Environmental and Social Review Summary (ESRS)
Megalabs II – Uruguay

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

Grupo Megalabs ("Megalabs" or the "Company") is a Latin American pharmaceutical company engaged in the development, manufacture, and marketing of medicines, with production and commercial operations in multiple countries in Latin America and the Caribbean. Through Mega Pharma Holding Uruguay ("MPHU"), the Group manages a regional manufacturing platform designed to supply various markets in the region.

The proposed financing will support Grupo Megalabs' regional investment program to expand and modernize its pharmaceutical manufacturing capacity in Latin America and the Caribbean. The investments include a new oral solids plant in Uruguay, a new sterile ophthalmic products plant in Argentina, and the construction of an oral solids plant in Venezuela, along with certain expansion and modernization investments associated with each of these plants (the "Project").

The environmental and social due diligence ("ESDD") process included, among other aspects, a site visit to the Project location in Caracas, Venezuela; interviews and meetings with staff from the Human Resources ("HR"), Occupational Health and Safety ("OHS"), and Environment departments of the subsidiaries in Venezuela, Argentina, and Uruguay, as well as interviews with workers; and a review of the environmental and social ("E&S") and occupational health and safety ("OHS") information provided by the Client, such as: i) Human Resources Policy; ii) Occupational Health and Safety Program; iii) Comprehensive Solid Waste Management Procedure; iv) Contingency and Emergency Response Plan, among others.

To ensure the Project's commitment to respecting and protecting human rights, its zero-tolerance policy toward retaliation, and its dedication to providing and guaranteeing a safe environment in which stakeholders can express their concerns without fear of retaliation, the ESDD process also included a review of the following documents: i) Code of Ethics and Conduct; ii) Internal Work Manual; iii) Corporate Policy on the Prevention of Sexual Harassment.

2. Environmental and Social Categorization and Rationale

In accordance with the IDB Invest Environmental and Social Sustainability Policy, the Project has been classified as Category B, given that its potential environmental and social (E&S) risks and impacts are, in general, limited, localized, and mitigable through known and available management measures.

The main potential environmental and social (E&S) risks and impacts associated with the construction, expansion, and operation of the pharmaceutical facilities include: (i) occupational health and safety risks, particularly those related to exposure to active pharmaceutical ingredients, chemicals, and solvents, as well as to the operation of industrial equipment; (ii) working conditions and the management of contractors and subcontractors, especially during construction and expansion activities; (iii) storage and handling of chemicals and hazardous materials, including risks of spills, fires, and other emergencies; (iv) generation of air emissions, including particulate matter and volatile organic compounds, depending on production processes; (v) generation and management of hazardous and non-hazardous waste, including pharmaceutical waste, and industrial effluents that may contain residues of active pharmaceutical ingredients and chemicals; and (vi) resource consumption, primarily water and energy.

The Performance Standards ("PS") activated 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; and iv) PS4: Community health and safety.

3. Environmental and Social Context

3.1 General Characteristics of the Project's site

The new plant in Uruguay will be located in the Parque de las Ciencias[1] , a manufacturing complex in the Municipality of Nicolich, Department of Canelones, Republic of Uruguay, near Megalabs' existing facilities[2] . The plant will be built on a site of approximately 9,000 m², adjacent to the existing plant. Given its proximity, the preliminary design calls for utilizing, to the extent that capacity allows, existing auxiliary services, including wastewater treatment systems, power supply, and steam supply. However, the final scope of integration with these facilities, as well as any eventual need to expand existing capacity or incorporate additional auxiliary infrastructure, will be defined as the project design progresses and based on the corresponding technical studies.

The project in Argentina will be located in the Province of Buenos Aires, within the Ezeiza Industrial Park[3] , and involves the construction of a new plant with a total area of approximately 7,000 m². As auxiliary facilities, the plant will include a new boiler and steam generation system, a liquid effluent treatment plant, and an emergency power generator.

The project in Venezuela will be located on a plot of land owned by Megalabs Venezuela, situated in an industrial zone in Caracas, Venezuela. The site has four existing industrial warehouses, of which the project will occupy two modules, with a combined area of approximately 3,000 m², which will be adapted to house the new plant intended for the manufacture and packaging of solid oral pharmaceutical products. The project will utilize existing infrastructure, such as power generators

[1] The Parque de las Ciencias is a tax-free zone on the outskirts of Montevideo, the capital of the Republic of Uruguay.

