

Environmental and Social Review (ESRS) BERN –Sustainability-Linked Bond PANAMA

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

This operation contemplates the issuance of a Sustainability-Linked Bond ("SLB") for Bern Hotels & Resorts ("BHR" or the "Company") through the issuer ¹Vareen Assets Corporation, to finance improvements to BHR's hotel properties in the Republic of Panama, with the objective of raising its sustainability standards (the "Project").

The Project will not finance the construction of new hotels or hotel infrastructure, and the SLB objectives are focused primarily on: (i) operational resilience; (ii) resource use efficiency; and (iii) responsible management of its value chain. ²The BHR SLB framework reflects a commitment in two central dimensions of its Sustainability Strategy, by incorporating an environmental impact indicator, the reduction of annual gross GHG emissions, and a social impact indicator, the reduction of youth unemployment (young people between 18 and 25 years of age) in ³Panama.

The Environmental and Social Due Diligence ("ESDD") process included, among other aspects, the following: (i) interviews and meetings with executives from the Company's key areas (environmental and social management, labor, and occupational health and safety); (ii) review of environmental permits and authorizations; (iii) an analysis of the Company's management systems; (iv) an assessment of the environmental and social ("E&S"), labor, and occupational health and safety ("OHS") baseline information related to the Project; (v) analysis of issues associated with the management of climate change risks and impacts; (vi) review of preparedness and emergency response plans and procedures for anthropogenic and natural hazard threats; (vii) an assessment of the consultation and engagement process with key stakeholders; and (viii) an assessment of efficient resource use (primarily water and energy).

To ensure the Project's commitment to the respect and protection of Human Rights ("HR"), its zero tolerance for retaliation, and its commitment to providing and guaranteeing a safe environment for stakeholders to express their concerns without fear of any form of revenge or retaliation, the ESDD process also included the review of, among other documents, BHR's Code of Ethics and Conduct ("Code of Conduct") and social and labor policies, procedures, and regulations.

¹ The BHR Sustainability-Linked Bond is structured as an instrument in which the financial conditions will be linked to the issuer's performance against previously defined sustainability performance targets ("SPTs").

² In accordance with the nature of the SLB, the proceeds from the issuance will be allocated to general corporate purposes, where the sustainability component of the instrument is not associated with the financing of specific projects, but with the fulfillment of the defined KPIs and SPTs.

³ Primarily within the areas of influence of each hotel property.

2 Environmental and Social Classification and Justification

In accordance with IDB Invest's Environmental and Social Sustainability Policy, the Project has been classified under Category B, because the E&S impacts, as well as the occupational risks associated with the improvement and operation stages of each of the Project's properties and activities, are considered to be of moderate to low significance, as well as reversible and manageable through E&S management plans and programs well known in the sector.

The Performance Standards ("PS") activated by the Project are: PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health and Safety.

3 Environmental and Social Context

3.1 General characteristics of the project site

BHR Panama is the tourism and hotel division of Empresas Bern ("Grupo Bern"), a Panamanian company with 30 years of experience. Grupo Bern has nine hotels, of which three are resorts ⁴and one is a tour operator, making it the largest and most important hotel chain in Panama City. BHR's hotel portfolio is made up of establishments managed under agreements with well-known international hotel chains. One of the resorts is managed directly by the Hyatt franchise under a management contract.

BHR's diverse hotel portfolio serves a wide range of local and international guests in urban and rural areas of Panama. Its reach extends to community tourism, especially through the "Hotel Hermano" program, which advises small hotel businesses in areas such as Bocas del Toro.

With the support of initiatives such as the Bern Foundation for education and the Bern Volunteers Program for ecological and social engagement, the Company collaborates with organizations such as the United Nations Children's Fund ("UNICEF"), the United Way of Panama, and the Panama Tourism Authority ("ATP"), to broaden its social impact.

Sustainability is fundamental to BHR's operations, investing in wastewater treatment, the use of non-conventional renewable energy (primarily solar energy), the adoption of ecological technologies, and robust solid waste management, including recycling partnerships. The Company monitors its carbon footprint, uses biodiesel, and practices "farm-to-table" sourcing through its sustainable farm, La Micaela, promoting a circular economy. BHR's environmental leadership is recognized by certifications such as the Sello Sostenible ⁵Panamá and ⁶"Green Key." As a signatory of the United Nations Global Compact ("UN Global Compact") and the Women's Empowerment Principles, BHR promotes gender equality, diversity,

⁴ The city hotels are: InterContinental Miramar, Crowne Plaza Panamá, Holiday Inn Ciudad del Saber, Le Méridien, Crowne Plaza Aeropuerto, and The Westin Panama; the 3 Resorts are: Gamboa Rainforest Reserve, Dreams Playa Bonita and Westin Playa Bonita; and the tour operator is Panamazing DMC.

⁵ The Sustainability Seal in Panama of the Panamanian Foundation for Sustainable Tourism ("APTISO") focuses primarily on certifying good practices in the tourism sector by promoting environmental, social, and economic responsibility across four pillars: sustainable management, socioeconomic, cultural, and environmental impacts, based on international criteria from the *Global Sustainable Tourism Council* ("GSTC").

⁶ In 2025, three BHR Panama hotels (The Westin Playa Bonita, The Westin Panama, and Le Méridien Panama) have been certified with "Green Key." Green Key is a program of the international non-profit charitable *organization Foundation for Environmental Education* ("FEE"), which seeks to recognize compliance with key criteria such as efficient energy and water management, responsible waste reduction and management, implementation of responsible environmental practices, environmental education for work teams, positive impact on communities, and toward customers or guests.

and community well-being, aligning its business with the United Nations Sustainable Development Goals ("SDGs") and green finance initiatives.

Finally, for the implementation of the Project's improvements, BHR has developed a Reference Framework aligned with international ⁷standards for the issuance of these financial instruments (SLBs), which defines that the link between the bond and sustainability is materialized through the definition of key performance indicators ("KPIs") and sustainable performance targets ("SPTs"), selected and defined in the Grupo Bern Sustainability Strategy. This framework includes: (i) the criteria for the selection and definition of KPIs; (ii) the calibration of SPTs; (iii) the financial characteristics of the bond; (iv) performance monitoring and reporting mechanisms; and (v) external verification processes, in order to ensure that the commitments undertaken are relevant, measurable, verifiable, and comparable.

