

Environmental and Social Review Summary ("ESRS") Project: CMI Alimentos II

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1. General Information of the Project and Scope of the Environmental and Social Review

CMI Alimentos is the main business group of Corporación Multi Inversiones ("CMI" or "the Corporation"), one of the most important economic groups in Central America that currently operates in nine countries. CMI Alimentos' economic activities include the production of poultry, swine and pork products, the production of wheat flour, corn, pasta and cookies, and the operation of fast food restaurants.

The operation consists of a senior loan for up to US\$75 million over five years, including a one-year grace period, to six of CMI Alimentos' main companies. The funds will be used for the Corporation to ensure its short- and medium-term liquidity, given the current scenario in the wake of the COVID-19 pandemic, covering its working capital needs and fixed investments concerning the maintenance, equipment replacement, and remodeling required for 2021 (the "Project"). This would be IDB Invest's second operation with CMI. The first operation, for US\$50 million, was closed in December 2019 and financed fixed investments for the group's expansion and efficiencies. It resulted in an Environmental and Social Action Plan ("2019 ESAP") which, at the time of preparation of this ESRS, is still in force and under development.

Based on the investment information provided by CMI Alimentos, both working capital needs and fixed investments will focus on the following two Strategic Business Units ("SBUs"): Restaurants ("CMI-RCA") and Livestock Industry ("CMI-IP"), which in turn is divided into poultry and swine.

The scope of IDB Invest's environmental and social review included a documentary review of the Corporation's performance over time in terms of Environmental and Social, and Occupational Health and Safety ("OHS") aspects; virtual meetings with representatives of the two SBUs (CMI-RCA and CMI-IP); the analysis of documents associated with the Project's Environmental and Social ("E&S") and EHS manuals, procedures, licenses and permits; and operational reports on its activities.

2. Environmental and Social Categorization and Rationale

In line with the IDB Invest Environmental and Social Sustainability Policy, this has been classified as a **Category B** operation, as its expected environmental and social impacts and risks are, for the most part, reversible and mitigable through measures available with current technologies.

The most important OHS and E&S risks and impacts in terms of the operation and maintenance ("O&M") of the Project's facilities relate to (i) worker health and safety; (ii) generation of solid (hazardous and non-hazardous) and liquid (industrial process wastewater) waste; (iii) air emissions of greenhouse gases ("GHGs") and odors, specifically from poultry, swine farms and processing plants or slaughterhouses; and (iv) resource use, mainly energy and surface and groundwater sources.

Due to its location, the Project is subject to natural hazards such as earthquakes, fires, floods, storms, and hurricanes, and social hazards such as vandalism. However, their expected risk is low to moderate, both

in terms of the damage they could cause to the physical infrastructure of the Project or to workers and animals (whether poultry or pigs, of any age), as well as a possible loss of business.

The Project will activate the following International Finance Corporation (IFC) Performance Standards (PS): PS-1: Assessment and Management of Environmental and Social Risks and Impacts; PS-2: Labor and Working Conditions; PS-3: Resource Efficiency and Pollution Prevention; and PS-4: Community Health, Safety and Security.

3. Environmental and Social Context

The CMI-RCA SBU was founded in 1971 with the founding of Pollo Campero in Guatemala, which expanded into El Salvador in 1972. After more than 20 years of growth in Guatemala and El Salvador, in 1994 Pollo Campero launched its franchise program in Central America; at present, it owns more than 822 fast food, chicken and pizza restaurants. In 2002, the franchise program was consolidated in the United States. Pollo Campero is the leading restaurant brand, followed by Pollo Granjero, Telepizza, and Don Pollo.

The CMI-IP SBU, which in turn is divided into poultry and swine farming, was created in the 1960s with the opening of Avícola Villalobos S.A. Today, it is the largest contributor to CMI Alimentos' income. This SBU comprises approximately 242 poultry farms, 8 pig farms, 7 poultry processing plants located in Guatemala, El Salvador, Costa Rica, and Honduras, 1 pig processing plant located in Guatemala, and 2 processed food plants located in Guatemala and El Salvador. CMI-IP produces 300,000 MT of chicken and 10,000 MT of pork annually and sells its products for human consumption mainly in the local market under three regionally recognized brands: Toledo, Pollo Indio, and Pollo Rey.

