



# **CERTIFICATION AND FINANCING PROPOSAL**

## **DESALINATION PLANT IN SAN QUINTIN, BAJA CALIFORNIA**

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## EXECUTIVE SUMMARY

### DESALINATION PLANT IN SAN QUINTIN, BAJA CALIFORNIA

The San Quintín Desalination Plant Project was previously evaluated by NADBank, resulting in its certification and approval by the Board of Directors on March 8, 2018, having met the Bank's applicable environmental, technical and financial criteria. However, the Project was not implemented. Given the time elapsed since the original approval and considering the nature of some of the updates made to the project, the Bank is resubmitting it for certification and approval by the Board. Despite these updates, the Project retains the merits that supported its original certification and is still aligned with NADBank objectives and eligibility criteria. The project not only represents an environmental infrastructure solution but will also have a significant social impact by contributing to reliable and safe access to drinking water for the local population.

The San Quintin Valley (SQV) faces one of Mexico's most acute water crises. Located in an arid area in the northwestern region of the country, the valley lacks freshwater bodies and is structurally disconnected from other regional supply sources. To meet the water demand in the region, water is drawn from local underground aquifers, which have been subjected to increasing pressure due to overpumping and prolonged drought conditions. Current underground sources are insufficient and do not have the required water quality. The only available surface water alternative, the Colorado River—is located approximately 270 km to the northeast, rendering its utilization as a conventional supply source unfeasible.

In 2024, the Mexican National Water Commission (CONAGUA) published three technical studies confirming the overexploitation of the four aquifers in the SQV—San Simon, San Quintin, Camalu and Vicente Guerrero—by a volume of 68.5 million cubic meters per year, jeopardizing the long-term viability of these sources. The groundwater has high levels of total dissolved solids, ranging between 1,540 and 11,000 parts per million (ppm), which is between 1.5 and 11 times higher than the maximum limit of 1,000 ppm established by Official Mexican Standard NOM-127-SSA1-2021 for water intended for human consumption. It is important to note that, due to insufficient water distribution infrastructure, low population density and overexploitation of the aquifers in the SQV, the local water utility, *Comisión Estatal de Servicios Públicos de Ensenada* (CESPE), is only able to supply potable water intermittently to 56% of the population through the distribution system, while the rest of the community relies on hauled water for their supply. This sporadic service increases the risk of cross-contamination within the pipelines due to backflows and leaks, as well as through the water storage methods used by residents, further compromising the safety of the water available for human consumption.

The magnitude of this issue has garnered the attention and commitment of the federal government. On January 31, 2026, the President of Mexico presided over the presentation of the Justice Plan for San Quintin Agricultural Workers, in coordination with the Governor of the State of Baja California. This Plan represents a historic level of assistance with actions aimed at improving living and working conditions to enhance the well-being of San Quintin residents. These actions focus on improving infrastructure for healthcare, education,

employment and labor justice, housing and land regularization, electrical services, road repaving and the construction of a desalination plant, as well as women and childcare centers.<sup>1</sup> This commitment by the President underscores the government's prioritization of the comprehensive development and well-being of the communities in San Quintin and provides a solid institutional framework for the coordinated implementation of long-term solutions.

In line with the federal Justice Plan, on March 10, 2026, the Governor of Baja California presented the Comprehensive Action Plan for San Quintin, representing an investment of more than \$2.59 billion pesos allocated exclusively to the municipality of San Quintin. This Plan is structured around three main pillars: (i) a Social Justice Program, which includes water, power, road and other infrastructure; (ii) a Social, Cultural and Tourism Program; and (iii) an Territorial Evaluation Program. Water infrastructure is the component with the largest budgetary allocation, with investments surpassing \$1.57 billion pesos. It includes the construction of the San Quintin desalination plant, as well as the related macro-distribution infrastructure for the facility.

In this context and in line with the Comprehensive Action Plan for San Quintín, the State Government is advancing the construction of a desalination plant with a capacity of 250 liters per second (lps) or 5.7 million gallons per day (mgd) (the "Project"). The initiative to implement a desalination plant in San Quintin originated in the State's 2013-2014 Strategic Plan, which envisioned its development under a Public-Private Partnership Agreement (PPPA) framework. This agreement was executed on January 20, 2016, between the State of Baja California, the State Water Commission (CEA) and Desaladora Kenton S.A. de C.V. (DK), a company established specifically to carry out the project. At that time, the applicable technical and environmental feasibility studies were conducted, and the corresponding environmental permits were obtained; however, the project was never carried out. In late 2025, the State and CEA authorized the incorporation of a new strategic partner through the sale of DK's shares to a consortium comprising GL Desal Holdings, S.A. de C.V. and EBD-Blukey, LLC. (the "Sponsor"), thus preserving the legal framework of the original PPPA, including its respective updates.

Following the Project's original approval, updates were made to reflect current market conditions and technological improvements. Key adjustments included enhancing the financial structure, updating costs and technical parameters and strengthening the organizational structure of the Sponsor. These changes do not alter the fundamental nature or objectives of the Project but rather reinforce its viability and improve its bankability and risk profile, in line with NADBank's eligibility criteria.

The design, construction, commissioning and operation of the Project will be the responsibility of the Sponsor, and the Project is expected to benefit approximately 109,200 local residents. Other infrastructure works under the Comprehensive Action Plan for San Quintín, but not part of this Project, include the macro-distribution system for the San Quintín Valley. The estimated cost of the system is \$712 million pesos, and the state government

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<sup>1</sup> Source: Government of Mexico. Stenographic Transcript. *Plan de Justicia para Trabajadores Agrícolas de San Quintín, Baja California* [Justice Plan for Agricultural Workers of San Quintin, Baja California]. <https://www.gob.mx/presidencia/es/articulos/version-estenografica-plan-de-justicia-para-trabajadores-agricolas-de-san-quintin-baja-california?idiom=es>

already has the final design plans for San Quintín Valley. Its implementation will be carried out in three stages. Funding has been secured for the first stage, which will serve the southern part of San Quintín Valley, and bidding is expected to begin in the third quarter of 2026. This phase is expected to be completed in 2027. Upon completion of the first phase, Phases 2 and 3 will begin simultaneously and are expected to be completed in 2028.

Residents in San Quintín Valley currently use latrines and septic tanks that lack organic waste treatment features. Disposing of waste through these means may have adverse impacts on groundwater aquifers. To address this lack of infrastructure, CESPE will implement a comprehensive wastewater collection and treatment plan at a cost of \$880 million pesos. Meetings are currently being held with CONAGUA, the Mexican Ministry of Environment and Natural Resources (SEMARNAT) and the Mexican Ministry of Welfare to analyze the comprehensive plan and, as part of the planning process, develop the respective final designs. The wastewater infrastructure will be carried out in three phases, which are expected to begin in 2027 and be completed in 2030. The first phase will serve the Vicente Guerrero area, the second phase the San Quintín area, and the third phase the Camalú area. The comprehensive system includes three treatment plants with a total capacity of 225 lps (5.1 mgd). According to the state government, 70% of the potable water consumed results in wastewater. Therefore, it is estimated that the 250 liters per second of water produced by the desalination plant will generate 175 liters per second (4.0 mgd) of wastewater. Consequently, the planned treatment capacity of 225 lps (5.1 mgd) allows room to meet future wastewater treatment needs. Overall, the construction of the Project is expected to be completed in parallel with the macro-distribution system works in 2028. The sewer system will begin construction in 2027 and will be completed in 2030.

