

1. General Information and Perspectives on the Scope of IDB Invest's Environmental and Social Review

Based on the information provided by American Industrial Park, S.A. de C.V. (AIP), the Project is divided into two (2) main components: (i) installation of an 8.2 MWp photovoltaic plant, equal to a nominal power of 6.5 MW, over an area of approximately 4.95 hectares, on the roofs of six existing buildings within the AIP industrial park; (ii) construction of a new industrial park called Sirius Industrial Park (SIP), with an approximate area of 17,000 m² of industrial space (about 48% of the total area of the industrial park), intended to house companies in the logistics and storage sector, plus necessary auxiliary services (roadways, drinking water pipeline, power lines, storm drainage, and sanitary sewer, etc.), as well as other infrastructures for the benefit of employees such as: daycare for children up to age 5, a medical clinic, recreational areas, and sports fields. All of the above is defined as "the Project."

The scope of IDB Invest's environmental and social review during the evaluation of API included analysis of environmental permits and health licenses for the Project, meetings and conference calls with the borrower's representatives. In addition, the IDB Invest environmental and social specialists conducted an environmental and social due diligence (ESDD) visit in El Salvador during the period October 26-28. That visit included the following activities: (i) a meeting with AIP staff; (ii) an inspection visit to the AIP American Industrial Park, particularly the buildings where the solar panels will be installed; and (iii) a visit to the land where the Sirius Industrial Park (SIP) will be constructed and the surrounding area of influence. Upon completion of this ESDD visit, the team continued with a review of documents associated with manuals, procedures, 2016 and 2017 operational reports, reports on laboratory test results (primarily on discharge water quality), and other documents.

2. Environmental and Social Classification and Rationale

This is a **Category B** project in accordance with the IDB Invest Environmental and Social Sustainability Policy, in that its environmental and social impacts and risks can generally be expected to be reversed and mitigated using available measures with current technologies. For the activity of installing the solar panels and auxiliary infrastructure to support the photovoltaic plant, the potential environmental and social impacts and risks include: (i) generation of non-hazardous waste; (ii) atmosphere polluting emissions (primarily combustion gases from machinery and construction equipment); (iii) noise pollution; and (iv) the workers' occupational health and safety risks. During the operation and maintenance (O&M) of the photovoltaic plant, the environmental risks and impacts are related to: (i) workers' occupational health and safety risks; (ii) generation of solid wastes (hazardous and non-hazardous) due to replacement of panels and/or electrical equipment that are damaged or beyond their useful life; and (iii) the use of resources, primarily water sources (surface or ground water).

In addition, in the construction of the new Sirius Industrial Park, potential environmental and social risks will include: (i) generation of hazardous and non-hazardous waste; (ii) atmosphere polluting emissions (primarily combustion gases from machinery and construction equipment); (iii) generation of waste water; (iv) noise pollution; (v) ground movement; (vi) removal of vegetation; (vii) ground vibrations; (viii) workers' occupational safety and health risks; and (ix) community health and safety concerns related to increased vehicular traffic. During operation and maintenance (O&M), the environmental risks and impacts are related to: (i) workers' health and safety; (ii) generation of solid wastes (hazardous and non-hazardous) and liquid waste (primarily domestic wastewater), (iii) greenhouse gas (GHG) emissions and odors; and (iv) the use of resources such as energy and water sources (surface or ground water).

In both cases, both for AIP and for the Sirius Industrial Park, natural disasters such as earthquakes, fires, floods, and hurricanes do not pose a significant risk in terms of potential damages to the physical infrastructure or possible loss of business.

Based on the ESDD visit and the information provided in the Environmental and Social Questionnaire, this business unit is expected to have an effect on the following IFC Performance Standards (PS):

- 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
- PS-4. Community Health and Safety.
- PS-8. Cultural Heritage

There are no plans to apply the following: PS-5, Acquisition of Land and Involuntary Resettlement, given that the project will be developed on the company's own land; PS-6, Biodiversity Conservation and Sustainable Management of Living Natural Resources, because the project will be developed partly on the roofs of industrial warehouses and on own land previously subject to intervention (used for agriculture) and in disuse (Sirius Industrial Park), with regenerative vegetation with little ecological value; and PS-7, Indigenous Peoples, as they are not in the project's area of development.