To execute the Project, the Corporation relies on the environmental management instruments required by each country's environmental legislation,¹ including compliance with the operating requirements of each country's competent sectoral authority² pertaining to animal health and welfare,³ based on the general principles of the World Organization for Animal Health ("OIE") Livestock Production Systems.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

4.1.a Environmental and Social Management System

As part of its 2019 ESAP, CMI has developed a strategy to comply with PS-1 in which each SBU will have its own Environmental Management System ("EMS"). In this regard, CMI-RCA and CMI-IP are currently preparing EMS Manuals and Training and Culture Plans, and have begun to disseminate them among management and operational staff. The next steps to implementing the EMSs are (i) establishing a consultation platform; (ii) implementing wastewater discharge, waste management, resource use (mainly water and energy), chemical use, and air emissions programs, among others; (iii) evaluating environmental control indicators; and (iv) audits. According to the 2019 ESAP, by late 2020 an EMS will be in the process of being implemented in each SBU.

¹ Ministry of Environment and Natural Resources (MARN), in Guatemala and El Salvador; and the Secretariat of Environment and Natural Resources (MiAmbiente), in Honduras.

² Ministry of Agriculture, Livestock and Food (MAGA) in Guatemala; the Ministry of Agriculture and Livestock (MAG) in El Salvador; and the Secretariat of Agriculture and Livestock (SAG) in Honduras.

³ Ministry of Public Health and Social Assistance (MSPAS) in Guatemala; Ministry of Health (MAS) in El Salvador; and Ministry of Health in Honduras.

However, in order to achieve full compliance with PS-1, each CMI SBU should evaluate its EMS and ensure it is consistent with the IFC Environmental and Social Management System ("ESMS")⁴ Implementation Manual and Tools, establishing an update program to reinforce EMS elements that show poor maturity or evolution (below 3.0).

4.1.b Policies

Each CMI SBU must have its own environmental and social policy for its activities and risks. In this regard, CMI-RCA has an EMS Policy that sets out its commitments to environmental and social protection. However, as part of the 2019 ESAP, CMI-IP is reviewing, updating, and standardizing its Integrated Environment, Health, Safety and Security Policy, which defines OHS and the protection and care of the environment in all its operations as its core values, along with compliance with the applicable national legislation. Therefore, in order to fully comply with PS-1, CMI-IP should (i) develop a procedure to implement and communicate its updated integrated policy at all SBU levels; and (ii) create a mechanism to measure and communicate ongoing improvements upon implementation of the updated integrated policy.

In either case, both senior management and the respective environmental management coordinators are responsible for disseminating and providing the necessary conditions to enforce these policies.

4.1.c Risk and Impact Identification

All environmental management instruments developed by CMI for the Project feature a chapter that determines the E&S risks and impacts for each phase of the scope of works and their activities, including the construction, repair, and refurbishment of various structures, commissioning (performance of non-destructive testing, etc.), O&M, and decommissioning of work fronts.

Furthermore, fulfilling PS-1, the EMS Manual of each CMI SBU provides for the identification and compliance with the legal requirements to develop each Project stage (in this case, O&M).

4.1.d Management Program

The EMS Manuals for each CMI SBU provide guidelines to manage the Project's E&S aspects at each stage (construction, O&M, and decommissioning), describing the tools to monitor and measure such aspects within each Environmental and Social Management Plan ("ESMP"). They also set out the Project's E&S management hierarchy according to: (i) the commitments undertaken in the environmental management instruments; (ii) the commitments approved by the corresponding sectoral authorities; and (iii) E&S best practices and compliance with the applicable environmental laws in force.

4.1.e Organizational Capacity and Competence

As part of the 2019 ESAP, each CMI SBU has formed an organizational structure dedicated to E&S and OHS matters, in line with the requirements of PS-1.