3.2 Contextual Risks

According to the World Bank's Study on Important Sites for Natural Disasters, Panama ranks fourteenth among the countries most exposed to multiple hydrometeorological and geophysical hazards, with 15% of ⁸its territory exposed to disasters and 12.5% of its population vulnerable to two or more hazards. A large portion of this exposed population is also the poorest and lives in the most precarious conditions.

According to Panama's National Strategic Plan for Comprehensive Disaster Risk Management (2022-2030), in the provinces of Panama, Chiriquí, Coclé, and Colón, more than 90% of hydrometeorological disasters (floods, windstorms, and landslides) recorded between 1990 and 2013 have been concentrated. The risk from these hazards has been exacerbated not only by the accelerated urban expansion process recorded in recent decades, the loss of forest cover, and the conditions of poverty and socioeconomic inequality that limit communities' capacity to cope with these disasters, but also by the lack of effective land-use planning and disaster risk management mechanisms.

Contextual risks in the Project areas include natural hazards (earthquakes, floods, storms, landslides), social and labor risks (theft, vandalism, poverty, protests, occupational accidents), and legal risks (permits, licenses, corruption, regulatory changes). These risks are considered moderate to low, and the Project is not expected to increase the vulnerability of the area.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

4.1.a Environmental and Social Management System

BHR is a signatory of the United Nations ("UN") Global Compact and is committed to the UN Sustainable Development Goals ("SDGs") in all its activities.

⁷ It aligns with the principles of the *International Capital Markets Association (ICMA)*, the *Climate Bond Standard*, and the *Sustainable Debt Framework* of IDB Invest.

⁸ Panama is located within the Intertropical Convergence Zone (ZCI), which exposes it to extreme and climate-related meteorological phenomena, such as floods, storms, landslides, droughts, waterspouts, and El Niño-La Niña episodes. In addition, it is situated on the Panama Block or Microplate, one of the most seismically active regions on Earth, the Circum-Pacific Belt (also known as the "Pacific Ring of Fire"), exposing it to geological and volcanological hazards.

Additionally, BHR has a Sustainability Strategy, aimed at progressively managing the main environmental, social, and governance ("ESG") impacts, risks, and opportunities associated with its hotel business model, with a focus on operational resilience, resource use efficiency, and responsible management of its value chain. This strategy is structured around four action pillars that play a cross-cutting role in articulating the social and environmental priorities of the Bern Group: (i) Pillar #1 on "Environmental management for purposeful tourism," whose actions⁹ or improvements include (but are not limited to) (a) the installation of photovoltaic solar energy generation systems, (b) the implementation of waste separation and recycling programs at the source, and (c) awareness and efficient water use strategies aimed at guests; (ii) Pillar #2 on "People as the center of the hotel experience," which encompasses¹⁰, among other aspects, (a) training and continuous education programs, (b) initiatives for strengthening internal capacities, and (c) the application of occupational health and safety standards; (iii) Pillar #3 on "Corporate governance and responsible value chain,"¹¹ whose actions include (a) organizational practices focused on mitigating operational and reputational risks and (b) the responsible selection and management of the value chain, incorporating sustainability and local development criteria in procurement and supplier relationship processes; and (iv) Pillar #4 on "Strengthening communities," whose¹² actions include (a) the consolidation of partnerships with artisans and local communities and (b) the development of environmental education and community action initiatives aimed at guests, students, and communities in the vicinity of each property, among others.

4.1.b Policies

Each BHR property or hotel has an "Environmental Policy," aligned with the main international agreements and conventions, which¹³ establishes the reference framework for managing its strategies for the protection, conservation, and improvement of the environment, and defines the principles of responsible business conduct that guide the identification, assessment, and management of dependencies, as well as the management of impacts, risks, and opportunities related to ecosystems and their components. These policies are grounded in the principles of: (i) compliance with current environmental regulations and international standards that reinforce sustainable development models; and (ii) impact prevention,¹⁴ with actions to avoid and reverse the adverse effects caused by the development of its operations. This policy, which is mandatory, is reinforced by the Company's Sustainability Strategy.

4.1.c Risk and Impact Identification

4.1.c.i Direct and indirect impacts and risks

All properties (hotels) have obtained their environmental authorizations and permits required by local legislation for their operation or functioning. These instruments include an evaluation matrix that, based on the regulations and standards applicable to the processes and activities of each phase, captures the

⁹ It includes topics associated with climate action and emissions management, efficient use of energy and water, comprehensive waste management and reduction of food waste, as well as the protection of biodiversity and local ecosystems.

¹⁰ Where topics of employability, human capital development, diversity and equal opportunity, and occupational health and safety are linked.

¹¹ It relates to topics of ethics, regulatory compliance, transparency in decision-making, and responsible supplier management.

¹² It covers topics associated with engagement with local communities, management of territorial impacts, and social investment.

¹³ The Hotels' Environmental Policies contributing to the commitments of the United Nations Global Compact and the achievement of the Sustainable Development Goals ("SDG").

¹⁴ These actions pursue (a) the proper management of biodiversity and the protection of ecosystems; (b) the reduction of the carbon footprint and the mitigation of climate change; (c) the conservation of natural resources; and (d) the comprehensive management of waste and environmental pollution.

significant environmental and social risks and impacts. Using this information, BHR determines the operational controls, corrective actions, good construction practices, as well as the measurement and monitoring mechanisms required to manage each risk.

Independently, for the implementation of the Project improvements, as well as for the environmental and social commitments of the Sustainability Strategy, BHR will verify the terms and conditions established in the environmental impact assessment instruments to monitor the prevention and control actions for significant environmental and OHS risks and impacts, or those related to the protection of infrastructure or equipment.

4.1.c.ii Alternatives Analysis

Since the Project will be developed in facilities already owned by the Company, no other alternatives were considered beyond the evaluation of various technological options based on their economics and efficiency (in terms of equipment, efficiencies, and accessibility).

4.1.c.iii Cumulative Impacts

Given the characteristics of the Project, its impact, added to the aggregate impact generated by past, present, and future projects, is considered marginal. In this regard, a cumulative impact mitigation plan is not required.

