers work; (vii) the requirements for preparation, training and drills; (viii) how to handle hazardous and flammable substances; (ix) types of hazardous solid waste, and electric and electronic waste and how to manage them; and (x) the health and safety guidelines for work processes and places, as well as for the related activities and services. UPCH performs drills at least once a year in all campuses nationwide.

For the Project construction phase, there is also an emergency response plan for all staff involved in La Molina campus expansion Project, both engaged by the construction contractor and other third parties (visitors, suppliers and clients in general). However, the Client will implement: (i) signs at the meeting points; (ii) fire extinguishers inspection tags; (iii) evacuation plans; (iv) emergency stations; and (v) emergency response teams. Moreover, the Client will: (i) train all workers in the content of

the emergency plan; (ii) train them on how to handle fire extinguishers; and (iii) perform drills involving the relevant stakeholders.

4.1.g Monitoring and review

During the Project construction phase, UPCH will monitor and review its compliance with the processes and procedures established in the EOHS management system. Thus, it will carry out inspections, spontaneous internal audits and monthly reports. However, in order to guarantee the adequate implementation of the ESMS, the Client will develop and implement: (i) a procedure to assess how well its ESMS is being managed with key performance indicators (KPIs) that measure environmental, social and OHS management, including its contractors; (ii) an internal or external audit program to analyze the performance of the ESMS; and (iii) a matrix with legal and contractual requirements specifying who is responsible for monitoring and compliance.

4.1.h Stakeholder engagement

The Project EMAP, pending approval, includes a citizen engagement mechanism to disseminate information to the community. Additionally, the main contractor has in place a community relations plan, including: (i) a communication and consultation program; and (ii) a best labor practices program. However, UPCH will prepare a stakeholders engagement plan for the Project and all campuses nationwide, which will include: (i) implementing the citizen engagement mechanism, with details of the engagement¹³ and consultation actions to identify risks proactively; (ii) mapping the Project stakeholders; (iii) implementing corrective measures derived from engaging with the Project's identified stakeholders; and (iv) disseminating the Project's external grievance mechanism to strengthen the dialog and the timely management of the concerns raised by the affected communities.

4.1.h.i Disclosure of information

The Project EMAP includes a citizen engagement plan which establishes putting up information notices and a suggestion box as a communication mechanism. Nevertheless, the Client will produce and implement a schedule to disclose the environmental and social information connected with the Project and its operations, with events that will include at least the following items: (i) the description of the Project; (ii) timely reporting on the construction progress, especially with regard to the activities that may be causing significant impacts on them; (iii) details about the environmental and social performance of the Project and its operations; (iii) a description of the comprehensive OHS policy; (iv) details about the main risks and expected prevention and mitigation measures; (v) a description of the emergency plans at the events involving the community; and (vi) a description of the external grievance mechanism.

¹³ Interactions with neighbors and local authorities, through coordination meetings and regular contact with authorities or representatives; road safety awareness programs and campaigns.

4.1.h.ii Informed consultation & participation

As provided for in the EMAP, the Client will implement a citizen engagement mechanism listing the activities to engage with the affected communities, including preparing corrective action plans when required. Also, the external grievance mechanism will support permanent engagement with the communities affected while the Project is in progress.

4.1.h.iii Indigenous peoples

Neither the Project nor the Client's operations intercept or are located next to or near any indigenous peoples.

4.1.i External communication and grievance mechanisms

4.1.i.i External communication

UPCH uses several protocols to handle external communications: (i) to engage with clients and government entities; and (ii) to communicate with authorities and public officials. The protocols establish the guidelines to deal with and respond to any requirement from the relevant external stakeholder.

4.1.i.ii Community grievance mechanism

In compliance with the regulations in force¹⁴, UPCH has a corporate crime-preventing rulebook, in which it declares its zero tolerance for acts of corruption, bribery, collusion, influence peddling, asset laundering, terrorism financing, parallel accounting, tax crimes and customs crimes. It also has a corporate rulebook to manage conflicts of interest, which guides the ethical conduct of workers towards stakeholder groups (public and private institutions, clients, suppliers and business partners). In this regard, it discloses a channel for reporting incidents on its website¹⁵, namely comprising (i) an email address¹⁶; and (ii) a WhatsApp number¹⁷.

