

Environmental and Social Review Summary (ESRS) Puerto de Manta – ECUADOR

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

Terminal Portuario de Manta S.A. (the “Company,” the “Client,” or “TPM”) is conducting a two-phase expansion of the Port of Manta (the “Port”), an international multipurpose port located in the municipality of Manta, province of Manabí, Ecuador. TPM is currently operating the Port under a 40-year concession agreement. The facility is guaranteed by the Client’s parent company and main shareholder, Agencias Universales S.A. (“Agunsa” or the “Sponsor”), a Chilean Group specialized in logistics and agency solutions, airport concessions, and port operations, with a presence in 20 countries.

Phase I of the Port expansion (the “Project”) involves: i) extension of Pier 2 by 100 meters; ii) dredging of the access canal to 13 meter deep at low tide; iii) dredging of berths; iv) incorporation of two mobile harbor cranes; v) construction of a Cruise Passenger Terminal; vi) investment in Port equipment (e.g., container ships, tractors, forklifts); vii) improvements in roads, access controls, security, lighting, and water supplies; and viii) expansion of outdoor storage areas. Phase II will involve: i) expansion of capacity to 150,000 twenty-foot equivalent units (TEUs); ii) a new pier measuring 300 by 35.5 meters; iii) dredging of the access canal and berths to 14.5 meters at low tide; iv) incorporation of gantry cranes; v) incorporation of rubber tired gantry (RTG) cranes; vi) investment in Port equipment (e.g., container ships, tractors, and forklifts); and vii) expansion of outdoor storage areas.

Due to the travel restrictions imposed by the COVID-19 pandemic, the Environmental and Social Due Diligence (“ESDD”) was done remotely. It included the review of information provided by the Company related to environmental, social, and health and safety issues. This information included an Environmental and Social Impact Assessment of the Project¹ (“Project ESIA”), approved by the Autonomous Decentralized Provincial Government of Manabí (*Gobierno Autónomo Descentralizado Provincial de Manabí*) on April 19, 2018, as part of the environmental licensing² process.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according to IDB Invest’s Environmental and Social Sustainability Policy, since it will likely generate, among others, the following impacts: i) air emissions; ii) noise emissions; iii) waste and wastewater; iv) use of water resources; v) potential soil contamination; vi) sedimentation; vii) impacts to aquatic flora and fauna; viii) landscape impacts;

¹ Estudio de Impacto Ambiental para la Construcción y Operación de la Terminal Internacional del Puerto de Manta Fase 1A – 1B (Consulsua, May 2017).

² Resolución No. GPM-2018-009556.

ix) impacts to public health and safety; and x) occupational health and safety impacts. These impacts are deemed to be of medium intensity and are generally limited to the Project site, are largely reversible, and can be mitigated via measures that are readily available and feasible to implement in the context of the operation.

The Performance Standards (“PS”) triggered by the Project are: i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; iv) PS4: Community Health, Safety and Security; v) PS6: Biodiversity Conservation; and vi) PS8: Cultural Heritage.

Since no land acquisition will be needed for the Project (and therefore no involuntary resettlement is anticipated) and no indigenous community will be affected by the proposed activities, PS5: Land Acquisition and Involuntary Resettlement and PS7: Indigenous Peoples have not been triggered.

3. Environmental and Social Context

3.1 General Characteristics of the Project’s Site

The Port of Manta is in the city of Manta in the Province of Manabí, Ecuador. It is located approximately 25 nautical miles from the international traffic route and 600 nautical miles from the Panama Canal, which connects the west coast of South America with the Atlantic Ocean.

The Port was constructed in the 1960s. It includes a breakwater that extends north from the coast, with two piers that extend east from the breakwater. The entire Project site is highly intervened. No nearby biological or ecological important sites can be found in the vicinity of the Port.

Two environmental liabilities were identified by Project ESIA. The first is an area with two abandoned, deteriorated docks, and the second is an abandoned crane. Both were assessed to be non-critical and of low importance.

In addition to the impact assessment, the Project ESIA includes an analysis of environmental risks. The analysis indicates that the Project site is in an area of low risk for volcanic activity and landslides, moderate risk for tsunamis, high risk for seismic activity, and very high risk for floods. It also identified soil degradation, water contamination, air contamination, water contamination, and sea pollution (i.e., merchandise falling into the water due to poor maneuvers during Port activities) as the Project’s highest risks.

The Port of Manta is in the county of Manta, which is dominated by the city of Manta. As of 2010, the population of the county was 226,477 inhabitants, 96.10% of which was classified as living in an urban area (i.e., the city of Manta) and 3.94% as living in rural areas. The principal ethnic groups are mestizos (67.92%), followed by *montubios* (20.75%), whites (5.67%), afro-Ecuadorians (5.62%), indigenous (0.16%), and other (0.23%). From 2001 to 2010, the illiteracy rate dropped from 7.7% to 5.4%. In 2010, 93.8% of the population had received basic education, 73.03% secondary education, and 26.95% higher education. In 2010, 97.90% of homes had access to waste collection, 95.81% to electricity, 81.58% to municipal water, and 64.09% to sewage. The principal occupations are large and small businesses (24.9%), manufacturing industries (17.1%), construction (8.7%), agriculture,

livestock, forestry, and fishing (7.7%), transportation and storage (7.1%), teaching (5.8%), lodging and food service activities (5.1%), public and defense administration (4.3%), home employment activities (3.6%), and administrative and support service activities (3.3%).³

The Project's principal stakeholders consist of governmental agencies, the local community, business partners and associations, clients, competitors, suppliers, managers, workers (including a worker's guild), and financial institutions.

3.2 Contextual Risks

A contextual risk assessment performed by IDB Invest identified seven peaceful protests and one violent demonstration in Manta in 2019 and 2020. The violent demonstration was a protest by transportation workers against the government's decision to eliminate subsidies for gasoline (October 2019). Urban transportation in the city was stopped during the demonstration. Police forces controlled the streets after clashes with demonstrators and six protesters were arrested⁴.

