

**ITT**

Institute for Technology and  
Resources Management in  
the Tropics and Subtropics

**Technology  
Arts Sciences  
TH Köln**

# Business Plan

For the development of an  
Environmental Consultancy  
Agency

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***“There is nothing more beautiful than someone who goes out of their way to make life beautiful for others.”***

Mandy Halle, entrepreneur

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# WATKU Consultancy & Conservancy

## 1. Context

### 1.1. Construction and biodiversity

Human impact on biodiversity is a concern of countries and businesses all over the world. In México, the major threats to species are habitat loss, poaching and illegal trade, climate change and ocean acidification (Biological Diversity Center, 2018). The growth of cities causes the reduction of natural sites of many species and indirect effects such as contamination due to different types of residues that affect the environment. The transportation sector is also responsible for higher animal death rates (road accidents), fragmentation of sites and hindering migration as well as isolating animal populations (Beben, 2016).

Governmental laws and regulations have not been effective in most cases to protect and recover most-at-risk species, including species reported as not adequately protected by the Mexican State government (Biological Diversity Center, 2018):

Due to the urgency of protecting the biodiversity, several initiatives of the private sector have been implemented. The construction industry sector has been challenged to reduce the impact of their own activities, by enhancing the adoption of technological solutions to avoid major damages to endangered species. The design of road crossing structures for animals and relocation of species are examples of these mitigation solutions.

However, implementation of more effective measures, mainly relocation and reintroduction of species due to the housing constructions must rely on specialized knowledge and careful interventions, taking into account their interactions with the biophysical environment and ecological processes. In order to ensure effective solutions, biodiversity should be considered during in each phase of construction projects, since the project conception until the post-construction.

## 1.2. Construction sector in Querétaro

In 2010, the state of Querétaro de Arteaga had a population of 1,827,937 inhabitants. The 49% of the total population was concentrated in the capital, Santiago de Querétaro and metropolitan area, which is formed by also by Corregidora, El Marqués and Huimilpan municipalities. In total, the metropolitan area of Queretaro has a population of 1 097 025 (INEGI, 2010).

Due to population growth and emigration towards Queretaro City, the construction of a dwelling in this area has rapidly increased (Figure 1). Mainly people of Mexico City, Veracruz, and Oaxaca immigrate to Queretaro due to relocation or labor reasons.

The Queretaro real estate market is in full development; the demand comes from the domestic market and is complemented by nearly half with demand from other states, with a predominance of population demand coming from the Metropolitan Zone of Mexico City. Despite the accelerated growth of prices in the last two years, it still has lower prices compared to the excessive prices in cities such as Mexico City.

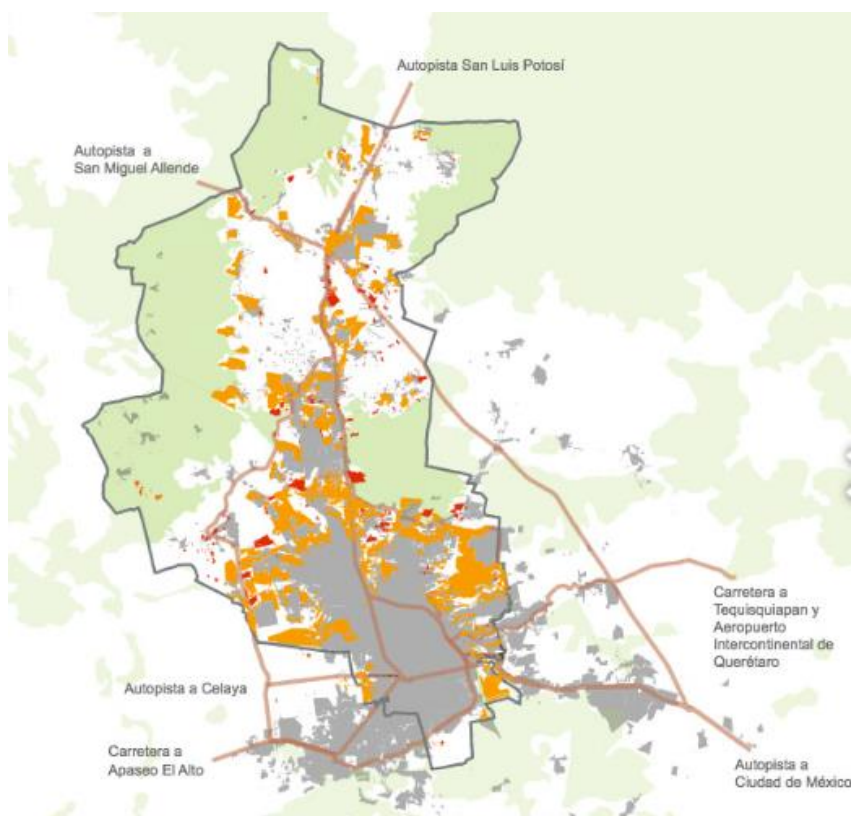


Figure 1. Expansion of the urban area of Queretaro (Orange).  
Source: UN-Habitat Querétaro (2018)

## 2. The object of the company

### 2.1. Goal

-To offer environmentally friendly solutions to the construction companies in their legal environmental obligations in the processes of land use change in Mexico minimizing their impact on the environment and meet their regulatory obligations.

-To decrease the environmental impact in land use changes saving wildlife, promoting the conservation of endangered species of flora and fauna, improving the aesthetics of urban landscapes in housing businesses and to contribute to environmental awareness of construction business and their clients.

-To generate knowledge in management and propagation of flora as well as knowledge, capture, handling, transfer and release of wild animals, in addition to reacting to encounters with fauna.

-All above through the addition of rescues & relocation of flora and fauna services to Environmental impact assessments of Land Use Change.

### 2.2. Mission

Our mission is to promote the protection and conservation of the natural heritage in Mexico through responsible actions of rescue and reinsertion of flora and fauna due to the actual urban expansion processes and land use changes.

### 2.3. Vision

Within the next ten years, Watku Consultancy Company will become a leader Consultancy firm in providing flora and fauna protection to construction and housing companies committed to conserve and recover biodiversity with annual increases in the client list (Figure 2Figure 3)

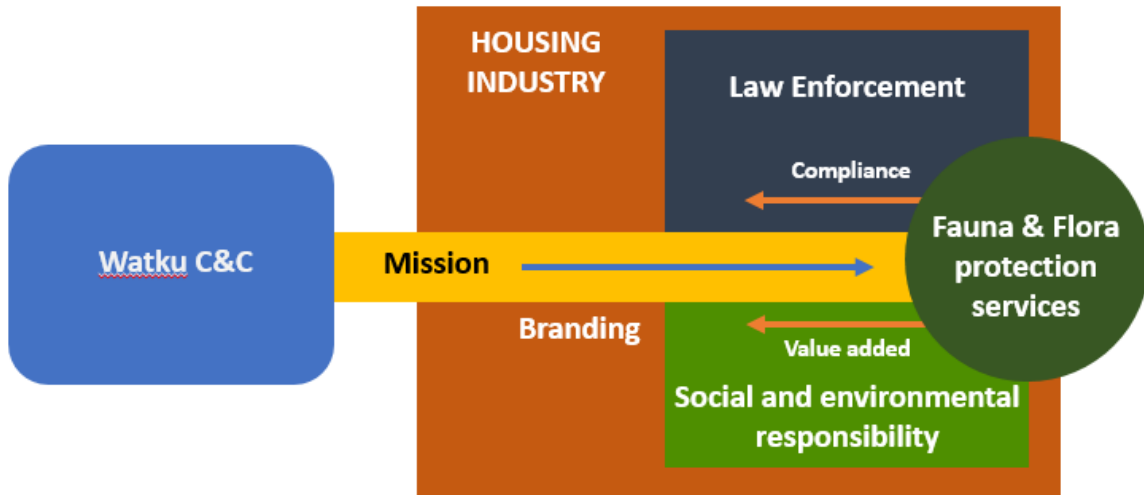


Figure 2. Waktu C&C Responsibilities

Own Elaboration



Figure 3. Waktu Logo

Own Elaboration



## 2.4. Organigram

Watku’s organizational structure is divided into four teams, according to the company’s strategic, managerial and operational duties: 1. Management; 2. Operations (EIA); 3. Operations (Conservation); four. Research and Development. All the four teams are organized in a “Line and Staff” structure model, in which “Line” is in charge of day-to-day tasks, i.e. directly work toward accomplishing the organizational mission and goals, and such as strategic and financial decision-making, client prospection etc., while the “Staff” is responsible for support activities (Henderson, KJ).

The main activities of the staff are preparation of documents and contracts, provisions and expendable materials, support of field activities (Management and Business staff), field activities, data collection for the environmental assessment (Operations EIA staff), relocation operations (Operations Conservation staff), data collection for research and project development, and elaboration of reports (R&D staff).

