

DISCLOSURE STATEMENT OPERATING PRINCIPLES FOR IMPACT MANAGEMENT



Period covered: Year ending December 31st, 2023.

Mountain Nazca CBIV 2017, LLC (the “Signatory” or “Nazca”) hereby confirms its status as a signatory to the Operating Principles for Impact Management (the “Impact Principles”).

This Disclosure Statement applies to the following covered assets that align with the Impact Principles: Mountain Nazca Cross Border Fund IV, LP (the “Fund”) and describes the progress in the development and implementation of Nazca’s impact management system.

The total value of the covered assets in alignment with the Impact Principles is USD \$81,610,596 as of December 31st, 2023.

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PRINCIPLE 1 DEFINE IMPACT OBJECTIVES(S) CONSISTENT WITH THE INVESTMENT STRATEGY

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Nazca is an early-stage Venture Capital Firm that provides revolutionary empowerment to founders in Mexico and Latin America.
- Nazca's investment thesis is primarily centered on a core objective to support entrepreneurs who are building new business models based on technology. These business models are focused on creating products and services that can build a better future for society.
- The Fund is mainly focused on Latin American markets and targets sectors such as Healthtech, E-commerce, Fintech, Edtech, Foodtech, Cleantech, Propotech, Mobility, among others.
- Several of the Fund's Fintech investments foster financial inclusion which is a core featured target of eight of the seventeen Sustainable Development Goals.
- In the course of constructing the Fund's existing portfolio, we also identified investees with significant, even transformational impact on major development problems which align with the following SDGs:

Sustainable Development Goal (SDG)	Description
SDG 2 – Zero hunger	End hunger, achieve food security and improve nutrition and promote sustainable agriculture.
SDG 3 – Good health and well-being	Ensure healthy lives and promote well-being for all at all ages.
SDG 4 – Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

SDG 8 – Decent work and economic growth	Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all.
SDG 9 – Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
SDG 10 – Reduced inequalities	Reduce inequalities within and among countries.
SDG 11 – Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable.
SDG 12 – Responsible consumption and production	Ensure sustainable consumption and production patterns.
SDG 13 – Climate action	Take urgent action to combat climate change and its impacts.

- A full list of the Fund’s portfolio companies and their alignment with SDGs is included below:

Portfolio Company	Description	SDG
Entocycle	Entocycle is a company that transforms food waste and insects into protein.	2, 12, 13
Hi:hab	Hi:hab is a living-as-a-service platform with private rooms and shared spaces for rent.	9, 10, 11
Minu	Minu gives employees access to their paycheck as they earn it, other benefits (fitness, meditation, surveys & communication) and savings (“ <i>caja de ahorro</i> ”).	10
Jüsto	Justo is a 100% online and asset-light convenience-focused supermarket.	9
Cargamos	Cargamos is a cross-docking solution that matches retailers with warehouses that have excess capacity.	9

Meru	Meru is an auto parts wholesale managed marketplace in Mexico.	9
Wonder Brands	Wonder Brands builds consumer goods private label brands on top of existing marketplaces.	8
Welbe	Welbe is a company focused on bringing primary and secondary health insurance and occupational health solutions to companies and employees.	3
Albo	Albo is a 100% digital bank that helps customers manage their resources and offers customer-centric financial services.	10
Crehana	Crehana is an end-to-end learning & development platform for companies to correctly boost talent.	4
Heru	Heru is a financial technology company focused on tailor-made financial services for gig economy workers.	11

PRINCIPLE 2 MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- Nazca currently has a comprehensive process, developed in-house, for environmental and social risk assessments, denominated Nazca's ESMS, which is complemented by a methodology covering impact monitoring, as explained below.
- Nazca approved its Proprietary Impact Methodology in 2022, which was updated and implemented in 2023, and will consider aligning incentives with impact as best practices emerge.
- Under Nazca's Proprietary Impact Methodology, the firm integrated the following process for impact monitoring:
 1. With the Fund fully invested, the tracking of impact metrics commenced after the initial investments were made in the investees mentioned in Principle 1. Concurrently, the Fund shared knowledge and insights with the companies, reinforcing their understanding of impact metrics, their relevance, and the continued importance of diligent monitoring.
 2. Nazca incorporates these metrics into a quarterly reporting template supplied by the portfolio companies throughout the investment.
 3. In the coming years, Nazca will work towards identifying additional metrics that can be feasibly tracked by the companies and others that may be considered aspirational. This endeavor will involve collaborative input from the investees themselves. Nazca and the portfolio companies will mutually determine the commencement date for tracking additional metrics, if applicable.
 4. Nazca has identified the specific employee who is responsible for reporting the above-referenced information to the Fund.
 5. On an annual basis, the agreed metrics are reviewed by a responsible investment team member.
 6. If a metric indicates that performance is worsening over time, or new metrics are not being tracked within the agreed timeline, Nazca will ask for an explanation from the investee and determine a remediation plan if necessary.
 7. Upon exiting an investment, Nazca will have a full table of quarterly impact metrics and their performance over time which will be included in the exit slide.

8. In the next few years, metrics from each portfolio company will be aggregated on a quarterly basis into a portfolio-wide impact summary which will be discussed by the investment team to determine the progress of the portfolio and any necessary changes in the impact engagement across the portfolio.

PRINCIPLE 3

ESTABLISH THE MANAGER'S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- As part of Nazca's early-stage investment approach, it is closely involved with each portfolio company. Nazca currently assists its portfolio companies in several areas including board participation, platform services and introductions, legal and financial. Nazca's scope of involvement includes advice on strategic direction and capital raising to all companies, board participation in most cases, while other value contribution initiatives are tailored to the specific circumstances of portfolio companies.
 - The Nazca-appointed board members of the portfolio companies advise and make decisions regarding all relevant matters, which include impact.
 - Consistent with the new Proprietary Impact Methodology, Nazca-appointed board members will fully understand the impact objectives of Nazca's investment in the portfolio company and will help Nazca's Investment Team supervise that the portfolio company properly monitor and oversee the Company's tracking and reporting of the agreed-upon impact metrics.
 - Nazca diffuses E&S risk best practices and improves the risk approach of its investees by engaging in providing portfolio companies with E&S risk procedures consistent with the best international standards, as well as by periodically monitoring their E&S performance.
 - Nazca has a Platform area that aims to develop and enhance value add services for Founder/s of the portfolio companies ("PC's Founders") that will ultimately lead to great portfolio management. The area looks to be constantly innovating in services as PC's Founders needs are regularly evolving.

Services are developed among the following segments: resources, partners, network, perks, and internal support. In addition, Platform systematically empowers the PC's Founders with singular access to tools and initiatives, some of which can be directly or indirectly linked (or have implications with) to impact including:

Platform Services	Objective
<p style="text-align: center;">Talent</p>	<p>Getting the right people on board.</p> <p>Support PC's Founders to build and develop high performing teams.</p>
<p style="text-align: center;">Media</p>	<p>Sharing the vision.</p> <p>Support PC's Founders to share and amplify their vision through media partners and communication strategy support.</p>
<p style="text-align: center;">Product Market Fit</p>	<p>Building and scaling great companies.</p> <p>Support PC's Founders to define and operate their go to market strategies to set the basis to efficiently scale.</p>
<p style="text-align: center;">Fundraising</p>	<p>Funding to scale.</p> <p>Support PC's Founders in finding the best partners while carrying out fundraising processes as efficient as possible.</p>
<p style="text-align: center;">Community Support</p>	<p>Knowledge Sharing.</p> <p>Leverage Nazca's network to assess PC's Founders tactical, strategic, and operational challenges.</p>

- Nazca has dedicated staff that are focused on portfolio value addition, these positions include our E&S Officer, Head of Legal, Head of Platform and Principal.

PRINCIPLE 4 ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- Nazca's current comprehensive E&S analysis under the ESMS has been complemented through the implementation of Nazca's Proprietary Impact Methodology to cover impact metrics.
- The process includes the steps listed in Principle 2.
- Nazca's Proprietary Impact Methodology determines the set of metrics that will be collected across the entire portfolio, as well as those impact metrics that will be tracked by portfolio companies, which will be associated with the SDGs mentioned above.

PRINCIPLE 5 ASSESS, ADDRESS, MONITOR AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- Nazca implements a detailed and systematic process (ESMS)¹ to evaluate the environmental and social risks/impacts associated with each potential investment, and to provide sufficient information to determine whether the potential Investment meets complies with the IFC's Exclusion List, national legislation, local regulations, IFC performance standards and applicable international standards. The elements of this process can be summarized as follows:

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
1	Fund's Exclusion List Application	In the Opportunity Received stage, once the proposal is received, the activities comprised in the potential investment are checked to ensure they are not included in the non-bankable activities list, which are recorded in Annex 1 of the ESMS Manual – Fund's Exclusion List.	Asset Management Team
2	Project Classification and Categorization	For projects that are admitted for evaluation by the Fund and pass the Pitch and Dealflow Meeting stages, a Soft Analysis shall be carried out by the E&S Officer with the support of the E&S Advisor (if required). The E&S categorization of the projects shall be carried out as established in Annex 2 of the ESMS Manual – Investment Project Categorization Guide .	E&S Officer E&S Advisor
3			E&S Officer E&S Advisor

¹ For further reference, attached hereto as [Exhibit A](#) is Nazca's ESMS Manual.

	<p>Initial E&S Assessment</p>	<p>As part of the Soft Analysis, an Initial E&S Evaluation shall be carried out, which shall include the consultation about the project and/or its representative of available secondary information, which may include:</p> <ul style="list-style-type: none"> • Environmental offender registry review (If it exists in the country where the project will be carried out) • Direct consultations with the corresponding Environmental Authority. • Database Records of the European Commission's Environmental Justice Map. • News and publication databases, evaluating compliance with legal regulations and other resolutions <p>Likewise, for the Initial E&S Evaluation, the Asset Management Team shall request from the Founders the Information described in Annex 3 of the ESMS Manual – Information for Initial E&S Evaluation (The Founders shall provide the information applicable to the current status of their project).</p>	<p>Asset Management Team</p>
<p>4</p>	<p>Evaluation of Information Provided by the Founders</p>	<p>The E&S Officer, with the participation of the E&S Advisor, if necessary, shall evaluate the information provided by the Founders, and shall consult other information sources that they consider pertinent.</p> <p>If the participation of the E&S Advisor is required, the E&S Officer shall supervise the digital report prepared by the E&S Advisor that shall be written based on this document and the E&S Summary information.</p> <p>Asset Management Team, Head of Legal and Investment Committee (IC) to be addressed in the Opportunity Snapshot.</p> <p>The report (ESG Information Request) shall include the following information:</p> <ul style="list-style-type: none"> • Client/project information. • Project categorization • Evaluated Information • Main findings and E&S risks identified • Conclusions and recommendations 	<p>E&S Officer E&S Advisor Asset Management Team Investment Committee</p>

		The report must be included in the Opportunity Snapshot Review/meeting to decide the continuity of the project to the next stage.	
5	Development of the Environmental and Social Due Diligence (DDAS in Spanish)	<p>Environmental and Social Due Diligence Procedure (DDAS) for medium risk projects (Category B): For projects that pass the Soft Analysis/Opportunity Snapshot review stage, the DDAS shall be mandatory, the scope of which is defined in Annex 4 of the ESMS Manual – “DDAS Scopes”. Depending on the Fund's internal capacity at the DDAS process' start time, the participation of the E&S Advisor or Independent Consultant may be considered to develop it under the supervision of the E&S Officer. It shall be the responsibility of the E&S Officer to coordinate the activities for the process' development. The Fund may adjust the scope of the DDAS depending on the project's complexity level.</p> <p>Environmental and Social Due Diligence Procedure (DDAS) for low-risk projects (Category C): The Initial Environmental Assessment shall replace the DDAS that must be complemented with a visit/s to the site where the project, work or activity is developed, which shall complement the environmental and social due diligence report based on this document.</p>	E&S Officer E&S Advisor
6	Independent Consultant Selection	For projects that require the support of an Independent (External) Consultant, the E&S Officer shall manage the hiring thereof, taking into consideration the elements described in Annex 5 of the ESMS Manual – “Independent Consultant Selection Considerations” .	E&S Officer
7	Execution of the DDAS by the Independent Consultant	Based on the defined scopes, the Independent Consultant shall develop the DDAS, and the E&S Officer or the E&S Advisor shall have the task of monitoring the Independent Consultant	E&S Officer E&S Advisor
8	DDAS Evaluation when the Participation of an	The E&S Officer/E&S Advisor shall verify the DDAS report and provide feedback to the	E&S Officer E&S Advisor Staff