An environmental social and governance ("ESG") reputational risk assessment of TPM yielded no red flags. An assessment of AGUNSA identified a single risk incident in 2009 that involved alleged failure to conduct an environmental assessment and to inform community members about a bulk grain terminal project in southern Valparaíso, Chile. The project was a joint venture of AGUNSA and two other companies⁵.

An external factor review indicates that there are significant drug trafficking and organized crime activities in Manta. The Ecuadorian Coast Guard has recently seized large quantities of illegal drugs off the coast of Manta,⁶ and there have also been seizures from automobiles.⁷ The Ecuadorian Air Force is planning to install a radar system in Manta to monitor illegal flights by drug traffickers into the region.⁸

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

4.1 Assessment and Management of Environmental and Social Risks

4.1.a E&S Assessment and Management System

TPM has an Integrated Management System ("IMS") Manual (*Manual de la Jefatura de Sistemas Integrados de Gestión*), which was approved in 2017. The manual indicates that TPM's IMS was

³ Estudio de Impacto Ambiental para la Construcción y Operación de la Terminal Internacional del Puerto de Manta Fase 1a – 1b (Consulsa 2017)

⁴ Armed Conflict Location Event Data (<https://acleddata.com>), accessed on July 28, 2021.

⁵ RepRisk ESG Risk Platform (<https://esgriiskplatform.reprisk.com>), accessed on July 28, 2021.

⁶ <https://www.elcomercio.com/actualidad/seguridad/armada-decomiso-droga-costas-manta.html>;
<https://www.eluniverso.com/noticias/seguridad/armada-del-ecuador-decomiso-cerca-de-dos-tonelada-de-droga-frente-a-costas-manabitas-nota/>.

⁷ <https://www.eluniverso.com/noticias/seguridad/en-vehiculo-volcado-en-manta-se-encontraron-102-paquetes-de-droga-chofer-fallecio-nota/>.

⁸ <https://www.elcomercio.com/actualidad/seguridad/montecristi-drogas-antidrogas-ecuador-narcotrafico.html>.

designed to align with International Organization for Standardization (“ISO”) 9001:2015, 14001:2015, and 45001:2018, as well as with the Business Alliance for Secure Commerce (“BASC”) V.05-2017. The manual describes: i) the roles and responsibilities for the IMS team, including the IMS Chief, Industrial Safety Supervisor, Environmental Safety Supervisor, and Environmental and Industrial Technician; ii) the functioning of the IMS, including document control, communications, incident reporting, management of change, audits, and monitoring; iii) risk management processes; iv) environmental management processes; v) occupational health and safety management processes; and vi) how environmental and industrial safety supervision reports should be prepared.

4.1.b Policy

TPM has an IMS Policy (*Politica del Sistema de Gestion Integral de Terminal Portuario de Manta TPM S.A.*) signed by the General Manager. The policy establishes the following directives: i) comply with all laws, regulations, and requirements, including the integrated management of quality, occupational health and safety, and the environment; ii) continually monitor decision-making processes; iii) offer quality services that respond to the needs of clients and guarantee the development of the company’s activities, minimizing environmental contamination and promoting the prevention of occupational injuries and illness; iv) establish continual improvement processes to fortify the company’s IMS; and v) support the participation of the Company’s human resources in the promotion of safety, health, and the environment, cooperating to augment quality standards.

4.1.c Identification of Risks and Impacts

The Project ESIA includes an environmental baseline that covers physical, biotic, and socio-economic components. It includes an alternatives analysis, an impact assessment, the results of a site inspection, an assessment of environmental liabilities, an analysis of environmental risks, and an Environmental Management Plan.

TPM also maintains an environmental impact identification and evaluation matrix that covers Port operations.

4.1.c.i Direct and indirect impacts and risks

The Project ESIA identifies the following environmental factors upon which its impact assessment is based: i) ambient air quality; ii) environmental noise; iii) water quality; iv) use of water; v) soil quality; vi) sedimentation; vii) aquatic vegetation; viii) aquatic fauna; ix) employment; x) landscape aspects; xi) public health and safety; xii) river transportation; and xiii) occupational health and safety. The impact assessment identifies the following impacts to these factors: i) 59 for the construction phase, of which 47 are assessed to be negative (34 deemed negligible, 10 of low significance, and one of moderate significance) and six to be positive (all related to employment); ii) 33 for the operation and maintenance phase, of which 29 are assessed to be negative (all negligible) and four to be positive (three related to employment and one to river transportation); and iii) 34 for the abandonment stage, of which 23 are assessed to be negative (all negligible and related to ambient air quality and sedimentation due to the dismantling of civil works) and 11 to be positive.

TPM's environmental impact identification and evaluation matrix addresses business activities (administrative and operative), service-related activities (discharge, tourism, maintenance, refreshment, and towing), works (weigh station expansion, service dock), other (exterminator, necessities, water treatment, equipment maintenance, sanitary health/emergency), external (boats not controlled by TPM, cranes), and emergencies. The matrix identifies 125 impacts, of which 100 are assessed to be of low impact, 22 of moderate impact, and 3 of high impact (two related to spills by boats not controlled by TPM and one related to emergency fuel spills). The matrix lists the controls in place to mitigate each of the impacts.

4.1.c.ii Analysis of alternatives

The Project ESIA compares two alternatives: i) Alternative 1, which involves an extension of Pier 2 by 50 meter while maintaining its current width of 45 meters, as well as the dredging of the access canal, work area, and Docking Site 4; and ii) Alternative 2, which contemplates the extension of Pier 2 by 100 meters while maintaining its current width of 45 meters; includes the dredging to 12.5 meters of the access canal, work area, and Docking Site 4, which will permit access of ships with a 12-meter draft, and construction of the International Passenger Terminal; and additional improvements once the Port reaches a capacity of 50,000 TEUs, including improvements to the esplanades necessary for servicing container ships, enabling of the Port's entry and exit gates, implementation of lighting systems appropriate to the new layout, and extension of water supply services and the fire suppression network.

The analysis of alternatives, performed for technical, environmental, and socio-economic aspects, selected Alternative 2 as the most convenient.