The duties and responsibilities, as well as the staff of our company, are described in Figures 1 and 2:

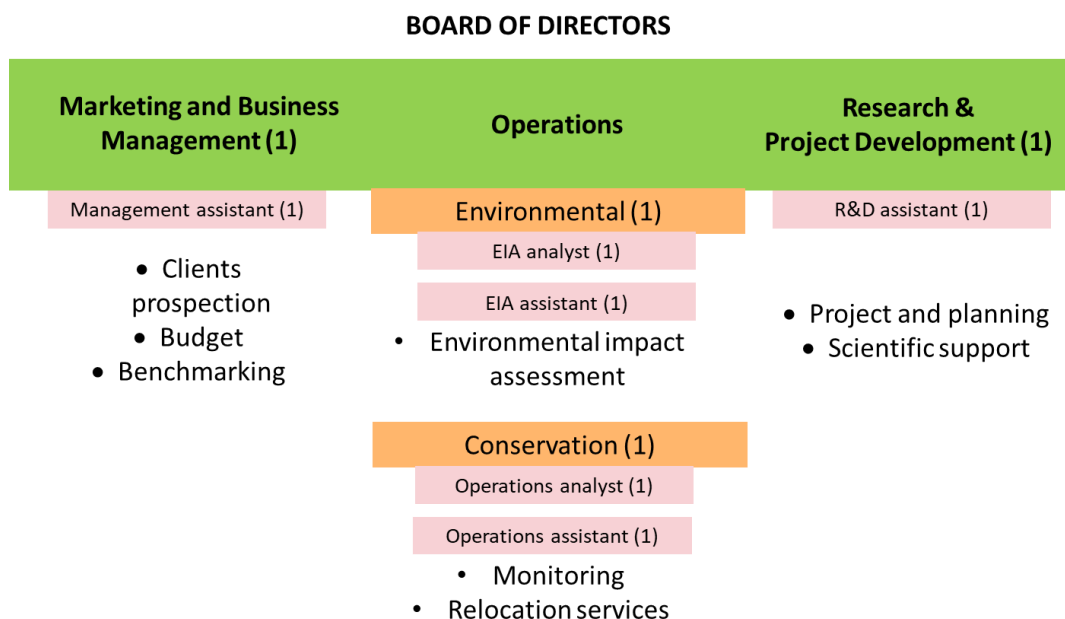


Figure 4. Waktu C&C Organigram

Own Elaboration



**Columba  
Marcelli**  
Conservation  
Manager & CEO



**Nathalie A.  
Suarez**  
Marketing &  
Business  
management



**Ana S.  
Cabezas**  
Environmental  
Manager



**Thiago  
Sabatinelli**  
Research developer

Figure 5. Board directors

## 3. Company values

### 3.1. What is an environmental consultancy agency?

Environmental consulting is often a form of compliance consulting, in which the consultant ensures that the client maintains an appropriate measure of compliance with environmental regulations. There are many types of environmental consultants, but the two main groups are those who enter the field from the industry side and those who enter the field from the environmentalist side

### 3.2. What environmental consultants do?

To maintain an extensive knowledge of environmental regulations, and advice clients in private industry or public government institutions on how to avoid possible fines, legal action or misguided transactions. An environmental consultant has the scientific knowledge and

technical expertise to conduct thorough environmental assessments. They elaborate on the Environmental Impact Assessment in order to protect components of the environment that are within federal legislative authority from significant adverse environmental effects caused by a designated project of environmental impact

Also, ensure that designated projects are considered and carried out in a careful and precautionary manner in order to avoid significant adverse environmental effects when a federal authority is exercising a power or performing a duty or function required for the project to proceed.

### 3.3. Environmental laws: The Mexican case

In Mexico, the environment is not a priority in the “National Development Plan” (*Plan Nacional de Desarrollo*). There are many problems in enforcing environmental law and ensuring the environment, especially in the Land use changes (LUC).



Figure 6. Land-use map Mexico

Source: Perry Castañeda Library Map Collection (2019)

Land use change represents the major threat for biodiversity and natural resources. Every year in Mexico, between 130 and 350 hectares of forests are lost. This represents habitat loss for flora & fauna.

Therefore, Land use change is not being regulated efficiently by government agencies and the responsibility lays on the consultancy agencies and their Environmental Impact Assessments. Is through these documents that the government approves LUC (Figure 7).

### 3.4. The gaps

With increasing numbers of construction, agriculture, and scientific companies employing environmental consultancies, the industry can expect growth in the vicinity of 9.7 percent every year since 2008, amidst mounting public concern over environmental degradation and climate change. In addition, while some companies are genuinely motivated by concern for the environment, for others, hiring consultants to appear to be "going green" has proven to be a useful marketing tool, although there are agencies that are investing in research and development in these areas are to offer services based in a genuine concern for the environment.

In land-use change process in Mexico, there is a need to deal with the pressure of the growth of the cities and the disorderly growth of housing complexes and that the LUC is carried out responsibly and taking effective measures of mitigation and protection for biodiversity. Minimizing the environmental effects of the LUC to a minimum.



Figure 7. Land use change in Queretaro. Credits: Columba Marcelli

### 3.5. Company description

#### **Place**

The company lies in the municipality of Querétaro. The services are mainly offered for the constructions companies in Queretaro but are expected to expand to other municipalities of Mexico.

#### **Activities**

#### **Environmental Impact Assessment**

The International Association for Impact Assessment (IAIA) defines an environmental impact assessment as "the process of identifying, predicting, evaluating and mitigating the biophysical, social, and other relevant effects of development proposals prior to major decisions being taken and commitments made in order to:

- Identify potential adverse environmental effects;
- Propose measures to mitigate adverse environmental effects;
- Predict whether there will be significant adverse environmental effects after mitigation measures are implemented; and
- Include a follow-up program to verify the accuracy of the environmental assessment and the effectiveness of the mitigation measures.

In the case of Waktu the environmental assessment followed process is shown in Figure

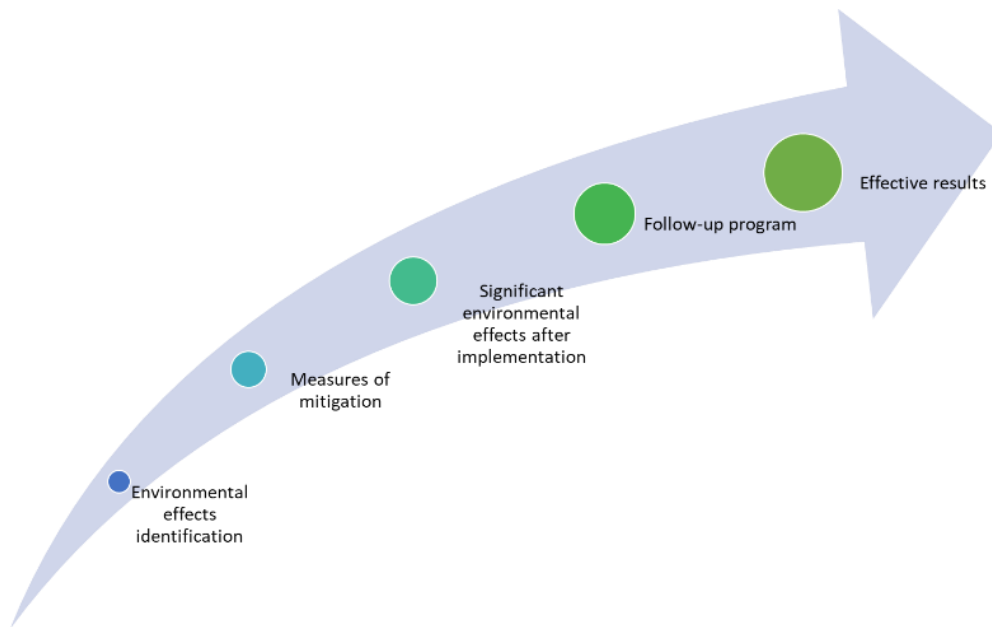


Figure 8. Environmental Assessment process for Waktu Company  
Own Elaboration

### Rescue and relocation of flora and fauna

Is an important strategy for the conservation of wild species and can be a powerful tool for the maintenance of biodiversity (Griffith et al., 1989, Fischer and Linden Mayer, 2000).

During the implementation of the activities of LUC in Mexico, involving stripping and land clearing, a series of animal and plant species are identified with different categories of protection. LUC activities also generate noise and disorders to water and soil, causing mobilization of native wildlife in the area. Committed to the conservation of flora and fauna, and in compliance with the legislation on environmental impact, has identified the species in order to perform the rescue and the corresponding relocation for their protection.

