

Environmental and Social Review Summary (ESRS) Deprati - Ecuador

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

Almacenes de Prati S.A. (“Deprati”, the “Company”, or the “Client”), is an Ecuadorian retailer in the fashion and household goods sectors in Ecuador. This transaction (the “Project”) consists of financing the Client’s investment plan, which entails: i) the construction of a new Distribution Center (“DC”) in Durán, scheduled for completion in the final quarter of the present year; ii) the modernization and establishment of new stores nationwide; iii) the implementation of technological projects from 2026-2029; and iv) the enhancement of local production capabilities.

The environmental and social due diligence (“ESDD”) process was based on the review of relevant environmental and social information (environmental permits; environmental reports; manuals and procedures; emergency plans; among others), and included: i) several face-to-face meetings with officials responsible for managing the Company’s environmental and social (E&S) aspects; ii) interviews with Deprati employees; and iii) a site visit to the DC under construction, as well as various operational stores in the city of Guayaquil, Ecuador.

To ensure the Project’s commitment to respecting and safeguarding human rights, its zero tolerance for reprisals, and its dedication to providing and guaranteeing a secure environment for stakeholders to voice their concerns without fear of retaliation, the ESDD process also included a review of additional documents provided by the Client.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according with IDB Invest’s Environmental and Social Sustainability Policy since it will likely generate the following impacts and risks among others: i) generation of hazardous and non-hazardous solid and liquid waste; ii) generation of ambient noise and air emissions from emerging power generation; iii) possible accidents and health and safety impacts on direct and indirect workers¹; iv) demand for resources such as energy and drinking water; and v) possible traffic accidents due to the transportation of goods to and from the DC. These impacts and risks are expected to be of medium-low intensity, and will be managed by implementing appropriate control measures.

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

¹ Workers from contractors at the Distribution Center.

3. Environmental and Social Context

With an 85-year presence in the Ecuadorian market, Deprati stands as a leading company in the fashion and household goods sector, operating under a department store model focused on retail. Apparel² is one of the Company's most significant business areas; however, local production incurs high costs due to the need to import fabrics that are not produced domestically. In response, 25 years ago, the Client initiated a capacity-building and financial support (loans) program aimed at developing local suppliers through small and medium-sized enterprises (SMEs), providing assistance in selecting appropriate machinery for fabric production, as well as training (both local and international) in sewing techniques, among other aspects. Today, as a result of this support, beneficiaries of the program have successfully consolidated their positions in the market, not only as suppliers for Deprati but also for other related companies. The expansion plan to be financed by the Project aims to further strengthen local production by promoting and positioning national brands.

3.1 General Characteristics of the Project's site

Deprati owns stores in Guayaquil³ (5), Samborondón⁴ (1), Quito⁵ (7), Manta⁶ (1), Machala⁷ (1), and soon the city of Santo Domingo de los Tsáchilas.⁸ It is also present through its virtual store⁹ and a dedicated Deprati application ("app"). Its sales locations primarily consist of leased spaces within shopping malls, although it also boasts exclusive stores outside these venues (Plaza Navona, Machala, Deprati Luque, and Deprati Sur).

The Client also operates its own distribution center (DC) located in the Santa Leonor urbanization, Tarqui parish, Guayaquil canton, Guayas province, spanning an area of 13,695 square meters (m²), a headquarters building in downtown Guayaquil, and administrative offices in Quito.¹⁰

The new DC, designated for the distribution of both domestic and imported goods, will be located in the Brisas Santay Industrial Park, at kilometer 7.5 on the Durán-Boliche road, Durán canton, Guayas province. The DC encompasses a land area of 6 hectares ("ha"), of which 4.4 ha will be allocated to buildings (1.25 ha), facilities (0.14 ha), and roads, parking lots, and sidewalks (2.98 ha). The building area will consist of four blocks designated for storage of merchandise for distribution and commercialization; administrative functions; dispatch areas; loading and unloading docks; and reception and dispatch to the various sales points nationwide. Given the lack of sanitary sewerage in the area, the DC plans to install a domestic wastewater treatment plant (WWTP) with a capacity of 20 m³/day. Additionally, the design includes the installation of a standby power generator, for which the Client will procure the necessary registration for hazardous waste generation.

² 58% of this category corresponds to own brands (local suppliers), while the remaining 42% pertains to third-party brands.

³ Policentro, Luque, Sur, Rotonda, and San Marino.

⁴ Plaza Navona.

⁵ Quicentro Norte, Portal Shopping, Condado, Scala, Quicentro Sur, San Luis, and El Recreo.

⁶ *Mall del Pacífico*.

⁷ 25 de Junio Avenue, km 2.5

⁸ Chone Avenue, which is expected to be ready next October.

⁹ www.deprati.com and Prat APP.

¹⁰ *Centro Comercial El Portal (El Portal Shopping Center)*.

3.2 Contextual Risks

One of the most pressing challenges confronting Ecuador and affecting the logistics and production sectors, is the alarming escalation of violence and the proliferation of transnational organized crime. Over the past four years, the country has experienced a significant rise in insecurity, with homicides increasing by 574.30% between 2019 and 2023, raising the homicide rate from just over 7 to more than 47 per 100,000 inhabitants, as reported by the Ecuadorian Observatory of Organized Crime.¹¹ Durán is one of Ecuador's most violent cantons, with a high incidence of serious crimes such as murder, kidnapping, and drug trafficking. The presence of criminal gangs¹² is substantial, with over 20,000 members among these organizations,¹³ which engage in various illicit activities, including drug trafficking, extortion, and contract killings.