4.1.c.iii Cumulative impact analysis

TPM conducted a Cumulative Impact Assessment ("CIA") that follows the IFC methodology and complies with IDB Invest's Sustainability Policy⁹. The study begins by selecting 14 preliminary valued environmental and social components¹⁰ ("VECs") and 11 past, present, and future projects in the region¹¹ that could potentially generate incremental impacts to the selected preliminary VECs. Then, it narrows its analysis to nine VECs and six projects, as five of the preliminary VECs were not prone to receive any material aggregated impacts by the projects and five of the projects did not produce any material aggregated impacts on the preliminary VECs.

The CIA then evaluates the cumulative impacts of the six projects plus the enhancement of the Manta Terminal to the nine VECs, maintaining the same evaluation criteria that was used in the EIA

⁹ "Consultoría para la Evaluación de Impactos Acumulativos para el Proyecto de Ampliación de la Terminal Internacional Puerto de Manta," Charlieg Ingeniería y Remediación, Sep. 2021.

¹⁰ Ambient air quality; ambient noise; water quality; use of water resources; soil quality; sedimentation: aquatic vegetation; aquatic fauna; employment; landscape aspects; community health and safety; fluvial transportation; occupational health and safety; and road traffic.

¹¹ Road San Mateo - Santa Marianita; Refurbishing of the "Oro Verde" Hotel; construction of private wave breakers for private hotels; refurbishing of Plaza Comercial Parque de La Madre; construction of Mall Pacífico Hotel; construction of the floating docks for tourism in boat; construction of the Pasaje Turístico in el Espigón; construction of the residual effluents impulsion system; reconstruction and enhancement of the Manta's Fishing and Cabotage Terminal; construction of the Aquatic Park in el Espigón; and construction of the sewerage treatment plant.

for the Manta Terminal Project. After the analysis, the order of priority of the nine VECs considered in the analysis according to the cumulative impact is as follows: i) community health and safety; ii) fluvial transportation; iii) water quality; iv) road traffic; v) ambient noise; vi) use of water resources; vii) ambient air quality; viii) sedimentation; and ix) landscape aspects.

The CIA concludes with a proposal of Cumulative Impacts Mitigation Plan that contains 15 measures to mitigate the cumulative impacts to the nine VECs.

4.1.c.iv Gender risks

The 2008 Ecuadorian Constitution enshrines equity, equality, and non-discrimination on the basis of ethnicity, place of birth, age, sex, gender identity, cultural identity, marital status, language, religion, ideology, political affiliation, judicial past, socioeconomic status, immigration status, sexual orientation, health status, disability, and physical difference, as well as by any other distinction, personal or collective, temporary or permanent, which has the object or result of undermining or nullifying the recognition, enjoyment, or exercise of rights. TPM has incorporated this constitutional mandate into its Internal Work Regulation (*Reglamento Interno de Trabajo*) as the Company's commitment to prohibit sexual discrimination and harassment.

The TPM's Employee Manual states that it is Company policy to guarantee respect for equal opportunities, including the promotion of all forms of non-discrimination. The manual also includes provisions specific to women, such as: pregnant women are to be provided with adequate uniforms to conduct their work in a comfortable manner; women have a right to two weeks of pre-birth and 12 weeks of post-birth maternity leave, during the latter of which the employee has a right to partial pay (25%); and new mothers have the right to 20-minute breaks every two hours for lactation (in rooms provided for this purpose).

Child sexual abuse is a pathology that affects both physical and psychological areas. Currently, the United Nations estimates that almost one in ten girls worldwide suffers some type of sexual abuse. In Ecuador, this figure is tripled: about three out of ten children admit to having suffered some kind of aggression. Over the last two decades, abundant legislation has been generated in the country to prevent criminal behavior related to violence. Despite the many laws, there are still conflicting cultural patterns that make Ecuador an especially vulnerable context for victims. The data provided by the First Reception Room of the Rafael Rodríguez Zambrano hospital of Manta¹² show that almost eight out of ten victims are between 1 and 15 years old, they are generally women, and their aggressors are from the victim's family or social circle. Extreme poverty, which leads to family overcrowding, characterizes a good part of the capital of Manta. These factors contribute to the problem.

A study¹³ carried out in the province of Manabí based on surveys and observations of women from several parishes shows that violence against women is a negative social phenomenon that influences both individuals and the quality and harmony of public spaces. The phenomenon is

¹² El Abuso Sexual Infantil en Manta: un Estudio a Partir del Hospital Rafael Rodríguez Zambrano (2011 – 2014). La Red Ecuatoriana de Investigación sobre el Buen Vivir.

¹³ La Violencia de Género en los Espacios Públicos. Una Mirada desde la Universidad Manabita. Gómez y Román, 2017.

identified with unacceptable attitudes such as unwanted and sexist comments, mockery, groping, rape, femicide, and harassment. These take place in the street, on public transportation, at school, in the workplace, and at parks and shops. Its prevention is the responsibility of society at large, but largely falls to the family and public institutions.

The study showed that the most vulnerable women are those who have the greatest interaction with public spaces and media, among which workers, single women, and university students stand out. The spaces where they are attacked most often are on public transportation and in the street. The most practiced type of violence is physical. Victims are often ignored or attacked, leading to under-reporting and a fear of reprisals.

4.1.c.v Climate change exposure

Since the Port is situated in a seismic and coastal zone, it is exposed to tsunamis (high), earthquakes (moderate), and sea level rise (high). Due to its location, it is also exposed to changes in precipitation that will be more evident towards the end of the century. This exposure is considered moderate in three and high in one of four climate models considered.

TPM has taken these factors into account by incorporating the following design measures to mitigate climate exposure risks: i) elevation of the berths to cope with the most likely sea level rise (return period of 50 years); ii) reinforcement of structures to bear the effects of the most probable seismic events; and iii) over-dimensioning drainage structures to manage additional precipitation caused by climate change.

The Project's exposure to transition risk is low based on its main characteristics. Port infrastructure is critical to the global economy and demand is projected to increase even under ambitious decarbonization scenarios. Furthermore, the Project is an international multi-purpose port, which is less exposed to transition risk compared to other segments in the industry. As part of its Nationally Determined Contribution ("NDC"), Ecuador intends to reduce its emissions in the energy sector to between 20.4% and 25% below the business as usual ("BAU") scenario. A potential for reducing emissions even further in the energy sector, to a level between 37.5% and 45.8% below the BAU scenario, has also been calculated.