3. Environmental and Social Context

The Project's first component, the installation of an 8.2 MWp photovoltaic plant, equal to nominal power of 6.5 MW, will be constructed over an area of approximately 4.95 hectares on the roofs of six existing buildings within the AIP industrial park. It is located at Km 36 on the highway from San Salvador to Santa Ana, municipio of Ciudad Arce, department of La Libertad.

Due to the type of work in this first Project component, the Ministry of the Environment and Natural Resources of El Salvador (MARN) does not require preparation of an Environmental Impact Study (Agreement No. 33 of 2012[1]). Nonetheless, the AIP industrial park has its own MARN Resolution, No. 2613-382-2008, which remains in effect and governs the operation of the industrial park and will be used as the reference environmental instrument for complying with mitigation and control measures.

The second Project component involves an industrial park called the Sirius Industrial Park (SIP) to be developed on land measuring 35,628.30 m² (only 49.5% of which, or an area of 28,374.73 m², will be developed, leaving the rest as green space), located at Boulevard Belén and Calle La Ceiba, within the Industrial Intercomplex Park, Lot Nos. 24, 25, and 26, Hacienda Belén, Municipio of San Juan Opico, Department of La Libertad. The environmental setting of these lots corresponds to an unbuilt area in disuse that was previously subject to intervention for agricultural use, which has regenerative vegetation with secondary species, mostly pastures and weeds, and drains into the La Húmeda gorge that merges downriver with the Belén River. Since this Project component is located within an urbanized industrial complex, it has electrical poles, a storm drainage system, a sanitary sewer, and a water supply system.

SIP has the following permits/authorizations issued by the competent authorities:

- Feasibility of Construction Projects, from the San Andrés Valley Planning Office (OPVSA), dated May 9, 2018[2], revalidating File No. 0523-15, which granted:
 - Site suitability. Based on its location and degree of urbanization, SIP is classified as suited for Industrial Land Use (location: L2; degree of urbanization: U1).

- Construction line
- Feasibility of storm water drainage;
- Roadway revision; and
- Zoning.
- Feasibility from the National Cultural and Natural Heritage Division, of the Ministry of Culture, of the Office of the President, through Amending Resolution No. 020-2016 (see Section 4.5 for more detail).
- Water feasibility issued by the National Aqueducts and Sewer Authority (APSA) dated January 22, 2018, amending and validating Resolution No. 023/2011.

However, the Environmental Permit from MARN[3] and the perimeter wall and construction permits issued by OPSA were still pending at the time of this ESDD visit.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

a. Environmental and Social Management System

Based on analysis of the information provided, AIP has an Environmental Management System Manual[4]. However, to achieve compliance with PS-1, the existing Environmental and Social Management System (ESMS) must be strengthened for AIP. In this regard, the ESMS will be updated in compliance with PS-1, to include: (i) policies (see Section 4.1.b); (ii) the company's own procedures for identifying, evaluating, and managing possible environmental, social, occupational health and safety (OHS), and labor risks and impacts associated with each project activity, as well as for contractors and subcontractors; (iii) internal procedures for compliance with the Environmental and Social Management Plan (ESMP); (iv) organizational capacity and competency, with the definition of functions and assignment of responsibilities for implementation of this ESMS; (v) protocols for emergency preparedness and response (see Section 4.1.f); (vi) key actor participation methods or plans (see Section 4.1.h); (vii) external communication and grievances submission mechanisms (see Section 4.1.i); (ix) protocols for disseminating information to communities, decision-making, and training; (x) protocols for evaluation and continuous improvement of the ESMS; and (xi) periodic audits and inspections regarding the environmental, social, and OHS requirements applicable under El Salvador's Environmental Law[5] (Action 1.1 of the ESAP)[6].

b. Policies

According to the information provided, AIP has an Occupational Health and Safety (OHS) Policy, as part of its Labor Risks Prevention Management Program[7], in compliance with the requirements of labor regulations in El Salvador.

