

## Environmental and Social Review Summary (ESRS) Promedon – ARGENTINA, BRAZIL, CHILE, MEXICO

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### 1. General Information of the Project and Scope of IDB Invest’s Environmental and Social Review

Promedon (the “Company”), founded in Argentina in 1985, is a leading manufacturer and distributor<sup>1</sup> of medical devices, specialized in such fields as urology, arthroscopy, gastrointestinal endoscopy and neurosurgery. The Company’s headquarters and factory are located in the province of Córdoba, Argentina, but it also has offices and warehouses in Rosario, Santa Fe and Buenos Aires in Argentina; São Paulo and Itajai in Brazil; Santiago in Chile, and Mexico City, in Mexico.

This Operation (the “Operation”) consists of a loan for the Company to develop new medical products and equipment<sup>2</sup>, including performing clinical tests and launching products in several markets.

The scope of IDB Invest’s environmental and social (E&S) review included, among other aspects: (i) the review of the Company’s E&S information and documents; (ii) in-person and remote meetings with those in charge of managing Promedon’s human resources, occupational health and safety (“OHS”), environmental and social management as well as how the grievance mechanism and operations work; and (iii) a visit to the Company’s factory and HQ.

### 2. Environmental and Social Categorization and Rationale

According to IDB Invest’s Environmental and Social Sustainability Policy, the Project has been classified as Category B because it may generate, among other things, the following impacts and risks: (i) increased solid waste generation (ordinary and recyclable); (ii) hazardous waste generation; (iii) air pollution; (iv) liquid effluent generation; and (vi) workers’ (direct and third part) OHS risks generation or increase. These impacts and risks are deemed to be of low intensity.

The Performance Standards (“PS”) triggered by the Project are: (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS 2: Labor and Working Conditions; (iii) PS3: Resource Efficiency and Pollution Prevention; and (iv) PS4: Community Health, Safety and Security.

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<sup>1</sup> Promedon sells its own products as well as medical products from other manufacturers.

<sup>2</sup> For instance, to develop an artificial urinary sphincter; solutions for arthroscopy and gastric endoscopy procedures; and instruments that are specific to sell arthroscopy implants and clinical and surgical equipment.

### 3. Environmental and Social Context

#### 3.1 General characteristics of the Project's site

Promedon's headquarters and factory are located in Ferreyra Industrial Park, in Córdoba, Argentina. There are other companies, factories and warehouses around the factory.

The plant, taking up a 6,952 m<sup>2</sup> area, includes a 1,996 m<sup>2</sup> building with the Company's HQ (reception, offices, meeting rooms and dining area), and a 2,887 m<sup>2</sup> building used for the factory and warehouses. Moreover, there is as well a small building near the HQ, where the kitchen and another dining area are. On the same land, there is an effluents treatment plant, which receives and treats all wastewater generated by the plant (between 300 and 350 m<sup>3</sup> a month).

Promedon's office in Córdoba, which comprise a prototype laboratory, meeting rooms, a kitchen and a cafeteria, is located in a commercial building in the Airport's Business Park ("Parque Empresarial Aeropuerto", in the original in Spanish), near other commercial buildings and Córdoba's international airport "Ingeniero Aeronáutico Ambrosio Taravella". In Argentina, the Company also has a warehouse and offices in Buenos Aires and offices in Rosario and Santa Fe.

The Company has other four warehouses in São Paulo and Itajaí, Brazil; Mexico City, Mexico; and Santiago de Chile, Chile; and two office buildings in São Paulo and Santiago, all located in industrial or urban areas surrounded by a combination of businesses and residences. The largest warehouse is the one in São Paulo (1,400 m<sup>2</sup> built) and the smallest one is located in Itajaí (hardly 12 m<sup>2</sup>). The other warehouses take up between 300 m<sup>2</sup> and 400 m<sup>2</sup>.

In Argentina and Brazil, Promedon has been certified in Quality Management And Best Practices for Manufacturing Medical Products, as well as in ISO 13485:2016<sup>3</sup> and in best manufacturing practices<sup>4</sup>. They are currently seeking to implement best practices and to be certified in Chile and Mexico. In Mexico, the Company currently subscribes to the UN Global Compact<sup>5</sup>.

Promedon has all environmental licenses as required by local authorities in Argentina<sup>6</sup>, Brazil<sup>7</sup>, Chile<sup>8</sup> and Mexico<sup>9</sup>.