4.1.d Management Programs

The Project ESIA contains an Environmental Management Plan ("Project EMP") that covers the construction, operation and maintenance, abandonment, and dredging phases of the Project. The plans included in the EMP are: i) Environmental Impact Prevention and Mitigation; ii) Waste Management; iii) Communication, Training, and Environmental Education; iv) Community Relations; v) Contingency; vi) Occupational Health and Safety; vii) Environmental Monitoring; viii) Affected Areas Rehabilitation; and ix) Abandonment. The operation and maintenance phase includes the same plans except that it lacks an Environmental Impact Prevention and Mitigation Plan and an Abandonment Plan. The abandonment phase consists of a standalone Abandonment Plan.

TPM also has an EMP for the existing operation of the Port ("Port EMP") that includes: i) Impact Prevention and Mitigation Plan; ii) Contingency Plan; iii) Communication, Training, and

Environmental Education Plan; iv) Occupational Health and Safety Plan; v) Waste Management Plan; vi) Community Relations Plan; vii) Affected Areas Rehabilitation Plan; viii) Abandonment Plan; and ix) Monitoring Plan.

4.1.e Organizational Capacity and Competency

TPM's environmental team consists of four people. The IMS Chief reports directly to the General Manager. The Industrial Safety Supervisor and the Environmental Supervisor report directly to the IMS Chief, and the Industrial Safety and the Environmental Technician report to its correspondent supervisor. An external environmental consultant and an Occupational Doctor also report indirectly to the IMS Chief.

TPM's human resources team consists of three people. The Human Resources Coordinator reports directly to the General Manager. A Human Resources Analyst reports to the coordinator, and a Human Resources Assistant reports to the analyst. TPM's organizational chart indicates that an Occupational Doctor reports to both the Human Resources Coordinator and the IMS Chief.

TPM has a Security Chief that reports directly to the General Manager. TPM's organizational chart shows four positions that report to the Security Chief, including a Security Coordinator, Security Supervisors, Closed-Caption Television ("CCTV") Operators, and Access and Service Specialists. An external security guard also reports to the Security Chief.

TPM also has a Public Relations and Communities specialist that reports directly to the General Manager. This person oversees TPM's community relations and social programs.

4.1.f Emergency Preparedness and Response

The Project EMP includes Contingency Plans for its construction, operation and maintenance, and dredging phases. Although these documents are just frameworks for developing a plan, they do contain lists of mitigation and verification measures. The Port's Contingency Plan, which is slightly more developed than the Project's plans, includes a basic risk analysis, as well as a basic action plan with an organizational chart for those responsible for responding to contingencies. A table, annexed to the plan, lists the mitigation measures, indicators, verification measures, and person responsible for implementing these measures for various contingency-related impacts.

TPM also has two more detailed, standalone plans for emergencies. The first is a Local Contingency Plan to Confront Oil Spills that is divided into three main sections: i) strategy; ii) implementation; and iii) supporting information. The plan includes sections on the risk of oil spills, strategies for responding to emergencies, human resources and training, and communications and control. It also describes the procedures for preparing for and responding to spill emergencies, including calling in external support for Level 2 and 3 spills. The supporting information includes maps, forms, lists of relevant equipment, and a list of people to contact in the event of a spill. The plan has procedures for notifying the community in the case of an actual emergency.

The second standalone plan is a general Emergency Plan (also referred to in the document as a Self-protection Plan) that includes an assessment of the Port's risk to natural disasters and man-made

events. It assessed the Project to be at high risk for tsunamis and earthquakes, medium risk for volcanoes, explosions and fires, and terrorist attacks and vandalism, and low risk for floods and hurricanes. It also includes: i) a more detailed assessment of fire risks; ii) measures to prevent and control emergency risks; iii) a list of fire protection equipment at the Port (e.g., fire alarms, fire hydrants, emergency lights); iv) a description of the responsibilities and protocols to be followed by emergency response teams in case of fires, chemical and oil spills, evacuations, search, and rescue, dangerous cargo, first aid, and communication; v) a list of the employees on each team, as well as a list of external emergency contacts; vi) a flowchart for emergency response; vii) evacuation procedures; and viii) instructions for the implementation of the plan, including information on signage, flyers, training, and simulations.

4.1.g Monitoring and Review

The Project EMP includes Environmental Monitoring Plans for its construction, operation and maintenance, and dredging phases. Although these plans are very basic, they do include a list of mitigation measures for monitoring surface water quality for 12 parameters (13 for the dredging phase) in two sampling points within the area to be dredged.

The Port EMP Monitoring Plan is more detailed and describes monitoring for surface water quality (two sampling points, twice a year), water quality from the discharge of the wastewater treatment plant (one sampling point, twice a year), marine sediment quality (two sampling points, twice a year), ambient air quality (two sampling points, twice a year), and noise (two sampling points, twice a year). The plan describes the parameters and thresholds to comply only with Ecuadorian regulations.

TPM's IMS Manual describes the Company's process for annual internal audits. It describes the audits' applicable standards (BASC and ISO 9001/14001/45001), audit planning, audit team formation, requirements, responsibilities, audit implementation procedures, and audit reporting.

The Port is regularly inspected by Ecuadorian authorities to assess its compliance with national and local environmental laws and regulations. During the Project's lifespan, TPM's compliance with Lender requirements will also be regularly assessed by IDB Invest and an Independent Environmental and Social Consultant ("IESC"). Such assessment will include site visits.

4.1.h Stakeholder Engagement

The Project EMP includes a Community Relations Plan for its construction, operation and maintenance, and dredging phases. Although this plan is very basic, it contains a list of measures to mitigate the impacts identified in the ESIA.

The Port EMP includes a Community Relations Plan with more details, including: a list of objectives; a list of responsibilities for a community relations specialist to be hired by the Port; and a table listing mitigation measures to be implemented along with indicators, verification measures, the area responsible for implementing the measures, and the frequency of implementing them.

The Project will develop a more comprehensive Stakeholder Engagement Plan, to include regular meetings with artisanal fisher groups in the region.