The Client will update, disclose and implement its external grievance mechanism to make it applicable to all campuses and the Project, featuring: (i) a list of the channels to receive grievances; (ii) a description of the documentation system to record, monitor, analyze and resolve grievances; (iii) details about the established response times and records; (iv) a description of the grievance communication and disclosure mechanisms so filed and processed; (v) a detail of how the mechanism will be disseminated to the neighboring communities and the relevant stakeholders; and (vi) a description of how the mechanism will deal with gender violence cases.

¹⁴ Law No. 30,424

¹⁵ <https://cavetano.edu.pe/canales-de-denuncias/>

¹⁶ denuncias@upch.pe

¹⁷ + 51 913978240

4.1.i.iii Reporting to affected communities

To generate efficiency and commitment, while promoting responsibility and trust in the community, UPCH has been publishing an annual environmental sustainability report¹⁸ since 2022 with the indicators from Red Ambiental Interuniversitaria (RAI, interuniversity environmental network in Peru)¹⁹ and UI GreenMetric²⁰. The report analyzes how the Company has performed in terms of managing aspects like water, energy, solid waste, the carbon footprint, the implementation of green spaces, greening the curricula and promoting environmental research. However, the Client will disclose information regarding the Project that includes: (i) its environmental and social performance; (ii) a summary of the responses to the grievances received; and (iii) the way the external grievance mechanism works.

4.2 Labor and working conditions

4.2.a Working conditions and management of worker relationships

At present, UPCH has 3,754 workers in all its sites countrywide: 1,709 (46%) are engaged in clerical tasks and 2,045 (54%) are faculty members. At peak construction, the Project will need to hire up to 308 workers.

UPCH has in place an Internal Work Regulation (IWR), approved by the Office of General Records of the Ministry of Labor and Employment Promotion of Peru, which regulates the labor relations with its workers. The IWR includes provisions for the following: (i) selection and onboarding of faculty and clerical employees; (ii) work schedule and attendance; (iii) leaves and permissions; (iv) rest days; (v) rights and obligations of the workers and the employer; (vi) acts of discrimination and sexual harassment; (vii) human talent development; (viii) disciplinary measures; (ix) termination of contract; (x) occupational health and safety; (xi) labor claims; (xii) breastfeeding; and (xiii) other provisions.

The Client also has a Code of Ethics, mainly aimed at guiding the workers' performance of duties (faculty and non-faculty employees), regardless of their position in any unit, including the educational area, guaranteeing an ethical approach and management integrity. Furthermore, it has an institutional rulebook to manage conflicts of interest, which must be observed by all workers in the institution.

¹⁸ UPCH ranks sixth in the top 10 of the 64 universities assessed across Peru and included in the Report on Environmental Sustainability in Peruvian Universities (RSAUP, in Spanish).

¹⁹ Red Ambiental Interuniversitaria – Interuniversia Perú (RAI, in Spanish) is a goodwill network of public and private universities that encourage embracing and incorporating the environmental dimension in all the universities in Peru. It is promoted and enabled by MINAM-DGECCA, composed of 75 universities in 26 regions of the country and is part of the Alianza de Redes Iberoamericanas para Sustentabilidad y el Ambiente (ARIUSA, Partnership of Ibero-American Networks for Sustainability and the Environment) and the Global University Partnership for Environment and Sustainability (GUPES-LAC). As such it is recognized by these groups as a benchmark in Latin America.

²⁰ The GreenMetric ranking was created in 2010 to assess the environmental sustainability policies of higher education centers around the world, in the light of six categories: energy efficiency and climate change fight; waste management; water; infrastructure; green transportation; environmental education.

The main Project contractor has in place: (i) an IWR that has been approved by its Human Resources Manager and General Manager; and (ii) a Code of Ethics and Professional Conduct for internal use, which includes topics like conflict of interest, relations with clients and in the workplace, relations with third parties, confidentiality, asset laundering and the role of the committee of ethics.

Nonetheless, UPCH will prepare and implement a training program for the workforce in the different areas within the organization to strengthen their skills, including soft skills building for leadership positions.