The rescue of flora species is focused on those that are under a protection status, species of difficult propagation or slow growth, or that are of importance from a commercial or cultural point of view. Some of the recovered plants are taken to a temporary nursery so that they can be adapted and cared for in order to be later used in various reforestation projects. Other plants were relocated within areas near to the extraction site, with the same features.



Figure 9. Fauna rescues. Credits: Columba Marcelli

Sherman traps (up) for small species. Tomahawk (down) for medium species





Figure 10. Flora rescue and relocation. Credits: Columba Marcelli

There are different techniques for flora and fauna rescue and relocation, depending on the species of plants, size, habitat among many others.

Up: Temporary nurseries. These plants will be relocated in the housing complexes. Down: Propagation of cuttings propagation of cuttings

## 4. Market Analysis

### 4.1. Target Market

The Target markets is the construction firms and housing companies that are environmentally committed. These companies are interested in taking responsible actions for flora and fauna protection as part of fulfilling the legal norms and seek to create benefit for their brands.

In Querétaro-Mexico, various construction companies are allowed to build new dwelling and settlements. These firms are potential customers of our consultancy company. Some of them are listed below:

| TARGET MARKET  |
|--|
| PANGEA DESARROLLADORA INMOBILIARIA SAPI DE CV.         |
| OPERADORA ZIBATA, S. DE R.L. DE C.V.                   |
| ASA CONSULTORIA AMBIENTAL S.A DE CV.                   |
| DESARROLLADORA RANMAN S.A. DE C.V.                     |
| PROMOTORES DEL CENTRO S.A. DE C.V.                     |
| ZIMA ZIBATA ACACIA S.A.P.I. DE C.V.                    |
| NIETO RAMIREZ AGROSERVICIOS S.A DE CV.                 |
| PROMOTORA DE CASAS PLATINO, S.A. DE C.V.               |
| SECRETARIA DE DESARROLLO AGRARIO, TERRITORIAL Y URBANO |
| PANGEA DESARROLLADORA INMOBILIARIA SAPI DE CV.         |
| OPERADORA ZIBATA, S. DE R.L. DE C.V.                   |
| ROCA ADQUISICIONES S.A DE C.V.                         |
| CONSTRUCCIONES DIEZ                                    |

|                                     |
|-------------------------------------|
| LA OSTRA CONSTRUCCIONES             |
| THYBA                               |
| CONSTRUCTORA PAZ                    |
| DESARROLLADORA DE PROYECTOS AMERICA |
| CONSTRUCTORA FENIX                  |
| CONSTRUCTORA PARQUE VINA            |
| CONSTRUCTORA FRONTERA               |
| CONSTRUCTORA KUMA SA DE CV          |
| REDISEÑO CONSTRUCTIVO               |
| GRUPO PRIMA                         |
| GRUPO ARME                          |
| GRUPO SOL SA DE CV                  |
| CONSTRUCCIONES CAM S.A. DE C.V      |

Table 1. List of potential customers in Queretaro

## 4.2. Market Needs

The Mexican construction market occupies a fundamental role in the economy of the country due to its closer connection with other productive areas. Its continuous dynamism generates the activation of similar industrial branches and promotes other economic activities such as transport and construction materials.

Nowadays, the growing population of the country plays a fundamental role in the rapidly development of construction sector. Human population will grow to 9 billion around 2050 and in the case of Mexico and the tendency will continue rising up to 160,000 inhabitants in its territory for the same year, as it is shown in Figure 5. However, along with this expansion comes the development of the cities and the

increase of building companies, which are seriously endangering the environmental resources worldwide.

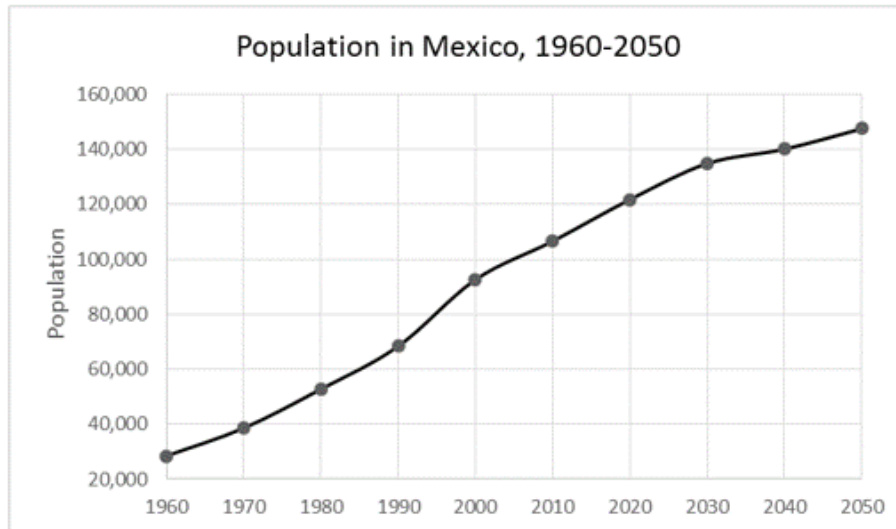


Figure 11. Population in Mexico 1960-2050

Source: United States Census Bureau, International Programs Data Base (2016)

By this reason, environmental regulations regarding the protection of flora and fauna have raised. This situation has also promoted new initiatives to build infrastructures without losing the vision of nature conservation. Maintaining the biodiversity of the place in each project adds value to the work made by these companies and helps them to manage their image regarding their values related to conservancy and sustainability.

This reality generates a new field of incursion for environmental consultants. Indeed, the need for environmentally friendly solutions that contribute to urban development in a more sustainable way is the basis of the generation of our business. But our professional approach looks not only to cover the needs in environmental advice and management of wild species, animals or plants for big building companies, it also aims to integrate and promotes connectivity between specialized organizations of the same subject on the national scale in order to be able to provide better solutions in all the municipalities of Mexico.

We work on a wide range of project types and scales with building areas including recreation and leisure, visitor attraction, parks, education and health, highways and transport, housing, urban renewal, commercial and industrial buildings. However, we also believe that for making a difference it is fundamental to expand our work to the educational field. That is why in addition to the

management of flora and fauna, we provide training related to transplantation, control and propagation of plants as well as knowledge of capture, handling, transfer and release of wild animals including poisonous species management a risk to health or human integrity.

We believe that for true success, sustainability needs to be more than an afterthought. By collaborating with us, consultant's building companies can ensure that the environment is fully integrated into their business activities and gain additional benefits in the process. These benefits are to help them to comply with legislation and adapt to environmental practices in the market, ensuring that our solutions benefit both the biological and social stakeholders of the business while achieving economic sustainability.

### 4.3 Competitors analysis

In the next chart (Table 1) we develop an analysis of the main competitors in the area based on their objectives, their services and their strengths and weakness, how is the contact with their clients and who the clients are. This analysis was realized with information from their social media and web pages and by personal phone calls.

| Name of the company             | Objective*<br>(Taken from their webpages *)  | Services  | Strengths and weaknesses  | Media/Contact with the clients   | Clients  |
|---------------------------------|--|---|---|--|--|
| <b>ASA Ambiental S.A de C.V</b> | To help the private sector to solve environmental requirements in order to comply with their legal obligations and to improve their corporate image. | Environmental impact assessment<br>Mitigation measures and follow-up programs | The consultancy agency was created 5 years ago, by professionals in the field of environmental sciences, but with no experience in management or business.<br><br>Their focus is the environmental impact changes with an important focus on Ecological issues. | The company currently manages social media (Facebook and e-mail but they are not very active or successful) and in-person media. They do not have a website. | Private sector mainly Building companies.<br>Some Government agencies. |

|                          |   |   |  |  |  |
|--------------------------|---|---|--|--|--|
|                          |   |   | They do not intend to have more clients but to maintain the ones they have by their good results and low prices.   |  |  |
| <b>SETCA Consultores</b> | The company offers consultancies to private sector related to the environmental impacts of the industry. They are specialized in environmental , hygiene, security issues.  | Environmental risk studies for industry<br>Clean Industry Certifications and staff training.<br>Environmental impact assessment<br>Mitigation measures and follow-up programs | They have been in the business since 2008, But their focus is not on land use change procedures. They operate in different states of México.<br>They are a big company and invest an important amount in their corporative image<br>The prices are higher than the average       | The company has a website but does not have any social network.  | Government agencies<br>In addition, private sector mainly Industry.              |
| <b>Safety Garden</b>     | To solve the private sector environmental requirements. To get the approval of government agencies, in the development of Industrial hygiene and safety issues and in the land use change activities offering sustainable | Environmental impact assessment<br>Waste management and recovery plans.<br>Clean Industry Certifications and staff training.  | They have been in the market since 2009. They had a long list of clients but not of building companies. It was the main consultancy agency in Queretaro city, but nowadays many clients are not satisfied with their work and their costs. Their focus is in the industry sector | The interaction that Safety Garden has with its clients is through several platforms to share information: Facebook, Instagram, and YouTube. In addition, they have a functional web page. | -Government agencies<br>-Private sector mainly Industries and building companies |

