

## Environmental and Labor Issues

This is a category III project according to the IIC's environmental and labor review procedure because it could produce certain effects that may be avoided or mitigated by following generally recognized performance standards, guidelines, or design criteria. The main environmental and labor considerations related to the project include the assessment and management of environmental and social risks and impacts, efficient resource management and pollution prevention, workplace and labor conditions, and community health and safety.

**Assessment and Management of Environmental and Social Risks and Impacts:** VINTE has a management system to address environmental and social considerations during the design, construction, operation, and maintenance phases of its housing developments. This enables the company to comply with applicable regulations at the national and local levels. Moreover, as part of an earlier operation with the IIC, VINTE prepares and submits annual status reports to the IIC regarding progress on the implementation of its environmental and social action plan, with a view to bringing specific aspects of its management system into compliance with the International Finance Corporation's Policies and Performance Standards on Environmental and Social Sustainability. The IIC received the most recent such report in May 2013. To that end, in 2012 the company supervised the implementation of procedures for land acquisition, a mechanism to address grievances, and a human resources policy into its operations. VINTE prepares an environmental impact assessment for each of its projects, which is submitted to the pertinent authorities for approval.

VINTE has formed an interdisciplinary committee responsible for the land acquisition process. The responsibilities of the committee include ensuring that VINTE purchases land only in areas zoned for urban development, that the titles to such property are free and clear, and that purchases comply with all regulations established in national and local urban development plans. The project does not involve the displacement of any people occupying land purchased for future housing developments. As a matter of policy, VINTE does not purchase land that could potentially entail the conversion or degradation of critical natural habitats.

**Efficient Use of Resources and Pollution Prevention:** VINTE is also committed to the systematic application of various energy efficiency measures and to the rational management of natural resources. This fact has enabled VINTE to offer housing developments that meet environmental and social sustainability conditions. By way of example, VINTE has participated in the national Hipoteca Verde ("Green Mortgage") program by equipping its dwellings with features to reduce the consumption of electricity, water, and gas, such as low-wattage fluorescent bulbs, water-saving toilet and shower designs, and solar water heaters. The company provides a user manual for the dwellings it builds that explains how to use the dwellings' built-in features for saving electricity, water, and gas, and also encourages their use. In 2012, the company sold 1,191 housing units under the Hipoteca Verde program or 44% of all housing units it sold that year.

The concept of sustainable planning has been incorporated into VINTE housing developments. Consequently, these developments are equipped with catchment systems to capture up to 80% of rainwater, channeling it to replenish the water table, as well as an urban design aimed at minimizing the use of vehicles within its developments through the strategic placement of shops, schools, roads, and bike paths. Domestic wastewater is discharged into a municipal drainage system for subsequent treatment by the municipality. Housing developments are equipped with refuse bins for separating organic from inorganic solid waste; these bins are located in public areas such as parks, recreation areas, and schools. Solid waste produced during the construction and operational phases of housing developments is managed and disposed of in accordance with local regulations. In 2009, VINTE completed a program to replace its wood formwork with steel, thus significantly reducing the use of wood in the construction process.

**Workplace and Labor Conditions:** VINTE complies with Mexican labor regulations and generally accepted good practices related to workplace health and safety conditions during construction and operational maintenance. According to VINTE's 2012 environmental report, the company has a total of 1,452 employees, including 389 women. Of the total number of employees, approximately 64% (935) are construction workers, including 153 women.

Company staff is responsible for monitoring, recording, and reporting occupational health and safety incidents in the workplace. In 2012, for example, VINTE continued to implement its program of accident prevention and workplace health and safety in collaboration with the pertinent municipal authorities where the company carries out its construction projects. This program includes training for construction workers and administrative staff on a variety of topics, including first aid and evacuation procedures. To date, no serious workplace accidents or work-related deaths have been reported.

**Community Health Safety:** VINTE employs a neighborhood management model in its housing developments that facilitates and promotes community-based conservation, cleanliness, and the security of dwellings after the sale.

**Monitoring and Reporting:** VINTE will continue to submit an annual report to the IIC regarding progress on the implementation of its environmental and social action plan in which it will summarize the monitoring data related to the considerations included herein. During the life of the project, the IIC will monitor ongoing compliance with its environmental and labor review guidelines by evaluating monitoring reports submitted to it annually by VINTE and by conducting regular field visits as part of the project supervision process.