

Environmental and Labor Issues:

Environmental Classification: This is a category I project according to the IIC's environmental and labor review procedure because it is designed specifically to have a positive impact on improving environmental quality. The projects will result in improved energy efficiency in public lighting in various municipalities. By reducing energy consumption by at least 50%, each public lighting project will result in the reduction of greenhouse gas emissions. The principal environmental and social issues related to this project include occupational health and safety issues and solid waste management.

Legal Requirements: Óptima Energía conducts a review of its new clients to ensure that any potential adverse environmental impacts of the company's work are minimized. It will also ensure that all required local environmental permits are obtained. As Óptima Energía outsources its construction services, it will ensure that contractors have a legal obligation to comply with Mexican labor laws, as per their contracts. In addition, Óptima Energía will have a construction supervisor at each site during the installation process.

Occupational Health and Safety: Óptima Energía will ensure that contractors use the necessary personal protective equipment as well as fall protection, such as safety harnesses. It will also ensure that contractors have been provided with the necessary occupational health and safety training.

Solid Waste Management: Óptima Energía will ensure that solid waste debris generated during the installation process is disposed of in accordance with national requirements.

Labor: Óptima Energía has clearly defined human resources procedures and policies regarding hiring, workers' compensation, benefits, training, and vacation. Training is also provided to employees, particularly on technical issues related to energy efficiency improvements. Óptima Energía will also provide training related to environmental protection and health and safety aspects of the projects. Óptima Energía, a small company of 38 employees, is not unionized. However, employees are free to join a union if so desired.

Monitoring and Reporting: Óptima Energía is committed to implementing the necessary mitigation measures to reduce any environmental or health and safety impacts. The measures will be summarized in an Environmental and Social Action Plan (ESAP) to ensure compliance with the national and IIC's environmental and workplace health and safety requirements. An annual environmental monitoring report should be submitted to the IIC on the implementation status of the ESAP.