NADBank is requesting authorization to provide a loan for up to \$665 million pesos to the Project Sponsor. NADBank participation in the Project will yield significant benefits for the region. The proposed financing will be granted under the best market terms, with a tenor of up to 25 years, thus facilitating the timely implementation of the Project without compromising its financial capacity. As lead structuring agent for the transaction, NADBank has actively promoted the participation of other financial institutions, successfully leveraging resources that expand the funding capacity available to the Project and diversifying its sources of financing. Additionally, NADBank is supporting the Project with a technical assistance grant for the development of environmental studies that will enable compliance with the applicable regulations required for Project implementation.

Table 1 presents a summary of Project eligibility and the key elements of the proposed financing.

**Table 1**  
**PROJECT PROFILE**

**Project Eligibility**

<b>Project Type (sector):</b>	Water.
<b>Location:</b>	San Quintin Valley, Baja California.
<b>Sponsor:</b>	A consortium made up EBD-Blukey, LLC y GL Desal Holdings, S.A. de C.V. (the “Consortium”).

**Project Summary**

<b>Objective:</b>	The purpose of the Project is to diversify supply sources to increase the availability and resilience of potable water services in the San Quintín Valley through the implementation of a desalination plant.
<b>Expected Outcomes:</b>	The Project is expected to generate environmental and human health benefits related to the following outcomes: <ul style="list-style-type: none"> <li>▪ New treated drinking water (250 liters per second)</li> <li>▪ New access to drinking water services (13,400 connections)</li> </ul>
<b>Population to Benefit:</b>	Approximately 109,200 residents.
<b>NADBank Additionality:</b>	<p>NADBank’s participation in the Project will yield benefits for the region, as the proposed financing will be provided under the best market terms, with a tenor of up to 25 years. In its capacity as lead structuring agent for the transaction, NADBank has actively promoted the participation of other financial institution, thereby achieving a mobilization of resources that expands the funding capacity available to the Project and diversifies its sources of financing.</p> <p>Additionally, the Bank played a decisive role in reactivating the Project through its technical support and its capacity to coordinate the stakeholders, including the State Government. NADBank also actively contributed to integrating the Project’s investments with the San Quintín Justice Plan, thereby enabling the alignment of the Project’s objectives with a broader social agenda.</p> <p>As for technical and environmental benefits, NADBank is supporting the Project with a technical assistance grant provided through its Technical Assistance Program (TAP) for the development of certain environmental studies, which will be used to ensure compliance with the applicable regulations required for the Project's implementation.</p>

### Financing Summary

<b>NADBank Loan Amount:</b>	Up to \$665 million pesos.
<b>Loan Type:</b>	Corporate loan.
<b>Borrower(s):</b>	Desaladora Kenton S.A. de C.V.

# CERTIFICATION AND FINANCING PROPOSAL

## DESALINIZATION PLANT IN SAN QUINTIN, BAJA CALIFORNIA

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### 1. CERTIFICATION CRITERIA

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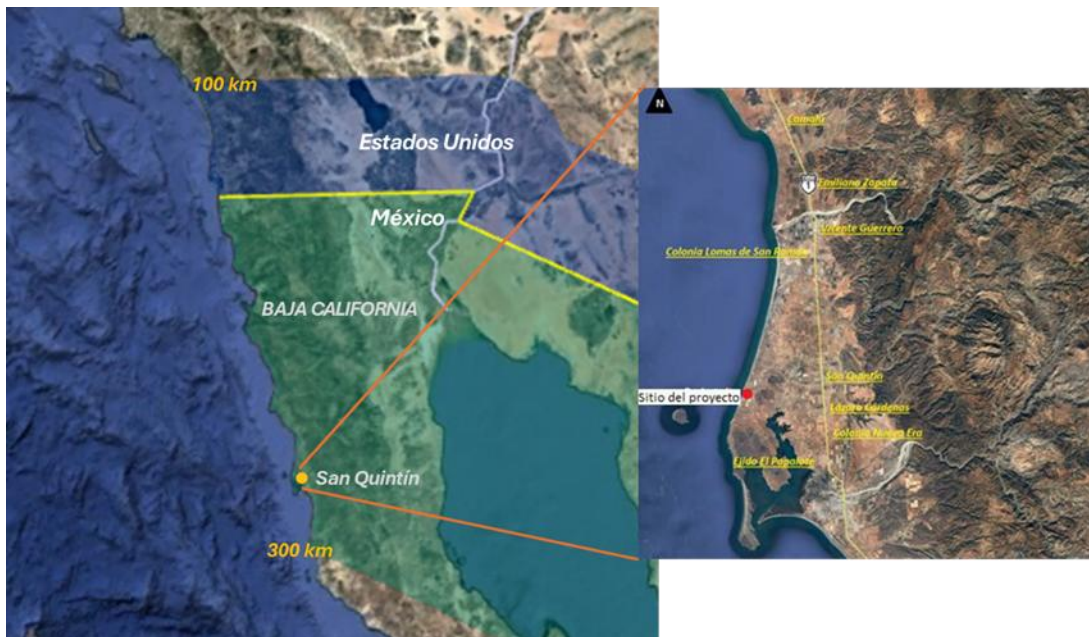
#### 1.1. Technical Criteria

##### 1.1.1. Project Description

###### Project Location

The Project will be developed in the San Quintin Valley, within the Municipality of San Quintin, Baja California, and will be located approximately at the following coordinates: latitude 30°33'23" North and longitude 115°56'21" West. Figure 1 shows the approximate geographic location of the Project.

**Figure 1**  
**PROJECT LOCATION MAP**



The municipality of San Quintín has a total population of 117,432, concentrated primarily in two hubs: the first consists of the communities of Emiliano Zapata, Lazaro Cardenas, and Vicente Guerrero; the second hub is Camalu. The San Quintin Valley (SQV) comprises these two urban hubs, along with other localities, such as San Quintin itself, and various smaller

communities. In 2020, these areas recorded a combined population of 109,211, representing 93% of the municipality's total population.<sup>2</sup>

According to the Baja California State Government, the local agricultural sector generates approximately 25,000 jobs in the production of fruits and vegetables—including blueberries, peas, asparagus, raspberries, strawberries, cucumbers, tomatoes, and blackberries—which collectively generate around \$14.411 billion pesos annually. The second largest job-generating sector, providing 2,832 jobs, is the commercial sector, comprising convenience stores, department stores, specialty shops, pharmacies, and clothing and footwear stores; it generates approximately \$1.095 billion pesos annually.<sup>3</sup>

Regarding public services, the local water utility, *Comisión Estatal de Servicios Públicos de Ensenada* (CESPE) is responsible for providing water and wastewater services within the municipality. The following table presents a summary of the current status of the water and wastewater infrastructure in the SQV.

