

Annex 1: Environmental and Social Action Plan (ESAP)

No.	Reference	Measure	Final Product/Deliverable	Expected Completion Date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental and Social Management System (ESMS)	1. Develop the final, explicit, detailed and specific ESMS for Hi-Tec, to include: (i) policy; (ii) procedures to identify, assess and manage possible E&S, OHS, and occupational risks and impacts associated with each Project activity, and for workers engaged by third parties (contractors and subcontractors); (iii) internal procedures for compliance with the Environmental and Management Program (EMP); (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 mechanism; (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 OSH requirements under the LGEEPA and the LFT.	1. Copy of Hi-Tec's ESMS	1. Eight months after the first disbursement
1.2	Environmental, Social and Occupational Health and Safety Policy	1. Develop an E&S policy that takes into account the context and needs of Hi-Tec and/or the Project.	1. Copy of Hi-Tec or the Project's environmental and social policy (if different)	1. Four months after the first disbursement
		2. Complement the E&S policy with monitoring programs regarding compliance, execution, and disclosure to all members and levels of the organization.	2. Evidence of the implementation of compliance, execution, and disclosure monitoring programs	2. Six months after the first disbursement

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		3. Create a mechanism to measure and communicate permanent improvements in the implementation of Hi-Tec's E&S policy.	3. Mechanism to regularly measure and disseminate permanent improvements	3. Six months after the first disbursement
1.3	Organizational Capacity	1. Appoint, within Hi-Tec's organizational structure, the person responsible for E&S matters, in addition to defining the functions, responsibilities, and powers for the implementation of the ESMS and guaranteeing adequate human and financial resources as part of the ESMS.	1. Appointment of the persons responsible for E&S matters in Hi-Tec	1. 60 days after signing the loan agreement
		2. Develop and conduct an introductory and refresher training program at least once a year for all personnel responsible for the environment and OHS.	2. Copy of the training and refresher program, as well as evidence of its implementation	2. 60 days after signing the loan agreement
1.4	Emergency Preparedness and Response	1. Develop, within the SCPP Recovery Subprogram, a Root Cause Analysis procedure for each major accident or fatality, as well as a description of the corrective actions required to minimize the risk of a reoccurrence.	1. Copy of the updated SCPP and the Root Cause Analysis procedure	1. 60 days after signing the loan agreement
1.5	Monitoring and Review Indicators	1. Develop a compliance matrix with a set of key performance indicators that shall be monitored and met in order to measure the effectiveness of the EMP and the fulfillment of all and contractual obligations with each existing Project branch This compliance matrix shall include: (i) the competent Authority granting the authorization or issuing the permit/license; (ii) issue and effective dates; (iii) the person within Hi-Tec who is responsible for follow-up/compliance; and (iv) future communications and compliance procedures.	1. Compliance matrix with a list of KPIs and success indicators, for each existing Project branch	1. 60 days after signing the loan agreement
1.6	Project Compliance with Applicable Standards	1. Through an independent E&S consultant, regularly prepare a consolidated report on environmental, social, health and safety issues for Hi-Tec, as well as on the compliance status of IDB Invest's Environmental and Social Sustainability Policy, Mexico's environmental, social, and of OHS legislation, the IDB's Environmental and Social policy, and the IFC	1. Environmental and social compliance report for Hi-Tec	1. Annually over the life of the loan

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		Performance Standards, including the progress of the ESMS actions against the defined KPIs.		
1.7	Stakeholder Engagement	1. Implementing a Stakeholder Dialog Management Plan for each existing Project branch that incorporates the following: (i) updated identification of all stakeholders, including local authorities and surrounding communities and/or neighbors (within a 250 m radius of each Project site) who may be interested in the Project; (ii) differentiated measures to enable the effective participation of disadvantaged or vulnerable groups; (iii) a mechanism to ensure that community representatives accurately represent the views of the affected communities; (iv) details on how information is disclosed to stakeholders; (v) details on the stakeholder engagement process within these communities and how they can access the grievance mechanism; and (v) regular reporting on the company's E&S performance to these communities and the general public.	1. Copy of the Stakeholder Dialog Management Plan for each existing Project branch	1. 60 days after signing the loan agreement
1.8	External Grievance Mechanism	1. Develop and implement an external grievance mechanism focused on the key stakeholders and the communities and/or neighbors that are affected or with any stake in the indirect area of influence of the Project sites (within a radius of approximately 250 m) for the operation of the existing Project branches. This external grievance mechanism will include details on how grievances or complaints are recorded, investigated and evaluated, and their follow-up and closure or resolution process.	1. Copies of the existing external grievance mechanism for the existing Project branches	1. 60 days after signing the loan agreement
			2. Copies of evidence of its implementation in each Project branch	2. Progress report in each environmental and social compliance report
PS 2: Labor and Working Conditions				
2.1	Internal Grievance Mechanism	1. Adaptation of the grievance system to fulfill the requirements of PS-2, expanding its grievance	1. Copies of the new grievance system	1. 60 days after signing the loan agreement

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		reception/registration mechanisms to all its employees, contractors and subcontractors.	2. Copies of evidence of its implementation in each Project branch	2. Progress report in each environmental and social compliance report
2.2	Workers Engaged by Third Parties	1. Develop a Policy on the Hiring and Provision of Services of Workers Engaged by Third Parties that complies with the Labor Code and the international conventions of the ILO and that allows it to: i) ensure that its contractors which employ these workers are legitimate companies of proven integrity that have implemented an appropriate E&S Management System that allows them to operate in a manner consistent with the provisions of PS-2; ii) set forth policies and procedures to manage and review the performance of such third-party employers through commercially viable means incorporated into the text of the contractual agreements; and finally, iii) ensure that workers engaged by third parties have access to the grievance mechanism, either that of the Contractor or that of the Promoter itself.	1. Copy of the Policy on Hiring and Provision of Services of Workers Engaged by Third Parties	1. 60 days after signing the loan agreement
		2. Implement a training program for this Hiring Policy and Provision of Services of Workers engaged by Third Parties, to be implemented and disseminated to all Hi-Tec personnel who contract outsourced services.	2. Copy of the Training Program for the Hiring Policy and Provision of Services of Workers engaged by Third Parties for Hi-Tec	2. 60 days after signing the loan agreement