|   |  |  |   |   |  |  |
|---|--|--|---|---|--|--|
|   |  | solutions to the customers.  |   |   |  |  |
| <b>Waktu C&amp;C Consultancy and Conservation</b> | To offer environmentally friendly solutions to the construction companies in their legal environmental obligations in the processes of land use change in Mexico. Minimizing their impact on the environment and meet their regulatory obligations with no extra costs | Environmental impact assessment<br>Mitigation measures and follow-up programs<br>Rescue and relocation of flora and fauna:<br>-Studies of identification and restoration of environmental damage.<br>-Follow-up on in Land Use change<br>-Conservation and restoration actions<br>-Creation nurseries.<br>-Afforestation and Reforestation.<br>-Training specialized in flora and fauna preservation | (will be discussed in the final document) | The company will promote advertising through a web page, social networks, including regular uploads of videos from fauna and flora rescues. | We will focus on Building companies, but we want to reach the public sector (government agencies) and the industry sector. |  |

Table 2. Competitors

Our company conducts a careful prospection of potential clients, focusing both on businesses and industries with a strong environmental commitment and companies needing support to comply with environmental compensation requirements. We help them identify, assess, plan and implement the necessary measures to reduce their impacts, avoiding damage to biodiversity.

Notwithstanding Watku targets at different types of businesses, we have as strategy to build long term relationship with our clients, based in trust, in order to establish credibility and company's reputation in the market. Our team must not only be able to effectively communicate company's scope and values, but also (and principally) to understand the needs and values of our clients. Transparency, responsibility, good communication and problem-solving skills must be fundamental components of our relations with clients.

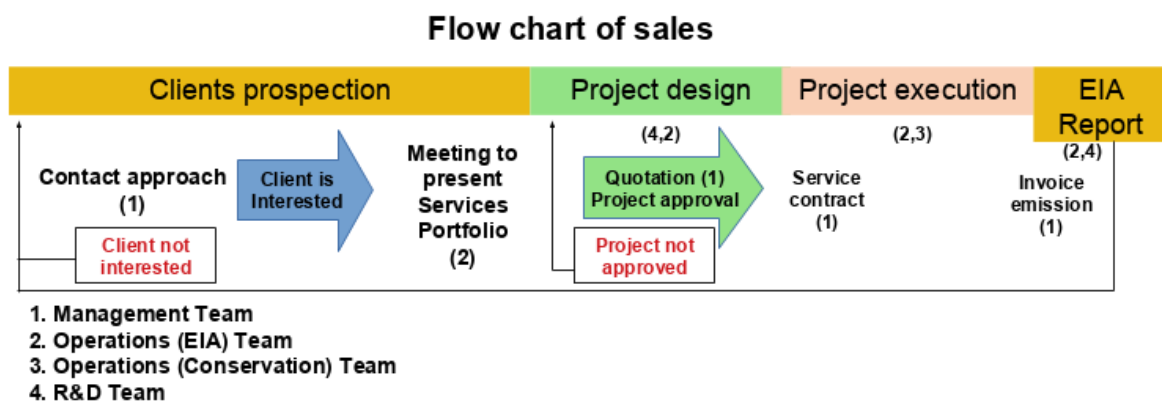


Figure 12. Flow chart



## 5. Articles of Association

### 5.1. Legal Scheme

This company will be under the legal form of Limited Company (Sociedad de Responsabilidad Limitada “S. de R. L.”) as defined in the Articles of Association (Annex 1).

### 5.2. Licenses and formalities

In accordance with the legal provisions in force in Mexico, the procedures that must be carried out are the following:

- ***Permission to establish as a legal entity***  
Request to the Ministry of Foreign Affairs (SRE). The first step to create a company is to submit an application to the Ministry of Foreign Affairs in which five possible social names are suggested in order of preference for the company. This is done to ensure that there is no company already established in the country or abroad with the same corporate name.
- ***Creation and Protocolization of the Constitutive Act***  
Once the SRE gives the approval or delivers the proposals of social denomination, the Constitutive Act must be created. This document is the one that gives life and which stipulates all the general and basic aspects of the company: company name, objective, type of company, administration, and control thereof, duration, etc. Once the company is created, the Constitutive Act must be notarized before a Notary Public.
- ***Registration in the Federal Taxpayers Registry***  
Once the Constitutive Act is completely created and legalized, registration is made before the Tax Administration Service (SAT). From this registry, the Tax Identification Number is obtained, which contains the Federal Taxpayer Identification Number (RFC).
- ***Registration of the Constitutive Act***  
Attend the Public Registry of Property and Commerce to request it.

- ***Notarial Notice to the Ministry of Foreign Affairs***

The procedure carried out by the Notary.

- ***Presentation before the public registry of property and commerce***

This step is also resolved by the Broker or Notary who must submit it to the Public Registry of Property and Commerce. The company and the real estate that make it up will be registered, as well as its purposes, objectives and commercial goals.

- ***Registration of the Company***

It is done before the State Treasury.

- ***Application for Land Use and/or Construction***

This can be obtained from the Secretariat of Urban Development and Ecology.

- ***Registration with the Mexican Institute of Social Security (IMSS) and the Institute of the National Fund for Workers' Housing (INFONAVIT)***

This process consists of two stages since the employer must register as an employer and also enroll workers.

### 5.3. Employment agreement

The Employment agreement can be found in Annex 2.

## 6. Financial planning

### 6.1. Investments

The preliminary investment for start the company are informatics, furniture, vehicles, and field tools, reaching a total amount of \$436,766.00 MXN. The acquisition of desks, chairs, fridge, blackboards, etc. are part of the office work as well as the informatics items. The traps, GPS, security clothes and containers, are required for the field work (Table 3).

| Investment         | Items                      | Units | Cost p/unit   | Total cost    |
|--------------------|----------------------------|-------|---------------|---------------|
| <b>Informatics</b> | All-in-one printer         | 1     | \$ 4,500.00   | \$ 4,500.00   |
|                    | Laptop                     | 4     | \$ 9,000.00   | \$ 36,000.00  |
|                    | Desktop computer           | 2     | \$ 4,700.00   | \$ 9,400.00   |
|                    | AutoCAD license            | 1     | \$ 67,980.00  | \$ 67,980.00  |
|                    | Plotter printer            | 1     | \$ 11,000.00  | \$ 11,000.00  |
|                    | Telephone                  | 2     | \$ 200.00     | \$ 400.00     |
|                    | Cell phone                 | 2     | \$ 5,400.00   | \$ 10,800.00  |
| <b>Subtotal</b>    |                            |       |               | \$ 140,080.00 |
| <b>Furniture</b>   | Workstation w/Panels       | 6     | \$ 8,700.00   | \$ 52,200.00  |
|                    | Chairs                     | 6     | \$ 1,200.00   | \$ 7,200.00   |
|                    | Lunch table w/chairs       | 1     | \$ 3,500.00   | \$ 3,500.00   |
|                    | Fridge                     | 1     | \$ 9,000.00   | \$ 9,000.00   |
|                    | Blackboards                | 2     | \$ 250.00     | \$ 500.00     |
|                    | Bookcase                   | 1     | \$ 4,700.00   | \$ 4,700.00   |
|                    | LCD projector              | 1     | \$ 5,300.00   | \$ 5,300.00   |
|                    | Television 32"             | 1     | \$ 6,000.00   | \$ 6,000.00   |
| <b>Subtotal</b>    |                            |       |               | \$ 88,400.00  |
| <b>Vehicles</b>    | Pick up 4x4 (2nd hand)     | 1     | \$ 70,000.00  | \$ 70,000.00  |
|                    | Sedan car                  | 1     | \$ 110,000.00 | \$ 110,000.00 |
| <b>Subtotal</b>    |                            |       |               | \$ 180,000.00 |
| <b>Field Tool</b>  | Tomahawk traps (26x9x9)    | 10    | \$ 222.00     | \$ 2,220.00   |
|                    | Tomahawk traps (32x10x12)  | 10    | \$ 400.00     | \$ 4,000.00   |
|                    | Sherman traps (3x3.9X9)    | 15    | \$ 117.00     | \$ 1,755.00   |
|                    | Sherman traps (2x2.5X6.25) | 15    | \$ 113.00     | \$ 1,695.00   |

|                             |    |    |          |    |            |
|-----------------------------|----|----|----------|----|------------|
| Snake hooks                 | 10 | \$ | 5.00     | \$ | 50.00      |
| GPS                         | 2  | \$ | 5,000.00 | \$ | 10,000.00  |
| Security clothes (complete) | 8  | \$ | 462.00   | \$ | 3,696.00   |
| Fauna temporary Containers  | 10 | \$ | 487.00   | \$ | 4,870.00   |
| <b>Subtotal</b>             |    |    |          | \$ | 28,286.00  |
| <b>total</b>                |    |    |          | \$ | 436,766.00 |