On the other hand, protests arising from governmental changes, economic policies, or other past situations (perceived by the population as adverse) may recur in the future and disrupt the Company's operations, logistics, and distribution chain, thereby jeopardizing the safety of assets, workers, and customers. Consequently, in accordance with its operations in the new DC, the Client will identify this contextual risk and define mitigation measures commensurate with its activities to prevent incidents involving its workers, suppliers, contractors, and other relevant stakeholders. Furthermore, the Project may contribute positively to mitigating this issue of insecurity through job creation.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

In compliance with current legislation, the Client engages in activities classified as having a low environmental impact. Consequently, it holds six Environmental Registrations, accompanied by specific Environmental Management Plans (EMP) for: i) its existing DC; ii) Deprati Hogar Sur, located in the Ximena parish, Guayaquil canton; iii) Deprati Tienda Luque, located in the Rocafuerte parish, Guayaquil canton; iv) Almacenes Deprati–Machala Shopping Center, located in the Machala parish, Machala canton, El Oro province; v) Plaza Navona Shopping Center in the Samborondón canton, Guayas province; and vi) Deprati Moda Sur, located in the Ximena parish, Guayaquil canton.

According to the Unified Environmental Information System (SUIA, for its Spanish acronym) of the Ministry of Environment, Water, and Ecological Transition (MAATE, for its Spanish acronym), none of the facilities intersect with the National System of Protected Areas (SNAP, for its Spanish acronym), the State Forest Heritage (PFE, for its Spanish acronym), or the areas designated as Protective Forests and Vegetation (BVP, for its Spanish acronym).

4.1.a Environmental and Social Management System

¹¹ <https://oeco.padf.org/wp-content/uploads/2024/04/OECO.-BOLETIN-ANUAL-DE-HOMICIDIOS-2023.pdf>.

¹² "Latin Kings", and "Chone Killers".

¹³ <https://www.primicias.ec/seguridad/duran-bandas-criminales-latin-kings-chone-killers-integrantes-adolescentes-85394/>.

The Client maintains an Occupational Health, Safety and Environmental Management System (OHSEMS) Manual, which contains guidelines on industrial safety, occupational health, and environmental matters to ensure legal compliance in its operations at the DC, headquarters, and commercial premises. However, the Client will develop and implement an Environmental and Social Management System (“ESMS”), that will encompass: i) an environmental and social policy; ii) a risks and impacts identification procedure; iii) management programs; iv) a specification of the personnel requirements for its implementation; v) protocols for updating procedures and emergency preparedness and response protocols; vi) participation plans with the various stakeholders; vii) external communication and grievance mechanisms protocols; viii) delivery protocols for ongoing reporting to affected communities; and ix) monitoring and review procedures.

4.1.b Policy

The Company upholds an Occupational Health and Safety (OHS) Policy through which it commits to: i) the prevention of risk factors in all its activities; ii) technical and legal compliance with current OHS regulations; iii) the allocation of necessary resources for compliance; iv) providing safe conditions for workers and other stakeholders; v) fostering an environment of consultation and participation among its workers in OHS matters; vi) the disclosure and dissemination of this policy to all collaborators; and vii) continuous improvement. Nevertheless, the Client will: i) update its OHS policy to define E&S objectives and principles aimed at achieving good E&S performance in its operations; and ii) disseminate the updated policy to both direct and indirect workers, as well as relevant stakeholders.

4.1.c Identification of Risks and Impacts

Deprati has a Labor Hazard Identification and Risk Assessment Procedure (HIRA) that generates HIRA matrices per job position, and which are regularly submitted to the competent national authority. However, it will: i) develop a Corporate Environmental and Social Risks and Impacts Identification and Assessment Procedure; ii) prepare an Environmental Risks and Impacts Matrix, for both the new DC operations and its commercial premises and headquarters; and iii) update its HIRA Matrix per activity and job position in order to assess residual risk.

4.1.c.i Direct and Indirect Impacts and Risks

The Project’s primary direct risks and impacts include: i) accidents involving workers during the construction and operation and maintenance (“O&M”) phases; ii) traffic accidents; iii) accidents involving vehicles and motorcycles; and iv) chemical product spills.

The main indirect impacts comprise: i) an increased supply of recycled materials, thereby incentivizing the circular economy; ii) job creation; and iii) heightened risks of non-compliance with OHS requirements within the supply chain.

4.1.c.ii Analysis of Alternatives

This transaction did not require an analysis of alternatives, since new constructions will be mainly carried out in plazas or shopping malls where spaces have already been apportioned for the Client's business sector, and, in the case of the DC, within an industrial park.

4.1.c.iii Cumulative Impact Analysis

The rapid cumulative impact assessment conducted for the Project reveals the following findings: i) the Client's operations are being implemented in areas significantly affected by anthropogenic activities, most notably commercial and residential urban areas; and ii) within these areas, there are no projects underway or planned for the future that could generate additional material impacts beyond those already produced by the Client. Consequently, the overall impact of aggregating the Project's effects with those of past, present, and future projects is, in practical terms, immaterial. For this reason, no cumulative impact mitigation plan ("CIMP") is required.

4.1.c.iv Gender Risks

In compliance with current regulations,¹⁴ the Client has developed and registered its Equality Plan with the competent authority, aimed at achieving equal treatment and opportunities for both women and men, while eliminating discrimination based on gender or multiculturalism. This plan encompasses objectives, goals, and indicators designed to meet the proposed targets across the following axes: i) recruitment and hiring of personnel with a gender perspective; ii) training and capacity building; iii) professional advancement to generate and encourage female employment in managerial and executive roles and promotions; iv) elimination of the pay gap and ensuring equal treatment; v) internal and external corporate communication with a gender perspective; vi) reconciliation of personal, family, and work life; vii) risk prevention with a gender perspective; viii) prevention of discrimination, workplace harassment, and sexual harassment; and ix) fostering company culture and corporate social responsibility.

