

Environmental and Social Review Summary (ESRS) Support for CAPEX and Working Capital Needs for Kowi – MEXICO

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

The present operation consists of a loan to Porcikowi S.A. de C.V., Genetikowi S.A. de C.V., Alimentos Kowi S.A. de C.V. and Nutrikowi, S.A. de C.V. (collectively the "Companies") of the Kowi Group ("Kowi"), to finance (i) working capital needs for the purchase of harvest grains for the production of piglet fattening feed; and (ii) capital investments ("CAPEX") related to (a) the expansion of the Processing Plant processes for the production of ¹value-added meat products, (b) sales and marketing infrastructure, and (c) improvements to the wastewater treatment system of the Processing Plant (the "Project").

The Project will enable: (i) ensuring the timely availability of resources for the acquisition of freshly ²harvested grain from the Yaqui Valley (known as the ³ "Granary of Mexico"), in order to cover feed production needs for a full annual period; (ii) increasing the production capacity of the value-added processed product line, through the development of a new specialized processing line that will allow doubling the annual production of meat products, up to 1,200 tons, and the execution of the operational processes necessary to integrate it into the processed products expansion strategy; (iii) investments in the adaptation of existing stores in terms of refrigeration and logistics infrastructure (merchandise receiving areas), the opening of new stores (within already existing commercial premises) in major cities of Mexico⁴, the strengthening of the distribution fleet (renewal of cargo transport units and other vehicles for logistical and operational support); (iv) improving the performance of the effluent treatment system at the Processing Plant, by implementing a new Wastewater Treatment Plant ("WWTP") at the outlet of the ⁵existing facultative lagoon system, consisting of a physicochemical polishing treatment to improve

¹ The expansion would be carried out within the existing grounds of the Processing Plant of the company Alimentos Kowi, S.A. de C.V., located in Navojoa, Sonora, Mexico.

² This type of freshly harvested grain presents superior nutritional qualities that promote the development of healthier and more robust piglets; in contrast, stored grain has a higher probability of containing mycotoxins or other agents that negatively affect feed conversion metrics.

³ The municipalities of Cajeme and the Valle del Yaqui, located in southern Sonora, are the main wheat-producing engine of Mexico, concentrating approximately 52% of national wheat production. Their transformation dates back to the early twentieth century during the "Era of Irrigation" (1909–1928), when the construction of the first large irrigation canal systems began, laying the foundations for converting semi-arid land into an agricultural hub, followed by the "Green Revolution" in the mid-twentieth century, when new high-yield wheat varieties were introduced and Mexico transitioned from being an importer to being self-sufficient in the production of this cereal. Currently, more than 210,000 hectares are used for cultivation with conservation and innovation practices and, although wheat dominates, crops such as corn, safflower, soybean, sorghum, chickpea, grapevine, and export vegetables have been added (Source: Flores, Dagoberto; "Historia de la transformación agrícola del Valle del Yaqui, Sonora. 1981–2013"; Centro Internacional de Mejoramiento de Maíz y Trigo (CIMMYT); 2020).

⁴ The opening of 4 new stores is planned, each in the cities of Hermosillo, Sonora; Guadalajara, Jalisco; Querétaro, Querétaro; and Mexico City.

⁵ This lagoon system aims to improve water quality due to its retention time in facultative ponds, where an anaerobic and aerobic treatment process is carried out, contributing to the degradation of organic matter and reduction of solids content in the water, and additionally serving in parallel to reduce water volume through a process of "natural evaporation."

compliance with national regulations (NOM-001-SEMARNAT-2021 or, in the case of reuse or irrigation, NOM-003-SEMARNAT-1997).

This would be the second operation that IDB Invest would have with Kowi. The first operation was committed in 2020 and was used to finance capital investments related to the expansion process in installed capacity at different stages of pig farms and part of the working capital associated with the operation of these farms.

The environmental and social due diligence ("ESDD") process included on-site *technical*⁶ visits, interviews and meetings with managers and senior executives of the Company, as well as the review of environmental and social ("E&S"), labor, and occupational health and safety ("OHS") information provided by Kowi, such as: (i) its business strategy; (ii) its policies and procedures related to E&S management; (iii) its labor and OHS programs; (iv) its human resources ("HR") policy; (v) its supplier management procedures; (vi) its solid waste management processes (both hazardous, non-hazardous, and special handling) and effluents; and (vii) its emergency response plans.

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 possible E&S impacts and risks: (i) increased health and safety risk to workers; (ii) generation of noise, odors, and pollutant emissions into the atmosphere; (iii) generation of solid waste (hazardous, special handling, or non-hazardous) and liquid waste (mainly industrial and domestic wastewater); and (iv) use of resources, primarily water and energy. These impacts and risks associated with the Project are estimated to be of low to medium intensity.

The International Finance Corporation ("IFC") Performance Standards ("PS") activated by the Project are: PS-1, Assessment and Management of Environmental and Social Risks and Impacts; PS-2, Labor and Working Conditions; PS-3, Resource Efficiency and Pollution Prevention; and PS-4, Community Health and Safety.

3 Environmental and Social Context

3.1 General characteristics of the project site

Kowi is a group with more than 40 years of experience dedicated to the production, processing, and commercialization of pork through its subsidiaries (Genetikowi, S.A. de C.V. and Porcikowi S.A. de C.V., which manage the pig farms at their different stages), while Alimentos Kowi S.A. de C.V. is the marketing company through which all of the group's commercialization passes. Nutrikowi Alimentos S.A. de C.V., created in 2000, is the company that ⁷has a Feed Plant and supplies ⁸food products to all of the group's farms, using raw materials of high quality standards (grains, minerals, and vitamins).

⁶ The visits included the facilities of PorciKowi and Alimentos Kowi in the vicinity of the city of Navojoa in the State of Sonora, Mexico.

⁷ Plant certified under ISO 9001-2015.

⁸ These products are integrated into various nutritional programs based on three stages: (i) breeding stock; (ii) starter; and (iii) finishing.

The Companies are located in the state of Sonora, one of the main pork-producing states from which more than 70% of the country's pork production volume is exported. After the local consumer market, the most important markets for Kowi are Japan and the United States, with a market share of approximately 28% of all Mexican pork exports abroad, 26% of the export market to Japan, and approximately 23% of the domestic market. Kowi is one of the three most important companies in the pork sector in Mexico in terms of sales and exports to Japan.

Porcikowi has 3 breeding farms, while Genetikowi has 4 fattening farms divided according to their stage of development. At each facility and each stage, the pigs consume diets tailored to their needs, formulated by expert nutritionists to ensure healthy growth. Additionally, in order to comply with good livestock practices ("GLP")⁹ and production certifications, and above all respecting animal welfare, preventive health¹⁰ programs, automated climate control systems, and constant¹¹ supervision are in place to keep mortality rates and feed conversion ratios exceptionally low. Genetikowi has a highly technified artificial insemination center, with high quality and biosecurity standards, where genetic material is managed and¹² distributed to the group's farms. Finally, Kowi has a slaughter and processing plant (the "Processing Plant") with an operational capacity of 4,000 pigs per day, with modern¹³ facilities and cutting-edge technology, strictly complying with the hygienic and sanitary conditions imposed by national and international bodies under the rules of good manufacturing practices ("GMP").