Table 3. Need of Investment

## 6.2. Funding and financing

The initial capital necessary for the company is \$ 2,152,051.60. This is the sum of the initial investment and the costs for the expenses of the first year.

| c                                 | %    | \$              |
|-----------------------------------|------|-----------------|
| <b>Own capital funds (equity)</b> | 60%  | \$ 1,291,230.96 |
| <b>Outside financing</b>          | 40%  | \$ 860,820.64   |
| <b>Total investment</b>           | 100% | \$ 2,152,051.60 |

Table 4. Investment and financing for the company

## 6.3. Cost Analysis

### 6.3.1. Depreciation costs

The depreciation is understood as the decrease in value of assets, for a company the depreciation is regulated by Mexican law because it has a direct impact on their taxes. The following table shows the depreciation years, rates and cost of each asset.

| Asset              | Investment    | Depreciation<br>in years | Depreciation<br>rate | Depreciation Costs |
|--------------------|---------------|--------------------------|----------------------|--------------------|
| <b>Informatics</b> | \$ 140,080.00 | 4                        | 25%                  | \$ 35,020.00       |
| <b>Furniture</b>   | \$ 88,400.00  | 10                       | 10%                  | \$ 8,840.00        |
| <b>Vehicle</b>     | \$ 180,000.00 | 5                        | 20%                  | \$ 36,000.00       |
| <b>Field Tools</b> | \$ 28,286.00  | 2                        | 60%                  | \$ 16,971.60       |
| <b>Total</b>       | \$ 436,766.00 |                          |                      | \$ 96,831.60       |

Table 5. Depreciation costs analysis

### 6.3.2. Financing costs

The financing costs are based on the percentage of the total investment that will be paid from own capital funds and from the source of financing. According to this, the 60% corresponds to own capital funds and 40% will be obtained from a bank loan. The loan will be acquired from “Banorte” Bank, which offers a fixed annual interest rate from 22% in a total of 5 years.

| Year          | Balance<br>of debt | Interest rate<br>(%) | Interest<br>costs p.a. | Refunding<br>Bank Loan |
|---------------|--------------------|----------------------|------------------------|------------------------|
| <b>1 year</b> | \$ 860,820.64      | 22%                  | \$ 189,380.54          | \$ 172,164.13          |
| <b>2 year</b> | \$ 688,656.51      | 22%                  | \$ 151,504.43          | \$ 172,164.13          |
| <b>3 year</b> | \$ 516,492.38      | 22%                  | \$ 113,628.32          | \$ 172,164.13          |
| <b>4 year</b> | \$ 344,328.26      | 22%                  | \$ 75,752.22           | \$ 172,164.13          |
| <b>5 year</b> | \$ 172,164.13      | 22%                  | \$ 37,876.11           | \$ 172,164.13          |
| <b>Total</b>  |                    |                      | \$ 568,141.62          |                        |

Table 6. Financing Cost analysis

#### 6.3.2.1 Utilization capacity

Waktu begins at the 72% of utilization capacity, this simply is because is estimated that is possible to realize 72 EIA (#EIA72) studies in a year. The utilization capacity of 100 EIA (100%) will generate

some changes in the need that will be reflected on the different calculations. This will be detailed in each part of the cost calculation

### 6.3.3. Labor costs

Human resources represent the main expenditure of the company financial commitment. The management team is in charge of elaboration and execution of the balance sheet, including of labor expenses.

Mexican labor legislation establishes mandatory income deductions and public social insurance tax, including the retirement tax and health insurance. While the government directly collects the former contribution, the federal “Mexican Institute of Social Insurance” (IMSS) charges the latter. Both account together for 33% of the agreed salary, being 50% of the deductions covered by the employee and 50% by the company, as detailed in the table. Notice that there will be the need to contract a new employment after the first stage.

| EIA # 72          |                     |             |             |              |                 |
|-------------------|---------------------|-------------|-------------|--------------|-----------------|
| Type of contract  | Full-time (partner) | Full-time   | Part-time   | Monthly      | Annual          |
| Employees         | 4                   | 2           | 4           |              |                 |
| Hours             | 8                   | 8           | 6           |              |                 |
| Net salary (MX\$) | \$ 17,000.00        | \$13,500.00 | \$ 5,800.00 |              |                 |
| IMSS + ISR (33%)  | \$ 5,610.00         | \$ 4,455.00 | \$ 1,914.00 |              |                 |
| Employee discount | \$ 2,805.00         | \$ 2,227.50 | \$ 957.00   |              |                 |
| Cost              | \$ 19,805.00        | \$15,727.50 | \$ 6,757.00 |              |                 |
| Total cost        | \$ 79,220.00        | \$31,455.00 | \$27,028.00 | \$137,703.00 | \$ 1,652,436.00 |

Table 7. Labor costs analysis for 72 Environmental Impact Assessments

| EIA # 82-100      |                     |             |             |         |        |
|-------------------|---------------------|-------------|-------------|---------|--------|
| Type of contract  | Full-time (partner) | Full-time   | Part-time   | Monthly | Annual |
| Employees         | 4                   | 3           | 4           |         |        |
| Hours             | 8                   | 8           | 6           |         |        |
| Net salary (MX\$) | \$ 17,000.00        | \$13,500.00 | \$ 5,800.00 |         |        |
| IMSS + ISR (33%)  | \$ 5,610.00         | \$ 4,455.00 | \$ 1,914.00 |         |        |

|                          |              |             |             |              |                 |
|--------------------------|--------------|-------------|-------------|--------------|-----------------|
| <b>Employee discount</b> | \$ 2,805.00  | \$ 2,227.50 | \$ 957.00   |              |                 |
| <b>Cost</b>              | \$ 19,805.00 | \$15,727.50 | \$ 6,757.00 |              |                 |
| <b>Total cost</b>        | \$ 79,220.00 | \$47,182.50 | \$27,028.00 | \$153,430.50 | \$ 1,841,166.00 |

Table 8. Labor costs analysis for 82-100 Environmental Impact Assessments

### 6.3.4. Consumption costs

The consumption costs were calculated based on the office costs and fieldwork costs regarding the amount of Environmental Assessment estimated per month and per year.

In the office costs, we consider the rent of an office, because of the flexibility. A new or growing business may experience unexpected needs in the future. If your business continues growing, the owned office space may become inadequate, forcing a sale of the property. In addition, because of the upfront costs, buying commercial space will initially cost far more upfront. There are property, appraisal, and maintenance costs along with a large down payment and possible property improvement costs.

Additional to the basic goods, we plan to pay an alarm system service to guarantee the security in our offices and prevent thefts, and legal advisory to help with all the legal requirements that a Consultancy company requires. In the fieldwork, is important to mention the bait expenses, this was defined by the recent literature on rescue and relocation on fauna techniques to buy the adequate inputs for the endemic plants and animals from Queretaro. An example of this: Pedigree boxes, sardines, oatmeal, vanilla extract, among others.

Determined by the goal for each year, the expendable materials and utilities cost increases. The set goals were to achieve 100 environmental impact assessments per year. The increasing calculated for each stage was of 10% in some expendables.

The estimated costs were calculated for 10 years, in four different stages according to the utilization capacity expected. The first period (3 years) with 72% of utilization capacity, second period (3) with 82% of utilization capacity, third period (3) years with 92% of utilization capacity and the final period when the company achieves the 100% of utilization capacity.