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<sup>3</sup> It refers to the Quality Management System in the medical devices industry.

<sup>4</sup> In Argentina, the Company is certified by the National Administration of Medication, Food and Medical Technology ("ANMAT") for its Best Practices for Manufacturing Medical Products. In Brazil, it is certified by the National Agency of Sanitary Security ("ANVISA") in Best Manufacturing Practices and Quality Management System.

<sup>5</sup> The UN Global Compact is a voluntary initiative based on company's commitments to implement universal sustainability principles and to take steps to support UN Sustainable Development Goals. <https://unglobalcompact.org/what-is-gc/participants/142857-PROMESURGICAL-S-A-DE-C-V-6>

<sup>6</sup> In Argentina, the Company has: (i) an Environmental Impact Declaration; (ii) a Large Waste Generators Registration Certificate; (iii) an Environmental Audit; (iv) an Annual Certificate of Hazardous Waste issued by Córdoba's Municipal Environmental Office; (v) an Authorization to Discharge Liquid Effluents, issued by the Provincial Administration of Water Resources ("APRHI"); and (vi) a Certificate of Compliance with the Firefighters' Protection Manual, as verified by Córdoba's Experts Engineers Association.

<sup>7</sup> In Brazil, the Company holds: (i) a Sanitary License, issued by the Municipality of São Paulo and the Municipality of Itajaí; (ii) an operation permit from the ANVISA; (iii) a Technical Compliance Certificate from the Federal Pharma Council; and (iv) an Inspection Report from the Firefighting Department ("AVCB") of São Paulo and Itajaí.

### 3.2 Contextual risks

The contextual risk analysis indicates a moderate risk level in this business sector<sup>10</sup>. In November 2023, Argentina's manufacturing industrial rate recorded a negative variation of 4.9% as compared to the same month of 2022. The sector comprising the manufacturers of medical, optical and precision instruments recorded a variation of -1.7% year-on-year and -1.3% as accumulated this year, with a very low overall incidence when compared to other sectors in the same category<sup>11</sup>. The Operation will make a positive contribution to the productivity of the sector, which has been slightly diminished.

The HQ and factory site is located inside an industrial estate, surrounded by a perimeter fence and near main access roads that connect it with the city of Córdoba. The warehouses and offices in Brazil, Chile and Mexico are located in industrial and urban areas with a combination of businesses and residences. Thus, the physical safety of the facilities or the workers is not considered a significant contextual risk.

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

### 4.1 Assessment and management of environmental and social risks

#### 4.1.a E&S Assessment and Management System

The Company does not currently have a formal Environmental and Social Management System ("ESMS"). In Argentina, the environmental and social impacts and risks are managed through an Environmental Management Plan, implemented in accordance with the requirements from the local authorities.

#### 4.1.b Policy

The Company does not have a formal Sustainability Policy; however, its Ethical Commitment Policy expresses, among other things, Promedon's commitment to: (i) complying with applicable laws and regulations, including environmental regulations; (ii) promoting a healthy, safe workplace for the workers; (iii) encouraging respectful, equitable treatment in the workplace; and (iv) enforcing zero tolerance towards discrimination or harassment.

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<sup>8</sup> In Chile, they have: (i) a Corporate Environmental Performance Declaration ("DAE"), (ii) validation of the Producer and Manager Declaration System; (iii) an Annual Affidavit; and (iv) Declaration and Electronic Monitoring of Hazardous Waste System, all issued by the Ministry of Environment of Chile.

<sup>9</sup> In Mexico, the Company has a Permit for Hazardous Waste Collection and Transportation issued by the Natural Resources and Environment Office.

<sup>10</sup> According to the assessment performed with the IDB Invest Contextual Risk Tool, the highest scoring indicators are "external capital flows" and "access to funding", followed by "macroeconomic stability" and "employment".

<sup>11</sup> See [https://www.indec.gob.ar/uploads/informesdeprensa/ipi\\_manufacturero\\_01\\_24EAB5FD8372.pdf](https://www.indec.gob.ar/uploads/informesdeprensa/ipi_manufacturero_01_24EAB5FD8372.pdf)

#### 4.1.c Identification of Risks and Impacts

As part of the Environmental Management Plan, defined in line with the requirements of the Sustainability and Environmental Management Office of the Municipality of Córdoba<sup>12</sup>, the Company prepared a Risk Matrix, where environmental risks derived from the operations in Argentina (where the factory and main distribution center are located) are identified and classified. This Matrix is periodically reviewed and analyzed.