[2] The site comprises a production plant, a research and development (R&D) center, a quality control laboratory, and a corporate building.

[3] An existing industrial park of approximately 400 hectares that hosts various industrial activities, strategically located approximately 10 km from Ezeiza International Airport and 40 km from the city of Buenos Aires.

and parking areas, and will primarily involve internal renovation and refurbishment work on the selected modules.
The sites are located in predominantly developed settings, characterized by the presence of industrial and logistics developments and open spaces connected to the area's road network.

3.2 Contextual Risks

The analysis of contextual risks reveals significant differences among the countries where the Project's investments are planned, with the main risks concentrated in Venezuela, where the political, institutional, social, and security context poses greater challenges for the development and operation of the planned facilities. In particular, there are risks to the safety of personnel and facilities, as well as access limitations and deficiencies in basic services and infrastructure that could affect operational continuity. Likewise, restrictions on the importation of supplies and equipment could affect their availability and the operation of the facilities. In Argentina, challenges are observed related to transparency and accountability, regulatory predictability, the protection of labor rights, and public safety, including risks of theft and vandalism. In Uruguay, the institutional and social context presents comparatively lower risks for the development of the planned investments.

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

4.1 Assessment and Management of Environmental and Social Risks

4.1.a Environmental Assessment Management System

The Company has a corporate Environmental and Social Management System ("ESMS"), developed in 2023 and subsequently implemented progressively across its subsidiaries. The ESMS establishes the framework for identifying, assessing, and managing the environmental and social risks and impacts of its operations and includes an Environmental and Social Policy; procedures for managing and mitigating risks and impacts; training programs; emergency preparedness and response; complaint and grievance mechanisms; processes for stakeholder engagement and communication; and mechanisms for monitoring, evaluation, and continuous improvement.

4.1.b Policy

The Company has an Environmental Policy in which it recognizes environmental stewardship as a fundamental value and establishes its commitment to pollution prevention and the continuous improvement of environmental performance. The Policy provides for the implementation of an environmental management system, the control of operational processes and activities to minimize their impacts, and the development of comprehensive waste management programs aimed at reducing the environmental footprint. It also establishes a commitment to comply with applicable environmental laws and regulations, promote awareness and training programs for its employees, and encourage the efficient use of energy and natural resources. The Policy further states that caring for the environment is the responsibility of everyone who works at the Company.

Furthermore, through its Industrial Risk Management Policy, the Company establishes safety as a fundamental principle of its operations and reaffirms management's commitment to providing safe working conditions and promoting a culture of industrial risk management focused on the health and safety of employees. The Policy prioritizes the prevention of work-related injuries and illnesses, continuous improvement, and compliance with legal requirements regarding occupational health and safety, and establishes mechanisms for reporting unsafe conditions and acts, as well as for investigating incidents and accidents to identify their causes and prevent their recurrence. It also establishes that safety is the responsibility of everyone who carries out activities at the Company.

4.1.c Identification of Risks and Impacts

4.1.c.i Direct and Indirect Impacts and Risks

The Company has tools for identifying and prioritizing environmental and social risks and impacts, taking into account Megalabs' operations and their surroundings. The process includes process mapping, through which the inputs, activities, and outputs of production processes are identified, as well as hazards to workers' health and safety, potential impacts on the environment and communities, and opportunities for waste reduction and efficiency in water and energy use. It also uses an assessment methodology that considers the probability of occurrence and the severity of potential consequences to determine the priority of the identified risks.

For each new construction project, the Company will apply this methodology by developing a specific matrix for identifying, assessing, and prioritizing environmental, social, and OHS risks and impacts, taking into account the specific characteristics, location, and activities of each project and, as appropriate, the design, construction, operation, and maintenance phases.

