Environmental and Social Review Summary (ESRS)
Project Controladora GMI - Financing Industrialized Construction through Modular Building Systems in Mexico - 16295-01

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1. General project information and scope of the IDB Invest Environmental and Social Review

GMI Group is a Mexican company founded in 1959 and headquartered in the state of Querétaro, dedicated to the design, engineering, manufacturing, logistical coordination, and assembly of modular, prefabricated, and steel-structure-based construction systems. The Company operates four core business lines: metal systems, modular systems, storage systems, and industrialized construction materials. Industrial processes include, depending on the business line, cutting, bending, rolling, welding, painting, and assembly of metal structures; manufacturing of polyvinyl chloride ("PVC") components and walls; manufacturing of expanded polystyrene panels; storage of raw materials and finished products; and dispatch and logistics. Once manufactured, the modules are transported to their client facilities for assembly, which may be conducted by the client's contractors under GMI's supervision or directly by GMI when dealing with more complex structures or those requiring work at heights.

This operation consists of a corporate financing in favor of Controladora GMI, S.A.P.I. de C.V. and its subsidiaries (collectively, "GMI Group," "GMI," the "Company," or the "Client"), intended for capital investments in Mexico, working capital requirements inherent to its operations, and other general corporate uses (the "Project"). GMI has two manufacturing plants and a distribution center in Querétaro. The facilities support an integrated model encompassing research and development, engineering, manufacturing, storage, logistical coordination, and assembly.

The Environmental and Social Due Diligence ("ESDD") process included a visit to GMI Group's corporate offices in San Juan del Rio, Querétaro and one of their manufacturing plants, also located in San Juan del Rio; interviews and meetings with senior management and those responsible for key areas such as Human Capital, Supply Chain, Health, Safety and Environment, and Quality ("HSEQ"); and the review of environmental and social ("E&S") and occupational health and safety ("OHS") information provided by the Client, including: (i) policies; (ii) organizational charts; (iii) manuals and procedures; (iv) OHS indicators; (v) waste management; and (vi) contractor and supplier management.

To verify the Project's commitment to respecting and protecting human rights, zero tolerance for retaliation, and the provision of a safe environment for stakeholders to express their concerns without fear, the ESDD also included the review of: (i) the Code of Ethics; (ii) Human Capital procedures; (iii) contractor and supplier management; and (iv) internal and external communication and grievance mechanisms.

2. Environmental and social classification and justification

In accordance with IDB Invest's Environmental and Social Sustainability Policy, the Project has been classified under Category B, as it may generate, among others, the following impacts and risks: i) OHS risks associated with cutting, forming, welding, painting, material handling and lifting, machinery operation, on-site assembly, and internal transit, including exposure to noise, metal fumes, particles, chemical substances, suspended loads, mobile equipment, electricity, fire, and work at height; ii) generation and management of municipal solid waste, special handling waste, and hazardous waste; iii) consumption of energy, water, and raw materials; iv) atmospheric emissions, noise, and potential spills or soil impacts; v) labor conditions and management of directly employed and third-party contracted workers; vi) E&S performance management of contractors, subcontractors, and suppliers; and vii) risks to communities and users arising from transportation, logistics, assembly, and emergency response.

These impacts and risks are estimated to be of medium-low intensity.

The Performance Standards ("PS") triggered by the Project are: i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; and iv) PS4: Community Health and Safety.

3. Environmental and social context

3.1 General characteristics of the project site

GMI's operations comprise two industrial facilities located in San Juan del Río, Querétaro: the San Juan del Río Plant (Valle de Oro) and Plant 2 (La Nueva Esperanza/Loma Linda), as well as a distribution center located in the El Marqués Industrial Park, Querétaro. All three facilities are in urban, peri-urban, or highly intervened areas, within a corridor with industrial, logistical, agro-industrial, and services activity.