Although the Equality Committee has been established to ensure the implementation of this plan and oversee all related aspects from the current year onward, the Client will enhance the dissemination of the Equality Plan to all direct and indirect employees, as well as the complaints mechanism for harassment, discrimination, and gender-based violence.

The Client has a procedure for the protection of pregnant employees and provides lactation rooms in its facilities¹⁵ (headquarters, Luque store, Sur stores, Plaza Navona, and Machala). Additionally, it maintains various agreements with daycare centers for the use of its employees.

Currently, Deprati employs 2,897 workers, of whom 1,912 (66%) are women, and 38% are young individuals (both male and female). Women occupy 68% of leadership positions (vice presidency, management, chiefs, and supervisory roles) and hold 17% of the seats on the board of directors.

¹⁴ <https://www.trabajo.gob.ec/wp-content/uploads/2024/02/Ley-Violeta.pdf>
<https://www.trabajo.gob.ec/wp-content/uploads/2024/01/ACUERDO-MINISTERIAL-Nro.-MDT-2024-013-signed.pdf>.

¹⁵ In the leased establishments located within shopping malls, female employees have access to designated lactation rooms.

However, to further prevent risks of discrimination and gender-based violence, the Client, in alignment with its Equality Plan, will develop: i) a Human Rights and Gender-Based Harassment and Violence Prevention Policy, which will include specific provisions against workplace and sexual harassment, as well as physical, sexual, psychological, and economic violence, alongside guidelines for zero tolerance against reprisals for individuals who report related cases; and ii) conduct a gender risk assessment at the new and existing DC, headquarters, and commercial premises.

4.1.c.v Gender Programs

The Company, in compliance with the regulations in force, has established a protocol for preventing and addressing cases of discrimination, workplace harassment, and all forms of violence against women in the workplace. This protocol delineates guidelines to prevent, identify, and intervene in instances of discriminatory behavior, workplace harassment, violence against women, and all types of gender-based violence in the workplace. The channels for reporting such complaints—both explicit and anonymous—are as follows: i) through the Ethics Channel;¹⁶ ii) through the intranet; and iii) physically to the post office box¹⁷ defined in the form titled “Declaration of Cases of Discrimination, Workplace Harassment, and All Forms of Violence Against Women in the Workplace.” Upon receipt of a complaint, responsible parties are tasked with conducting a preliminary investigation within 10 days, culminating in an Initial Assessment Report. If there is a presumption of violence, discrimination, or harassment, an Advisory Committee¹⁸ is convened to initiate a more comprehensive investigation, which will last 10 working days. Based on the findings, disciplinary measures are implemented in accordance with internal regulations, and if warranted, the case will be referred to the appropriate authorities.

The procedure includes victims support (through psychosocial risk programs) and any supplementary actions that may assist them in administrative and judicial matters. Nevertheless, victims are entitled to receive necessary psychological assistance through the Ministry of Public Health or the Ecuadorian Social Security Institute (IESS, for its Spanish acronym) until their recovery is achieved. Moreover, this procedure does not preclude individuals affected by any discriminatory act or form of harassment or violence from reporting the incident to the Inspectorate Directorate of the Ministry of Labor. This protocol has been communicated to employees at all levels virtually, and is reinforced through the internal communication channel.

Since 2014,¹⁹ the client has partnered with the Acción Solidaria Foundation to maintain a social program called *Mujeres Confeccionistas* (Women Tailors),²⁰ which focuses on providing women with technical training in tailoring, entrepreneurship, and human development. To date, 1,732 women have participated in this program, of whom 46% are aged between 36 and 45 years, 51% serve as

¹⁶ canaldeetica@deprati.com.ec.

¹⁷ 09-01-1205.

¹⁸ Comprised of: the occupational physician; a delegate from the Legal Representative or company management with the authority to impose disciplinary measures; the person in charge of Occupational Risk Prevention; and a delegate from Social Work.

¹⁹ Since 2014 in Guayaquil; 2015 in Quito; 2018 in Manta; and 2023 in Machala.

²⁰ The program—endorsed by the Technical Secretariat of the National System of Qualifications and Professional Training (SETEC, for its Spanish acronym)—lasts 10 months and targets women in conditions of economic vulnerability (unemployed, earning below the minimum wage, heads of household, lacking higher education, or residing in marginalized urban areas).

the primary breadwinners for their households, and 85% have successfully established their own businesses.

4.1.c.vi Climate Change Exposure

The Project may face threats such as alterations in precipitation patterns and heatwaves, the latter under high-emission scenarios.²¹ Additionally, the area where the new DC is situated presents a moderate to high risk of flooding, which could be exacerbated by the effects of climate change.

The logistics and warehousing activities of the new DC are sensitive to extreme hydrometeorological events, such as heavy rainfall, which could adversely affect infrastructure or facilities. An increase in the number of extreme heat days could lead to higher energy consumption for cooling purposes. Flooding could compromise the Company's infrastructure or the transportation system on which the project relies.

In light of this exposure profile, the Company will: i) prepare an Environmental Risks Matrix that considers the most pertinent climate risks identified at its new DC, along with the relevant mitigation measures; and ii) update the corresponding Emergency Plans.

4.1.d Management Programs

The Client maintains Environmental Management Plans (EMP) for facilities that possess an environmental registry, which establish prevention and mitigation measures for identified impacts according to their risk level. Each EMP includes the following plans: i) impact prevention and mitigation; ii) contingencies; iii) environmental communication and training; iv) waste management; v) community relations; vi) rehabilitation; vii) monitoring and follow-up; and viii) closure and abandonment.