**Table 2**  
**WATER AND WASTEWATER INFRASTRUCTURE IN SAN QUINTIN**

Water System	
Coverage	55.9%
Supply source	Groundwater (100%)
Number of connections	18,691
Wastewater System	
WW collection coverage	0% has access to a centralized wastewater collection system.
WW treatment coverage	0%

\* Source: State Water Commission, 2025.

Although the current infrastructure is insufficient to meet the demand for potable water and wastewater services in the SQV, the municipal and state governments have plans and strategies in place to implement the necessary works to provide water services through a desalination plant and distribution networks, as well as wastewater collection lines and wastewater treatment plants. Further details regarding this are presented in Section 1.2.1.A.

The Project is expected to benefit approximately 109,200 residents of the SQV by providing a reliable source of potable water. Furthermore, it is estimated that the implementation of

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<sup>2</sup> Source: Government of Baja California. Municipal Urban Development Plan, Municipality of San Quintin, Baja California. 2024.

[https://www.bajacalifornia.gob.mx/Documentos/coplade/consulta-publica/Plan%20Municipal%20de%20Desarrollo%20Urbano%20de%20San%20Quint%C3%ADn%20\(PMDUSQ\)%20versi%C3%B3n%20Consulta%20P%C3%ABlica.pdf](https://www.bajacalifornia.gob.mx/Documentos/coplade/consulta-publica/Plan%20Municipal%20de%20Desarrollo%20Urbano%20de%20San%20Quint%C3%ADn%20(PMDUSQ)%20versi%C3%B3n%20Consulta%20P%C3%ABlica.pdf)

<sup>3</sup> Source: Government of Baja California. Municipal Urban Development Plan, Municipality of San Quintin, Baja California. 2024.

[https://www.bajacalifornia.gob.mx/Documentos/coplade/consulta-publica/Plan%20Municipal%20de%20Desarrollo%20Urbano%20de%20San%20Quint%C3%ADn%20\(PMDUSQ\)%20versi%C3%B3n%20Consulta%20P%C3%ABlica.pdf](https://www.bajacalifornia.gob.mx/Documentos/coplade/consulta-publica/Plan%20Municipal%20de%20Desarrollo%20Urbano%20de%20San%20Quint%C3%ADn%20(PMDUSQ)%20versi%C3%B3n%20Consulta%20P%C3%ABlica.pdf)

the Project will generate around 680 jobs during its construction and 25 jobs during the plant's operation.

### **Project Scope**

The Project consists of the design, construction, commissioning, and operation of a desalination plant with a production capacity of 250 liters per second (lps) in SQV, Baja California. The main Project components include:

- A desalination plant that will utilize two primary treatment processes: ultrafiltration and reverse osmosis. The plant will produce potable water with parameters lower than those established in the Official Mexican Standard NOM-127-SSA1-2021.<sup>4</sup>
- A series of 7 wells for seawater intake, each 32 inches in diameter.
- An 8.4 km underground pipeline, 24 inches in diameter, to connect the intake facilities to the desalination plant.
- Two electrical substations: one for the intake facilities and another for the desalination plant. Each substation will consist of a 150 kVA overhead-type transformer with a voltage of 34.5 kV.
- A 1.74 km desalinated water delivery line leading to a 2,000 m<sup>3</sup> master tank.
- Reject water basin with a storage volume of 144 m<sup>3</sup>.
- Reject water discharge works, consisting of a 1,125 m onshore outfall and 1,320 m of piping situated 10 m below sea level.
- Supervisory Control and Data Acquisition (SCADA) system.
- Administrative facilities that will comply with the energy efficiency measures established in the Official Mexican Standards NOM-008-ENER-2001<sup>5</sup> and/or NOM-020-ENER-2011.<sup>6</sup> Wastewater treatment plant designed to treat a volume of approximately 4 m<sup>3</sup>/day of wastewater generated within the desalination plant's administrative facilities. The treated water will comply with the parameters established in the Official Mexican Standard NOM-003-SEMARNAT-1997<sup>7</sup> and will be reused for irrigating green areas within the premises of the desalination plant, as well as for road watering.

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<sup>4</sup> Source: Official Federal Gazette. Official Mexican Standard NOM-127-SSA1-2021. Water for human use and consumption: Permissible Limits for Water Quality.

[https://www.dof.gob.mx/nota\\_detalle\\_popup.php?codigo=5650705](https://www.dof.gob.mx/nota_detalle_popup.php?codigo=5650705)

<sup>5</sup> Source: Government of Mexico. Official Mexican Standard NOM-008-ENER-2001. Energy Efficiency in Buildings: Non-Residential Building Envelopes.

[https://www.gob.mx/cms/uploads/attachment/file/181648/NOM\\_008\\_ENER\\_2001.pdf](https://www.gob.mx/cms/uploads/attachment/file/181648/NOM_008_ENER_2001.pdf)

<sup>6</sup> Source: Government of Mexico. Official Mexican Standard NOM-020-ENER-2011, Energy Efficiency in Buildings. Building Envelopes for Residential Use.

[https://www.gob.mx/cms/uploads/attachment/file/181660/NOM\\_020\\_ENER\\_2011.pdf](https://www.gob.mx/cms/uploads/attachment/file/181660/NOM_020_ENER_2011.pdf)

<sup>7</sup> Source: Official Federal Gazette. Official Mexican Standard NOM-003-SEMARNAT-1997, Establishing the maximum permissible limits for contaminants in treated wastewater reused for public services.

<https://platiica.economia.gob.mx/normalizacion/nom-003-semarnat-1997/>

Figure 2 shows the main components of the Project.

**Figure 2**  
**KEY PROJECT COMPONENTS**



Overall, the wells will extract a volume of 600 lps of seawater, which will be conveyed to the desalination plant for treatment via an 8.4 km pipeline. The desalination plant will produce 250 lps of drinking water, as well as 350 lps of brine. The desalinated water will in turn be sent to the master tank via a 1.74 km pipeline for final storage and delivery to the distribution system. The brine will be discharged into the Pacific Ocean through the 2.37 km-long discharge line. It should be noted that the pipeline connecting the Master Tank to the distribution network will be implemented by the state government, which is currently surveying the existing distribution networks and developing projects for their expansion and improvements. This connection line is part of the first phase of the macro-distribution system under the Comprehensive Action Plan for San Quintín. The final design for this macro-distribution system is already complete. Construction of the first phase is estimated to begin in 2026 and conclude in 2027, before the project becomes operational.

The implementation of the wastewater collection and treatment system will be carried out with state and federal funds, which are currently being secured. The state government is in the planning and site selection process for the wastewater treatment plants that will be built as part of the system and in order to develop the final designs. Section 1.2.1.A describes the current planning status of this system.

**Project Milestones**

Financial closing is expected to take place during the second quarter of 2026. Construction is expected to begin in June 2026, with a construction period of no more than two years. The following table shows the key milestones of the Project and the state works related to the macro-distribution of drinking water, as well as wastewater collection and treatment.

