

## Classification and Environmental and Social Strategy (ESS) Pacífico Mexinol - Methanol Production Project – MEXICO

**Original Language of the Document:** Spanish  
**Date of Issue:** March 2026

### 1. Scope and Objective of the Project and IDB Invest's Participation

Transition Industries LLC<sup>1</sup> (the “Sponsor”), through Pacífico Mexinol, S. de R.L. de C.V., a special purpose vehicle (the “Company” or the “SPV”) and the International Finance Corporation (“IFC”), acting as joint development partner, has requested financing for developing Pacífico Mexinol, a large-scale low-carbon methanol production facility (the “Project”) to be built in Topolobampo, Municipality of Ahome, State of Sinaloa, Mexico.

The Project, that involves the construction and operation of a greenfield facility capable of producing approximately 6,100 metric tons per day (“MTPD”) of methanol using natural gas (essentially methane) as the primary feedstock, through a partial oxidation (“syngas” production) and hydration processes; will also include the following facilities: (i) methanol transport pipelines; (ii) pre-treated water supply pipelines; (iii) main and secondary access roads; (iv) power transmission lines; and (v) an export jetty at the Port of Topolobampo.

The overall Project’s objective is to become the world’s largest green and blue methanol<sup>2</sup> plant, with an annual production capacity of approximately 2.1 million metric tons (16% green and 84% blue methanol). This operation is supported by a group of globally recognized strategic partners and offtakers, including: (i) Mitsubishi Gas Chemical (“MGC”) and Mitsui O.S.K. Lines (“MOL”), through a long-term offtake agreements covering a significant share of production (MOL will also provide maritime chartering services); (ii) Samsung Engineering, Techint, Siemens, and Bonatti, supported by NextChem technology, which are expected to execute the Project under lump-sum turnkey engineering, procurement and construction (“EPC”) contracts; (iii) RIC Energy, which is expected to sign a long-term power purchase agreement (“PPA”) and will be in charge of the design and building of a dedicated transmission infrastructure; (iv) CF Energía<sup>3</sup>, that is expected to provide natural gas for the Project under a 15-year agreement; and (v) JAPAMA<sup>4</sup>, which also is expected to provide treated wastewater under a 25-year agreement, enabling the Project’s innovative water-reuse model.

The Project aims at: (i) supporting global and regional decarbonization efforts by supplying large-scale low-carbon methanol to reduce greenhouse-gas emissions in hard-to-abate sectors such as maritime transport and chemicals, (ii) strengthening Mexico’s competitiveness in the energy transition by

---

<sup>1</sup> Transition Industries LLC is a Houston-based developer, specializing in ultra-low-carbon chemicals and energy transition projects across the Americas, which will lead the development, structuring, and coordination of the Mexinol Project.

<sup>2</sup> “Green methanol” is methanol produced from renewable sources or using sustainably produced energy. “Blue methanol” is produced using natural gas or blue hydrogen in combination with carbon capture technology.

<sup>3</sup> CF Energía is a subsidiary of CFE, specializing in the marketing of Natural Gas, Liquefied Natural Gas and Liquid Fuels.

<sup>4</sup> Junta de Agua Potable y Alcantarillado del Municipio de Ahome (“JAPAMA”)

establishing a new industrial platform for green fuels and advanced chemical production, (iii) generating significant local economic activity through the creation of formal jobs during construction and operations, particularly in a region with limited industrial opportunities, and (iv) improving environmental outcomes by eliminating the use of freshwater through the recycling of municipal wastewater that would otherwise be discharged into Ohuira Bay.

## 2. Environmental and Social Classification and Strategy

This Project has been preliminarily classified as Category A, in accordance with IDB Invest’s Environmental and Social Sustainability Policy (“ESSP”), since it will generate, among others, the following impacts: (i) removal or pruning of vegetation (mainly within the easement for the installation of pipelines and some access roads to construction sites); (ii) generation of dust from excavation, earthworks, and vehicle traffic; (iii) emission of polluting gases from vehicle and machinery traffic; (iv) increased noise levels from the use of heavy machinery during construction; (v) changes in landform morphology and increased erosion processes; (vi) production of domestic and industrial wastewater; (vii) potential soil contamination from fuel, oil, or solvent spills; (viii) generation of domestic and industrial solid waste (excavation material, debris, paper, wood, scrap metal, etc.) and hazardous waste (from maintenance of machinery and construction equipment, etc.); (ix) increased risks to worker and community health and safety; (x) potential impacts on private properties and their economic activities as it relates to construction of the transmission line<sup>5</sup>; (xi) use of resources, mainly pre-treated water, fuel and energy; and (xii) concerns<sup>6</sup> and raised expectations around job opportunities associated mainly with the construction phase of the Project. These impacts are deemed to be of moderate-high to high significance prior to the implementation of associated mitigations and management measures.