Nevertheless, the Client will update and implement, among others, the following programs: i) environmental monitoring and follow-up; and ii) integrated solid and liquid waste management, that (a) prioritize measures for the storage and disposal of any waste that cannot be reduced, reused, or recycled in an environmentally responsible manner, and (b) provide special handling procedures for hazardous waste, such as oils, greases, paints, solvents, medicines, disinfectants, or any other products requiring special handling during the operations of the new DC, in accordance with national environmental and health regulations.

4.1.e Organizational Capacity and Competency

At Deprati, the responsibility for E&S issues falls under two key areas: i) Human Resources (“HR”) Management; and ii) Communication and Sustainability Management. Both management areas report directly to the Chief Executive Officer. The Company has a Head of Industrial Safety, Occupational Health, and Environment (SSA, for its Spanish acronym), who reports directly to HR Management and oversees: i) four (4) occupational physicians; ii) three (3) industrial safety and

²¹ A Representative Concentration Pathway (RCP 8.5) that models a climate change scenario potentially leading to a global temperature rise exceeding 4 °C.

environmental technicians; and iii) one (1) social worker responsible for addressing Psychosocial Risks and Vulnerable Groups. The SSA Manager is tasked with managing E&S policies and actions, including the implementation of initiatives and reporting. However, the Client will: i) appoint an E&S management officer at the corporate level; ii) define internal and external communication channels regarding E&S issues; iii) appoint a leader responsible for the development, implementation, and monitoring of social management; and iv) provide periodic training for its direct and indirect personnel (including contractors and subcontractors) on the E&S management system.

4.1.f Emergency Preparedness and Response

The Client maintains emergency preparedness and response plans (EPRPs) for its existing DC and for each of its owned and leased commercial premises. These plans, which have received approval from the Fire Department of the relevant jurisdictions, address events of anthropogenic origin (such as fires, short circuits, and hazardous substance spills), natural events (including earthquakes, volcanic eruptions, landslides, and hydrometeorological phenomena²²), and social events (such as terrorism, sabotage, attacks, vandalism, etc.). Each plan encompasses: i) the identification and assessment of internal and external risk factors; ii) specifications of the alarm system resources and the fire protection system (SCI, for its Spanish acronym); iii) an annual maintenance schedule for the SCI and collective protection equipment; iv) an alarm and communications protocol for emergencies based on the category of the emergency; v) intervention protocols for before, during, and after an emergency; vi) instructions for the formation of comprehensive emergency response brigades (fire, first aid, evacuation); and vii) an annual training program for brigade personnel, which includes conducting drills at least once a year and OHS inspections three (3) times a year.

Regardless of the above, the Company will also: i) develop an EPRP for the new DC that will include (a) a specification of the most relevant climatic risks to its operations, (b) instructions for the formation of emergency brigades, (c) a brigade training program, and (d) a drill schedule that will involve the potentially affected community in the event of an emergency; ii) disseminate the content of the EPRP to both direct and indirect workers of the new DC and the potentially affected community; and iii) establish a dissemination schedule for its workers regarding the EPRPs of the commercial premises and the existing DC, including an evaluation of the knowledge imparted.

4.1.g Monitoring and review

Deprati maintains an OHS Legal Requirements Matrix and, and in compliance with the environmental obligations included in its Environmental Registrations and EMPs, submits an Environmental Compliance Report (IAC, for its Spanish acronym) annually or biannually, as applicable, to the competent authority. To ensure the effective implementation of the ESMS, the Client will develop and implement: i) a procedure to evaluate the management of its ESMS, which will include key performance indicators (“KPIs”) for E&S and OHS management; ii) an internal or external audit schedule to assess the performance of the ESMS; and iii) a matrix of legal and contractual environmental requirements that will detail the regulatory body that issued the permit or license, the issuance and validity dates, internal responsibilities for monitoring renewals, and the obligations mandated by the respective environmental instrument.

²² Heavy and prolonged rainfall associated with extreme natural phenomena, such as El Niño.

4.1.h Stakeholder Engagement

The Client has classified its stakeholders into the following categories: i) internal; ii) external commercial; iii) external social; and iv) external institutional. Among these, the primary focus is on media, customers, and partners.

However, Deprati will: i) develop and implement a Stakeholder Engagement Procedure (SEP) tailored to the scope and magnitude of the social impact of its operations,²³ which will include: (a) stakeholder mapping, (b) strategies and means of communication with stakeholders, and (c) a participation schedule with stakeholders; and ii) conduct an informed consultation and participation process (CPI, for its Spanish acronym) with stakeholders of the new DC, ensuring inclusive participation of directly affected stakeholders. This process will address,²⁴ at a minimum, the following topics: i) the purpose, nature, and scale of the project; ii) the duration of the proposed activities; iii) the potential risks and impacts on communities and the management measures to be adopted; iv) the planned participation process with said stakeholders; v) the external grievance mechanism; and vi) the planning of regular meetings with the community.

4.1.h.i Disclosure of Information

The Client will develop and implement a schedule for disclosing E&S information related to its operations, which will include, at a minimum, the following topics: i) a description of the operations; ii) details of E&S performance; iii) a description of the updated OHS Policy; iv) a specification of the main risks and the planned prevention and mitigation measures; v) a description of the emergency plans for contingencies involving the community; and vi) a description of the external grievance mechanism.

4.1.h.ii Informed Consultation and Participation

The Client's operations generate no significant adverse impacts on the affected communities. However, the implementation of the Stakeholder Engagement Plan (PPPI, for its Spanish acronym) will ensure the participation of these communities and address their concerns in accordance with the magnitude of the identified risks.

4.1.h.iii Indigenous Peoples

The Client's operations neither intersect, border, nor are located near Indigenous Peoples.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External Communication

The Client maintains a communications and corporate social responsibility management team that is responsible for the following communications: i) internal; ii) marketing; iii) institutional

²³ New and existing Distribution Centers, and commercial premises.