Three directors (from CIT Livestock, CIT Balanced Processing and Feed Production) lead the CMI-IP environmental team, with the support of the technical comprising the Environmental Management Coordinators, the Asset Management Manager, and the Maintenance Manager. As for CMI-RCA, in

⁴ Environmental and Social Management System, Implementation Manual - General, IFC, version 2.1, November 2015. Environmental and Social Management System Tools - General, IFC, version 1.2, November 2015.

addition to Senior Management being responsible for the implementation of the EMS, the environmental team is led by the Commercial Services Management, with the support of the Environmental Management, which in turn oversees each country's Environmental Managers.

4.1.f Emergency Preparedness and Response

CMI has experience developing Accident Prevention Programs. These programs outline the risk assessment of its facilities and activities by analyzing vulnerability in the physical environment (e.g. geological, hydrometeorological risks, etc.) and identifying and describing the affected population. These programs cover the following aspects: (i) the guidelines, guides, and specific emergency procedures, along with the organization and general instructions to cope with emergencies in various facilities, in order to increase their effectiveness and minimize each SBU's response time; (ii) the specific materials to address the emergency according to each probable scenario; (iii) a detailed outline of the main actions to carry out before, during, and after the emergency; (iv) the internal and external communication systems to be used; and (v) training activities to implement the plan, including drills, in order to achieve full operability and knowledge of the plan by both employees and workers engaged by third parties.

4.1.g Monitoring and Evaluation

Each CMI SBU is responsible for ensuring the implementation of the follow-up, monitoring, and control plans described in the ESMP of each Project facility. In addition, each SBU features a regulatory compliance matrix, which sets out all of the environmental and OHS permits or licenses required to operate each of the Corporation's facilities. CMI-IP has developed an Environmental Parameter Control and OHS matrix for its operations, which presents all the parameters to monitor and report as well as their frequency, according to each country's environmental regulations.

However, the 2019 ESAP set out that each SBU should develop a set of key performance indicators ("KPIs") for each operation center's compliance matrix in order to measure the effectiveness of the EMS and ESMP, which should be implemented by the end of 2020. Similarly, in order to fully comply with PS-1, each SBU will develop an Annual Training Program to obtain and measure KPIs and implement a continuous improvement procedure, which outlines the corrective actions needed to achieve the KPIs.

CMI will also subsequently prepare a consolidated annual report on the compliance status with all E&S and OHS policies and measures applicable to the Project, including the progress of EMS and ESMP actions with respect to established KPIs, either internally (internal audit) or through an independent external E&S expert (external audit). It will also report on its compliance status with the IDB Invest Environmental and Social Sustainability Policy.

4.1.h Stakeholder Engagement

CMI is governed by relationship guidelines that regulate its actions and procedures to identify, prevent, mitigate and control any potential social impacts caused by its activities. These guidelines reinforce its relationships and contribute to community development, preventing conflicts through dialogue, coordination and direct communication with stakeholders in the area of influence.

4.1.i External Communication and Grievance Mechanism

As part of its Code of Ethics ("the Code"), CMI has defined rules for internal and external communication that protect any information labeled as confidential. It has also undertaken provide truthful information

on its operations, wherefore the alteration, manipulation, falsification, or concealment of information are considered a crime and a serious breach of the Code.

The Corporation uses the "CMI Te Escucha" [CMI Listens to You] line ("the Line") to address grievances or complaints from customers, suppliers and contractors. This line includes of a set of communication channels (e-mail, dedicated website, telephone support, voice mail, and WhatsApp) operated by an independent professional company ("the Operator") that allow the Corporation's stakeholders to communicate any sensitive irregularities regarding possible deviations or breaches of the Code of Ethics, Corporate policies, internal work regulations, and legislation in force to the Corporation.

The Line Use Guide provides that the Operator must transmit any information it receives to the Grievance Committee Reports Administrator for evaluation, review, and resolution by the corresponding department. Any cases that cannot be resolved without further validation will result in an investigation. If the investigation finds that there has been a deviation from the Code of Ethics or a violation of a corporate policy or any laws and regulations in force, the appropriate measures will be taken based on each country's labor regulations, notwithstanding any penalties, fines, or punishment imposed by the competent government agencies.