3.2 Contextual risks

Querétaro has experienced significant industrial development, placing increasing pressure on infrastructure, public services, and natural resources, particularly water. For GMI's manufacturing operations, these conditions may result in water supply constraints affecting production processes, cleaning, dust control, and ancillary services, as well as higher operating costs, the need to secure alternative water sources, potential competition over water resources, and more stringent regulatory requirements. The Company incorporates climate scenarios into its risk assessment as part of its emergency preparedness planning.

GMI’s operations are also exposed to natural hazards that could affect business continuity and operational performance, including heavy rainfall, strong winds, and seismic events. These hazards could damage roofs, structures, storage areas, and electrical infrastructure; disrupt the delivery of raw materials and shipment of finished products; and increase risks associated with transportation and assembly activities.

In addition, security conditions in where GMI operates and along transportation routes may pose risks to workers, contractors, and transport providers, potentially resulting in logistical disruptions and increased operating costs.

4. Environmental risks and impacts and proposed mitigation and compensation measures

4.1 Assessment and management of environmental and social risks and impacts

4.1.a Environmental and Social Management System

The Company holds ISO 9001:2015 and ISO 14001:2015 certifications, as well as an Integrated Management System ("IMS") based on these standards and applicable to its engineering, manufacturing, and construction activities. The IMS includes a defined governance structure, stakeholder identification, risk and opportunity management, environmental aspects and impacts assessment, legal compliance, internal audits, emergency response, and continuous improvement mechanisms. The Company also has a Safety, Health, and Environment ("HSE") Policy and an organizational structure headed by a Leadership Committee and a HSE Department.

The IMS focuses primarily on HSE aspects, while stakeholder management is managed through internal processes, legal compliance, and social investment.

4.1.b Policy

As part of its IMS, GMI has a quality policy, an HSE policy, and a Code of Ethics. All policies are disclosed to employees during induction through printed materials and guided talks. Quality and HSE policies are reiterated once a year. During the site visit, policy posters were observed in the module manufacturing plant.

4.1.c Identification of risks and impacts

GMI has procedures for the identification and evaluation of risks and opportunities within the framework of its IMS, as well as for the identification and evaluation of environmental aspects and impacts. These procedures consider factors related to quality, environment, business, stakeholder expectations, and needs, and OHS. The procedures include methodologies for the evaluation, prioritization, and treatment of risks. However, GMI will strengthen these processes to systematically incorporate the identification, evaluation, and management of social risks and impacts, as well as community health and safety risks associated with its operations and transportation and assembly activities.

Regarding environmental permits, the Company holds a current state-level environmental impact authorization for its manufacturing plant in San Juan del Río. The installation of structures manufactured by GMI is conducted at sites defined by GMI clients, who are responsible for obtaining the environmental authorizations applicable to their respective projects.

The main direct impacts and risks of the Project include: i) OHS accidents and illnesses during cutting, forming, welding, painting, assembly, lifting, machinery operation, transportation, and

assembly activities, including work at height and in confined spaces; ii) generation of hazardous, special handling, and municipal solid waste; iii) atmospheric emissions, noise, and vibrations; iv) water and energy consumption; v) risks to communities and users associated with vehicle traffic, logistics, assembly, and emergencies; and vi) risks associated with the environmental, social, and OHS performance of relevant contractors, subcontractors, and suppliers.

To manage these risks, GMI has procedures, manuals, and HSE training programs, which are currently being restructured to strengthen GMI's management system and OHS culture.

4.1.c.i Gender risks

Querétaro presents significant risks of gender-based violence and discrimination. According to the 2021 National Survey on the Dynamics of Household Relationships (ENDIREH)[1], 24.6% of women aged fifteen and older experienced workplace violence at some point in their lives, and 24.8% experienced workplace discrimination in the 12 months prior to the survey. The most frequent situations were the limitation of tasks on the grounds that said tasks were reserved for men (12.2%), fewer promotion opportunities (10.1%), and lower pay for equivalent work (7.6%).

