

1. Overview of Scope of IIC Environmental and Social (E&S) Review IIC's environmental and social specialist visited Cimarrón with headquarters in the state of Guanajuato, Mexico. IIC led a walk-through of the greenhouse facilities in the municipality of San Felipe, Guanajuato, to get an overview of the operations. It interviewed the senior management team to understand the practices that the Company has in place to manage environmental and social performance. While all Performance Standards are applicable, the investment is likely to have impacts that must be managed in a manner consistent with the following Performance Standards: PS 1 - Assessment and Management of Environmental and Social (E&S) Risks and Impacts PS 2 - Labor and Working conditions PS 3 - Resource Efficiency and Pollution Prevention PS 4 - Community Health, Safety and Security The following Performance Standards are not applicable, namely PS 5 - Land Acquisition and Involuntary Resettlement, no land acquisition will be done; PS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources, there are no natural and/or critical habitats in the vicinity of Cimarrón operations. A Google Earth image and an IBAT (Integrated Biodiversity Assessment Tool) analysis on op Cimarrón erations indicated that these are surrounded by agricultural land and not located in any pre-existing globally recognized priority area for biodiversity. Cimarrón operations are outside the natural reserve of Gogorron; PS7 - Indigenous Peoples as there are no identified indigenous peoples in the project area; PS8 - Cultural Heritage, as there is no cultural heritage in the areas where Cimarrón operates. In the event that these PS's become applicable, Cimarrón will promptly inform IIC. Key environmental and social issues are: (i) the development and implementation of an IFC PS1 compliant environmental and social management system (ESMS) with all nine elements; (ii) adherence to IFC's labor and working conditions (PS2) requirements and national's labor law; (iii) OHS risk prevention and management during construction and operations, including Life and Fire Safety (L&FS) provisions; (iv) food safety management systems; (v) resource efficiency; and, (vi) engagement with local communities and grievance mechanism.

2. Environmental and Social Categorization and Rationale This is a category B project according to IIC's procedure for Environmental and Social review of projects because a limited number of specific environmental and social impacts may result that can be avoided or mitigated by adhering to generally recognized performance standards, guidelines, or design criteria.

3. Environmental and Social Context IIC potential corporate loan to Cimarrón will consist of US\$7.8 million for an up to 20 Ha expansion of the greenhouse area, and for working capital needs associated with the expansion. Main potential environmental and social issues of this investment will be avoided through engineering design, the application of the performance standards and World Bank Group (WBG) guidelines in the construction and operational phase. Information about how these potential impacts will be mitigated is summarized in the following paragraphs. Further information is provided in the attached Environmental and Social Action Plan (ESAP).

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 (ESMS) Cimarrón will operate the new and existing facilities following the law and regulations of Mexico, including local municipal regulations. As per the Environmental and Social Action Plan (ESAP), the Company will develop a management system encompassing social, occupational health and safety, human resources, and environmental affairs management for all its operations. The ESMS shall comply with IFC performance Standard 1 (PS1) Edition 2012 element requirements (Policy, and procedures manuals for other elements such as Identification of E&S risks and Impacts; Management Programs; Organizational Capacity and Competency; Emergency Preparedness and Response; Stakeholder Engagement; External Communication and Grievance Mechanism; Ongoing Reporting to Affected Communities, Monitoring and Review). The ESMS will also specify operating policy requirements as well as basic procedures that must be in place for compliance during construction and operational phases (during construction the ESMS will address occupational health and safety of the workers; life and fire safety master plan design and certification; community engagement procedures to address impacts resulting from traffic, dust, and noise from construction equipment; generation of waste). During the operational phase, the ESMS will involve procedures for labor relations,