²⁴ Groups such as men, women, the elderly, youth, displaced persons, and other vulnerable or disadvantaged individuals.

communications related to social responsibility programs and brand positioning, among others; and iv) crisis management. Additionally, the Company engages an external firm for daily monitoring of social networks and media.

4.1.i.ii Community Grievance Mechanism

Deprati has a customer service department dedicated to receiving and addressing complaints, suggestions, and claims related to service quality for all its business lines. For this purpose, it has implemented the following communication channels: i) in-person at each of its premises; ii) via telephone (call center); iii) e-mail; iv) social media; and v) web page.²⁵ Complaints are handled by an incident manager who evaluates each case and forwards it to the relevant department for analysis and investigation, ultimately concluding with a response to the customer. Upon completion of the process, the mechanism tracks the resolution of the complaint through the channel by which it was received. While this complaint system allows for anonymity, it does not manage complaints arising from E&S risks associated with its operations.

Deprati will update its existing procedure²⁶ to incorporate the following enhancements: i) additional channels for receiving complaints; ii) a documentation system for recording, tracking, and analyzing complaints and resolutions; iii) established response protocols; iv) communication and dissemination mechanisms for external stakeholders; v) review and follow-up mechanisms to enable senior management to assess the effectiveness of the system; vi) inclusion of submitted complaints and their resolutions in public reports; vii) mechanisms for extending the procedure to suppliers and contractors; and viii) means to formalize the participation of key stakeholders in the receipt and management of complaints. The updated procedure will be communicated to relevant stakeholders.

4.1.i.iii Ongoing Reporting to Affected Communities

At the corporate level, with particular emphasis on the new DC, the Company will: i) formulate a procedure, and designate personnel to inform affected communities about significant risks associated with upcoming activities and their corresponding action plans; ii) provide multiple channels for informing communities; and iii) report on the Company's performance results at least annually.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

Currently, the Company employs 2,897 workers, with 68% based in the coastal region and 32% in the highlands. Of this workforce, 63% (1,774) are stationed in stores or commercial premises, 4% (127) in the commercial area, 12% (341) in the credit department, 16% (443) in support roles, and 5% (142) in the existing DC. Of the total workforce, 98% are national collaborators.

²⁵ www.deprati.com; clients must log in with their user account to submit a grievance.

²⁶ Attention to customer cases.

In compliance with current labor regulations, Deprati maintains an Internal Work Regulation (ILR, for its Spanish acronym) approved by the Ministry of Labor, which governs the duties, rights, working conditions, and disciplinary measures applicable to all employees. This regulation addresses: i) personnel recruitment and payment of salaries and allowances; ii) working hours, leaves, and vacations; iii) obligations and prohibitions applicable to both the Company and the employee; iv) the disciplinary regime and sanctioning procedures; v) confidentiality and conflicts of interest; vi) protection of personal data; and vii) prevention of harassment, discrimination, and violence.

The Client employs social workers who conduct regular inspections of personnel at the existing DC and in commercial premises, addressing their concerns, complaints, or issues related to their working conditions.

The Company maintains an annual training schedule focused on developing soft skills and enhancing technical knowledge for employees in both operational and administrative roles. It also conducts inductions for new hires, including specialized training for positions deemed high-risk,²⁷ and supports personnel in obtaining a Labor Risk Prevention Certification endorsed by the Ministry of Labor.

Additionally, the Client will provide its workers with transportation and meals as an extra benefit beyond legal requirements. It will also inspect the handling and processing of food in the cafeteria of the new DC and conduct routine monitoring of the quality of water for human consumption.

4.2.a.i Human Resources Policies and Procedures

Deprati has a set of policies and processes for managing human talent, ensuring compliance with regulatory requirements. These policies cover topics such as: i) selection, induction, training, evaluation, job description and appraisal; ii) labor welfare, benefits, workplace climate assessments, transfers, medical insurance, assistance with administrative procedures, and working conditions; iii) personnel administration, salary calculations, leave management, advances, terminations, and novelty control; iv) compensation; and v) occupational risk prevention and health. Additionally, the organization has implemented specific procedures to (a) prevent violence against women, (b) protect pregnant or nursing employees, and (c) prevent the use of psychoactive substances. A Code of Conduct is also in place, outlining the norms and principles that govern the ethical and professional behavior of its employees.

Nevertheless, the Client will develop an HR policy that will explicitly reaffirm the following commitments: i) adherence to labor laws and principles of worker protection; ii) workers' freedom of association; iii) a commitment to equal opportunities and non-discrimination; iv) a prohibition on child labor, forced labor, and modern slavery; and v) zero tolerance for retaliation against workers who utilize the grievance mechanism or Ethics Channel.

²⁷ For work at heights and electrical tasks.

4.2.a.ii Working Conditions and Terms of Employment

The Client complies with Ecuadorian labor regulations (international laws, treaties, and conventions ratified by the country). However, it will define the terms of employment in its HR Policy.

4.2.a.iii Workers' Organizations

Ecuador is a signatory to several international conventions and treaties of the International Labor Organization ("ILO") relating to workers' rights (and has ratified them), including the convention concerning Freedom of Association and Protection of the Right to Organize, and the convention concerning the Right to Organize and Collective Bargaining. Although the Company's employees have not formed any unions or committees, the upcoming HR Policy will emphasize this freedom as a commitment.

4.2.a.iv Non-discrimination and Equal Opportunity

In its Code of Conduct, the Client articulates its dedication to eliminating and preventing any form of discrimination (based on gender, beliefs, religion, political affiliation, ethnicity, and sexual identity) against its team members. As part of its inclusion initiatives, the Company also employs several migrant workers²⁸ (2% of the total workforce), managing the necessary permits for employment and ensuring compliance with the principles of equal opportunity and fair treatment in areas such as working conditions, compensation, terms of employment, training and capacity building, and promotions, among others.