The main impacts and risks as identified to date include, among others: (i) air pollution due to combustion gases, including oil-derived chemicals, and acid and basic liquids; (ii) plague proliferation; (iii) water and soil pollution caused by liquid effluents, urban solid waste, hazardous waste and waste caused by spills; and (iv) generation of odors from the effluents treatment plant. These impacts and risks have been classified as insignificant, considering their low probability of occurrence and severity. Nevertheless, the Company launched measures to handle, control and monitor all impacts and risks identified.

Despite the above, Promedon will consolidate into the Risk Matrix the other operation-related environmental risks and impacts in Brazil, Chile and Mexico, as well as the social impacts and risks linked to the social aspects of the operation processes, including storage and distribution.

##### 4.1.c.i Gender risk

Promedon's Ethical Commitment Code expresses the Company's conviction to promote a respectful, equitable workplace. The women in Promedon are significantly represented in leadership positions, with an overall 42% average in all the countries where it operates.

Promedon has in place a Policy to Prevent and Protect Against Harassment and Discrimination, that also states the Company zero tolerance towards any form of harassment, either sexual or at the workplace, and discrimination, including due to gender, sexual orientation, pregnancy, maternity/paternity, etc.

##### 4.1.c.ii Climate change exposure

Based on an assessment performed in compliance with IDB Group's Paris Alignment Implementation Approach<sup>13</sup>, the proposed Operation is deemed aligned with the Paris Agreement, both in terms of mitigation goals—as part of the universally aligned list of activities with positive or insignificant impact on the climate—and adaptation goals—as the relevant climate risk is low and in line with the national and regional adaptation priorities.

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<sup>12</sup> As part of the Environmental Compliance Audit process by the Sustainability and Environmental Management Office of the Municipality of Córdoba.

<sup>13</sup> See <https://www.iadb.org/document.cfm?id=EZIDB0000577-1646886943-2144>.

#### 4.1.d Management Programs

The Company's Environmental Management Plan consolidates all measures to manage the impacts and risks derived from its operations in Argentina. It includes: (i) an Environmental Protection Plan, which identifies the main environmental risk factors related to air, water and soil, the sources of such impacts, and the corresponding handling, control and monitoring measures; (ii) Measures to Manage Hazardous and Non-Hazardous Waste; and (iii) a Liquid Effluents Management Plan. Moreover, Promedon has implemented programs for OHS, risk prevention, supplier management and emergency response.

The Company, however, does not have formal environmental management programs in place in the other countries where it operates.

#### 4.1.e Organizational Capacity and Competency

The Company does not currently have a corporate centralized environmental and social management team. Instead, each country has its own teams to manage such issues.

In Argentina, environmental and OHS management is overseen by the Industrial Operations Department, which is also responsible for quality, production, logistics, among others. Even though the Company has no direct employees that are experts on environmental, health and safety matters, it is supported by external expert consultants who visit the Company weekly.

In Brazil and Chile, a Local Quality Analyst is in charge of managing environmental issues. Emergencies and OHS aspects are managed by a Risk Prevention Advisor in Chile and by a human resources analyst in Brazil. Mexico still has no staff assigned to manage environmental or OHS issues.

The aspects linked to the Ethical Commitment Code and the reporting channels are managed by the Compliance team, made up of a Manager, two Specialists and two Assistants. There is a Human Resources team in Argentina, Brazil, Chile and Mexico, and is made up of a HR Officer, two Managers, an HR Lead, two Coordinators, four Business Partners and nine Analysts.

#### 4.1.f Emergency Preparedness and Response

Although the Company has yet to prepare an Emergency Plan in Argentina, it has implemented certain operational procedures and assigned roles and responsibilities to the emergency response team members, including a team lead and who would be responsible for utility shut-offs, firefighting and communications. The emergency response team members in service are identified on boards that are updated on a daily basis. The Company makes sure that there is always at least one team member present per office or factory sector.

The Company also has a Procedure for Emergency Response for Chemical Spills, which: (i) creates an anti-spill emergency team; (ii) creates an emergency team to deal with ethylene oxide ("ETO")

leaks<sup>14</sup>; (iii) describes in detail the procedures for risk identification, signaling, anti-spill kit use, victim care, and containment, cleanup and decontamination of the affected site; and (iv) sets up the procedures for personal protection equipment (“PPE”) use, leak containment and stop, and leak root cause investigation in case of for ETO leaks; among other things.