implementation of good management practices, employee health and safety (OHS); life and fire safety implementation, emergency contingency plan; food safety; adequate level of water for fire systems; hazardous and non-hazardous waste management; establish procedure to ensure efficient energy and water use; integrated pest management program, community engagement and handling of grievances. b) Policy: The Company has not developed an overarching Environmental and Social (E&S) policy statement. And, as set forth in the ESAP the Company will outline a corporate policy fully aligned with the 2012 IFC Performance Standards. The policy shall summarize the commitments that Cimarrón makes to managing environmental and social risks and impacts, include reference to the intent of Cimarrón to support its commitments to manage external interactions through an active stakeholder engagement program and a mechanism to receive, and address stakeholder grievances. In addition, the policy shall: 1) Include a documented process to periodically revise the policies; and 2) Once updated, the policy will be communicated to all workers, contractors and stakeholders using best available communication procedures. c) Identification of Risks and Impacts: the company's risk management has basic procedures in place for identification of E&S risks but limited to few activities. As set forth in the ESAP, Cimarrón is required implement a formal ESMS procedure for the systematic, documented identification and prioritization of internal risks and impacts during operations, covering environmental, OHS, and labour risks. The risk assessment system shall be routinely reviewed and updated across existing, new, and changing activities or law and regulations. Also, potential external negative risks and impacts to neighbouring communities should be assessed. The system shall include input from all levels of workers, managers, and communities and other external stakeholders. d) Monitoring and Review and KPI's: As part of the ESMS, Cimarrón will enhance their process for periodic monitoring and review by senior management. The Company will implement a process for monitoring and periodic reporting to senior management and monitoring activities that have been identified to have potentially significant impacts on social issues and the environment, during normal operations and upset conditions. And, will adopt additional Key Performance Indicators (KPIs) to mainstream Environmental, Occupational Health and Safety and social parameters, including: a) Safety - Lost Time Incident Frequency Rate (LTIFR - Number of lost time incidents per million hours worked); Accident Free Days (Number of Days since last Lost Time Incident); b) Sustainability - Greenhouse gases (kg CO₂ emitted / tons produced); Water Usage (m³) and Energy Efficiency (kWh) - Emissions: monitoring effluents and any air emissions parameters; c) Social - Number of environmental and social complaints from communities. e) Establish Stand-alone Environmental and Social Management Unit: As set forth in the ESAP, the Company will present a copy of the internal memorandum appointing an environmental and social professional, acceptable to IIC, with managerial responsibilities exclusively for environmental, OHS, and social issues, reporting to senior management. Cimarrón will submit evidence to IIC that an adequate plan and appropriate staffing, budgeting, management endorsement, and associated documentation are in place to institutionalize the functions of the Environmental Management Unit. In the future, if completing any consulting work related to IIC and the Performance Standards, the Company will send the draft TORs to IIC for input and send the CVs of potential consultants identified to perform all such social and environmental studies, for approval by IIC. f) Environmental, health and safety (EHS) Training: The Company has a routine induction training program for employees to ensure skills needed for their work responsibilities. As per the ESAP, during induction, Cimarrón will include EHS issues as part of the training program. g) ESMS development and implementation plan: As per the ESAP, an ESMS development and implementation plan should be presented by the Company to provide consistency in the overall E&S risk management of their operations. Once improvements are implemented, Cimarrón will present to IIC a PS1 compliant Environmental and Social Management System (ESMS). The latter will be verified by IIC through site supervision visit. To demonstrate compliance of the ESMS, the Company will provide to IIC, for review and clearance, all its Procedures Manual. h) Environmental and Social Impact Assessment (ESIA): Following PS1 guidance note, Cimarrón will present to IIC for review and approval, the environmental and social impact assessment (ESIA) and the environmental and

social Management Plan for the construction and operational phase. Guidelines which will be applicable to this project ESIA shall include: IFC Performance Standards, WBG's Environmental, Health, and Safety General Guidelines, sector specific Guidelines for Food and Beverage Processing and Annual Crop Production.

4.2. Labor and Working Conditions

a. Working Conditions and Management of Worker Relationships

i. Human Resources Policies and Procedures: As of October 2016, the Company reports a total of 603 direct employees. Some 130 temporal workers are hired during the harvest season. There are no migrant workers, and no worker's accommodations. 90 percent of the employees are from the nearby district of San Felipe and Villa de Reyes. Social indicators suggest that the Company definitively has a positive impact in job creation, income generation, and access to national health and social security services by its workers and families. This is especially a considerable benefit given the poverty levels and poor development indicators in the area (at San Felipe poverty estimate is 68 percent, well above the national poverty average in Mexico of 46%). The Human Resources policy includes references to non-discrimination, freedom of association and collective bargaining, child labor and forced labor. There are no suppliers of fresh produce. Cimarrón is a non-discriminatory and equal opportunity enterprise. During the induction period, besides technical and hygiene procedures, fundamental HR regulations are explained to employees. The Company is required by the ESAP to conduct an independent third party Human Resources Audit and consolidate comprehensive management system procedures in order to meet all requirements spelled out in the IFC Performance Standard 2, especially at it relates to the OHS provision based on the risk assessment of the jobs and employee grievance mechanism. When finalized, the HR policies and procedures will be communicated to all current employees, and new employees during the induction process. A signed acknowledgement of receipt from each employee shall be requested.

