

Environmental Classification and Issues:

Environmental Classification: This is a Category III project according to IIC's environmental review procedures. The main environmental and labor issues related to this project include: (1) the handling and disposal of medical material, including biohazardous and infectious waste; (2) disposal of solid and liquid waste; (3) air emissions; (4) and safety, fire prevention, and labor practices.

Environmental and Labor Issues:

- 1) Biohazardous and infectious waste:** HAL is registered as a generator of hazardous waste with Mexico's Secretary of the Environment and Natural Resources (SEMARNAT), in accordance with Mexican environmental regulations. This waste is collected, transported, and treated for disposal by a local contractor authorized by SEMARNAT.
- 2) Solid and Liquid Waste Disposal:** Domestic solid waste generated by food production and in bathrooms, offices, etc., is collected and transported for final disposal in sites operated by the municipality of Zapopan. In order to comply with Mexican environmental regulations on wastewater treatment and disposal, HAL will invest in a treatment process.
- 3) Air emissions:** Air emissions come from diesel boilers, which are tested regularly. The hospital will continue to test air emissions from the boilers and will comply with the maximum permissible limits and testing timetable required by Mexican standards.
- 4) Safety, Fire Prevention Measures, and Labor Practices:** Hospital Ángel Leño has a joint safety and health commission and fire squads. Manual fire extinguishers are strategically placed throughout the hospital complex. HAL adheres to core labor standards such as the right to organize and collective bargaining, the prohibition of forced labor, and a child labor code that protects children and sets a minimum working age.

Monitoring and Annual Reporting:

The Sponsor will establish an environmental management plan that will include, as a minimum: a timetable for implementing all measures related to environmental and labor protection, handling and disposal of biohazardous and infectious waste; solid and liquid waste disposal; and safety, fire prevention, and labor practices. The environmental management plan will also include a system for submitting annual reports, which the Sponsor will transmit to the IIC to ensure project compliance with Mexican legislation and IIC's environmental standards.