Nevertheless, the Client will update its Policies and Procedures Manual to incorporate criteria of equity, inclusion, and a zero-tolerance stance against harassment and discrimination in the recruitment and selection process.

4.2.a.v Retrenchment

The Client does not anticipate massive workforce reductions. Employees are engaged through written contracts, and when termination becomes necessary, the Company adheres to the guidelines established by Ecuadorian labor regulations.

4.2.a.vi Grievance Mechanism

The Client provides an Ethics Channel that allows workers to file grievances concerning: i) bribery or anti-corruption issues; ii) labor or sexual harassment; and iii) harassment and discrimination. Complaints or reports can be submitted via a post office box,²⁹ call center,³⁰ or email address.³¹ These channels are promoted through newsletters and are directly referenced in the emails that accompany employees' digital pay slips.

²⁸ Predominantly Venezuelan, Colombian, Spanish, and Panamanian nationals.

²⁹ P.O. Box No. 09-01-1185 Guayaquil.

³⁰ 1800-000-000

³¹ comunicateconpaco@deprati.com.ec

Grievances received are categorized based on their impact level—low, medium, and high—prompting the initiation of investigations. For medium-level grievances, the report is reviewed by the HR department and the Executive Presidency to undertake appropriate actions. In contrast, high-level grievances undergo scrutiny by an Audit Committee before decisions are made by HR, the legal department, and the Presidency. Finally, internal audit reviews the actions taken and closes the case.

Nevertheless, the Client will update its Ethics Channel to: i) define specific actions for low-level grievances; ii) incorporate other culturally appropriate and easily accessible channels for grievance reception; iii) allow for the submission of additional workplace concerns; iv) incorporate a system for recording, classifying, and tracking grievances; v) define response times commensurate with the severity of the grievance; vi) describe the evaluation and improvement processes for the mechanism; vii) specify communication and disclosure methods; viii) allow for anonymity; and ix) ensure zero tolerance for retaliation against users. Furthermore, a training schedule will be developed for both direct and indirect workers regarding the use of this mechanism, accompanied by an evaluation of the training process, including a perception survey to assess its effectiveness.

4.2.b Protecting the Workforce

The Client, in compliance with the local regulations in force³² and the ILO conventions ratified by Ecuador, prohibits child and forced labor for its workers and those of its contractors. Nevertheless, it will ensure that its Human Rights and Prevention of Harassment and Gender Violence Policy includes provisions aimed at preventing child and forced labor.

4.2.c Occupational Health and Safety

The Client has established an Occupational Hygiene and Safety Regulation (OHSR) that establishes norms for the prevention of occupational accidents and diseases, encourages employee participation in occupational risk prevention, and fosters awareness about the significance of preventive and corrective measures in the workplace. The OHSR encompasses: i) a description of the rights, responsibilities, and prohibitions applicable to both the employer and employees; ii) a specification of the obligations and responsibilities of contractors, subcontractors, and supervisors regarding occupational risk prevention; iii) a description of responsibilities and obligations in shared areas with other companies or institutions; iv) a detailed outline of risk management and prevention strategies in the workplace; v) measures for mitigating natural hazards and anthropogenic risks; vi) prevention programs addressing drug use and psychosocial risks; vii) protocols for the documentation, investigation, and notification of workplace accidents, occupational diseases, and incidents; viii) details on the training processes, competency certification, and training in occupational risk prevention; and ix) provisions for non-compliance and the enforcement of sanctions. In accordance with current regulations, the Client will update the OHSR.

In compliance with national regulations, Deprati has established and registered a Joint Committee for Occupational Health and Safety (CPSST, for its Spanish acronym) with the Ministry of Labor (MDT,

³² Labor Code https://www.ces.gob.ec/lotaip/2020/Junio/Literal_a2/C%C3%B3digo%20del%20Trabajo.pdf and Childhood Code https://www.gob.ec/sites/default/files/regulations/2018-09/Documento_C%C3%B3digo-Ni%C3%B1ez-Adolescencia.pdf.

for its Spanish acronym), comprising representatives from both the organization and its employees. Among its main functions, this committee is responsible for ensuring adherence to the RHST and fostering a preventive safety culture to minimize accidents and occupational diseases. The CPSST convenes bi-monthly, and the issues discussed are documented in meeting minutes for future monitoring and follow-up. Additionally, the Client has a joint subcommittee for each commercial premise (15 in total), which also meets bi-monthly.

The OHSEMS Manual contains general guidelines for the prevention of occupational accidents and diseases, as well as provisions regarding: i) risk assessment; ii) workplace inspections; iii) investigations of workplace accidents; iv) training; v) emergency plan protocols; vi) the establishment of joint OHS committees; vii) contractor management; viii) health surveillance; ix) industrial hygiene measurements; x) personal protective equipment; xi) facility signage; xii) monitoring indicators and goals; xiii) scheduling and planning for their execution; and xiv) responsibilities for their implementation. Additionally, the Client conducts measurements pertaining to: i) industrial hygiene (including vibrations, temperature, occupational noise, lighting, and ergonomics); and ii) psychosocial risks. Nevertheless, it will also: i) update its OHSEMS Manual and associated OHS programs, plans, procedures, and protocols for the O&M phase of its new DC; ii) develop and implement an OHS Plan tailored for the new DC; and iii) ensure compliance with OHS regulations,³³ addressing requirements for health personnel, technical OHS staff, OHS monitors, and other applicable stipulations.

The Company operates two medical dispensaries, managed by professionals specializing in preventive medicine—one located at the headquarters and another in Quito.³⁴ Furthermore, Deprati maintains contracts with health service providers and utilizes the IESS service to conduct pre-employment, periodic, special, and exit occupational examinations.