4.1.c.ii Gender Risks

In the pharmaceutical manufacturing industry, gender risks may arise in connection with discriminatory practices or biases in hiring, compensation, evaluation, and promotion processes; unequal access to professional development opportunities and leadership positions; as well as situations involving workplace or sexual harassment, gender-based violence, or other inappropriate conduct in the workplace. These risks may become more significant in contexts involving temporary workers, contractors, or outsourced personnel, due to their different types of employment relationships and working conditions. To prevent and mitigate these risks, the Company has a Diversity, Equity, and Inclusion ("DEI") Policy, supplemented by its Corporate Policy on the Prevention of Workplace and Sexual Harassment and its Code of Ethics, which establish principles and guidelines aimed at promoting equal opportunities, preventing discrimination and harassment, and fostering a respectful and inclusive work environment.

4.1.c.iii Gender Programs

The Company has a Corporate Policy on the Prevention of Workplace and Sexual Harassment, which establishes guidelines for preventing, identifying, and addressing instances of workplace and sexual harassment at Megalabs Group subsidiaries. The Policy applies to employees, executives, contractors, suppliers, and any other individuals acting or interacting on behalf of the Company.

Likewise, the Corporate Code of Ethics is based on internationally recognized principles, including the Universal Declaration of Human Rights, the conventions of the International Labor Organization, and the principles of the United Nations Global Compact. The Code establishes a zero-tolerance policy toward any form of discrimination or harassment and expressly prohibits sexual harassment and other conduct that may affect the dignity or the physical and mental integrity of individuals**.**

4.1.c.iv Climate Change Exposure

The Project's exposure to physical risks associated with climate change varies depending on the location of its facilities. In Uruguay, the climate hazard is considered moderate, while the sector's vulnerability is classified as low. In Argentina, the risk associated with droughts is considered moderate, while the areas surrounding the plant, within a 2-km radius, present a high risk of flooding. In the latter case, the main potential impacts would be logistical in nature, due to possible disruptions to access roads, which could hinder the transport of supplies and products and affect operational continuity. In Venezuela, the plant is exposed to extreme weather events, primarily heavy rainfall and flooding. These events could cause power outages, affect critical infrastructure, and disrupt logistics and the transportation of raw materials and finished products.

The Company will conduct a climate change risk assessment for the plant in Venezuela, taking into account current and projected climate conditions and the potential impacts on infrastructure, equipment, storage areas, access roads, worker safety, and operational and supply chain continuity. It will also update the Emergency Preparedness and Response Plan to incorporate climate change-related risks and emergency scenarios.

4.1.d Management Programs

For its existing operations, each plant and R&D center has environmental mitigation and management measures incorporated into its operating procedures, as well as into its waste management and occupational safety and health plans. In order to strengthen and systematize the Project's environmental and social management, for each new facility requiring construction activities, the Company will develop and implement, prior to the start of construction, an Environmentaland Social ManagementPlan commensurate with the nature and scale of the project and its associated risks and impacts. This plan will consolidate the prevention, mitigation, control, and monitoring measures applicable during construction and define the corresponding responsibilities and monitoring mechanisms. During the operational phase, the new facilities will be incorporated into the Company's Environmental and Social Management System (ESMS) and its applicable management procedures and programs.

4.1.e Organizational Capacity and Competency

The Uruguay plant has a corporate structure dedicated to the management of Environmental and Social (E&S) and Occupational Safety and Health (OHS) matters, led by the Head of Industrial and Environmental Risk Management (GRIYA), who reports to Corporate Operations Management. The Head of GRIYA is responsible for overseeing compliance with operational procedures related to environmental and OSH matters, promoting communication regarding risks and hazards, and ensuring employee participation in risk identification processes as well as emergency preparedness and response.

At the operational level in Venezuela, the plant has an Industrial Safety Coordinator, reporting to Operations Management, who is responsible for risk identification and management, occupational health and safety, and traffic safety. These functions are aligned with the guidelines established at the corporate level.

The Company plans to expand the scope of responsibilities of the existing structures at each site to incorporate the management of environmental and occupational health and safety aspects at the new facilities, in coordination with the relevant corporate departments. As operations expand, the Company will assess the need to strengthen its management capacity by hiring additional staff for support, coordination, or supervisory roles.

