

**Environmental and Social Action Plan (ESAP)
SESAJAL - MEXICO**

No.	Reference	Action Item	Final Product / Deliverable	Anticipated Completion Date
PS1: Assessment and Management of Environmental and Social Risks				
1.1	Environmental Management System (EMS)	1. Develop a specific EMS for SESAJAL's operations that includes (i) a social responsibility policy; (ii) internal procedures to identify, assess, and manage possible E&S, OHS risks and impacts associated with each Project activity; (iii) internal procedures to ensure compliance with the Environmental Management Plan (EMP); (iv) the required organizational capacity and competency, including the definition of roles and allocation of responsibilities for the implementation of such ESMS; (v) emergency preparedness and response protocols; (vi) stakeholder engagement plans; (vii) external communication and grievance mechanism; (viii) protocols for the disclosure of information, decision making and education of communities; (ix) protocols for the evaluation and continuous improvement of the ESMS; and (xi) regular audits and reviews of E&S and OHS requirements.	1. Copy of the specific EMS for SESAJAL	1. 240 days after signing the loan agreement
		2. Implement the EMS.	2. Evidence of the EMS implementation	2. Once developed, in each Environmental and Social Compliance Report (ESCR)
		3. Assess the implementation of the EMS.	3. EMS assessment report	3. 120 days after implementation
1.2	Management Program	1. Prepare a specific Environmental Management Plan (EMP) for the construction of and improvements to the Project plants, with detailed operating controls and measures needed to eliminate, transfer or mitigate each significant risk or impact that has been detected.	1. Copy of the EMP for the construction of and improvements to the Project plants	1. 120 days after signing the Loan Agreement

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1.3	Emergency Preparedness and Response	1. Update the Emergency Response Plans (ERPs) for the construction of and improvements to the Project plants, in which the following aspects are reviewed for suitability and effectiveness: (i) emergency response procedures; (ii) emergency response teams; (iii) emergency contacts and communication systems and protocols; (iv) procedures to engage with the local and regional authorities for health and emergency issues; (v) permanent emergency equipment and facilities (first aid stations, hoses, extinguishers, sprinkler systems, etc.); (vi) evacuation routes and meeting points; (vii) training exercises and drills including other external stakeholders (for example, neighboring communities and facilities, etc.); (viii) annual training program; (ix) root cause analysis procedure for any major accident or fatality; and (x) description of the corrective actions required to minimize the risk of new occurrences.	1. Updated ERPs for the construction of and improvements to each Project plant	1. 15 days before each Project plant starts operating
1.4	Project Compliance with Applicable Standards	1. Draft a consolidated annual report on the status of compliance with: (i) all the legal E&S and OHS requirements applicable to the Project; (ii) the progress of the integrated management system actions as per the KPIs established; and (iii) IDB Invest's Environmental and Social Sustainability Policy.	1. Environmental and Social Compliance Report (ESCR)	1. Annually over the life of the loan
1.5	Stakeholder Engagement	1. Develop a Stakeholder Engagement Management Plan for each Project plant to include (i) updated identification of all relevant stakeholders; (ii) differentiated measures to enable the effective engagement of disadvantaged or vulnerable groups; (iii) a mechanism to ensure that community representatives may express their opinions on the Project; (iv) details on how information will be disclosed to stakeholders; (v) details on the stakeholder engagement process in these communities and how they can access the grievance mechanism; (vi) regular reporting procedure on the Company's E&S performance to stakeholders and the public in general; and (vii) mechanisms to implement and disclose the updated procedure to all its staff.	1. Copy of the Stakeholder Engagement Management Plan for each Project plant	1. 240 days after signing the Loan Agreement
		2. Adopt the Stakeholder Management Plan for each new plant.	2. Evidence of Plan implementation	2. In each ESCR

