

Environmental and Social Review Summary (ESRS) CMI Alimentos Expansion – REGIONAL

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

This transaction involves a syndicated senior loan to CMI Alimentos Global S.L. (“CMI Alimentos” or the “Company”) to finance the expansion of its regional operations, mainly in Honduras, El Salvador and Costa Rica, in the next 2 to 3 years, as well as to cover incremental working capital needs (jointly, the “Project”).

This would be IDB Invest’s fourth transaction with CMI Alimentos; the first two were committed in December 2019 and November 2020, respectively, and were used for fixed investments and working capital needs around Grupo CMI’s¹ (the “Corporation”) expansion and efficiencies in the Northern Triangle (Guatemala, Honduras and El Salvador). The third one was committed in December 2022 and consisted in a short- and mid-term liquidity facility to cover its working capital needs.

The environmental and social due diligence (ESDD) included technical visits in situ², as well as interviews and meetings with employees, managers and executive officers in the Company, and the review of the following Company information: (i) environmental and social management policies, plans, manuals and procedures; (ii) working conditions and human resources policy; (iii) occupational health and safety (OHS) programs; (iv) procedures for monitoring and review of the environmental conditions (for instance, air emissions, solid waste, noise and effluents); (v) emergency response plans; and (vi) analysis of the CMI Alimentos’s suppliers management programs and their compliance with the basic environmental, social, occupational health and safety (OHS) requirements, as per the regulations in Honduras, El Salvador and Costa Rica.

2 Environmental and Social Classification, and Rationale

Under the Environmental and Social Sustainability Policy of IDB Invest, the Project was categorized as category B since its environmental and social (E&S) impacts and risks are, in general, reversible and mitigable with the measures available using current technologies. These include: (i) increase in OHS risks; (ii) generation of noise and air pollutant emissions; (iii) solid (hazardous and non-hazardous) and liquid (mainly domestic and industrial wastewater) waste generation; and (iv) use of the resources, mainly water and energy. These risks and impacts are deemed to be of medium-low intensity.

The Project triggers the following Performance Standards (PS) of the International Finance Corporation (IFC): PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and

¹ Corporación Multi Inversiones (the “Corporation”).

² The following facilities were visited: La Sultana, S.A. de C.V. and Harisa, S.A. de C.V. in El Salvador; and Alimentos del Norte, S.A. and Fábrica de Harinas de Centroamérica, S.A. in Costa Rica; as well as restaurants from the Pollo Campero and Pollo Granjero chains, in those two countries.

working conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health, Safety and Security.

3 Environmental and Social Context

3.1 General characteristics of the Project's site

CMI Alimentos is the main company within Grupo CMI, one of the major business groups in Central America with operations in 9 countries. CMI Alimentos business (arranged in strategic business units [SBUs]) includes: (i) producing chicken and pork products and by-products; (ii) producing wheat and corn flour and flour blends; (iii) making pasta and biscuits; (iv) manufacturing food for pets and other animals; and (v) running fast food restaurants.

CMI Soluciones Cárnicas SBU ("CMI-SC"), currently the largest contributor to CMI Alimentos revenue, owns pork and poultry farms, poultry and pork processing plants, and processed foods factories, where all chicken and pork meat products are produced and sold. Moreover, the business for business (B4B) SBU (CMI-B4B) produces and sells over 60 well-known brands of wheat and corn flour, wheat and corn semolina, and industrial and (family) recipe flour blends. These flours and flour blends are supplied into the business for consumer (B4C) SBU (CMI-B4C) to produce pasta and biscuits; the SBU has a wide product portfolio which is famous for its quality, flavor and nutritional value, and distributed across Central America and the Caribbean. Finally, CMI-B4B SBU also manufactures, distributes and sells food for pets and other animals, offers a wide range of animal nutrition products in Central America and the Caribbean.

CMI Alimentos has the environmental management instruments required by the legislation and competent environmental authority of each country³ to execute the Project, and has complied with the operating requirements imposed by the corresponding sector authority, in phytosanitary⁴ and health⁵ matters, of each country.

3.2 Contextual risks

Central America is exposed to natural disaster threats like earthquakes, volcanic activity, floods, storms, hurricanes and droughts, which are deemed to grow in frequency and intensity as the effects of climate change worsen. It is as well vulnerable to social unrest threats, like conflict, violence, vandalism, migratory crisis or asylum seekers, and diseases like the COVID-19 pandemic happening between 2020 and 2021, and the dengue, chikungunya and zika mosquitoes epidemics⁶.

In Central America, 65% of the people live in conditions below the poverty threshold, whereas unemployment goes beyond 12%. Moreover, about 54% of the population is part of the workforce of a business network in which 80% of the companies are micro or small businesses, which sometimes operate

³ Environment and Natural Resources Department (MiAmbiente) in Honduras; Ministry of Environment and Natural Resources (MARN) in El Salvador; and Ministry of Environment and Energy (MINAIE) in Costa Rica.