Kowi is committed to offering the highest quality expected by its customers, which is why it has a platform to guarantee quality and compliance with national and international health and hygiene standards,

⁹ Good Livestock Practices ("BPP") are a set of procedures, conditions, and controls applied in production units of all species, which guarantee good feeding and management, health, water quality, waste and pest control, non-use of prohibited substances, as well as personnel hygiene and health, in order to minimize the risk of contamination; providing the consumer with a hygienic and safe product. BPP certification is mandatory; TIF establishments dedicated to the slaughter of species for human consumption may only receive animals originating from production units that are certified.

¹⁰ During the DDAS, general compliance and the intention to improve compliance (through investment in physical improvements to the farms) with the general principles of animal welfare in the Livestock Production Systems of the World Organization for Animal Health (OIE) were observed, including: (i) the physical environment, including the substrate (surface for walking, resting, etc.), is adequate in order to minimize the risk of injury and the transmission of diseases or parasites to the animals, and said physical environment allows for comfortable rest, safe and comfortable movement, including normal postural changes, and the opportunity to perform all types of natural behavior; (ii) the social grouping of animals allows for positive social behavior and minimizes injuries, distress, and chronic fear; (iii) in this case, where animals are housed/placed in pens, air quality, temperature, and humidity support good animal health and are non-aversive; (iv) animals have access to sufficient food (in accordance with the Mexican Official Standards: NOM-061-ZOO-1999 on zoosanitary specifications for food products for animal consumption) and water, appropriate to their age and needs, to maintain normal health and productivity and to prevent prolonged hunger, thirst, malnutrition, or dehydration; (v) good management practices exist for the prevention and control of diseases and parasites; likewise, animals with serious health problems are isolated and promptly treated or humanely slaughtered if treatment is not feasible or recovery is unlikely, or sent to a TIF establishment in accordance with NOM-033-SAG/ZOO-2014 (Methods for killing domestic and wild animals; DOF, 26-08-2015); and (vi) the handling of these animals fosters a positive human-animal relationship and does not cause injury, panic, lasting fear, or avoidable stress.

¹¹ These systems guarantee the best conditions for efficient swine comfort.

¹² This genetic material makes it possible to produce finished pigs that reach 120 kg in weight with only 10% back fat, in fewer than 155 days of age.

¹³ Through a CO2-based stunning technology, one of the principles of "Animal Welfare" is fulfilled, ensuring a humane transition for slaughtering the pig, while also ensuring notable quality in the meat, its color, and appearance.

backed by the following ¹⁴certifications: ¹⁵TIF Certification (specific to its Processing Plant, granted by SENASICA - SAGARPA), ¹⁶México *Calidad* ¹⁷Suprema, and Safe Quality Food ("SQF").

All facilities (plants and farms, primarily) have their Comprehensive Environmental License ("LAI"), granted by the Commission of Ecology and Sustainable Development ("CEDES") of the State of Sonora, and the operating and environmental impact resolution. However, for the execution of the Project, the modification or update of the LAI must be analyzed to ¹⁸contemplate the construction of new works to increase production capacity and the improvements to the WWTP; as well as the obtaining of construction permits and prior reports for the opening of new stores, as required by the Authorities of each State and Municipality where these works are carried out.

Likewise, each pig farm has its Notice of Commencement of Operations, under the modality of primary production unit ("UPP") and GLP Certification¹⁹ in UPP for local consumption or for export, issued by SENASICA, and ²⁰complies with the animal health and GLP provisions of the Federal Animal Health²¹ Law and its Regulations.^{22,23}

¹⁴ For these certifications, Kowi has a Quality Assurance organizational structure, in which, through a Farm Improvement Coordinator and a Farm Quality Supervisor, they ensure compliance with the quality and safety protocols applied to entities that supply live pigs to Frigorífico Kowi; these are: (i) They review the Standard Operating Procedure on Farms, using Format F3, which indicates staff training; (ii) They conduct audits of farms that supply live pigs to the plant, reviewing, among other aspects, the following formats: a) the Sanitation Standard Operating Program, which indicates farm cleaning; b) the Harmful Fauna format, which indicates whether there is pest control; c) the Flora (weed control) format, which consists of the weed removal log on the farm and which chemical products are used; and, d) the bacteriological and physicochemical analysis of the pigs' drinking water; (iii) Train and instruct pen staff, slaughter staff, farm personnel, and live pig transporters on any strategy, information, or special procedure involved in the welfare and quality of the pigs; (iv) Train and instruct farm veterinarians and farm owners on plant-related matters (improvements made at the plant, Biosecurity measures taken at plants, training and awareness on the use of needles and medications, etc.); (v) Coordinate annual farm visits for certification of the MEXICO CALIDAD SUPREMA brand, with auditors from OCETIF – Certification Body for the Food Industry; (vi) Cooperate with and/or advise farms for Good Livestock Practices certification; (vii) Coordinate and oversee the approval of laboratories and/or chemical substances permitted in the chemical substances catalog used by the plant; and (viii) Internal auditor for the SQF System.

¹⁵ The Federal Inspection Type certification, TIF by its acronym, is a recognition granted by the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food ("SAGARPA"), through the National Service of Agri-Food Health, Safety and Quality ("SENASICA").

¹⁶ The Mexico Calidad Suprema ("MCS") certificate is an official and voluntary seal of the Mexican Government (endorsed by the Secretariat of Economy and SADER) that guarantees that agri-food products meet the highest standards of health, safety, quality, and traceability.

¹⁷ The Safe Quality Food ("SQF") certification is a comprehensive system recognized worldwide by Global Standards, which certifies that food is produced, processed, and handled under the highest standards of safety and quality.

¹⁸ Section V, articles 84 and 97 Bis, of the environmental impact authorization under Law 171 - Law on Ecological Balance and Environmental Protection of the State of Sonora.

¹⁹ SENASICA-04-038 "Notice of Commencement of Operations" under the modality of primary production unit.

²⁰ SENASICA-04-046-A "Application to obtain the Good Livestock Practices Certificate in primary production units" or SENASICA-04-046-B "Application to obtain the Good Livestock Practices Certificate in production units for export purposes."

²¹ Good Livestock Practices (BPP) are a set of procedures, conditions, and controls applied in production units of all species, which guarantee good feeding and management, health, water quality, waste and pest control, non-use of prohibited substances, as well as personnel hygiene and health, to minimize the risk of contamination; providing the consumer with a hygienic and healthy product. Good Livestock Practices certification is mandatory; TIF establishments dedicated to the slaughter of species for human consumption may only receive animals from production units that are certified.

²² Federal Animal Health Law (DOF, 25-06-2007); current text, last amendment published (DOF, 16-02-2018).

²³ Regulations of the Federal Animal Health Law (DOF, 21-05-2012).

3.2 Contextual Risks

The Mexican context presents relevant risks associated with crime and security, characterized by high levels of violent crime, collective violence, and weaknesses in the effectiveness of public security forces.