4.1.f Emergency Preparedness and Response

The Company has procedures designed to comply with applicable OHS requirements in the countries where it operates and maintains emergency and contingency plans for its plants and R&D centers. It also has a Corporate Emergency Preparedness and Response Plan, applicable to all its subsidiaries and designed as a framework for developing specific plans at the local level. The Plan establishes guidelines for identifying and prioritizing emergency scenarios, taking into account the risks and characteristics of each facility, and includes response procedures for chemical spills, fires, floods, and earthquakes; power outages and the safe shutdown of equipment; rescue, evacuation, and first aid; and communication protocols with emergency services, authorities, and, where applicable, potentially affected communities.

The Company will continue to strengthen the implementation of the Corporate Plan by developing specific emergency plans at each facility, including the assignment of responsibilities, resources, and response teams; evacuation procedures and assembly points; coordination with authorities and, where appropriate, with potentially affected communities; training and periodic drills; and measures to control and contain potential pollution incidents.

4.1.g Monitoring and Review

The Company has an ESMS Monitoring and Evaluation Plan, which establishes performance indicators associated with the main environmental, social, and OHS risks, as well as monitoring protocols, responsible parties, targets, and mechanisms for continuous improvement and

evaluation by senior management. The Plan includes corporate-wide indicators and mechanisms to evaluate its implementation across the various subsidiaries.

As part of the Project, the Company will extend the application of this Plan to the new facilities and activities planned in Venezuela, Argentina, and Uruguay, incorporating, as appropriate, specific indicators and monitoring mechanisms for the construction and operation phases, including the environmental and OHS performance of contractors and subcontractors.

4.1.h Stakeholder Engagement

The Company has corporate tools for identifying, prioritizing, and engaging stakeholders. These include a stakeholder mapping exercise based on their degree of impact and influence, a zoning tool to identify potentially affected communities, and a Stakeholder Engagement Plan that establishes topics of interest, strategies, communication channels, and engagement frequencies for different groups, including employees, suppliers, local communities, civil society organizations, authorities, unions, customers, and other relevant stakeholders.

4.1.i External Communications and Grievance Mechanisms

Megalabs has a corporate-wide Community Grievance and Suggestions Guidelines, which establishes guidelines for the receipt, registration, categorization, investigation, resolution, follow-up, and closure of complaints, suggestions, and reports from communities and external organizations. The Guide covers various communication channels, including the corporate website, corporate and local email addresses, phone lines/WhatsApp, and physical drop boxes at subsidiaries, and provides for confidentiality mechanisms and—depending on the channel used—the option to submit communications anonymously. The Company also has a Whistleblower Management Program focused primarily on issues of ethics, fraud, corruption, and compliance, which covers the recording, investigation, and escalation of cases as appropriate.

The Company will publicize the corporate mechanism for communication and complaint handling at all plants included in the Project, ensuring that external stakeholders are aware of the available channels and clearly defined points of contact for submitting inquiries, concerns, and complaints during the construction and operation phases.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

4.2.a.i Human Resources Policies and Procedures

The Company regulates working conditions and labor relations through its Internal Work Manual ("MIT"), which is mandatory for its employees and sets forth provisions regarding positions and responsibilities, personnel documentation, training and development, work hours and time tracking, breaks, compensation and benefits, leave, workplace conditions, as well as obligations and prohibitions applicable to employees. The Manual also establishes internal communication channels, including bulletin boards, a communication portal, and an open-door policy, and provides that employees may submit comments, complaints, and requests through their supervisor. These provisions are complemented by the Code of Ethics, which establishes principles of respect for dignity and diversity, prohibits discrimination and harassment, promotes a safe and healthy work environment, and sets criteria for the selection, hiring, and promotion of employees based on their qualifications and abilities.

4.2.a.ii Working Conditions and Terms of Employment

The MIT sets forth the main terms of employment applicable to Megalabs employees, including provisions on the workday, overtime, breaks, compensation and benefits, leave, flexible work arrangements, the rights and obligations of employees and employers, conduct and disciplinary measures, and occupational hazard prevention. Furthermore, the Manual sets forth the Company's obligations regarding the provision of the necessary tools and materials for work, the provision of adequate facilities and protective equipment, the payment of agreed-upon compensation, and respect for the dignity of employees.

Through its Code of Ethics, DEI Policy, and MIT, Megalabs establishes that the processes of recruitment, selection, hiring, compensation, evaluation, and promotion must be based on objective criteria—including employees' competencies, academic background, professional experience, and performance—and must respect the principles of equal opportunity and non-discrimination.