⁴ Department of Agriculture and Livestock (SAG) in Honduras; Ministry of Agriculture and Livestock (MAG) in El Salvador and Costa Rica.

⁵ Department of Healthcare in Honduras; Ministry of Health (MAS) in El Salvador and Costa Rica.

⁶ "Index for Risk Management for Latin America and the Caribbean, INFORM-LAC 2018 – UNICEF Update"; and "Human mobility from disasters and climate change in Central America", International Organization for Migration (IOM), 2021.

informally. Corruption, lack of investment and few opportunities, high population growth and insecurity have caused 1 in 3 Central Americans to desire to emigrate. Also, 80% of the drugs trafficked in the continent go through Central America leaving a rising aftermath of violence and corruption⁷.

Across its different locations, the Project is subject to natural disaster threats, such as earthquakes, floods, storms and hurricanes, and droughts, as well as social unrest threats, like vandalism. However, they present moderate-low risk, because of the damage they may cause to the Project's physical infrastructure, the workers and the animals (birds of any age), as well as due to the potential business loss or disruption to the supply chain.

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 management system

CMI Alimentos has developed a strategy in which its SBUs have an Environmental Management System (EMS), with the related culture and training plans and manuals. It was actively disclosed among the managerial and operations staff in 2021 and 2022; nevertheless, as from the previous contracts, the Company is still working on enforcing its EMS by: (i) implementing programs involving effluents (wastewater), waste management, resource usage (mainly water and power), use of chemicals, air emissions, etc.; (ii) assessing the control environmental indicators; and (iii) performing internal and external audits.

As part of this strategy, CMI is developing initiatives across its SBUs and in line with its corporate citizenship pillars in order to reach the following goals: (i) reduce the footprint of its operations with water efficiency; (ii) guarantee wastewater quality; (iii) reduce the waste generated and optimize its reuse, recycle and disposal; (iv) prevent accidents and work injuries; (v) protect from occupational diseases; (vi) include environmental, social and corporate governance (ESG) aspects into the impact investments; and (vi) promote the use of sustainable financial instruments.

4.1.b Policies

In 2021, Grupo CMI consolidated a quality, health, safety and environmental integrated policy, in which they promise to create the conditions for the growth and wellbeing of the areas where they operate, encourage open communications, promote transparent, responsible relations, account for their actions and communicate assertively, making it easier to access to the information the relevant stakeholders may need. This policy states that: (i) the laws of the countries where they operate are observed, as well as the relevant stakeholders' requirements and international applicable standards adopted by Grupo CMI; (ii) work conditions that are safe, healthy and hazard-free are to be kept, encouraging an incident-prevention culture; (iii) sustainable development, resource efficiency and environmental protection are reassured by means of impact management actions at its operations; and (iv) work is performed under quality and safety standards, offering products and services that meet the customers' and consumers' needs.

⁷ Fundación Libertad y Desarrollo website, Column "Estrategia y Negocio", "Central America: threats and shared opportunities; a common destiny"; Gutiérrez, D.

Additionally, CMI Alimentos has a power management policy applicable to its operations in Costa Rica, in which they pledge mainly to: (i) set up and maintain a power management system that is in line with the legal requirements and others related to energy efficiency, and use and consumption; and (ii) support the acquisition of products and services characterized by energy efficiency.

4.1.c Identification of risks and impacts

4.1.c.i Direct and indirect impacts and risks

All the environmental management instruments developed by CMI Alimentos for the Project include a chapter characterizing the E&S risks and impacts for each phase of the works and activities, including constructing, repairing and reshuffling different structures, commissioning (e.g. execution of nondestructive tests), operation and maintenance (O&M), closure and clearing-out of construction sites.

4.1.c.ii Analysis of alternatives

Since the Project will be carried out in the Company's existing facilities, no alternatives other than space distribution and evaluation of several technology options based on their economy and efficiencies (mainly in terms of electricity and water consumption) were considered.

4.1.c.iii Cumulative impact analysis

Owing to the characteristics of the Projects, it is considered that the cumulative impact to be generated will be marginal.

4.1.c.iv Gender risk

Latin America is highly unequal gender-wise; the gender gap is defined as differential, unequal access to work, education, economic and participation opportunities based on sex or gender. This gap is supported by widespread cultural rules for what is acceptable for men and women, and is exacerbated by weak legal safeguards or an inadequate social response. It leads to gender discrimination, unequal access to public services, education differences, salary and labor inequality, and lower political participation rates. The gender gap index for Honduras, El Salvador and Costa Rica in 2023 was 0.74, 0.71 and 0.79, respectively; this places them below the average for the 22 Latin American countries analyzed⁸ and reveals that over 25% of women in those countries have fewer opportunities than men in such areas as education, healthcare, economics and politics.

