

1. General Information and Overview of Scope of IIC E&S Review IDB Invest's review included meetings with Genomma's management teams in their corporate offices in Mexico City, and included discussions with the head of Product Quality, Human Resources (HR), Environment, and the Project Manager for the proposed plant. A site visit to the proposed plant site was undertaken December 7-8. The due diligence included a review of supporting information such as environmental management plans, manuals, and procedures, HR policies, occupational health and safety (OHS) programs, workplace and environmental monitoring data (e.g. air emissions and effluents), emergency procedures, and sustainability strategy plans under discussion.

2. Environmental and Social Categorization and Rationale Per IDB Invest's Sustainability Policy, this project is a Category B. Genomma currently operates a distribution warehouse for Over the Counter (OTC) drugs and beauty care products. The proposed project investment will take place adjacent to an existing industrial park on the outskirts of Toluca, an industrial area near Mexico City. Project risks are limited to the construction of the plant facility and subsequent operation. These risks are limited and manageable. While all Performance Standards are applicable to this investment, the following Performance Standards are triggered. PS 1 - Assessment and Management of Environmental and Social Risks and Impacts PS 2 - Labor and working conditions PS 3 - Resource Efficiency and Pollution Prevention PS 4 - Community Health, Safety and Security

3. Environmental and Social Context Genomma Lab is a Mexican-based company operating across Latin America and the Caribbean. They specialize in the packaging and distribution of OTC drugs and pharmaceuticals. They've been listed on the Mexican stock exchange since 2008, and on the exchange's Sustainability Index since 2011. They currently distribute products across 19 countries, and with the proposed construction of their first production plant, aim to be a regional leader in OTC products competing with a range of name-brand multinational companies. As of December 15, 2017, the company employed 832 people across the region, 502 of which are in Mexico. Roughly 35% of employees are female and 65% are male.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1. Assessment and Management of Environmental and Social Risks and Impacts E&S Assessment and Management System - Genomma possesses permits for land use and initial land movements, and has selected the firm that will be preparing the Manifiesto de Impacto Ambiental (MIA) related to construction of the proposed plant. Currently, Genomma operates exclusively a warehousing and distribution business, relying on product production from 320 approved suppliers (this number will reduce to roughly 80 with construction of the new plant). Of the 320 suppliers, 62 are actual OTC manufacturers and the remainder provide input and packaging materials. All products exported or sold as OTC are certified to Good Manufacturing Practices (GMP), which is a requirement of the Mexican Comision Federal para la Proteccion contra Riesgos Sanitarios (COFEPRIS). GMP certified products represent 80% of sales volume. All manufactures undergo a supply chain quality and OHS independent audit, while other suppliers are assessed again an in-house questionnaire and must meet a minimum score. Genomma has implemented functional environmental, OHS and HR management systems under its existing operation. With the construction of the new plant, Genomma has contracted a firm to assist in the development of a comprehensive Environmental and Social Management System. As described in ESAP item #1.1, this system will be compliant with IFC Performance Standard 1, and will include standard components, including i) a revised and expanded corporate E&S Policy, ii) a supply chain policy, iii) enhanced Standard Operating Procedures, iv) monitoring and reporting of air emissions and liquid effluents, including wastewater, and v) emergency preparedness and response procedures. Genomma's new plant will also be certified to GMP standards, as well as ISO 14001 and 18000.

Identification of Risks and Impacts and Management Programs - The proposed project involves construction of a new plant in Toluca, an industrial area outside of Mexico City. The plant is adjacent to an existing industrial park currently operated by roughly eight multinational corporations. In constructing the plant, Genomma intends to develop a new industrial park comprised of 15 individual lots, a collection of which will be made available and leased to key suppliers. Of the 32-hectare area, Genomma's plant will occupy 16 hectares. As described in ESAP item #1.2, the MIA under development will include a

general environmental management plan for both construction and operation, as well as i) a traffic management plan; ii) Occupational, Health and Safety Management of the contractor workforce; and iii) a Community Engagement Plan. As noted in ESAP item #1.4, the SOPs to be developed will incorporate OHS and environmental work instruction and cover issues such as effluents, emission, solid waste, accident investigation and control of individual OHS risks (physical, chemical, and biological). Organizational Capacity and Competency - Genomma's E&S team currently consists of two dedicated professionals, and are tasked with developing and managing E&S management programs, community engagement, preparation of the annual sustainability report, and sustainability strategy at large. Genomma is currently listed on the Mexican stock exchange's Sustainability Index for which it reports on sustainability performance, including GHG emissions. Sustainability is viewed strategically, and Genomma's ambition is to continue to outperform competition on issues related to water and energy use. Genomma's HR team consists of seven individuals. OHS issues are managed by HR, and Genomma will hire an OHS manager for construction of the plant. Emergency Preparedness and Response - Genomma has emergency response plans in place at its distribution center. The company will develop a more comprehensive emergency response plan for its plant operations, aligned with local legal requirements. Training for emergency preparedness and response and first aid will be provided to all employees, along with fire and emergency drills have been conducted (see ESAP item # 1.5) Monitoring and Review: Genomma currently undertakes monitoring and review of GHG emissions according to scope 1, 2, and 3 per the Greenhouse Gas Protocol. This material is audited annually and submitted to Mexican Stock Exchange per listing requirements of the Sustainability Index. As detailed in ESAP item #1.5, Genomma will be required to develop and conduct regular environmental monitoring including ambient air quality, stack emissions, effluent quality, ambient noise, water quality, workplace exposure to noise and other chemicals, etc. as it pertains to its new plant. EHS monitoring will be reported internally as well as to other relevant stakeholders. Stakeholder Engagement - Genomma has recently undertaken a stakeholder mapping as part of its sustainability strategy, and identified the neighboring communities to its new plant as strategic stakeholders. As detailed in ESAP item #1.3, the stakeholder mapping will be complete prior to initiation of construction. As part of its ESIA assessment, Genomma will assess the interests and potential impacts (both positive and negative) to nearby communities and develop a community management plan accordingly (See ESAP item #1.2). There are currently no adjacent communities associated with Genomma's distribution facility. External Communication and Grievance Mechanisms - Genomma produces an external Sustainability Report. Genomma currently does not have an external grievance mechanism. With development of their new plant, this will be required as detailed in ESAP item #1.7. 4.2.Labor and Working Conditions Human Resources Policies and Procedures - Genomma has in place HR policies and procedures that cover recruitment, ethics, induction and training, performance evaluation, promotion, and disciplinary action. All new employees undergo an induction and training process, which describes core values and available policies. In the context of the plant expansion, Genomma will be recruiting additional HR staff, and plans to reevaluate the scope of its HR policies and practices in further strengthening its corporate culture among employees. Working Conditions and Terms of Employment, Third Party Workers - Genomma provides clear terms of employment, which are defined in internal rules and regulations, and are provided to employees on hiring. They include benefits, hours of work and overtime, life insurance, health insurance, etc. The company has also been certified according to the Distintivo Empresa Incluyente and Empresa Familiar, which recognize Genomma's commitment to diversity and work / life. Employees are given fringe benefits, which include teleworking arrangements, free lunches within a company cafeteria, and bonus pay based on performance. The ratio of men to women among Genomma's 802 employees is 65% and 35%. All operations promote local hiring, and with the construction of the new plant, Genomma intends to recruit heavily from the neighboring two communities adjacent to the plant site. Their intention is to increase the number of employed women to represent 40-60% of plant employees. With regard to their suppliers and contractors, Genomma evaluates monthly, per local law