The Company establishes working and employment conditions in accordance with the applicable labor laws in each country where it operates, including Argentina's Labor Contract Law, Venezuela's Organic Law on Labor and Workers, and the applicable labor regulations in Uruguay[4] .

[4] Labor Code (Law No. 10,449 of 1943); Law on the Promotion and Protection of Freedom of Association (Law No. 17,940 of 2006); and Law Regulating Working Hours (Law No. 5,350/2015).

4.2.a.iii Worker's Organizations

Megalabs recognizes the rights of workers to form labor organizations, join them, and participate in collective representation activities, in accordance with applicable legislation and the relevant international conventions of the International Labor Organization ("ILO"). In Uruguay and Venezuela, these rights are also recognized in the collective bargaining agreements applicable to their workers. In Venezuela, the Collective Bargaining Agreement for the Chemical and Pharmaceutical Industry expressly states that union membership cannot be a condition of employment or the provision of services and reaffirms the right to freedom of association in accordance with national law and ILO Conventions Nos. 87 and 98, which have been ratified by the country.

4.2.a.iv Non-Discrimination and Equal Opportunity

In accordance with the Code of Ethics and the DEI Policy, Megalabs promotes respect for diversity and human dignity and establishes a zero-tolerance policy toward discrimination and harassment, including on the grounds of nationality, race, color, beliefs, religion, gender, age, or disability, among others. It also prohibits sexual harassment and other conduct that affects the dignity or physical and mental health of employees and commits to taking measures to prevent discrimination and harassment. Regarding equal opportunity, the Code stipulates that recruitment and promotion processes are based on employees' qualifications and abilities, promoting inclusion and diversity while avoiding discriminatory practices.

4.2.a.v Grievance Mechanism

Megalabs has a Complaint Management Program that allows its employees to file complaints and reports through a web-based channel, anonymously if they choose, and under conditions of confidentiality. The mechanism covers labor-related issues, including employee relations, violence or threats in the workplace, sexual harassment, employment, salary, work schedules, and discrimination. Reports are received and classified by the Compliance Officer, who coordinates their investigation, maintains a record of the proceedings, and communicates the results to the appropriate authorities for the implementation of corrective measures; when the complainant identifies themselves, they are informed about the handling of their report and the measures taken, as appropriate. The channel allows the complainant to identify themselves or remain anonymous and to attach supporting documentation. As part of the Project, the Company will update the Program to incorporate explicit provisions for protection against retaliation and will ensure that the mechanism is available and adequately communicated to workers at the new plants.

4.2.b Protecting the Workforce

4.2.b.i Child Labor and Forced Labor

Megalabs' Code of Ethics and Conduct and its MIT establish the Company's commitment to respecting labor rights and complying with applicable legislation in the countries where it operates, guided by international human rights principles and relevant ILO conventions.

Furthermore, Megalabs has a Corporate Sustainable Procurement Methodology, applicable globally to its subsidiaries, which incorporates environmental and social criteria into the processes for selecting, contracting, and evaluating suppliers, including the prohibition of child and forced labor among the requirements applicable to its suppliers and the obligation to extend these prohibitions to their respective supply chains.

4.2.c Occupational Health and Safety

The Company has policies and procedures designed to ensure compliance with the OSH requirements applicable in the countries where it operates. Its Corporate Environmental and Social Policy and its Industrial Risk Management Policy establish guidelines for identifying and assessing OSH risks, providing safe working conditions, and preventing occupational injuries and illnesses, within the framework of its corporate OSH management system.

The Company has procedures in place for the identification, assessment, and control of OSH risks, which address, among other things, exposure to chemicals, spills and leaks, fires and explosions, electrical hazards, falls from heights, the operation of vehicles and forklifts, extreme temperatures, and load handling. These risks include those associated with the handling of chemicals and raw materials used in pharmaceutical manufacturing processes. Management measures include, depending on the risk, the use of personal protective equipment ("PPE"), work permits, evacuation and rescue procedures, isolation of energy sources, spill containment, and first aid. The Company has procedures in place for reporting and investigating accidents, incidents, and occupational illnesses, and conducts periodic OHS training.