Gender-based violence and harassment (GBVH) are also a major problem in Latin America and the Caribbean, which accounts for the highest rate worldwide. Brazil, Mexico, Argentina, Honduras, Colombia and Peru account for 81% of the cases in Latin America. Even though in Honduras, El Salvador and Costa

⁸ The closer the ratio is to 1, the less gender inequality there is. ["Gender gap index in Latin America 2023", Statista.](#)

Rica there are laws⁹ and institutions¹⁰ that seek to protect women, the amount of femicides reported in 2021 per country was 234 cases in Honduras, 80 for El Salvador and 18 for Costa Rica, with Honduras ranking third among 20 Latin American countries, followed by El Salvador and Costa Rica in the eleventh and sixteenth places, respectively¹¹.

Notwithstanding the foregoing, in view of the type of activity and course of business and considering that Project facilities are protected and near urban centers, it is estimated that the gender risk is low and mitigable through the application of the principles under Grupo CMI's Corporate Code of Ethics, Internal Work Rules and Policy for Punishment for Abuse and Sexual Harassment.

4.1.c.v Gender programs

The Project is not expected to have different impacts on men or women. Grupo CMI promotes non-discrimination and equal opportunity when seeking and promoting human talent. In this sense, it is expected to generate equitable employment opportunities. The activities of the Project will not enable gender violence or pimping.

4.1.c.vi Climate change exposure

In general, the Project's infrastructure is moderately exposed to physical risks and hazards due to climate change, as follows: (i) as per a global climate model, high exposure to droughts and moderate exposure to changes in precipitation patterns and earthquakes; and (ii) high exposure to droughts with a moderate upward trend in the RCP 8.5 climate change scenario¹².

However, climate change exposure risk is expected to be handled with the measures proposed in the Emergency Management Manual, which is annually reviewed.

⁹ Honduras (HON): Domestic Violence Law, Decree No. 132-97 and its amendments, Decree No. 250-2205, and the Criminal Code, Violence against Women, Decree No. 130-2017. El Salvador (ELS): Legislative Decree No. 520 of December 14, 2010; Special Comprehensive Law for Violence-Free Life for Women; published in Official Gazette No. 2 of January 4, 2011, among others; Costa Rica (CR): Law No. 8929 of 2011 that amends the Law to Punish Violence against Women (amendment to Law No. 8589 of 2007); Law No. 8805 of 2010 that amends the Law against que Sexual Harassment in Places of Work and Study; Law No. 9095 of 2013 Human Trafficking Law; Law No. 8925 of 2011 that amends Domestic Violence Law.

¹⁰ Honduras (HON): National Women's Institute (INAM, for its acronym in Spanish); Center for the Care and Protection of Women's rights (CAPRODEM, for its acronym in Spanish); Court against domestic violence of the Judicial Branch and Public Attorney's Office of Women. El Salvador (ELS): Salvadorian Institute for Women's Development (ISDEMU, for its acronym in Spanish); Organization of Salvadorian Women for Peace (ORMUSA, for its acronym in Spanish), etc.; Costa Rica (CR): Gender Violence Observatory of the Judicial Branch; National Women's Institute (INAMU, for its acronym in Spanish); Defensoría de la Mujer within Defensoría de los Habitantes; municipal offices for women affairs protection and gender units within the ministries as well as other independent institutions.

¹¹ <https://www.statista.com/statistics/827170/number-femicide-victims-latin-america-by-country/>

¹² A Representative Concentration Pathway (RCP) is a greenhouse gas (GHG) (not emissions) concentration pathway adopted by the IPCC. The pathways describe the different climate future scenarios, all of which are deemed possible depending on the volume of GHG issued in the coming years. RCPs, originally RCP 2.6, RCP 4.5, RCP 6 and RCP 8.5, are labeled based on a potential range of radiative forcing values in 2100 (2.6, 4.5, 6 and 8.5 W/m², respectively).

4.1.d Management program

CMI Alimentos's EMS manuals contain the guidelines to manage the E&S aspects throughout all the stages of its Projects (construction, O&M and closure) and describe the tools to monitor and measure them within each E&S management plan (ESMP). Moreover, they set the E&S management hierarchy for the Project, in connection with: (i) the commitments taken on in the environmental management instruments; (ii) the commitments approved by the competent sector authorities and (iii) the best E&S practices and the compliance with the applicable environmental legal regulations in force.

4.1.e Organizational capacity and competency

CMI Alimentos has an organizational structure dedicated to E&S and OHS aspects. It includes CMI Alimentos's Sustainability and Corporate Affairs Office as part of the Corporate Affairs department, in which community relations are dealt with. Moreover, it has CMI Capital's Sustainability and Corporate Citizenship Office, including the Environmental Department, the Industrial and Occupational Health and Safety (SOSI) Department and the Sustainability and Shared Value Department. The Sustainability and Corporate Citizenship Department runs across the Corporation, and both departments report to the Senior Officer of Sustainability and Corporate Affairs.