Nonetheless, as part of compliance with PS-1, AIP will strengthen its Environmental and Social Policy, indicating: (i) who, within the organization, will guarantee compliance with the policy and be responsible for its enforcement, and also how this policy will be communicated to all levels of its organization; and (ii) creation of a mechanism to communicate environmental and social policy as well as OHS policy, and to measure continuous improvement in their implementation (Action 1.2 of the ESAP).

c. Identification of Risks and Impacts

All new construction, particularly the construction of the SIP industrial park, in addition to verifying compliance with environmental impact regulations, must identify and assess environmental and social risks and impacts. Based on this, regardless of the mechanism for compliance with El

Salvador's Environmental Law, as part of the process of identifying and assessing environmental and social risks and impacts, AIP will perform an assessment of cumulative impacts (if there is no methodological requirement in El Salvador's environmental legislation) based on the Good Practice Handbook on Cumulative Impact Assessment and Management of the International Finance Corporation (IFC), for construction of the SIP industrial park (Action 1.3 of the ESAP).

Finally, given that Project execution and operation is dynamic, in compliance with PS-1, AIP will continuously update the environmental, social, and OHS risks matrix for each Project phase (Design, Construction, O&M, and Closure/Abandonment) for all its operations, in order to obtain, monitor, and control operating permits or licenses (see Section 4.1.g).

d. Management Program

According to the information provided, both in MARN Resolution No. 2613-382-2008 and in the AIP Environmental Management System Manual, there is already an Environmental and Social Management Plan (ESMP) for the AIP industrial park. That ESMP already has specific programs for the management, treatment, and/or disposal of special, hazardous and non-hazardous solid and liquid wastes, which can be implemented during construction of the first Project component, the construction and operation of the photovoltaic plant. In addition, AIP already has a program of good practices in environmental management with emphasis on water resources, which will be implemented during the O&M of the photovoltaic plant for washing the panels during periods of low precipitation (dry season) or as required.

However, for the second Project component, the construction and operation of the new SIP industrial park, a specific ESMP will be required for the construction phase and will need to be adapted for the operation and maintenance (O&M) phase in compliance with the provisions of El Salvador's environmental, social, and OHS regulations. In this regard, AIP will develop a specific ESMP for the new SIP industrial park, with mitigation and compensation measures to address each environmental impact, whether negative or positive, of major importance, during the construction phases (Action 1.4 of the ESAP). This specific ESMP will include the following measures: (i) an impact management program for the physical, biological, and visual environment that will include mitigation measures for the impact on the lie of the land (in the event of land removal or movement); compensation for removing vegetation and disturbing fauna; handling of solid (hazardous and non-hazardous) wastes; controls on polluting gases emissions from machinery and construction equipment, disturbance of the environment due to increased generation of dust and noise; control of both industrial and domestic liquid effluents; (ii) an impact management program for the socioeconomic environment to include safety measures for the project's neighboring communities; training for construction managers and workers; measures for inter-institutional coordination; and measures to guarantee safe and hygienic conditions for workers during construction. In addition, the ESMP for O&M will include the following measures: (i) an Environmental Monitoring and Surveillance Program, (ii) a Comprehensive Solid and Liquid Waste Management Program emphasizing measures to reduce, reuse, and recycle inert metals such as metal, paper, plastic, etc., and providing special handling measures for hazardous wastes such as oils, grease, paints, solvents, medications, disinfectants, herbicides, pesticides, or any other special handling product used during O&M activities at the SIP industrial park, based on local environmental and health standards; and (iii) a Labor Risks Prevention Management Program (see Section 4.2.c).

e. Organizational Capacity and Competency

In compliance with the General Law on Prevention of Workplace Risks (Legislative Decree No. 254), AIP has an Occupational Health and Safety Committee and Prevention Delegates. However, the new SIP industrial park should form this Occupational Health and Safety Committee and announce its

Prevention Delegates, once it begins its O&M (Action 1.15 of the ESAP).

In addition, in order to comply with PS-1, AIP should appoint someone responsible in each park for environmental and social issues within its organizational structure and should define the functions, responsibilities, and powers of each environmental and social manager in the implementation of the ESMS. An introductory and refresher training program will also be required at least once a year for all staff responsible for environmental, health, and occupational safety issues.