**Table 3  
 SUMMARY OF KEY PROJECT ACTIVITIES AND STATE WORKS**

Key milestone	Current situation
Authorization for drilling of exploration wells	Completed (November 2015)
Environmental authorization from SEMARNAT	Completed (August 2025)
Authorization from the National Institute of Anthropology and History (INAH)	Completed (March 2026)
Change of Land Use in Forest Areas	Prior to commencement of Project construction
Construction of the desalination plant	June 2026 to October 2028
Construction of the macro distribution network	Starts in 2027 – ends in 2028
Construction of the wastewater collection and treatment system	Starts in 2027 – ends in 2030

**1.1.2. Technical Feasibility**

Faced with the need to expand the potable water supply capacity in the region, the Government of the State of Baja California has developed various initiatives that have historically included the construction of a desalination plant for human consumption in the SQV. For instance, the projects identified in the State’s 2013–2014 Strategic Plan included a desalination plant, which was to be built under a Public-Private Partnership (PPP) Agreement—an agreement that was formally executed on January 20, 2016, with the company Desaladora Kenton S.A. de C.V. (DK), which was established specifically for the implementation of this infrastructure.

To begin assessing the feasibility of the project at that time, and to determine the location of the desalination plant and associated infrastructure, factors such as the following were considered:

- Access to, and interconnection with, the electrical grid and water supply networks.
- Conditions suitable for housing the water conveyance, production, and discharge systems at reasonable costs.
- Proximity to a suitable marine environment capable of providing water in the necessary quantity and quality.
- The ability to discharge brine without causing adverse environmental effects.

- A site suitable for the construction and assembly of infrastructure—taking into account geological and topographical considerations—that complies with all applicable environmental requirements, restrictions, regulations, and laws, while respecting the surrounding rural environment.

Various studies were conducted in the area to verify the site for seawater extraction, taking into account that water captured directly from the sea contains a high concentration of suspended solids, which may complicate operations. The most viable alternative is the indirect intake of water containing a lower concentration of suspended solids through vertical wells. A geological study was carried out to determine the location of the rock-ocean interface in order to drill the wells and extract water from the mainland. The study recommended drilling an exploration well to confirm water availability at the proposed site; for this purpose, in November 2015, the Project Sponsor obtained the corresponding permit from the National Water Commission (CONAGUA). The results confirmed the feasibility of drilling and installing the series of extraction wells at the selected site.<sup>8</sup> Aquifer modeling was conducted within the area of influence of both the exploratory well and the group of wells; it was observed that the water characteristics remained stable, exhibiting no significant fluctuations in chemical composition, temperature, total dissolved solids, total suspended solids, or total organic carbon. Based on the results obtained from these studies, the feasibility of implementing the infrastructure was verified, and the corresponding environmental permits were secured; however, the project was not carried out.

To resume the implementation of the desalination plant, the consortium established by GL Desal Holdings, S.A. de C.V., and EBD-Blukey, LLC., acquired a controlling interest in Desaladora Kenton S.A. de C.V. As part of the activities required for the acquisition, the Sponsor conducted due diligence to review the available information and studies regarding the technical, financial, environmental, and legal aspects of the Project. The analysis conducted specifies that the technology to be used will include ultrafiltration membranes to ensure the removal of impurities and contaminants, as well as a reverse osmosis system that will result in the production of a minimum water flow of 250 liters per second, which will comply with current Mexican water quality standards. The drinking water produced at the plant will be used for human consumption to meet the demand for drinking water in the SQV.

Reject water discharges will be collected and homogenized in a holding basin and subsequently conveyed to the sea via an outfall. The diffusers located at the end of this outfall will be designed to induce mixing with seawater, as well as dispersion and dilution in the ocean. According to a technical study conducted by the Project Sponsor—the results of which were also included in the corresponding Environmental Impact Statement—it was determined that the saline dilution travels rapidly from the point of discharge; consequently, within less than 10 meters, salinity levels will exceed ambient levels by only 2 parts per thousand,<sup>9</sup> and at a distance of 200 meters, the difference becomes imperceptible. Furthermore, the discharge is estimated to have a pH of 8.2, thereby complying with the applicable standard, which establishes a permissible range of 6 to 9 for waters discharged

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<sup>8</sup> The reverse osmosis process involves applying high pressure to seawater to force it through a semipermeable membrane, while salts, microorganisms, and other impurities are retained in the form of a concentrated solution.

<sup>9</sup> Seawater typically has a salinity of 35 parts per thousand (ppt).

Source: National Oceanic and Atmospheric Administration  
<https://www.noaa.gov/jetstream/ocean/sea-water>

into national water bodies.<sup>10</sup> Overall, the design of the diffusers will contribute to achieving the dilution of the maximum discharge flow, protecting the marine environment, ensuring compliance with applicable regulations, and maintaining long-term operational efficiency. The development of final designs will begin once the Certificate of Commencement for the PPP has been issued.

#### **1.1.4. Land Acquisition and Right-of-Way Requirements**

The Project components will be developed across an area of approximately 18 hectares; the desalination plant will occupy an area of 1.3 hectares owned by the Sponsor. The Sponsor has made significant progress in securing the rights-of-way for the entire Project, with the assistance of the Government of the State of Baja California. The formalization of the pending rights-of-way shall be established as a condition for the disbursement of the loan proceeds.

Some of the Project's components, such as the infrastructure for seawater intake and a section of the brine discharge pipeline, will be constructed on federal lands. To this end, the federal government granted the CEA a surface area of 18,020 square meters within the Federal Maritime-Terrestrial Zone for the installation, operation, and maintenance of a desalination plant; this includes the construction of seven seawater intake wells and a pumping station to supply the plant.<sup>11</sup>

#### **1.1.5. Project Operation**

As stated above, the Project will be implemented by the consortium comprising GL Desal Holdings, S.A. de C.V., and EBD-Blukey, LLC. The companies that make up GL Desal Holdings, S.A. de C.V., are: (i) Lexington Water and (ii) GEMEX (Grupo Energía México). These companies have extensive experience in the implementation of water and energy projects.

- Lexington Water makes investments to develop water-focused projects, such as desalination plants, water treatment facilities, wastewater treatment and reuse systems, water cycle management, aqueducts, distribution network management, and smart metering systems. Lexington serves as an investment partner for the development of greenfield and brownfield projects in Mexico and Latin America and holds a portfolio of over US\$3.9 billion in water assets.
- Established in 2008, GEMEX has extensive experience in the development and management of renewable energy projects. Prominent among its project portfolio are the La Mesa and Victoria wind farms—each with a capacity of 49.5 MW—located in Güemez, Tamaulipas. Additionally, GEMEX developed the Vicente Guerrero project,

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<sup>10</sup> Source: Official Federal Gazette. NOM-001-SEMARNAT-2021, establishing the permissible limits for pollutants in wastewater discharges into receiving bodies owned by the Nation.