The Client records workplace incidents and accidents. This data, along with the relevant investigations, is reported to the appropriate regulatory bodies.³⁵ Given the increase in accident severity between 2023 and 2024, the Client will: i) conduct a comprehensive OHS risk management assessment to identify the causes of the increase in accidents and establish appropriate prevention and control measures, complete with specific objectives, targets, and indicators; ii) intensify controls at the distribution center, headquarters, and commercial premises; and iii) enhance training and awareness campaigns for personnel to cultivate a robust OHS culture.

4.2.d Provisions for People with Disabilities

In compliance with the local regulations, Deprati employs 103 individuals with disabilities or who are beneficiaries of a disability pension, surpassing the mandated 4% of the total workforce. Within its **RIT**, the Company incorporates specific norms and provisions for individuals with disabilities, aligning with the stipulations of ILO Convention 111 on Discrimination in Employment and

³³ Decree 255, May 2024: Occupational Health and Safety Regulation.

³⁴ In the management of the *El Portal* store.

³⁵ Occupational Risk of the Ecuadorian Social Security Institute (IESS, for its Spanish acronym) and the Ministry of Labor (MDT, for its Spanish acronym).

Occupation, as well as current regulations.³⁶ Workstations and workplaces for individuals with disabilities are adequate to support the full development of their activities.

4.2.e Workers Engaged by Third Parties

For the management of contractors, the Client employs the following instruments: i) an OHSEMS Manual containing general provisions; ii) a specific procedure addressing regulatory compliance in OHS; and iii) several contractual provisions established with each contractor.

Nevertheless, Deprati will update its contractor management procedure³⁷ by incorporating measures to monitor contractors' compliance with its OHSEMS, as well as its environmental, social, health and safety and labor policies, procedures and plans.

4.2.f Supply Chain

Deprati currently collaborates with 380 suppliers, 262 (69%) of which are local and 118 (31%) are foreign. Of the local suppliers, 150 belong to the MSME segment, with 45 of these enterprises being women-led.

The Client maintains procedures for selecting suppliers based on financial, employer, tax, and legal criteria. However, the Client will: i) update and implement these procedures to include (a) the identification and management of risks and impacts associated with the activities of its primary suppliers, (b) a training plan to assist in managing E&S issues, (c) monitoring of E&S performance for procurement policy reviews, and (d) capacity-building programs for its suppliers; and ii) for its foreign suppliers, it will verify that (a) they do not engage in child labor or forced labor in the production of their textile products and (b) they have conducted due diligence on their supply chains, utilizing the ILO indicators for child labor and forced labor.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

The Client has undertaken several initiatives to enhance resource efficiency, such as: i) implementing energy-saving measures in its commercial premises through the use of LED lighting and efficient climate control systems; and ii) utilizing energy-efficient forklifts in the existing DC.

The new DC has incorporated infrastructure for the future installation of photovoltaic panels for self-generation and implements energy efficiency measures (suitable materials to maintain necessary temperatures and reduce air conditioning consumption), as well as water-saving measures (through high-efficiency fixtures). The Client is currently pursuing EDGE Certification.³⁸

³⁶ In accordance with the Labor Code, Article 42, numeral 33, mandating the hiring of personnel with disabilities.

³⁷ To include work performed by the Projects department and logistics transport contractors.

³⁸ The EDGE Certificate is an international certification for sustainable buildings, focusing on the efficient use of energy, water, and materials to make structures more economical and environmentally friendly.

4.3.a.i Greenhouse Gases

In response to the energy crisis that occurred in the country in 2024, the Client significantly increased its consumption of fossil fuels, rising ninefold compared to 2023.

The Company has initiated a process to gather information for conducting a greenhouse gases inventory (“GHG”) for scopes 1 and 2. Nevertheless it will: i) complete its GHG emissions inventory, encompassing its new and existing DC, administrative offices, and commercial premises for scopes 1, 2, and 3; ii) maintain an annual record of its GHG emissions; iii) develop a GHG emissions reduction plan; and iv) integrate energy efficiency concepts into the design of its new commercial premises and the repowering or retrofitting of existing ones.

4.3.a.ii Water Consumption

The Company’s locations receive potable water services from the municipalities in which they are situated, with the exception of the new DC, which will be supplied by authorized water providers. Water usage in the existing DC, headquarters, and commercial premises primarily serves the following purposes: i) hygiene services in restrooms; ii) water dispensers with purifiers for human consumption; iii) cleaning of workspaces; and iv) maintenance of green areas. On average, annual water consumption is 49,445 m³/year. While this consumption has remained consistent in recent years, it has reported a current increase of 16% compared to 2023. In light of this, the Client will identify the processes that utilize this resource and propose specific reduction measures to enhance efficiency in its use.

4.3.b Pollution Prevention

The Client, in compliance with the obligations stipulated by its environmental permits, conducts environmental quality measurements for ambient noise and wastewater discharges at two of its commercial premises³⁹ where its PTAR (Wastewater Treatment Plant, for its Spanish acronym) operates. The wastewater generated at the headquarters building (administrative offices), existing DC, and other commercial premises is discharged into the public sewage systems of their respective jurisdictions. In contrast, the wastewater produced at the new DC will be discharged into the adjacent estuary following treatment at the PTAR currently under construction.

The existing PTARs are subject to both preventive and corrective maintenance, with discharge water quality monitoring conducted every six months. To date, no instances of non-compliance with local regulations have been identified, with a total average daily discharge volume (across all operations) recorded at 88 m³.

Regarding ambient noise, the Client performs semi-annual measurements, which have consistently remained within regulatory limits.

³⁹ Plaza Navona and De Prati Machala.

