

Environmental and Social Review Summary (ESRS) Xante Project – Mexico

Original language of the document: Spanish
Issuance date: February 2024

1. Transaction Overview

XANTE&VI S.A.P.I de C.V (“Xante” or the “Company”) is a recently created PropTech¹ engaged in the purchase and sale of social interest and middle-class housing owned by Vinte Viviendas Integrales S.A.B. de C.V. (“Vinte” or the “Group”). At present, Xante has focused on the markets in which Vinte is present, that is to say, the states of Mexico, Hidalgo (Pachuca and Tula), Puebla, Querétaro and Quintana Roo (Cancún and Playa del Carmen), Nuevo León (Monterrey) expecting to expand to Cuernavaca, Morelos and Tijuana, and Baja California.

This transaction (the “Transaction”) consists of a loan convertible into shares of Xante to support the growth of the business and cover its labor needs, including the acquisition, maintenance and refurbishing of housing units.

2. Scope of the Environmental and Social Review of IDB Invest

The environmental and social (E&S) review of the proposed transaction consisted in a documentary review of the Company's environmental and social (E&S) performance over time, with an emphasis on compliance with the following Performance Standards (PS): PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health, Safety and Security.

3. Environmental and Social Classification and Rationale

In accordance with IDB Invest’s Environmental and Social Sustainability Policy, the Transaction was classified under Category C since the increasing impacts that it will generate are practically immaterial, considering that the refurbishing of housing units is limited to minor tasks such as painting, cleaning, crack repairs and changing bathroom fittings over a term of 7 to 10 days.

The Transaction is deemed as aligned with the provisions of the Paris Agreement, based on an analysis performed in line with IDB Group’s Paris Alignment Implementation Approach.

¹ “PropTech” also known as “ReTech” (real estate technology) is a term used to categorize innovation and implement new technologies in real estate.

4. Environmental and Social Risks

4.1 Assessment and management of environmental and social risks

The environmental and social (E&S) risks and impacts related to the Transaction are low, are limited to the brief period to refurbish the housing units and cover any potential impacts on the workers' health and safety, the potential generation of wastes, and the generation of noise by the vehicles used by the Company's contractors and minor masonry activities to be carried out.

Being Xante, a subsidiary of Vinte, the Company observes and implements the Group's policies and procedures, including its Environmental, Social Responsibility, and Sustainability Policy, Code of Ethics, and waste management procedures. Xante's external stakeholders may submit queries, grievances, claims, and suggestions to sugerencias@xante.mx and by phone either explicitly or anonymously.

4.2 Labor and working conditions

To date, Xante's payroll is small. The refurbishing works are carried out by Vinte's same contractors, who observe the latter's human resources policies and procedures. Over the past 24 months, the Company has not had any occupational accidents.

Xante's payroll and outsourced employees may submit explicit or anonymous grievances through the Vinte Group Ethics Line.

4.3 Resource efficiency and pollution prevention

Xante's contractors handle limited amounts of hazardous materials (mainly paints and solvents in small quantities). In addition, the refurbishing of housing units generates limited amounts of special waste (old sanitary fittings) and hazardous waste (solvent rags, solvent and paint containers). Hazardous materials and wastes are managed by Xante's contractors following Vinte Group standards.

4.4 Community health, safety, and security

The main risks for the surrounding communities in connection with the improvement of housing units relate to an increase in traffic, noise and dust during the short period of the refurbishing works.