[https://www.dof.gob.mx/nota\\_detalle.php?codigo=5645374&fecha=11/03/2022#gsc.tab=0](https://www.dof.gob.mx/nota_detalle.php?codigo=5645374&fecha=11/03/2022#gsc.tab=0)

<sup>11</sup> Source: Official Federal Gazette. AGREEMENT designating for the use of the State Water Commission of the State of Baja California a surface area of 18,020.205 square meters of the federal maritime-terrestrial zone—located in the former *Ejido* of Chapala, San Quintín Delegation, Municipality of Ensenada, State of Baja California—for the installation, operation, and maintenance of a desalination plant, including the construction of seven saline water extraction wells and a pumping station to supply the plant.

[https://www.dof.gob.mx/nota\\_detalle.php?codigo=5557808&fecha=15/04/2019#gsc.tab=0](https://www.dof.gob.mx/nota_detalle.php?codigo=5557808&fecha=15/04/2019#gsc.tab=0)

which has a capacity of 118 MW. Leveraging GEMEX's expertise in comprehensive project management, and in partnership with a water-sector contractor specializing in Engineering, Procurement, and Construction (EPC) as well as Operations and Maintenance (O&M), an experienced team has been assembled to develop and operate the proposed Project.

Additionally, the companies that make up EBD-Blukey, LLC are:

- EBD Bauer specializes in the design, supply, installation and commissioning of desalination and purification plants. They use advanced technology of reverse osmosis, ultrafiltration, nanofiltration and membrane bioreactors. The company has experience in more than 20 countries, serving both the public and private sectors.
- Blukey has more than 25 years of experience and offers solutions for the design, construction, and operation of projects. Blukey has developed over 90 water treatment projects for both the industrial and government sectors. Blukey has expertise in technologies such as reverse osmosis, ultrafiltration, and filtration using various media such as activated carbon, among others.

The consortium has the required capacity to operate and maintain the potable water infrastructure and will develop an Operations and Maintenance Manual specifying the tasks to be performed to ensure the optimal functioning of the desalination plant, as well as the periodic maintenance of all equipment. The scope of the Manual encompasses industry-standard operation and maintenance tasks, and specialized personnel will be engaged to oversee these activities.

The consortium will be responsible for operating the Project for the duration of the PPP, that is, for 30 years. During this period, as required by the PPP, the Sponsor will establish its own technical team for the operation and maintenance of the Project. In addition, an alternate team of operators designated by the State must be trained to operate the entire Project in the event of any contingency. At the end of the term, the infrastructure will be transferred to the State for its administration and operation. Prior to the transfer, the Sponsor must prepare and submit to the State a program to coordinate the Promoter's technical personnel with the State's previously trained personnel, as well as manuals outlining the responsibilities for the operation, supervision, and maintenance of the Project. Before the infrastructure is handed over, the State will verify that the assigned personnel have been duly trained and have the corresponding manuals for each process. Furthermore, as part of the asset assessment prior to handover, the State will review the normal operating conditions of the infrastructure and equipment to ensure compliance with the provisions of the PPP contract. If necessary, the Sponsor will undertake to repair any system not operating according to its design. A warranty will be in place for one year following handover to assure the State that plant components will be repaired for any latent defects.

## 1.2. Environmental Criteria

### 1.2.1. Environmental and Health Effects/Impacts

#### A. Existing Conditions

##### Water

The availability of drinking water in the SQV is significantly constrained by the region's arid climate and the scarcity of local sources suitable for human consumption. There are no freshwater bodies in the region, and the only available source of fresh surface water is the Colorado River, located approximately 270 km northeast of the San Quintin region. Water from this source would require intensive pumping, as well as additional concessions for its use. Consequently, the water supply is insufficient to meet residential demand in the region.

Water demand is met by the San Simon, San Quintin, Camalu, and Vicente Guerrero aquifers, with the primary use being for agricultural purposes. In 2024, the National Water Commission (CONAGUA) updated three studies on these aquifers to determine water availability.<sup>12</sup> According to these studies, the aquifers are being overexploited by 68.5 million cubic meters per year; consequently, no new concessions for water extraction are being granted. Furthermore, total dissolved solids levels in the aquifers range from 1,540 to 11,000 parts per million (ppm), figures that are between 1.5 and 11 times higher than the 1,000 ppm limit established by the official Mexican standard NOM-127-SSA1-2021 regarding water quality for human consumption. Additionally, there is a potential risk of contamination resulting from the use of agrochemicals, pesticides, and fertilizers, as well as from wastewater generated in human settlements.<sup>13</sup>

It is important to mention that, due to insufficient infrastructure for water distribution, population dispersion, and overexploitation of local aquifers in the SQV, CESPE supplies potable water only intermittently to approximately 56% of the population through the distribution system, while the remaining residents rely on water supplied by tanker trucks. This intermittent service can compromise water quality within the distribution system through cross-contamination caused by backflow and seepage through pipe joints or fractures, while periods of low pressure and stagnation can foster microbial growth within the lines. Many households also rely on plastic tanks or containers to store water for use during service outages or for water deliveries via tanker trucks. These containers are also susceptible to contamination and microbial proliferation if not properly maintained. The need to build reliable infrastructure in the SQV for the supply of potable water is a priority,

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<sup>12</sup> Source: National Water Commission.

*"Actualización de la disponibilidad media anual de agua en el acuífero Camalú"* [Update on the Average Annual Water Availability in the Camalu Aquifer] (0219), State of Baja California"

[https://sigagis.conagua.gob.mx/gas1/Edos\\_Acuiferos\\_18/BajaCalifornia/DR\\_0219.pdf](https://sigagis.conagua.gob.mx/gas1/Edos_Acuiferos_18/BajaCalifornia/DR_0219.pdf)

*"Actualización de la disponibilidad media anual de agua en el acuífero Colonia Vicente Guerrero"* [Update on the Average Annual Water Availability in the Colonia Vicente Guerrero Aquifer] (0220), State of Baja California"

[https://sigagis.conagua.gob.mx/gas1/Edos\\_Acuiferos\\_18/BajaCalifornia/DR\\_0220.pdf](https://sigagis.conagua.gob.mx/gas1/Edos_Acuiferos_18/BajaCalifornia/DR_0220.pdf)

*"Actualización de la disponibilidad media anual de agua en el acuífero San Quintín"* [Update on the Average Annual Water Availability in the San Quintin Aquifer] (0221), State of Baja California"

[https://sigagis.conagua.gob.mx/gas1/Edos\\_Acuiferos\\_18/BajaCalifornia/DR\\_0221.pdf](https://sigagis.conagua.gob.mx/gas1/Edos_Acuiferos_18/BajaCalifornia/DR_0221.pdf)

<sup>13</sup> Ibid.

as water demand continues to rise. The Project will provide a reliable source of potable water supply that complies with applicable quality standards for human consumption.