	Independent Consultant is required	Independent Consultant if necessary; once the final report has been accepted, the E&S Officer shall prepare a report for the other Staff members who participate in the operation and in the preparation of the Investment Memorandum for the IC (from the Hard Analysis). The DDAS Results must be attached to the Investment Memorandum by means of the Format established in Annex 6 of the ESMS Manual – “DDAS Report Format” which shall be provided by the Independent Consultant . Annex 8 of the ESMS Manual – “IFC Performance Standards Checklist” provides additional support for the capture of information from the DDAS process.	
9	Presentation of the DDAS Results to the IC	The IC shall be responsible for evaluating, among other matters, the DDAS report and the public information reviewed, and making the decision to approve the operation or not. If approved, the action plans derived from the DDAS must be included as conditions to be met by the Founders in the investment agreements/contracts. The Head of Legal shall be responsible for ensuring the incorporation of said elements. Note: Projects can be rejected or temporarily not approved by the IC for E&S issues, depending on the reason for the decision, clarifications shall be requested or shall be definitively rejected.	IC Head of Legal
10	Closing of the Investment Cycle	The Head of Legal shall be responsible for ensuring that all E&S commitments, considerations and other elements determined by the IC are included into the legal documents.	Head of Legal
11	Follow-up and Monitoring of Investment Operations (Portfolio)	Once the legal documents have been signed, the E&S Officer in coordination with Portfolio Management shall verify compliance with the action plans, the applicable national E&S standards and regulations, and the IFC E&S Sustainability Performance Standards. In coordination with the Founders and depending on the level of complexity of the investment, the periodicity of the review shall be defined, which in any case shall be carried out at least annually. Annex 7 of the ESMS Manual – “Monitoring and Follow-up Scopes” describes the reports' scope for the monitoring and follow-up phase (these	Portfolio Management E&S Advisor

	may be adjusted depending on the investment type) which must be completed by the Founders .	
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PRINCIPLE 6 MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- Nazca's Proprietary Impact Methodology includes a full-scale mechanism for monitoring the impact achievements of each portfolio company. Steps 3 through 7 of Nazca's Proprietary Impact Methodology cover this in detail and are included below:
 3. Nazca incorporates these metrics into a quarterly reporting template supplied by the portfolio companies throughout the investment.
 4. In the coming years, Nazca will work towards identifying additional metrics that can be feasibly tracked by the companies and others that may be considered aspirational. This endeavor will involve collaborative input from the investees themselves. Nazca and the portfolio companies will mutually determine the commencement date for tracking additional metrics, if applicable.
 5. Nazca has identified the specific employee who is responsible for reporting the above-referenced information to the Fund.
 6. On an annual basis, the agreed metrics are reviewed by a responsible investment team member.
 7. If a metric indicates that performance is worsening over time, or new metrics are not being tracked within the agreed timeline, Nazca will ask for an explanation from the investee and determine a remediation plan if necessary.

PRINCIPLE 7 CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINABLE IMPACT

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- Nazca's current investment process includes a closing E&S evaluation upon exit, ensuring the portfolio company in question is not in violation of legal requirements, compliance mandates, other obligations and has not generated liabilities.
- In addition, Nazca's Proprietary Impact Methodology includes processes to identify the effect of the exit on the sustainability of impact for a particular investment and how it is tracked.
- In accordance with Nazca's Proprietary Impact Methodology, upon exit of an investment, Nazca will have a full table of quarterly impact metrics and their performance over time which will be included in the exit slide.

PRINCIPLE 8 REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND THE PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Nazca's current scope of annual ESG performance reviews has been expanded under its Proprietary Impact Methodology to cover impact and the documentation of the progress.
- Under Nazca's Proprietary Impact Methodology, Nazca monitors the impact metrics quarterly and will report the results in the future on an annual basis along with ESG reviews.

PRINCIPLE 9 PUBLICLY DISCLOSE ALIGNMENT WITH IMPACT PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION OF THE ALIGNMENT

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- Nazca's Disclosure Statement will be updated annually.
- Nazca will obtain independent verification every five years. The last independent verification occurred in May 19th, 2022.



**Nazca's SARAS (Environmental and Social Risk
Management System) Manual**

December 2023

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

Content

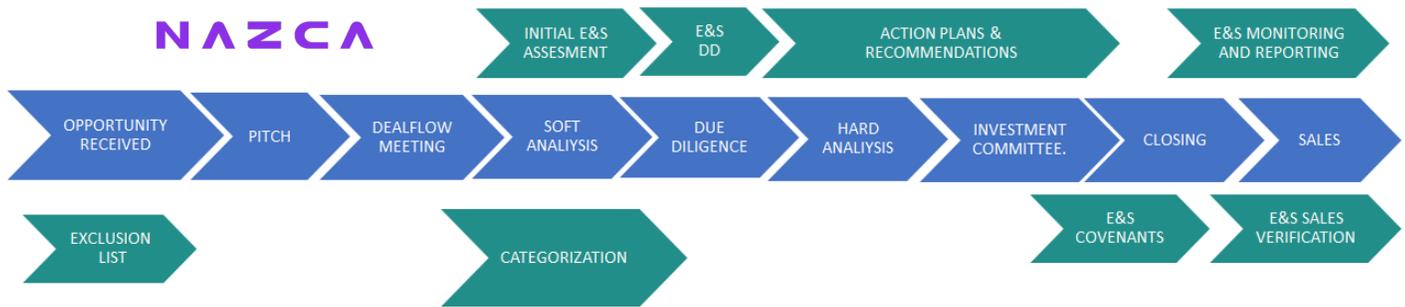
- 1. **MANUAL**..... 3
- 2. **ENVIRONMENTAL AND SOCIAL POLICY** 3
- 3. **ORGANIZATIONAL CAPACITY AND INTERNAL COMPETENCE** 4
- 4. **PROCEDURE FOR THE IDENTIFICATION OF LEGAL AND OTHER REQUIREMENTS**..... 6
- 5. **PROCEDURE FOR THE IDENTIFICATION AND EVALUATION OF ENVIRONMENTAL AND SOCIAL RISKS/IMPACTS**..... 8
- 6. **PROCEDURE FOR THE FOLLOW-UP, MONITORING AND REPORTING OF THE INVESTMENT CYCLE**..... 12
- 7. **EXTERNAL COMMUNICATIONS AND COMPLAINT SERVICE MECHANISM (MAQ IN SPANISH)** 13
- 8. **EMERGENCY PREPAREDNESS AND RESPONSE** 15
- 9. **LABOR POLICY AND REGULATIONS** 17
- ANNEX 1. **FUND'S EXCLUSION LIST** 21
- ANNEX 2. **PROJECT CHARACTERIZATION** 22
- ANNEX 3. **INFORMATION TO BE REQUIRED FOR THE INITIAL E&S ASSESSMENT** 25
- ANNEX 4. **SCOPE OF E&S DUE DILIGENCE** 27
- ANNEX 5. **INDEPENDENT CONSULTANT SELECTION CONSIDERATIONS**..... 29
- ANNEX 6. **DDAS (E&S DUE DILIGENCE) REPORT FORMAT** 30
- ANNEX 7. **REPORT FORMAT BY FOUNDERS** 31
- ANNEX 8. **IFC PERFORMANCE STANDARDS CHECKLIST** 32

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

1. MANUAL

This manual applies the recommendations established in the Interpretation Note for Financial Intermediaries (IFC, 2012/UP-2018) and explains how environmental and social matters are incorporated into Nazca's investment cycle through its Environmental & Social Risk Management System (SARAS).

Figure 1. Nazca and SARAS Investment Cycle Relationship



2. ENVIRONMENTAL AND SOCIAL POLICY

2.1 About Nazca

Nazca (The Fund) is a venture capital investment fund whose objective is to support entrepreneurs who are building new business models based on technology. These business models are focused on creating products and services that can build a better future for society. The Fund is mainly focused on Latin American markets and its offices are located in Mexico City.

2.2 Environmental and Social Policy Statement

Nazca (The Fund) is committed to promoting sustainable development through environmental and social responsibility of its operations; therefore, the Fund strives to ensure that its investments generate positive impacts on society while being consistent and respectful of the environmental and social standards of the countries where it operates. In this sense, the Fund strives to:

- Guarantee the management of environmental and social risks in all its investment operations, transferring said management to the companies where the investments are made.
- Incorporate and comply with the E&S standards of the host countries (their laws) supplemented by the IFC Environmental and Social Performance Standards and the World Bank Guidelines on Environment, Health and Safety.
- Avoid investments that have potential negative impacts on the environment, natural resources or society that are irreversible, non-mitigable or accumulative.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Respect the human rights of stakeholders that may be affected by the investment activities of The Fund
- Strictly comply with the exclusion list of projects which are not the object of investment by The Fund.
- Maintain a commitment to ensuring the payment of competitive wages and employee benefits, gender equity/diversity, and providing a safe and healthy workplace.
- Foster a culture that combats corruption and business malpractices.

2.3 Environmental and Social Policy Objectives

Nazca's E&S Policy has the following objectives:

- Align the Fund's actions with the Sustainable Development Goals and the 2030 Agenda of the countries where it makes investments
- Guarantee a permanent commitment of all its employees to improve, maintain and operate the SARAS in a responsible and expeditious manner.
- Align the Fund's E&S actions with recognized benchmark practices, such as the IFC's E&S Sustainability Performance Standards and the World Bank's Guidelines on Environment, Health and Safety.
- Replicate good E&S practices through the organizations/companies where investments are made
- Measure the positive E&S impact made through the Fund's operations.
- Make this Policy available to its stakeholders and disseminate it through established corporate means.

2.4 Review Period

The minimum review period for this policy shall be one (1) year and it must be approved by the Managing Partner. If the policy is adjusted, it must be shared with the representatives of the Fund's shareholders. In the event that any of the shareholders of the Fund requests a review or the conditions established in the Financial Intermediaries' Interpretation Note (IFC, 2012/UP-2018) change, it shall also be a reason for the review to be carried out.

3. ORGANIZATIONAL CAPACITY AND INTERNAL COMPETENCE

Nazca shall allocate the necessary resources to guarantee the implementation and maintenance of its SARAS. The Roles and Responsibilities of the Nazca team vis-à-vis SARAS are described below:

The Fund's E&S Officer shall assume responsibility for the SARAS, who shall be in charge of:

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Identifying and managing the environmental and social risks of the companies that make up the Nazca portfolio.
- Hiring external consultants in E&S matters if required to carry out their functions according to the conditions established in Annex 5.
- Reviewing the technical reports prepared by external consultants (E&S Advisor, etc.)
- Preparing the Fund's performance reports to shareholders and interested parties.
- Requesting and reviewing the reports from the companies that make up the portfolio.
- Complying with the monitoring of local E&S legislation in the divestment stage of the companies that make up the portfolio.
- Request E&S information to identify risks.
- Prepare E&S action plans to apply to the companies that make up the portfolio when there are gaps between their practices and procedures with SARAS requirements (E&S laws and regulations and IFC Performance Standards and related documentation).
- Representing the SARAS before Senior Management (Managing Partner) as directly responsible for its implementation and operation within the Fund.
- Ensuring compliance with procedures and ensuring that E&S elements are incorporated into the decision-making process regarding the Fund's investments.
- Reviewing the investments' reports and guaranteeing the adequate report to the Fund's shareholders. In addition, the Principal must guarantee that the divestment process is carried out in accordance with the E&S regulations of the host country and in accordance with the international standards applied by the Fund.
- **Managing Partner:** Responsible for the annual review of the E&S Policy, he or she also represents senior management and is the one who approves any substantial changes to the SARAS. He or she is responsible for:

Providing the human, technological and financial resources for the system's implementation and maintenance, as well as following up on preventive and/or corrective actions on its performance.

- **Portfolio Management Officer/s:** responsible for supporting E&S monitoring and following-up of investments in coordination with the E&S Officer, and channeling communications and/or reports to and from the Founders. This position supports business closing activities, where E&S conditions that imply having the Fund as a shareholder are established, among others.
- **E&S Advisor:** This position is responsible for deepening the technical matters associated with the SARAS procedures in the Fund, providing support and recommendations to and other members of the team to address the E&S issues specific to each project. The E&S Advisor, in coordination with the E&S Officer, shall lead the training, education and awareness processes for both the Fund's employees and the representatives of the potential investment projects that are consolidated.
- **Head of Compliance and Controller:** controls and monitors the financial resources associated with the implementation and maintenance of the SARAS and provides support to size the financial implications of E&S matters of potential investments.