In addition, the Company has an Emergency Drill Manual that sets forth guidelines for planning and evaluating drills, with the aim of identifying opportunities for improvement and assessing staff preparedness for emergency situations. The training needs identified are incorporated into the Company's Annual Industrial and Environmental Risk Management Training Plan. As part of the Project, the Company must ensure that staff at the new plants are included in this Annual Training Plan.

4.2.d Provisions for People with Disabilities

Megalabs recognizes and respects the diversity and dignity of all individuals and, in accordance with its Code of Ethics and its DEI Policy, does not tolerate any form of discrimination or harassment, including discrimination on the basis of disability. It also stipulates that all individuals must be treated with dignity, equality, and respect, promoting working conditions based on equal opportunity and non-discrimination.

4.2.e Workers Engaged by Third Parties

In accordance with its Code of Ethics and Conduct and the MIT, Megalabs establishes guidelines of conduct applicable to both its employees and third parties, including suppliers, distributors, agents, contractors, and workers hired by third parties who provide services to the Company. These parties must be familiar with and comply with the applicable internal principles and provisions, as well as the labor and occupational safety and health (OSH) laws in effect in the countries where they

operate, and report any situation that violates these provisions. These requirements are reinforced through clauses included in employment and service agreements.

4.2.f Supply Chain

Megalabs has a Corporate Sustainable Procurement Methodology, applicable globally to its subsidiaries, which incorporates environmental and social criteria into the selection, contracting, and evaluation of suppliers. The methodology establishes compliance with applicable labor and OHS legislation as mandatory requirements. It also provides for pre-contract and periodic evaluations during the business relationship, the classification of suppliers based on their performance, and the definition of corrective or replacement measures in the event of non-compliance. It further requires that labor, health and safety, and environmental commitments be incorporated into contracts or, in the absence of a contract, through a letter of commitment.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

The Company conducts an annual corporate inventory of greenhouse gas ("GHG") emissions associated with the operational phase of its subsidiaries, which includes direct emissions resulting from fuel consumption (Scope 1), indirect emissions associated with the consumption of purchased electricity (Scope 2), and certain emissions from the value chain (Scope 3), including employee commuting and emissions associated with goods and services corresponding to the main consumption categories. The inventory allows the Company to quantify and track its carbon footprint and identify the main sources of emissions.

GHG emissions, associated with the operation of the new plants, will be incorporated into the Company's annual corporate inventory once they begin operations.

4.3.a.ii Water Consumption

Water consumption associated with the Project will be primarily for sanitary use, auxiliary services, and production processes. In Uruguay, water is expected to be supplied through the public water system; the existing plant has a wastewater treatment system, and part of the treated water is reused for auxiliary services. The need to expand treatment capacity will be evaluated based on the relevant studies. In Argentina, the new plant will be supplied via wells; therefore, water availability, extraction requirements, and the corresponding authorizations must be defined as part of the Project's development. In Venezuela, the operation will use potable and purified water for its production processes, and the design includes separate systems for managing sanitary and industrial effluents. In all cases, the Company will ensure that water abstraction, supply, and use are carried out in accordance with applicable authorizations, permits, contracts, or concessions. For the

new facilities, water requirements will be evaluated and, as appropriate, the capacity of the existing infrastructure to meet the additional demand will be assessed.

4.3.b Pollution Prevention

4.3.b.i Wastes

Megalabs has a Corporate Procedure for Solid Waste Management and a Procedure for Hazardous Waste Management, applicable to its subsidiaries and contractors. These procedures establish guidelines for the identification and classification of waste, reduction at the source, segregation, temporary storage, reuse, and recycling, as well as its treatment and final disposal by authorized waste management companies. They also include mechanisms for record-keeping and traceability, staff training, and emergency response measures related to hazardous waste management.

Some of the Project's plants will have boilers and generators to support their production and operational processes, which could generate air emissions depending on the technology and fuel used. To ensure compliance with applicable national regulations and the World Bank Group's General Guidelines on Environment, Health, and Safety (EHS) and the EHS Guidelines for the Manufacture of Pharmaceutical and Biotechnology Products, the Company must identify and characterize the sources of air emissions from the new plants, including those associated with production processes and combustion equipment, as well as establish and implement prevention, control, and monitoring measures to verify compliance with applicable emission levels, as appropriate.