²⁴In the State of Sonora, 57.5% of the population aged 18 and over perceives insecurity as the problem that most affects them, followed by health-related issues (32.5%). Their level of trust in state security and justice authorities is only 66.9%, while 75.8% consider traffic police to be corrupt.²⁵ During 2025: (i) approximately 27.9% of households had at least one crime victim; (ii) 32,448 crimes per 100,000 inhabitants occurred, of which 57.8% correspond to extortion, fraud, and threats, 23.8% to some type of robbery or assault involving a vehicle, home, street, or public transportation, and the remaining 18.²⁶4% to other crimes and injuries; and (iii) alcohol and drug consumption, robbery and assault, gunfire, drug dealing, and gang activity and violent bands were the most frequent criminal or antisocial behaviors. These factors may affect the safety of personnel and assets, the transportation of inputs, and the logistics of finished products.

Given the above, theft or damage to property and personal injury are the main risks faced by both workers and the physical facilities and assets of the Project. Additionally, the State of Sonora presents risk indicators in terms of economic prosperity and productivity. However, the Project can contribute positively in these areas through job creation and technological innovation in the livestock and human food production industry.

The Project is also subject to natural hazards such as earthquakes, storms, droughts, and strong winds. However, these represent a moderate to low risk, both in terms of the damage they could cause to the physical infrastructure of the farms, the Plant and warehouses, and the new stores, as well as to employees and suppliers.

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

Kowi has implemented robust E&S management practices. In addition, it is certified under multiple internationally recognized sustainability and food safety standards (SQF, BPP, and BPM), as well as the regulatory certifications required for its operations in Mexico (México Calidad Suprema and TIF Certification). These certifications resemble the existence of an Environmental and Social Management System ("ESMS") aligned with ISO 14001:2015, which is composed of formalized management procedures at the corporate level through Kowi's policies and Code of Conduct ("CCK"), covering aspects related to environmental, quality, compliance, and anti-bribery practices. Nevertheless, the Companies will conduct

²⁴ According to data from INEGI (National Business Victimization Survey – ENVE, 2024), insecurity and crime is the main issue affecting economic units, while 52.2% of them perceived insecurity when transporting their products on highways.

²⁵ National Survey on Victimization and Perception of Public Safety (ENVIPE) 2025; INEGI (<https://www.inegi.org.mx/programas/envipe/2025/>).

²⁶ Includes crimes such as kidnapping or express kidnapping, sexual crimes, and other crimes.

periodic E&S management²⁷ assessments (resembling an ESMS) to strengthen or update its components in accordance with applicable E&S and OHS requirements.

4.1.b Policies

Kowi has a Comprehensive Environmental Policy that includes compliance with national and international legislation and standards on quality, food safety, environmental matters, and social responsibility. This policy covers complementary management (contributing to regional sustainable development), continuous improvement, diversification of energy sources, integrated water management, and climate change (emissions reduction and reforestation); it also defines the personnel responsible for ensuring internal compliance, and is communicated to all levels of the Companies, to contractors, temporary workers, and other social stakeholders.

4.1.c Risk and Impact Identification

4.1.c.i Direct and indirect impacts and risks

The Companies have a risk assessment matrix for the identification of E&S aspects, where, based on the regulations and standards applicable to production, storage, and logistics processes and activities, significant risks and impacts on product quality, the environment, worker health and safety, and affected communities are assessed. This information is used to determine the operational controls or corrective actions, and the measurement and monitoring mechanisms (including the definition of performance indicators) required to manage each risk.

For the construction of the new works at the Plant and the WWTP, Kowi will include within its assessment matrix the relevant risks associated with climate change and adaptation opportunities, as well as those that may arise during construction and operation.

Independently, to minimize the environmental impact and prevent pollution generated by their activities, the Companies promote good practices focused on proper waste management, emissions reduction, water and energy conservation, and raising awareness among their employees and suppliers regarding the optimization of resource use.

4.1.c.ii Alternatives Analysis

Given that the Project will be developed on land adjacent to current operations and in existing facilities located in an industrial area, no other alternatives were considered beyond the spatial layout and the evaluation of various technology options based on their economics and efficiencies (in terms of energy and accessibility).

²⁷ Applying the Environmental and Social Management System, Implementation Manual – General, IFC, version 2.1, November 2015. Environmental and social management system tools – General, IFC, version 1.2, November 2015.

4.1.c.iii Cumulative Impacts

Given the characteristics of the Project, it is considered that the cumulative impact, together with those generated by past, present, and future projects, will be marginal. As such, no additional cumulative impact mitigation plan is required.

4.1.c.iv Gender Risks

Even though Mexico has laws ²⁸and ²⁹institutions that protect women, in 2021 the State of Sonora, in terms of gender-based violence and sexual crimes, ranked eighth among Mexican federal entities with the highest prevalence of violence against women aged 15 and over throughout their lifetime (surpassed by states such as Mexico City, State of Mexico, Querétaro, Colima, Jalisco, Aguascalientes³⁰, and Coahuila). For the period from January to April 2026, Sonora ranked eighth nationally for alleged femicides and eighteenth for alleged domestic violence ^{crimes}³¹.

Nevertheless, given the type of activity and industrial sector (livestock and human food production industry), combined with the fact that the Project is located within privately owned land (for industrial and livestock use) with perimeter security and surveillance, the gender risk is estimated to be low and mitigable through the application of the principles contained in the CCK and the Companies' equality and equity practices.

4.1.c.v Gender Programs

The Project will not generate material differentiated impacts on men and women; nor will it promote gender-based violence or procuring activities. The Companies promote non-discrimination and equal opportunity in the search for and promotion of their human talent. In this regard, the Project is expected to generate employment opportunities in an equitable manner.

The Companies have incorporated provisions to ensure the appropriate treatment of women working in their facilities in terms of: (i) provision of personal protective equipment ("PPE") adapted for women; (ii) provision of changing rooms separated by work area and by gender; (iii) provision of suitable work environments for pregnant women; (iv) adoption, in their CCK, of zero-tolerance policies toward gender-based violence; and (v) compliance with local legislation and adherence to international practices on matters such as non-discrimination and equal opportunity for their personnel, regardless of gender. Any

²⁸ Federal Law to Prevent and Eliminate Discrimination; General Law on Equality between Women and Men (2006); General Law on Women's Access to a Life Free of Violence (February 2007) and Regulations of the General Law on Women's Access to a Life Free of Violence (March 2008).

²⁹ National Women's Institute ("Inmujeres"); National Commission to Prevent and Eradicate Violence against Women ("CONAVIM"); National Council to Prevent Discrimination ("CONAPRED"); National Human Rights Commission ("CNDH"); among others.

³⁰ The reference periods for the information are: January to December 2021, for victimization; and March and April 2022, for perception of public safety and performance of authorities. Source: National Survey on the Dynamics of Household Relationships ("ENDIREH") 2021; INEGI (<https://www.inegi.org.mx/programas/endireh/2021/>).

³¹ According to statistics from the Executive Secretariat of the National Public Security System, for January – April 2026 (<https://www.gob.mx/sesnsp/documentos/informe-de-violencia-contra-las-mujeres>).

conduct contrary to the CCK guidelines is investigated and analyzed by the Management Group, and is subject to corrective and ³²disciplinary measures where applicable.