NAZCA	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

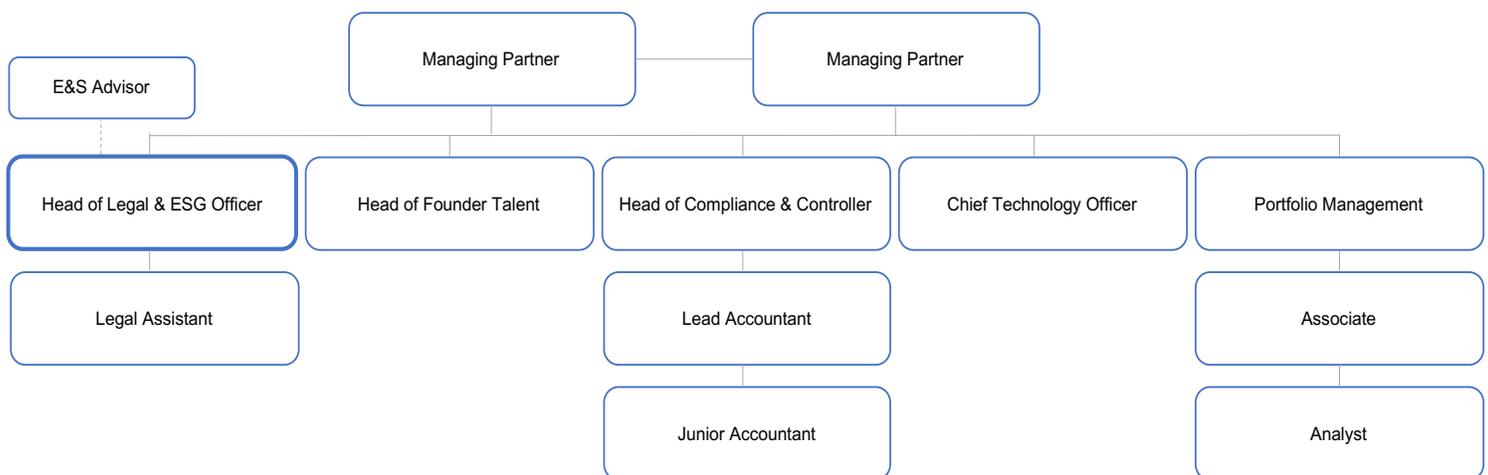
- **Asset Management Team (Associates):** This team is responsible for directly informing the owner of the potential investment about the Fund's E&S considerations and requirements, as well as requiring the necessary information to apply the procedures for identifying and evaluating potential E&S risks. In coordination with the E&S Officer, this team accompanies the project in the different approval stages and SARAS cycle.
- **Head of Legal:** supports any E&S matter related to legal requirements, guarantees that the Action Plans and the responsibilities of the recipient of the resources are recorded in the investment agreement/contract and/or shareholders' agreement. The Head of Legal shall support the implementation of the procedure to identify legal requirements and other applicable requirements.

CTO: provides technical support in the implementation of the SARAS, to identify the project's potential impacts/E&S risks during the investment cycle.

- **Independent E&S Consultant:** It equals a legal entity or individual, specialized in E&S issues, who is hired by the Fund to support the DDAS (E&S Due Diligence), evaluation and monitoring processes or any other support required to guarantee the execution of the procedures defined in the Nazca's SARAS. (If necessary)

Figure 2. Nazca's Organizational Structure

Source: Adapted from Nazca, 2021.



4. PROCEDURE FOR THE IDENTIFICATION OF LEGAL AND OTHER REQUIREMENTS

4.1 Introduction

This procedure is an additional complement to what is established in the Interpretation Note for IFC Financial Intermediaries (IFC, 2012/UP-2018) that has the main objective of collecting relevant legal

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

information on E&S and other matters of interest to the Fund, its investors and the companies where the investments are hosted.

4.2 Objective

Identify, document, update, disclose and evaluate compliance with legal requirements and other requirements (international standards) applicable to the Fund and its investment portfolio.

4.3 Procedure Description.

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
1	Identification of General/Specific Legal Requirements	The Head of Legal shall identify and evaluate the current and new legal requirements or commitments that apply to the Fund in relation to E&S issues, in accordance with national legislation and local regulations where the Fund's investments are developed and/or standards or applicable international conventions. The review or update shall be carried out frequently, but it may be done at any time by means of official communication/information means through which any requirement or commitment is identified.	Head of Legal
2	Requirement Record	Once the legal requirement or applicable commitment has been identified, it shall be recorded in the MN-SARAS-001 Format in order to be monitored and verified.	Head of Legal
3	Communication of Requirement	Each time a new E&S Legal Requirement/Commitment is identified, the Head of Legal shall communicate it to the Principal/E&S Officer, Staff and/or other interested parties within the Fund structure (which may include the Founders), through internal communication means (corporate email/memorandum/Intranet). If necessary, the Head of Legal shall conduct a detailed review and issue recommendations or request a meeting with the Principal/E&S Officer and other members of the Staff involved in the SARAS.	Head of Legal
4	Periodic Review	Based on the information registered in the MN-SARAS-001 Format, a status check of the compliance with legal requirements and other applicable commitments shall be carried out biannually (applies to those who are not 100% in compliance or require periodic verification).	Head of Legal
5	Periodic Review Communication	Based on the results recorded in the compliance check, recorded in the MN-SARAS-001 format, the Head of Legal shall communicate to Staff members to adopt the actions required to ensure compliance.	Head of Legal

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

5. PROCEDURE FOR THE IDENTIFICATION AND EVALUATION OF ENVIRONMENTAL AND SOCIAL RISKS/IMPACTS

5.1 Introduction

This procedure groups together the activities related to the investment cycle, to identify and evaluate potential E&S risks and to categorize them appropriately.

5.2 Objective

Identify and evaluate the environmental and social risks/impacts associated with the project that is the object of potential investment, in order to provide sufficient information to make a decision regarding the viability of the operation, in compliance with the Fund's Exclusion List, the national legislation, local regulations, IFC performance standards and applicable international standards.

5.3 Procedure Development

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
1	Fund's Exclusion List Application	In the Opportunity Received stage, once the proposal is received, it shall be checked that the activities comprised in the potential investment are not included in the non-bankable activities list, which are recorded in Annex 1. Fund's Exclusion List.	Asset Management Team
2	Project Classification and Categorization	For projects that are admitted for evaluation by the Fund and pass the Pitch and Dealflow Meeting stages, a Soft Analysis shall be carried out by the E&S Officer with the support of the E&S Advisor (if required). The E&S categorization of the projects shall be carried out as established in Annex 2. Investment Project Categorization Guide	E&S Officer E&S Advisor
3	Initial E&S Assessment	As part of the Soft Analysis , an Initial E&S Evaluation shall be carried out which shall include the consultation about the project and/or its representative of available secondary information, which may include: <ul style="list-style-type: none"> • Environmental offender registry review (If it exists in the country where the project will be carried out) • Direct consultations with the corresponding Environmental Authority. • Database Records of the European Commission's Environmental Justice Map. 	E&S Officer E&S Advisor Asset Management Team

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
		<ul style="list-style-type: none"> News and publication databases, evaluating compliance with legal regulations and other resolutions <p>Likewise, for the Initial E&S Evaluation, the Asset Management Team shall request from the Founders the Information described in Annex 3 Information for Initial E&S Evaluation (The Founders shall provide the information applicable to the current status of their project).</p>	
4	Evaluation of Information Provided by the Founders	<p>The E&S Officer, with the participation of the E&S Advisor if necessary, shall evaluate the information provided by the Founder, and shall consult other information sources that they consider pertinent.</p> <p>If the participation of the E&S Advisor is required, the E&S Officer shall supervise the digital report prepared by the E&S Advisor that shall have to be written based on this document and the E&S Summary information.</p> <p>Asset Management Team, Head of Legal and IC to be addressed in the Opportunity Snapshot.</p> <p>The report (ESG Information Request) shall include the following information:</p> <ul style="list-style-type: none"> Client/project information. Project categorization Evaluated Information Main findings and E&S risks identified Conclusions and recommendations <p>The report must be included in the Opportunity Snapshot Review/meeting to decide the continuity of the project to the next stage.</p>	<p>E&S Officer E&S Advisor Asset Management Team IC</p>
5	Development of the Environmental and Social Due Diligence (DDAS in Spanish)	<p>Environmental and Social Due Diligence Procedure (DDAS) for medium risk projects (Category B):</p> <p>For projects that pass the Soft Analysis/Opportunity Snapshot review stage, the DDAS shall be mandatory, the scope of which is defined in Annex 4. "DDAS Scopes". Depending on the Fund's internal capacity at the DDAS process' start time, the participation of the E&S Advisor or Independent Consultant may be considered to develop it under the supervision of the E&S Officer. It shall be the responsibility of the E&S Officer to coordinate the activities for the process'</p>	<p>E&S Officer E&S Advisor</p>

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
		development. The Fund may adjust the scope of the DDAS depending on the project's complexity level. Environmental and Social Due Diligence Procedure (DDAS) for low risk projects (Category C): The Initial Environmental Assessment shall replace the DDAS that must be complemented with a visit/s to the site where the project, work or activity is developed, which shall complement the environmental and social due diligence report based on this document.	
6	Independent Consultant Selection	For projects that require the support of an Independent (External) Consultant, the E&S Officer shall manage the hiring thereof, taking into consideration the elements described in Annex 5. "Independent Consultant Selection Considerations" .	E&S Officer
7	Execution of the DDAS by the Independent Consultant	Based on the defined scopes, the Independent Consultant shall develop the DDAS, the E&S Officer or the E&S Advisor shall have the task of monitoring the Independent Consultant	E&S Officer E&S Advisor
8	DDAS Evaluation when the Participation of an Independent Consultant is required	The E&S Officer/E&S Advisor shall verify the DDAS report and provide feedback to the Independent Consultant if necessary; once the final report has been accepted, the E&S Officer shall prepare a report for the other Staff members who participate in the operation and in the preparation of the Investment Memorandum for the IC (from the Hard Analysis). The DDAS Results must be attached to the Investment Memorandum by means of the Format established in Annex 6 "DDAS Report Format" which shall be provided by the Independent Consultant. Annex 8 "IFC Performance Standards Checklist" provides additional support for the capture of information from the DDAS process.	E&S Officer E&S Advisor Staff
9	Presentation of the DDAS Results to the IC	The IC shall be responsible for evaluating, among other matters, the DDAS report and the public information reviewed, making the decision to approve the operation or not. If approved, the action plans derived from the DDAS must be included as conditions to be met by the Founders in the investment agreements/contracts. The Head of Legal shall be responsible for ensuring the incorporation of said elements. Note: Projects that are rejected or temporarily not approved by the IC for E&S issues shall also be returned to the Founders , depending on the reason	IC Head of Legal

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
		for the decision, clarifications shall be requested or shall be definitively rejected.	
10	Closing of the Investment Cycle	The Head of Legal shall be responsible for ensuring that all E&S commitments, considerations and other elements determined by the IC are included into the legal documents.	Head of Legal
11	Follow-up and Monitoring of Investment Operations (Portfolio)	<p>Once the legal documents have been signed, the E&S Officer in coordination with Portfolio Management shall verify compliance with the Action Plans, the applicable national E&S standards and regulations, and the IFC E&S Sustainability Performance Standards. In coordination with the Founders, and depending on the level of complexity of the investment, the periodicity of the review shall be defined, which in any case shall be carried out at least annually.</p> <p>Annex 7 "Monitoring and Follow-up Scopes" describes the reports' scope for the monitoring and follow-up phase (these may be adjusted depending on the investment type) which must be completed by the Founders.</p> <p>NOTE: This Procedure is expanded in section 6 of this Manual</p>	Portfolio Management E&S Advisor
12	Divestment or Sale of Shareholdings	<p>Once the Fund has decided to sell its participation in some of its investments, the E&S Officer, the Head of Legal and the Portfolio Management in coordination with the E&S Advisor, if necessary, shall carry out a Closing E&S Evaluation in order to guarantee:</p> <ul style="list-style-type: none"> • That all E&S legal requirements are in compliance • That there are no lawsuits, embargoes, requirements or sanctions in progress linked to E&S matters against the company • That the project/company has not generated E&S liabilities associated with its operations 	E&S Officer Portfolio Management Head of Legal E&S Advisor

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
		<ul style="list-style-type: none"> That the company is in compliance with its obligations to its employees. That all contractual obligations on the part of the Founders have been fulfilled. <p>In the event of non-compliance with any of its E&S commitments, the Fund shall request to meet the commitments contracted before the divestment or sale.</p> <p>NOTE: If necessary, the E&S Officer shall hire an Independent Consultant to support or develop the Closing E&S Evaluation</p>	
13	Project Cycle Closure (Divestment)	It shall be the task of the Head of Legal to close the commitments, obligations and other E&S matters associated with the divestment process.	Head of Legal

6. PROCEDURE FOR THE FOLLOW-UP, MONITORING AND REPORTING OF THE INVESTMENT CYCLE

6.1 Introduction

This procedure describes the control, follow-up and reporting activities on the E&S information of both the investments and the performance of the Fund's SARAS.