4.1.c.iv Gender Risks

Even though Panama has laws ¹⁵and ¹⁶institutions that ensure the protection of women, in terms of violence and harassment in the provinces of Panama and Panama Oeste, femicides and attempted femicides for the period between January and August 2025 have been 4 and 2 cases, respectively; while ¹⁷violent deaths have only occurred in the province of Panama (7 cases), according to ¹⁸statistics from the Public Prosecutor's Office. Likewise, regarding gender-based violence and sexual offenses, between January and August 2025 there were 730 cases in the province of Panama (a 3% reduction compared to the same period of the previous year 2024), with the main cases being sexual access with minors (38%), followed by rape (35%) and lewd acts and sexual harassment (27%); and for the province of Panama Oeste, for the same period there were 471 cases (a 5% reduction compared to the same period of the previous year 2024), with the main cases in this instance being rape (51%), followed by sexual access with minors (25%) and lewd acts and sexual harassment (24%).

Nevertheless, due to the nature of the activities and the sheltered location of the properties (hotels), the gender risk is considered low and can be mitigated through the application of the principles contained in the Code of Conduct, labor and social policies, internal prevention and investigation directives, and the Company's Internal Work Regulations ("RIT").

¹⁵ Law No. 82 of October 24, 2013 adopts preventive measures against violence toward women and amends the Penal Code by classifying femicide and sanctioning violence against women; Law No. 71 of December 23, 2008, which creates the National Institute for Women; Law No. 38 of July 10, 2001, which amends and adds articles to the penal and judicial code on domestic violence and abuse of children and adolescents; Law No. 73 of December 18, 2015, which amends articles of Law 38 of 2001, on the domestic violence procedure; among others.

¹⁶ The National Institute for Women ("INAMU"); the National Council for Women ("CONAMU"); the National Committee against Violence against Women ("CONVIMU"); the Panamanian Observatory against Gender Violence ("OPVG"); among others.

¹⁷ Violent death refers to all homicides of women that were not considered femicides according to the assessment of the case Prosecutor and the application of Law 82.

¹⁸ Source: Statistics Center of the Public Prosecutor's Office of the Republic of Panama (<https://ministeriopublico.gob.pa/estadisticas-judiciales/>).

4.1.c.v Gender Programs

The Project will not generate significant differentiated impacts between men and women, nor will it promote gender-based violence or illicit activities. BHR, through the Code of Conduct, promotes non-discrimination and equal opportunity in human talent management, so the implementation of the Project improvements is expected to offer equitable employment opportunities.

BHR has implemented measures to ensure appropriate treatment of women in its facilities, through the non-discrimination and inclusion policy in the workplace established in the Code of Conduct, providing adapted personal protective equipment, gender-separated changing rooms, appropriate work environments, zero tolerance for gender-based violence, and compliance with local and international legislation on equal opportunities. Conduct contrary to these guidelines is investigated and, if necessary, sanctioned by the Human Development Department ("HR") and General Management (both simultaneously).

4.1.c.vi Climate Change Exposure

According to a global climate model, the Project's infrastructure may be exposed to changes in precipitation¹⁹ regimes and heat waves,²⁰ the latter under a high-emissions²¹ scenario (RCP 8.5). Likewise, some Project properties located near the coast are sensitive to flooding and sea level rise.

Once in operation, the Project will be exposed to extreme hydrometeorological events, such as intense rainfall, which can cause flooding in some hotel properties, affecting the continuity of potable water supply. The increase in ambient temperature could generate greater water demand and higher energy consumption in the water treatment process. Likewise, the integrity and operation of hotels near the shores of bodies of water (coast, canal, and lake) could be affected in the future by an eventual rise in water levels.

Despite the above, the risk from exposure to climate change is covered by the measures incorporated into the Project design and its Operational Emergency Plans ("PEO").

4.1.d Management Programs

The Environmental Management Plans ("PMA") of each Hotel contain the necessary measures to prevent, minimize, mitigate, and compensate for each of the unwanted impacts and risks of each activity and stage of the Project. Among these, the following are distinguished: (i) preventive measures, focused on eliminating or reducing the frequency or severity of negative impacts or risks, which are supported by programs for (a) air quality, noise, and vibration control, (b) water and soil protection, (c) fauna and flora protection, (d) socioeconomic and historical-cultural matters, (e) waste management, (f) preventive and predictive maintenance of equipment and machinery, and (g) continuous employee training and drill

¹⁹ At present, the project is exposed to the effects of the El Niño-Southern Oscillation (ENSO) phenomenon, which is associated with periods of drought, while in La Niña years, abundant rainfall is recorded in the water basin that feeds the locks of the Panama Canal.

²⁰ Under the Shared Socioeconomic Pathway-3 7.0 (SSP-3 7.0) scenario, for the period 2035–2064, the coastal provinces of central and eastern Pacific Panama will have an almost twice as high probability of experiencing extreme precipitation events, compared to historical 100-year return periods.

²¹ A representative concentration pathway (RCP) is a GHG concentration pathway (not emissions) adopted by the IPCC. The pathways describe different climate futures, all of which are considered possible depending on the volume of GHG emitted in the coming years. The RCPs, originally RCP 2.6, RCP 4.5, RCP 6, and RCP 8.5, are labeled based on a possible range of radiative forcing values in the year 2100 (2.6, 4.5, 6, and 8.5 W/m², respectively).

programs; and (ii) technical-operational recommendations, which are based on compliance with national regulations on W&S and OHS matters.

The Company prioritizes the commitments made in the environmental impact studies ("EIAs"), the environmental audit plans and their approval resolutions, as well as those provisions issued by the competent sectoral authorities (Fire Department, etc.). However, for the implementation of the Project, BHR will update the EMPs of those intervened properties, with operational controls and measures to eliminate, transfer, or mitigate each of the significant risks or impacts, including: (i) preventive controls to eliminate or reduce the frequency, probability, and severity of negative impacts and risks, supported by preventive and predictive maintenance programs for equipment and machinery, and training programs for employees (including ongoing drills); and (ii) technical and operational recommendations based on national environmental and OHS regulations.