In this regard, a dedicated environmental and social unit will be created for the Project and will be responsible for planning, implementing, and monitoring all required environmental, social, and OHS actions. Thus, AIP will structure this unit to ensure adequate human and financial resources within the ESMS and will appoint and retain for each Project work a qualified Environmental Manager who, together with the Occupational Health and Safety (OHS) manager, should report directly to the respective manager/director on environmental, social, and OHS performance of the facilities, but with independent reporting lines to Corporate Management/General Management (Action 1.5 of the ESAP).

f. Emergency Preparedness and Response

The AIP industrial park already has an Emergency and Evacuation Plan. However, it was noted during the review that in order to comply with PS-1, this Emergency and Evacuation Plan must be strengthened with: (i) procedures for interacting with local and regional emergency and health authorities; (ii) protocols for firefighters, ambulances, and other external emergency vehicle services; (iii) evacuation routes and meeting points throughout the AIP industrial park and each of the facilities/buildings that make up that industrial park; (viii) training exercises with drills conducted annually or more often if necessary, or real events in which AIP should include nearby commercial properties and other interested key stakeholders to familiarize them with appropriate procedures in the event of an emergency (Action 1.6 of the ESAP).

In addition, for the new SIP industrial park, an Emergency Preparedness and Response Program or a detailed Emergency and Evacuation Plan will need to be developed for the construction and O&M phases. This specific Emergency and Evacuation Plan for SIP is a series of pre-established procedures for coordination, warning, mobilization, and response to the occurrence or imminent occurrence of a particular event such as: i) natural hazards such as earthquakes, hurricanes and tropical storms, floods, eruptions, etc.; and ii) emergencies such as fires, bomb or antisocial threats, fuel spills, and employees' work-related accidents. Thus, an Emergency and Evacuation Plan will be developed for SIP based on the conditions and infrastructure of the Project's new industrial park, in order to minimize risks to employees in the event of natural disasters or emergencies, with contact information for relevant or appropriate third-party collaborators, the provision of equipment and resources, and the scheduling of periodic training to ensure an effective response (Action 1.6 of the ESAP).

The Emergency and Evacuation Plan for the SIP industrial park will address the following aspects: (i) specific emergency response procedures; (ii) teams trained to respond to emergencies; (iii) emergency contacts and communication systems/protocols; (iv) procedures for interacting with local and regional emergency and health authorities; (v) permanent emergency equipment and facilities (for example, first aid stations, extinguishers/hoses, sprinkler systems); (vi) protocols for firefighters, ambulances, and other emergency vehicle services; (vii) evacuation routes and meeting points for the entire SIP industrial park and each of the facilities/buildings that make up that industrial park; (viii) training exercises such as drills conducted annually or more often if necessary, or real events in which the AIP should include nearby commercial properties and other interested key stakeholders to familiarize them with appropriate procedures in the event of an emergency.

g. Monitoring and Evaluation

AIP is responsible for ensuring the implementation of the follow-up, monitoring, and control plans described in the project's ESMP (see Section 4.1.d). In this regard, AIP will develop a compliance matrix with its set of key performance indicators, in order to measure the effectiveness of the ESMP and compliance with all legal and contractual obligations of the existing industrial park and the new one to be constructed under the Project, during the construction and O&M phases (Action 1.7 of the ESAP).

In addition, as part of complying with all the legal obligations and regulatory requirements of El Salvador, through the implementation of this compliance matrix there will be periodic review/update (at least every year) of the status/effect of all permits and/or licenses needed for Project execution, which include the following in particular:

- Environmental License or Permit (or similar document) issued by the Environmental Authority (MARN);
- Operating Health Licenses (or similar document) issued by the Sanitary or Health Authority;
- Health Permit (or similar document) issued by the Public Health Authority;
- Water supply permit (or similar document) issued by the National Aqueducts and Sewer Authority (ANDA);
- Environmental wastewater discharge permit (or similar document) issued by the Environmental Authority (MARN);
- Fuel storage permits (or similar document) issued by the Ministry of Economy;
- OHS Management Program Registration (or similar document) issued by the Occupational Health and Safety Department of the Ministry of Labor and Social Welfare;
- Construction license (or similar document) issued by each region's municipal authority; etc.