The Environmental Department includes the Environmental Management Department and each country department, which are supported by the environmental management coordinators in each country SBU and are responsible for monitoring environmental compliance and leading a sustainable business model that is environmentally friendly and committed to preventing pollution.

Also, the Company has a SOSI Department and SOSI coordinators at each SBU, who are in charge of applying health, protection and safety procedures for all workers and external personnel (contractors and subcontractors, suppliers, visitors, etc.) in compliance with the applicable health and safety laws and regulations, as well as its own policies.

4.1.f Emergency preparedness and response

CMI Alimentos has wide experience in preparing emergency preparedness and response plans (or similar documents¹³, depending on the country-specific legislation), which describe how risk is assessed in its facilities and activities, by analyzing the site vulnerability to natural disaster threats (for example, geologic risks, hydrological and weather-related risks, etc.) and determining and describing the affected population. These programs give details on: (i) the specific emergency guidelines, manuals and procedures with the general instructions and organization to face emergencies at the different facilities, so as to minimize SBU response time and increase their efficacy; (ii) the specific materials to face the emergency upon each probable scenario; (iii) a breakdown of the main actions to be carried out before, during and after the emergency; (iv) the internal and external communication systems to be used, and (v) the training activities pursuant to the plan, including the performance of drills, to achieve full plan operation and raise the awareness of own and outsourced staff.

¹³ Accident prevention programs, contingency plans or emergency plans.

4.1.g Monitoring and evaluation

Each CMI Alimentos SBU is responsible for ensuring the implementation of the monitoring and control plans described in the ESMPs for each Project facility. Also, each SBU has a compliance matrix with all the environmental and OHS permits or licenses needed to operate each Grupo CMI facility. Nonetheless, SBUs CMI-B4B and CMI-B4C will develop an OHS and environmental indicator control system for their operations, in which the monitoring and reporting parameters and frequencies are progressively presented, as determined in the environmental regulations of each country; it will also include a set of key performance indicators (KPIs) to measure the efficiency of the ESM and the ESMPs.

In this regard, CMI Alimentos will include in its consolidated annual report¹⁴, the status of compliance with all its Project-specific E&S and OHS polices and measures, including the progress of the actions in the EMS and ESMPs against the KPIs established for SBUs CMI-B4B and CMI-B4C, as well as the actions that help improve operations and that align with the principles in IDB Invest's Environmental and Social Sustainability Policy.

4.1.h Stakeholder engagement

CMI Alimentos abides by engagement guidelines that dictate their actions and procedures to identify, prevent, mitigate and control the social impact that their activities may create. These guidelines cement their relationships and contribute to community growth, anticipating conflict through dialog, joint actions and direct communication with interest groups in the area of influence.

4.1.i External communication and grievance mechanism

4.1.i.i External communication

In its Corporate Code of Ethics, the Company sets forth rules for internal and external communications, protecting confidential information, as well as its commitment to offering truthful information about its operations, considering that changing, manipulating, forging or hiding information is a crime, and therefore, a serious offense in light of the Corporate Code of Ethics.

4.1.i.ii Grievance mechanism for affected communities

The Corporation offers customers, suppliers and contractors a special channel to submit claims or complaints; it is called "CMI Te Escucha" (the "Channel") and is composed of a number of ways of communication (email, dedicated web page, telephone line, voicemail and WhatsApp) managed by an independent professional company¹⁵ (the "Operator") who helps the Corporation's groups of interest communicate any irregularity that is sensitive for the Corporation and is related to potential deviations from or incompliances with the Corporate Code of Ethics, the corporate policies, internal work rules and the regulations in force.

In addition, there is a user's guide for the Channel, and a grievance handling procedure manual, which describes how the Operator sends the information it receives to the Report Manager in CM's Grievance

¹⁴ Prepared either internally (internal audit) or through an external independent E&S expert (external audit).

¹⁵ The Operator is Ernst & Young (EY), a global firm with presence in 153 countries (www.ey.com/es/es/home/article).

Committee for their assessment and further review by the related area for resolution. For those cases which cannot be resolved without further validation, an investigation will be initiated that, if it is established that there has been a deviation from the Corporate Code of Ethics or a violation of a corporate policy or laws and regulations in force, will lead to the adoption of relevant measures based on the labor regulations applicable in each country, notwithstanding the sanctions, fines or penalties imposed by the competent governmental agencies. Likewise, both the guide and the manual include provisions for anonymity, confidentiality and independence, and express the commitment to avoiding any form of harm or retaliation towards the claimants.

4.1.j On-going reporting to affected communities

In its website¹⁶, Grupo CMI gives information about its global sustainability vision.