4.1.e Organizational Capacity and Competence

BHR has a defined corporate organizational structure that clearly establishes lines of authority and responsibilities in each of the projects it undertakes. In this regard, for the implementation of the Project, the Company has a specific environmental management team composed of the Environmental Manager, who, with the support of the Sustainability Coordinator supervised by the Public Relations and Media Communications Directorate, is responsible for: (i) monitoring environmental regulatory compliance; (ii) promoting a sustainable and environmentally responsible business model through the Sustainability Strategy; (iii) identifying opportunities for improvement in E&S performance; (iv) preventing pollution; and (vi) advising General Management or the Vice Presidency on the implementation of E&S procedures and the Sustainability Strategy.

The Company has a corporate-level OHS structure, led by the Financial and Operations Vice Presidency, with the support of the Infrastructure Manager, who are responsible for coordinating decisions on critical cases and providing technical support and incident follow-up; as well as an operational level (at each property), led by the General Manager, the Maintenance Manager, and the Security Chief, who, in addition to activating the local emergency plan, are responsible for (a) applying health, protection, and safety procedures and protocols for all employees and external personnel (contractors and subcontractors, suppliers, visitors, etc.), and (b) diagnosing failures, in compliance with applicable health and safety laws and regulations, and their own policies.

On matters related to Corporate Social Responsibility ("CSR"), the Bern Group has the Bern Foundation, created in 1998 as a non-profit institution with the objective of contributing to the development of Panama by engaging in educational advancement for both children and adults through comprehensive education, donations, contributions, and activities for the benefit of communities and the environment.

4.1.f Emergency Preparedness and Response

The Company has a BCP whose objectives are to ensure (a) operational continuity, (b) the safety of guests and employees, and (c) the protection of the hotel group's assets in the event of interruption or failure of essential public services (water, energy, gas, telecommunications, critical equipment, etc.). Additionally, each property has an Emergency Response Plan ("ERP") that complies with current Panamanian regulations,²² which: (i) includes a risk analysis (hazards and threats) and vulnerabilities; (ii) establishes preventive, mitigation, and assistance actions to safeguard the physical integrity of employees, suppliers,

²² Executive Decree No. 177 of April 30, 2008, which regulates Law No. 7 of February 11, 2005, reorganizing the National Civil Protection System.

and clients present within those premises; and (iii) describes the management elements to address emergencies that may threaten the integrity of the infrastructure and continuous operations.

However, BHR will update the existing ERPs of the intervened properties to ensure they contain: (i) climate risk analyses and response procedures; (ii) environmental emergency response and restoration protocols for any accidental spill or discharge of contaminants or hazardous substances that may pose a threat to human health or the environment; (iii) requirements for the formation of response brigades; (iv) a list of contacts and communication systems and protocols; (v) procedures for interaction with local and regional authorities on health and emergency resolution matters; (vi) a list and location of permanent emergency facilities and equipment for addressing these natural hazards ²³(external support institutions); (vii) evacuation route diagrams and assembly points; (viii) a description and schedule of training exercises and drills, including external social stakeholders (e.g., neighboring communities and facilities, among others); (ix) annual occupational health and safety ("OHS") training programs; (x) procedures for conducting root cause analysis protocols for any serious accident or fatality; and (xi) a description of the corrective actions necessary to minimize the risk of new occurrences.

BHR will generate an annual training and drill report and schedule, which will be updated at the end of each year and will include, among others, courses on: (i) first aid; (ii) detection and response to leaks and spills of hazardous products; (iii) fire suppression and prevention; and (iv) search and rescue protocols.

4.1.g Monitoring and Evaluation

BHR has among its objectives the compliance with all environmental provisions required by national legislation. Therefore, in its Sustainability Strategy and in order to avoid sanctions, it has planned the conduct of environmental audits to verify compliance with applicable legal requirements at each facility. In this way, when these exercises identify any non-conformity, the Company adopts corrective or preventive actions and monitors them until the closure of these deviations is achieved within the pre-established timeframes.

However, BHR will ²⁴prepare a consolidated annual report on compliance with all E&S and OHS policies and measures applicable to the Project, using key performance indicators ("KPIs"). Based on the results of these assessments, it will also define specific measures to reduce impacts and improve its efficiency.

4.1.h Stakeholder Engagement

BHR will develop and adopt a Key Stakeholder Engagement Plan ("KSEP") for each property where the Project will be implemented, which will include the following: (i) an updated identification of each stakeholder, including local authorities, neighbors, and nearby communities (within a radius of 5 kilometers of each property); (ii) differentiated measures that allow for the effective participation of the most vulnerable groups (if present); (iii) a mechanism that ensures that community representatives have the opportunity to express their opinions; (iv) details of how information will be disclosed to stakeholders; (v) details on the stakeholder engagement process and the ways to access the grievance mechanism; (vi) procedures for regularly reporting on the Company's environmental and social performance to stakeholders and the general public; and (vii) mechanisms to implement and disseminate this Management Plan to all personnel, as part of the annual training plan.

²³ Persons or entities with technical, legal, and juridical standing, such as the National Civil Protection System ("SINAPROC"), Red Cross, Fire Department, Ministry of Environment, etc.

²⁴ Either internally (internal audit) or through an external independent E&S expert (external audit).

Each KSEP will identify the work team responsible for its implementation (e.g., the Social Responsibility area and a team of social promoters) and will define the protocols for conducting (a) interviews with authorities and representatives of stakeholders, (b) informational meetings with stakeholders, and (c) media and social network management.

4.1.i External Communication and Grievance Mechanism

4.1.i.i External Communications

To ensure that all communications directed to the external public (including interest groups) are carried out in a careful, responsible, and efficient manner, BHR has community consultation and engagement protocols that use various external communication channels including, among others, reports, websites, press releases, social media, and public events.

4.1.i.ii Grievance Mechanism for Affected Communities

BHR has a formal mechanism to receive inquiries, complaints, and suggestions from the general public through its website.²⁵ However, the Company will improve this mechanism, for which it will: (i) designate a person responsible for relations with the local community, who will handle and follow up on complaints and grievances, as well as report semi-annual performance indicators; (ii) establish a methodology to determine (a) how the complaint and grievance is captured, classified, evaluated, investigated, and resolved, (b) what follow-up will be given once resolved, and (c) how the Sustainability Strategy will be adapted or improved in terms of communication and information disclosure; and (iii) determine the communication channels to capture complaints and grievances from neighboring individuals and organizations. The mechanism, in addition to maintaining confidentiality, will ensure that complaints and reports are handled without fear of retaliation or discrimination against the person submitting them, as established in the Code of Conduct.