In Chile, Promedon has an Evacuation and Emergency Plan, which explains, among other things: (i) the roles and responsibilities of the Emergency Group; (ii) the procedures to act, record and assess the event; and (iii) the specific procedures for firefighting, seismic movements and vandalism<sup>15</sup>. The Company performs drills every six months.

In Mexico, there is a Contingency Procedure with: (i) the procedures to prevent and identify risks; (ii) the procedures to follow in case of emergency, with specific recommendations for floods, fire and seismic movements; and (iii) the exit routes. The industrial estate where the office is located carries out emergency drills every six months, in which Promedon employees take part.

In Brazil, Promedon still has no Emergency Plan. The warehouses and the office in São Paulo and Itajaí, however, have an Inspection Report from the Firefighting Department (“AVCB”, in its original Portuguese acronym), attesting that the building complies with the firefighting standards.

#### 4.1.g Monitoring and Review

The Company monitors and reviews the following indicators: (i) air and soil quality; (ii) liquid effluents tests; and (iii) amount and final destination of waste generated by the operations in the factory in Córdoba. These indicators are informed every six months to Córdoba’s Sustainability and Environmental Management Office as part of the Environmental Management Plan Performance Report.

In 2022, the Company launched a Diagnosis Plan to identify environmental performance indicators for the operations in its factory in Argentina, and to establish future key performance indicators (“KPI”), based on the results. The plan includes measuring: (i) the total amount of recyclable and non-recyclable waste; (ii) water consumption; and (iii) energy consumption.

#### 4.1.h External Communication and Grievance Mechanisms

In the Company’s website, is available a form that anyone can use to submit their enquiries, grievances, and claims, as well as local contact numbers for Argentina, Brazil, Chile and Mexico for the same purpose. In Argentina it is a toll-free number.

To date, external grievances are mostly related to products, including those manufactured by Promedon or manufactured by third parties but distributed by the Company.

The grievances related to products manufactured by Promedon are centrally received and handled by the factory’s Quality Management Team, regardless of the country in which the issue is raised.

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<sup>14</sup> A chemical used to sterilize end products.

<sup>15</sup> Including break-ins and attacks with explosives.

The Customer Complaint Management Procedure describes the responsibilities, and the procedures to record, categorize, investigate, and resolve them, and communicate the outcome.

The grievances about products distributed by Promedon, but manufactured by other brands, are not centrally managed. Each country has its own Complaints Management Procedure and the local Quality Management teams are in charge of receiving and managing them. The procedures between countries are very similar.

Promedon has a special channel (Linea PromEthics) to capture and deal with reports or suspicions of violations to the Ethical Commitment Code; it is available in each country's website<sup>16</sup>. Each site provides an email address and a form (available in the local language) to submit grievances, even anonymously.

Línea PromEthics is suitable to receive and take care of any grievance, comment or suggestion. The Compliance team is in charge of processing them and getting other areas involved, depending on the issue reported. The Corporate Policy of Compliance Investigation and Reports describes the responsibilities of each area, as well as the procedures to investigate, record and respond to grievances, and the Company's commitment to not retaliate, among others.

## 4.2 Labor and Working Conditions

### 4.2.a.i Human Resources Policies and Procedures

Even though it has no formal Corporate Human Resources Policy, Promedon has different local policies and procedures in the countries where they operate. These policies and procedures vary from country to country and are managed by the local HR teams. In general terms, the policies and procedures rule over aspects related to benefits, personnel recruiting and selection, resignation, employee training and career advancement, etc.

### 4.2.a.ii Working conditions and terms of employment

Promedon currently employs 672 people, 331 of whom are based in Argentina, 170 in Brazil, 152 in Chile and 19 in Mexico. In Argentina, 48% of the workforce is made up of women, whereas in Brazil it is 52%, 59% in Chile and 63% in Mexico.

Promedon fulfills all the requirements in the labor legislation of each country where it operates. Thus, all employees are entitled to annual leave, sickness leave, maternity leave, paid overtime and severance pay.

Moreover, in all countries, Promedon offers benefits beyond the requirements in the local legislation, such as healthcare coverage, life insurance, birthday off, among others. The Company also offers all employees access to an educational digital platform, Promedon Academy, which offers training in different technical areas.