Regarding effluents, sanitary wastewater will be discharged into the sewer system, while industrial effluents will be directed to treatment plants prior to discharge into the sewer system. Industrial drainage systems will include points for inspection, maintenance, and sampling. The design and operation of these treatment systems, as well as the quality of the treated effluents,should take into accountthe good practicesestablished in the World Bank Group's General EHS Guidelines and its Guidelines for Pharmaceutical and Biotechnology Manufacturing.

4.3.b.ii Hazardous Materials Management

Megalabs has a Procedure for the Classification, Treatment, and Recovery of General Plant Waste, which establishes guidelines for the management of hazardous materials resulting from its pharmaceutical operations, including non-conforming or expired raw materials and products or materials that contain or may contain active ingredients. The procedure establishes requirements for the segregation, identification, handling, collection, and subsequent treatment of such materials, as well as measures to prevent contact between incompatible wastes. It also requires that personnel involved be trained on the hazards associated with the substances being handled and use the appropriate personal protective equipment. Primary packaging contaminated with hazardous substances is managed by authorized operators, while secondary packaging is destroyed or sorted for recycling, as appropriate.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

4.4.a.i Infrastructure and Equipment Design and Safety

At its production plants and R&D centers, Megalabs has equipment for detecting and containing leaks and spills, fire alarm and protection systems, and mechanisms for emergency communication and response, in accordance with the requirements of the applicable national regulations in each country.

For the Project's new facilities, the Company will ensure that fire protection designs and systems comply with applicable regulations and incorporate international industry best practices. In the case of Venezuela, given the exposure to seismic risks and the need to retrofit existing industrial buildings, the Company will engage qualified professionals to conduct an assessment of the structural safety and fire protection conditions of the facilities to be used by the Project, in order to identify and implement the appropriate retrofit measures prior to their commissioning.

4.4.a.ii Hazardous Materials Management and Safety

The Company has procedures in place for the management of hazardous waste, as well as measures for the prevention of and response to emergencies involving chemical substances. Given the nature of the planned activities and their location in industrial areas, the risks to neighboring communities associated with the storage and handling of hazardous materials are expected to be limited, provided that the appropriate prevention, containment, and response measures are implemented.

4.4.a.iii Emergency Preparedness and Response

The Project's new construction, including expansions, new buildings, and auxiliary facilities, will be designed and built in accordance with applicable regulations and construction and safety codes, taking into accountinternational best practices. Furthermore, the Company will incorporate into the Emergency Preparedness and Response Plans ("EPRPs") for the new plants measures to prevent and respond to events that may affect neighboring communities, including fires, explosions, leaks, or spills, as well as mechanisms for coordinating with authorities and external response services. The ERPs will include, as appropriate, procedures for communicating with potentially affected communities regarding relevant risks, alarm and response systems, and emergency response measures.

4.4.b Security Personnel

The Company contracts for unarmed private security services provided by contractors, who are responsible for surveillance and access control at its facilities. Megalabs has developed corporate procedures for the management of security personnel, aimed at preventing human rights violations in interactions between security personnel and both employees and communities. The procedures require security service providers to supply personnel trained in human rights and to provide documentation of such training; when such documentation is not available, subsidiaries must

provide mandatory annual training on human rights and security practices to the guards providing services to Megalabs.

Furthermore, the procedures include protocols for situations requiring the intervention of security personnel, mechanisms for reporting potential human rights violations to corporate headquarters, and the monitoring of cases and the mitigation measures adopted. The procedures refer to the United Nations Basic Principles on the Use of Force and Firearms and to the applicable legislation in each jurisdiction. As part of the implementation of these procedures, Megalabs provides human rights training to security personnel and maintains evidence of its implementation through attendance records and knowledge assessments.

4.5 Land Acquisition and Involuntary Resettlement

The Project does not involve land acquisition and therefore does not entail any form of involuntary physical or economic displacement.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Since Project construction will take place in heavily developed areas, no impacts on biodiversity or living natural resources are expected.

4.7 Indigenous Peoples

The Project will not affect indigenous communities or groups.

4.8 Cultural Heritage

The Project is not located within an area of archaeological interest.

5. Local access of Project Documentation

Documentation related to the Company can be accessed at the following link: https://www.megalabs.com.uy/