The capture of complaints and grievances, in addition to guaranteeing anonymity and confidentiality, may be: (i) written, in pre-established formats that will be deposited in mailboxes placed on the properties; (ii) verbal, using a dedicated telephone line or directly through any Company official; or (iii) electronic, through email or the BHR website.

4.1.j Reports to affected communities

The Company, through its website, provides²⁶ information on its environmental and social performance, and on the projects it develops. In addition, through each PRAC, the Company will provide communities and any interested party with periodic reports on its E&S performance.

²⁵ <https://bernhotelspanama.com/>

²⁶ <https://bernhotelspanama.com/> and <https://www.empresasbern.com/rse/>

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Labor Relations

In 2024, the Company had a workforce of 1,224 direct workers and 204 unionized workers. Of this total, 42% are women, 13% of them in administrative positions and 9% in senior management.

4.2.a.i Human resources policies and procedures

BHR and the Bern Group have a series of instruments to manage their human resources, such as: (i) a Code of Conduct, which sets out the standards of conduct and compliance that should serve as a guide and basis for the performance of all their activities; (ii) an Internal Work Regulations ("RIT") for each property (hotel), approved by the Ministry of Labor, which contains provisions applicable to ²⁷all workers and allows for the appropriate management of (a) relations with employees, (b) the transparent and objective selection of personnel, and (c) the promotion of career plans and training programs, among others; (iii) a Procedures and Standards Manual for the HR Department, which details the processes of (a) recruitment and selection, (b) hiring, (c) induction, training, coaching and development, and (d) performance evaluation; and (iv) for IHG ²⁸franchises, a Human Rights Policy and a Responsible Recruitment and Anti-Human Trafficking Policy, which address topics related to (a) ethical behavior, (b) respect for human rights, (c) high ethical standards, (d) respect for persons (which includes the rejection of forced labor, child labor and lack of freedoms), (e) effective equality, (f) competitive working conditions, (g) freedom of negotiation and association, and (h) socially responsible hiring, among others.

All aspects related to labor and working conditions are managed by the Corporate Director of the HR Department, and it is their responsibility, together with that of the General Manager or General Management and HR Manager of each Property, to ensure that their contractors and other business partners have similar standards of conduct.

4.2.a.ii Working conditions and terms of employment

The Code of Conduct and the RIT of each hotel, which are mandatory for all workers without exception, contain provisions that comply with both the labor laws ²⁹of Panama and the best international practices of the construction industry and the conventions of the International Labour Organization ("ILO"). These provisions regulate the manner and conditions of selection and hiring of personnel; working days and hours; rest days; vacations; leaves of absence; flexible work arrangements to promote collaboration and productivity; salaries and benefits; the rights and obligations of the employee and the employer; conduct and disciplinary measures; asset security; risk prevention; and the manner of incorporation and treatment of workers with disabilities, among others. To reinforce knowledge of these working conditions, the Company requires that each employee undergo training on the Code of Conduct and the RIT as part of their induction process.

²⁷ Standards and conditions for personnel selection and hiring; regulations on working hours and schedules, rest periods, vacations, permits and leaves, remuneration and benefits; specific provisions applicable to workers (working hours and schedules, obligations); rights and obligations of workers; induction, training, and capacity-building requirements; health protection measures (epidemics, pandemics) and against sexual harassment; and infractions and the disciplinary regime; among other aspects.

²⁸ The IHG Hotels & Resorts franchise is a hotel business model where independent owners operate their hotels under the backing and recognized brands of the British group InterContinental Hotels Group ("IHG"), which encompasses more than 6,800 hotels worldwide.

²⁹ Cabinet Decree No. 252 of 1971, Panama Labor Code (amended by Law No. 44 of August 12, 1995).

Additionally, in the Procedures and Standards Manual of the HR Department and in IHG's Recruitment and Anti-Human Trafficking Policy, the Company declares its commitment to providing equal opportunities and maintaining a diverse and inclusive work environment, free from harassment, regardless of race, caste, religion, color, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability.

Each hotel, with corporate support, carries out the recruitment, selection and hiring of talent through transparent, objective, confidential and rigorous processes that guarantee respect for the principles of equality and non-discrimination, and which are based on the competencies, capacity, professional experience and level of identification that candidates have with the values of the Bern Group.

4.2.a.iii Labor organizations

In adherence to the provisions of the ³⁰Constitution of Panama, the Labor Code and the ILO conventions and international ³¹treaties ratified by the country, BHR guarantees the free exercise of the collective rights of its workers, which includes the right to form unions, negotiate collective bargaining agreements and exercise their right to strike.

4.2.a.iv Non-discrimination and equal opportunity

Panama is a signatory to several ILO conventions and international treaties related to workers' rights, including Convention No. 100 on Equal Remuneration and Convention No. 111 on Discrimination (Employment and Occupation). BHR, in addition to complying with these provisions: (i) ³²rejects any form of discrimination; (ii) maintains a zero-tolerance approach toward any form of harassment, abuse or intimidation (including sexual and workplace harassment); and (iii) is committed to respecting human dignity, equality and diversity in the workplace.

4.2.a.v Workforce reduction

The Company has no plans to reduce its workforce in the future. However, should this occur, the separations would not be mass layoffs and, in all cases, each hotel will comply with the provisions of the Panama Labor Code and the provisions contained in its RIT, which refer to the suspension and termination of individual or collective employment relationships.

4.2.a.vi Grievance mechanism

In accordance with the Code of Conduct, every worker has the responsibility to report any inappropriate conduct, ethically questionable behavior or any breach of the Company's policies and guidelines, as well as any threats or recriminations. Currently, the Company maintains an "Open Door Policy" and holds frequent ³³meetings (discussion sessions) called "Coffee with Management" where topics such as work environment, schedules, uniforms, payments or complaints, among others, can be raised.

³⁰ The Constitution of Panama establishes the protection of fundamental rights and freedoms, among which is the freedom of association.

³¹ Convention No. 87 concerning freedom of association and protection of the right to organize, and Convention No. 98 on the right to organize and collective bargaining.

³² In its Code of Conduct, the RIT, the HR and Occupational Risk Prevention Policy, and the Diversity, Equity, and Inclusion Policy.