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<sup>16</sup> Promedon has a specific website for each country where it operates: Argentina, Brazil, Chile and Mexico.

The employees' benefits and rights are explained during the onboarding. Also, Promedon has an internal digital platform that can be accessed by all employees, which presents consolidated information related to employees' benefits and rights.

#### 4.2.a.iii Workers' organizations

Promedon recognizes and respects its workers' right to join a union. In Argentina, 103 employees are represented by the Commercial Employee's Union, whereas in Brazil 154 employees belong to São Paulo Union and three to the Electronics and Home Appliances Technical Support and Maintenance Workers and Companies Union of the State of São Paulo. In both cases, the Company complies with the terms in each collective bargaining agreement.

In Chile and Mexico, there are no unionized employees.

#### 4.2.a.iv Non-discrimination and equal opportunity

Promedon's Ethical Commitment Code establishes that the Company shall not tolerate any form of discrimination or harassment, and is committed to promoting a respectful, equitable work environment.

The Policy of Prevention and Protection Against Harassment and Discrimination, which also expresses that the Company has zero tolerance for any form of harassment or discrimination for any reason, establishes: (i) general principles, including confidentiality, protection of affected people and prohibition of retaliation; (ii) definitions of discrimination, sexual harassment and workplace harassment; (iii) the employees' responsibilities; and (iv) the procedures to submit grievances.

Reports of or suspicions of cases of harassment or discrimination captured on Línea PromEthics are received and dealt with by the Compliance Department, supported by HR and other areas that may be involved. The Company has in place procedures for this in its Corporate Policy of Compliance Investigation and Reports.

#### 4.2.a.v Grievance mechanism

The Communication Channel of the Ethical Commitment Code, Línea PromEthics, receives internal grievances, reports, enquiries and suggestions from employees. These reports can be submitted through an internal form, which makes it possible to report anonymously, or personally, directly before Compliance or HR. In this case, it is recommended to file the grievance formally through the internal form.

The grievances reported through Línea PromEthics are treated in accordance with the Corporate Policy of Compliance Investigation and Reports, which establishes: (i) the responsibilities of each area; (ii) the procedures to investigate, record and communicate; (iii) the timeline; (iv) the commitment to not retaliate, among others.



Línea PromEthics is disclosed to all employees in Argentina, Brazil, Chile and Mexico during the onboarding and annual training activities.

#### 4.2.b Protecting the workforce

Although Promedon has not expressly banned forced or child labor in its procedures, it fully complies with the local legislation, which, in all the countries where it operates, prohibits child or forced labor, as Argentina, Brazil, Chile and Mexico have signed into several of the International Labour Organization (“ILO”) conventions, including those related to the abolition of forced labor<sup>17</sup> and the prohibition and elimination of the worst forms of child labor<sup>18</sup>. It is also worth mentioning that the sector where Promedon operates does not present significant risks of child or forced labor, either directly or down its production chain.

#### 4.2.c Occupational health and safety

In Argentina, Chile and Brazil, Promedon is supported by specialized consulting firms to build OHS capacity as well as to help comply with the applicable local regulations.

In Argentina, the main risks identified from the factory production process relate to: (i) contact with chemicals through the eyes, skin, inhalation or ingestion; (ii) burns; (iii) spills; (iv) fire; and (v) ETO leak; among others. The Risk Matrix identifies and classifies the risks for each activity, and the prevention and safety measures are established in Safe Work Procedures. The supporting consulting firms pay weekly visits to the factory to assess and monitor the risks, and the implementation of the safety measures.

Additionally, assisted by a specialized consulting firm, the Company performed an internal review, which identified Promedon’s compliance with the national regulations<sup>19</sup> on labor risks.

In Brazil, the Company has (i) a Risk Management Program (“PGR”, in its Portuguese acronym) and A Technical Report on the Conditions at the Workplace (“LTCAT”, in its Portuguese acronym)<sup>20</sup>, which identify, classify and analyze work risks, and the prevention and control measures, including PPE; and (ii) an Occupational Health Control Program (“PCMSO”, in its Portuguese acronym)<sup>21</sup>, which requires performing check-ups and follow-ups on the employees’ health conditions, depending on the work risks associated with their activity (logistics, quality control and transportation), and measures the levels of ergonomic risks and accidents.