As mentioned above, the Comprehensive Action Plan for San Quintín includes the macro-distribution works for the desalination plant, which will be carried out by the state government but are not part of the project presented herein.<sup>14</sup> The macro-distribution system will have an estimated cost of \$712 million pesos. The state government already has the executive project, which was reviewed and approved by CONAGUA, to begin the execution of the works. The project's implementation will be carried out in three stages. Regarding the first stage, which will serve the southern area of the SQV (extending from San Quintín to Nueva Odisea), resources are secured and bidding is expected to begin in the third quarter of 2026. These works are estimated to be completed in 2027. Upon completion of the first stage, stages 2 and 3 will begin simultaneously and are estimated to be completed in 2028. The execution of these two stages is subject to the availability of funds from the state and utilities. The State Treasury is already analyzing the financial structure for resource allocation.

### **Wastewater**

Given the lack of infrastructure for the collection and treatment of wastewater, residents of the SQV currently rely on latrines and septic tanks that lack the necessary equipment to treat organic waste. The disposal of waste through these means carries the risk of adverse impacts on groundwater aquifers. The state government will implement a wastewater collection and treatment system in the SQV. These works constitute an integral part of the strategies outlined in the Comprehensive Wastewater Collection and Treatment System for the San Quintin Valley. Although this infrastructure falls outside the scope of the Project itself, it represents an essential component for the comprehensive management of wastewater within the region.

The state government will begin the planning process and develop the final design for this sewerage and sanitation system, which will cost \$880 million pesos, resources that are currently being secured. As part of the related activities, the state government has held meetings with the federal government to analyze the comprehensive plan. Implementation will take place in three phases, with construction beginning in 2027 and concluding in 2030. The first phase will serve the Vicente Guerrero area, the second the San Quintín area, and the third the Camalú area. The complete system includes three treatment plants with a total capacity of 225 liters per second. According to the state government, 70% of the water consumed results in wastewater, so it is estimated that of the 250 lps produced by the desalination plant, 175 lps of wastewater will be generated, so the planned capacity of 225 lps is sufficient to meet future wastewater treatment needs.

## **B. Expected Environmental/Human Health Outcomes**

The proposed Project will provide an additional source of potable water that complies with applicable regulations. The Project is expected to generate human health and environmental benefits related to the following outcomes:

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<sup>14</sup> Source: Government of Baja California.

[https://www.bajacalifornia.gob.mx/Documentos/coplade/planeacion/programas\\_municipales/Plan%20Municipal%20de%20Desarrollo%20Urbano%20de%20San%20Quint%C3%ADn-POE.pdf](https://www.bajacalifornia.gob.mx/Documentos/coplade/planeacion/programas_municipales/Plan%20Municipal%20de%20Desarrollo%20Urbano%20de%20San%20Quint%C3%ADn-POE.pdf)

- New treated drinking water (250 lps)
- New access to drinking water services (13,400 connections)

On the other hand, with the provision of potable water from the desalination plant to the SQV, an increase in wastewater generation is also anticipated; this wastewater will be treated at the three facilities previously mentioned, whose development is planned to begin in 2027 and conclude in 2030.

Finally, during the construction of the Project—and given that a portion of the Project is located within Ramsar Site No. 1775, designated as “San Quintin Bay”—potential impacts on the dune system may arise. To mitigate such impacts on both the land and marine environments, and in accordance with the Environmental Impact Assessment (MIA) and the corresponding administrative resolution, the mitigation measures described in Section 1.2.2.C will be implemented; these include a Monitoring Program for the Effects of Reject Water Discharge into the Ocean and its Impacts on the Marine Ecosystem and its Productivity.

### **C. Other Project Benefits**

The implementation of the Project will help reduce the incidence of gastrointestinal diseases within the population. Furthermore, it will reduce household expenses by eliminating the reliance on water delivery via tanker trucks.

### **D. Transboundary Impacts**

Because the Project is located approximately 270 kilometers from the border area, no transboundary impacts on bodies of water, such as the Tijuana River, are expected as a result of the execution of the Project works.

## **1.2.2. Compliance with Applicable Environmental Laws and Regulation**

For the implementation of the Project, the Sponsor must comply with all federal, state, and/or municipal provisions, laws, regulations, and standards, as applicable, including:

- General Law on Ecological Balance and Environmental Protection of Mexico and its Regulations,
- General Law on the Prevention and Comprehensive Management of Waste and its Regulations,
- General Law on Sustainable Forest Development and its Regulations,
- National Waters Law and its Regulations,
- Federal Law on Environmental Liability,
- Environmental Protection Law for the State of Baja California,
- Law on the Prevention, Comprehensive Management, and Circular Economy of Waste for the State of Baja California,
- Applicable Official Mexican Standards regarding air quality, drinking water,

wastewater, solid waste, flora and fauna, noise, and energy efficiency in buildings.

#### A. Environmental Studies or Consultations

Due diligence studies analyzed by the consortium included the following:

- Geological/Geophysical Study. The purpose of this study was to review available information from field surveys and satellite imagery to confirm the most suitable site—specifically one containing permeable materials—for achieving the required flow rate in the wells.
- Specific Local Study of Coastal Wells for Seawater Intake. Based on this study, it was concluded that the area of influence of each water extraction well is suitable for achieving optimal performance from the extraction infrastructure.
- Oceanographic Parameter Measurement Study. This study was conducted to determine the area of influence of the saline plume, taking into account the characteristics of the brine discharge point. A salinity increase of 2 parts per thousand (ppt) above ambient marine concentrations was estimated to occur within less than 10 meters of the discharge point.<sup>15</sup> It was estimated that, as the saline plume disperses, the concentration difference becomes negligible at a distance of 200 meters from the discharge.
- Study of Benthic Communities.<sup>16</sup> This study was conducted to identify existing communities and determine potential impacts of reject water on benthic flora and fauna. None of the identified species fall under any risk category (endangered, threatened, or subject to special protection) pursuant to NOM-059-SEMARNAT-2010.<sup>17</sup>
- Wildlife Assessment of the San Quintin Valley. Among the observed species, two reptiles listed under NOM-059-SEMARNAT-2010—*Crotalus viridis* and *C. enyo*—stand out, as they are categorized as requiring Special Protection. The presence of migratory birds was observed in the wetland and coastal zones, a phenomenon that typically occurs during the winter.

Additionally, it is worth noting that a portion of the Project will be situated partially within Ramsar<sup>18</sup> Site No. 1775, designated as “San Quintin Bay;” specifically, the wells and the water

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<sup>15</sup> Seawater typically has a salinity of 35 parts per thousand (ppt).

Source: National Oceanic and Atmospheric Administration

<https://www.noaa.gov/jetstream/ocean/sea-water>

<sup>16</sup> Benthic organisms are those that bury themselves in the sand—such as clams, snails, and cockles—as well as those that adhere to rocks—such as mussels, anemones, and barnacles—or those that walk across the bottom, such as polychaetes and crabs.

<sup>17</sup> Source: Official Federal Gazette. Official Mexican Standard NOM-059-SEMARNAT-2010, Environmental Protection: Native Species of Wild Flora and Fauna of Mexico—Risk Categories and Specifications for their Inclusion, Exclusion, or Change. List of Species at Risk.