4.1.c.vi Climate Change Exposure

As a result of the Physical Climate Risk Assessment Report, the Project has been classified as moderate risk given its sensitivity to climate-related effects and the hazards to which it is ³³exposed. As such, the Project's facilities face meteorological hazards including drought, heat waves, and water scarcity. Furthermore, in terms of natural disaster risk, according to a global climate model, the Project area has low exposure to volcanic and seismic hazards.

In this regard, the indicators show medium risks in water access, climate, and natural disasters, all of which are particularly relevant for a pig farming and human food processing activity located in a region with structural water stress such as Sonora. These conditions may affect the availability and sustainability of key inputs, as well as operational continuity in the face of extreme weather events, with direct implications for production and long-term investments. Nevertheless, these risks are expected to be addressed by the measures proposed in the Contingency Plan ("PC"), which is reviewed every four years or when significant changes occur in the processes or facilities of each operational site.

In terms of risks potentially exacerbated by climate change, there is currently a high level of water stress in the Project area, with water supply scarcity toward the end of the century. It is projected to remain high or potentially worsen. In fact, although there is currently moderate exposure to droughts, due to climate change during the 21st century, changes in drought exposure are projected to be high. These phenomena may limit water availability for processing, cleaning, and biosecurity, affect animal welfare, and increase operational costs due to the need for alternative water sources. Likewise, the projected increase in heat waves poses thermal stress on animals, with impacts on mortality and productivity, greater energy demand for ventilation and cooling, and health and safety risks for personnel. However, given that water efficiency programs are in place and no significant increase in water consumption is expected, the Project's sensitivity to these climate-related threats is low.

Finally, the Project's exposure to transition risk is moderate according to the industry and country profile. Although the human food production, distribution, and retail industry is essential, transition risk exists due to greenhouse gas ("GHG") emissions in the value chain. Regarding the country, Mexico has already begun implementing a carbon pricing system (ETS and carbon tax), which may impact the cost of fossil fuel use for the Companies in the medium term. However, several climate opportunities are available for the Project, including: (i) optimizing and decarbonizing own transport related to food distribution; (ii) working hand in hand with the supply chain to reduce GHG emissions generated to obtain products and raw materials; (iii) reducing food waste; and (iv) improving energy efficiency in general and in warehouse/storage cooling systems (as applicable).

³²The Executive Management Group is composed of the General Director, the Director of Administration and Finance, the Plant Director, the Processed Plant Director, the Quality Assurance Director, the Commercial Director, and the Marketing Director.

³³The climate of northern Mexico is essentially semi-arid. Annual precipitation in Sonora is around 420 mm, but varies from approximately 200 mm near the border with the United States to more than 600 mm at higher altitudes.

4.1.d Management Program

The Companies have Management Programs for handling E&S and OHS risks (with mitigation measures, primarily), as well as EP for natural disasters. Among the measures necessary to eliminate or mitigate each of the identified impacts or risks, the following are included: (i) preventive measures, focused on eliminating or reducing the frequency or severity of negative impacts or risks, which are supported by programs for (a) preventive and predictive maintenance of equipment and machinery, (b) solid waste management (hazardous and non-hazardous), (c) controls on pollutant gas emissions and the generation of dust and noise, (d) liquid effluent control, both industrial and domestic, (e) a social management program, which will include community engagement and social compensation measures for communities within the Project's area of influence, and (f) ongoing employee training and drill programs; and (ii) technical-operational recommendations, which are based on compliance with national regulations,³⁴ specifically NOM-002-STPS-2010, which establishes fire prevention procedures and equipment.

4.1.e Organizational Capacity and Competence

Kowi has an organizational structure dedicated to E&S and OHS matters. In this regard, under the Administration and Finance Directorate, there is an Industrial Safety, Occupational Medicine, and Environment Coordinator, who, with the support of the industrial safety, environment and sustainability, and medical care areas, is responsible³⁵ for: (i) monitoring environmental and OHS regulatory compliance; (ii) managing quality, occupational safety and health ("OSH") management systems; (iii) promoting a sustainable and environmentally responsible business model; (iv) identifying opportunities for improving energy performance; (v) preventing pollution; and (vi) advising the General Directorate on the implementation of sustainability procedures and emergency preparedness and response.

4.1.f Emergency Preparedness and Response

The Companies have an EP for each of their plants (processing and food), farms, stores, and warehouses, which comply with the internal civil protection program required by the Secretaría del Trabajo y Previsión Social ("STPS") and federal and state civil protection legislation³⁶. To safeguard the physical integrity of employees, visitors, suppliers, and persons or customers present within such facilities; as well as to address the wide range of emergencies that may threaten property and continuous production, each EP establishes preventive mitigation and assistance actions for each establishment.

The Safety Coordinators at each plant and farm are responsible for establishing the annual training program for the implementation of contingency programs and drills, and for reviewing the frequency of such training.

³⁴ Mexican Official Standard NOM-002-STP-2010 establishes safety conditions – prevention and protection against fires in workplaces.

³⁵ These areas are composed of: Industrial Plant Safety, Commercial Industrial Safety, Environment and Sustainability, Occupational Medicine, Industrial Safety and Farm Environment, and Plant Physician; together with their industrial inspectors and paramedics.

³⁶ General Civil Protection Law and its Regulations; and Book Six of the Administrative Code of the State of Sonora and its Regulations.

Even though an EP exists for each plant, Kowi will update the EP for the Processing Plant, including its expansion and the installation of new production lines, to reflect the Project's changes and modifications, which will include: (i) a risk analysis based on the new layout; (ii) sketches of evacuation routes, the location of safe assembly points, and firefighting equipment; (iii) requirements for the organization of brigades (in the event they are expanded); and (iv) requirements for the formation of the Emergency Control Committee and the Internal Civil Protection Unit (in the event it is modified).

4.1.g Monitoring and Evaluation

Kowi has, among its objectives, monitoring compliance with all legal provisions of an environmental nature. In this regard, it annually reports compliance with E&S and civil protection aspects each time the Operating License is renewed and through social responsibility audits conducted by external certifications under the *Sedex Members Ethical Trade Audit* ³⁷("SMETA") scheme and those for obtaining SQF certification. Internally, they have developed a variety of procedures for monitoring and evaluating their performance, such as: generation and control of documents and records, non-conformities, product withdrawal/recall, audits, traceability, management review, food fraud, equipment vs. fire review, among others.

4.1.h Stakeholder Engagement

Kowi has an updated database of stakeholders related to its operations, including neighbors and nearby communities. Additionally, it has a program called "Brigada Verde Kowi," whose objective and function is to execute and monitor community participation activities for the benefit of the environment and society, and to contribute with actions to promote environmental awareness, including various activities, among others: (i) care of flora and fauna; (ii) cleaning in different sectors (waterways, roads, etc.) around farms and plants; (iii) donations and tree planting; and (iv) training and talks on sustainability topics.