In Chile, Promedon has implemented a Risk Prevention Plan that specifies procedures to identify, prevent and manage labor risks, and includes: (i) a description of the onboarding and training in OHS activities; (ii) the preparation and use of a matrix to identify hazards and assess work risks; (iii) an OHS and PPE program; (iv) safety inspections and KPI monitoring; and (v) procedures to

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<sup>17</sup> ILO Forced Labour Convention No. 29 (1930) and Abolition of Forced Labour Convention No. 105 (1957).

<sup>18</sup> ILO Worst Forms of Child Labor Convention No. 182 (1999)

<sup>19</sup> Resolution 463/09 on General Survey of Labor Risks.

<sup>20</sup> According to Law No. 8,213 of July 24, 1991 and Regulation No. 128 of March 28, 2022.

<sup>21</sup> Regulation No. 7 (NR 07) of December 29, 1994.

investigate accidents. The main identified risks are linked to ergonomic aspects, hits by falling objects and falls from the same or a different level.

In December 2023, the Company assessed its compliance with national OHS legislation with the assistance of external consultants<sup>22</sup>.

In Mexico, the Company is still working on identifying and mapping the main OHS risks and preparing an OHS Plan.

#### 4.2.d Provisions for people with disabilities

Promedon currently employs 3 people with physical disabilities: 1 in Argentina, 1 in Chile and 1 in Brazil. Chilean legislation<sup>23</sup> sets forth that the workforce in companies with more than 100 employees shall include 1% of people with disabilities, whereas, in Brazil<sup>24</sup>, the expected quota is 2%.

Promedon Chile's Diversity And Inclusion Policy includes maintaining an inclusive workplace with universal accessibility, as well as promoting the attraction and retention of diverse employees.

#### 4.2.e Workers engaged by third parties

Promedon relies on outsourced workers for specialized services. In Argentina, the Company holds agreements with 29 companies rendering services related to cleaning, gardening, maintenance, property security, and transportation of people and goods. In Brazil, four companies are hired for such services as cleaning, maintenance, and transportation of people and goods.

In Argentina, the Third-party Entry Procedure sets the rules and requirements contractors shall follow in terms of health and safety. They include complying with national health and safety rules, and the Company's operational procedures. The Procedure also defines Promedon's responsibility for onboarding on health and safety matters, as needed, depending on the task performed by the contractor. In case construction works are carried out, Promedon requires the contractor to develop and implement a Health and Safety Program.

#### 4.2.f Supply chain

The Company regularly buys raw materials to manufacture its products, as well as medical devices from other companies to be further distributed.

Both raw materials and medical products manufactured by third parties go through stringent quality testing, control and tracking procedures.

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<sup>22</sup> A total of 10 applicable regulations have been reviewed, including the following decrees: (a) DTO-40: Rules for the prevention of professional risks; (b) DTO-594: Rules for basic sanitary and environmental conditions at the workplace; (c) DTO-47: National policy of occupational health and safety, etc.

<sup>23</sup> Law No. 21,015, which encourages the inclusion of people with disabilities into the labor world.

<sup>24</sup> Law No. 13,146, which establishes the Brazilian law for the inclusion of people with disabilities (Statute for People with Disabilities).

### 4.3 Resource efficiency and pollution prevention

#### 4.3.a Resource efficiency

In Argentina, the Company has launched initiatives to raise awareness about the rational use of water and energy, and to promote sustainable behaviors. These initiatives involve: (i) putting up information signs in different workstations, common spaces and toilets, as well as digital campaigns through the Company's internal channels, to encourage the rational use of supplies; (ii) reducing the use of paper for printing purposes; (iii) replacing plastic elements with reusable materials; and (iv) using biofuels in its logistics fleet instead of traditional fossil fuels.

The factory monitors the volume of energy its equipment consumes, and, when necessary, it purchases or changes to more efficient equipment.

##### 4.3.a.i Greenhouse gases

The Company is not measuring its greenhouse gas ("GHG") emissions. The factory, though, is monitoring the air quality, including emissions of carbon monoxide, nitrogen dioxide and volatile organic compounds. To date the measurements are lower than the maximum concentrations established by Córdoba's Law No. 10,208<sup>25</sup> and Resolution No. 105 of Córdoba's Ministry of Water, Environment and Public Utilities<sup>26</sup>.

In Argentina, Promedon also carries out periodic inspections of vehicles<sup>27</sup>, to check for proper operation and controlled emissions. Moreover, as some of the logistic fleet runs on biofuel, the Company records lower GHG emissions than it would if it used conventional fuels<sup>28</sup>.

