

Environmental and Social Action Plan

No.	Action	Product	Compliance Date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts			
<i>Environmental and Social - E&S Assessment and Management System</i>			
1.1	Submit the Environmental Impact Assessment for the Cienega de Flores plant approved by SEMARNAT	EIA approved by SEMARNAT	Prior to construction of the plant.
1.2	Develop a detailed ESMS that includes: (i) policies; (ii) procedures to identify, evaluate, and manage possible E&S and OHS risks and impacts, including for contractors and subcontractors; (iii) internal procedures to fulfill the Environmental Management and Occupational Health and Safety Plan; (iv) organizational capacity and competency, including the definition of roles and allocation of responsibilities for the implementation of this ESMS; (v) emergency preparedness and response protocols; (vi) stakeholder mapping/analysis and engagement planning (and ongoing); (vii) external communications and grievance mechanisms; (viii) protocols for the disclosure of information, decision making, and training to communities; (ix) protocols for the evaluation and continuous improvement of the ESMS; and (xi) regular audits and inspections of E&S and OHS requirements.	Complete ESMS	Ten months after signing the Contract.
<i>Policy</i>			
1.3	<ol style="list-style-type: none"> 1. Submit a Safety, Health, Environment, and Social Responsibility policy approved by Management, specifying the person responsible for its enforcement. 2. Disseminate policy internally (all organizational levels) and externally. 	<ol style="list-style-type: none"> 1. Policy approved by Management 2. Evidence of its dissemination 	<ol style="list-style-type: none"> 1. Six months after signing the Contract. 2. Six months after signing the Contract.
<i>Identification of Risks and Impacts</i>			

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1.4	<ol style="list-style-type: none"> 1. Develop a risk matrix for the Cienega de Flores construction stage. 2. Risk matrix for the Apodaca plant operation. 3. Risk matrix for the Cienega de Flores plant operation. 4. Update the risk matrix. 	<ol style="list-style-type: none"> 1. Risk matrix for the Cienega de Flores plant 2. Apodaca risk matrix. 3. Cienega de Flores operational risk matrix 4. Matrix update 	<ol style="list-style-type: none"> 1. Prior to construction of the Cienega de Flores plant. 2. Six months after signing the Contract. 3. One month before the start of operations of Cienega de Flores. 4. Annually after the first disbursement.
<i>Management Programs</i>			
1.5	<ol style="list-style-type: none"> 1. Develop and Environmental and OHS Management Plan specific to the construction stage that includes: (i) an Impact Management Program for the physical, biological, and visual environment, which will include mitigation measures for any impact on terrain relief (in the event of earthmoving or earthworks); hazardous and non-hazardous solid waste management; control of pollutant gas emissions from construction machinery and equipment; disturbance of the environment due to the increased generation of dust and noise; control of liquid effluents, both runoff and domestic; (ii) an Impact Management Program for the socioeconomic environment, which will include contractor management; a Road Safety Plan and E&S and OHS training for construction managers and workers. 2. Develop an Environmental Management and OHS Plan for the operation and maintenance (O&M) stage that includes the following measures: (i) an Environmental Monitoring and Vigilance Program, especially for pollutant gas emissions from fixed sources in the Project (casting furnaces); (ii) a Comprehensive Solid and Liquid Waste Management Program; and (iii) a Workplace Health and Safety Program for the comprehensive management of occupational risk prevention actions. 	<ol style="list-style-type: none"> 1. Environmental Management and Occupational Health and Safety Plan for construction. 2. Environmental Management and Occupational Health and Safety Plan for operation. 	<ol style="list-style-type: none"> 1. Prior to construction of the Cienega de Flores plant. 2. Prior to operation of the Cienega de Flores plant.

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<i>Organizational Capacity and Competency</i>			
1.6	Supplement the Annual Training Plan to include training courses on Performance Standards and General Guidelines .	Revised Annual Training Plan	Three months after signing the Contract.
1.7	Strengthen organizational capacity by defining roles and resources to monitor E&S and OHS compliance and the implementation of the ESMS and management plans.	Allocation of Grupo Arzyz personnel for control and oversight of the Cienega de Flores plant through formal Company communications.	Prior to the construction of the plant.
<i>Monitoring and Review</i>			
1.8	Supplement the legal compliance matrix to include requirements in the Environmental Management and OHS Plan and the Environmental Management Plan, including the resources required, estimated approval or delivery turnaround times, and status.	Compliance matrix and status	Prior to the first disbursement and annually thereafter.
<i>Emergency Preparedness and Response</i>			
1.9	<ol style="list-style-type: none"> 1. Supplement the Apodaca plant Civilian Protection Contingency Response Plan to include: (i) drills during all shifts; (ii) the participation of all employees; (iii) drills in the surrounding communities; and (iv) participation of external organizations (police, firefighters, Mutual Aid Committee, or others). 2. Develop a Contingency Response Plan for the Cienega de Flores plant construction and operation stages. 3. Conduct drills implementing the Contingency Plan 	<ol style="list-style-type: none"> 1. Apodaca plant Civilian Protection Contingency Response Plan. 2.1 Cienega de Flores construction Contingency Response Plan. 2.2 Cienega de Flores operation Contingency Response Plan. 3. Evidence of having conducted drills. 	<ol style="list-style-type: none"> 1. Six months after signing the Contract. 2.1 Prior to construction. 2.2 Prior to operation. 3. Annually, and at least once during construction.
<i>Stakeholder Engagement</i>			