Also, the Line Use Guide provides for conditions of anonymity, confidentiality, and independence, as well as a commitment to avoid any type of harm or reprisal towards complainants.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

Human Resources Policies and Procedures

CMI has a Code of Ethics based on its values of responsibility, excellence, integrity, and respect ("REIR") that guides its relationship with shareholders, customers, suppliers, authorities, civil society organizations, the environment, the community, and all those who interact with its SBUs. This code, which complies with each country's labor laws and with PS-2, includes standards and provisions that prohibit forced labor, child labor, discrimination, and harassment or abuse. It also establishes the conditions for wages and benefits, working hours, freedom of association, access to health and safety, independent monitoring, commitment to the environment, and compliance with the relevant legal provisions.

As part of the 2019 ESAP, CMI is currently developing a Diversity and Inclusion Policy, which is scheduled for internal approval and implementation by the end of 2020.

Working Conditions and Terms of Employment

Each CMI SBU has its own Internal Labor Regulation ("ILR") in line with labor and OHS legislation, according to the country where its facilities are located. The ILR establishes employment procedures, including the conditions for onboarding and dismissal as set out by the International Labor Organization ("ILO"). This regulation includes rules and conditions for working hours and rest periods, holidays, permits and leaves, flexible work schemes to promote collaboration and productivity, remuneration and benefits, rights and duties of both the employer and employees, behavior and disciplinary measures, property security, risk prevention, and disabled workers, among other aspects.

Labor Organizations

The three countries where the project will be implemented (Guatemala, Honduras, and El Salvador) are signatories to several international conventions and ILO treaties on workers' rights, including Convention No. 87 on Freedom of Association and Protection of the Right to Organize and Convention No. 98 on the Right to Organize and Collective Bargaining. Thus, CMI allows its workers to associate freely.

Non-discrimination and Equal Opportunities

In relation to workers' rights, the ILO international conventions and treaties ratified by the three countries where the Project will be implemented (Guatemala, Honduras, and El Salvador) include: Convention No. 100 on Equal Remuneration and Convention No. 111 on Discrimination (Employment and Occupation). CMI complies with these principles through its Code of Ethics and ILRs, which are validated through its Diversity and Inclusion Policy, whose internal approval is currently underway as part of the 2019 ESAP.

Retrenchment

The ILRs of each of CMI's SBUs set forth the conditions for the termination of employment, pursuant to the mechanisms provided for in each country's labor legislation.

Grievance Mechanism

CMI's Code of Ethics defines a mechanism to handle claims, complaints, grievances, or suggestions from any employee or worker engaged by third parties, in relation to potential deviations or breaches of the Code of Ethics, Corporate policies, ILR, or the labor and OHS regulations in force in each country. This mechanism manifests in the "CMI Te Escucha" line ("the Line"), which also applies to customers, suppliers, and contractors and, as mentioned earlier, consists of a set of communication channels (e-mail, dedicated website, telephone support, voice mail, and WhatsApp) operated by an independent professional company.

Nevertheless, in order to ensure compliance with the requirements of PS-2, the Corporation will develop an Annual Training Program and regular dissemination campaigns regarding the use of this internal mechanism (CMI Te Escucha). All its collaborators will participate, including contracted and subcontracted personnel.

4.2.b Workforce Protection

The three countries where the project will be implemented (Guatemala, Honduras, and El Salvador) are signatories to several international ILO conventions and treaties on workers' rights, including Convention No. 138 on Minimum Age, Convention No. 182 on the Worst Forms of Child Labor, Convention No. 29 on Forced Labor, and Convention No. 105 on the Abolition of Forced Labor. Thus, in compliance with each country's Labor Laws, the ILRs of each CMI SBU will regulate labor relations, establishing the minimum rights and duties of employers and workers, and promote equality and equity in terms of human, civil, political, economic, social, and cultural rights between women and men.