##### 4.3.a.ii Water consumption

The activities carried out in the factory require larger water consumption than in other Promedon units. The average monthly consumption at the factory and offices in Córdoba is about 600 m<sup>3</sup>; the largest consumption as high as 1,000 m<sup>3</sup> and the smallest 350 m<sup>3</sup>. Water consumption is related to the factory operations, and the cleaning, hygiene, toilets and food preparation activities.

The water required by the factory comes from the public supply system and, before it is used, it is filtered to eliminate any impurities. The water for human consumption (3,600-4,000 liters a month on average) is acquired from a mineral water provider.

In other countries, water consumption is limited to office and warehouse activities, including cleaning and sanitary activities. The operations in Brazil use up 41 m<sup>3</sup> on average, whereas Chile consumes 89 m<sup>3</sup>.

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<sup>25</sup> Environmental Policy Law of Córdoba.

<sup>26</sup> It sets the air quality standards to comply with the environmental management plans of the province of Córdoba.

<sup>27</sup> According to National Traffic and Road Safety Law No. 24,449.

<sup>28</sup> *Consideraciones Ambientales en torno a los Biocombustibles Líquidos*. (Environmental considerations regarding liquid biofuels). Gómez, J. J.; Samaniego, J.; Antonissen, M. CEPAL. GTZ. 2008. Available at: [https://www.cepal.org/sites/default/files/publication/files/5679/S0800459\\_es.pdf](https://www.cepal.org/sites/default/files/publication/files/5679/S0800459_es.pdf)

In Mexico, although the Company has no data about how much water is consumed monthly, it is estimated to be much lower than in its other operations, given their operation characteristics and size.

#### 4.3.b Pollution prevention

The effluents generated at the factory are treated at the Effluent's Treatment Plant, respecting the parameters established by Córdoba's Decree 847/16<sup>29</sup>. The plant works on a monthly volume ranging from 300 to 350 m<sup>3</sup>, which go through the following processes: (i) pump-in; (ii) primary sedimentation; (iii) secondary sedimentation; (iv) biological reaction; (v) flocculation and coagulation; (vi) tertiary sedimentation; (vii) recirculation; and (viii) disinfection. Affluents and effluents are weekly measured, and samples are taken. Every month, an external consulting firm collects and tests samples of the end effluent. The test involves the following parameters, among others: organic matter and oxygen balance, presence of heavy metals and concentrations of inorganic components.

The results are reported twice a year to Córdoba's provincial authorities. The concentration of all parameters is currently below the limits set in Decree 847/16.

As established in the Environmental Management Plan required by the Municipality of Córdoba, Promedon, assisted by an external consulting firm, also checks the air quality establishing the particulate matter concentrations of volatile organic compounds, nitrogen dioxide, sulfur dioxide and carbon monoxide. To date the monitoring are lower than the maximum concentrations established by Córdoba's Law No. 10,208<sup>30</sup> and Resolution No. 105 of Córdoba's Ministry of Water, Environment and Public Utilities<sup>31</sup>.

#### 4.3.b.i Wastes

Even though Promedon has not yet implemented a comprehensive Waste Management Plan, it collects, separates, classifies, weighs, stores and delivers the waste generated by its factory and office in Córdoba. The factory generates on average, per month, 1,000 kg of recyclable solid waste<sup>32</sup>, 173 kg of solid hazardous waste<sup>33</sup>; and 435 liters of liquid hazardous waste<sup>34</sup>. The activities at the office and the dining area account for 2,500 kg a month on average, 500 kg of which are recyclable.<sup>35</sup>

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<sup>29</sup> Regulation of Standards and Norms on Discharges for the Preservation of Provincial Water Resources.

<sup>30</sup> Environmental Policy Law of Córdoba.

<sup>31</sup> It sets the Air Quality Standards to Comply with the Environmental Management Plans of the province of Córdoba.

<sup>32</sup> Cardboard and plastic.

<sup>33</sup> Mercury and mercury compounds; acid solutions; basic solutions; waste resulting from the production, preparation and use of dyes, coloring agents, pigments, paints, lacquers or varnishes; and waste resulting from the preparation and/or use of organic solvents.

<sup>34</sup> Waste derived from the preparation and/or use of organic solvents; waste from the production, preparation and use of dyes, coloring agents, pigments, paints, lacquers or varnishes; and waste resulting from treating metallic and plastic surfaces.