To comply with the Mexican environmental legislation<sup>7</sup>, the Company has prepared an Environmental Impact Assessment (“EIA” or “MIA”)<sup>8</sup>, an Environmental Risk Assessment (“ERA”), and an addendum to the MIA<sup>9</sup>.

The Environmental and Social Due Diligence (“ESDD”) process, which will be supported by an Independent Environmental and Social Consultant (“IESC”), will include site visits to Project locations as well as, among others, the following activities: (i) interviews with key executives of the Company in the areas of environmental and social management, labor, and occupational health and safety; (ii) an analysis of the Company’s Environmental and Social Management System (“ESMS”), including related plans and procedures; (iii) an assessment of baseline social and labor information related to the Project; (iv) an analysis of cumulative impact management and climate change risks and impacts; (v) the review of preparedness and response plans and procedures for human-induced and natural hazard emergencies; (vi) an assessment of the consultation and stakeholder engagement process, including possible

---

<sup>5</sup> Although, physical displacement will be avoided.

<sup>6</sup> In accordance with its Good Neighbor Policy, the Company has successfully engaged local communities since 2020 and has addressed initial concerns by improving its design to Net Zero and avoiding use of natural water resources.

<sup>7</sup> Following the development of the MIA, a legal requirement in Mexico, Transition Industries developed an Environmental and Social Impact Assessment (“ESIA”) that complies with national legislation as well as the IFC Performance Standards (PS) on Environmental and Social Sustainability, in order to obtain international loans (consultation site of the ESIA: <https://pacifico-mexinol.com/2026/01/12/environmental-and-social-impact-assessment-esia/>).

<sup>8</sup> Binnacle No. 09/DL-0280/05/22 (consultation site: <https://app.semarnat.gob.mx/consulta-tramite/#/portal-consulta>).

<sup>9</sup> Submitted in February 2024 to introduce some positive design changes for the Project (including the project going Net Zero) and approved in March 2024 (No. SRA/DGIRA/DG-01117-24)

interactions with indigenous communities within the Project's area of influence; (vii) an analysis of noise and vibration management plans; and (viii) an evaluation of the land acquisition process. As a result of the ESDD process, IDB Invest will: (i) confirm the Project's categorization; (ii) identify any compliance gaps with respect to its ESSP; (iii) produce an Environmental and Social Review Summary ("ESRS"); and (iv) define an Environmental and Social Action Plan ("ESAP") to close the gap found.

Based on the information received and reviewed to date, the IFC Performance Standards ("PS") that the Project would trigger are: PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; PS4: Community Health and Safety; PS5: Land Acquisition and Involuntary Resettlement; PS6: Biodiversity Conservation and Sustainable Management of Living Resources; and PS7: Indigenous People (to be confirmed). The final determination of the PS to be triggered by the Project will be made at the conclusion of the ESDD process.

Once the ESDD process is completed, copies of the ESRS and ESAP will be published on this website.

### **3. Additional Information**

For questions regarding the Project, please contact:

Name:	Karin Nunan (acting)
Title:	Social Performance Manager
Phone Number:	(+52) 55-668-152-9066
Email:	<a href="mailto:contacto@pacifico-mexinol.com">contacto@pacifico-mexinol.com</a>

For questions and comments to IDB Invest, please contact:

Name:	IDB Invest Communications Group
Email:	<a href="mailto:requestinformation@idbinvest.org">requestinformation@idbinvest.org</a>

Additionally, affected communities may access the IDB Invest Independent Consultation and Investigation Mechanism ("MICI") through the following:

Phone Number:	+1 (202) 623-3952
Fax Number:	+1 (202) 312-4057
Address:	1300 New York Ave. NW Washington, DC. USA. 20577
Email:	<a href="mailto:mecanismo@iadb.org">mecanismo@iadb.org</a> o <a href="mailto:MICI@iadb.org">MICI@iadb.org</a>