4.1.h.i Disclosure of information

The Project EMP includes Communication, Training, and Environmental Education Plans for its construction, operation and maintenance, and dredging phases. However, the plans are very basic and only include a single mitigation measure related to training of workers.

The Communication, Training, and Environmental Education Plan in the Port EMP is more developed, but also only includes measures directed at workers, not communities.

TPM's IMS Manual covers disclosure of information to communities through the following mechanisms: i) corporate web page (www.tpm.ec); ii) official communications by the Company's public relations, management, and commercial areas; and iii) community socializations via forums, talks, and public consultations; and iv) social media. The types of information shared with stakeholders include: i) compliance with milestones of its Delegated Management Contract; ii) compliance and development of the phases in TPM's Master Plan; iii) compliance with corporate goals and objectives; iv) community outreach and social responsibility activities; and v) implementation and maintenance of management models for continuous improvement of TPM's processes. TPM also monitors the perception of information provided to stakeholders, including by satisfaction surveys and through its community grievance mechanism.

4.1.h.ii Informed Consultation and Participation

TPM's Commercial Area Manual (*Manual del Área Comercial*) describes the Company's procedures for conducting public consultation for its projects. It states that consultation is performed by a multidisciplinary team consisting delegates of the General manager and of the Company's Commercial, Public Relations, Administrative, and Infrastructure areas. It provides the criteria for consultation (i.e., projects of high social impact or interest) and states that the following stakeholders should be invited to participate: i) government agencies; ii) ship operators and agencies; iii) Port companies; iv) worker guilds (*gremios*) and associations; v) educational institutions; and vi) community representatives. It also describes the following stages of its consultation: i) project development and design; ii) definition of the project's scope and area of influence; iii) consultation planning by the multidisciplinary group; iv) execution of the public consultation; and v) project implementation.

TPM conducted the public consultation for the Project as required by Ecuadorian laws and regulations. Posters advertising public consultation meetings were placed in six locations around the Port on January 2, 2019. The meetings were held from January 7 to 9, 2019, in which 17 people participated. The meetings were documented via meeting minutes (*actas*) and a photographic registry. Five comments were received, which were documented along with the responses provided by the Company. None of the comments expressed opposition to the Project or warranted modifications to the Project's proposed Environmental Management Plan.

4.1.h.iii Indigenous Peoples

The Project is not located near any indigenous communities and, therefore, is not anticipated to impact any Indigenous Peoples.

4.1.h.iv Private sector responsibilities under government-led stakeholder engagement

Stakeholder engagement is the sole responsibility of the Client. No Government-led stakeholder engagement has taken place or is envisioned to take place.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External communication

The Project Community Relations Plans include a single measure to provide information to the community with two actions: to place information banners at the Port to provide information on the Project, and to prioritize local hiring.

TPM will develop an SEP to include additional details about external communications.

4.1.i.ii Community grievance mechanism

The Project Community Relations Plans include requirements to develop and implement a grievance mechanism for communities, with indicators and verification measures for this mitigation measure.

The Port Community Relations Plan also requires the establishment of suggestion and complaint boxes for workers and communities as a mitigation measure to be implemented.

No formal grievance mechanism has yet been implemented by the Project or the Port.

4.1.i.iii Provisions for addressing vulnerable groups' grievances

TPM does not currently have any specific procedures for addressing the grievances of vulnerable groups.

4.1.j Ongoing Reporting to Affected Communities

Aligned with the Port Community Relations Plan, TPM has maintained a continuous dialogue with the local community through different means, including regular meetings and circulars on the Project that have been sent to the local community and businesses.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

TPM currently has 149 employees, of which 41 (28%) are in administrative positions and 108 (72%) in operational positions. The Company employs 28 (19%) women and five (3.35%) people with disabilities. There are approximately 1,200 people that work at the Port for the various operators that conduct activities there.

TPM's Employee Manual describes the Company's human resources policies and procedures, including: i) personnel management, which contains provisions on policies, selection of employees, contracting, induction training, employee test period, attendance controls, paid leave, changes in position, pay, and departure; ii) prevention programs, which include sections on use of drugs and alcohol, prevention of psychosocial risks, and prevention of corruption and bribery; iii) community links, which refers to internships; iv) social welfare, which includes sections on payroll, bonus pay, benefits, training, per diem, and lactation rooms; and v) personnel profiles and performance, which refers to job profiles and performance reviews.

4.2.a.i Human resources policies and procedures

TPM has an Internal Work Regulation (*Reglamento Interno de Trabajo*) approved in 2017 by the Ecuadorian Ministry of Labor¹⁴ that includes chapters on: i) classification and admission of workers; ii) absences, accidents, and advances; iii) work permits, licenses, absences, and delays; iv) work schedule and hours; v) salary and pay periods; vi) attendance control and registration; vii) annual vacation; viii) use of Company vehicles and work infractions; ix) worker obligations; x) worker prohibitions; xi) information management; xii) worker separation; xiii) sanctions; xiv) worker performance; and xv) Company obligations.

TPM's Employee Manual also includes a short section that lists nine general human resource policies for the Company.

4.2.a.ii Working conditions and terms of employment

Per Ecuadorian regulations, TPM's Internal Work Regulation states that the contracts of all workers need to be registered in the Ministry of Labor. It also states that: i) worker contracts are to be provided to all the workers; ii) all workers shall receive adequate induction training, including a description of their duties and provision of documents necessary for them to do their job; iii) all workers shall be enrolled in the Ecuadorian Social Security Institute ("IESS") system beginning on their first day of work; and iv) it is the worker's obligation to provide the Company with the information necessary to enroll them in the IESS.

¹⁴ Reglamento Interno No. MDT-DRTSP4-2017-1269-R2-ES.

TPM's Employee Manual states that workers must sign an individual work contract that contains: i) the worker's job description; ii) amount and form of salary payment; iii) duration of the contract; and iv) the worker's rights and obligations.

4.2.a.iii Workers' organizations

TPM's Internal Work Regulation states that the Company is prohibited from violating the right to free performance of the strictly union activities of respective worker organizations.