<sup>35</sup> Recyclable materials are cardboard, plastic and wood. Ordinary non-recyclable wastes are mainly organic material (food leftovers) and sanitary waste.

In the areas where waste is generated, in the factory and office in Córdoba, there are bins for each type of waste. Waste is taken to internal storage locations, which are properly signaled and covered, including hazardous waste proper signs.

Non-recyclable and hazardous waste are collected by specialized, duly authorized companies; non-recyclables are transferred to a sanitary landfill; dangerous waste is incinerated in a controlled environment, and recyclable waste is collected by the municipality of Córdoba and sent to recycling centers.

All waste is disposed of in line with the provisions in Córdoba's Law No. 12,648<sup>36</sup> and Argentina's federal Law No. 24,051<sup>37</sup>. Promedon has the Annual Environmental Certificate ("CAA", in the acronym in Spanish)<sup>38</sup> and the Registration of Large Generators of Urban Solid Waste Certificate<sup>39</sup>. Promedon reports annually to the Municipality of Córdoba the volume of hazardous and non-hazardous waste handled and its final disposal.

In Chile, apart from generating ordinary recyclable<sup>40</sup> and non-recyclable waste, Promedon generates sharp hazardous waste and expired supplies. Except for non-recyclable waste, which is managed by the Municipality of Las Condes, waste is collected, transported and disposed by specialized companies. Recyclable waste is managed and delivered to recycle centers as instructed by REP Law in Chile<sup>41</sup>.

In Brazil and Mexico, Promedon generates ordinary organic and inorganic waste as well as recyclable waste<sup>42</sup>. Waste is put in different containers classified by type and managed by a team from the commercial building where the office and warehouse of the respective countries are located.

#### 4.4 Community health, safety and security

##### 4.4.a Community health, safety and security

Promedon's factory is located in the Ferreyra Industrial Park, in Córdoba, Argentina. The area has been intervened, in line with the classification in Córdoba's Land Planning of Intermediate and Peripheric Areas. Around the factory, there are other companies, factories and warehouses, and there are no residences or local businesses nearby.

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<sup>36</sup> Regulatory framework for the end-to-end management of urban solid waste.

<sup>37</sup> Federal law on hazardous waste.

<sup>38</sup> Issued by Córdoba's provincial Environment Office; it certifies that the Company is duly registered and authorized to generate and manage solid waste.

<sup>39</sup> Issued by the Municipality of Córdoba; it certifies that the Company is duly registered and authorized to generate and manage large amounts of solid urban waste.

<sup>40</sup> Paper, cardboard and plastic.

<sup>41</sup> Chile's Law No. 20,920 on recycling and the producer's extended responsibility. In case of Promedon, the law is applied to the containers and packages generated by the Company.

<sup>42</sup> Paper, cardboard and plastic.

The factory and HQ have installed a fire detection system and a firefighting system, which are both reviewed and approved on an annual basis by Córdoba's Expert Engineers Association, in compliance with the Fire Protection Manual.

The warehouses and offices in Brazil, Chile and Mexico are located in industrial and urban areas with a combination of businesses and residences, and do not present significant risks for health and safety in the environment.

#### 4.4.b Security personnel

In Argentina, the Company has hired a company to provide security and surveillance services to protect their assets and control the entrance and exit of people and vehicles. In Chile, security personnel are Promedon's direct employees. In Brazil and Mexico, security guards are hired and managed from the building where the offices and warehouses are. Private security guards are not armed.

#### 4.5 Land acquisition and involuntary resettlement

The Company operates in industrial estates and urban areas in all the countries where it is present; therefore, the Operation does not involve any type of involuntary economic or physical displacement.

#### 4.6 Biodiversity conservation and natural habitats

Promedon's offices, warehouses and factory are nowhere near protected areas or key biodiversity areas. Therefore, the Operation is not considered a risk for biodiversity.

#### 4.7 Indigenous peoples

Promedon's offices, warehouses and factory are located in industrial estates and urban areas; therefore, the Operation is not considered to affect indigenous communities or populations.

#### 4.8 Cultural heritage

Promedon's offices, warehouses and factory are not located in an area with actual or potential cultural heritage. The Operation does not expect any movement of land.

### **5. Local Access of Project Documentation**

The documentation related to the project may be accessed to using the following link: <https://www.promedon.com/ar/en/>