³³ The "open-door policy" allows any worker to have free and direct communication, whenever required, with the HR Department and General Management to express complaints or clarify doubts regarding payments, performance, or workplace discomfort.

However, to formalize the handling of complaints, reports or grievances, the Company will develop and implement an Internal Grievance Mechanism ("MIAQ") or Corporate "Whistleblowing System," which: (i) will integrate various forms to capture workers' complaints and grievances through additional channels (email, website, employee portal or a specific telephone line) to those already in existence; (ii) will guarantee anonymity (when requested) and confidentiality; (iii) will prohibit any type of retaliation against those who use it; and (iv) in the event that competent authorities initiate any labor-related investigation, will provide them with information on the case.

4.2.b Workforce protection

Panama, in addition to being a signatory to several ILO conventions and international treaties related to ³⁴workers' rights, has extensive labor legislation that regulates, among other aspects, the duration of the working day, schedules, overtime, paid rest days, minimum remuneration, family allowance, statutory bonuses, and minimum occupational health and safety aspects.

In this regard, BHR, in compliance with Panama's legal obligations, respects the rights and obligations of employees and employers, promoting equality and equity in terms of human, civil, political, economic, social and cultural rights between men and women. Likewise, its Code of Conduct and RIT establish the obligation of all employees, directors and executives of each Property, and of contractors and suppliers, to comply with all applicable laws and regulations in Panama, in order to ensure transparency and accountability in business, community interaction and environmental responsibility.

4.2.c Occupational Health and Safety

BHR, committed to the health and safety of its workers, directs its actions toward promoting a culture of safety and health protection, as well as the prevention of workplace accidents and occupational diseases caused by working conditions and occupational hazards in the various economic activities. In this regard, in compliance with legislation on worker safety, health and hygiene in ³⁵Panama, each property must have an Occupational Safety, Health and Hygiene Plan ("PSSHO") for Construction, with the purpose of: (i) guaranteeing the well-being of each worker and any visitor or client who enters the worksite; and (ii) controlling risky situations that endanger the physical integrity of the latter. In addition, the Company requires all its contractors and subcontractors to present valid proof of work fitness and work permits duly authorized by the OSH Department.

BHR maintains an induction, training, and safety and health and emergency plans program, which includes specific OSH training to meet the competencies required by current regulations and brigade member certifications.

However, if necessary, the Company will develop and implement a specific OSH risk assessment for all hazardous activities during the implementation of the Project, which will contain guidelines and conduct to follow in order to: (i) identify hazards; (ii) assess risks; and (iii) establish prevention, correction, control, or transfer measures to protect the physical integrity of employees (preventing injuries and damage to their health).

³⁴ Conventions No. 138 on minimum age, Convention No. 182 on the worst forms of child labor, Convention No. 29 on forced labor, and Convention No. 105 on the abolition of forced labor.

³⁵ Executive Decree No. 2 – Health, Hygiene, and Safety Regulations in the Construction Industry (of February 15, 2008); Resolution No. 45-588–2011–J.D. Social Security Fund – General Regulations for the Prevention of Occupational Hazards and Occupational Safety and Hygiene (of February 21, 2011); Law No. 66 – Sanitary Code, Chapter II – Industrial Hygiene; Decree No. 68 – Occupational Hazards.

4.2.d Provisions for Persons with Disabilities

The Code of Conduct prohibits any type of discrimination on grounds of disability and complies with the regulations on inclusion of persons with ³⁶disabilities.

4.2.e Workers Contracted by Third Parties

In accordance with the provisions of its Code of Conduct, all of BHR's rules, policies, and commercial procedures are mandatory for its suppliers, distributors, agents, contractors, and any other employee contracted by third parties, whether working with or for the Company. The continued employment of workers, both direct and contracted by third parties, depends on compliance with the provisions of said Code of Conduct, as well as applicable local labor laws and regulations. This obligation is supported by specific clauses included in the respective contracts.

4.2.f Supply Chain

Through its Code of Conduct, BHR promotes respect for human rights in its internal operations and throughout its entire value chain. In this regard, the Company ensures compliance with applicable legal provisions on labor matters, including the prohibition of ³⁷child ³⁸and forced labor. In addition, it requires its suppliers to comply with its Code of Conduct as well as all applicable environmental, OSH, and labor laws of Panama.

Nevertheless, BHR will prepare and implement a Sustainable Procurement Policy that: (i) regulates the acquisition of materials, equipment, and services; (ii) guarantees safe working conditions; (iii) minimizes environmental pollution; (iv) promotes rational consumption of natural and energy resources; (v) requires its suppliers to comply not only with Panama's labor standards, but also those related to OSH; and (vi) when necessary, allows the Company to impose sanctions on those suppliers that do not comply with these principles.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

Through the Sustainability Strategy, BHR seeks to have its hotels incorporate technologies and processes aimed at reducing energy and water consumption, minimizing waste, and mitigating GHG emissions.

4.3.a.i Greenhouse Gases

The implementation of the Project does not generate a significant impact on GHG emissions. The greatest energy use will correspond to the operation of construction machinery and the transportation of materials and equipment from their origin (port of entry, prefabricated factory, or quarry) to the storage yards at each property and from these to the locations of each construction work front. During the operation stage of the Project, these emissions will be further reduced and only some non-material emissions will be generated during maintenance and cleaning tasks that require equipment or machinery using some type of fossil fuel.

³⁶ Law No. 42 of 1999, which establishes Equal Opportunity for Persons with Disabilities; Law No. 15 of 2016, which amends Law No. 42.

³⁷ ILO Conventions No. 138 on minimum age and No. 182 on the worst forms of child labor.

³⁸ ILO Conventions No. 29 on forced labor and No. 105 on the abolition of forced labor.

Nevertheless, BHR will update its Annual GHG Emissions Inventory following the implementation of the Project improvements, to quantify both direct emissions from fuel consumption (scope 1), indirect emissions from electricity consumption (scope 2), and those generated by the transportation of services contracted from third parties (for example, the transportation of equipment, personnel, materials, or goods acquired from its supply chain), the production of raw materials, and waste management (scope 3), using for this purpose the methodology developed by the Greenhouse Gas ³⁹Protocol Initiative ("GHG PI"). In this way, it will report annually on the variation of results with respect to the base ⁴⁰year and explain the associated causes.