Regards to the total of expendable materials and utilities required. The total amount of consumption costs per year is shown in Table 9.

| #EIA (Goal 72)              |              |                      |
|-----------------------------|--------------|----------------------|
| Expendable material         | Consumption  | Costs per year       |
| <b>Office work</b>          |              |                      |
| Rent(month)                 | 12000        | \$ 144,000.00        |
| Water (month)               | 600          | \$ 7,200.00          |
| Internet (month)            | 900          | \$ 10,800.00         |
| Alarm system (month)        | 340          | \$ 4,080.00          |
| Electricity (month)         | 680          | \$ 8,160.00          |
| Office expenses (month)     | 2500         | \$ 30,000.00         |
| Legal advisory (Annual)     | 7000         | \$ 7,000.00          |
| Delivery (month)            | 5000         | \$ 60,000.00         |
| <b>Fieldwork</b>            |              |                      |
| Bait expenses (month)       | 1712         | \$ 20,544.00         |
| Car maintenance (quarterly) | 5000         | \$ 15,000.00         |
| Car gasoline (day)          | 400          | \$ 96,000.00         |
| <b>Total</b>                | <b>36132</b> | <b>\$ 402,784.00</b> |

| #EIA (Goal 82)              |                |                      |
|-----------------------------|----------------|----------------------|
| Expendable material         | Consumption    | Costs per year       |
| <b>Office work</b>          |                |                      |
| Rent(month)                 | 12000          | \$ 144,000.00        |
| Water (month)               | 600            | \$ 7,200.00          |
| Internet (month)            | 900            | \$ 10,800.00         |
| Alarm system (month)        | 340            | \$ 4,080.00          |
| Electricity (month)         | 680            | \$ 8,160.00          |
| Office expenses (month)     | 2500           | \$ 30,000.00         |
| Legal advisory (Annual)     | 7000           | \$ 7,000.00          |
| Delivery (month)            | 5000           | \$ 60,000.00         |
| <b>Fieldwork</b>            |                |                      |
| bait expenses (month)       | 1883.2         | \$ 22,598.40         |
| Car maintenance (quarterly) | 5000           | \$ 15,000.00         |
| Car gasoline (day)          | 400            | \$ 96,000.00         |
| <b>Total</b>                | <b>36303.2</b> | <b>\$ 404,838.40</b> |

#EIA (Goal 92)



| <b>Expendable material</b>         | <b>Consumption</b> | <b>Costs per year</b> |
|------------------------------------|--------------------|-----------------------|
| <b>Office work</b>                 |                    |                       |
| <b>Rent(month)</b>                 | 12000              | \$ 144,000.00         |
| <b>Water (month)</b>               | 600                | \$ 7,200.00           |
| <b>Internet (month)</b>            | 900                | \$ 10,800.00          |
| <b>Alarm system (month)</b>        | 340                | \$ 4,080.00           |
| <b>Electricity (month)</b>         | 680                | \$ 8,160.00           |
| <b>Office expenses (month)</b>     | 2500               | \$ 30,000.00          |
| <b>Legal advisory (Annual)</b>     | 7000               | \$ 7,000.00           |
| <b>Delivery (month)</b>            | 5000               | \$ 60,000.00          |
| <b>Fieldwork</b>                   |                    |                       |
| <b>Bait expenses (month)</b>       | 2071.52            | \$ 24,858.24          |
| <b>Car maintenance (quarterly)</b> | 5000               | \$ 15,000.00          |
| <b>Car gasoline (day)</b>          | 400                | \$ 96,000.00          |
| <b>Total</b>                       | 36491.52           | \$ 407,098.24         |

| <b>#EIA (Goal 100)</b>             |                    |                       |
|------------------------------------|--------------------|-----------------------|
| <b>Expendable material</b>         | <b>Consumption</b> | <b>Costs per year</b> |
| <b>Office work</b>                 |                    |                       |
| <b>Rent(month)</b>                 | 12000              | \$ 144,000.00         |
| <b>Water (month)</b>               | 600                | \$ 7,200.00           |
| <b>Internet (month)</b>            | 900                | \$ 10,800.00          |
| <b>Alarm system (month)</b>        | 340                | \$ 4,080.00           |
| <b>Electricity (month)</b>         | 680                | \$ 8,160.00           |
| <b>Office expenses (month)</b>     | 2500               | \$ 30,000.00          |
| <b>Legal advisory (annual)</b>     | 7000               | \$ 7,000.00           |
| <b>Delivery (month)</b>            | 5000               | \$ 60,000.00          |
| <b>Fieldwork</b>                   |                    |                       |
| <b>Bait expenses (month)</b>       | 2278.672           | \$ 27,344.06          |
| <b>Car maintenance (quarterly)</b> | 5000               | \$ 15,000.00          |
| <b>Car gasoline (day)</b>          | 400                | \$ 96,000.00          |
| <b>Total</b>                       | 36698.672          | \$ 409,584.06         |

Table 9. Consumption costs analysis for Watku Company

### 6.3.5. Self-costs

For Waktu C&C the self-cost for 10 years with different stages of utilization capacity is the sum of the depreciation cost, financing cost, labor cost, consumptions cost per year. The total amount of money that will cost to elaborate the EIA per year, was divided into the expected number of environmental studies that can be performed in the four different stages (capacity 72%.82%.92%.100%). The self-cost was calculating carefully to avoid not being profitable enough.

As shown in table 10, the company will achieve 100% of utilization capacity in 10 years. This because the company needs to get clients. In a consultancy company, the utilization capacity not only requires of the efficiency of the employees. Despite that, it is consider a self-cost reduction on our processes that will be reflected of the sum of cost every three years. This will increase directly or profits as shown in Figure 6.

| Year                              | 1        | 2          | 3           | 4         | 5           | 6         | 7         | 8          | 9         | 10         |
|-----------------------------------|----------|------------|-------------|-----------|-------------|-----------|-----------|------------|-----------|------------|
| Utilization capacity (%)          | 72%      | 72%        | 72%         | 82%       | 82%         | 82%       | 92%       | 92%        | 92%       | 100%       |
| # EIA                             | 72       | 72         | 72          | 82        | 82          | 82        | 92        | 92         | 92        | 100        |
| <b>Cost type</b>                  |          |            |             |           |             |           |           |            |           |            |
| Depreciation                      | 96831,6  | 96831,6    | 96831,6     | 96831,6   | 96831,6     | 96831,6   | 96831,6   | 96831,6    | 96831,6   | 96831,6    |
| Financing                         | 189380,5 | 151504,433 | 113628,3245 | 75752,216 | 37876,10816 | 0         | 0         | 0          | 0         | 0          |
| Labor                             | 1652436  | 1652436    | 1652436     | 1841166   | 1841166     | 1841166   | 1841166   | 1841166    | 1841166   | 1841166    |
| Consumption                       | 402784   | 402784     | 402784      | 404838,4  | 404838,4    | 404838,4  | 407098,24 | 407098,24  | 407098,24 | 409584,064 |
| Sum of costs                      | 2341432  | 2303556,03 | 2265679,924 | 2418588,2 | 2380712,108 | 2342836   | 2345095,8 | 2345095,84 | 2345095,8 | 2347581,66 |
| Costs per plan                    | 32519,89 | 31993,8338 | 31467,77673 | 29494,978 | 29033,07449 | 28571,171 | 25490,172 | 25490,1722 | 25490,172 | 23475,8166 |
| <b>Cost per plan + 23% profit</b> | 39999,47 |            |             |           |             |           |           |            |           |            |

Table 10. Self-costs for Waktu company

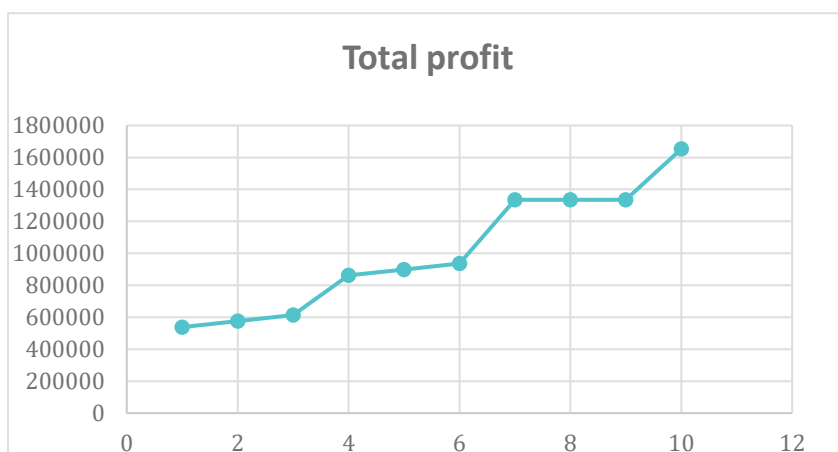


Figure 13. Total profit for Waktu Company  
Own elaboration

## 6.4. Price definition and revenue

Scrupulous accounting and careful deliberations were required to set subsequent prices realistically given the difficulty of ensuring that all costs are accounted for.