ii. Working Conditions and Terms of Employment. All labor practices are conducted in accordance with the labor law in Mexico, including number of work hours, wages and benefits, leave for illness, maternity, vacation, etc. No identity documents of workers are ever deposited with the Companies during employment for any reason.

iii. Workers Engaged by Third Parties: All HR principles at Cimarrón are equally applicable to workers engaged by contractors.

iv. Workers' Organizations: The employees are associated to the "Sindicato Nacional de Trabajadores de la Industria de Refrigeradoras y Empacadoras de Productos Alimenticios Similares y Conexos". Latest collective bargaining was reportedly in 2010.

v. Non-discrimination and Equal Opportunity: The Company is a non-discriminatory and equal opportunity employer.

vi. Retrenchment: No retrenchment is expected as result of the new operations. The Company estimates that some 366 jobs will be created as result of the expansion.

vii. Employee Grievance Mechanism (GM): Company employees are able to lodge complaints internally. This provision however is not a formal internal grievance mechanism ESMS procedure. As per the ESAP Cimarrón, shall implement a Corporate Employee Grievance Mechanism, in compliance with Performance Standard 2, to be managed by the Human Resources Manager and included in the Corporate ESMS as part of labor management practices. The GM shall involve an appropriate level of the Company management, and subject to a timetable for completion of consideration of grievances, using an understandable and transparent process that allows also for anonymous complaints, and provides feedback to those concerned. The Company will maintain log of grievances and analyze trends. Once the GM document is approved by IIC, it shall be communicated to all employees using best communication channels available.

b. Protecting the Workforce: The minimum employment age is set at 18. While child labor and forced labor are forbidden, the Company does not have formal management system procedures to monitor child labor and forced labor within their direct operations and those of contractors. As per the ESAP, the Company will develop and implement a child labor monitoring management system procedure, including a monitoring plan and training to supervisors for enforcement.

c. Occupational Health and Safety: It was not feasible to assess Cimarrón capacity and commitment to undertake effective OHS risk identification and control, training, preventive and corrective actions. Data is not available concerning statistics of occupational injuries and injury indicators to hours worked as an indication of the safety at work. As set forth in the ESAP, the Company will conduct an independent third party

OHS Audit, identifying fire prevention and control needs, housekeeping, physical hazards at workstations, chemical odors in storehouses, use of PPE, investigate costs to the company for liability insurance and compensation payouts, lost time accidents; fatalities and other preventable accidents, including fires, materials spills, transport, etc. This audit will propose an OHS Plan that will include technical and financial requirements for its implementation and with allocated responsibilities that defines required tasks, actions and procedures needed to close all observed gaps with OHSAS 18001 and Performance Standard related OHS requirements. The OHS Action Plan will include a schedule for improved working procedures, meeting life and fire safety requirements outlined in the WBG EHS General Guidelines, and provide training to all current and new employees on OHS to reduce the risk of injuries. CIMARRON will train and assign OHS Coordinators for all work areas. The Company will complete institutionalization of Occupational Health and Safety Management System/Program, including all required procedures, facility modifications, employee training and data collection and analyses. The Company will inform IIC annually of OHS statistics and injury indicators, as well as progress in its direct operations using the OHS audit as a baseline.

d. Workplace Heat Monitoring in Greenhouses: Cimarrón will provide the temperature records inside the greenhouses of the months of January to December for the past three years (Jan.2014-Dec.2016). Cimarrón will contract consultant services, acceptable to IIC, to examine the effectiveness of engineering controls installed to limit the heat load inside greenhouses. If measurements exceed WBG guideline limits, Cimarrón will propose corrective measures, and a schedule to reach compliance with workplace temperature conditions. Cimarrón will provide training to employees about heat-induced health issues, and furnish personal protective equipment to limit heat stress potential. The Company will also implement work practices (for example scheduled rests) designed to reduce the level of metabolic heat that is generated by each worker. The Company will develop and implement a work station temperature monitoring plan.