4.2 Labor and working conditions

4.2.a Working conditions and management of worker relationships

4.2.a.i Human resources policies and procedures

The general OHS and working conditions and aspects are very well regulated in the legislation of all three countries hosting the Project (Honduras, El Salvador and Costa Rica). In this sense, the Company has in place a Corporate Code of Ethics based on its values of responsibility, excellence, integrity and respect (REIR) embraced to engage with stockholders, customers, suppliers, authorities, civil society organizations, the environment, the community and everyone engaging with the SBUs. The Corporate Code of Ethics complies with the labor laws in each country where the Company operates and includes rules and provisions that prohibit forced labor, child labor, discrimination and harassment or abuse; it also establishes compensations and benefits, a work schedule, freedom of association, access to health and safety, independent surveillance, commitment to respecting the environment and compliance with relevant legal regulations.

The Company has also adopted a corporate policy of respect for human rights as well as a quality, health, safety and environment integrated policy. Its Code of Ethics states CMI's commitment to non-discrimination. These management instruments serve to provide for gender equality and non-discrimination principles, equal opportunity, prohibition of child labor, fair treatment, bar on work harassment and penalties imposed for sexual harassment, agreement with adequate labor and employment conditions, and severance and termination notice.

4.2.a.ii Working conditions and terms of employment

CMI Alimentos has Internal Work Rules in line with the OHS and labor laws of each country where they are operating. They establish the work procedures and the hiring and termination conditions as instructed by the International Labor Organization (ILO). Moreover, the Company has in place a corporate policy of personnel selection and recruiting, a corporate policy of total compensation, a corporate policy of talent and succession, a corporate policy of warning and sanctions and a policy related to the performance and development system. These instruments reflect the rules, conditions and regulations for personnel

¹⁶ <https://somoscmi.com/es/sostenibilidad/>

selection and hiring; duration of work day, and work and break times; annual leave; leaves of absence; flexible work schemes to promote collaboration and productivity; compensations and benefits; employer and employee rights and obligations; employee expected behavior and disciplinary measures; property safety; risk prevention and disabled workers; among other aspects.

As regards training or education of the personnel, CMI Alimentos has in place a training model that seeks to guarantee the continuous development of its workers, improving their competences and skills and, as such, conceived to attract and retain talent.

4.2.a.iii Workers' organizations

The three countries where the Project will be executed (Honduras, El Salvador and Costa Rica) have signed several ILO international treaties and conventions related to workers' rights, including Convention 87 on freedom of association and the protection of the right to organize and Convention 98 on the right to organize and bargain collectively. In this regard, upon committing to complying with the applicable local legislation —including the international treaties and conventions executed by the countries with the ILO— CMI Alimentos recognizes the workers' rights to form labor associations and to be part of them, thus allowing them to organize freely.

4.2.a.iv Non-discrimination and equal opportunity

Some of the ILO conventions and treaties ratified by the three countries where the Project will be executed (Honduras, El Salvador and Costa Rica) that are related to workers' rights are Convention 100 on equal remuneration and Convention 111 on discrimination (employment and occupation). All these principles are covered in CMI Alimentos's Corporate Code of Ethics and Internal Work Rules.

4.2.a.v Retrenchment

CMI Alimentos does not anticipate any retrenchment in the future. Should it happen, however, the Internal Work Rules for each SBU express the obligation to comply with the labor legislation of each country where they are based.

4.2.a.vi Grievance mechanism

CMI Alimentos has in place a line or channel called "CMI Te Escucha" to receive grievances, which can be used by customers, suppliers and contractors and is made up of several ways of communication (email, dedicated web page, telephone line, voicemail and WhatsApp) managed by an independent professional company. The line can also be used to inform or report infringements or risky situations related to the guidelines and conduct described in the Corporate Code of Ethics, the corporate policies, the Internal Work Rules and the labor and OHS regulations in force in each country.

The Company also has its Grievance Handling Procedure Manual, in which the Grievance Committee of Grupo CMI, in charge of receiving and analyzing the grievances reported as contrary to the REIR values, policies, protocols and applicable legislation, establishes the actions to investigate and resolve them, as well as providing for anonymity and confidentiality, and the prohibition of any form of retaliation against those reporting suspicions of violations or cooperating in the investigation of any suspicious act.

4.2.b Protecting the workforce

The three countries where the Project will be executed (Honduras, El Salvador and Costa Rica) have signed several ILO international treaties and conventions related to workers' rights, including Convention 138 on minimum age, Convention 182 on worst forms of child labor, Convention 29 on forced labor and Convention 105 on the abolition of forced labor. In compliance with each country-specific labor law, CMI Alimentos's Corporate Code of Ethics and Internal Work Rules direct its work relations, establishing employer and employee minimum rights and obligations, and promote equality and equity in terms of human, civil, political, economic, social and cultural rights between men and women.