In the tables 7, 8, 9 and 10 are shown the average costs per environmental impact assessments of the main competitors, the self-costs and we defined our desired profit. The result was the estimation of the final price. Waktu C&C establish to provide EIA with affordable prices in order to acquire new clients. Consultancy services in México are very profitable, due to low operating costs. In table 11 is shown the revenue and profits per year.

| Year      | Output | Price        | Turnover        |
|-----------|--------|--------------|-----------------|
| <b>1</b>  | 72     | \$ 40,000.00 | \$ 2,880,000.00 |
| <b>2</b>  | 72     | \$ 40,000.00 | \$ 2,880,000.00 |
| <b>3</b>  | 72     | \$ 40,000.00 | \$ 2,880,000.00 |
| <b>4</b>  | 82     | \$ 40,000.00 | \$ 3,280,000.00 |
| <b>5</b>  | 82     | \$ 40,000.00 | \$ 3,280,000.00 |
| <b>6</b>  | 82     | \$ 40,000.00 | \$ 3,280,000.00 |
| <b>7</b>  | 92     | \$ 40,000.00 | \$ 3,680,000.00 |
| <b>8</b>  | 92     | \$ 40,000.00 | \$ 3,680,000.00 |
| <b>9</b>  | 92     | \$ 40,000.00 | \$ 3,680,000.00 |
| <b>10</b> | 100    | \$ 40,000.00 | \$ 4,000,000.00 |

Table 11. Revenue and profits per year for Waktu Company

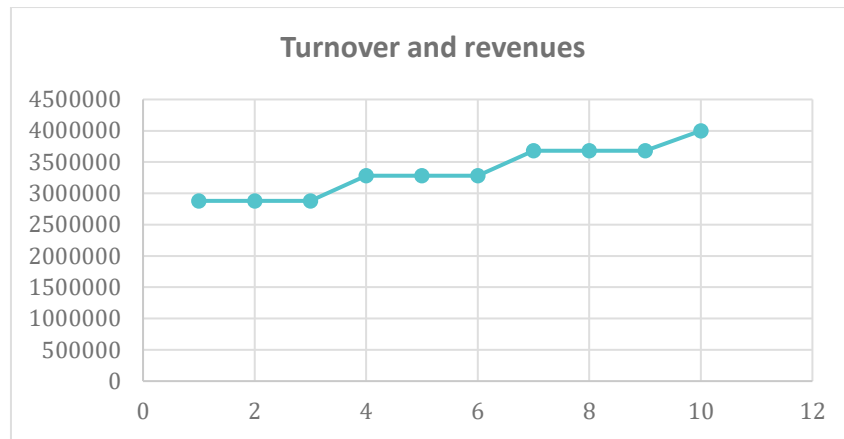


Figure 14. Turnover and revenues for Waktu Company. Own elaboration

## 6.5. Cash Flow

| Year                                       | 1       | 2       | 3       | 4       | 5       | 6       | 7       | 8       | 9       | 10      |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Sales profits</b>                       | 2880000 | 2880000 | 2880000 | 3280000 | 3280000 | 3280000 | 3680000 | 3680000 | 3680000 | 4000000 |
| <b>Depreciation costs</b>                  | 96832   | 96832   | 96832   | 96832   | 96832   | 96832   | 96832   | 96832   | 96832   | 96832   |
| <b>Labor costs</b>                         | 1652436 | 1652436 | 1652436 | 1841166 | 1841166 | 1841166 | 1841166 | 1841166 | 1841166 | 1841166 |
| <b>Operating (Consumption)</b>             | 402784  | 402784  | 402784  | 404838  | 404838  | 404838  | 407098  | 407098  | 407098  | 409584  |
| <b>Financing costs</b>                     | 189381  | 151504  | 113628  | 75752   | 37876   | 0       | 0       | 0       | 0       | 0       |
| <b>Lost carried forward</b>                |         |         |         |         |         |         |         |         |         |         |
| <b>Profit before tax</b>                   | 538568  | 576444  | 614320  | 861412  | 899288  | 937164  | 1334904 | 1334904 | 1334904 | 1652418 |
| <b>Taxes (40%)</b>                         | 0       | 230578  | 245728  | 344565  | 359715  | 374866  | 533962  | 533962  | 533962  | 660967  |
| <b>Profit after taxes</b>                  | 538568  | 345866  | 368592  | 516847  | 539573  | 562298  | 800942  | 800942  | 800942  | 991451  |
| <b>Cash-flow (net profit+depreciation)</b> | 635399  | 442698  | 465424  | 613679  | 636404  | 659130  | 897774  | 897774  | 897774  | 1088283 |
| <b>Repayment credit</b>                    | 172164  | 172164  | 172164  | 172164  | 172164  | 0       | 0       | 0       | 0       | 0       |
| <b>Reinvesting</b>                         |         |         |         |         |         |         |         |         |         |         |
| <b>Dividend</b>                            | 463235  | 270534  | 293260  | 441515  | 464240  | 659130  | 897774  | 897774  | 897774  | 1088283 |

Table 12. Cash Flow for Waktu Company

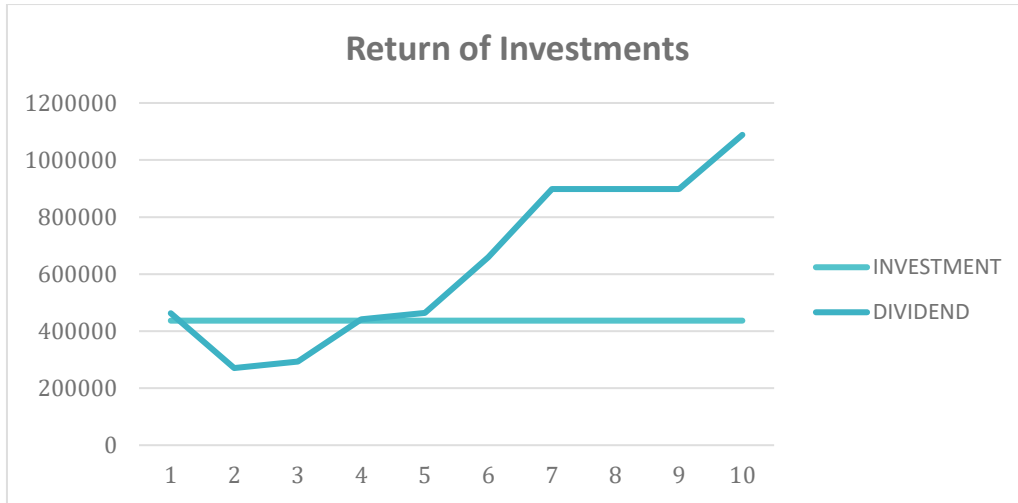


Figure 15. Return of Investments for Waktu Company  
Own Elaboration

## 7. Conclusions

Given the actual situation of Mexico and the building market, the services offered by Waktu C&C represents a valuable contribution to local business development not only in the economical path but also in the contribution of the generation of social awareness. The importance of environmental assessment activities in this sector is increasing each day and will cause a long-term impact on the building process of several companies in the future.

Given our field of work and the constant political changes that are taking place in Mexico, several factors could affect our first years of business implementation such as changes in legislation for construction services. This should be monitored constantly in order to minimize the factors that may have impacts on the long-term business success.

## 8. Annexes

### Annex 1: Articles of Association

The company will be registered as “Sociedad de Responsabilidad Limitada” with the acronym S. de R. L. into the Trade Register. Waktu C&C is legally based on the articles 58 to 86 of the General Law of Commercial Companies of Mexico, taking into account the last update on 2018.

According to it, the legal framework of our company is described in the following section:

1. The company the name of the business will be formed with the name of one or more partners and it will be immediately followed by the words "Sociedad de Responsabilidad Limitada" or its abbreviation "S. de R. L."
2. Any person out of the company that shows or allows their name to appear on the company's name will respond to social transactions up to the amount of the largest contribution.
3. Waktu C&C S. de R. L. will not have more than will have more than fifty partners.
4. The social capital of Waktu C&C S. de R. L. will be established in the social contract. It will be divided into social parts that may be of unequal value and category, but which in any case will be of a multiple of one peso.
5. In case of the increase of the social capital, Waktu C&C S. de R. L. cannot carry this process out by public subscription.
6. At the moment of the constitution of Waktu C&C S. de R. L., the capital must be fully subscribed and exhibited, at least, fifty percent of the value of each social part.
7. In order to transfer corporate shares, as well as for the admission of new partners, the consent of the partners representing the majority of the share capital of Waktu C&C S. de R. L. will suffice, except when the bylaws have a higher proportion.
8. In case the transfer is authorized in favor of a person outside of the company, the partners of Waktu C&C S. de R. L. will have the right to the first refusal and will have a period of fifteen days to exercise it, counted from the date of the meeting in which there was granted the authorization. If there were several partners that want to use this right, it will be given to all of them in proportion to their contributions.
9. The transfer by inheritance of the social parties of Waktu C&C S. de R. L., will not require the consent of the partners, unless there exists a previous agreement of the dissolution of the company because the death of one of them, or an existent disposition for the liquidation of the social part corresponding to the deceased partner, in the event that the company does not continue with the heirs of the deceased partner.