Given the industrial and traditionally male-dominated nature of GMI's activities, there are risks of discrimination, harassment, and sexual harassment, particularly in hiring, assignment of functions, remuneration, promotion, and on-site work. GMI, through its Code of Ethics, prohibits workplace and sexual harassment and harassment practices, which it will continue to implement at its facilities and will apply to subcontractors and suppliers. Therefore, and despite the state context, no differentiated impacts between men and women attributable to the Project are evident.

4.1.c.ii Gender programs

Currently, GMI does not have specific gender programs. However, its Internal Work Regulations document ("RIT" Spanish acronym) includes provisions applicable to female workers, such as: i) prohibition of performing hazardous work during pregnancy; ii) restrictions on night work and overtime for pregnant workers; iii) breastfeeding breaks; iv) protection of employment during pregnancy and breastfeeding; and v) adaptation of activities to avoid risks to the worker or the product of gestation.

During the visit, there was presence of women working on the plant floor, as well as in middle management positions.

4.1.c.iii Exposure to climate change

GMI's operations in Querétaro are primarily exposed to rising temperatures, droughts, and water stress, as well as extreme rainfall. Under the high-emissions scenario, for 2040–2059 the state is projected to experience an increase of 2.20°C in the annual daily maximum temperature, 68.82 days per year with maximum temperatures above 25°C, and a higher frequency of extreme precipitation events.

[1] https://www.inegi.org.mx/programas/endireh/2021/

The Company has an environmental emergency procedure that covers heavy rainfall and flooding, earthquakes, intense winds, extreme heat, lightning, water scarcity, and wildfires.

4.1.d Management programs

GMI has hazardous materials management plans, waste management plans (for effluents, hazardous and non-hazardous solid waste), and OHS procedures applicable to its manufacturing plants and structure assembly sites. These include programs for the management of hazardous waste, special handling waste, and municipal solid waste; safe handling of hazardous chemical substances; spill prevention and response; monitoring and control of atmospheric emissions, noise, and effluents; preventive equipment maintenance; emergency preparedness and response; and management of environmental aspects and impacts. Likewise, the Company implements OHS programs covering, among others, fire prevention and response, occupational medical surveillance, ergonomics, chemical substance control, lockout/tagout of hazardous energy, work at height, confined spaces, welding, use of personal protective equipment, incident investigation, and HSE audits. Additionally, it has procedures for the selection, supervision, and evaluation of contractors and suppliers.

4.1.e Organizational capacities and competencies

GMI has a formal organizational structure for the implementation of its IMS, headed by the Leadership Committee and supported by an HSE Department, technical personnel specialized in safety, environment, quality, and continuous improvement, as well as OHS services. The Company also has job descriptions, responsibility matrices, induction processes, training programs, and mechanisms to evaluate the competencies required for each position. Likewise, GMI has formal processes for talent identification, recruitment, induction, training, and personnel evaluation. Its IMS includes training programs and mechanisms to preserve and develop organizational knowledge, compliance with the latter is verified through internal audits and system performance reviews.

4.1.f Emergency preparedness and response

GMI has a corporate-level emergency response and management procedure and an Emergency Action Plan ("EAP") applicable to on-site activities. Both documents define responsibilities, internal and external communication mechanisms, evacuation protocols, and procedures for scenarios such as fires, spills, explosions, electrical discharges, falls from height, and medical emergencies, as well as general first aid measures. The manufacturing plants have emergency brigades made up of a coordinator, an assembly supervisor, a work coordinator, a brigade chief, and brigade members. GMI conducts semi-annual drills.

4.1.g Monitoring and evaluation

GMI has a performance evaluation program for its IMS, which includes at least two internal audits of ISO 9001 and ISO 14001 and one external audit of both standards. It also conducts annual management reviews on quality, environment, and safety, as well as monthly monitoring of these topics and HSE objectives.