4.2.c Occupational health and safety

CMI Alimentos has implemented some SOSI instruments in line with the risk analysis of its operations as well as the environmental and work accidents, and a training program encompassing safety briefings and a procedure to keep prevention and safety reports or files updated; some of them are: a risk prevention management program for the workplace (or similar) and a general rulebook with measures to prevent occupational diseases and accidents, which comply with the requirements set forth by the competent labor authorities and with the legal regulations in force as established by the workers' health and safety legislation in each country; it also has the guidelines to grant high-risk work permits depending on the activity, the work environment conditions and activities to be performed, and checklists for personal protection equipment (PPE) and emergency equipment.

In order to implement and strengthen its prevention embracing culture, each CMI Alimentos SBU trains their employees regularly on SOSI matters, for example.

4.2.d Provisions for people with disabilities

CMI Alimentos does not discriminate against its workers based on their disabilities and it meets the regulations on the inclusion of people with disabilities¹⁷.

4.2.e Workers engaged by third parties

CMI Alimentos's Corporate Code of Ethics and its Internal Work Rules set forth rules and conditions concerning the work conditions of its workers and those engaged by third parties (contractors and subcontractors) and related to the Corporation, as well as the obligation to comply with the labor legislation in force in each country where it has activities.

Also, CMI Alimentos has its Rules of Conduct for Suppliers, Contractors and Subcontractors, which not only include the minimum conduct rules to promote and guarantee that the Corporation's suppliers, contractors and subcontractors carry out their work respecting the law, but also guarantee compliance with its REIR corporate values.

¹⁷ Honduras (HON): Decree No. 160-2005, Equity and Integral Development of People with Disabilities Law, Legislative Branch, May 2005. El Salvador (ELS): Decree No. 672, Special Law for the Inclusion of People with Disabilities, National Council for the Inclusion of People with Disabilities (CONAIPD, for its acronym in Spanish), January 2021. Costa Rica (CR): Law No. 7600, Equal Opportunities for People with Disabilities (1996) and Regulation No. 26831, March 1998.

4.2.f Supply chain

CMI Alimentos states in its Corporate Code of Ethics that, everywhere it has operations, the supply chain shall: (i) not leverage on child labor or include any product or services involving it in its business activity; (ii) look out to comply with the ILO provisions in relation to child labor (ILO conventions 182 and 138); and (iii) see that the most stringent environmental and OHS standards are complied with.

Thus, the Company prepared its Rules of Conduct for Suppliers, Contractors and Subcontractors, which help promote and guarantee that its suppliers, contractors and subcontractors perform their work respecting the local laws and its corporate REIR values. Moreover, at the start of any business relation with a supplier or contractor, these shall sign a certificate¹⁸, in which they state they know, understand and accept the guidelines contained in such rules, and promise to follow them during the work or business relationship.

4.3 Resource efficiency and pollution prevention

CMI Alimentos works on complying with Grupo CMI's sustainability strategy, which involves: (i) reducing the water footprint in its operations by implementing water efficiency practices and assuring the quality of wastewater; (ii) reducing waste and optimizing the reuse, recycle and disposal processes; and (iii) optimizing power use and reducing the emissions mainly produced during production and distribution. Only in 2021, measuring, monitoring and analysis actions started at the SBUs; the related reports will be prepared and the results disclosed.

4.3.a Resource efficiency

4.3.a.i Greenhouse gases

CMI-SC is working on a Greenhouse Gases (GHG) Integral Management Program to identify, quantify and report on its inventory of GHG emissions, which might contribute to climate change. The program and its recommendations are expected to start implementation in the first half of 2023, whereas annual results will be available for 2024.

For the rest of CMI Alimentos SBUs, the Project does not represent a significant increase in power consumption or fossil fuel use; therefore, GHG generation will not exceed current levels. Nonetheless, CMI-B4B and CMI-B4C will prepare an implementation schedule and an annual inventory of GHG emissions for each Project operation in each country (Honduras, El Salvador and Costa Rica) as per the program, which will include direct emissions from fuel consumption (Scope 1) and the indirect ones from power consumption (Scope 2). Changes in the results with respect to the base year (2022 or 2023, depending on the information available) will be informed annually together with an explanation of their causes. It is worth mentioning that CMI-B4B in El Salvador¹⁹ and Costa Rica²⁰ have a GHG inventory for scopes 1 and 2, with the result for 2022 being 10,502.10 and 436.25 tons of CO₂ equivalent per year (tCO_{2e}/year), respectively²¹.

¹⁸ The compliance certificate for suppliers, contractors and subcontractors

¹⁹ Harisa, S.A. de C.V. (HARISA), CMI-B4B.

²⁰ Harisa, S.A. de C.V. (HARISA), CMI-B4B.

²¹ Values under 25,000 tCO_{2e}/year; upon reaching this threshold, decisions would have to be made to reduce emissions.

It is worth stating that the Company is seeking to reduce its emissions by optimizing the use of electrical power and lowering the consumption of fuel during its production, thus keeping its commitment to voluntary carbon-neutral certification in El Salvador and Costa Rica²².