4.2.a.iv Non-discrimination and equal opportunity

TPM's Internal Work Regulation states that workers are prohibited from: i) exercising or promoting discrimination based on race, ethnicity, religion, sex, or political thought; ii) offending, harassing, coercing, or attacking co-workers inside or outside the premises of the Company; and iii) behaving in an immoral, indecent, or improper way in their job, or from making improper proposals to Company staff or clients.

4.2.a.v Retrenchment

TPM's Internal Work Regulation states that employees can be terminated for any reason during their first 90 days of employment (test period). After that, workers can only be terminated by human resources in accordance with their contracts and Ecuadorian labor laws. These policies are reinforced in TPM's Employee Manual, which also provides specific procedures for voluntary resignations and sudden dismissals.

4.2.a.vi Grievance mechanism

TPM's Internal Work Regulation states that all workers have the right to file a claim or inquiry and that such complaints or inquiries should be first filed with their immediate supervisor. If unsatisfied with the result, the worker has the option to file the claim with the head of their department. If still unsatisfied, the worker can elevate the issue to the General Manager or their designee.

The Port Community Relations Plan requires establishing a suggestion and complaints box for workers and communities as a mitigation measure to be implemented.

No formal internal grievance mechanism has yet been implemented.

4.2.b Protecting the Workforce

4.2.b.i Child labor

TPM's Internal Work Regulation states that workers must be at least 18 years to be hired. However, following the Ecuadorian Labor Code (*Código de Trabajo*), it also has a provision to hire minors over 15 years of age provided that the work they will perform will not: i) interfere with their basic

education; ii) exceed 6 hours a day and 30 hours a week; iii) be performed at night; and iv) involve dangerous or unhealthy activities.

No worker under 18 years old is currently working in the Project.

4.2.b.ii Forced labor

Forced labor is prohibited by Ecuadorian labor laws and regulations and, by extension, is also prohibited by TPM's Internal Work Regulation. No forced labor was detected during the ESDD.

4.2.c Occupational Health and Safety

TPM has a Hygiene and Safety Regulation (*Reglamento de Higiene y Seguridad del Terminal Portuario de Manta TPM S.A.*) for operation of the Port. The regulation dates to 2017 and is signed by TPM's Legal Representative, H&S Technician, and Occupational Doctor. It covers: i) the obligations, prohibitions, and responsibilities of the Company, workers, contractors and subcontractors, and other companies and institutions that utilize the Port; ii) the management of risk prevention, including OHS committees, high risk and special work activities, safety signage, natural disasters and man-made emergencies, technical documents, and management of occupational health; iii) prevention programs, including the use of drugs and alcohol at work and psychosocial risks; iv) the registration, investigation, and notification of OHS accidents, illness, and incidents; v) information, training, and certifications; and vi) non-compliances and sanctions.

TPM also has a Health and Safety Plan for (*Plan de Seguridad y Salud de TPM S.A.*) for operation of the Port that contains: i) TPM's IMS Policy; ii) emergency preparedness and response procedures; iii) occupational health provisions; iv) procedures for developing the Port's occupational risk matrix; v) industrial safety controls, including subsections on signage, fire control, operational controls, and OHS committees; and vi) the Port's safety training program.

TPM also has two additional plans developed in 2020 in response to the COVID-19 pandemic. The first is a Contingency Measures Protocol (*Protocolo con Medidas Contingentes para Colaboradores de TPM S.A. Durante la Jornada de Trabajo por Efectos de COVID-19*) that describes the measures the Company has taken to prevent the spread of the disease at the Port, including social distancing, use of personal protective equipment, frequent hand washing, disinfection of work surfaces, rapid testing of employees, and quarantining of employees that test positive or present symptoms. The second is a Bio-sanitary Emergency Response Plan (*Plan de Respuesta ante Emergencia Biosanitaria dentro del Terminal Portuario de Manta*), which describes measures to prevent ships and containers arriving at the Port from spreading the disease to Port users, Port workers, and local communities.

The Project EMP includes Occupational Health and Safety Plans for its construction, operation and maintenance, and dredging phases. Although the plans are very basic, they provide a preliminary list of mitigation measures, indicators, and verification measures.

The Client will develop and Project-specific OHS Plan for construction.

4.2.d Provisions for People with Disabilities

TPM's Infrastructure Procedure (*Procedimiento de Infraestructura*) describes the Company's procedures for ensuring that the adequacy of Port facilities for people with disabilities. It lists all relevant regulations and provides the technical requirements to ensure that passageways, sidewalks, crosswalks, signs, stairs, ramps, handrails, doors, windows, parking spaces, bathrooms, and safety equipment are accessible to people with disabilities. As mentioned above, TPM employs five people with disabilities.

4.2.e Workers Engaged by Third Parties

TPM's Hygiene and Safety Regulation addresses the obligations of contractors, subcontractors, auditors, and others and requires contractors to assess and control the risks of the activities to be conducted at the Port, to ensure its workers: are aware of these risks and utilize proper personal protective equipment; report accidents; have their own OHS specialist when they have more than 100 workers; provide workers with proper equipment; provide workers with proper training; have emergency preparedness and response plans; provide monthly reports on OHS performance; and properly dispose of waste. The regulation also addresses the responsibilities and obligations of businesses and institutions that utilize the Port (e.g., ship operators), including providing facilities for the development of environmental and industrial safety inspections, when required, and complying with Port regulations.

TPM will develop a Contractor Management and Assurance Plan ("CMAP") to operationalize the contractor requirements set forth in the Hygiene and Safety Regulation.

4.2.f Supply Chain

TPM's Hygiene and Safety Regulation states that all suppliers will be provided with the regulation and are required to comply with its health and safety requirements. Nonetheless, TPM will develop a CMAP to include procedures to vet key primary suppliers regarding recent past or present human rights violations (e.g., child and forced labor).

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

The Port's monthly average consumption of electrical energy is 92,313 kW, which includes that which is used by TPM as well as the Port's many operators.

4.3.a.i Greenhouse Gases

TPM has not yet conducted an inventory of its greenhouse gas emissions. It is unlikely, however, that the Project will exceed the threshold for Scope 1 and 2 reporting of 25,000 metric tons of CO_{2e} annual emissions.