4.1.h Stakeholder Engagement

Although GMI's IMS incorporates social, labor, and community aspects, the components related to communities focus on social responsibility and investment activities rather than on the systematic identification of stakeholders who may be affected, positively or negatively, by the Company's operations. Considering that GMI's activities are conducted primarily within industrial parks and corridors, impacts on neighboring communities are limited. Nevertheless, the Company will update its stakeholder mapping to include affected communities and, if necessary, establish communication channels with those communities.

4.1.h.i Information Disclosure

As part of its external communication system, GMI has defined channels for providing information to clients, suppliers, government entities, society, and the community when requested. Disclosures may be conducted through reports, targeted documents, free-form written communications, email, and institutional media such as corporate social networks. Responsibility for managing these communications rests primarily with the Quality and Continuous Improvement area and, as applicable, with the areas responsible for each topic.

4.1.i External Communications and Grievance Mechanism

Under the IMS, the Quality and Continuous Improvement area is responsible for managing external stakeholder communications, including complaints and requests for information. Available communication channels include social media and written correspondence submitted to the Company.

GMI's Internal and External Communication Procedure establishes the process for managing external complaints. Upon receipt, requests for information and complaints are recorded in a communications log and assigned a unique reference number. Records include the stakeholder's contact information, date of receipt, reason for the communication, and supporting documentation. The Company subsequently provides a formal response describing, as applicable, the actions taken to address the matter, including any containment or corrective measures.

However, the current procedure does not explicitly define the communication channels available to external stakeholders, criteria for determining whether a complaint or request falls within the scope of the mechanism, criteria for classifying and prioritizing communications based on their nature or level of risk, or applicable response and resolution timeframes. Furthermore, the contact mechanisms identified on the corporate website do not provide an option to submit anonymous complaints. GMI will therefore update its Internal and External Communication Procedure to include: i) available communication channels; ii) criteria for determining the admissibility of complaints and requests; iii) criteria for classifying and prioritizing grievances; iv) response and resolution timeframes; v) mechanisms for communicating and following up with stakeholders; vi) channels for submitting anonymous complaints; and vii) requirements for documenting, tracking, and closing cases. The updated procedure will also include appropriate measures to facilitate access to the grievance mechanism by vulnerable groups, as applicable.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Labor Relations

4.2.a.i Human Resources Policies and Procedures

GMI has a Human Capital Management Policy, applicable to its entire workforce, which regulates aspects related to hiring, working hours, attendance, training, OHS, confidentiality, labor conduct, and disciplinary measures. Through its Code of Ethics, the Company promotes respect, integrity, inclusion, equal opportunity, and compliance with applicable labor legislation. GMI incorporates commitments to non-discrimination, diversity and inclusion, respect for human rights, and prohibition of retaliation. Additionally, the Personal Relationships at Work and Conflict of Interest Policy sets out guidelines to avoid conflicts of interest and prevent harassment and legal risks.

4.2.a.ii Labor Conditions and Terms of Employment

The Human Capital Management Policy establishes the guidelines governing the obligations and rights of employers and workers. The policy establishes that salaries, benefits, and other labor entitlements are provided in accordance with applicable labor laws and the relevant contractual instruments. The Company also has Internal Work Regulations ("RIT") developed jointly—and formally approved—by the Company, the Union, and the Joint OHS Committee. The RIT specifically defines the rights and obligations of workers and the employer, and regulates aspects related to hiring, working hours and schedules, vacations, permits, leaves of absence, disciplinary measures, as well as provisions on occupational health and safety. The RIT stipulates that GMI will provide a copy of it to each worker and will post it in a visible location for workers' awareness.
The Company provides transportation to blue-collar workers at manufacturing plants and construction sites. At construction sites, GMI sets up shaded rest areas.
When project execution requires workers' temporary accommodations, the Company procures—through a third party—housing or, when the latter is not feasible, hotels. Accommodation selection considers criteria of safety, hygiene, comfort, location, and proximity to work sites. However, in order to apply defined criteria in the selection of accommodations, GMI will develop a checklist based on international standards[2], mandatory for use by GMI or external companies contracted for that purpose.