4.2.a.i Human resources policies and procedures

The Client has a general rulebook, with several sections that establish the rules and procedures governing the institution's academic and administrative life. Also, it has a procedure to hire manual laborers to make sure the applicants are hired following the labor legislation in force. Even though it has a talent attraction flowchart, UPCH will develop and disseminate a human resources policy that is applicable to all campuses and the Project, and shall include direct and indirect workers (contractors, subcontractors and others providing services at the university campuses) as well as their supply chain (suppliers).

4.2.a.ii Working conditions and terms of employment

UPCH payroll personnel and that of the Project's main contractors are ruled by the regulations established for the labor system of the private business activity²¹ and the provisions in the IWR. Moreover, Peru is signatory of International Labor Organization (ILO) Conventions and has vast labor legislation to regulate the following aspects, among others: (i) workforce hiring; (ii) work schedule, timetables and overtime; (iii) paid breaks; (iv) minimum wage; (v) family allowance; (vi) statutory bonuses; and (vii) occupational health and safety.

4.2.a.iii Workers' organizations

The Project is currently engaged with a construction workers' union, which is governed by both the collective bargaining agreements entered into by the Peruvian Chamber of Construction (CAPECO, in Spanish) and the Federation of Workers in Civil Construction in Peru (FTCCP, in Spanish), and the applicable regulations. These agreements are renewed annually.

4.2.a.iv Non-discrimination and equal opportunity

UPCH, in line with its IWR, does not distinguish by origin, race, color, sex, language, religion, opinion, nationality, social origin, sexual orientation, economic status, exercise of freedom association, health condition (HIV-positive individuals, tuberculosis), or any other reason. On the contrary, it pursues equality in all processes, giving the same opportunities for workers to perform as required.

Likewise, the main contractor in its IWR prohibits its workers from discriminating against, harassing or exercising any form of intimidation on their work mates due to their origin, race, sex, disability,

²¹ Supreme Decree No. 003-97-TR - Work Competitiveness and Productivity Law.

language, religion, opinion, economic condition, age, health condition (real or alleged), or any other reason that affects the worker's dignity.

4.2.a.v Grievance mechanism

In line with its IWR, UPCH recognizes its workers' right to file personal complaints or grievances with whom it may correspond as derived from the work relations, or actions or omissions that are seen as damaging their rights. The mechanism is disseminated among the students through the intranet. In the context of the Project, workers may submit a grievance or complaint verbally or in writing to their immediate supervisor or directly to Human Resources.

However, the Client will develop an internal grievance mechanism for all campuses nationwide and the Project, featuring: (i) a list of the channels to receive grievances; (ii) a description of the documentation system to record, monitor, analyze and resolve grievances; (iii) details about the established response times and records; (iv) a description of the communication and disclosure mechanisms for the grievances so filed and processed; (v) a detail of how the mechanism will be disseminated to the direct workers and contractors; (vi) a description of how the mechanism will deal with gender violence cases; (vii) anonymous, confidential reporting; and (viii) an explicit declaration of non-retaliatory actions against the whistleblower.

4.2.b Protecting the workforce

An individual must be at least 18 years old to be employed in Peru. This restriction, as expressed in the Peruvian Civil Code, applies to the Client's faculty and clerical employees, suppliers, contractors and subcontractors. The Client will include the guidelines to observe this in its IWR, thus extending its enforcement to its contractors and suppliers.

4.2.c Occupational health and safety

UPCH has an annual occupational health and safety plan (AOHSP), applicable to all its workers²², suppliers, contractors, subcontractors, third parties, visitors and any other person entering its facilities. The AOHSP comprises the following elements: (i) commitment and engagement; (ii) an OHS policy; (iii) planning and application; (iv) implementation and operation; (v) regulatory assessment; (vi) verification; (vii) documentation and information control; and (viii) review by Management.

Under current legislation²³, the Client also has in place an Annual Occupational Agents Mentoring Plan (AOAMP). It helps anticipate that the workers' exposure to occupational agents (chemical, biological, physical, psycho-social and ergonomic ones) at the workplace does not damage or jeopardize their good health; the actions taken to monitor them are recorded, which is a mandatory requirement in all OHS management systems²⁴. Additionally, UPCH conducts occupational medical

²² Full-time, part-time and temporary workers; interns.