<https://www.dof.gob.mx/normasOficiales/4254/semarnat/semarnat.htm>

<sup>18</sup> Sites designated as Ramsar sites are protected by the Convention on Wetlands (Ramsar Convention), signed in Ramsar, Iran, in 1971, which establishes the framework for national actions and international cooperation for the conservation and use of wetlands and their resources. <http://www.ramsar.org/>.

conveyance lines running from the wells to the plant. The remainder of the infrastructure is located outside the Ramsar site. The Sponsor must implement specific mitigation measures, which are described in the Resolution of the corresponding Environmental Impact Statement and are included in Section 1.2.2.C of this proposal.

Furthermore, the due diligence conducted included a general analysis of a similar seawater reverse osmosis desalination project located in the vicinity of the Project site. This plant was developed by the company Berrymex and has been operational since 2019. It was reported that said plant will not interfere with the Project's operations.

Finally, the Sponsor consulted the National Institute of Indigenous Peoples (INPI) to inquire about the need to carry out a process of prior, free, and informed consultation with indigenous peoples and communities in the region. The INPI determined that such a process is not necessary, as no indigenous communities were identified whose territorial rights could be affected.

## **B. Environmental Clearance and Permitting**

For the project originally authorized under the PPP framework in 2016, and in accordance with the environmental impact regulations established in the General Law on Ecological Balance and Environmental Protection (LGEEPA), an Environmental Impact Statement (MIA) was prepared. The MIA was submitted on July 26, 2016, and SEMARNAT issued the corresponding Resolution on March 30, 2017. The authorization granted subsequently expired, and the project was not carried out. The necessary authorizations for the development of the Project were obtained, and these include:

- Authorization from the National Institute of Anthropology and History (INAH), issued on August 2, 2017.
- Permit for the drilling of exploration wells on federal lands, issued by CONAGUA on November 9, 2015.

To resume the implementation of the Project outlined in this proposal, the corresponding authorizations have been updated:

- Environmental Authorization. On September 25, 2024, the Project Sponsor submitted a new Environmental Impact Statement (MIA) to SEMARNAT, which issued the corresponding resolution on August 21, 2025.
- Authorization for Change of Land Use in Forest Areas (CUSTF), issued by SEMARNAT. To this end, a Justificatory Technical Study will be submitted to SEMARNAT in April 2026 for review and authorization. As part of the requirements for the CUSTF authorization, the Sponsor shall make a financial contribution to the Mexican Forestry Fund as an environmental compensation measure, intended to carry out ecosystem restoration activities for the affected areas, preferably within the watershed where the Project is located.
- The State Government indicated that, for the proposed Project, the well drilling will be carried out under the same permit issued by CONAGUA on November 9, 2015.

- INAH Authorization. On March 4, 2026, the Sponsor obtained approval for the development of the Project. In the event of any discovery or incident, work must cease, and INAH personnel must be notified to carry out the appropriate actions for the recovery of materials.

Regarding water matters, the Project holds an allocation title issued by the National Water Commission in favor of the CEA, authorizing the use of national groundwater resources as well as the discharge of wastewater. Furthermore, the Sponsor is responsible for obtaining all applicable federal, state, and municipal permits and authorizations required for the implementation of the Project.

### **C. Mitigation Measures**

As part of the requirements set forth in the environmental authorization, the Project Sponsor prepared an Environmental Monitoring Plan (EMP) aimed at ensuring compliance with the programs encompassing the proposed prevention, mitigation, and/or compensation measures. The EMP comprises various programs, such as the Comprehensive Waste Management Program, the Wild Flora Rescue and Relocation Program, the Wild Fauna Deterrence, Rescue, and Relocation Program, the Benthic Community Monitoring Program, the Environmental Services Loss Compensation Program, and the Environmental Training Program, among others. These programs establish measures designed to minimize negative impacts during the Project's development, construction, and installation phases. Proposed mitigation measures include:

- Land and Marine Flora
  - The introduction of exotic or non-native species into the area will be prohibited.
  - Native species will be relocated to sites with similar environmental conditions.
  - Clearing and topsoil stripping will be carried out in the areas necessary for the development of the Project.
  - Revegetation will be performed within the perimeter of the wells in order to preserve the existing ecosystems.
  - Periodic monitoring of recorded marine species will be conducted to implement preventive or corrective measures, as applicable.
  - A Wild Flora Rescue and Relocation Program will be implemented.
- Land and Marine Fauna
  - Wildlife will be deterred during the site preparation phase, targeting primarily fast-moving species such as medium-to-large mammals, as well as avian species, prior to the commencement of heavy machinery operations.
  - Rescue operations for slow-moving species will be conducted during both the site preparation and construction phases.
  - Rescued species will be relocated to sites similar to their original rescue locations in order to maximize their chances of survival.

- Traffic signage will be installed to encourage reduced speeds, in order to minimize or prevent wildlife fatalities caused by vehicle collisions.
- A detailed study of marine fauna within the impact area will be conducted, encompassing species composition, population densities, and migration patterns.
- A continuous monitoring strategy will be implemented to assess the health of the marine fauna and surrounding habitats.
- Air Quality
  - A Machinery, Equipment, and Vehicle Maintenance Program will be established.
  - Machinery, equipment, and vehicles must be in good operating conditions and undergo adequate preventive maintenance.
  - Roads and areas where dust clouds may be generated will be watered periodically, preferably using treated water.
- Noise
  - Vehicles and heavy machinery will be maintained in optimal operating conditions to ensure low noise levels.
  - The use of vehicle horns will be prohibited within the Project site.
  - Perimeter and occupational noise studies—one during each stage of the Project—will be conducted to verify that maximum permissible limits are not exceeded.
- Solid Waste
  - A Comprehensive Waste Management Program will be established for the management and disposal of waste.
  - The disposal or discharge of any type of waste into bodies of water will be prohibited.
  - The disposal of solid waste will be carried out by authorized service providers.
- Ramsar Site
  - The installation of structures that alter the dynamics of the dune system will be avoided.
  - The introduction of elements that cause pollution will be avoided.
  - Periodic monitoring of water quality will be conducted in order to identify, at an early stage, the effects of increased salinity and to take necessary preventive or corrective measures.
  - Periodic monitoring of the population dynamics of recorded species will be conducted in order to identify, at an early stage, the effects of increased salinity and to take necessary preventive or corrective measures.

- Power lines within the water intake facilities will be installed underground.
- A “Monitoring Program for the Effects of Reject Water Discharge into the Ocean on the Marine Ecosystem and its Productivity” will be implemented.

Additionally, once the Project’s construction phases have been completed, a Conservation Program will be initiated to preserve the site where the desalination plant will be located, taking into account the contribution to be made to the Mexican Forestry Fund.

To monitor the EMP, an Internal Environmental Control Body (IECB) will be established; its personnel will also continuously verify compliance with environmental obligations, including authorizations, licenses, and permits, among others. As part of the IECB staff, an Environmental Supervisor will be designated to submit semi-annual reports on EMP compliance to the members of the IECB. These reports will be submitted to the authorities in a timely manner and in the prescribed format, as appropriate.