GMI has approximately 560 employees, of whom 78% are men and 22% are women.

4.2.a.iii Labor Organizations

GMI respects the right to freedom of association and collective bargaining through its Human Capital Management Policy and the current RIT. GMI currently has a Collective Bargaining Agreement ("CCT" Spanish acronym), which is renewed every two years.

[2] For example, the criteria established in the IFC and EBRD guide manual on worker accommodation. Available at: https://www.ifc.org/en/insights-reports/2000/publications-gpn-workersaccommodation

The Human Capital Management Policy recognizes that the provisions established in the CCT, together with those set forth in the Federal Labor Law and individual contracts, are considered in determining working conditions at GMI's workplaces.

4.2.a.iv Non-Discrimination and Equal Opportunity

GMI promotes equal opportunity and non-discrimination through provisions in its RIT and Code of Ethics, which expressly prohibit discrimination, workplace harassment, and sexual harassment. Likewise, the Recruitment, Selection, and Hiring Policy establishes equal opportunity criteria in the attraction and selection of personnel. Vacancies must be posted without reference to sex, marital status, religion, nationality, physical characteristics, or educational institution of origin, and selection must be based on the competencies, skills, and aptitudes of the candidates.

4.2.a.v Retrenchment

The Company has a Workforce Reduction Policy focused primarily on individual dismissals, and based on local regulations. GMI had two layoff events due to a decrease in workload: one between 2017 and 2018 and another during the COVID-19[3] pandemic. Collective dismissals were carried out in accordance with applicable Mexican regulations. GMI does not have a procedure governing layoffs in accordance with international standards. Therefore, it will develop an internationally aligned corporate procedure applicable to future retrenchments.

4.2.a.vi Grievance mechanism

The Company has a Workers' Grievance Mechanism called "GMI CONTIGO," administered by Human Capital. Through this mechanism, workers can submit commendations, suggestions, complaints, and reports, including reports related to harassment, bullying, or conduct contrary to the Code of Ethics. The mechanism can be accessed through physical suggestion boxes, email, or digital platforms. The Company establishes commitments of confidentiality, protection against retaliation, and case handling through an Ethics, Comprehensive Wellbeing, and Psychosocial Risk Prevention Committee. Currently, the mechanism does not explicitly define resolution timelines, traceability, or closure indicators, or alternative routes to avoid conflicts of interest should they arise, so GMI will update it to incorporate these elements. Likewise, GMI will ensure that whistleblowers or complainants who wish to remain anonymous have the option of not providing personal data.

4.2.b Workforce protection

GMI has provisions aimed at preventing child labor and forced labor and protecting the labor rights of its workers. The Code of Ethics expressly prohibits child labor for persons under 15 years of age and establishes the Company's commitment to respecting human rights. In addition, the RIT restricts the hiring of persons under 18 years of age and establishes specific measures to protect adolescent workers between 15 and 18 years of age, including the submission of: i) a medical certificate; and ii) authorization from their parents or legal guardian. It also prohibits them from performing hazardous or unhealthy activities, night shifts, and work beyond their capabilities.

[3] COVID-19 is the infectious disease that primarily affects the respiratory system and is caused by the SARS-CoV-2 virus.

The Company maintains formalized labor relations, confidential reporting mechanisms, and general commitments to respect human rights and comply with labor legislation.

4.2.c Occupational health and safety

GMI has a Joint Safety and Hygiene Commission, procedures for accident investigation, and guidelines for the mandatory use of Personal Protective Equipment ("PPE"), the latter are posted at various points throughout the facilities. The Company also has first aid kits, conducts occupational medical examinations for its workers, and maintains nursing services at its manufacturing plants for the treatment of minor incidents and first aid.