In addition to the Fund's annual reports to IFC, the Fund shall share an internal sustainability report (based on Global Reporting Initiative standards) through its website.

6.2 Objective

Follow up and monitor E&S matters associated with the service portfolio and guarantee the conditions for the adequate reporting of the Founders and the Fund to their shareholders.

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
1	Definition of Reporting Periods towards Investments	Founders must report to Nazca the required information according to what is established in Annex 7 of this manual on an annual basis. However, the Fund acting as a shareholder may at any time request specific information from the Founders on any E&S aspect associated with the investment. These considerations must be clearly established in the shareholders' agreement or investment contract and must be verified and guaranteed by the Head of Legal, also adding the cut-off periods to send the corresponding reports.	E&S Officer Head of Legal

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
2	Request for Reports	The E&S Officer shall make the formal request annually with the specific cut-off dates to the Founders for the receipt of the E&S performance reports, as defined in Annex 7	E&S Officer
3	Reception and Evaluation of Reports	With the support of the E&S Advisor, the E&S Officer shall review the information received from the Founders. If applicable, it shall require additional information or clarifications, giving the Founders a maximum period of (5 business days) for compliance.	E&S Officer E&S Advisor
4	Information Consolidation and Shareholders Report Preparation	<p>With the support of the E&S Advisor, the E&S Officer shall consolidate the information in order to notify the Fund's shareholders (for this particular case, the IFC) organizing the information in order to complete the following:</p> <ul style="list-style-type: none"> • Portfolio distribution (portfolio) by Industrial sector and by risk category. • Description of E&S medium risk operations and their corresponding DDSA. • Details of E&S defaults, incidents or accidents associated with the investment processes. • Information on the implementation process and changes to the Fund's SARAS • Results of the investment follow-up system - AIMM • Annual report on the Fund's status and update of E&S activities. <p>Once the report is consolidated, it shall be sent to the shareholders' representatives for their review. This report shall have a minimum annual frequency and the cut-off dates that the shareholders define must be met. Shareholders may request clarifications or request specific action plans in the event of developments in both the portfolio, such as the Fund's SARAS.</p>	E&S Officer E&S Advisor
5	Development and Implementation of Action Plans Required by Shareholders	<p>Based on the requests that shareholders require when reviewing the annual reports, the Fund must prepare the corresponding action plans that must include at least:</p> <ul style="list-style-type: none"> • Requirement Description • Actions for compliance (deliverables) • Deadline for compliance • Required Resources • Fund's Internal managers regarding the corresponding activities. <p>These action plans shall be monitored by the shareholders either in the action plans' deadlines for compliance or in the annual reviews.</p>	E&S Officer E&S Advisor Fund Staff

7. EXTERNAL COMMUNICATIONS AND COMPLAINT SERVICE MECHANISM (MAQ IN SPANISH)

Nazca has defined the following procedure for the proper management of external communications, requests, complaints or claims (PQRs in Spanish). The contact channels established by the Fund include:

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

Contact Form: <https://www.nazca.vc/esg>

Email: esg@nazca.vc Contact phone: Whatsapp Nazca +52 1 55 3562 2312

Address: 255 Alhambra Circle STE 500, Coral Gables FL, 33134

#	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
1. Communications Received			
1.1	External Communication Reception	The E&S Officer, or to whom it delegates responsibility, shall receive the communication and shall determine if the communication (by any of the available means) relates to a PQR or is an ordinarily-processed communication. In both cases, it shall direct the communication to the recipient responsible for the investment officer responsible for the project in order to address and respond the communication. The Nazca E&S Unit shall provide a receipt confirmation to the sender within 48 hours of receiving the question or concern in writing, informing them that they shall receive a written response within 15 business days (as long as the communications are not anonymous).	E&S Officer Investment Officer responsible for the project in question
1.2	External Communication Evaluation	The Fund member responsible for handling the communication shall evaluate the external communication or PQR and shall request support, if necessary, to the E&S Advisor in order to either project the response or take the corresponding actions. If required and always recommended, the communication shall be evaluated by the Fund's Head of Legal. The investment officer shall immediately contact the client to seek any relevant information, and may carry out further investigation. If such investigation leads the project team to conclude that the project does not comply with Nazca's E&S policy, an investment officer shall inform Senior Management of this fact. The relevant E&S specialist from an assigned consultant shall prepare a Supplementary Corrective Action Plan (SCAP) that shall be discussed and applied by the investee company.	E&S Advisor Head of Legal Fund Staff
1.3	External Communication Response	Once the response has been projected and validated by the E&S Officer/Head of Legal, as the case may be, it shall be sent through the corresponding correspondence systems, leaving a record and support thereof. Communications shall be answered, as far as possible, in a period not exceeding 15 business days. All requests,	E&S Officer/ Head of Legal

NAZCA	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

		complaints or claims must be registered in the Format MN-SARAS-002	
1.4	Action Implementation	In the event that the communication received involves a series of activities or the development of a specific action plan by the Fund, these shall be led by the E&S Officer and carried out by the staff, the E&S Advisor and the Fund Staff, in the times and specifications required.	E&S Officer Fund Staff
2. Generated			
2.1	External Communications Projection	The Fund's Staff representative that requires the issuance or generation of an external communication associated with E&S issues, shall carry out its projection, which must comply with the regular review, approval and signature process in the case of written communications or approval in case of being on the website, social networks or mass media. The E&S Officer or the Fund's Managing Partners are the only persons authorized to make statements to the national, regional or international media.	E&S Officer Managing Partners
2.2	Sending External Communications	Once the communication is validated, it shall be sent to its recipient (or published in the corresponding means of dissemination), said activity shall be carried out directly by the E&S Officer or whoever delegates to do so. The E&S unit shall then send a second follow-up response to the sender regarding any step requested from the investee once the SCAP is ready and accepted by the investee, but within a maximum period of 60 business days from reception of the original communication.	E&S Officer

Information on this procedure shall be available on the Nazca website, as well as in visible locations at all local Nazca offices. There is no cost or fee associated with raising a question or concern through this procedure. Interested and affected parties may raise their questions or concerns without fear of retaliation, and may request that Nazca not disclose the names of individuals to the project company without prior permission.

8. EMERGENCY PREPAREDNESS AND RESPONSE

8.1 Emergencies Associated with Projects

Portfolio companies are required to report accidents or incidents that have or may have a significant adverse effect on the environment, health, and safety of individuals (e.g. employees, contractors, visitors, customers, neighbors, community, etc.). Once the damage has been assessed and the causes have been determined, an action plan shall be prepared to include corrective or preventive measures planned or taken by the Portfolio Company in response to the accident/incident in accordance with legal regulations, sent to the Fund

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

Manager. Once the damages have been assessed, the accident/incident report shall cover environmental damage and social risk (significant pollution, fatalities, serious injuries requiring hospitalization), time/date, injured persons, deaths, other persons involved and the local authorities participating in the event. Portfolio companies must report the incident/accident to any government authority as environmental, health and safety or labor laws require notification. Portfolio companies must establish a communication procedure in case incidents/accidents have become public knowledge through media coverage or otherwise.

The following describes the procedure to address potential emergencies that arise in projects/companies in which Nazca participates as an investor.

ID	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
1	Preparedness for Potential E&S Emergencies	From the preliminary evaluation of the investment, through the DDSA procedure and the corresponding decision-making, approval, monitoring and follow-up processes, the Preparedness and Response Plans associated with emergencies shall be evaluated, in order to determine if the prevention measures and attention to potential E&S emergencies are consistent with applicable national and international standards and with the project's characteristics.	E&S Officer E&S Advisor
2	Notification of Potential/Real Emergency Situation.	Once the notification of a potential/real emergency situation has been received by the E&S Officer in any of the projects where it participates as an investor, the E&S Officer shall be notified immediately and the latter shall notify the Managing Partner, who shall establish direct communication with the Founders in order to confirm the details of the situation arisen or in development. The Managing Partner shall convene the Emergency Committee, made up of: The Head of Legal/E&S Officer, Portfolio Management, Firm Management and any other member required.	Managing Partner E&S Officer Firm Management Portfolio Management Head of Legal E&S Advisor Staff
3	Information/Situation Evaluation	The Emergency Committee shall evaluate the information in order to determine the magnitude of the event and the potential risks/impacts associated with the emergency situation, as well as the potential effects on the Investment project or the Fund directly. If deemed necessary, the presence of the Founders shall be convened and an Action Plan shall be defined on the Committee session.	Emergency Committee
4	Action Plan Execution	According to what is established in the Action Plan (which shall include tasks, managers, deadlines and resources) each member of the Staff involved shall develop the required activities. Likewise, joint and agreed activities shall be coordinated to be developed by the Founders as the first line of reaction to the event.	Business Manager/Credit and Risk Vp./ Legal Department

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

ID	ACTIVITY	DESCRIPTION	PERSON IN CHARGE
5.	Follow-up to Action Plan Implementation	It shall be the responsibility of Portfolio Management to monitor the activities registered in the Action Plan to be completed by the company in question. The Portfolio Management must report the follow-up of the actions to the members of the Emergency Committee.	Portfolio Management (include members of the Emergency Committee)

9. LABOR POLICY AND REGULATIONS

9.1 Human Resources Policy to be implemented by the companies that make up the Fund's portfolio

The human resources policy shall be established according to the nature and size of the Fund's portfolio company, and shall comply with national laws and pertinent regulations (host country), IFC performance standards and applicable international agreements or conventions. Among other aspects that the human resources policy includes are:

- Right to a contract or employment agreement
- Promotion of fair treatment, non-discrimination and equal opportunities for workers.
- Establishment, maintenance and improvement of relationships between workers and senior management.
- Access to social security records as stipulated in the national labor legislation that houses the Fund
- Privacy rights of the information provided by the employee.
- Protection of workers, including vulnerable workers categories, migrant workers, third-party workers, and supply chain workers.
- Establishment of protocols on harassment and workplace and sexual harassment (definition, prevention, reporting method, monitoring, and system of consequences).
- Promotion of safe and healthy working conditions and promote the health of workers.
- Prevention of the use of forced and child labor.
- Free association to union or union organizations

9.2 Labor Terms and Conditions

Labor conditions shall comply with the provisions of the host country's labor legislation and the provisions of IFC Performance Standard 2. Some of the elements it comprises include:

- Guaranteeing a safe environment for its workers, free from discrimination or harassment of any kind.
- Definition of maximum working hours and overtime
- Social Security registration and payment
- Time off and paid breaks (example: holidays and vacations)
- Procedure for illnesses or accidents

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Maternity
- Pay and benefits equity
- Provision of personal protective equipment and training for accident prevention and care in emergency situations

9.3 Employee Organizations

Labor laws in some host countries have clearly defined the conditions to favor the free establishment and operation of labor organizations in companies, this, consistent with the international agreements signed with the ILO. The Organizations shall be freely established and elected by the workers without influence from the Employer.

- The Fund shall not discourage or retaliate against workers who join workers' organizations.
- Do not carry out any type of employment discrimination against members of employee organizations
- Employees must be free to meet and discuss labor issues with representatives of employee organizations, and may request the participation of representatives of these organizations in disciplinary procedures.
- Where freedom of association and/or collective bargaining is substantially limited by what is defined in the host country law, the Fund must engage directly with employees to address issues related to their employment terms and conditions and recognize alternative forms of worker representation.

9.4 Equal Opportunity and Non-discrimination

The Fund shall apply the principles of equal opportunity and non-discrimination in all its decisions and work stages (recruitment, hiring, conditions and terms of work) which shall be based mainly on the capacities, abilities and competencies of the people to carry out the tasks.

Pregnancy tests shall not be required in the recruitment process or the worker's request for medical information.