4.1.i External Communications and Grievance Mechanism

4.1.i.i External communications

Kowi has a communication model that establishes the guidelines and criteria for transmitting official communications of common interest, in a clear and uniform manner, to both external and internal stakeholder groups. This model requires that all communications be analyzed depending on the subject matter involved.

4.1.i.ii Grievance mechanism for affected communities

Kowi has a system for receiving complaints called "DIRE," which consists ³⁸of a digital platform to strengthen its integrity and legal compliance system. Additionally, there is a Procedure for the Implementation and Operation of the DIRE System, which defines the guidelines to ensure that all complaints, reports, suggestions, or claims received are addressed and investigated in a timely manner,

³⁷ Alimentos Kowi is currently evaluated by the SMETA 4-pillar audit, which assesses labor, occupational health and safety, environmental, and business ethics standards; as well as sustainability practices in the company. Results will be obtained in the second half of the year.

³⁸ Intelligent, Responsible, and Ethical Reporting (DIRE).

creating and maintaining an adequate control environment based on its institutional values. These guidelines also establish the functions of each functional area, as well as the stage in the process and the manner in which it is to be involved (receipt, classification, review, analysis, investigation, development of an action plan with the reported party, monitoring, management, and documentation of results).

The means for capturing complaints may be: (i) written, either through the website³⁹, the official email of the HR area, or through physical communications submitted directly in mailboxes placed at the Companies' facilities; or (ii) oral, by telephone, or through a verbal expression of discontent. These means, which are available to employees and external personnel, can capture and process anonymous complaints, ensuring their handling without fear of discrimination against the person submitting them. This mechanism seeks to make the Companies' business management transparent, maintain an open and honest relationship, and promote the values of integrity, honesty, transparency, and respect.

4.1.j Reports to affected communities

Kowi, through its website,⁴⁰ provides general information on its mission, vision, and values, as well as its corporate social responsibility practices and the certifications it holds in such areas.

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

Kowi has a series of instruments to manage its human resources, among which the following can be cited: (i) the CCK, which sets out the standards of conduct and compliance that should serve as a guide and basis for the performance of all its activities, in addition to establishing the principles of gender equality, non-discrimination, and equal opportunities; (ii) the Internal Labor Regulations ("RIT"), which complies with the requirements of the Federal Labor⁴¹ Law ("LFT") in Mexico and the principles established by the International Labour Organization ("OIT"), and which contains labor⁴² regulations and establishes the conditions of fair treatment, working conditions and appropriate terms of employment, as well as termination notice and severance pay; and (iii) the Human Resources Policy, which presents a strategy of (a) optimal recruitment to attract the best candidates, (b) training to achieve a professionalized workforce, (c) performance evaluation to strengthen its employees in a favorable work environment that promotes continuous improvement, social responsibility, professional development, and a balanced quality of life.

Additionally, in support of the aforementioned labor regulations and to comply with the SMETA standard, the Companies have adopted the Human Rights Policy, the Policy for the Prevention and Care of Inhumane Treatment, and the No Child Labor Policy; as well as non-discriminatory hiring procedures, child labor remediation procedures, and separation procedures.

³⁹ <https://linea.sistemadire.com/LineaDenuncia/Cliente/Cliente.aspx?IdC=045004AC04F10633045004AC04F10633>

⁴⁰ <https://www.kowi.com.mx/> and <https://www.kowi.com.mx/index.php/impacto-social/>.

⁴¹ Last amendment published in the Official Gazette of the Federation (DOF) on November 30, 2012.

⁴² These standards are related to: working hours and workplaces, payment locations and days, rest periods and vacations, obligations of the company and personnel, occupational health, prohibitions and disciplinary measures, and sanctions.

All these aspects related to work and working conditions are managed by the HR area.

4.2.a.ii Working Conditions and Terms of Employment

The provisions contained in the CCK and the RIT comply with both Mexican labor and safety legislation and regulations, as well as international best practices. These provisions regulate the manner and conditions of personnel selection and hiring; working days and hours; rest days; vacations; leaves of absence; flexible work arrangements to promote collaboration and productivity; salaries and benefits; the rights and obligations of the employee and the employer; conduct and disciplinary measures; asset security; and risk prevention, among others. To reinforce awareness of these working conditions, the Companies train their employees to comply with the CCK and to report any real, potential, or apparent situation that could deviate from said code.

The Companies carry out the recruitment, selection, and hiring of talent through transparent, objective, confidential, and rigorous processes that guarantee respect for the principles of equality and non-discrimination. Additionally, the selection and hiring of personnel is based on the competencies, capabilities, professional experience, and level of identification that candidates have with the Companies' values.

4.2.a.iii Labor Organizations

Kowi, by committing to comply with applicable local legislation, recognizes the rights of workers to form and be part of labor organizations, as well as to respect and assume the responsibilities arising from such legislation, including the international conventions and treaties that countries have signed with the OIT. Furthermore, through⁴³ the RIT, it establishes the need to comply with the LFT with respect to the obligations and prohibitions of employers regarding respect for union rights and non-interference in the formation and functioning of unions. In this ⁴⁴regard, some workers are members of the Sindicato de Trabajadores de la Empresa Alimentos Kowi S.A. de C.V., without reprisals from the Companies.

4.2.a.iv Non-Discrimination and Equal Opportunities

Mexico is a signatory to several international OIT conventions and treaties related to workers' rights, including Convention No. 100 on equal remuneration and Convention No. 111 on discrimination (employment and occupation). Kowi, in addition to complying with these provisions, establishes, within its CCK and the Human Rights Policy and the Policy for the Prevention and Care of Inhumane Treatment, respect for individual diversity and equity, equality, and impartiality, seeking a positive and inclusive social impact. Furthermore, these instruments declare a zero-tolerance stance toward attitudes of discrimination, harassment, abuse, or workplace bullying, and reaffirm the Companies' commitment to promoting an environment in which no applicant, employee, supplier, or service contractor can be excluded or discriminated against in an external or internal selection process on the grounds of ethnic or national origin, gender, age, disability, social status, health conditions, religion, immigration status, opinions, sexual preferences, marital status, or any other ground that undermines human dignity.

⁴³ Convention No. 87 concerning Freedom of Association and Protection of the Right to Organise and Convention No. 98 on the Right to Organise and Collective Bargaining.

⁴⁴ Art . 132, 133, 154 and Chapters II, III, and IV of Title Seven, Collective Labor Relations.

4.2.a.v Workforce Reduction

Kowi has no plans to reduce its workforce in the future. However, should this occur, the RIT establishes the need to comply⁴⁵ with the LFT with respect to the suspension and collective termination of employment relationships.

4.2.a.vi Grievance Mechanism

The means for filing complaints or claims regarding any inappropriate conduct, ethically questionable behavior, or any breach of the Companies' values and the CCK is through the DIRÉ System. This mechanism integrates various communication channels ranging from a direct or written complaint to the immediate supervisor, to the HR Department, or the use of a suggestion and complaints box at each Plant; to anonymous reporting through digital options such as: email, website, or employee portal. The CCK establishes that all complaints are confidential and prohibits any retaliation against those who report suspected violations or cooperate in the investigation of any suspicious act.