Additionally, GMI implements an HSE program that it updates annually and consists of various individual procedures, such as: i) fire prevention and control; ii) welding processes; iii) PPE matrix; iv) medical surveillance; v) noise studies; vi) ergonomics; vii) chemicals; viii) lockout/tagout procedures ("LOTO"); ix) work at heights; x) confined spaces; and xi) HSE audits. The Company also has specific procedures for high-risk activities, including work at heights, confined spaces, hot work, and safe operation of overhead cranes.

Likewise, the HSE Regulations establish guidelines on safe conduct, proper use of PPE, maintenance of safe working conditions, use of tools, machinery, and equipment, as well as provisions aimed at accident prevention and environmental protection. Finally, the RIT incorporates specific measures to protect the health and safety of pregnant workers, including restrictions on performing activities that may pose a risk to them or to the product of gestation.

4.2.d Workers engaged by third parties

GMI engages subcontractors to perform specialized construction activities that cannot be carried out by its own workforce, including activities involving heavy machinery, hydraulic installations, civil works, structural assembly, and lamination.

The Company has a formal subcontracting procedure governs the selection, engagement, evaluation, and monitoring of subcontractors. As part of the onboarding process, subcontractors are required to provide relevant legal, tax, and employment documentation. Current periodic evaluation focus primarily on OHS and contractual compliance. GMI will strengthen its contractor management process by incorporating environmental, social, and OHS criteria into the selection, evaluation, and monitoring of contractors, including requirements related to child labor, forced labor, freedom of association, workers' grievance mechanisms, and compliance with applicable environmental legislation. The Company will also make reasonable efforts to incorporate environmental, social, and OHS performance clauses into existing contracts through addenda and will include them directly in new contracts.

4.2.e Supply chain

GMI has a policy and procedures for suppliers and subcontractors' management, which establishes the process for selection, onboarding, evaluation, and performance monitoring. Currently, the process focuses on commercial, documentary (legal and tax), and quality performance. Suppliers

with unsatisfactory performance are subject to corrective actions, commercial restrictions, or removal from the registry. Likewise, it has a Procurement Policy and a Supplier Policy that promote transparency, equal opportunity, and operational continuity.

However, supplier management focuses on commercial, documentary, and quality criteria, without systematically incorporating workforce protection aspects. Therefore, GMI will strengthen its supply chain management processes by incorporating mandatory legal, labor, and OHS compliance requirements for primary suppliers.

4.3 Resource use efficiency and pollution prevention

4.3.a Resource use efficiency

GMI uses liquefied petroleum gas ("LP") in cafeterias and forklifts, natural gas in paint ovens, and grid electricity in offices. The Company applies preventive maintenance to combustion equipment, emissions monitoring, and electricity-saving measures, such as a photovoltaic system with a maximum capacity of 500 kW and 1,632 modules.

4.3.a.i Greenhouse gases

The identified sources include direct Scope 1 emissions from LP gas and natural gas consumption, and indirect Scope 2 emissions from purchased electricity. GMI has historical consumption data by source but does not have a quantified greenhouse gas ("GHG") emissions inventory. Therefore, GMI will prepare a GHG emissions inventory for its manufacturing plants and distribution center, covering direct emissions (Scope 1), indirect emissions from energy consumption (Scope 2), and those associated with the value chain (Scope 3), in accordance with an internationally recognized methodology. If emissions exceed 25,000 tonnes of CO_{2eq} per year, GMI will prepare the inventory annually, and will design emission reduction strategies.

4.3.a.ii Water consumption

The Company consumes an average of 450 to 600 m³ of water per month for production processes, sanitary facilities and cafeteria services; therefore, its overall water consumption is not considered significant. Water used in industrial processes is primarily associated with cooling and general cleaning. This water is recirculated, with only losses from natural evaporation being replenished. GMI sources its water from the public water supply network.