e. Food Safety Management Systems: Use of loose-fitting masks must improve to achieve Cimarrón food safety commitments. As per the ESAP, Cimarrón will conduct year round repeat training to supervisory personnel and workers involved in the handling of produce. The training should strengthen the importance of proper use of face masks to fully cover the nose and mouth, knowledge and skills needed to safely handle produce, and employee training on health and hygiene. Training could be based on the principles and recommendations of the U.S. Food and Drug Administration (FDA) for food safety.

f. Life and Fire Safety System: The risk of fire has been assessed as "high risk" by a Fire Audit report (Fire risk at Cimarrón estimated 7.46 = high risk; May 2016 - pp56; Fire Audit Report, following NOM-002-STPS-2010). Except for the office space, all greenhouse structures and associated facilities are plastic-based. As per the ESAP, Cimarrón will engage consultant professional services of a NFPA Certified Engineer (acceptable to IIC) to upgrade and implement an NFPA-based management system procedure and Master Plan for Life and Fire Safety identifying major fire hazards, applicable codes, standards and regulations (distance to exits, type of extinguishers according to hazard, proper size of extinguishers, quantity of extinguishers needed based on NFPA code for maximum floor area per extinguisher, others). Besides NFPA, the Master Plan must also be responsive to the elements described in National codes, and the WBG General EHS Guidelines. For the new expansion, Cimarrón will request the NFPA Certified Engineer to prepare Master Plan (engineering design of new facility) and conduct during-and-post-construction inspections to verify that the system was installed as designed. Life and fire safety design shall be responsive to the NFPA international life safety code, the Mexico life safety code, and the Life and Fire Safety requirements of the WBG General EHS Guideline. At the end of construction, besides the approval of national authorities, Cimarrón will provide to IIC a third party certification by the NFPA certified professional, that the design and construction of life and fire safety systems complies with the specifics of NFPA life and fire safety guidelines.

g. Safety of LP gas tanks: Cimarrón uses LP Gas for energy and greenhouse heating. Each cylinder has 85000 L capacity. As part of the ESMS, the procedures for risk assessment should include OHS and Fire Safety of the gas containers. As per the ESAP, the Company will perform a safety assessment and gap analysis of the gas storage locations

inside Cimarrón premises; (a) Present to IIC both OHS and Fire Safety gap analyses and required remedial measures reports; (b) Begin implementation of corrective measures defined during the OHS/L&F Safety gap analysis, including required OHS training activities; (c) Submit final report with documentary evidence upon completion of agreed date in schedule of implementation, and provide IIC with a letter from the Cimarrón task manager that all observed deficiencies have been corrected; (d) Demonstrate to IIC that area coordinators are adequately qualified and trained, and that employee and contracted workers are aware of the positions, roles and responsibilities for all emergency response events of the LP gas.

4.3. Resource Efficiency and Pollution Prevention

i. Resource Efficiency: Specific energy consumption per Kg of raw material is 0.29 KWH. Using this baseline, as per the ESAP, Cimarrón will develop a management system procedure to ensure efficient energy use, and will implement an energy saving plan. The plan will target resource efficiency through improvements in the design of the new facility, selection of equipment and energy source (including the feasibility of using solar) and awareness programs with employees to reduce consumption.

ii. Boiler emissions monitoring: Four boilers are available. No data of use of current use of gas LP was provided. All boilers are operated a total of 14,800 hours per annum. As set forth in the ESAP, Cimarrón shall conduct boiler stack emissions monitoring at all its operations; will assess the compliance of point source emissions with local regulations and applicable WBG EHS Guidelines (General EHS Guidelines or Thermal Power Guidelines according to boiler size). If stack emissions exceed guideline values or regulatory limits, Cimarrón will design and implement an approach and implementation schedule to address exceedances or demonstrate that actual emissions are not detrimental to human health and the environment in the downwind area using wind rose and other meteorological measurements for modeling exercises.

iii. Greenhouse Gases: Annual greenhouse emissions from all operations are estimated less than 25000 tpa CO₂ equivalent. As set forth in the ESAP, Cimarrón will implement a procedure for Emissions Inventory of Greenhouse Gases.