9.5 Layoffs

The Fund shall uphold all the considerations defined by the national labor legislation of the host country on the justified or unjustified dismissal process, as the case may be. In accordance with applicable international standards, in the event of a massive staff reduction situation, the Fund shall formulate a Staff Reduction Plan, which shall include:

- Consulting with employees about possible alternatives that can minimize the need for layoffs.
- Communicating the criteria under which the dismissals shall take place, which must be objective, fair and transparent; and not be based on personal characteristics or those not strictly related to work

In cases where dismissal processes cannot be avoided, the Fund, in accordance with applicable laws, shall guarantee that all workers receive timely notification of dismissal and severance payments provided for by the host country's legislation and collective bargaining agreements. All back wages, social security benefits, contributions and pension benefits shall be paid to workers i) at the time or prior to the termination of the employment relationship, ii) where appropriate, for the benefit of the workers, or iii) Payment shall be made in accordance with

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

a schedule agreed upon through a collective bargaining agreement. In the event that payments are made for the benefit of workers, they shall be provided proof of those payments (IFC, PS 2).

9.6 Complaint Mechanism for Employees

Regardless of the current or future Fund size, all direct employees (Staff), under temporary contract, services or belonging to a third party, may access the complaint mechanism that shall include the following principles:

- Provision of information: Information must be provided to all workers on the complaint filing mechanism at the time of their entry into employment and, in addition to said information, the way in which said mechanisms function must be easily accessible.
- Process Transparency: Workers must know who they can turn to if they have a complaint and what support or sources of consultation are available.
- Process update: The process must be periodically reviewed and kept up to date, for example by referring to new legal guidelines or changes in contracts or representation.
- Confidentiality: The process must guarantee the confidential treatment of the complaints submitted.
- No penalty: Procedures must ensure that the worker who files a complaint shall not be submitted to an alternate manager.
- Reasonable time frames: Procedures must provide time to thoroughly investigate complaints that are made.
- Right of appeal: Workers shall have the right of appeal to management.
- Right to be accompanied: The worker shall have the right to be accompanied by a collaborator or friend.
- Preparation of minutes: Evidence of all stages of the process must be presented.
- Relation with collective bargaining agreements: Complaints can be included in collective systems.
- Relation with regulations: Regulatory processes in force in the country.
- The Procedure for employees to have direct communication with senior management (without involving their direct report), which shall be clearly communicated and must allow, if required by the employee, anonymity.
- Attention in a timely and appropriate manner by the representative of the responsible management.
- The confidentiality guarantee for the employee and that no retaliation of any kind shall arise.
- Non-impediment to access other judicial or administrative remedies that may be available in accordance with the legislation or existing arbitration procedures, nor to substitute the mechanisms for handling complaints provided by collective agreements.
- Registration, documentation and feedback of complaints to the worker.

9.7 Third Party Contractors

Nazca shall verify that the "Third Parties" through which activities not corresponding to the "core" of the business are carried out, comply with the applicable labor regulations as well as with labor practices consistent with international standards (IFC Performance Standard 2).

In the event that the Fund requires armed Security Personnel during the course of its operations, it must follow the security standards and guidelines when hiring security companies. These standards and guidelines must include adequate training; a code of conduct for the use of force, with or without firearms; ways to prevent and resolve

NAZCA	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

conflicts without resorting to force; complaint mechanisms related to possible abuses in the use of force; and audit and internal evaluation systems to review the performance of private security companies.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

ANNEX 1. FUND'S EXCLUSION LIST

- I. Production or commercialization of any product or activity considered illegal under national laws or regulations, conventions or international agreements; or subject to international prohibitions such as medicines, pesticides/herbicides, substances that deplete the ozone layer, PCBs, wildlife or their products regulated under CITES.
- II. Production or marketing of arms or ammunition¹
- III. Production or marketing of alcoholic beverages (Except beer and wine) ¹.
- IV. Production or marketing of tobacco.¹
- V. Gambling companies, casinos and equivalents
- VI. Production or marketing of radioactive materials. It does not apply to the purchase of medical equipment, control and measurement equipment and any equipment whose radioactive source is considered as trivial or adequately protected by the IFC.
- VII. Production or marketing of non-adherent asbestos fibers. It does not apply to purchases and use of fibers adhered to cement sheets where the percentages of asbestos are less than 20%.
- VIII. Fishing with trawls in a marine environment that exceeds 2.5 km in length.
- IX. Production or activities associated with harmful forms of exploitation of forced/child labor¹²

¹ Forced labor means all jobs or services not performed voluntarily, through threat of force or punishment.

² Harmful child labor means employment of children as a means of economic exploitation, which can interfere with their educational process, which can be dangerous for their physical, mental and spiritual health; and their social and moral development.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- X. Commercial logging operations in Tropical Humid Forests.
- XI. Production or marketing of wood or other types of forest products that do not come from sustainably managed forests.

ANNEX 2. PROJECT CHARACTERIZATION

Category A Projects (High Risk): In general, these transactions are related to clients/recipients of investments with commercial activities that generate significantly adverse, sensitive, diverse and unprecedented environmental and social impacts. A potential impact is considered sensitive if it can be irreversible (such as the loss of an important natural habitat), affects vulnerable groups or ethnic minorities, involves involuntary displacement or resettlement, or affects important cultural heritage sites (First for Sustainability, 2020) .

High Risk Projects such as those described below may not be the Fund's object of investment.

- Dams, reservoirs, mines and quarries.
- Industrial plants, large-scale logging and agribusiness.
- New industrial clusters, oil and gas developments, including the construction and operation of hydrocarbon transportation infrastructure.
- Large ferrous and non-ferrous metal operations, pulp and paper industries; port developments, hydroelectric and thermoelectric developments.
- Manufacture, use and disposal of large quantities of pesticides/herbicides and mineral fertilizers.
- Construction and operation of large hydroelectric plants.
- Construction and operation of cement and steel plants.
- Manufacture, transport and use of hazardous waste or materials.
- Domestic operations for the final disposal of hazardous waste.
- Large-scale tourism developments.
- Industrial textiles that involve wet processes.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Transportation projects (highways, airports, roads, railways).
- Dredging projects in rivers or maritime areas.
- Electricity generation projects from nuclear energy.
- Urban massive transportation projects.
- Maritime or river protection or intervention works.
- Projects to lay national interconnection systems' electrical transmission lines.
- Construction and operation of sanitary landfills (urban/domestic waste).
- Waste to Energy projects.
- Construction and operation of irrigation districts.
- Projects in or near areas of great ecosystem sensitivity and value.
- Resettlement projects
- Projects in areas of influence/residence of indigenous, ancestral communities or under special protection of international agreements, of great archaeological or cultural value

Category B Projects (Medium Risk): In general, these types of transactions are related to clients/recipients of investments whose commercial activities have less significant specific environmental and social impacts, generally in a specific location, mostly reversible and easy to address through mitigation measures and international best practices. The possible adverse environmental impacts on the population or important environmental areas are less adverse than in the case of high-risk transactions (First for Sustainability, 2020).

Some activities classified within this category are listed below:

- Urban improvement projects.
- Medium-scale agribusiness
- City hotels, small-scale tourism
- General manufacturing

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Chemical industries, without a storage volume/mass of flammable, explosive or hazardous materials;
- Manufacturing of plastic products.
- Processing and preservation of fruits and vegetables, fish and meat; production and processing of animal/plant products; wine and beer manufacturing; manufacture of products derived from milk.
- Manufacture of leather products (except tanning and dyeing); maintenance workshops; Spinning, weaving and natural or synthetic finishing factories; Printing.
- Development of activities that involve the handling, storage and/or generation of hazardous materials on a small scale (without heavy or dangerous machinery).
- Manufacture of wood products; milling, sawing; veneer manufacturing; varnishing, and other wood-based products.
- Urban/Intermunicipal/National Low Emission Automotive Transportation
- Veterinary Center Activities
- Activities associated with health centers or diagnostic aids
- Wholesale food distribution centers
- Energy efficiency in residential and office buildings in urban areas

To develop this type of project, the Fund is required to have:

- E&S specialist or external expert with (i) knowledge in a wide spectrum of industries, including in-depth knowledge of IFC performance standards, (ii) experience in similar projects, and (iii) experience in similar geographic areas.
- For more complex investments, an external expert with specific knowledge of IFC Performance Standards shall be required. Annex 5 "Independent Consultant Selection Considerations" includes the requirements to be considered in the selection of an external expert or consultant.

Category C Projects (Low Risk): These types of transactions are generally related to clients/recipients of investments whose commercial activities have minimal environmental and social impacts or no adverse effects (First for Sustainability, 2020) Activities classified within this category are:

- Software development
- Personal and consumer services
- Retail commerce

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Restaurants
- Small-scale research and development companies
- Establishment of industrial services (consulting, accounting, auditing, etc.); life insurance companies
- Education and training; broadcasting (TV, radio, satellite); Family and health planning; computer equipment marketing
- Establishment and equipment for art, design, telecommunications studios
- Spinning, weaving, natural or synthetic finishing, and leather micro-enterprises (except tanned and dyed); tailoring and clothing stores;
- Development of office activities, beauty centers or similar.

To develop this type of project, the Fund is required to have:

In-house staff who understands the categorization process with basic knowledge of IFC Performance Standards 1 (“Assessment and Management of Environmental and Social Risks and Impacts”), and 2 (“Labor and Working Conditions”), ~~3~~—Some specific industries may require additional knowledge of IFC Performance Standards such as 3 (“Resource Efficiency”) and 4 (“Community Health, Safety, and Security”).

ANNEX 3. INFORMATION TO BE REQUIRED FOR THE INITIAL E&S ASSESSMENT FOR POTENTIAL INVESTMENTS.

1. Client/Project Information

- 1.1 Client/Project Name (company name)
- 1.2 Main economic sector
- 1.3 Project/Client Location
- 1.4 General Description of the Project/Client; detail of the client's activity (e.g. production process)
- 1.5 List of executed projects/current operations

2. Compliance with applicable Legal Requirements

- 2.1 Attach the list and the documents (administrative acts/Resolutions/authorizations/environmental management plans in relation to the Environmental and Social Impact Studies/Statements) associated with the use and exploitation of natural resources (environmental permits in general). In the case of generating hazardous waste, attach temporary storage procedures and agent responsible for collecting, transporting and disposing, indicating the name of the agent and verification of the existence of an operating license.
- 2.2 Attach performance statistics in industrial safety and occupational health for the last two (2) years. Include the fatalities and permanent disability report, and the incidence rate and measures adopted to reduce it.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

2.3 Report if, in the last five (5) years, there have been environmental incidents in your operations, conflict situations with neighboring communities in operations or projects, labor disputes (strikes, etc.), describing where and at what time.

2.4 Attach the sanction documents issued by local, environmental or labor authorities in the last 5 years (includes ongoing processes or discussion). Also include administrative acts, resolutions or direct requirements that the Environmental authority has made to any of its operations in the last three years.

3. Management systems

Describe what management systems the company has implemented, the current status of each one, and which of them have been certified.

4. International Standards

Describe if the project has been implemented or is aligned with any international E&S, safety or occupational health standard.

5. Community Relations

5.1 Describe the previous consultation processes (refers to previous, free and informed consultations in accordance with each country's legislation or international agreements in this regard) in which the company has participated, describing the communities involved, period and location.

5.2 Describe if any of the projects/operations have been involved in Legal Actions (of any kind) in relation to environmental and social aspects.

5.3 List current or signed agreements with communities in the last three (3) years in operations or projects where they have participated directly.

6. Social aspects

6.1 Describe if the company has participated or led physical or economic resettlement processes, if so, describe the period and place.

6.2 Describe if in the last five (5) years there have been social conflicts (protests, blockades, strikes, sabotage, etc.) associated with the operations/projects.

6.3 Describe if there have been events associated with the violation or impairment of human rights in the area where the project has been or will be developed.

7. Labor aspects

7.1 Make a general description of the work policies (hygiene, safety, health, safety, non-discrimination, anti-workplace and/or sexual harassment, internal complaint mechanism, and code of ethics) under which activities are carried out and if said policies are applicable to permanent, temporary, contracted staff, or third parties carrying out activities for the Fund's portfolio company

7.2 Make a general description of the employment policies applied in the operation/company

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- 7.3 Describe whether minors have been included in the payroll in the last three (3) years or currently, if so, describe in what positions
- 7.4 Are there unions or organizations currently representing the employees of the organization? Describe what organizations, number of members, and how long have they operated.
- 7.5 Describe the training courses received by staff (including OHS procedures, use of PPE, etc.) either in person or in digital format.
- 7.6 Indicate the number of personnel performing tasks such as permanent staff, temporarily hired, third-party personnel and service providers, indicating types of benefits they receive and whether the activity carried out is regulated or not. Indicate number of dismissals, registered complaints and lawsuits and their status.