This compliance matrix should include: (i) the competent authority that grants authorization or issues the permit/license; (ii) issue and effective dates; (iii) person responsible within the CMI-IPA for monitoring/compliance; and (iv) communication procedures and future compliance.

In addition, AIP will strengthen its Wastewater Discharge Monitoring Program in order to improve the regulatory performance of each industrial park in terms of compliance with wastewater discharge standards (NSO 13.49.01:09[8]) and the Special Wastewater Regulations of El Salvador[9]; as well as compliance with the IFC environmental, health, and safety guidelines for water and sanitation[10] (whichever is stricter[11]) coming from its wastewater treatment plants (WWTPs). This strengthening will be accompanied by new training campaigns, the establishment of a "penalties/rewards" mechanism and/or improvement of wastewater management in each industrial park (Action 1.7, of the ESAP).

Finally, in compliance with the requirements of PS-1, an independent environmental and social consultant should periodically prepare a consolidated report on the status of compliance with all environmental, social, and industrial and occupational safety and health (IOSH) policies and measures applicable to Project works, including progress on the actions of the ESMS with respect to the established key performance indicators; as well as the status of compliance with the IDB Invest Environmental and Social Sustainability Policy, El Salvador's environmental, social, and health, safety, and labor legislation, and the IFC Performance Standards (Action 1.8 of the ESAP).

h. Participation of Social Stakeholders

The participation of social stakeholders is an ongoing process that, for this Project, should include: (i) analysis of social stakeholders and planning of their participation; (ii) disclosure of information;

(iii) a claims/complaints mechanism; and (iv) provision of periodic reports to the community. In this regard, AIP will prepare for the new SIP industrial park a Comprehensive Plan for the Participation of Key Social Stakeholders for both the construction and the O&M phases, where the latter phase includes lessons learned during the construction phase (Action 1.9 of the ESAP). This Comprehensive Participation Plan should include the following: (i) updated identification of all interested parties, including local authorities, neighboring communities (within a radius of one km or adjacent to the access roads to the industrial park) that may be interested in the project; (ii) different measures to allow the effective participation of disadvantaged or vulnerable groups; (iii) mechanism to guarantee that community representatives represent the opinions of the affected communities; (iv) details on how information is disseminated to those interested; (v) details on the participation process among interested communities and how they can access the grievance mechanism (see Section 4.1.i).

i. External Communication and Grievance Mechanism

As mentioned above, although AIP has regularly consulted the community within the areas of interest of the new Project works (SIP industrial park), there should also be an external communication and grievance mechanism. According to the requirements of PS-1, AIP is required to document external communications, detailing: (i) how information is received from key stakeholders and/or the general public, (ii) how grievances are evaluated; (iii) how responses are provided and followed up, to conclude with closing the grievance; and (iv) any adjustment or improvement to the ESMP, with regard to communication and dissemination of information. Thus, AIP will provide the following:

- An external grievance mechanism (focused on key actors, including local authorities, and communities and/or owners on neighboring lands, within the area of indirect influence of the Project works (within a radius of one km or adjacent to the access roads to the industrial park and that are affected or have an interest) for the construction phase; and copies of evidence of its implementation. This external grievance mechanism should include details on how these claims or complaints are recorded, investigated/evaluated and the follow-up and closure/resolution process (Action 1.10 of the ESAP).
- A similar external grievance mechanism during the O&M phase of Project works (Action 1.11 of the ESAP) that incorporates the experiences and lessons learned in the construction phase.

4.2. Labor and Working Conditions

a. Human Resources Policies and Procedures

AIP will develop a human resources policy and related procedures in accordance with El Salvador's labor laws[12] (Action 2.1 of the ESAP). Among other things, that policy and its procedures will include promoting gender equality and non-discrimination, equal opportunity, fair treatment, agreement with appropriate labor conditions and terms of employment, notice of termination and indemnity, in addition to a Code of Conduct for employees. In addition, AIP will establish a mechanism to ensure that its contractors and their subcontractors also comply with that human resources policy and related procedures.