The HR Coordinator is responsible for collecting and responding to complaints submitted to the DIRÉ System and for referring them to the various investigation areas (Security, HR, Production, Quality, Ethics, or Legal), which must ensure the objectivity and confidentiality of the process and deliver a report with the results of their internal investigation and the relevant recommendations. The HR Management is responsible for overseeing the overall functioning of the system, ensuring the confidentiality of information, and authorizing the closure of cases and the final feedback to the complainant.

4.2.b Workforce Protection

Kowi, in compliance with labor legal obligations in Mexico, regulates labor relations while respecting the rights and obligations of employees and employers. In this regard, it promotes equality and equity in the area of human, civil, political, economic, social, and cultural rights between men and women.

Likewise, the CCK and RIT establish the obligation of employees, directors, and executives of the Companies, as well as contractors and suppliers, to comply with all applicable laws and regulations in Mexico, in order to ensure transparency and accountability in business, community interaction, and environmental responsibility.

4.2.c Occupational Health and Safety

Kowi has a Safety Policy under which it commits to protecting the physical and mental integrity of its personnel, the company's assets, and the environment, ensuring proper compliance with legal and regulatory requirements, continuously improving, and applying good safe practices and environmental conservation. Furthermore, in compliance with the LFT and the Federal Occupational Safety and Health Regulations, Occupational Health and Safety Programs are in place for each plant and facility. These contain the guidelines and behaviors to be followed to: (i) protect employees' physical integrity; (ii) prevent injuries and damage to their health; (iii) avoid impacts on process safety through the

⁴⁵ Art. 53 and 434.

implementation and execution of procedures related to industrial safety and sustainability; and (iv) identify hazards, assess risks, and establish prevention, correction, control, or transfer measures.

For all high-risk work, in addition to updating the hazard identification, risk assessment, and control determination matrix (IPERC), the Companies have developed procedures for work in confined spaces, work at heights, hot work, use and handling of chemical substances, spill response, work with pressure vessels, and maintenance of electrical installations; as well as an accident investigation procedure. The Companies require all their contractors to provide proof of labor skills and work permits duly authorized by the Industrial Safety area.

As part of the preventive program for OHS management, the Companies have annual training plans for personnel, which ⁴⁶include: HACCP, handling of chemical substances, food safety, use of personal protective equipment ("EPP"), waste handling and disposal, occupational health and hygiene, among others.

4.2.d Provisions for Persons with Disabilities

Kowi does not discriminate against workers on the basis of disability and complies with the regulations on the inclusion of persons with ⁴⁷disabilities.

4.2.e Workers Hired by Third Parties

In accordance with the provisions set forth in their CCK, all labor standards of the Companies, their policies and procedures equally cover their employees, clients, suppliers, contractors, and other third parties. The Companies ensure the integrity of workers hired by third parties who work in their facilities, ensuring that there is no child or forced labor, that they have the correct health and safety conditions in their work, and that they are taken into account in the event of emergencies or contingencies.

4.2.f Supply Chain

The CCK and the Human Rights and Prevention and Care of Inhumane Treatment Policies urge the Companies to ensure compliance with applicable legal provisions and conventions ratified by Mexico, including those relating to the employment of minors; and establishes commitments between the Companies, their clients, and service providers, seeking to ensure that the latter comply with the ethical principles and values of the Companies in aspects such as fair labor conditions, social security affiliation, eradication of child labor and discrimination, respect for the dignity of workers, occupational health and safety, social responsibility, and environmental compliance.

The Companies, through the Environmental Compliance Self-Assessment Format for Suppliers and Clients, periodically monitor the environmental and social risks of their supply chain through assessments and verifications, and in some cases incorporate the requirement of voluntary certifications such as BPP.

⁴⁶ The Hazard Analysis and Critical Control Points system (*HACCP*), adopted by the Codex Alimentarius Commission (CCA), makes it possible to identify specific hazards and measures for their control in order to ensure food safety.

⁴⁷ General Law for the Inclusion of Persons with Disabilities; Latest amendments, DOF of July 12, 2018.

4.3 Resource Use Efficiency and Pollution Prevention

4.3.a Resource Use Efficiency

4.3.a.i Greenhouse Gases

Due to the scale of the installation work for the new production lines and the opening of new stores under the Project, it is expected that GHG emissions during the construction phase of the Project will be less than 25,000 tonnes of CO₂ equivalent per year ("tCO₂eq/year").

Nevertheless, the Companies will conduct an Annual GHG Emissions Inventory for each of their plants, farms, and stores, where both direct emissions from fuel consumption (Scope 1), indirect emissions from electricity consumption (Scope 2), and those generated by the transportation of services contracted from third parties — for example, the transportation of personnel, equipment and machinery, and inputs and raw materials acquired from their supply chain (Scope 3) — will be quantified using the methodology developed by the Greenhouse Gas ⁴⁸Protocol Initiative ("GHG PI"). Annually, they will also report on the variation of results with respect to the base year (first full year of Project operation) and explain the associated causes.

It is worth mentioning that the Companies are seeking to reduce their emissions through the optimization of electricity expenditure and the reduction of fuel consumption in their vehicle fleet, used for the transportation of raw materials and finished products (logistics efficiency). Additionally, at some Porcikowi facilities, the use of renewable energy (solar panels) is being considered, which will allow savings of up to 30% of the farm's electricity consumption.

4.3.a.ii Water Consumption

Drinking water is supplied by the municipal public supply system or by water tankers provided by an authorized supplier in the event of network intermittency. Industrial-use water at the plants and farms, on the other hand, is supplied through extraction from wells duly licensed for their exploitation.

Regardless of the fact that no plant or farm has high water consumption (on average the plant currently has an annual consumption of 28.73 cubic meters per tonne of final product [m³/ton], and with the expansion it is projected at 14.59 m³/ton), the Companies have implemented a Water Use and Care Policy that seeks to ensure responsible and sustainable consumption of the resource at their facilities, implementing measures such as: (i) the installation of metering equipment; (ii) the replacement of obsolete or damaged water storage or distribution devices with state-of-the-art technology to reduce consumption; (iii) the implementation of leak detection programs; and (iv) the conduct of water use awareness campaigns.

⁴⁸ The Greenhouse Gas Protocol Initiative ("GHG PI", <https://ghgprotocol.org/>) is a multi-stakeholder alliance of businesses, Non-Governmental Organizations ("NGOs"), governments, and other entities, convened by the World Resources Institute (WRI), a US-based NGO, and the World Business Council for Sustainable Development (WBCSD), headquartered in Geneva, Switzerland.

4.3.a.iii Energy

During the installation of the new production lines of the Project, the additional energy demand will be supplied through the public grid of the Comisión Federal de Electricidad ("CFE") and under the service contract with the qualified supplier. In the operational phase of the Project, energy consumption will increase and will be monitored and quantified within the Annual GHG Emissions Inventory. The average annual energy consumption per tonne of processed product is 2.2679 KWh and is projected at 1.9655 KWh with the expansion.