iv. Water Consumption: Cimarrón sources water from two wells of 290 and 229 m of depth respectively. Water use by the Company reportedly does not affect use of the resource by communities. Since plastic is used as flooring and drip irrigation systems are utilized in the greenhouses, there is no recharge of the aquifer in the greenhouse area. Yet, water discharge from the greenhouses is used to irrigate lawns and adjacent fields, allowing for some infiltration. The Comision Nacional del Agua has granted Cimarrón a groundwater abstraction permit to a maximum of 500,000 M³ per annum. Cimarrón estimates 6975 M³ per annum per Ha. A best estimate for water use following the expansion is approximately 418,500 M³, below the permit. As per the ESAP, Cimarrón will develop a baseline scenario and saving plan of groundwater daily/annual use for sanitary and domestic use.

v. Waste Management: To reduce environmental impact, Cimarrón manages solid waste in line with best practices (recycling, disposal, monitoring). Main solid waste categories at Cimarrón in Kg per annum are: pesticide containers-225Kg; industrial mop-35Kg; glass 50Kg; industrial oil-81Kg.

vi. Wastewater: The Company will discharge unknown amounts of sanitary wastewater to their private pith under permit to be obtained at the local municipality to meet expansion needs. Excess fertigation water from greenhouses is discharged into Company lawns for irrigation and fertilizer application. As per the ESAP, Cimarrón will assess excess water quality at the point of discharge of the greenhouses, and compare against Mexico regulatory standards, and applicable WBG EHS guidelines for soil discharge, and report to IIC. If measurements exceed WBG guideline limits, Cimarrón will propose corrective measures, and a schedule to bring all liquid emissions into compliance with guideline requirements.

vii. Hazardous Materials Management: The hazardous materials present at Cimarrón not amount over 400Kg, which is considered by Mexican Federal Law as “micro producer of hazardous waste”. Final disposal is managed by national environmental health regulator accredited waste management companies. As set forth in the ESAP, the Company will build a transitory storage for hazardous waste to hold containers of hazardous chemicals and others until final disposal.

viii. Pesticide use: The exclusion lists of pesticides include WHO 1a/1b and Category 2 list. As per the ESAP, Cimarrón will identify and eliminate the use of WHO Class 1a and 1b, and Class 2 chemical formulations in all operations. The Company will

implement an integrated pest and disease management program (IPM/IDM). Cimarrón will use adequate PPE based upon MSDS and/or ICSCs for the chemical materials used. Cimarrón will also fully incorporate all integrated pest and disease management procedures into the ESMS procedures manual, including training of workers on safety operational procedures and correct use of PPE when applying plant protection products. The Company will monitor the cholinesterase levels in workers applying pesticides and report annually to IIC. ix. Refrigeration Agents: Following the Montreal Protocol agreement on substances that deplete the ozone layer, and as per the ESAP, Cimarrón will list all refrigerants used, describe nature of the coolant and safety measures in place, and report to IIC. If any of the refrigerants is found to be an ozone depleting substance, Cimarrón will present a plan, for approval by IIC, to use only ozone-friendly refrigerants in all existing refrigeration units in its facilities.

4.4. Community Health, Safety and Security

a. Community Health and Safety: To prevent impacts on communities, Cimarrón will develop clear community safety guidelines to be enforced. The Company will implement safety guidelines to be enforced on all contracted transport to avoid accidents to members of the public, fire safety, etc. The Company will also develop guidelines to ensure active participation of local government agencies and local Fire Departments and Emergency Care to respond to emergencies due to direct operations. All Company community safety guidelines will be listed in the Company website.

b. External Communication and Grievance Mechanisms: Going forward, Cimarrón will formalize the community engagement process and develop and implement a Stakeholder Engagement Plan. As per the ESAP, the company will develop a community grievance mechanism (GM) that may be used by the community to express concerns about the company operations and impacts. As part of the ESMS, Cimarrón will formalize a stakeholder engagement procedure, will implement an external communication system, and operationalize a Community Grievance Mechanism to collect and act upon any complaints or concerns of communities. The implemented mechanism shall include dissemination of the GM, training of workers on the GM, and how individuals may register grievances publicly or anonymously with Cimarrón, brought to the attention of senior management, and resolved.

c. Security Personnel: As set forth in the ESAP, operating ESMS procedures are needed to manage security forces in accordance with IFC PS4 requirements as described in paragraph 12-14.

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