²³ Sections 56 and 65 of Occupational Health and Safety Law No. 29,783.

²⁴ Section 33 of the Administrative Order to Occupational Health and Safety Law No. 29,783, approved by Supreme Decree No. 005-2012-TR.

examinations as part of its health monitoring plan in order to identify and prevent work-related diseases and pre-pathological states; it also carries out risk assessments at work positions and investigates and keeps record of work accidents when they occur, (frequency, seriousness and accident rate, as well as the occupational-disease incidence rate). Nonetheless, UPCH: (i) will update the AOAMP to include measuring the vibrations during the Project construction phase; and (ii) will extend its application to the Project direct workers.

In compliance with the regulations in force, UPCH has formed an Occupational Health and Safety Committee (OHSC).

For the Project, the contractor has an annual occupational health and safety program (AOHSP), which, among other aspects, describes the following: (i) roles and responsibilities in the OHS system; (ii) OHS legal and contractual requirements; (iii) management tools (HIRA, investigation of accidents, health monitoring plan); (iv) safe work written procedures (SWWPs) for the key construction activities; (v) training plan; (vi) monitoring and tracking activities; and (vii) responsibilities of the OHSC. Moreover, the contractor submits compliance monthly reports with information on OHS indicators like frequency, seriousness and accident rates. However, the Client: (i) will develop SWWPs for all the other activities identified in the Project's HIRE matrix; and (ii) will prepare a training schedule that is specific for the Project workers in how to prevent risks during the construction activities, handle and stage hazardous materials, prevent pollution caused by construction works, etc.

4.2.d Provisions for people with disabilities

According to General People with Disabilities Law²⁵, 3% of the workforce of companies with over 50 workers must be people with disabilities. The Project will see to comply with this regulation.

4.2.e Workers engaged by third parties

As part of its EOHS management system, UPCH has instructions and guidelines to monitor its contractors. Depending on the requirement, contractors may be engaged on a permanent basis (mainly providers of cleaning and security services), temporary basis (maintenance works) and for specific works. To date, UPCH has monitored and assessed its contractors, subcontractors and suppliers for compliance with the processes and procedures established in the EOHS management system, by means of inspections, spontaneous internal audits and monthly reports. The Client will, however, prepare and implement a contractor management plan for the Project with measures to monitor their compliance with UPCH's environmental, labor and OHS policies, procedures and plans.

4.2.f Supply chain

The Client will develop and implement a supplier management procedure, including: (i) actions to identify and manage the risks and impacts of its main suppliers; (ii) a training plan to help manage E&S issues; and (iii) actions to monitor performance for purchase management review.

²⁵ Section 49, General Law for People with Disabilities No. 29,973.

4.3 Resource efficiency and pollution prevention

4.3.a Resource efficiency

In its 2023 Sustainability Report, UPCH informed it had deployed some resource efficiency initiatives, such as: (i) eco-points to inspire waste recycling through the Cayetano Recicla program; (ii) infographics to encourage water and electric power efficiency, reduce the use of paper and plastic, and promote care for green spaces; (iii) LED lights installed in the pavilions, classrooms, laboratories and auditoriums; (iv) a system of electronic piping systems and eco-friendly urinals; and (v) water dispensers with a highly efficient cooling system.

4.3.a.i Greenhouse gases

In 2023 UPCH was recognized by the Peruvian Ministry of Environment for having implemented the second level of greenhouse gases (GHGs) management as part of the program “Huella de Carbono Peru”. UPCH is currently developing a GHG emission mitigation and reduction plan aimed at neutralizing its emissions by 2025. Nevertheless, the Client will carry out an inventory of its GHG emissions for the Project.

4.3.a.i Alignment with the Paris Agreement

Based on the analysis performed to such end, the Project is deemed as aligned with the provisions of the Paris Agreement according to the analysis performed in line with the IDB Group’s Paris Alignment Implementation Approach²⁶.

4.3.a.ii Water consumption

UPCH takes its water from the public supply system. However, it has prepared infographic campaigns to encourage water efficiency among students. Also, it has implemented washbasins with faucets that save up to 90% of water and eco-friendly urinals that contribute to saving about 164,000 liters of drinking water a year.