ANNEX 4. SCOPE OF E&S DUE DILIGENCE

A. Background check (context) of the Project and the area of direct and indirect influence thereof.

- Background check associated with human rights, violence, social/labor conflicts, socioeconomic characteristics, armed conflict, environmental and cultural traits of the area of direct and indirect influence of the project.
- Background on events of forced or voluntary displacement, resettlement or temporary establishment of population in the project's areas of influence.
- Description of the initial activities to establish the project, preliminary information received by the communities, general perception of the project from other institutions or sources that are considered relevant.

B. Review of relevant sectoral E&S aspects.

- Review of national standards (guides, sector documents, etc.) and international standards of good E&S practices associated with the sector to which the project belongs.

C. Review of Compliance with the applicable National E&S Legislation.

This review includes a checklist that includes verification of the applicable E&S requirements, identifying the non-compliances or partial compliances and the justification. The requirements must include environmental, social, labor, industrial safety and occupational health aspects.

D. Review of the Environmental Impact Study/Environmental License or the applicable Instrument according to current E&S legislation.

- Detailed analysis of the Project's description (scope).
- Review of coherence in the definition of the areas of influence (the different areas that are created: social, physical, biotic, socio-economic, among others).

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Verification of the consistency of the applicable Environmental Instrument with IFC performance standards and World Bank Guidelines on Environment, Health and Safety.
- Identification and analysis of potential socio-environmental risks and impacts identified by the Instrument, with and without the Project.
- Evaluation of complementary studies (if any) carried out (Human rights, environmental liabilities, resettlement, etc.).
- Review of all the elements referring to prior consultations, instruments for citizen participation, public hearings, socialization and citizen participation, agreements, and everything associated to relationships with communities located in the project's areas of influence.

E. Visits/Field Work

Field work represents the verification of the relationship between E&S information and the project's characteristics. This work must have a specific planning in order to cover the most relevant elements associated with the contractual commitments of the potential investment project.

- Verification of the Project's areas of influence and location
- Verification of areas of special interest/ecological or ecosystem value in relation to the project.
- Verification of the communities consulted, informed or notified of the project in the different areas of influence susceptible to E&S impacts/risks, this includes contact with representatives, stakeholders and participants in the processes.
- Verification of working conditions of employees and contractors (industrial safety and work health).

Prior to the due diligence and supervision visit, the location of the project, neighboring communities and relevant reference points shall be identified. These visits shall be complemented by taking photographs, filming, and interviews with key personnel linked to E&S issues, among others.

F. Review of compliance with IFC E&S Performance Standards and World Bank Guidelines on Environment, Health and Safety.

With the checklists detailed in Annex 8, Compliance with the Performance Standards in Social and Environmental Sustainability of the IFC (2012) shall be verified, clearly defining how compliance (support) is going and highlighting the gaps (which must be included in subsequent action plans) against the requirements of this standard.

- The coherence of the project's specific aspects with the World Bank EHS Guidelines for the project's sector shall be verified.
- In accordance with IFC standards, the project calculations must be verified against the generation of Greenhouse Gases throughout their life cycle.

G. Identification and evaluation of potential E&S risks/impacts

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

Derived from the review of the information, the applicable standards and the field work, the project's potential E&S risks that may have influence or are relevant to the Fund shall be identified, in accordance with the provisions of the applicable national and international standards.

H. Proposal of Action Plans for the Mitigation of Impacts/Risks.

The Independent Consultant/E&S Advisor shall formulate the action plans (in coordination with the Founders) necessary for the management of the identified gaps, risks or E&S impacts that are not in compliance with the national legal requirements or in accordance with the international standards applicable to the project. The action plans must have at least:

- Specific description of the identified gaps and the activities to be carried out to close them.
- Time and resources required to close the gaps.
- People responsible for closing the Project's gaps.

ANNEX 5. INDEPENDENT CONSULTANT SELECTION CONSIDERATIONS.

The considerations to take into account for the selection and procedure of the independent consultant in the DDAS process are described below.

- No conflict of interest to carry out the activities.
- Experience in the development, evaluation or audit of environmental studies (Environmental Management Instruments) associated with the Project's sector.
- Experience and knowledge in the application, review, audit implementation of international standards such as the IFC Performance Standards in Social and Environmental Sustainability and the World Bank Guidelines on Environment, Health and Safety.
- Ideally, he or she should have experience in the development of Environmental and Social Due Diligence (DDAS) processes under international standards in favor of Financial Institutions, if not, the two previous requirements are mandatory, and compliance with this condition shall be an added value.
- In the case of international companies not having a local partner company, it is required that they have their own teams and extensive experience in the requirements described above, as well as in the analysis of the host country's socio-environmental context and legislation.
- The Independent Consultant shall not provide other services to the Founders or any of the companies to which they belong during the Due Diligence process related to the Project under study, which place them in a conditioning or limiting position for their performance as an Independent Consultant.
- For the cases in which it can be agreed with the Clients, the participating EF's may select the consultant or consultants who shall act as Independent Engineer for the DDAS process, for which, a list of possible consultants shall be created for their consideration and selection, taking into account, their experience,

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

size, technical and logistics capacity, among others. The selection method shall be by direct (democratic) vote. An additional option is for each Financial Institution to provide the Client with a short list of potential consultants and the Client to carry out the selection process.

- The hiring of the independent engineer shall be at the cost and expense of the Client (licensee, sponsor or interested party in the loan/investment).
- The Independent Consultant shall present the DDAS report to the members of the Fund .

ANNEX 6. DDAS (E&S DUE DULIGENCE) REPORT FORMAT

1. General information

Project/Company:	
Name of the Founder's Legal Representative:	
Risk Category:	
Total Investment amount:	
Independent consultant:	
Date:	

2. DDSA Process Overview/ Methodology
3. Relevant aspects of the National Instruments of Environmental Management (Licenses, permits or authorizations including their expiration date)
4. Project's Location/Description/production processes
5. Identified Environmental and Social Impacts/Risks (in accordance with the IFC Performance Standards)
6. Compliance with Applicable Standards

6.1 National Standards

STANDARD	REQUIREMENT DESCRIPTION	OBSERVATIONS

7. Observations
8. Support documents

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

9. Information requirements
10. Proposal Action plans (to be potentially incorporated in the investment agreement). In this proposal the compliance time shall be established
11. COVID-19 measures

ANNEX 7. "MONITORING AND FOLLOW-UP SCOPES" FORMAT BY FOUNDERS

1. General information

Project/Company:	
Name of the Founder's Legal Representative:	
Risk Category:	
Total Investment amount:	
Name and Title of the person preparing the Report:	
Contact information of the person preparing the report:	
Report Period:	
E&S Officer approval date:	
Comments:	

2. General description of the implemented SARAS' performance (report there have been changes in the SARAS, responsible person for its administration and supervision)
3. Status of compliance with the action plans from both the investment agreement and previous evaluations. In case management/environmental management plans required by the competent authority (agency, Secretariat of the Environment, etc.) are used, report on their compliance, audits and approval by the competent authority.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

4. Detail of compliance with legal norms and local regulations including labor, health and occupational safety. Cite the current socio-environmental licenses and permits (attaching a copy) including those related to labor and occupational safety aspects (certificates from the fire department, local authority or insurance company, inspections from the labor authority, etc.) Description of the details of non-compliance, fines, E&S incidents or accidents associated with operational processes.
5. Description of the result of applying the complaint mechanism, including complaint type, the record and responses that have been given to interested parties.
6. Report on complaints made outside the established channels, established complaint mechanism, or lawsuits.

ANNEX 8. IFC PERFORMANCE STANDARDS CHECKLIST

1. PERFORMANCE STANDARD 1: Evaluation and Management of Environmental and Social Risks and Impacts.

Goals

- Determine and evaluate the project's risks and environmental and social impacts.
- Adopt a hierarchy of mitigation measures to anticipate and avoid, or minimize, and, when there are residual impacts, restore/compensate for risks and impacts on workers, Affected Communities and the environment. Promote better environmental and social performance of clients through the effective use of management systems.
- Promote better environmental and social performance of clients through the effective use of management systems.
- Guarantee that complaints from Affected Communities and external communications from other social actors receive an answer and are handled appropriately.
- Promote adequate participation of the Affected Communities and provide the means for such participation throughout the project cycle, in matters that could affect them, and guarantee that pertinent environmental and social information is disclosed and disseminated.

Requirements

Environmental and social evaluation and management system

5. The client, in coordination with other government agencies or responsible third parties, as appropriate, shall undertake an environmental and social assessment process and shall establish and maintain an ESMS in accordance with the nature and scale of the project and in accordance with the level of environmental and social risks and impacts. The ESMS shall incorporate the following elements: i) policy, ii) identification of risks and impacts; iii) management programs; iv) organizational capacity and competence; v) emergency preparedness and response; vi) participation of social actors and vii) monitoring and evaluation.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

1.1 Policy.

- Does the organization have a general policy (statement) with the definition of performance-oriented socio-environmental objectives and principles?
- Is the policy endorsed by the top management of the organization?
- Does the policy determine who is responsible for its implementation within the organization?
- Was the policy communicated to all employees in the organization?

1.2 Identification of Risks and Impacts

- Does the organization have a procedure/system to observe, identify, analyze and assess the potential risks/impacts associated with its activities/projects?
- Are emergency preparedness and response plans integrated with the organization's risk management system?
- Has the organization conducted a socio-environmental impact assessment or some other type of S&A assessment or audit for the financed (would be financed) project?

1.3 Organizational Capacity and Competence.

- Has the organization appointed plant-specific staff, including a management representative, with clear lines of responsibility and authority for S&A issues?
- Do the delegated personnel have the knowledge, skills and experience to implement the S&A policy and follow the established procedures?
- Does the organization have resources allocated to support S&A functions?
- Does the organization have resources to support the development of capacities and competencies in socio-environmental issues?
- Does the organization have training programs for its S&A staff?
- Does the organization outsource or hire third-parties for S&A functions?

1.4 Review and Monitoring

- Does the organization have internal procedures to monitor and evaluate the performance of its operations?
- Is the quality of the socio-environmental information periodically reported to senior management, investors or stakeholders appropriate?
- Does the organization have a procedure to evaluate the results from monitoring activities?

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

1.5 Stakeholder Participation

- Does the organization have a mechanism to identify stakeholders (potential communities affected by the organization's activities)?
- Has the organization developed and implemented a stakeholder engagement plan according to the project's scale, risks/impacts, and development stage?
- In the event that the organization's activities have negative impacts on local communities, does the organization have a participatory process established for these communities?
- Was a consultation and informed participation process carried out? (if apply)

1.6 External Communications and Complaint Mechanism

- Does the organization have a procedure to receive and process external communications from stakeholders?
- Does the organization have a complaint mechanism, which includes a procedure for receiving, addressing, filing, documentation and communication for the affected communities?
- Does the complaint mechanism guarantee the confidentiality and protection of the applicant's identity?
- Does the organization guarantee that the complaint mechanism is easily accessible, understandable and its availability communicated to the affected communities?

2. PERFORMANCE STANDARD 2: Labor and Working Conditions.

Goals

- Promote fair treatment, non-discrimination and equal opportunities for workers.
- Establish, maintain and improve relationships between workers and management.
- Promote compliance with national legislation on employment and labor.
- Protect workers, including vulnerable categories of workers, such as children, migrant workers, workers hired by third parties, and workers in the customer's supply chain.
- Promotion of safe and healthy working conditions and promote the health of workers.
- Prevent the use of forced labor.

Requirements

Working conditions and administration of labor relations

Human resources policies and procedures

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

8. The client shall adopt and implement human resource policies and procedures appropriate to its size and workforce, stipulating its approach to managing workers in line with the requirements of this Performance Standard and national legislation.

9. The client shall inform workers with documented, clear and understandable information regarding their rights in accordance with national labor and employment legislation and any applicable collective agreement, including their rights regarding working hours, wages, overtime, compensation and benefits granted from the beginning of the employment relationship and when any substantial change occurs.