b. Labor Conditions and Terms of Employment

In accordance with El Salvador's legislation on workers' safety and health, AIP will submit the following: (i) employment procedures and evidence of their implementation for its own workers and those contracted by third parties, in which hiring and firing conditions are in accordance with local regulations and those of the International Labour Organization (ILO), including at a minimum rules

for preventing child labor and forced labor; (ii) procedures for contracting and eliminating/reducing the company's own job positions and procedures adopted by contractors with regard to their workers; and (iii) procedures for managing and monitoring the company's own workers and those contracted by third parties (Action 2.2 of the ESAP). In addition, behavioral guidelines (rules) will be prepared for workers, contractors, and subcontractors (Action 2.3 of the ESAP) and an internal grievance mechanism (see Section 4.2d) will be developed.

c. Workplace Health and Safety

Based on analysis of the information and in compliance with legislation on workers' safety and health, AIP already has a Workplace Risks Prevention Management Program for the AIP industrial park. In this regard, based on the characteristics and inherent risks of the SIP industrial park, AIP will develop a Labor Risks Prevention Management Program for both the construction and the operation of the new SIP industrial park (Action 2.4 of the ESAP).

d. Internal Grievance Mechanism

In accordance with the requirements of PS-2, AIP is required to document the internal communications of its employees, contractors, and subcontractors, detailing: (i) how information is received; (ii) how grievances are evaluated; and (iii) how responses are provided and followed up, to conclude with closing the grievance. In this regard, AIP will provide the following:

- An Internal Grievance Mechanism (for direct employees, contractors, and subcontractors) for the construction phase of the new SIP industrial park and copies of evidence of its implementation. This grievance mechanism should include details on how these claims or complaints are recorded and investigated and the process for following up and closing/resolving the grievance (Action 2.5 of the ESAP).
- A similar Internal Grievance Mechanism during the O&M of the Project's industrial parks (Action 2.6 of the ESAP), that incorporates the experiences of and lessons learned from the construction phase.

4.3. Resource Efficiency and Pollution Prevention

a. Water

Based on analysis of the information from AIP, the AIP industrial park has a Letter of No Effect relating to the use of its drinking water wells, issued by the ANDA (dated May 9, 2016) indicating a maximum draw of 22.05 L/s (350 GPM), over 12 hours of pumping per day, which may be stored in two 2,750 m³ water tanks for later delivery through a gravity-driven distribution system. Nonetheless, during the inspection visit and based on meetings with AIP's O&M staff, the possibility of reducing that draw on underground water was mentioned, based on optimization (establishing a savings policy spearheaded by replacing valves, showers, etc., with water-saving fixtures) and/or reusing ordinary treated water from the WWTP for different uses, for example: (i) reuse as gray water without coming into contact with humans, primarily used in toilets, for cleaning, etc.; and (ii) for irrigating green areas, consistent with the parameters of national regulations (as established in Chapter V of Decree No. 39 - Special Wastewater Regulations).

In this regard, AIP will develop a Water Consumption Reduction Program, to include an analysis of alternative savings technologies (dosing devices, etc.) and alternatives for reusing treated water from the WWTP, as well as an environmental and economic feasibility study of the two (2) best alternatives (Action 3.1 of the ESAP). The baseline for water use will be 2018 and the variation will be reported each year along with an explanation of the causes for that variation.

Regardless of the above, it should be recalled that AIP will implement a mechanism for monitoring and following up compliance with the technical specifications of the Special Wastewater Regulations, as well as compliance with the IFC environmental, health, and safety guidelines for water and sanitation (whichever is stricter) relating to the water from its WWTPs (see Section 4.1.g).

In the case of the second Project component, for the SIP industrial park, provision is made for connecting to the ANDA system for the potable water supply. In that this project involves leasing industrial space for dry maquila operations, the demand for water will be for domestic use (bathrooms and human consumption), with an estimated flow of 2,542.83 m³/month, which is equal to 30,514 m³/year. According to the information provided, this component already has ANDA Feasibility Certificate No.054/2016 Ref.Ur.58.093.2016.

b. Wastes

As part of complying with PS-3 with respect to avoiding the generation of non-hazardous waste materials, AIP has made provision for contracting services from a specialized company (PV Cycle[13]) to recycle its solar panels (approximately 24,840 panels, not counting those that have been replaced early due to unexpected defects) once they have reached their useful life (about 25 years, when their electrical generation performance falls to ~80%).