requirements, that third-party employees are paid according to law and receive health, pension and social security benefits. Worker Organizations - The company's HR policies establish freedom of association for all employees. Currently the company does not have any agreements with regional or national unions, but intends to do so with the shift in its business from supply chain management to active manufacturing. Non-discrimination and Equal Opportunity - Genomma's HR policy includes provisions related to non-discrimination based on race, nationality, disability, social class, sex, religion and/or political ideas. The company is an equal opportunity employer that extends equal employment opportunity to all applicants and its selection decisions are merit based. The minimum hiring age is 18 years old, and Genomma is in compliance with the local law and IFC PS2. In addition, in compliance with the local requirements as well as IFC PS 2 there is no forced labor in either its or its contracted operations. Genomma has in place a process to evaluate and audit third-party labor. Retrenchment - The company does not expect any retrenchment due to the proposed project. With regard to the reduction of suppliers, no individual supplier is exclusively dependent on Genomma's business such that its operations would be negatively affected and require staff reductions. However, if such becomes necessary in future, the company will develop and implement a retrenchment plan based on consultations with the affected workers, unions, the national labor requirements, and in accordance with IFC's PS2 requirements. Grievance Mechanism - Genomma has in place an internal grievance mechanism whereby employees can raise complaints via an online portal, in conversations with line managers, or via a suggestions box. The Ethics Committee manages and responds to all complaints, and written procedures define the response time, classification, and suggested resolutions for complaints received. This mechanism is communicated to all new employees.

4.3.Resource Efficiency and Pollution Prevention Resource Efficiency - As a supply chain management company, resource use is currently limited to Genomma's corporate offices and distribution facility. In 2016, Genomma calculated that its CO2 emissions totaled 1,654.8 tons, of which electricity consumption represented 80.5% of the total, and the remainder (322.97 tons of CO2) was associated with fossil fuel use at its distribution center. With the construction of its plant, Genomma has designed its facility with the aim to minimize its impact and be a model for cleaner production. The assessment of resource efficiency opportunities is being conducted with la Universidad Anahuac. To this end, Genomma has maximized use of natural light, oriented the plant to take advantage of gravitational slopes on the project site, designed the production line to maximize efficiency, and purchased leading energy efficient equipment. As described in ESAP item #1.6, Genomma will be required to develop an EHS Monitoring Program that will include definition of KPIs, targets and periodic review and reporting on greenhouse gases, water consumption/treatment and air emissions. Pollution Prevention - Genomma does not currently generate wastewater or solid waste. As required under ESAP item #2.1, Genomma will develop pollution prevention management plans for treatment of wastewater effluents and solid wastes in accordance with local legislation and WB EHS and Pharmaceutical Guidelines.

4.4.Community Health, Safety and Security Community Health and Safety - Genomma's new plant is located within an industrial park near Toluca. There are two nearby small communities at roughly 3 kilometers distance to the plant. As part of Genomma's Social Assessment, they're undertaking a stakeholder consultation with neighboring communities to keep them abreast of the project and evaluate both concerns and interests. The plant is located adjacent to a major highway and once operational would not at any point transport materials near the nearby communities. Security Personnel - Security functions are subcontracted to a specialized firm which is registered to the national authorities, and includes the use and proper management of firearms. There is a formal manual for management of security personnel covering their functions, documentation, obligations, prohibitions, duties and code of conduct and management of equipment. As per ESAP #3.1, Genomma will develop a security management plan, in accordance with PS4. The company will assess security risks from and to the community and will develop appropriate policies and procedures (e.g., a written code of conduct; training; procedures in the event of any incident, community unrest, community request, or alleged violation, etc.) to ensure effective oversight and accountability for the security personnel.

5. Local

Access of Project Documentation. When available, the MIA will be posted both locally and on this website. 6. Environmental and Social Action Plan. Please see Related Files. 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.