As part of the 2019 ESAP, CMI is currently developing a Coexistence Manual for Project employees, contractors, and subcontractors, whose internal approval and implementation process is scheduled for late 2020.

4.2.c Occupational Health and Safety

In addition to having an ILR, every facility in each CMI SBU features a Workplace Risk Prevention Management Program (or similar document) and General Regulations on Preventive Measures for Workplace Accidents and Occupational Diseases, which comply with the requirements set forth by the competent labor authorities and with the legal provisions in force as established by each country's worker safety and health legislation. These programs and regulations, in turn, contain guidelines for granting high-risk work permits based on activity, conditions of the working environment, and activities to be performed, and have their own personal protection equipment ("PPE") and emergency equipment checklists.

Each CMI SBU also has a series of industrial safety and occupational health ("ISOH") procedures in place based on the risk analysis of its operations and occupational and environmental accidents, as well as a training program for safety talks and a procedure to keep the prevention and safety folder or reports up to date.

As part of the 2019 ESAP, the CMI-IP SBU is currently developing a Comprehensive Ammonia Management Safety Plan for its refrigeration systems based on the OSHA standard and using the Process Safety Management ("PSM") methodology published by the International Institute of Ammonia Refrigeration ("IIAR"). This process will be implemented in several stages over the next two years (2020–2021), followed by a continuous improvement program until 2023.

4.2.d Workers Engaged by Third Parties

The ILR of each CMI SBU sets out the labor-related rules and conditions of its employees and workers engaged by third parties (contractors and subcontractors). In addition, the Code of Ethics establishes that all contractors and subcontractors linked to CMI must comply with the labor regulations in force in each country.

4.2.e Supply Chain

As part of the 2019 ESAP, CMI is developing a Coexistence Manual for Project Employees, Contractors and Subcontractors, which, in addition to establishing general compliance with each country's labor legislation, specifically forbids contractors and subcontractors from using child labor and forced or compulsory labor, while also ensuring safe and healthy working conditions for all workers employed by said contractors and subcontractors. The internal approval of this manual is currently underway, and its implementation is expected by the end of 2020.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

Greenhouse Gases

As part of the 2019 ESAP, CMI-IP is currently developing an Integrated Greenhouse Gas ("GHG") Management Program that meets the requirements of PS-3, in order to identify, quantify, and report its inventory of GHG emissions that potentially contribute to climate change. This program and its recommendations are expected to be implemented starting in the first semester of 2021.

The Project does not represent a significant increase in energy consumption or fossil fuel use in the remaining SBUs; therefore, GHG generation will remain at current levels.

Water Consumption

The Project does not foresee a significant increase in water consumption. Drinking and process water will be supplied through existing systems, either from municipal aqueducts or from duly licensed or concessioned wells. Despite the above, the Corporation will constantly seek to optimize the use of this resource in its operations and reduce its consumption as much as possible, as part of its continuous improvement process.

Energy

Each CMI SBU obtains electricity from the national distribution grid, in compliance with the regulations of each country's electricity sector. In addition, as part of the Greenhouse Gas Management Program contained in the 2019 ESAP, CMI-IP will be quantifying and recording its energy consumption from all of its operations and preparing its GHG emissions inventory.

However, the implementation of the Project will not significantly increase average energy consumption and the sources will be the same as those already in use.

4.3.b Pollution Prevention

Effluents

To control liquid effluents, all of CMI's facilities and offices have some kind of sanitary or wastewater management system, whether they are connected to the public municipal sewer system, have septic tanks, or have their own wastewater treatment plant ("WWTP"), where the effluent undergoes biological treatment to reduce organic matter and nutrients to the levels permitted by each country's discharge regulations, to be subsequently discharged into receiving water bodies or for use in fertigation.

Solid Waste

Each CMI SBU has its own programs and procedures for handling non-hazardous waste, allowing them to properly manage it from generation to final disposal. Depending on the type of waste, after classifying it and checking its conditions for reuse (internal reuse or recycling), the Corporation will separate and store said waste by type (domestic and organic or biological waste) before properly disposing of it.