4.3.b Pollution Prevention

4.3.b.i Waste

The Company generates hazardous and non-hazardous waste. GMI has established procedures for the classification, segregation, labeling, temporary storage, and disposal of hazardous waste, biological-infectious hazardous waste, special-handling waste, and non-hazardous solid waste. These procedures define responsibilities and requirements for recordkeeping, inspections, maximum storage levels, verification of authorized waste management contractors, and waste

manifests. Waste is collected on a monthly basis. At its manufacturing plants, waste is segregated by type, and hazardous waste is stored in a designated area equipped with ventilation, spill response materials, secondary containment, and fire extinguishers.

GMI also generates sanitary wastewater and wastewater from cleaning activities, which are discharged to the municipal sewer system; wastewater from parts-rinsing processes; and wastewater containing fats and oils from cafeteria operations. Cafeteria wastewater is treated through grease traps, while wastewater from industrial processes is managed as hazardous waste. In addition, the Company conducts quarterly physicochemical analyses as part of its pollution prevention and monitoring measures.

4.3.b.ii Hazardous Materials Management

GMI uses a range of hazardous chemicals in its operations, including adhesives, alcohol, paints, degreasers, enamels, pigments, resins, sealants, lubricants, fuels, and refrigerants. Hazardous materials are stored in a designated area, where safety data sheets and a chemical compatibility matrix are maintained to establish appropriate storage conditions. Containers are properly labeled and provided with secondary containment.

The Company also has procedures governing the handling, transport, transfer, and storage of hazardous chemicals. These procedures establish requirements for labeling, safety data sheets, segregation based on chemical compatibility, secondary containment, personnel training, and the use of PPE. In addition, GMI's environmental emergency procedure establishes protocols for classifying and responding to spills, leaks, fires, and other environmental emergencies, including requirements for incident documentation and investigation, remediation, and notification to the relevant authorities, as applicable.

4.4 Community Health and Safety

4.4.a Community Health and Safety

GMI's manufacturing plants and distribution center are located in industrial areas, although residential areas are present in the vicinity of the San Juan del Río facility. Potential community health and safety risks are primarily associated with vehicle traffic; the loading and unloading of materials; the transportation of structures and modules; lifting and assembly activities at client sites; and potential emergency events such as fires, explosions, gas leaks, chemical spills. Noise and air emissions from industrial processes may also affect nearby communities and other third parties. The manufacturing plants have operational and emergency controls in place to manage these risks.

Assembly activities take place at third-party sites and under varying conditions. Accordingly, potential exposure of nearby communities, site users, and other third parties will depend on the specific activities, characteristics, and surroundings of each worksite.

4.4.a.i Infrastructure and Equipment Design and Safety

The San Juan del Río manufacturing plant has Life and Fire Safety ("L&FS") measures in place, including smoke detection and alarm systems, portable fire extinguishers, evacuation routes and exits, signage, assembly points, fire prevention and response brigades, emergency notification and evacuation procedures, drills, and inspection and maintenance programs for fire safety equipment. A December 2023 assessment of with NOM-002-STPS-2010 classified the facility as presenting high fire risk based on its built area and inventories of flammable liquids and combustible solids. GMI will address the gaps identified through this assessment, including the lack of fixed fire protection systems, PPE for fire brigade members, access controls for areas containing flammable or explosive materials, and complete documentation of certain inspection and maintenance activities. The facility currently holds an operating approval issued by the Municipal Civil Protection Directorate of San Juan del Río, valid through December 31, 2026.

To mitigate potential risks to community health and safety, GMI will retain an independent, qualified L&FS professional to assess the manufacturing facilities against applicable L&FS requirements and verify that the gaps identified through the NOM-002-STPS-2010 compliance assessment have been adequately addressed. The assessment will document its findings and recommendations, and GMI will provide evidence of compliance with the corrective measures implemented.