#### **D. Pending Environmental Tasks and Authorizations**

Authorization for the Change of Land Use in Forest Areas (CUSTF) is pending and will be obtained prior to the commencement of the Project's development.

### **1.2.3. Environmental and Social (E&S) Due Diligence Review**

#### **A. Project E&S Risk Category**

In accordance with NADBank's Environmental, Social, and Governance (ESG) Policy, which establishes guidelines for assessing and categorizing potential ESG risks in its financial operations, NADBank determined that the proposed Project falls within Category A. This category is assigned to transactions involving significant, widespread, or unprecedented socio-environmental risks and/or impacts, which can be addressed through mitigation measures that adhere to international best practices. The potential negative environmental impacts of the Project on settlements or environmentally sensitive areas are considered to be of high risk. As previously mentioned, a portion of the proposed desalination plant's infrastructure is located within a Ramsar site; consequently, given the Project’s potential impact, the specific area where this infrastructure is to be installed has been extensively studied. Appropriate mitigation measures have been identified to prevent or minimize potential environmental and social impacts—including those affecting the Ramsar site—and an Environmental Management Plan has been developed, which will be monitored to ensure compliance with all stipulated conditions and the proper implementation of mitigation measures.

#### **B. E&S Due Diligence Conclusions**

NADBank reviewed the Project documentation to identify the environmental and social risks associated with its implementation and concluded that the Sponsor possesses the tools and resources needed to fulfill the environmental and social obligations associated with the Project, including compliance with applicable regulations and the submission of annual compliance reports. Additionally, the Project was reviewed to ensure that adequate outreach

had taken place, thereby guaranteeing community access to relevant information. Section 2.2 describes the public outreach efforts that have been undertaken.

### **C. Summary of Proposed Mitigation Measures**

No additional mitigation measures are required, as those identified in environmental studies and mandated by the authorities are deemed adequate. Furthermore, the Sponsor's current organizational structure, as well as its processes and potential use of funds, supports compliance with its environmental and social obligations.

## **1.3. Financial Criteria**

NADBank intends to provide a loan for up to \$665 million pesos. The total Project cost includes: 1) development, planning and environmental study costs; 2) plant construction and equipment costs; 3) operational testing and commissioning; 4) development engineering costs; and 5) associated financial costs, such as fees and interest.

The remaining funds required for the implementation of the Project will be covered through additional financing from other financial institutions, as well as capital contributions from the shareholders of Desaladora Kenton S.A. de C.V. (the "Borrower" or "DK"). The financial structure comprises an approximate ratio of 80% debt and 20% equity, consistent with financing schemes utilized in PPP projects.

NADBank has expressed its interest in participating as the lead Structuring Agent for the transaction, coordinating the structuring of the final financial framework. The other financial institutions are joining the consortium under the same agreed-upon terms and conditions (*pari passu*).

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## **2. PUBLIC ACCESS TO INFORMATION**

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### **2.1. Public Consultation**

NADBank published the draft certification and financing proposal for a 30-day public comment period beginning May 12, 2026. The following Project documentation is available for review upon request:

- Regional-Modality Environmental Impact Statement for the Project: "Installation, Operation, and Maintenance of a Water Desalination Plant with a Capacity of 250 lps in the Municipality of San Quintin, Baja California."

## 2.2. Outreach Activities

The desalination plant project, together with the comprehensive plan for the development of San Quintin, has been widely publicized across various forums. To publicize the strategies and actions proposed by the federal and state governments to address the lack of adequate water infrastructure in the San Quintin Valley (SQV) and to provide various services to its residents, public meetings have been held where projects such as the construction of the proposed desalination plant, among others, have been presented. On January 31, 2026, the President of Mexico, in coordination with the Governor of the State of Baja California, presented the Justice Plan for Agricultural Workers of San Quintin to the community. Prominent among the actions outlined in this plan is the construction of a desalination plant.<sup>19</sup> Furthermore, in alignment with the federal government's Justice Plan, on March 10, 2026, the Governor of Baja California presented the Comprehensive Action Plan for San Quintin, which encompasses the construction of the San Quintin desalination plant as well as the associated macro-distribution infrastructure for the facility. It is worth noting that the Comprehensive Action Plan also includes the construction of three wastewater treatment plants for the San Quintin Valley.

NADBank conducted a media search to identify publications regarding the Project proposed by the Sponsor. References to the proposed Project were found on the following websites:

- *Government of Baja California* (October 26, 2022) “*Presenta Marina del Pilar obras estratégicas para garantizar abasto de agua en Baja California*” [Marina del Pilar Unveils Strategic Projects to Guarantee Water Supply in Baja California].  
<https://www.bajacalifornia.gob.mx/Prensa/Noticia/7923>
- *Península BC* (June 19, 2024) “*Reactivan proyecto de planta desaladora para San Quintín*” [Desalination Plant Project for San Quintín Revived].  
<https://peninsulabc.com.mx/2024/06/reactivan-proyecto-de-planta-desaladora-para-san-quintin/>
- *El Imparcial* (August 21, 2025) “*Avanza proyecto de desaladora en San Quintín*” [Desalination Plant Project in San Quintin Moves Forward].  
[https://www.elimparcial.com/tij/ensenada/2025/08/20/avanza-proyecto-de-desaladora-en-san-quintin/#google\\_vignette](https://www.elimparcial.com/tij/ensenada/2025/08/20/avanza-proyecto-de-desaladora-en-san-quintin/#google_vignette)
- *Government of Baja California* (March 10, 2026) “*Anuncia gobernadora Marina del Pilar Plan de Atención Integral a San Quintín*” [Governor Marina del Pilar Announces Comprehensive Action Plan for San Quintin].  
<https://www.bajacalifornia.gob.mx/Prensa/Noticia/25901>
- *Baja News* (March 10, 2026) “*Se construirá una planta desalinizadora con capacidad de 250 litros por segundo*” [A Desalination Plant with a Capacity of 250 Liters Per Second Will Be Built].

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<sup>19</sup> Source: Government of Mexico. Stenographic Transcript. *Plan de Justicia para Trabajadores Agrícolas de San Quintín, Baja California* [Justice Plan for Agricultural Workers of San Quintin, Baja California].  
<https://www.gob.mx/presidencia/es/articulos/version-estenografica-plan-de-justicia-para-trabajadores-agricolas-de-san-quintin-baja-california?idiom=es>

<https://bajanews.mx/Cali-Baja/53491/SAN-QUINTIN-Anuncia-gobernadora-mil-578-mdp-para-obras-hidricas>

- *Punto Norte* (March 15, 2026) “Desaladora de San Quintín quedará lista en 2027: Marina del Pilar” [San Quintín Desalination Plant to Be Ready in 2027: Marina del Pilar].  
<https://puntonorte.info/2026/03/15/desaladora-de-san-quintin-quedara-lista-en-2027-marina-del-pilar/>

During the review conducted by NADBank on publicly available information about the Project, no opposition to the Project was identified.