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1.6	External Communication	1. Prepare a Corporate Communication Policy.	1. Copy of the Corporate Communication Policy	1. 120 days after signing the Loan Agreement
1.7	External Grievance Mechanism	1. Develop a community grievance mechanism (i) appointing a person to manage the relationships with the local community, who will deal with and monitor the grievances and suggestions, and will report on the KPI every six months; (ii) setting a methodology to determine how a grievance is captured, classified, assessed, investigated and solved; how it will be followed up once it is solved; and how the EMS will be adapted or improved in terms of communication and disclosure of information; and (iii) determining the channels to capture grievances and suggestions from people and organizations located nearby.	1. Copy of the community grievance mechanism	1. 90 days after signing the Loan Agreement
		2. Adopt the Grievance Mechanism.	2. Evidence of the adoption of the mechanism	2. In each ESCR
PS2: Labor and Working Conditions				
2.1	Supply Chain	1. Develop a Sustainable Purchase Policy governing the acquisition of goods and services, which will require its suppliers to meet the labor, OHS, and environmental standards of the countries where the Company operates.	1. Copy of SESAJAL's sustainable purchase policy	1. 180 days after signing the loan agreement
		2. Implement the sustainable purchase policy.	2. Evidence of the Policy implementation	2. In each ESCR
PS3: Resource Efficiency and Pollution Prevention				
3.1	Greenhouse Gases (GHG)	1. Prepare an annual inventory of GHG for each Project operation that quantifies both direct emissions from fuel consumption (Scope 1) and indirect ones from electricity consumption (Scope 2).	1. Annual inventory of GHG for the Project operation	1. In each ESCR
PS4: Community Health, Safety and Security				
4.1	Community Health, Safety and Security	1. Update the comprehensive service agreements for the construction of and improvements to the Project plants to include specific clauses that make it compulsory for contractors and service providers to manage all	1. Updated copy of comprehensive service	1. At the earliest of 150 days after signing

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		claims and to take responsibility for any damage caused by their actions to private, community or state, property.	agreements for the construction and improvements of the Project plants	the loan agreement or 15 days before the order to proceed in the construction and improvement of the Project plants
4.2	Fire Protection System	1. For the construction of each new plant and the improvements of the existing ones, obtain from a qualified professional a certificate stating that: (i) all Project facilities and buildings, whether completed or in progress, were built according to approved life and fire safety (L&FS) system designs; (ii) all equipment was installed as per L&FS design; and (iii) all L&FS equipment was tested following national and international standards.	1. Copy of the L&FS certificate for each newly built and improved Project plant	1. 15 days before each newly built or improved Project plant starts operating or is occupied
4.3	External Security Policy and Protocols	1. Ensure that the security and surveillance personnel selection and hiring process includes: (i) a reasonable background check to make sure the security personnel has no criminal record or has not been previously involved in cases of abuse; (ii) verification that all security personnel working at its facilities and plants is registered with and certified by the competent authority ¹ ; (iii) verification of the details for the training needed on the use of force; (iv) verification of the applicable restrictions and procedures in case the personnel carries firearms; and (v) elements of environmental training and social awareness aspects, such as human rights, during the onboarding process and the subsequent refresher training sessions, including the human resources issue.	1. Copy of the clauses of the contracts signed with security and surveillance companies	1. 120 days after signing the loan agreement or 15 days before the surveillance and security service starts, whichever happens first

¹ General Private Security Office (*Dirección General de Seguridad Privada*), from the Internal Affairs Office (*Secretaría de Gobernación*) of the State of Sonora.

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PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources				
6.1	Supply Chain	1. Update the Supplier Selection and Assessment Procedure, in order to: (i) guarantee the traceability of its primary suppliers in case there is risk of significant conversions of natural or critical habitats; and (ii) provide a standard for the applicable requirements of property security, food safety, food defense, quality, environmental and workers' safety that the suppliers must meet when they are first registered and when they are assessed on their performance every year.	1. Copy of the updated supplier selection and assessment procedure	1. 180 days after signing the loan agreement
		2. Adopt the supplier selection and assessment procedure.	2. Evidence of the implementation of the Procedure	2. In each ESCR