4.4.a.ii Hazardous Materials Management and Safety

GMI uses a range of hazardous materials in its operations, including adhesives, alcohol, paints, degreasers, enamels, pigments, resins, sealants, lubricants, fuels, and refrigerants. The Company's procedures for managing hazardous materials establish equirements for labeling, availability of safety data sheets, segregation based on chemical compatibility, secondary containment, transportation, transfer, storage, personnel training, and the use of personal protective equipment PPE. Emergency response procedures also establish measures for containing and managing spills, including the use of absorbent materials, control of ignition sources, measures to prevent spills from spreading or entering drainage systems, isolation of affected areas, and management of contaminated materials as hazardous waste. These measures help minimize the potential for community and third-party exposure to hazardous materials in the event of spills, fires, explosions, or leaks during operations and activities at client sites.

4.4.a.iii Community Exposure to Disease

Given the nature of GMI's activities and the controls in place, no significant Project-related risks to community health have been identified. Potential risks are mainly associated with: i) temporary effects on nearby communities from air emissions generated by welding, painting, and vehicle traffic; ii) accidental releases of hazardous chemicals or waste during storage, handling, or transportation, with potential consequences for public health; iii) the proliferation of disease vectors due to inadequate waste management or stagnant water in work areas; and iv) traffic accidents involving the transportation of materials, equipment, and modules, which could pose health and safety risks to third parties.

Considering that manufacturing activities take place at existing industrial facilities and GMI has procedures in place for waste and hazardous materials management and emergency response, the likelihood and potential magnitude of these risks are considered low.

4.4.a.iv Emergency Preparedness and Response

The Company has prevention and emergency response plans in place, in accordance with applicable Civil Protection requirements. These plans are primarily designed to protect workers, contractors, visitors, the facilities, and the environment. Given that the facilities within established urban and industrial areas and that Project activities are not directly adjacent to affected communities, specific community emergency preparedness and response measures are not considered necessary. Nevertheless, the effective protection of nearby communities and other third parties relies on the proper implementation of existing emergency plans and, where necessary, coordination with external response services.

4.4.b Security personnel

GMI engages a specialized private security firm at its San Juan del Río manufacturing plant. Security personnel are unarmed and are primarily responsible for controlling access to the facility. The manufacturing plants are also equipped with closed-circuit television ("CCTV") systems. For activities conducted at client sites, private security services are not required in all cases. GMI determines the need for security personnel based on the characteristics and location of each project, prevailing security conditions, and project-specific requirements..

The Company has a Patrimonial Security Manual that defines the roles, responsibilities, operational procedures, and requirements applicable to private security personnel, including access control, security protocols, CCTV monitoring, incident response, and emergency communications. However, the Manual does not establish requirements for screening and selecting security personnel or service providers with respect to background checks, human rights, or the use of force. GMI will therefore ensure that its security service contracts include provisions to: i) conduct reasonable inquiries to verify that security personnel have not been implicated in past abuses; ii) verify that personnel have received appropriate training on the use of force; (iii) establish and verify applicable restrictions and procedures governing the carrying and use of firearms; and (iv) verify that personnel have received training on human rights and conflict resolution.

4.5 Land acquisition and involuntary resettlement

The Project will not require land acquisition or result in physical or economic displacement.

4.6 Biodiversity conservation and sustainable management of living natural resources

No impacts on biodiversity are anticipated, as the two manufacturing plants and the distribution center are located within existing, highly modified industrial areas.

4.7 Indigenous peoples

No indigenous peoples are present in the vicinity of the Project facilities. Accordingly, no impacts on the lands or resources of indigenous peoples are anticipated.

4.8 Cultural heritage

No tangible cultural heritage has been identified within the Project area. Given the highly modified nature of the existing industrial areas, no impacts on cultural heritage are anticipated.

5. Local access to project documentation

Information related to the Project is available through the following link: https://www.gmi.com.mx/