For the Project, the contractor keeps monthly records of the volume of water used for construction activities and human consumption. However, the Client will develop and implement a water efficiency program for the construction activities.

4.3.b Pollution prevention

The Client’s EMAP includes an environmental monitoring program to measure air quality and environmental noise.

The Project has taken the following measures to handle the particulate matter it generates: (i) the facades of neighboring buildings will be washed; and (ii) a dust curtain will be put up to prevent the outward flow of the resulting solid suspended particles. The Client will: (i) reinforce these two

²⁶ Document GN-3142-1.

measures to avoid complaints from the neighbors (near houses and other educational centers); and (ii) keep a baseline for air quality and noise levels.

The domestic wastewater²⁷ generated by UPCH is discharged into the sewerage system of Lima's Drinking Water and Sewerage Service (SEDAPAL, in Spanish).

The Project also has in place a program to manage domestic and industrial and liquid effluents. It provides for the installation of portable toilets, which are managed by an authorized operator, until the new Project facilities are connected to the SEDAPAL system.

4.3.b.i Wastes

UPCH has a plan to minimize and manage solid waste (PMMSW) which, in line with the regulations in force, considers waste segregation for suitable comprehensive solid waste management and offers prevention and minimization alternatives for when the campus is in operation²⁸. To that end, it has set up eco-points that encourage recycling this waste in the terms of the Cayetano Recicla program, which promotes reutilization of inorganic usable waste. Furthermore, all campuses have a solid waste staging hub where it stays until it is transported for its disposal.

Non-hazardous, recyclable solid waste (paper, cardboard, glass, food leftovers from the canteen) is managed by the municipal or district agencies of each jurisdiction. La Molina campus generated almost 35.6 tons of non-hazardous solid waste in 2023. Hazardous waste (chemical products) mainly occurs during maintenance at the campuses and the research laboratories for students. The campuses have suitable areas to stage it until it is collected, transported, treated and disposed of by an authorized operator. La Molina campus generated 460 kg of hazardous waste in 2023.

The Project has explained its waste management measures in the EMAP PMMSW, and the main contractor's EMP. Non-hazardous waste the Project could generate is: (i) excess or clearing material; (ii) debris; and (iii) metallic and non-metallic scrap. The excess or clearing material, and the debris will be disposed of in dumps or sanitary landfills duly authorized by the Ministry of Housing, Construction and Sanitation and with suitable cells for it.

The hazardous waste that could be generated by the Project includes: (i) oils and lubricants; (ii) paints and solvents; and (iii) contaminated absorbent material. It will be managed by an authorized operator.

However, for the Project the Client will implement: (i) waste management and minimization measures, including segregation at source; (ii) suitable waste staging areas (scrap, debris, cardboard, plastic) with proper waterproofing, roofing, containment and signaling; and (iii) a traceability record for all hazardous and non-hazardous waste.

²⁷ Sanitary services at the pavilions, the canteen and cafeterias.

²⁸ NTP. 900.058-2019, Waste Management - Color coding for solid waste staging.

4.3.b.ii Hazardous materials management

The Client will develop and implement a hazardous materials management procedure (fuels, oils, lubricants, paints, etc.) applicable to the Project and UPCH operation, which will include among other things: (i) the staging conditions; (ii) the safety signs to be used; (iii) the utilization of materials safety datasheets (MSDSs) for each product; (iv) information about substance incompatibility; and (v) a contingency plan for spill cases or accidents.

4.3.b.iii Management and use of pesticides

UPCH outsources the comprehensive pest control or comprehensive vector control for its activities. In this sense, it will make sure that the products used are not in the “Ia” (extremely hazardous) or “Ib” (highly hazardous) categories of the World Health Organization’s (WHO) pesticide classification.

4.4 Community health, safety and security

4.4.a Community health, safety and security

The Client has taken measures to handle the impacts of noise, vibrations and particulate matter the houses near the Project are exposed to. It has also appointed a social management specialist to work at the contractor’s on dealing with complaints, concerns or incident reports from those stakeholders. Nonetheless, the Client will generate a matrix to identify E&S risks and impacts and will strengthen the mitigation measures that has in place to respond timely and efficiently to the neighbors’ complaints.