4.3.b.i Waste

Deprati's operations, encompassing the existing DC, headquarters, and commercial locations, generate non-hazardous (common) and recyclable solid waste. To mitigate waste generation, the Client actively reuses and recycles tertiary packaging (mostly cardboard), and has recently initiated efforts to recycle high and low-density plastics (film, strapping) and packaging paper. Cardboard is sorted at the commercial premises before being transported to the DC.

Non-hazardous solid waste (common) is managed through the municipalities where the Client operates, while recyclable materials that cannot be reused internally are collected and processed by authorized recyclers.

In accordance with current regulations, the Client maintains a register of hazardous waste generators and has developed management guidelines for these and special wastes in all Company work areas, covering the collection, transportation, storage, disposal, and final disposal of such waste. The primary hazardous and special wastes generated by the Company include lamps, used or spent mineral oils, mineral oil filters, lead-acid batteries, paint residues, batteries, and other discarded electrical and electronic equipment. For the management of these wastes, the Client has established adequate facilities on its premises, featuring waterproofing, enclosure, ventilation, containment, and compatibility-based classification. The annual average amount of hazardous and special waste generated is 2.7 tons.

Nevertheless, the Client will develop, update, and implement a comprehensive management procedure for non-hazardous waste (including recyclables, common waste, and organic waste) applicable to its new and existing DCs, headquarters, and commercial premises. This procedure will help it determine the traceability of waste and increase recycling rates.

4.3.b.ii Hazardous Materials Management

The Client will develop and implement a procedure for handling hazardous materials (fuels, lubricating oils, paints, etc.) applicable to the DC, which will include, among other issues, the following: i) storage conditions; ii) safety signage to be used; iii) the use of material safety data sheets (MSDS) for each product; iv) substance incompatibility information; and v) a contingency plan in case of spills or accidents.

4.3.b.iii Pesticide Use and Management

Deprati, through an external company, performs Integrated Pest Management ("IPM") or Integrated Vector Control ("IVC") for its operations. In this regard, it will verify that the products used are not on the list of pesticides classified as Ia (extremely hazardous) or Ib (hazardous) under the recommended classification of the World Health Organization (WHO).

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

4.4.a.i Infrastructure and Equipment Design and Safety

Recognizing that the main impacts of its operations on the community relate to noise and traffic safety, the Client will maintain close communication with the community through its PPPI Initiative to manage these impacts. In this regard, the Client will develop a Road Safety Plan, in line with the principles described in the World Bank's General Guidelines and international best practices. Additionally, for the construction of the new DC and the commercial premises adjacent to residential areas, the Client will ensure, via the Contractor Management Plan, the proper identification of risks and the implementation of corresponding mitigation measures.

4.4.a.ii Hazardous Materials Management and Safety

Although the Client's use of hazardous materials is minimal, it will develop and implement a procedure for handling these materials to prevent incidents or accidents during their manipulation.

4.4.a.iii Ecosystem Services

The Client's operations will generate no material impacts on ecosystem services.

4.4.a.iv Community Exposure to Disease

The Client adheres to guidelines from regulatory entities, such as the Ministry of Public Health, and provides its personnel with vaccination campaigns through its health surveillance plan. This initiative significantly reduces the likelihood that diseases arising on the Company's premises will spread to the community.

4.4.a.v Emergency Preparedness and Response

The Client maintains Emergency Plans for its existing DC, headquarters, and commercial premises, which include emergency response protocols. However, the Client will: i) include drills with neighboring communities in its emergency plan for the O&M phase of the new DC; and ii) based on the risks assessed at its existing DC and other commercial premises, carry out drills with surrounding communities to ensure preparedness.

4.4.b Security Personnel

Deprati employs both in-house and contracted physical security personnel, all of whom possess the necessary operating permits issued by the Ministry of the Interior. In compliance with current regulations, these personnel have completed 120 hours of training covering topics such as legislation, security techniques, first aid, and citizen safety. The outsourced security team is responsible for the Company's assets, access control, and ensuring the integrity of gates, locks, engine rooms, and unit equipment. The security system is equipped with monitoring cameras

(CCTV), enabling rapid detection of events that may pose risks to the safety of assets and personnel, as well as facilitating prompt responses to incidents. For both direct and indirect personnel, the Client conducts reasonable background checks to ensure that those responsible for security: i) have not been involved in cases of abuse; ii) have been adequately trained in the use of force and, when applicable, firearms; iii) have been instructed on how to interact with workers and neighboring communities; and iv) are familiar with applicable legislation and know how to act accordingly.

To ensure access control, crime prevention, and protection of its assets, the Client maintains physical security procedures that must be adhered to by security guards, motorized supervisors, console operators, security coordinators, the head of corporate security, and the corporate security manager across the various work shifts. While only a select number of security guards are authorized to carry weapons, all receive periodic training on topics related to: i) customer service; ii) respect for human rights; iii) relevant laws, regulations, and operating procedures; iv) industrial safety; v) drug use prevention; vi) safe driving practices; vii) the Code of Ethics; and viii) the handling and use of firearms at the shooting range, among others.

The Client will prepare and implement: i) a corporate-level Physical Security Management Manual⁴⁰ that encompasses professional ethics and human rights topics, integrating the United Nations' Voluntary Principles (VPs) on Security and Human Rights; ii) a training course on the United Nations' Voluntary Principles on Security and Human Rights; and iii) training plans for private security companies that include guidelines for the progressive use of force and describe appropriate conduct towards workers and affected communities.

5. Local Access of Project Documentation

The documentation relating to the Project can be accessed at the following link: www.deprati.com.ec

⁴⁰ See <https://www.ifc.org/content/dam/ifc/doc/mgrt/p-handbook-securityforces-2017-spanish.pdf>