In compliance with each country's health regulations, CMI-IP in particular will make use of organic or biological waste originating in its farms, such as litters, carcasses, and dead farm animals (after microbiological analyses or necropsies) for composting, fertilizers, or manure. On the other hand, waste and organic by-products generated in the Production Plants will be recovered and taken to each country's Yield or Exploitation Plants, to be reprocessed into by-products for animal feed.

Non-hazardous solid waste will be transported by authorized managers or municipal public services to authorized landfills.

Handling of Hazardous Materials

Each CMI SBU has specific procedures to use, handle, and store hazardous materials, such as pesticides and herbicides, cleaning and disinfection agents, fuels and even medicines, in compliance with each country's health regulations. They also use qualified provider staff to train authorized personnel in their application and handling. Similarly, in compliance with the OHS, civil protection, and fire department

codes in each country, each facility that requires the stationary storage of petroleum products (e.g. diesel and LP gas, used for the air conditioning of the galleys/galleries on the farms), has a respective license or operating permit.

The Corporation will not transport its hazardous waste, whether solid or liquid, off its premises. It will be handled by authorized managers, in accordance with the environmental laws of each country governing transport and final disposal.

4.4 Community Health, Safety and Security

4.4.a Description of Community Health, Safety and Security

CMI contributes to its corporate social responsibility ("CSR") objectives through Fundación Juan Bautista Gutierrez (CMI's social side), promoting projects such as (i) "CMI Empeñe", which creates and promotes opportunities for entrepreneurs, such as Casa de Pollo Rey, Mer-K-dito Exprés, El Rincón del Pollo and Cedecap (the latter dedicated to training people who want to start their own bakery and pastry businesses); (ii) "CMI Educa", which offers opportunities for personal development through different programs, e.g. university scholarships, food and study grants, improvement in infrastructure of educational centers, day care centers in communities, alliances with universities and training; and (iii) "CMI Junto a ti", committed to supporting the communities in which it participates to improve their environment, featuring programs for access to drinking water, medical brigades, reforestation, and road construction, among others.

In addition to these initiatives, CMI has actively supported the needs of the population in the wake of emergencies brought about by COVID-19. The Corporation has implemented different initiatives such as (i) foodstuffs donations, such as flour, to different state bodies and organizations providing food to people in shelters; and (ii) supporting medical personnel with supplies and food in various communities; and (iii) developing different services that use digital platforms to bring small traders and consumers closer via meeting spaces and direct delivery services using home delivery platforms.

Finally, CMI-IP seeks to avoid impacts on the health and safety of the communities surrounding its facilities by institutionalizing hazard analysis and critical control point ("HACCP") prerequisites throughout the supply/production chain, including: (i) sanitation; (ii) pest control; (iii) toxic chemical control; (iv) allergen control; (v) pathogenic risk control; (vi) customer grievance mechanisms; (vii) traceability; among others.

4.4.b Infrastructure and Equipment Design and Safety

Project maintenance, equipment replacement, and remodeling works will be executed by competent and renown contractors experienced in each type of activity, using international best practices and complying with the guidelines, rules, and codes in force for construction, O&M, and OHS, both at home and abroad, to reduce workers' risk and that of the neighboring communities.

In addition, each CMI SBU has its own Accident Prevention Program to address any type of accident and to respond to any damage caused to State, individual or community property.

4.4.c Security Personnel

CMI has implemented a guideline that defines that any new security and surveillance services agreements must ensure mandatory compliance with the CMI Code of Ethics. In this respect, the security company must comply with all matters related to the protection of human rights, labor rights, the environment,

and anti-corruption practices. Agreements must include an Ethics Clause indicating zero tolerance for fraud and corruption; as well as the need for an individual license to carry weapons in case of armed security personnel, in compliance with the laws of each country where the operations take place.

Moreover, as of the 2019 ESAP, security and surveillance service agreements being updated to establish that security company personnel must be properly qualified and have undergone professional and technical training, in addition to having sufficient experience and expertise to perform such services, in compliance with all the requirements of applicable standards and internationally accepted best practices.

