

Environmental and Social Action Plan (ESAP)					
Project Name:	Fondería	Project ID:	14002-01 / 14686-01	Category:	B
Sector:	MANUFACTURING INDUSTRY	Country:	Mexico		

No.	Deliverable	Compliance date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts		
1.1 Policy		
1.1.1	Update the SHHE Policy to: i) incorporate the Company's commitments to the communities; ii) indicate who, within the organization, will ensure compliance and will be responsible for its implementation; iii) describe how the policy will be communicated to all levels of the organization; and iv) incorporate a program to measure continuous improvement in its implementation.	
a.	Updated SHHE Policy.	60 days after the first disbursement.
1.1.2	Disseminate the updated SHHE Policy within and outside the organization.	
a.	Evidence of dissemination.	90 days after the first disbursement and annually, as part of the Environmental and Social Compliance Report (ESCR).
1.2 Identification of Risks and Impacts		
1.2.1	Develop a corporate procedure to systematically identify and update, in an integrated manner, the full range of likely risks and impacts (environmental and social, labor, and occupational health and safety) of all activities of the Fondería Group.	
a.	Risk and Impact Identification Procedure.	As a prerequisite to the first disbursement of the Project financing.
1.2.2	Develop environmental risk matrices for the activities developed in Plants 122 and 124.	
a.	Environmental Risk Matrix for Plants 122 and 124.	As a prerequisite to the first disbursement of the Project financing.
1.2.3	Develop Occupational Health and Safety ("OHS") risk matrices for Project's construction phase.	
a.	OHS Risk Matrices for Project's construction phase.	As a prerequisite to the first disbursement of the Project financing.
1.2.4	Develop OHS risk matrices for the Project's operation phase.	
a.	OHS Risk Matrices for Project's operation phase.	45 days prior to the start of the Project's operation.
1.2.5	Update the Environmental Risk Matrix for Plant 124 to incorporate the Project's operating activities.	
a.	Updated Environmental Risk Matrix for Plant 124.	45 days prior to the start of the Project's operation.
1.2.3	Review and update where necessary the existing Occupational Health and Safety ("OHS") risk matrices.	
a.	Updated OHS Risk Matrices.	90 days after the first disbursement of the Project financing.
1.2.4	Submit the Environmental Risk Study for the Project approved by the Ministry of the Environment and Natural Resources, together with its respective resolution.	
a.	Environmental Risk Study for the Project.	As a prerequisite to the first disbursement of the Project financing.
b.	Environmental Risk Study Approval Resolution.	As a prerequisite to the first disbursement of the Project financing.

1.3 Gender Programs		
1.3.1	Develop specific programs to address issues related to gender-based violence.	
a.	Gender Programs.	90 days after the first disbursement of the Project financing.
1.3.2	Implement Gender Programs.	
a.	Evidence of implementation.	120 days after the first disbursement of the Project financing and then as part of the ESCR.
1.4 Management Programs		
1.4.1	Develop procedures for: i) the efficient use of water resources; ii) the quantification of Greenhouse Gases ("GHG") for Scope 1 and 2 according to the GHG Protocol of the World Resource Institute and the World Business Council for Sustainable Development; (iii) the management of pollutant emissions and air quality; and iv) the safe and efficient transportation of employees.	
a.	Procedure for the Efficient Use of Water Resources.	60 days after the first disbursement of the Project financing.
b.	Procedure for the Quantification of GHG.	60 days after the first disbursement of the Project financing.
c.	Procedure for the Pollutant Emissions Management and Air Quality.	60 days after the first disbursement of the Project financing.
d.	Procedure to Manage the Safe and Efficient Transportation of Employees.	60 days after the first disbursement of the Project financing.
1.4.1	Implement Management Programs	
a.	Evidence of implementation.	As part of the ESCR.
1.5 Emergency Preparedness and Response		
1.5.1	Update the Emergency Preparedness and Response Plan ("EPRP") to adapt it to the Project risks.	
a.	Updated EPRP.	30 days prior to the start of the Project's operation.
1.6 Monitoring and review		
1.6.1	Develop a procedure to monitor environmental, social, labor, and OHS performance, including key performance indicators on issues such as: workplace accidents, management of internal and external complaints, waste and effluent management, emissions, noise, water consumption, and water table records.	
a.	Performance Monitoring Procedure.	90 days after the first disbursement of the Project financing.
1.6.2	Implement the Monitoring and Evaluation Procedure.	
a.	Evidence of implementation.	Quarterly during the construction of the Project and then as part of the ESCR.
1.7 Stakeholder Engagement		
1.7.1	Develop a Stakeholder Engagement Plan that outlines communication channels to be used and describes how the Company's environmental and social ("E&S") performance will be reported to the public on a regular basis.	
a.	Stakeholder Engagement Plan.	90 days after the first disbursement of the Project financing.
1.7.2	Implement the Stakeholder Engagement Plan.	
a.	Evidence of implementation.	As part of the ESCR.
1.8 Community Grievance Mechanism		
1.8.1	Develop a mechanism to capture, record, and address complaints from external stakeholders.	
a.	External Grievance Mechanism.	90 days after the first disbursement of the Project financing.