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1.10	<ol style="list-style-type: none"> 1. Conduct a stakeholder analysis 2. Submit a stakeholder engagement plan for the Apodaca and Cienega de Flores plants that includes disclosure and dissemination procedures for information regarding impacts and the actions to avoid them 3. Submit evidence of the implementation of the engagement plan. 	<ol style="list-style-type: none"> 1. Stakeholder analysis 2. Stakeholder Engagement Plan 3. Minutes of meetings with identified stakeholders. 	<ol style="list-style-type: none"> 1. Three months after signing the Contract. 2. Three months after signing the Contract. 3. Regularly during the E&S monitoring, upon signing the contract.
<i>External Communication and Grievance Mechanisms</i>			
1.11	<ol style="list-style-type: none"> 1. Submit a procedure for handling external communications to include: (i) reception and registering of external communications from neighbors and other stakeholders; (ii) analysis and evaluation of the matters raised in such communications and determining how to address them; (iii) providing relevant responses, follow-up and documentation of the former, and (iv) adjusting the management program, as appropriate. 2. Submit an external grievance mechanism. 	<ol style="list-style-type: none"> 1. Procedure for handling external communications (for Apodaca and Cienega de Flores) 2. External grievance mechanism (for Apodaca and Cienega de Flores) 	<ol style="list-style-type: none"> 1. Three months after signing the Contract. 2. Three months after signing the Contract.
PS 2: Labor and Working Conditions			
2.1	Submit an HR procedure that complies with the guidelines of Performance Standard 2, including non-discrimination and equal opportunity.	Human Resources Procedure	Three months after signing the Contract.
2.2	<ol style="list-style-type: none"> 1. Adopt the Apodaca plant grievance mechanism, including contractors. 2. Disseminate the mechanism. 	<ol style="list-style-type: none"> 1. Resolution that adopts the mechanism. 2. Proof of disclosure to direct and indirect employees of the Apodaca plant 	<ol style="list-style-type: none"> 1. Prior to the start of construction of the plant. 2. Annually after the first disbursement.

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2.3	<ol style="list-style-type: none"> 1. Submit a gaps analysis of the Apodaca plant's current fire protection system and NFPA standards. 2. Design the Cienega de Flores fire protection system as per NFPA standards. 3. Develop an adequacy plan with actions and deadlines. 	<ol style="list-style-type: none"> 1. Gap Analysis 2. Design of the Cienega de Flores fire protection system. 3. Adequacy and progress plan. 	<ol style="list-style-type: none"> 1. Ten months after signing the Contract. 2. Ten months after signing the Contract. 3. Annual Report.
PS 3: Resource Efficiency and Pollution Prevention			
3.1	Conduct monitoring and management of: air emissions (furnace); noise; wastewater treatment and discharge; hazardous and non-hazardous solid waste, observing local regulations and the World Bank's General Environmental, Health, and Safety Guidelines (WBG).	Results of the monitoring campaigns.	Biannually after signing the Contract.
3.2	<ol style="list-style-type: none"> 1. Quantify the annual GHG emission of both plants, including transport emissions. 2. Develop and implement a plan to reduce GHG emissions. 	<ol style="list-style-type: none"> 1. Quantification of the Project's annual GHG emissions. 2. GHG emissions reduction plan. 	<ol style="list-style-type: none"> 1. Annually after the Financial Closure. 2. Three months after signing the Contract.
3.3	Build a suitable secondary containment work (110% capacity), provide a spill kit, and install a fire protection system according to NFPA standards for the diesel tank located in the raw materials stockyard.	Provision of secondary containment, spill kit, and fire protection system	Ten months after signing the Contract.
PS 4: Community Health, Safety and Security			
4.1	Submit a Road Safety plan.	Road Safety Plan	Two months after signing the Contract
4.2	Submit a suitable raw materials storage and classification plan	Classification and storage plan	Six months after signing the Contract.