Even though its carbon footprint is relatively low, each Property will seek to reduce its GHG emissions through: (i) optimizing fuel consumption and electricity expenditure in its operations; (ii) improvements in transportation (optimization of the number of trips and routes) to thereby reduce fuel consumption in its vehicle fleet; and (iii) optimization of waste management.

4.3.a.ii Alignment with the Paris Agreement

Based on the analysis carried out using the IDB Group's Paris Agreement Alignment Implementation Approach, the ⁴¹Project is considered aligned with the Paris Agreement.

4.3.a.iii Water Consumption

Water consumption for the implementation of the Project (activities related to equipment installation, construction works, and human consumption by workers and resident personnel) is estimated to be low. The sources and volumes will be maintained in accordance with what is authorized through water use concessions (for those properties that do not have a connection to the public network) and potable water supply agreements (through the municipal public network).

Independently, each Property will constantly seek to optimize the use of resources for its operations and will avoid water waste, implementing measures such as: (i) the replacement of obsolete or damaged water storage or distribution devices with state-of-the-art technology to reduce consumption; (ii) the implementation of leak detection programs; and (ii) the carrying out of water use awareness campaigns.⁴²

4.3.a.iv Energy

The energy required for the implementation of the Project will be provided through the public grid, under the framework of a service contract with the authorized ⁴³distributor or by the autonomous backup equipment at each Property, in the event of a grid failure. Energy consumption is estimated to decrease once the Project is implemented and will be monitored and quantified within the Annual GHG Emissions Inventory.

³⁹ The GHG Protocol Initiative ("GHG PI", <https://ghgprotocol.org/>) is a multi-stakeholder partnership of businesses, Non-Governmental Organizations ("NGOs"), governments, and other entities, convened by the World Resources Institute (WRI), a US-based NGO, and the World Business Council for Sustainable Development (WBCSD), headquartered in Geneva, Switzerland.

⁴⁰ In the case of the Project's works, the base year for construction will be 2026, and for the O&M stage it will be the first full year of operation under normal operating conditions.

⁴¹ Document GN-3142-1.

⁴² Currently, sheet and towel reuse programs are implemented, encouraging guests to reduce the frequency of washing, which contributes to savings in water, energy, and cleaning products.

⁴³ Depending on the location of the property, these would be the authorized Distribution Companies.

Nevertheless, as part of its environmental commitment to reduce its electricity consumption without altering its services, BHR has been implementing the following measures: (i) the progressive installation⁴⁴ of LED lighting; (ii) the installation and replacement of electrical equipment with energy-efficient alternatives; (iii)⁴⁵ the switching off of unused equipment; (iv) the installation of automatic or semi-automated controls for high-consumption equipment, such as pumps and air conditioners; (v) preventive maintenance of equipment to increase its performance; (vi) automatic switching off of lighting in common areas; (vii) use of natural light in as many areas as possible; and (viii) training of staff on energy saving.

4.3.b Pollution Prevention

4.3.b.i Emissions and Air Quality

The activities for the implementation of the Project improvements will generate noise, vibrations, pollutant emissions, and suspended particles (PM_{10} and $PM_{2.5}$) from the use and operation of equipment, vehicles, and machinery. These impacts are being managed by the management measures contemplated in the Project's EMP (noise and dust, particle, and atmospheric pollutant emission control and monitoring programs), which are monitored to validate compliance with applicable regulations and to establish, if necessary, additional management measures in accordance with the characteristics of each activity.

Once the Project has been implemented, there will be a drastic reduction in pollutant emissions into the atmosphere.

4.3.b.ii Effluents

The implementation of the Project does not generate industrial wastewater. All liquid effluents from the properties are considered domestic and are conveyed to the public sanitary sewer system of each municipality or to septic tanks, for subsequent treatment by an authorized waste manager. In addition, during the Project works, if necessary, each work front will have a mobile sanitation service, provided and operated by an authorized waste manager.

4.3.b.iii Solid Waste

BHR has a Waste Management Procedure (which includes the separation, classification, and temporary storage of these materials), and the use of an authorized external waste manager for the removal, transportation, and final disposal of non-hazardous waste, either for subsequent recovery (recycling administrators) or for disposal in an authorized sanitary landfill. This procedure is reinforced through educational campaigns covering topics of waste reduction, reuse, and recycling, as well as initiatives to classify and record (by weight or volume) solid waste as hazardous and non-hazardous, in which the staff of each Property and the main contractors, subcontractors, and suppliers participate. In addition, the Company conducts awareness campaigns for all staff on topics related to the use of single-use waste and comprehensive waste management.

For the implementation of the Project, BHR will verify that its Engineering, Procurement and Construction ("EPC") Contractor and each subcontractor carry out the characterization of their waste, define the

⁴⁴ LED (Light Emitting Diode) refers to a *semiconductor* device that emits light when an electric current passes through it.

⁴⁵ In the rooms, energy efficiency measures are applied, such as systems for activating lighting and electrical equipment through control cards, which ensures that energy consumption occurs only when the room is occupied.

conditions for its use (internal reuse or recycling), separate and temporarily store it according to its nature (hazardous and non-hazardous), and dispose of it appropriately. Domestic solid waste will be collected by an environmental manager duly authorized by the Ministry of the Environment ("MiAmbiente") or by the municipal collection service, and transported to an authorized sanitary landfill, in compliance with current ⁴⁶regulations.

4.3.b.iv Hazardous Materials Management

The Project will not generate large volumes of hazardous waste. However, those that will be produced (contaminated materials or empty containers of paint, solvents, used oils, etc.) will be characterized, managed, temporarily stored and removed for final disposal (through an authorized manager), as established in the EMP and the ESIA Resolution.

BHR also has hazardous materials management mechanisms that contain protocols and guidelines for the proper management of these materials, such as: (i) the storage and management of chemical products, including provisions for (a) their proper storage in designated facilities with appropriate containment and ventilation systems, and (b) the use of Safety Data Sheets ("SDS") for all hazardous substances used on site; and (ii) worker training to ensure that (a) they understand the hazards and risks associated with these materials, (b) they use the appropriate PPE to handle them, and (c) they clearly understand emergency response procedures.

Fuel management has been entrusted to authorized transport companies that are supervised by the Panamanian government. In this regard, in compliance with ⁴⁷applicable regulations, fuel is stored in duly protected steel tanks located in spill containment trays.