4.3.a.ii Water Consumption

TPM consumed 1,583 m³ of water in 2018, 1,231 m³ in 2019, and 1,250 m³ in 2020. Its water consumption in the first half of 2021 was 14,333 m³, which is a significant increase from previous years. This increase is due to construction activities at the Port's docks. The Port obtains its water from the public water system administered by the Municipality of Manta.

4.3.b Pollution Prevention

The Project ESIA identified 11 environmental "findings," (four of which were related to broken or deteriorated infrastructure, three related to deteriorated machinery and equipment, and four related to waste management) and nine non-compliances with environmental regulations related to these findings. An Action Plan to close these non-compliances, with completion dates from December 2017 to April 2018, was immediately adopted and executed. A report prepared by Consulsa¹⁵ and dated August 2021 indicates that TPM has completed all actions listed in the plan.

The Project ESIA identified two environmental liabilities at the Port: an area with two abandoned, deteriorated docks; and an abandoned crane. Both were assessed to be non-critical and of low importance. According to Consulsa, TPM has repaired the docks and relocated the crane, so it is now adequately contained.

After having collected samples of the sediments in four different parts of the proposed dredging area, the Project performed an analysis of the predominant currents in the dumping area. Through empirical data and statistical analyses of the incidence of the waves, TPM conducted a sediment dispersion model¹⁶ for the Project's dredging activities¹⁷ following three scenarios: i) no dumping; ii) use of a trailing suction hopper dredger ("TSHD"); and iii) use of a split hopper barge ("SHB").

For the most adverse conditions (winds up to 12.20 m/s, waves up to 2.00 m high, and sediments dominated by silt or clay), the model produced the following results: i) Under the first scenario (no dumping), there is no sediment dispersion; ii) under the TSHD scenario, the sediment will travel 1.50 km to the north under flux conditions and 3.00 km to the east but will disperse more rapidly under reflux conditions; and iii) under the SHB scenario, the sediment will travel 1.50 km to the northeast under flux conditions and 3.50 km to the east but will disperse more rapidly under reflux conditions.

4.3.b.i Wastes

The Port EMP includes a Waste Management Plan. The plan indicates that the most common forms of waste at the Port are common waste, wood and pallets, cardboard, plastic, and paper. Scrap metal is sent to a company for recycling and used tires sent to another facility for co-processing. Waste at the Port is segregated into general waste, hazardous waste, glass for recycling, and plastic

¹⁵ Consulsa is the firm that prepared the Project ESIA.

¹⁶ The Mike 21/3 FM Coupled is a dynamic modeling system designed by DHI-Water & Environment composed of the following modules: i) hydrodynamic (HD); ii) transport of cohesive sediments (TS); iii) wave propagation module (SW); and iv) particle tracking (PT). It allows to recreate sediment transportation plumes in 3D considering the effect of wind, tides, waves, currents, and water properties (temperature, salinity, viscosity, etc.).

¹⁷ "Modelo Dinámico de Dispersión por la Actividad de Dragado," Consulsua, Sep. 2021.

for recycling. Wastewater from bathrooms is directed to septic tanks, biodigesters, and treatment plants, the cleaning of which is the responsibility of the certified company BIOSOLMA.

The Port Monitoring Plan indicates that monitoring is undertaken for surface water quality (two sampling points, twice a year), water quality from the discharge of the wastewater treatment plant (one sampling point, twice a year), marine sediment quality (two sampling points, twice a year), ambient air quality (two sampling points, twice a year), and noise (two sampling points, twice a year). The plan describes the parameters and thresholds for the monitoring, which are to comply with Ecuadorian regulations.

The Project EMP includes Waste Management Plans for its construction, operation and maintenance, and dredging stages. Although these plans are very basic, they contain lists of preliminary mitigation measures, indicators, and verification measures.

The Client will develop a Project-specific Waste Management Plan for construction.

4.3.b.ii Hazardous Materials Management

The most common forms of hazardous waste at the Port include oil, used batteries, used oil filters, light bulbs, printer toner cartridges, containers and PPE contaminated with hazardous materials, electronic equipment, rags and absorbent contaminated with oil and hazardous chemicals, pharmaceutical products, and soil contaminated with hazardous materials. Hazardous waste is collected, transported, and disposed of by either Gadere or Gypan, two firms that have been certified to undertake such activities. Pharmaceutical waste is managed by the company Costa Limpia.

4.3.b.iii Pesticide Use and Management

The use of pesticides at the Port is prohibited by Ecuadorian regulations.

4.4 Community Health, Safety, and Security

4.4.a Community Health and Safety

The Project ESIA indicates that the Project will have an almost negligible temporary negative impact on community health and safety due to the increase in noise from vehicular traffic and some construction activities. The only measure proposed to mitigate the impact is development and implementation of a community grievance mechanism.

4.4.a.i Infrastructure and equipment design and safety

Currently, there is already a wall that surrounds the Port, except along the beach where a virtual fence is maintained by security guards. This prevents unauthorized access to the Port and will serve to mitigate potential impacts to the health and safety of community members during construction activities.

4.4.a.ii Hazardous materials management and safety

TPM's Patios Manual (*Manual de Patios*) indicates that the only hazardous materials stored at the Port are gasoline and diesel. Other chemicals are stored at Port facilities, however, which are not classified as hazardous materials according to the United Nations. The distribution of fuel is carried out by mechanical maintenance personnel, which maintain a log to record all distributions. The fuel area has security measures, containment buckets in case of a spill, a fire extinguisher, and a spill kit.

TPM will develop and implement a Hazardous Materials Management Plan to document their procedures for the adequate storage and management of hazardous materials at the Port.

4.4.a.iii Ecosystem services

All the Project's terrestrial activities will be performed within the existing Port facility. Dredging will take place in adjacent offshore areas that have been previously dredged. The only activity to take place in an undisturbed area is the offshore deposition of dredged materials, the impact of which will be localized and short term. As a result, no material impacts to ecosystem services are anticipated.

4.4.a.iv Community exposure to disease

The Project ESIA did not identify any potential community exposure to disease impacts. However, TPM will develop and implement a Community Health and Safety Plan to include procedures to manage Project-related ground and marine traffic and the spread of infectious diseases.