As part of its environmental commitment, Kowi has an Energy Consumption Policy and an Efficient Energy Use and Savings Program that seeks sustainable consumption of energy resources (fuels and electricity) across all its facilities. In this regard, without altering its production volumes, each plant, farm, and store of the Project will seek to reduce its electricity consumption through: (i) the progressive ⁴⁹installation of LED lighting; (ii) the use of capacitor banks or renewable energy; (iii) the installation and replacement of electrical equipment with energy-efficient alternatives; (iv) energy-saving signage (keeping unused equipment switched off); (v) the installation of automatic or semi-automated controls for high-consumption equipment, such as refrigeration or air conditioning equipment; (vi) preventive maintenance of equipment to increase its performance; (vii) switching off warehouse lighting; (viii) use of natural light in as many areas as possible; and (ix) training employees on energy savings.

4.3.b Pollution Prevention

4.3.b.i Air Emissions and Quality

The construction activities for the installation of the new production lines and the opening of Project stores will generate some noise, vibrations, and suspended ^{particles} (PM10). However, the Management Programs establish control and mitigation measures in accordance with the characteristics of each construction activity.

The operation of the processing plant and the execution of the Project's processes will not generate significant pollutant emissions into the atmosphere. Nevertheless, the Companies have an Atmospheric Emissions Reduction Plan, which seeks to identify, quantify, control, and report emissions generated by production equipment (primarily the boiler). According to emissions reports, levels of total suspended particles (TSP) and combustion gases (CO₂, CO, O₂, N₂, NO_x, and SO₂) are in compliance with national ⁵⁰regulations.

4.3.b.ii Effluents

At the Companies' farms, the pig production or fattening process is semi-dry; however, the accumulated excreta and urine and the process of washing and disinfecting the pens are what generate wastewater or effluents. These effluents are conveyed by gravity or pumping (depending on the terrain where they are

⁴⁹ LED (Light Emitting Diode) refers to a *semiconductor* device that emits light when an electric current passes through it.

⁵⁰ Mexican Official Standard NOM-085-SEMARNAT-2011, Atmospheric pollution; Maximum permissible emission levels for indirect heating combustion equipment and their measurement.

located) to a wastewater treatment ⁵¹system ("STAR") consisting of a series of facultative lagoons (primary and secondary), where through an anaerobic and aerobic treatment process, organic matter is degraded and the solids content in the water is reduced; additionally, in parallel, the water volume is reduced through a "natural evaporation" process. Finally, the effluent from the facultative lagoons will pass to a polishing or maturation lagoon, in order to achieve the desired level of fecal coliform removal and, in extreme cases, to act as a buffer in the event of failure of the previous process.

The wastewater produced at the Processing Plant is conveyed to a facultative lagoon system, which will be improved with the implementation of the Project's PTAR. According to the PMA, the new PTAR will be monitored semi-annually to verify its compliance with current environmental regulations, ⁵²NOM-001-SEMARNAT-1996, and in the event that it is required for reuse or agricultural irrigation, it ⁵³must comply with NOM-003-SEMARNAT-1997. The sludge generated will be managed and disposed of as hazardous waste.

Since no significant increase in water consumption per unit of product produced is anticipated, no significant increase in effluents is expected either.

Finally, the stores, offices, changing rooms, canteens, and employee facilities generate liquid effluents that are considered domestic and are conveyed primarily to the municipal sewage network (or their own septic tanks, when connection to the public service is not available) for subsequent treatment. In this regard, the Companies comply with the maximum permissible limits for contaminants in wastewater discharges to sewage systems, as required by ⁵⁴national regulations.

4.3.b.iii Waste

Kowi, in compliance with environmental legislation in Mexico, reports volumes of non-hazardous solid waste and special management waste in accordance with generation volumes (as applicable). In this regard, the Companies have: (i) the corresponding registration as a small waste generator; (ii) authorizations for the final disposal of special management waste; and (iii) a specific management plan that follows the provisions⁵⁵ of applicable regulations. The execution and implementation of the Project will not cause any modification to the processes and procedures already established by the Companies.

Currently, the Companies separately sort, classify, and temporarily store solid waste produced at their facilities, and have an authorized external manager for the collection, transportation, and final disposal of

⁵¹ There are sites where the STAR consists of a biodigester combined with a lagoon system, which in turn will include a facultative lagoon and a polishing lagoon, to ensure that the final effluent from the treatment plant will have adequate quality throughout the year.

⁵² Pollution control for discharges of swine wastewater is regulated by the following laws and standards: (i) General Law of Ecological Balance and Environmental Protection -1982; (ii) Federal Rights Law of 1991 (Parameters: DQO, SST); (iii) National Waters Law -1992- and its Regulations -1994; and (iv) the Mexican Official Standard NOM-001-SEMARNAT-1996, which establishes the maximum permissible limits of pollutants in wastewater discharges into national waters and assets.

⁵³ NOM-003-SEMARNAT-1997, which establishes the maximum permissible limits of pollutants for treated wastewater reused in public services (DOF, 14-01-1998).

⁵⁴ Mexican Official Standard NOM-002-SEMARNAT-1996, which establishes the maximum permissible limits of pollutants in the discharge of wastewater into urban or municipal sewage systems.

⁵⁵ General Law for the Prevention and Integral Management of Waste ("LGPGIR"), the Regulations of the LGPGIR ("RLGPGIR") and the Environmental Laws of the State of Sonora and their Regulations.

non-hazardous solid waste produced, either for subsequent recovery (recycling administrators) or for disposal in an authorized sanitary landfill.

The Companies have a Comprehensive Waste Management Plan that includes educational campaigns for all their staff and suppliers on topics of waste reduction, reuse, and recycling, as well as initiatives to classify and record (by weight or volume) their solid waste as hazardous and non-hazardous or special management waste, as defined by environmental regulations. In addition, the Company conducts training campaigns for its employees and awareness campaigns for its suppliers on topics related to the use of single-use waste and comprehensive waste management.

For the management of process waste from the Plant (bones, meat scraps, and viscera not suitable for direct human consumption), including carcasses from the farms, Kowi has a service agreement with the Rendering Plant (Kofanor de México, S. de R.L. de C.V.) located in Esperanza, Sonora, integrated into its value chain for the manufacture of meat and bone meal.

4.3.b.iv Hazardous Materials Management

At the Companies' facilities (mainly at the plants and farms, and to a lesser extent at the stores), materials are used that, due to their characteristics, are considered hazardous⁵⁶ under Mexican regulations⁵⁷. The Companies, in compliance with environmental legislation and in accordance⁵⁸ with their category and their Comprehensive Waste Management Plan, keep a record of generation volumes, the storage process, and the management of hazardous waste generated during their operation and maintenance; as well as the manner in which transfer to⁵⁹ certified companies for their management is carried out.

4.3.b.v Pesticide Management and Use

The Companies have developed an Integrated Pest Management Procedure aligned with the requirements of the Ministry of Health in Mexico, which includes assignment of responsibilities, specific requirements for the service provider, specifications for chemical handling, and procedures for the application and management of hazardous waste. Periodic training sessions are conducted with staff on pest control and pesticide use at the facilities. The procedure includes the restriction of the use of pesticides corresponding to Classes Extremely Hazardous (Ia) and Highly Hazardous (Ib) according to the World Health Organization, within all plants.

