

1. Overview of Scope of IIC E&S Review The environmental and social review was carried out in November and was conducted as an update based on the environmental and social due diligence carried out for the previous operation Vinte III (ME-L1124) in 2016. Given that Vinte is already an IDB Group client, the review included the environmental and social reports received so far, as well as all the documentation related to the environmental and social review for previous projects with Vinte and the information provided for this project. As a current client of the World Bank's IFC and of the IIC, Vinte has been implementing the IFC's Performance Standards since 2007 as part of the environmental and social management of its activities.

2. Environmental and social classification and rationale This project has been categorized as a Category B project, as it has potential environmental and social impacts and risks that are generally reversible and can be mitigated via measures that are readily available and feasible to implement in the context of the operation. The IFC performance standards that are likely to apply to this operation are the following: Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts; Performance Standard 2: Labor and Working Conditions; Performance Standard 3: Resource; Efficiency and Pollution Prevention; Performance Standard 4: Community; Health, Safety, and Security; Performance Standard 5: Land Acquisition and Involuntary Resettlement.

3. Environmental and Social Context Vinte is a holding company with subsidiaries that develop, promote, design, build, and sell social-interest, middle-income and residential housing with a presence in five Mexican states, primarily in the central part of the country. Vinte has a management system in place to address environmental and social issues during the design, construction, operation, and maintenance phases of its housing developments. This enables the company to ensure compliance with applicable national and local regulations. Also, as part of previous operations with the IDB Group, Vinte prepares and presents an annual environmental and social report. An Environmental and Social Action Plan (ESAP) has been satisfactorily and fully implemented.

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: Vinte has a management system in place to address environmental and social issues during the design, construction, operation, and maintenance phases of its housing developments. This enables the company to ensure compliance with applicable national and local regulations and provide a suitable annual environmental and social report. The system incorporates 1) an Environmental and Social Responsibility Policy which has been updated in 2017 and which applies to the company and all its collaborators; 2) a Code of Ethics and Conduct which is currently being updated; 3) assignment of employees responsible for environmental, social, and health and safety issues; 4) training and a staff induction course on these issues, including management of effluents, chemical substances, occupational safety and health, labor conditions, and solid waste; 5) procedures for community involvement, including information disclosure and consultations with affected communities; 6) monitoring; and 7) reporting. The system addresses the environmental, health and safety, and social risks involved in all current and future acquisitions and operations of the company and its subsidiaries. Through the implementation of environmental and social action plans for the IFC and IDB Group, Vinte updated and completed other relevant procedures following IFC performance standards, including its human resources policy and procedures for land acquisitions and chance archeological finds.

b. Policy Vinte has—and monitors the implementation of—a human resources policy and an environmental and social responsibility policy; a grievance mechanism; and procedures for acquiring land and for chance archeological finds; all of which comply with IFC performance standards.

c. Identification of Risks and Impacts The principal potential risks and impacts identified have to do with evaluating and managing environmental and social risks; workplace and labor conditions; efficient resource use and pollution prevention; community health and safety; land acquisition and involuntary resettlement; and cultural heritage. The system for managing the corresponding procedures is considered appropriate for identifying, managing, and mitigating these risks. The company complies with local and national laws and with the commitments made in its environmental impact statement.

d. Management programs Vinte has

several programs for risk management. Among those, they have a Civil Protection Program and Report, which has the objective to safeguard the physical and psychological integrity of its employees and anyone who is within any of the Vinte installations, as well as to protect the communities, urban entities, installations, properties, vital information and affective environment in the face of a potential risk, emergency or disaster. e. Stakeholder engagement Vinte conducts public consultations when required by municipal regulations and when the zoning for an area is changed. When acquiring common or shared land, the company conducts an extensive consultation process with the community's representatives and members. f. External communications and grievance mechanisms Vinte established a grievance mechanism that collects complaints via e-mail, telephone, or a suggestion box. The mechanism includes an "Ethics line" and Vinte documents and archives all claims received and its respective steps for resolution.

4.2 Labor and Working Conditions

The company complies with the national and IFC requirements on fair, safe, and healthy working conditions for both construction and maintenance and has an equal opportunity policy in place. The company has an adequate human resources policy and several programs for staff induction, training and the improvement of working conditions. The induction program has been updated during 2017. In addition, the company offers other programs such as the "Program for Wellbeing" which has been implemented in 2017 with the aim of generating worker satisfaction and increasing productivity. Vinte carries out an internal feedback process called "adjustment interviews" for new and existing employees, with the objective to identify strengths and areas for improvement in the employee onboarding process. The company also creates a report with the results of this process. Additionally, Vinte runs health campaigns for its collaborators.

4.3 Resource Efficiency and Pollution Prevention

Vinte has carried out several sustainability projects to improve energy efficiency and increase use of sources of clean energy. They include "Solar Power Generation for Common Areas;" "Zero-Energy Living;" "EDGE Certification" for evaluating energy and water use and the environmental impact of construction materials; and the "ECOCASA Project" for energy-efficient homes. All its homes are considered "green homes," meaning that their electricity use is reduced by 20% and they meet Infonavit's requirements for this type of home. As far as effluents generated by the houses, Vinte coordinates with the authorities to determine if its projects need their own treatment plants or if Vinte must provide support for an investment in a centralized public system. A program for employees about chemical substances is implemented with the aim to raise awareness about the main chemical substances which are utilized in Vinte to prevent accidents and to protect both staff and the environment. Vinte also has a research laboratory that develops new green/efficient construction materials.

4.4 Community Health, Safety, and Security

Health and safety issues are taken adequately into consideration in the design, construction, and maintenance of its works. Vinte has an accident prevention, health, and safety program in cooperation with the local governments of the states where it conducts its economic activity. The program involves training and health and safety programs for all administrative and construction staff, as well as specialized first aid, fire prevention, and evacuation brigades.

4.5 Land Acquisition and Involuntary Resettlement

The location of the land to be built on is regulated by the zoning established by local and national authorities. The company has had a procedure in place for land acquisition since 2008 that is based on the principles of just compensation and prohibits involuntary resettlement. There was no resettlement of any type during 2017.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

According to company policy, Vinte does not acquire land where it could have an adverse impact on natural or critical habitats.

4.7 Cultural Heritage

Since 2008, Vinte has had a procedure in place for handling chance archeological finds to take the interests of archeological and historical preservation into account as integral elements of the process of planning and building its projects. The procedure includes both preventative measures when locating territories and steps to be taken in the event of chance finds.

5. Environmental and Social Action Plan

Vinte has already successfully implemented environmental and social action plans with the IFC and the IDB Group. No additional Environmental and Social Action Plan is required. Contact Information For project inquiries, including environmental and social questions related to an IDB

Invest transaction please contact the client (see Investment Summary tab), or IDB Invest using the email requestinformation@idbinvest.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.