4.3.a.ii Water consumption

The Project does not expect a significant increase in water consumption at CMI Alimentos SBUs. Drinking and processing water will be supplied through the existing systems, them being either the municipal water distribution system or wells with the proper concession or license. However, the Corporation is constantly trying to optimize use at its operations and reduce consumption where possible, as part of its water efficiency and saving program, which highlights the following actions: (i) waste reduction; (ii) consumption monitoring; (iii) environmental education; and (iv) use of low-consumption technologies.

4.3.a.iii Energy

All CMI Alimentos SBUs get electrical power from the national grid²³, in compliance with the sector rules in each country. However, since 2020, four food production plants in El Salvador have relied on solar panels for between 10% and 25% of its power consumption.

Additionally, as part of the GHG integral Management Program, CMI Alimentos will be quantifying and progressively recording their power consumption in select operations and preparing an inventory of GHG emissions. While executed, the Project will not demand significantly higher power than its average, and it will be obtained from known sources.

It is worth saying that in Costa Rica there is an Energy Management System, which helped two CMI-B4B plants to be ISO 50001:2018-certified²⁴ since 2020.

4.3.b Pollution prevention

4.3.b.i Wastes

All CMI Alimentos facilities and offices rely on some sort of sanitary or wastewater management system, either by a direct connection to the municipal public sewage network, their own septic tanks or their own wastewater treatment plant (WTP), where effluents are biologically treated to reduce its organic matter and nutrients down to levels that are admissible for the legislation in each country, to be further discharged into receiving bodies or to be used for fertigation.

SBUs CMI-B4B and CMI-B4C, however, will prepare and implement a quality monitoring and control system for the effluents coming from the Project WTPs, to help validate compliance with national rules depending on the type of receiving body and the effluent expected use. In future WTP expansions or

²² Certificates obtained by HARISA in El Salvador and FHACASA in Costa Rica for the third consecutive year.

²³ Industrial operations in Guatemala, however, are supplied with 100% renewable energy.

²⁴ Standard ISO 50001 presents the requirements for energy management systems, and aims at continuous, systematic improvement of the energy performance of organizations.

improvements, CMI Alimentos will include compliance with the IFC's guidelines on emissions and effluents²⁵, when applicable, during the analysis and design phases.

As to non-hazardous waste management, all CMI Alimentos SBUs count on integral management programs and procedures to handle adequately this type of waste from the moment it is generated until it is disposed of. Once the waste has been categorized and its potential for internal reuse or recycle has been assessed, the Corporation segregates and stores it following the local rules of each country, before proceeding to adequate disposal.

Non-hazardous solid waste will be transported by licensed agents or the municipal public services to landfill sites authorized in each region of the country with active operations.

4.3.b.ii Hazardous materials management

All CMI Alimentos SBUs have specific procedures in place to use, handle and store hazardous materials, like pesticides and herbicides, cleaning and disinfection agents, refrigerants like ammonia, fuels and even medications, in compliance with the sanitary regulations of each country, and train authorized personnel for application and handling with qualified staff from the supplier. Likewise, in compliance with the SOSI, civil protection and firefighting codes of each country, each facility requiring oil-derived products to be stored (for instance, diesel fuel and LP gas, used for flour dryers and boilers, emergency plant and forklifts) has a license or permit to operate.

The Corporation will not transport its hazardous waste, whether solid or liquid, outside its facilities. It will be handled by authorized agents according to the local environmental laws governing transportation and disposal.

4.3.b.iii Management and use of pesticides

CMI Alimentos does not use pesticides in its operations. Plagues, such as rodent populations in plants, warehouses, silos, offices, etc. are controlled using physical devices monitored by a specialized contractor (outsourced service).

4.4 Community health and safety

4.4.a Community health, safety and security

This transaction does not involve developing new projects; thus, there will not be new impacts on the community health, safety and security. However, CMI Alimentos supports its corporate social responsibility (CSR) goals through its Fundación Juan Bautista Gutierrez (Grupo CMI's social branch), behind projects like: (i) "CMI Emprende", in which opportunities are created and boosted for entrepreneurs, like Casa de Pollo Rey, Mer-K-dito Exprés, El Rincón del Pollo y Cedecap²⁶; (ii) "CMI Educa", in which personal development opportunities are offered through different programs; for example, university scholarships, maintenance and tuition grants, improvements to school infrastructure, day-care

²⁵ Environmental Health and Safety General Guidelines and Guidelines on Environment, Health and Safety for Water and Sanitation.

²⁶ To train people who want to start their own businesses in the bakery and pastry sector

centers in communities, partnerships with universities and training; and (iii) “CMI Junto a ti”, which has the commitment to improving the environment supporting the communities where they are, with different programs like access to drinking water, medical brigades, reforestation and road building, etc.

CMI Alimentos seeks to avoid impacting the hygiene and safety of the communities near the facilities, by applying the pre-requirements of having hazard analyses and critical control points (HACCP) across the production/supply chain, including: (i) sanitation; (ii) plague control; (iii) toxic chemical substances control; (iv) allergens control; (v) pathogenic risks control; (vi) customer grievances mechanisms; (vii) traceability; among others.