4.4 Community Health and Safety

4.4.a Community health and safety

The Companies operate the plants, farms, stores, and warehouses using the best applicable environmental and OHS practices. The update of the PC of the Processing Plant will be developed

⁵⁶ For example, rags and cleaning objects contaminated by solvents, residual oils or lubricants, used for equipment maintenance; car or forklift batteries; biological-infectious waste; among others.

⁵⁷ Mexican Official Standard NOM-052-SEMARNAT-2005, which establishes the characteristics, identification procedure, classification and lists of hazardous waste.

⁵⁸ Art. 42 of the RLGPGR

⁵⁹ Through a Hazardous Waste Collection Manifest.

according to the new plant layouts, to incorporate a specific section that analyzes the forms of protection of communities (if applicable) and neighboring facilities. These programs incorporate provisions to coordinate the involvement of specialized personnel in emergency brigades (search, salvage, and rescue brigades; first aid brigades; firefighting brigades; and communication brigades) and provisions for⁶⁰ coordination with External Authorities when the response to leaks, spills, or fires exceeds the Company's response capacity.

The improvements to the productive process of the Project will be designed and built by competent and recognized contractors with experience in the implementation of this type of work, using the best international practices and complying with applicable national and international construction and safety guidelines, standards, and codes.

4.4.a.i Infrastructure and Equipment Design and Safety

The Companies, within their plants, farms, stores, and warehouses, have leak and spill detection and containment equipment, alarm and firefighting systems, and emergency communication mechanisms in accordance with⁶¹ national regulations.

However, in order to comply with national fire prevention and protection standards in workplaces⁶¹ and 61 standards for persons with disabilities,⁶² Kowi, after the installation of the new productive processes at the Processing Plant and the adaptation of the new stores, but prior to their operation or opening, will hire qualified professionals in Life Safety and Fire Protection Systems ("SVPI" or "L&FS") to certify: (i) that the adaptations to the Plant and the stores were built in accordance with the approved SVPI designs; (ii) that all equipment was installed according to the SVPI design; and (iii) that all SVPI equipment was tested following international requirements.

Additionally, Kowi will increase its fleet of trucks for transporting raw materials to and from its plants (the Processing and Food plants) and for distribution to customers. On some occasions they require greater capacity and subcontract third-party transportation services. In this regard, the Companies will update and implement a Road Safety Program for Drivers of their own vehicles, in accordance with the principles described in the World Bank⁶³ General Guidelines.

4.4.a.ii Hazardous Materials Management and Safety

The use, storage, and final disposal of hazardous materials is managed in accordance with applicable regulations⁵⁷⁵⁷ and in a preventive manner to avoid impacts on the community.

⁶⁰ Persons or entities with technical, legal and juridical standing, such as: Civil Protection, SEMARNAT, PROFEPA, Red Cross, Fire Department, etc.

⁶¹ Mexican Official Standard NOM-002-STPS-2010, Safety conditions – Prevention and protection against fires in workplaces.

⁶² General Law for the Inclusion of Persons with Disabilities (DOF, 12-07-2018) and the Technical Accessibility Standards Manual for Mexico City (2016)

⁶³ General Guidelines on Environment, Health and Safety; Community Health and Safety; Road or Traffic Safety.

4.4.a.iii Emergency Preparedness and Response

Kowi has developed mutual aid plans in agreement with neighboring industries in industrial zones to provide coordinated assistance of technical and human resources in the event of a disaster or emergency situation that exceeds the response capacity of the affected facilities, taking into account the purpose of protecting customers, the community at large, and minimizing any adverse effects on the environment.

4.4.b Security Personnel

The Companies have unarmed internal personnel for security and surveillance duties, as well as control of entry and exit at their facilities. To this end, it is ensured that all security personnel working at their facilities and plants have received the necessary training on the obligations of operational personnel, on topics such as: (i) requirements for performing the functions of a private security guard; (ii) human rights; (iii) principles of conduct, primarily preventive and deterrent, resorting to the use of force only as a last option; (iv) actions to follow for reporting events to authorities; and (v) use of communication, computing, and deterrence equipment.

4.5 Land Acquisition and Involuntary Resettlement

For the new stores of the Project, the leasing of previously established commercial premises is contemplated. This lease will be formalized through a commercial agreement (commercial rental contract) under conditions agreed upon by both parties, which will comply with civil and commercial legal regulations in Mexico. The remaining works and infrastructure of the Project will be developed within the Companies' own properties and facilities. In this regard, the general scope of the Project does not entail any type of physical or economic involuntary displacement.

4.6 Biodiversity Conservation and Natural Habitats

4.6.a General Requirements

4.6.b Biodiversity protection and conservation

The Project will be developed within the Companies' own previously intervened land, so no significant impact on vegetation or alteration to biodiversity is anticipated. Furthermore, none of the existing operational areas overlap with or affect any reserve or protected natural areas established in the National System of Protected Areas ("SINAP").

4.6.c Supply Chain

Kowi has a Green Purchasing Policy, which establishes guidelines for: (i) regulatory compliance; (ii) criteria for the selection of green products, ensuring economic, social, and environmental benefits; (iii) the procurement of sustainable products, considering aspects such as energy efficiency, carbon footprint, durability, origin of materials, and social responsibility; and (iv) the contracting of sustainable suppliers that have a solid reputation regarding their sustainable practices and social responsibility.

However, to demonstrate sustainable management of natural resources through the traceability of its products along its value chain and compliance with quality and food safety standards, as well as BPP (in

relation to obtaining flour and oil inputs), Kowi will develop and implement a Raw Material Supplier Selection and Evaluation Procedure, which establishes that: (i) all its suppliers must be duly incorporated, operate responsibly toward society and the environment, and comply with applicable regulations and the CCK and the Green Purchasing Policy; (ii) all raw materials or ingredients used (natural inputs) must be selected, analyzed, and approved in accordance with technical criteria of quality, food safety, traceability, and sustainability; (iii) flours and oils derived from illegal, unreported, and unregulated production will not be acquired or used; (iv) the supply chain must be free of deforestation of forests and natural ecosystems; and (v) the sourcing of plant-based ingredients ⁶⁴and grains shall aim to be low-risk, with crops maintaining recognized best agricultural practices for the management of water, soils, nutrients, agrochemicals, and organic fertilizers (where applicable).

Additionally, through the Raw Material Supplier Selection and Evaluation Procedure, the Companies conduct an audit in which suppliers are evaluated to ensure their manufacturing and product preparation procedures comply with the applicable BPP and BPM standards.

4.7 Indigenous Peoples

The Project will be developed within the existing facilities of the Companies and in already established mixed-use urban areas in the main cities of Mexico. Consequently, no impact on the lands or resources of indigenous peoples is anticipated.

4.8 Cultural Heritage

The Project is located within already established and previously intervened industrial or mixed-use zones; therefore, no impact on cultural heritage is anticipated.

5 Local Access to Project Documentation

Kowi offers commercial and social impact information on the following website: <https://www.kowi.com.mx/>.

⁶⁴ Where appropriate measures are taken to reduce and mitigate any negative environmental impact.