2.1 Human Resources Policy and Management

- Does the organization have a human resources policy consistent with the requirements of national environmental legislation and IFC Performance Standard 2?
- Is this policy clearly understandable and easily accessible to employees?
- Does the organization have policies and procedures to manage and monitor the performance of temporary employees/contractors in terms of work and working conditions?
- Does the organization have an internal complaint mechanism in place for its employees to address their requests/concerns?
- Has the organization ensured access to the complaint mechanism by temporary employees/contractors?
- Is there someone responsible for reviewing and following up on requests/concerns in a transparent and timely manner?

2.2 Working Conditions and Contract Terms

- Has the organization documented and communicated the working conditions and hiring terms for direct workers in an understandable way (including working hours, frequency of payments, disabilities, maternity leave, vacations, among others)?
- Are the hiring terms in accordance with the collective agreements (if applicable)?
- Has the organization identified foreign workers and guaranteed their incorporation under conditions that are substantially equivalent to the conditions of non-migrant workers?
- Has the organization provided accommodation for these workers?
- If yes, has the organization defined a place and implemented quality and administration policies for basic accommodation services and provisions?

2.3 Workers' Organizations

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Are workers in the organization free to join and be part of workers' organizations under collective agreements?

2.4 Non-Discrimination and Equal Opportunities

- Does the organization have documented transparent procedures that ensure that decisions are not based on personal characteristics unrelated to the job/position requirements?
- Does the organization have preferential internal employment/employment policies?

2.5 Staff reduction/Downsizing

- Has the organization anticipated the reduction of a significant number of employees?
- If so, has the organization evaluated any alternative to downsizing?
- If there are no viable alternatives, is there an internal staff reduction plan?
- If the decision to reduce the staff has been taken, have the workers received the notice of dismissal and the economic compensation defined by national legislation and collective agreements in the appropriate time and manner?

2.6 Workforce Protection

- Does the organization guarantee that forced child labor is not used in its operations, including the activities of its contractors in the primary supply chain?
- Does the organization verify the age of all its employees?
- Does the organization guarantee that underage workers (<18) are not employed in dangerous activities and that their health conditions, working conditions and working hours are regularly monitored?

2.7 Industrial Safety and Occupational Health

- Does the organization provide its workers with a safe and healthy environment for its workers?
- Where applicable, does the organization provide and require its workers to use personal protective equipment (PPE)?
- Does the organization have established and implemented industrial safety and occupational health procedures aligned with good international industry practices to prevent accidents, incidents or illnesses?

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Does the organization track and report accident rates, occupational illnesses, days lost, absenteeism, and number of work fatalities?
- Does the organization have internal training programs for its workers on industrial safety and occupational health issues?
- Does the organization have a security and protection plan and protection of life against fire events?

2.8 Supply chain

- Where there is a significant high safety risk scenario/matter associated with workers in the supply chain, has the organization required its primary supply chain to implement corrective measures to deal with life-threatening situations?
- Where modification of such scenario/matter is not possible, does the organization have a plan to change its primary supply chain?

3. PERFORMANCE STANDARD 3: Efficient Use of Resources and Pollution Prevention.

Goals

- Avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution generated by project activities.
- Promote a more sustainable use of resources, including energy and water.
- Reduce project-related GHG emissions.

Requirements

4. During the project's life cycle, the client shall take into account the environmental conditions and shall apply the efficiency principles and techniques in the use of resources and pollution prevention that are technically and financially feasible and more suitable to prevent adverse impacts on human health and the environment or, when this is not possible, minimize them. The principles and techniques applied during the project life cycle shall be tailored to the hazards and risks associated with the nature of the project and shall conform to international good practices recommended for the industry, as reflected in various internationally recognized sources, included in the World Bank Group Environmental Health and Safety (MASS) guidelines.³⁴

³ Technical feasibility is based on the possibility that the proposed measures and actions may be executed with commercially available skills, equipment and materials, taking into account existing local factors, such as climate, geography, infrastructure, security, governance, capacity and operational reliability. Financial feasibility is based on commercial considerations, such as the relative magnitude of the incremental cost of adopting these measures and actions compared to the investment, operation and maintenance costs of the project.

⁴ International good practice recommended for the industry is defined as the exercise of professional skill, diligence, prudence and foresight that could reasonably be expected from trained and experienced professionals engaged in the same activity in the same or similar circumstances on a global or regional basis. The result of this exercise must be that the project uses the most appropriate technologies in the specific circumstances of the project.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

5. The client shall use the guidelines on MASS or other internationally recognized sources as reference, as appropriate, when evaluating and selecting the efficiency techniques in the use of resources and contamination prevention and control for the project. The MASS guidelines contain the performance levels and measures normally acceptable and applicable to projects. When the standards of the host country differ from the levels and measures presented in these guides, clients must abide by those that are more demanding. If, given the specific circumstances of the project, it is appropriate to apply less demanding levels or measures than those provided in the MASS guidelines, the client shall offer a complete and detailed justification of the proposed alternatives through the process of identification and evaluation of environmental and social risks and impacts. The justification must demonstrate that the choice of other performance levels is consistent with the objectives of this Performance Standard.

Resource Efficiency

- Has the organization monitored the consumption of resources and materials associated with its operation (including water and energy)?
- Has the organization implemented measures to improve efficiency in its consumption of water, energy and other resources and materials consumed in accordance with good international practices in the matter?
- Is the organization a significant potential consumer of water?

3.1 Emissions of greenhouse gases

- What is the organization's GHG emission (direct and indirect from the purchase of electricity)?
- Has the organization considered options to reduce its GHG emissions?
- In the event that the organization's GHG emissions exceed the equivalent of 25,000 tons of CO₂ per year, does the organization quantify these emissions on an annual basis?

3.2 Contamination prevention.

- Does the organization monitor the release of pollutants to air, soil and water?
- Has the organization introduced procedures/practices/techniques to avoid or where it is not possible to avoid them, minimize/control the intensity of the mass flow of such discharges/releases?
- Where there is historical contamination of soil or groundwater, has the organization tried to determine if it is responsible for mitigation measures?
- If it has been determined that the organization is legally responsible, has it resolved the liabilities in accordance with national legislation, or where the legislation has gaps, in accordance with good international practices in the matter?

3.3 Solid Waste Management

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Does the organization generate a significant amount of waste?
- Does the organization have procedures for storing, handling and disposing of its solid waste?
- In the event of generating hazardous waste, does the organization have procedures aligned with good international industry practices on the matter?
- Is hazardous waste disposed of by third parties?
- If so, does the organization guarantee that the third party has the reputation, legitimacy and government licenses/permits and provides the information on the chain of custody and final disposal of said materials?

3.4 Hazardous materials

- Does the organization have procedures for storing, handling, transporting, using and disposing of hazardous waste?
- Does the evaluated client have alternatives for the use of hazardous waste/materials?

3.5 Pesticide Use and Management

- Does the organization use pesticides?
- Does the organization purchase, store, manufacture or trade products that are in the World Health Organization's Recommended Classification of Pesticides, such as Class I a (extremely dangerous) and I b (highly dangerous)?
- If yes, has the organization established and implemented integrated pest or vector management plans?
- Has the organization selected pesticides taking into account the following considerations: low human toxicity, effectiveness against target species, knowledge of effects on other non-target animals and the environment?
- Are pesticides properly packaged and marked (including instructions for safety and proper use)?
- Have the pesticides been manufactured by a licensed entity by the competent body or agency?
- Are pesticides handled, stored, stacked and disposed of in accordance with the FAO International Code of Conduct on the Distribution and Use of Pesticides or other international good industry practice?

4. PERFORMANCE STANDARD 4: Industrial Safety, Physical and Communities' Health.

Goals

- Anticipate and avoid adverse impacts on the health and safety of the Affected Communities during the project, derived from both routine and unusual circumstances.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Guarantee that the safeguarding of personnel and properties is carried out in accordance with the relevant principles of human rights and in a way to avoid or minimize risks for the Affected Communities.

Requirements

Community health and safety requirements

5. The client shall evaluate the risks and impacts for the health and safety of the Affected Communities throughout the project cycle and shall establish prevention and control measures in accordance with good international practices recommended for the industry, such as those contained in the guides from the World Bank Group on Environment, Health and Safety (MASS) or other internationally recognized sources. The client shall identify the risks and impacts and propose mitigation measures proportional to their nature and magnitude. These measures shall favor the prevention of risks and impacts rather than their minimization.

4.1 Industrial Health and Communities Safety

- Are there communities in the vicinity of the organization's facilities?
- Does the organization have procedures to direct the community on health and safety issues in the context of its operations?
- Do these procedures/practices take into account the security aspects of the organization's infrastructure (including buildings and structures) and equipment for local communities?
- Does the organization have security procedures in place for release, transportation, and disposal to avoid or minimize exposure of local communities to such materials?

4.2 Ecosystem services

- Do the organization's operations have potential negative impacts on ecosystem services?
- If so (for example: supply services, such as the products that communities access from ecosystems; regulation services, such as the benefits that communities obtain from the processes of regulating ecosystems), such impacts could result in negative impacts on health and safety, has the organization identified mitigation measures to avoid these impacts?

4.3 Communities Exposure to Diseases

- Does the organization have an agreement procedure to avoid/minimize the exposure of communities to water-borne, water-based, water-related, vector-borne and communicable diseases (including those related to the influence of project's labor) that could result from the organization's operations?

4.4 Preparation and Emergency Response

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Does the organization's emergency preparedness and response plan take into account the risks and impacts of activities on local communities?
- Did the organization inform affected communities of the potential hazard and emergency procedures in an appropriate manner?

4.5 Physical Security Personnel Requirements

- Does the organization hire personnel to provide security services in its facilities?
- If so, do the clauses of the contract include guidelines on how said personnel should interact with the communities near the facilities?
- Are the security personnel armed?
- If yes, has the organization provided appropriate behavior/conduct training with employees and members of nearby communities?
- Have there been reports of illegal acts or abusive acts by security personnel on employees or representatives of nearby communities?

5. PERFORMANCE STANDARD 5: Land Acquisition and Involuntary Resettlement

Goals

- Avoid displacement or, where this is not possible, minimize it by exploring alternative project layouts.
- Avoid forced eviction.
- Anticipate and avoid or, when it is not possible, minimize the adverse social and economic impacts derived from the acquisition or restrictions on the use of land: i) compensated for the loss of assets at replacement cost and ii) guaranteeing that the activities of resettlement are carried out with appropriate information disclosure, consultation and informed participation of affected persons.
- Improve or restore livelihoods and living standards of displaced people.
- Improve the living conditions of physically displaced persons by providing them with adequate housing with security of tenure in resettlement places.

Requirements

General requirements

Project design

8. The client shall consider viable alternative project designs in order to avoid or minimize physical or economic displacement, weighing the environmental, social and financial costs and benefits, with special attention to poor and vulnerable groups.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

Compensation and benefits for displaced persons

9. In cases where displacement cannot be avoided, the client shall offer displaced communities and persons compensation for the loss of property at the full replacement cost, as well as other assistance to help them improve or restore their standard of living or their means of subsistence, in accordance with the provisions of this Performance Standard. The rules for compensation shall be transparent and applied uniformly to all communities and individuals affected by displacement. In case the livelihoods of the displaced people depend on the land or if the ownership of the land is collective, if possible, the client shall offer the displaced people to compensate them with land. The client shall only take possession of the acquired land and related assets once compensation has been paid and, where applicable, once resettlement sites and relocation allowances have been provided for displaced persons, in addition to compensation. The client shall also provide opportunities for displaced communities and individuals to derive appropriate development benefits from the project.

5.1 Project Design

- Is there a planned/developed land purchase process in the proposed investment?

5.2 Compensation and Benefits for Displaced Persons

- Has there been any physical or economic displacement as a result of the acquisition of land for the project?
- Did the organization or other third party responsible for the resettlement meet the full replacement of the cost due to loss of assets?

5.3 Consultation and Complaint Mechanism

- Has the organization disclosed relevant information, consulted with affected individuals and communities, and facilitated informed participation in the decision-making process associated with the resettlement process?
- Does the organization have an effective complaint mechanism in place? (as required by PS 1)?

5.4 Planning and Implementation of the Resettlement Process

- Has the organization considered design alternatives to avoid or minimize physical or economic resettlement?
- Has the organization identified the people who shall be displaced by the project, regardless of land ownership, and who are eligible for compensation and assistance programs?
- Has the organization identified the status of displaced persons in accordance with their legal rights or land claims?

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Has the organization prepared a Resettlement Action Plan (RAP) or resettlement framework document (if a physical resettlement process is involved) that mitigates the negative impacts of displacement, identifies development opportunities, and establishes rights for all affected people?
- Has the organization prepared a Livelihoods Restoration Plan (if economic resettlement is involved) to offer compensation or other assistance that establishes rights for affected individuals or communities?
- Were evictions carried out as part of the investment project?