1.8.2	Implement the External Grievance Mechanism.	
a.	Evidence of implementation.	120 days after the first disbursement of the Project financing and then as part of the ESCR.
1.9 Monitoring and review		
1.9.1	Develop a procedure to monitor and evaluate the implementation of the Company's Environmental and Social Management System, including: i) a compliance matrix that includes key performance indicators (KPIs); and ii) an internal or external audit procedure that allows evaluating the compliance status of the Company's management policies and programs.	
a.	Monitoring and Control Procedure	60 days after the first disbursement of the Project financing.
a.	Evidence of implementation.	90 days after the first disbursement of the Project financing and then as part of the ESCR.
PS 2: Labor and Working Conditions		
2.1 Human Resources Policies and Procedures		
2.1.1	Develop a Human Resources (HR) Policy.	
a.	Human Resources Policy.	30 days after the first disbursement of the Project financing.
2.1.2	Communicate the HR Policy throughout the organization.	
a.	Evidence of communication.	60 days after the first disbursement of the Project financing and then as part of the ESCR.
2.2 Retrenchment		
2.2.1	Update the Labor Termination Procedure to document the actions to be taken in the event of collective dismissals.	
a.	Updated Labor Termination Procedure.	180 days after the first disbursement of the Project financing.
2.3 Internal Grievance Mechanism		
2.3.1	Adopt a mechanism to capture, record, and address grievances from direct and indirect workers.	
a.	Internal Grievance Mechanism.	As a prerequisite to the first disbursement of the Project financing.
b.	Evidence of adoption.	As part of the ESCR.
2.4 Occupational Health and Safety		
2.4.1	Develop a specific OHS Plan for the construction of the Project to manage potential OHS risks arising from construction actions.	
a.	OHS Plan – Construction of the Project.	As a prerequisite to the first disbursement of the Project financing.
2.4.2	Develop procedures to manage OHS risks related to the activities to be performed during the Project's operation phase.	
a.	OHS Procedure – Operation of the Project.	45 days prior to the start of the Project's operation.
2.4.3	Develop a roadmap to achieve the goal of zero major accidents within five years.	
a.	Roadmap to achieve the goal of zero accidents.	180 days after the first disbursement of the Project financing.
2.5 Supply Chain		
2.5.1	Prepare a Sustainable Sourcing Policy.	
a.	Sustainable Sourcing Policy.	As a prerequisite to the first disbursement of the Factoring Facility.

2.5.2	Disseminate the Sustainable Sourcing Policy both inside and outside the Organization.	
a.	Evidence of dissemination.	As a prerequisite to the first disbursement of the Factoring Facility.
2.5.3	Develop an E&S performance rating methodology, including applicable Key Performance Indicators (KPIs) to rate the overall E&S performance of its suppliers as part of its sustainable sourcing policy.	
a.	E&S performance rating methodology – Supply Chain.	As a prerequisite to the first disbursement of the Factoring Facility.
2.5.4	Implement the E&S performance rating methodology for your supply chain.	
a.	Evidence of implementation.	As a prerequisite to the first disbursement of the Factoring Facility and then as part of the ESCR.
PS 3: Resource Efficiency and Pollution Prevention		
3.1 Water Consumption		
3.1.1	Submit a copy of the CONAGUA resolution authorizing the transfer of a well concession title to increase the extraction capacity of the well located at Plant 122 to the flow necessary for the Project's operation.	
a.	CONAGUA resolution authorizing the transfer of a well concession title.	As a prerequisite to the first disbursement.
b.	Concession/Assignment Title issued by CONAGUA in favor of the Company.	As a prerequisite to the first disbursement.
3.2 Hazardous Materials Management		
3.2.1	Adapt a facility for the temporary storage of flammable liquids, fuels, and hazardous materials at Plant 124, following the requirements of local law and aligned with i) the guidelines set forth in the World Bank's General Environmental, Health and Safety Guidelines; and ii) the National Fire Protection Association ("NFPA") standards.	
a.	Hazardous Materials Warehouse Designs at Plant 124	As a prerequisite to the first disbursement.
b.	Evidence that the Hazardous Materials storage facility has been adapted according to the corresponding Designs.	180 days after the first disbursement of the Project financing.
PS 4: Community Health, Safety, and Security		
4.1 Community Health and Safety		
4.1.1	Develop a Fire and Explosion Protection Master Plan for each area of the plant, which: (i) contains performance indicators (KPIs); (ii) indicates those responsible for its implementation; (iii) details the specific training required; (iv) includes a Plant Change Control Procedure; (v). details measures for combustible dust explosion control in hoppers, (vi) specifies the safe location of the liquid oxygen supply system, (vii) classifies the areas according to the National Electrical Code (NEC or NFPA 70), (viii) contains isometrics of the fire detection and alarm and fire suppression systems; and (ix) locates the places where combustible gas detectors (Natural Gas, Hydrogen, etc.) will be installed.	
a.	Fire and Explosion Hazard Prevention Master Plan for Plant 124	45 days prior to the start of the Project's operation.
4.1.2	Obtain the services of a commissioning agent for the protection systems to perform acceptance testing and obtain certification that the systems were installed in accordance with the design project and the Fire and Explosion Protection Master Plan.	
a.	Certification of the commissioning of the Plant 124 fire prevention systems.	45 days prior to the start of the Project's operation.
4.1.3	Establish a detailed Operation and Maintenance plan for: (i) the risk control systems, including fire, detection, alarm, emergency lighting, alternate services (e.g., emergency power), dust collectors and explosion control systems; and (ii) the emergency notification and plant shutdown systems (e.g., color-coded lamps), etc.	
a.	Plant 124 protection systems use and maintenance plan.	45 days prior to the start of the Project's operation.