In compliance with current ⁴⁸regulations, all hazardous waste generated is temporarily deposited in technically designed storage areas, to subsequently be transported for treatment and final disposal by ⁴⁹authorized environmental managers. Each Property maintains records of manifests, guaranteeing the chain of custody from each site to the point of disposal, reprocessing or recycling of this waste, and annually reports to the competent environmental authority on the quantity of hazardous waste generated by type and activity.

4.3.b.v Pesticide Management and Use

The use of herbicides or pesticides is not contemplated in the Project.

⁴⁶ Decree No. 275 of 2004 establishes sanitary standards for non-hazardous waste landfills with high capacity.

⁴⁷ Various institutions such as the Ministry of Environment, National Energy Secretariat, and the Fire Department have manuals that establish procedures and controls for the storage, use, and supply of fuel.

⁴⁸ Resolution No. 1029 of MINSA dated November 8, 2011, which establishes the requirements and procedures for obtaining the Sanitary Operating Permit for any economic agent engaged in or wishing to engage in activities related to the classification, packaging, packing, collection, transport, temporary storage, treatment, shredding, neutralization, recycling, encapsulation, recovery, reuse, and final disposal of hazardous waste.

⁴⁹ Executive Decree No. 156 of May 28, 2004, which approves the standards for secure sanitary landfills.

4.4 Community Health and Safety

4.4.a Community health and safety

The Project works will be designed and implemented by competent and recognized contractors with experience in the construction and operation of this type of works and infrastructure, using international best practices for this purpose and complying with applicable national and international construction and safety guidelines, standards and codes. Likewise, BHR has specific clauses within its service contracts that oblige contractors or service providers to address any type of incident and to be liable for any external damage caused by their actions to private or state property (should it occur) outside the area delimited by the Project.

4.4.a.i Infrastructure and Equipment Design and Safety

BHR, within its existing hotel facilities, has leak and spill containment equipment, alarm and fire suppression systems, and emergency communication mechanisms in accordance with ⁵⁰Resolution No. 725, which adopts the international standards of the National Fire Protection Association ("NFPA") and the Safety and Fire Prevention requirements of the International Finance Corporation ("IFC") General Environmental, Health and Safety Guidelines.

In this regard, in accordance with the requirements of the Fire Department, the Company, prior to the occupancy or operation of the Project improvements (new works and equipment), will hire qualified professionals in Life Safety and Fire Protection Systems ("SVPI" or "L&FS") to certify: (i) that all facilities were built in accordance with the approved SVPI designs; (ii) that all equipment was installed according to the SVPI design; and (iii) that all SVPI equipment was tested following international requirements.

4.4.a.ii Hazardous Materials Management and Safety

The risk of spills and leaks of hazardous materials (fuels and chemical products for water treatment, mainly) and their possible impact on neighboring communities and the natural environment has been minimized through (a) the use of authorized companies specialized in the transport and handling of these products, (b) the use of appropriate storage facilities for this purpose, and (c) compliance with local regulations.

4.4.a.iii Emergency Preparedness and Response

The update of the ERP will incorporate provisions for: (i) the use of communication procedures for any incident or accident; (ii) the coordination of the intervention of specialized personnel in emergency command (fire, rescue and evacuation brigades); and (iii) coordination with the ⁵¹competent authorities, when the response to the contingency (leaks, spills or fires) exceeds the response limits of each property.

⁵⁰ Resolution No. 725 of July 12, 2006, which adopts by reference the standards of the *National Fire Protection Association*, NFPA 101, 2003 edition in Spanish, as the human safety regulation; NFPA 13, 2002 edition in Spanish, as the fire sprinkler systems regulation; NFPA 20, 1992 edition in Spanish, as the stationary fire pump systems regulation; and assigns additional functions to the permanent advisory committee for the study, adaptation, and application of NFPA 101 – Life Safety Code.

⁵¹ Persons or entities with technical, legal, and juridical standing, such as: the National Civil Protection System ("SINAPROC"), Red Cross, Fire Department, Ministry of Environment, etc.

4.4.b Security Personnel

The Security Management is responsible for designating and supervising physical security personnel, based on the risk and vulnerability analysis of each property. Guards are unarmed and, before beginning their surveillance activities, must undergo a comprehensive training program and receive training in the progressive use of force.

4.5 Land Acquisition and Involuntary Resettlement

The Project does not involve any development outside of BHR's own land, so no type of physical or economic involuntary displacement is anticipated.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

4.6.a Biodiversity protection and conservation

The works and activities of the Project improvements will be carried out on existing infrastructure or within previously intervened and altered properties with little or no vegetation of significant ecological value, so no material impacts on biodiversity or living natural resources are anticipated.

Independently, in specific cases where vegetation may be altered, the Company will implement, as part of the Project's EMPs, the following plans: (i) Wild Flora and Fauna Rescue and Relocation; and (ii) Reforestation and Revegetation. Likewise, within the Environmental Monitoring Program of the Project's EMPs, systematic monitoring of the current conditions of ecosystems is planned, including water bodies (if present), to validate the possible impacts of the works and establish, if necessary, specific management measures to protect the associated terrestrial and aquatic ecosystems.

4.6.a.i Modified, Natural and Critical Habitats

The Project does not contemplate the development of works or specific activities located in, or that could affect, natural or critical habitats.

4.6.a.ii Legally Protected and Internationally Recognized Areas

None of the areas required for the implementation of the Project improvements are located within protected areas established in the National System of Protected Areas ("SNAP").

4.6.b Supply Chain

The Company will verify that, in the event that local and naturally sourced construction elements or materials are required (e.g.: aggregates, quarry materials, wood, etc.), all have been extracted or manufactured in accordance with Panama's legislation on biodiversity protection and ecosystem conservation.

4.7 Indigenous Peoples

There are no indigenous communities within the direct impact area ("AID") of the Project, so no material impacts on indigenous peoples are anticipated.

4.8 Cultural Heritage

The Project will be developed on existing infrastructure or within previously intervened and altered properties, outside of cultural heritage areas and with low archaeological potential, so no material impact on the archaeological resources of cultural heritage is anticipated.

5 Local Access to Project Documentation

The Company offers additional information about its Projects on its website: <https://bernhotelspanama.com/>.