4.4.a.i Infrastructure and equipment design and safety

Maintenance works, equipment replacement and minor remodeling works at the Project will be executed by competent, renowned contractors with expertise in each type of activity, following the applicable national construction, O&M and SOSI guides, rules and codes in order to reduce the risk for their own workers and the communities nearby.

Additionally, all CMI Alimentos SBUs have prepared its Accident Prevention Program to deal with any sort of damage and respond to any harm caused to State, individual or community property.

CMI-SC, through the SOSI area, will carry on evaluating and updating its safety plans for comprehensive handling of the ammonia from the cooling systems in its production plants, as well as the certifications of its life and fire safety systems at each facility so requiring.

4.4.b Security personnel

CMI Alimentos has instructed that all new contracts involving surveillance and security services shall include mandatory support of CMI’s Corporate Code of Ethics. In this sense, the security company shall observe certain premises in terms of human rights protection, labor rights protection, environment protection and anti-corruption practices. Also the contract has an ethics clause, which expresses zero tolerance to fraud and corruption, as well as the requirement for the security personnel to hold a firearm license in case they carry guns, in compliance with the local law.

Moreover, the surveillance and security services contracts establish that the security personnel must be qualified and properly trained professionally and technically, while having the experience and expertise to render the services in compliance with the requirements of the applicable rules and internationally accepted best practices.

4.5 Land acquisition and involuntary resettlement

This transaction does not involve developing new projects or require land acquisition or concession. Thus, it does not involve any involuntary physical or economic displacement.

4.6 Biodiversity conservation and sustainable management of living natural resources

The Project will be developed within the existing facilities, so there is no expectation of significant impact on the vegetation or changes to the biodiversity.

Nevertheless, apart from applying all the management instruments required by the legislation of each country to its poultry production, CMI-SC is implementing best practices of animal welfare in line with animal well-being conditions stated in the general principles in the livestock production systems of the World Organisation for Animal Health (WOAH, founded as OIE).

4.6.a Supply chain

Grains (corn, wheat and soy flour) are Grupo CMI's main supplies. Most grains are sourced from the USA and Canada (87% in 2022 and 88% at the end of September 2023), where there is a low risk of significant conversion of the natural resources and critical habitats. CMI Alimentos centralizes the acquisition of these grains, which guarantees more competitive prices given the economy of scale; optimizes inventory turnover, with an order-to-delivery purchase cycle shorter than five months; and keeps raw material quality consistent.

As for the acquisition and import of grains, CMI Alimentos makes reasonable efforts within its supply chain to guarantee they are sustainably and responsibly sourced, both environmentally and socially, but also in economic terms, promoting food safety. Its main suppliers are international players²⁷ like Cargill²⁸, ADM²⁹ and Bunge³⁰, which, apart from meeting the requirements of the international regulations of the countries where they operate, have committed to building sustainable supply chains, in which traceability and sustainability are promoted in terms of preservation of natural resources and sensitive or vulnerable ecosystems.

In this regard, CMI Alimentos will add to its Grain Purchase Policy certain criteria for assessing their suppliers' available environmental information about their activities and aiming to, under a sustainability scheme aligned with the commitment to strengthening food safety in the region, favor those suppliers who have a public sustainability program which promotes verifying the source of its supply chain³¹ and recognizing the supplier's efforts to that end.

In 2025³², CMI Alimentos will start progressively assessing the performance and continuity of the public sustainability programs of its grain suppliers; among other aspects, the efforts to promote trading grains that do not come from areas (ecoregions) with significant risk of conversion of critical or natural habitats will be recognized³³.

²⁷ CMI has other major suppliers, like CAI Trading and Seaboard Overseas Limits, which mainly supply vegetable and animal proteins (for instance, hen feather or meat protein; pork bone and meat protein; blood protein; soy protein; fish oil; etc.), which mainly comes from suppliers getting their ingredients from renowned European producers with high quality standards.

²⁸ <https://www.cargill.com/>

²⁹ <https://www.adm.com/en-us/>

³⁰ <https://www.bunge.com/>

³¹ Specifically, to avoid those regions where there is high risk of significant conversions of natural or critical habitats

³² According to most of the sustainable sourcing commitments or policies of CMI Alimentos's major suppliers, the aim to obtain grains from reliable sources would be reached in 2025.

³³ No significant impact due to loss of biodiversity or conversion of critical or natural habitats in the ecoregion.

4.7 Indigenous peoples

This financing transaction does not involve developing any new projects, so no impact is expected on the land or resources of indigenous peoples.

4.8 Cultural heritage

This financing transaction does not involve developing any new projects. In case of expansions that require digging or earthworks, CMI will implement the measures required by the local regulations to protect the cultural heritage.

5 Local Access of Project Documentation

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