5.5 Private Sector Responsibility Under Government Managed Resettlements.

- Was the resettlement executed/coordinated/administered/managed by the government?
- If so, did the organization complement the government's actions and address/fill the gaps regarding rights between the government and the requirements defined in PS 5?

6. PERFORMANCE STANDARD 6: Conservation of Biodiversity and Sustainable Management of Living Natural Resources

Goals

- Protect and conserve biodiversity.
- Maintain the benefits derived from ecosystem services.
- Promote the sustainable management of living natural resources through the adoption of practices that integrate the conservation needs with development priorities.

Requirements

General requirements

Project design

6. The risk and impact identification process, as stated in Performance Standard 1, must take into account the direct and indirect impacts of the project on biodiversity and ecosystem services, and identify all significant residual impacts. The process shall address relevant threats to biodiversity and ecosystem services, with special emphasis on habitat destruction, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading and pollution. It shall also take into account the different values that affected communities and, where appropriate, other social actors attribute to biodiversity and ecosystem services. Where paragraphs 13 to 19 are relevant, clients must consider project-related impacts on all land and marine areas that may be affected.

7. As a priority option, the client must try to avoid impacts on biodiversity and ecosystem services. When it is not possible to avoid impacts, measures should be defined to minimize them and restore biodiversity and ecosystem services. Given the complexity of predicting project impacts on biodiversity and ecosystem services in the long

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

term, the client must adopt an adaptive management practice in which the implementation of mitigation and management measures responds to changes in conditions and the results of monitoring throughout the project cycle.

6.1 Protection and Conservation of Biodiversity.

- Has the organization identified and assessed the impacts on biodiversity of its operations?
- Will natural or critical habitats (defined in PS 6) be impacted by the organization's activities?
 - In the case of areas with modified habitats that include biodiversity of significant value, has the organization minimized the impacts and implemented mitigation measures?
 - In the case of natural habitats, has the organization considered alternatives, established consultation with interested stakeholders, and has it adequately mitigated any potential degradation to ensure no loss of biodiversity?
 - In the case of critical habitats, the organization has demonstrated that there are no other viable alternatives, that there shall not be a considerable/measurable impact on species, habitats, ecological processes and that the mitigation strategy has been designed to guarantee net gains in biodiversity numbers for which critical habitats were designated?
- Has the organization carried out any operations in legally protected areas?
- If so, has the organization demonstrated that the proposed operations are permitted, consistent and according with government management plans, in consultation with the sponsors and administrators of the protected areas, affected communities, indigenous communities and other stakeholders (if applicable) ?
- Has the organization identified invasive species that either intentionally or unintentionally have been introduced into its activities?
- In case the introduction of invasive/alien species is planned, has the organization received approval from the government regulatory authorities?
- If invasive/alien species are currently established in the country or region of the proposed operations, has the organization made a diligent exercise of not promoting or favoring the spread of such species?

6.2 Management of Ecosystem Services.

- Do the organization's operations have negative impacts on ecosystem services?
- If yes, has the organization conducted a systematic review to identify priority ecosystem services (as defined in PS 6)
- Have affected communities participated in the prioritization of ecosystem services (if applicable)?

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Does the organization have direct management of control or significant influence over primary ecosystem services?
- If yes, does the organization manage to avoid adverse impacts on affected communities?
- Has the organization implemented mitigation measures to minimize impacts and maintain priority services in cases where impacts are unavoidable?

6.3 Sustainable Management of Living Natural Resources

- Has the organization participated in the primary production of living natural resources, including planted or natural forests, agriculture, animal husbandry, aquaculture, and fisheries?
- If so, is the production established on deforested land or on land still with vegetation cover?
- Where primary production practices are referenced under recognized global, regional or national standards, has the organization implemented sustainable management practices in line with these or other standards?
- Does the organization have practices that have been independently verified or certified?
- In the absence of relevant standards for specific living natural resources in the country of interest, has the organization applied good international operational industry principles, including management practices and technologies?

6.4 Supply chain

- Has the organization been acquiring primary production produced in regions where there is a significant risk of transformation of natural or critical habitats?
- If so, has the organization established verification procedures and practices to assess whether primary suppliers and prevent them from negatively affecting these areas?

7. PERFORMANCE STANDARD 7: Indigenous Communities (IC)

Goals

- Guarantee that the development process fosters full respect for human rights, dignity, aspirations, culture and means of subsistence dependent on natural resources of indigenous peoples.
- Anticipate and prevent projects from having adverse impacts on indigenous peoples' communities or, when it is not possible to avoid them, minimize or compensate said impacts.
- Promote benefits and opportunities for sustainable development for indigenous peoples in a manner consistent with their culture.
- Establish and maintain an ongoing relationship with the indigenous peoples affected by a project throughout the project cycle, based on consultation and informed participation.

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Ensure the prior, free and informed consent of the Affected Communities of indigenous peoples when the circumstances described in this Performance Standard are present.
- Respect and preserve the culture, knowledge and practices of indigenous peoples.

Requirements

General requirements

Avoid adverse impacts

8. The client shall identify, through an environmental and social risk and impact assessment process, all the communities of indigenous peoples that may be affected by the project within its area of influence, as well as the nature and severity of the direct and indirect economic, social, cultural (including cultural heritage) and environmental impacts anticipated for these peoples

9. Whenever possible, adverse impacts on the Affected Communities of indigenous peoples must be avoided. When, having explored alternatives, it is not possible to avoid adverse impacts, the client shall minimize, restore or compensate said impacts in a culturally appropriate manner and proportional to their nature and size and the vulnerability of the Affected Communities of indigenous peoples. The actions proposed by the client shall be developed in consultation and with the informed participation of the Affected Communities of indigenous peoples and shall contain a plan with defined deadlines, such as an indigenous people plan or a broader community development plan, with components for the Indigenous villages.

7.1 Prevention of Adverse Impacts.

- Are Indigenous Communities likely to be adversely affected as a result of the organization's operations?
- Is an EIA developed by the organization where adverse impacts to ICs are identified?
- Has the organization identified the appropriate measures to avoid or minimize impacts on ICs and also the culturally appropriate opportunities and sustainable development benefits for ICs?

7.2 Consultation and Informed Participation

- Has the organization conducted a consultation process and informed participation with the affected ICs?
- Will the organization's operations impact the lands and resources subject to traditional tenure or under its custody?
- Will the operation of the organization lead the relocation of ICs from lands and resources subject to traditional tenure or under the custody of ICs?
- Will the cultural heritage of ICs be impacted by the organization's operations or used for commercial purposes?

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Has the organization obtained free, prior and informed consent in the design, implementation, and expected results regarding the impacts (on land or natural resources, relocations, cultural heritage) that affect ICs?

7.3 Responsibility of the Private Sector When the Government is in charge of the Management of issues associated with Indigenous Communities.

- Has the Government defined a role in the management of issues associated with indigenous peoples in relation to the organization's project?
- If so, has the organization collaborated with the responsible government entity, to the extent possible and feasible, so that the results are consistent with PS 7?

8. PERFORMANCE STANDARD 8: Cultural Heritage

Goals

- Protect cultural heritage from the adverse impacts of project activities and support its conservation.
- Promote an equitable distribution of the benefits derived from the use of cultural heritage.

Requirements

Protection of cultural heritage in the design and execution of projects

6. In addition to complying with the relevant legislation regarding the protection of cultural heritage, including national legislation implementing the obligations assumed by the host country under the Convention on the Protection of World Cultural and Natural Heritage, the client shall identify and protect cultural heritage through the application of recognized international practices for the protection, field studies and documentation of cultural heritage.

7. If the risk identification process determines that there is a possibility of impacts on cultural heritage, the client shall hire competent professionals to collaborate in the identification and protection of cultural heritage. The removal of irreproducible cultural heritage is subject to the additional requirements set out in paragraph 10. In the case of critical cultural heritage, the requirements of paragraphs 13 to 15 apply.

8.1 Protection of Cultural Heritage During Project Design and Execution

- Is the project located in an area where elements of cultural heritage are expected to be found?
- If so, is there a procedure in case of findings established by the organization?

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- Will the project area have cultural heritage elements or restricted access zones for cultural heritage sites that are being used by affected communities?
- If so, has the organization arranged to maintain access to heritage sites through alternative access routes?
- Is it possible that the project affects cultural heritage (in any of its elements)?
- Will the project cause significant damage to critical elements of Cultural Heritage?
- Is the project located in an area under legal protection or a legally defined buffer zone?

8.2 Use of Cultural Heritage by the project

- Will the organization use cultural resources, knowledge, innovations, or practices of local communities that represent the local way of life for business purposes?
- If so, has the organization informed the communities about:
 - Their rights under national law
 - The scope and nature of the proposed business developments
 - The potential consequences of such developments
- If commercialization has proceeded, has the organization:
 - Developed a good faith negotiation with the affected communities incorporating the traditional lifestyle
 - Documented informed participation and successful outcome of the negotiation
 - Provided a fair and equitable distribution of the benefits derived from commercialization

ANNEX 9. GENERAL INVESTMENT CONDITIONS E&S LEGAL LANGUAGE

Nazca's approach to the negotiation process integrates E&S considerations, wording and special investment language into all agreements: Confidentiality Agreement, Non-binding Term Sheet, Binding Term Sheet, and Final Financing Agreement.

- "The Borrower has not received or is aware of any existing or threatened complaint, order, directive, claim, subpoena or notification from any Authority pursuant to applicable Environmental and Social law, and local requirements that has, or may reasonably be expected to have, a Materially Adverse Effect or any material impact on the Project's implementation or operation";
- "Design, build, operate, maintain and monitor the project in compliance with the national and local government requirements, as well as Nazca's Social and Environmental Policy";

	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	
	Date December 2023	Version (03)

- "Use all reasonable efforts to ensure that the Project's social and environmental performance is in accordance with the Nazca's Social and Environmental Policy";
- "Implement the environmental mitigation and management measures specified in the Corrective Action Plan"
- "Implement the Social and Environmental Management System"
- "Appoint a SEMS official in charge of developing, supervising and implementing the system within the investee company"
- "Implement a worker safety policy along with a hiring policy that guarantees fairness, equality and non-discrimination, and establish and apply an internal complaint mechanism (confidential and anonymous) for employees, consultants and third-party workers"
- Specify the particular disbursement conditions in relation to certain corrective measures recommended for the project
- "Within the 60 days following the end of each fiscal year, deliver to Nazca an annual surveillance report in accordance with the requirements of this Agreement, confirming compliance with the Action Plan, the social and environmental pacts established in section __ or, as the case may be, identifying any non-compliance or failure, and the measures that are being adopted to correct said deficiency ";
- "Within three days of its occurrence, Nazca must be notified of any incident, accident or social, labor, health and safety or environmental circumstance that has or may reasonably be expected to have any material impact on the execution or operation of the Project in compliance with Nazca's Social and Environmental Policy or a Materially Adverse Effect, specifying in each case the nature of the incident, accident or circumstance and the impact or effect that arises or may arise from it, as well as the measures that the Borrower is taking or planning to take to address them and prevent any future similar events; and keep Nazca informed of the ongoing application of those measures ";
- Specify additional covenants - for example, additional monitoring or reporting requirements, or provisions for certain recommended corrective actions for the project or investee company.

Version	Author	Approved by	Date	Comments
00	Maria Tellez Morales	Jaime Enrique Zunzunegui Villegas and Héctor Fernando Sepúlveda Reyes Retana	28 AUG 2020	No comments.
01	Andrea Navarro de la Maza and Natalia Sanchez Vargas	Jaime Enrique Zunzunegui Villegas and Héctor Fernando Sepúlveda Reyes Retana	11 NOV 2021	<ol style="list-style-type: none"> 1. Header added. 2. Updated Nazca's organizational structure. 3. IIR – Principal position deleted. 4. Section 8.1 Emergencies Associated with the Work Space of the Fund's Team deleted. 5. Section 10 Environmental and Social Contractual Conditions for Suppliers deleted.
02	Andrea Navarro de la Maza and Natalia Sanchez Vargas	Jaime Enrique Zunzunegui Villegas and Héctor Fernando Sepúlveda Reyes Retana	1 DEC 2022	No comments.
03	Andrea Navarro de la Maza and Natalia Sanchez Vargas	Jaime Enrique Zunzunegui Villegas and Héctor Fernando Sepúlveda Reyes Retana	1 DEC 2023	No comments.