One of the significant impacts of the Project is the increased heavy vehicle traffic; so the Client has designed a road impact mitigation plan (RIMP), which will be updated to include measures to manage the Project’s impacts associated to the increased road traffic (deterioration of the roads, possible run-over of students and pedestrians, disturbances caused by induced vibration, dust creation, etc.).

4.4.a.i Infrastructure and equipment design and safety

The Project has been designed considering the local and international regulations to ensure the integrity of its equipment and infrastructure, as well as its resilience in the light of major natural threats (mainly earthquakes). It has also considered: (i) putting up preventive, informative signs; (ii) building a perimeter fence; (iii) installing grounding systems; (iv) incorporating fire protection systems; and (v) providing parking space. Nevertheless, the Client will hire professionals qualified in life and fire safety (L&FS) so that they certify²⁹ that the Project is compliant with the national standards on fire safety³⁰ and protection, and the international standards of the National Fire Protection Association (NFPA). In this sense, after the Project construction is completed but before it starts operating, UPCH will submit the certificate, which will state that: (i) the Project facilities

²⁹ These certifications involve inspecting the facilities and the L&FS equipment layout, as designed, and their state of operation as per international requirements.

³⁰ National Construction Regulations. Supreme Decree No. 011-2006.

were built following L&FS criteria and according to the approved designs; (ii) all equipment was installed as instructed; and (iii) all L&FS equipment was tested, as per the international requirements.

4.4.a.ii Hazardous materials management and safety

The use of hazardous materials by the Client is not significant. Nevertheless, they will develop and implement a procedure to manage them so that incidents or accidents can be avoided when handled.

4.4.a.iii Ecosystem services

The Project and its operations do not generate significant impacts on ecosystem services.

4.4.a.iv Community exposure to disease

Because the workers for the Project will be hired locally, there is no expectation of an increased community exposure to disease caused by the presence of foreign staff. Additionally, during the pandemic, UPCH prepared a plan to monitor, prevent and control COVID-19 at the workplace, in line with the MINSA requirements.

4.4.a.v Emergency Preparedness and Response

The Client has emergency and contingency plans in place for all campuses nationwide and for the Project. The plans include protocols to act on and respond to emergencies and contingencies. Nonetheless, the Client will: (i) disseminate the plans to the local authorities and neighboring communities; and (ii) perform drills involving the communities, depending on the risks assessed.

4.4.b Security personnel

The Client has payroll and hires physical security personnel, who have the related permits to work issued by the competent authority³¹. Also, the Project has hired an external security company to guard the work site. The Client will develop and implement a physical security management plan³² which will include: (i) a vulnerability analysis for each campus nationwide; (ii) a procedure to vet the hired security personnel; (iii) training requirements for the guards on human rights; (iv) training requirements on the progressive use of force; and v) procedures to handle and store firearms, when required.

³¹ Superintendency of Security Services (SUCAMEC, in Spanish).

³² In line with the "Good Practice Handbook: Use of Security Forces: Assessing and Managing Risks and Impacts, Guidance for the Private Sector" issued by the International Finance Corporation (IFC).

4.5 Land acquisition and involuntary resettlement

Both the university campuses at La Molina and the expansion works are located within a plot of land owned by UPCH³³. Therefore, the Project will not generate any kind of physical or economic involuntary displacement of people.

4.6 Biodiversity conservation and natural habitats

The Project site and its operations are in urban lands already largely intervened by human activity; therefore, no significant impacts will be caused on the biodiversity or the living natural resources.

4.7 Indigenous peoples

The Project and its operations do not intersect lands of traditional use, and they will not cause any impact on indigenous land.

4.8 Cultural heritage

The campus in La Molina, where the Project is built, is in an area with significant human intervention as it is already developed and is part of a consolidated urban center. Nonetheless, as the construction activities involved in the Project require earthworks and deep excavations (12m), the Client will prepare a chance finds procedure and will train the payroll and outsourced personnel accordingly. In case of finds, UPCH, in compliance with Peruvian law, will call off the works immediately and will notify the Ministry of Culture (MINCU, in Spanish).

5. Local Access of Project Documentation

The documentation related to the project may be accessed using the following link:
<https://cayetano.edu.pe/>

³³ Registry Zone No. IX. Lima Office, Lima Registration Office, Registry Entry No. 12898909.