4.5 Land Acquisition and Involuntary Resettlement

The Project does not envisage the acquisition of any new lands and will be developed within existing facilities; therefore, it does not involve any kind of involuntary physical or economic displacement.

4.6 Biodiversity Conservation and Natural Habitats

The Project will be developed within existing facilities, so no significant impact to vegetation or alteration to biodiversity is foreseen.

4.7 Indigenous Peoples

The Project will be developed in existing facilities within or near cities or urban areas without the presence of indigenous peoples.

4.8 Cultural Heritage

The Project will be developed within existing facilities, so there are no foreseeable risks to cultural heritage.

5. Local Access to Project Documentation

CMI provides additional information about its operations on its website: <https://www.cmi.co/es/>.

6. Environmental and Social Action Plan (*In tabular format*)

The Project's Environmental and Social Action Plan (ESAP) can be found next page, [Annex 1](#).

Annex 1: Project: CMI Alimentos II
Environmental and Social Action Plan (ESAP)

No.	Reference	Measure	Final Product/Deliverable	Expected Completion Date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental and Social Management System (ESMS)	1. Evaluate the Environmental Management System (EMS) of each CMI SBU based on the IFC Environmental and Social Management System (ESMS) Implementation Manual and Tools	1. EMS evaluation report for each SBU.	1. Three months after the signing of the loan agreement or before the second disbursement, whichever comes first.
		2. Update and enhance any element of a CMI SBU EMS with a low level of maturity or evolution (below 3.0)	2. Copy of each SBU's EMS, updated and enhanced.	2. Six months after the signing of the loan agreement or before the second disbursement, whichever comes first.
1.2	Environmental, Social, and Occupational Health and Safety Policy	1. Develop a procedure to implement and communicate the updated integrated policy at all levels of the CMI-IP.	1. Copy of the Implementation and Communication Procedure.	1. Four months after the signing of the loan agreement or before the second disbursement, whichever comes first.
		2. Create a mechanism to measure and communicate continuous improvements upon implementation of the updated CMI-IP integrated policy.	2. Copy of the mechanism.	2. Four months after the signing of the loan agreement or before the second disbursement, whichever comes first.

No.	Reference	Measure	Final Product/Deliverable	Expected Completion Date
1.3	Monitoring and assessment indicators	1. Develop a set of key performance indicators ("KPIs") for each compliance matrix in each CMI SBU operating center, in order to measure the effectiveness of the EMS and ESMP.	1. Copy of the set of KPIs in each CMI SBU.	1. Six months after the signing of the loan agreement or before the second disbursement, whichever comes first.
		2. Develop an Annual Training Program for each CMI SBU to obtain and measure KPIs and implement a continuous improvement procedure, outlining the corrective actions needed to comply with the KPIs.	2. Copy of the Annual Training Program and the continuous improvement procedure for each CMI SBU.	2. Six months after the signing of the loan agreement or before the second disbursement, whichever comes first.
1.4	Project's Regulatory Compliance	1. Prepare a consolidated annual report on the compliance status with all environmental, social, and OHS policies and measures applicable to the Project, either through an internal audit or through an external independent environmental and social expert (external audit). This must include progress reports on SASA actions and the defined KPIs, as well as the compliance status with the IDB Invest Environmental and Social Sustainability Policy.	1. Environmental and social compliance report.	1. Annually over the life of the loan.
PS 2: Labor and Working Conditions				
2.1	Internal Grievance Mechanism	1. Develop an Annual Training Program and regular dissemination campaigns for the CMI Te Escucha initiative involving all partners and personnel, including contractors and subcontractors, and their staff.	1. Copies of the Annual Training Program.	1. Three months after the signing of the loan agreement or before the second disbursement, whichever comes first.
		2. Adopt and maintain the Annual Training Program.	2. Copies of proof of its implementation.	2. Progress report in each

No.	Reference	Measure	Final Product/Deliverable	Expected Completion Date
				environmental and social compliance report.