4.4 Community Health and Safety

a. Community Health and Safety Requirements

The new SIP Project industrial park must be designed and constructed by competent, recognized contractors with experience in the construction and operation of works of this kind, who also use international good practices recommended by the industry that are expected to comply with applicable national and international construction and safety guidelines, standards, and codes.

However, one aspect that may have a negative impact on community safety is the increase in heavy-duty vehicle traffic on nearby roadways during the construction and operation phases. This requires consulting with local and/or regional traffic authorities regarding road capacity and traffic, scheduling and road safety measures such as signals, speed controls, etc. Thus, AIP will develop a specific Road Safety Management Plan for SIP that will include mitigation measures for potential impacts on the affected communities, particularly during the project construction phase, but the analysis will also include the O&M phase and the composition of vehicles (Action 4.1 of the ESAP).

b. Security Personnel

The inspection visit generally found that there are security personnel at the AIP facilities (primarily at accesses and customs). Therefore, AIP will provide a copy of the contract between that business unit and the security company or companies to verify, among other aspects, that conditions have been included that will allow AIP: (i) to conduct reasonable investigations to ensure that security personnel do not have criminal records nor have they participated in cases of abuse in the past; (ii) to verify details on the training needed with respect to the use of force; (iii) to verify restrictions on the use of firearms; and (iv) to identify details on training in the area of environmental and social awareness-building, including subjects related to respect for human rights (Action 4.2 of the ESAP).

4.5 Cultural Heritage

In accordance with Amending Resolution No. 020-2016, granting feasibility for the SIP Project, there is an area with high archeological potential (6,527.82 m²) indicated in Annex 1 of Case No. A-LL-009-2015, which must not be altered by any construction and shall be used solely for parking or

green areas. In this regard, as part of the requirements of the above-mentioned resolution (including the submission of an authenticated Sworn Statement indicating a commitment to comply with all of the resolution's provisions), AIP must develop a Chance Find Procedure[14] (Action 8.1 of the ESAP) consistent with the requirements of PS-8, which shall be applied, as its name indicates, in cases of chance find of an archeological or paleontological nature, in addition to complying with the other technical provisions of the National Directorate of Cultural and Natural Heritage.

5. Environmental and Social Action Plan (in table form)

The Environmental and Social Action Plan (ESAP) is summarized in Annex 1.

[1] Agreement No. 33.- Amending Executive Agreement No. 39, dated April 26, 2007, which contains the Classification of Activities, Works, and Projects, as mandated by the Environmental Law.

[2] This feasibility is revalidated for a year; if after that period, the project has not been constructed and there is still a desire to execute the project, revalidation must be requested again.

[3] The environmental permit was requested on July 2, 2018, with Ref. No. NFA 504-2018 and is being evaluated.

[4] Environmental Management System Manual - Implementation and Strengthening: Version 1.0; June 2017.

[5] Legislative Decree No. 233 - Environmental Law; D.O. No. 79 of May 4, 1998.

[6] Environmental and Social Action Plan (ESAP); see Section 5.

[7] Labor Risks Prevention Management Program; American Industrial Park, S.A. de C.V.; 2018.

[8] NSO 13.49.01:09. Standards on wastewater discharged to a receiving body

[9] Decree No. 39 of May 31, 2000, Special wastewater regulations.

[10] Environmental, Health, and Safety Guidelines for Water and Sanitation, IFC; April, 2007.

[11] In cases where the receiving country has regulations different from the levels and indicators shown in the IFC guidelines, projects should meet the stricter ones. If using less strict levels or indicators is appropriate in view of the specific circumstances of the project, a complete and detailed justification of any proposed alternative must be included, demonstrating that the alternative performance level protects human health and the environment.

[12] Legislative Decree No. 30, of June 15, 2000 ratifying Convention 155 of the International Labour Organization (ILO); Legislative Decree No. 254 of January 21, 2010, General Law on Prevention of Worksite Risks (DO No. 82, of May 5, 2010); and Decree No. 86 of April 27, 2012, Regulations on Management of Worksite Risks Prevention.

[13] <http://www.pvcycle.org/usa/> ; <http://www.pvcycle.org>

[14] A chance find procedure is a specific project procedure that describes the measures to be adopted in the event a previously unknown cultural heritage artefact is found.