4.4.a.v Emergency preparedness and response

TPM has two standalone plans for emergencies, a Local Contingency Plan to Confront Oil Spills and an Emergency Plan. The former includes procedures for preparing for and responding to spill emergencies, including calling in external support for Level 2 and 3 spills. Although it includes a list of local and national government contacts and has procedures for notifying them in the case of an actual emergency, it does not mention if it has been disclosed to the local community.

The Emergency Plan, which also includes a list of external emergency contacts, does not state whether it has been shared with local communities and does not address how local communities are notified in the event of an actual emergency.

4.4.b Security Personnel

TPM has a Physical Security Plan (*Plan de Seguridad Física*), but it covers emergency rather than security procedures. TPM will therefore develop a Security Management Plan for the Port to include a security risk assessment, security protocols, and requirements for security guards to receive training on the use of force and human rights.

4.5 Land Acquisition and Involuntary Resettlement

All Project activities will take place at the existing Port of Manta and offshore. As a result, no land acquisition will be required, and there will therefore be no physical or economic displacement.

4.6 Biodiversity Conservation and Natural Habitats

4.6.a General

The Project's terrestrial activities will be confined to the existing Port of Manta, which is a highly modified environment.

Offshore dredging activities have the potential to impact marine biodiversity. However, the areas to be dredged have been dredged before: between 1998-1999, TPM and Armada (the Ecuadorian dredging service) dredged approximately 500,000 m³ from the Port's access area and berth fronts (the dredged material was deposited next to the breakwater in the southwest sector of the Port); and in 1998, TPM dredged 1,485,590 m³ from the Port's access area, turning basin (*ciaboga*), and berth fronts (the dredged material was deposited offshore 1.5 miles to the northeast).

The seafloor in the area offshore within which the dredged materials will be deposited is relatively undisturbed. The Project ESIA assessed the impacts of dredging on water quality, soil quality, and aquatic fauna to be negligible and on sedimentation and aquatic vegetation to be of low significance. It assessed the impacts of the extension of Pier 2 on soil quality to be negligible; on water quality, aquatic vegetation, and aquatic fauna to be of low significance; and on sedimentation to be of moderate significance.

Despite the latter, TPM will conduct sediment dispersion modeling prior to dredging to further assess the Project's impact to marine water quality.

4.6.b Protection and Conservation of Biodiversity

The Project Monitoring Plans and Port EMP indicate that monitoring of marine sediment quality will include analysis of macrobenthos and that such activity will occur at two sampling points twice a year. Neither the monitoring plan nor the EMP contain further information. TPM will therefore develop a Biodiversity Management and Monitoring Plan that includes procedures to monitor marine flora and fauna during dredging activities.

4.6.b.i Modified Habitat

The entire Port of Manta in which all terrestrial construction activities will take place is highly developed and intervened. As a result, the entire terrestrial Project area is deemed to be modified habitat. The area to be dredged during the Project has been dredging before, as recently as 2018. Hence, this area is also considered to be modified habitat.

4.6.b.ii Natural and Critical Habitat

The deposit site for dredged material is located 1.4 nautical miles to the northwest of the Port and is over 50 meters deep. The Project will define a grid over the area to systematically distribute the dredged material throughout the site. The area is relatively undisturbed and therefore qualifies as natural habitat. The Project's impacts to the area, however, will be minor and temporary.

4.6.b.iii Legally protected areas and internationally recognized areas

Neither the Project's layout nor the dredging and sediment disposal areas intersect the National System of Protected Areas or any other type of protected area. The nearest legally protected area is the Pacoche Wildlife Reserve, which is located 26 kilometers from Manta. No other biologically or ecologically sensitive area will be affected by the Project.

4.6.b.iv Invasive alien species

Project activities are not anticipated to involve the use, production, import, or export of any species of flora and fauna. However, during operation, goods, products, and commodities (which may contain or be the means for the propagation of alien species) will be dealt with in the Port terminal. While the Port EMP does not contain specific measures to deal with such risks, the Ecuadorian Organic Law of Agriculture and Livestock Sanitation contains measures to prevent the entry, dissemination, and establishment of pests and diseases. It also provides guidelines for animal welfare and for the control and eradication of pests and diseases that affect and could pose a risk to plants and animals.

The only activity with a significant potential to introduce invasive alien species is the release of ballast water by ships utilizing the Port. To mitigate these potential impacts, TPM will develop an Invasive Alien Species Management Plan that addresses ballast water, including measures to ensure that ships utilizing the Port have pollution prevention equipment that complies with the International Convention for the Prevention of Pollution from Ships ("MARPOL").

4.6.c Management of Ecosystem Services

Due to the characteristics of the Project and of its location, no material impacts to ecosystem services are anticipated.

4.6.d Sustainable Management of Living Natural Resources

The Project will not involve the primary production of living natural resources.

4.6.d.i Supply chain

TPM's Hygiene and Safety Regulation states that all suppliers are required to comply with Company's health and safety requirements. However, it does not include procedures to vet and

monitor key suppliers regarding their potential conversion of natural or critical habitat. TPM will develop a CMAP to include such procedures.

4.7 Indigenous Peoples

The Project is not located near any indigenous communities and is not anticipated to impact any Indigenous Peoples.

4.8 Cultural Heritage

The Port is a highly intervened environment. As a result, any cultural heritage that may have once existed at the site has now been disturbed and therefore lacks integrity. The offshore area to be dredged has been dredged before, so any underwater cultural heritage that may have existed has also been disturbed and lacks integrity. While it is possible, although highly unlikely, that there is underwater cultural heritage in the offshore area in which dredged materials will be deposited, this activity would only serve to further bury the heritage, which would not be a negative impact.

4.8.a Chance Find Procedures

TPM has not yet developed a procedure for the unanticipated discovery of cultural heritage during construction activities. Although the likelihood of chance finds is very low, TPM will develop a Chance Find Procedure.

5. Local Access of Project Documentation

General information about TPM and its Port operations can be accessed at the following website: www.tpm.ec.

The Environmental Impact Study for the Project can be accessed at the following website: http://tpm.ec/wp-content/uploads/2017/10/EIA_TPM_INFORME-jun-2017.pdf.