10. Each member of Waktu C&C S. de R. L. will not have more than one social part. When a member makes a new contribution or acquires all or a fraction of the part of a joint venture, the value of its social part will be increased in the respective amount.
11. The social parts of Waktu C&C S. de R. L. are indivisible. However, the right to a division and the partial session may be established in the partnership agreement.
12. When so established by the social contract, the partners of Waktu C&C S. de R. L., in addition to their general obligations, will have to make supplementary contributions in proportion to their original contributions. It is forbidden to agree in the social contract accessory services consisting of work or personal service of the partners.
13. The amortization of the social parts will not be allowed except in the measure and form established by the current social contract at the moment in which the affected parties have been acquired by the partners. The amortization will take effect with the liquid profits of those that, according to the Law, can be arranged for the payment of dividends.
14. Waktu C&C S. de R. L. will keep a special book of the partners, in which the name and address of each one will be inscribed, indicating their contributions and the transmission of the social parts. This will not take the effect of third parties after registration. Moreover, any person who proves a legitimate interest will have the power to consult this book, which will be under the care of the administrators, who will respond personally and severally to their regular existence and the accuracy of their data.
15. The administration of Waktu C&C S. de R. L. will be in charge of one or more managers, who may be partners or persons outside the company, appointed temporarily or indefinitely. Unless otherwise agreed, the company shall have the right to revoke its administrators at any time.
16. The resolutions of the managers will be taken by majority vote, but if the social contract requires that they act jointly, unanimity will be needed, unless the majority considers that society is in serious danger with the delay, because then they can dictate the corresponding resolution.
17. Administrators who have not had knowledge of the **actions.** or who have voted in against will be free of responsibility.
18. The assembly of the partners is the supreme organ of Waktu C&C de S. de R. L. Its resolutions will be taken by a majority vote of the partners representing at least half of the share capital unless the social contract requires a higher majority. If this figure is not obtained at the first meeting, the partners will be called for a second time, and decisions will be taken by majority vote, regardless of the portion of the represented capital.

19. The assemblies will have the following powers:

- Discuss, approve, modify or fail the balance generated for the fiscal year and take the measures they deem appropriate.
- Proceed to the distribution of profits.
- Appoint and remove the managers.
- Designate, where appropriate, the Supervisory Board.
- Resolve on the division and amortization of the corporate shares.
- Demand, in its case, the supplementary contributions and the accessory benefits.
- Present against the social organs or against the partners, the corresponding actions for
- Demand damages.
- Modify the social contract.
- Have consent in the assignments of social parties and in the admission of new members.
- Decide on increases and reductions in social capital.
- Decide on the dissolution of the company, and others that correspond to them according to the Law.

20. Every member will have the right to participate in the decisions of the assemblies, enjoying one vote for every thousand pesos of their contribution or the multiple of this amount that has been determined, except for what the social contract establishes on privileged social parts.

21. The assemblies will meet at the registered office, at least once a year, at the time set in the contract.

22. The assemblies will be called by the managers; if they do not, by the Supervisory Board, and in the absence or omission thereof, by the partners representing more than a third of the share capital.

23. The social contract may record the cases in which the meeting of the assembly is not necessary, and in them, the text of the resolutions or decisions will be sent to the partners, by registered letter with acknowledgment of receipt, with the corresponding vote in writing.

24. The modification of the social contract will be decided by the majority of the partners that represent, at least, three-quarters of the share capital.

25. Members of Waktu C&C S. de R. L. will have the right to receive interest not greater than nine percent per annum on their contributions, even when there are no benefits; but only for the period of time necessary for the execution of the works that according to the object of the



company must precede the beginning of its operations, without in any case said period exceeding three years. These interests must be charged to general expenses.

## Annex 2: Employment agreement

THIS CONTRACT is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, Waktu C&C, a Sociedad de Responsabilidad Limitada incorporated under the laws of Mexico and having its principal place of business at Querétaro, México. Waktu C&C S. de R. L. and \_\_\_\_\_, of \_\_\_\_\_, the Contract Employee.

WHEREAS the Employer desires to obtain the benefit of the services of the Employee, and the Employee desires to render such services on the terms and conditions set forth.

IN CONSIDERATION of the promises and other good and valuable consideration, the parties agree as follows:

### **Employment**

The Employee, referenced throughout as “Employee” agrees that they will at all times faithfully, industriously, and to the best of their skills, experience, and talents, perform all of the duties required of the position. In carrying out these duties and responsibilities, the Employee shall comply with all Employer policies, procedures, rules, and regulations, both written and oral, as are announced by the Employer from time to time.

### **Position Title**

As a \_\_\_\_\_ the Employee is required to perform all of their necessary job functions and duties, and all other duties that may be assigned to Employee from time to time by Employer. This is a (full-time/part-time) position, expected to average 40 hours per week.

### **Compensation**

As full compensation for all services provided, the Employee shall be paid at the rate of \_\_\_\_\_ pesos (MXN \_\_\_\_\_) per (hour/annually) and will be subject to an annual review. Such payments shall be subject to normal mandatory deductions by the Employer.

### **Benefits**

In addition, the Employee will be eligible to participate in bonuses and other employee benefit plans established by the Company for its employees from time to time. More details on these benefits will be provided under separate cover. The Employee is eligible for company benefits after 90 days of trial.

### ***Probationary Period***

It is understood and agreed that the first 90 days of employment shall constitute a probationary period. During this probationary period, the Employee is not eligible for paid time off or other benefits.

Though termed a probationary period, the Employer retains the right to exercise at will employment at any time and may terminate the Employee at any time without notice or cause.

### ***Paid Time Off***

The Employee is not eligible for any kind of leave until the 90-day probationary period has been passed successfully.

The Employee shall be entitled to the following paid time off:

- Vacation time in the amount of 7 days per year
- Sick leave is provided in the amount of 5 days
- Waktu C&C S. de. R. L. also provides Bereavement leave if needed.

The Employer reserves the right to change or otherwise modify, in its sole discretion, any paid time off policies.

### ***At-Will Employment***

While we look forward to a long and profitable relationship, you will be an at-will employee of the Employer, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without prior notice and with or without cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this contract) should be regarded by you as ineffective.

The Employee may at any time terminate this contract and employment by giving not less than 30 days' written notice to the Employer. The Employee agrees to return any and all property of the Employer at the time of termination.

Should the Employer terminate the Employee any time after the 90-day probationary period has ended, severance is to be paid in the amount of one week per year worked.

### ***Non-Competition Covenant & Confidentiality***

As an Employee of the Employer, you will have access to certain confidential information of the Employer and you may, during the course of your employment, develop certain information or inventions that will be the property of the Employer. You may not disclose this information outside of the Company. We also wish to impress upon you that we do not want you to, and we hereby direct

you not to, bring with you any confidential or proprietary material of any former employer or to violate any other obligations you may have to any former employer.

To protect the interests of the Employer, you will need to sign the Employer's standard "Confidentiality and Intellectual Property Assignment Agreement" as a condition of your employment.

During the period that you render services to the Employer, you agree to not engage in any employment, business, or activity that is in any way competitive with the business or proposed business of the Employer. You will disclose to the Employer in writing any other gainful employment, business, or activity that you are currently associated with or participate in that competes with the Employer. You will not assist any other person or organization in competing with the Employer or in preparing to engage in competition with the business or proposed business of the Employer.

More details will be provided in the Employer's "Confidentiality and Intellectual Property Assignment Agreement" under separate cover.

Furthermore, it is agreed that following the termination of the employee's employment with the Employer for any reason, the Employee shall not hire or attempt to hire any current employees of Waktu C&C C & C S. de. R. L.

It is further acknowledged and agreed that following termination of the Employee's employment with the Employer for any reason, the Employee shall not solicit business from current clients or clients who have retained the Employer during the prior 12-month period.

### ***Integration***

This contract contains the entire agreement between the parties, superseding in all respects any and all prior oral or written agreements or understandings pertaining to the employment of the Employee by the Employer and shall be amended or modified only by written instrument signed by both of the parties hereto.

### ***Severability of Contract***

The parties hereto agree that in the event any article or part thereof of this contract is held to be unenforceable or invalid, then said article or part shall be struck, and all remaining provisions shall remain in full force and effect.

### ***Choice of Law***

This contract shall be governed, interpreted, and construed in accordance with the laws of the State of Mexico.

If you decide to accept this Employment Contract, please sign in the space indicated. Your signature will acknowledge that you have read, understood and agreed to the terms and conditions of this agreement.

IN WITNESS WHEREOF the Employer has caused this contract to be executed by its duly authorized officers and the Employee has agreed as of the date first above written.

SIGNED, SEALED, AND DELIVERED in the presence of:

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Name of Employee Date

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Owner/CEO Date