

Envision's Wind Projects Environmental and Social Review Summary

1. General Information and Overview of Scope of IDB Invest E&S Review

The Project prepared three Environmental Impact Assessments (EIA's), one for each windfarm, that were submitted to the corresponding environmental authorities for each province: (i) "Organismo Provincial para el Desarrollo Sostenible de la Provincia de Buenos Aires" for Parque Eólico García del Río (approved on November 15, 2011) and for Parque Eólico Vientos del Secano (approved on November 4, 2015) and; (ii) "Secretaría de Estado de Ambiente y Desarrollo Sostenible" for Parque Eólico Los Meandros in the Province of Neuquén (approved in May 12, 2014). In August 2018, Envision presented an addendum for each EIA, taking in consideration modifications in the equipment selected and in windfarms' layouts.

The energy generated by the Project will be sold to the Compañía Administradora del Mercado Mayorista Eléctrico (CAMMESA) under a 20-year power purchase agreement (PPA) with coverage provided by the Fondo para el Desarrollo de Energías Renovables ("FODER") Trust, a trust set up by the Ministerio de Energía y Minería, with a partial credit guarantee from the World Bank (WB). This guaranty from the WB requires the compliance with the Performance Standards of the International Financial Corporation (IFC).

The Environmental and Social Due Diligence (ESDD) site visit was carried out between January 22nd and 25th, 2018, with the participation of representatives and consultants of the owner company (Envision Energy), the independent engineering and environmental and social consultants for IDB Invest (Mott MacDonald), technical, environmental and social consultants for the sponsor company and the IDB Invest project team. Several meetings were held with local authorities and stakeholders for each of the windfarms, in the cities of Bahía Blanca, Neuquén, and some local communities. After the visit, periodic meetings have been held remotely with representatives and consultants of the company and IDB Invest's environmental and social consultants.

The present ESRS is based on the information gathered during the site visit and subsequently provided by the company. An Environmental and Social Due Diligence Report was prepared by Mott McDonald, dated April 2018 and subsequently updated.

- 2. Environmental and Social Categorization and Rationale.** According to the IDB Invest's Environmental and Social Sustainability Policy, the Project was classified as a Category B (medium risk), since its potential environmental and social adverse risks and impacts are few in number, generally site specific, largely reversible and readily addressed through mitigation measures.

The IFC Performance Standards triggered by this operation are the following:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention

- Performance Standard 4: Community Health, Safety and Security
- Performance Standard 7: Indigenous Peoples

3. Environmental and Social Context.

Two of the projects are located in the Province of Buenos Aires: García del Río and Vientos del Secano.

The García del Río windfarm is the smallest of the four parks, located in a rural area, close to the town with the same name, about 40 km north of the city of Bahía Blanca. The land is not suitable for agricultural production, but can be used for cattle grazing with medium-low productivity. The labor requirements for this type of production is small, resulting in a low population density in the area.

Vientos del Secano is close to the town of mayor Buratovich, about 90 km south of the city of Bahía Blanca. The land has scarce vegetation, where the environment transitions from the “pampa” to the “Patagonia”, with a lower level of humidity and harsher climate condition. The main production is sheep grazing and the population density is also low.

Los Meandros is located in the Province of Neuquen, about 90 km west of the city of Neuquen, and 30 km northeast of the city of Cutral-Co. This area is characterized as a semi-desert, suitable for low density animal grazing, particularly goats and sheep, and abundant oil production. The windfarm lies between two oilfields on a high plateau. Population in the near area is almost null.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

- a. E&S Assessment and Management System. The company presented an Environmental and Social Management System (ESMS), in line with ISO 14001 requirements (without certification). The ESMS was reviewed by IDB Invest’s E&S consultants finding it in general satisfactory, noting some improvements to be made which were included in the Environmental and Social Action Plan (ESAP).
- b. Policy. Envision has a Compliance and Business Ethics Committee with the duty of preparing and publishing policies, rules and regulations in relation to compliance and business ethics for the company. The company has developed a series of policies covering different aspects of the endeavor, such as:
 - Environmental, Health and Safety Value and Policy
 - Human Resources Policies and Procedures
 - Social Communication Policy
 - Internal Audit Policy
 - Gifts and Benefits Policy
- c. Identification of Risks and Impacts. The main environmental, social, health and safety (ESHS) risks and impacts for the construction stage of the Project are, among others the following:

- work-related safety (handling heavy loads, work at heights, electric charge, etc.);
- traffic safety (transportation of heavy machinery and equipment, construction materials and people);
- handling solid and liquid waste;
- dust and air emissions;
- noise and vibration;
- spills;
- erosion;
- camp site management;
- community engagement, health and safety
- presence of indigenous populations; and
- possible archeological and paleontological findings.

The main risks at the operation stage are:

- potential bird and bat mortality due to collision with turbines and electrocution with transmission lines;
- visual and landscape impacts, including shadow flicker effect;
- noise from mechanical and aerodynamic movement.

d. Management Programs. The ESMS comprises a set of policies and procedures that cover environmental and social aspects, health and safety and labor issues. The procedures also cover the evaluation and monitoring of suppliers and contractors. One of the main documents is the EHS Plan for each of the windfarms. The EHS Plan is backed up by several specific procedures that give greater information on the perceived risk and the standard mitigations that are in place for those known risks. These include, among others, the following:

- EHS Induction (Site safety orientation training)
- Minimum EHS Training Requirements
- EHS Commitment and Organization Chart
- Job Safety Analysis
- Lock Out, Tag Out Procedure
- Confined Space Entry Procedure
- Hot Work Procedure
- Accident Investigation Procedure
- Chemical Management
- Hazardous Substance Handling
- Waste Management
- Water Use Management
- Energy Use Management
- Suppliers and Contractors E&S Assessment
- Suppliers and Contractors E&S Monitoring
- Stakeholder Identification and Characterization
- Community Grievance
- Archeological and Paleontological Findings
- EHS Audit Checklist

The procedures are site specific, when corresponding.

- e. **Organizational Capacity and Competency.** The Environmental, Health and Safety (EHS) Plan states the responsibilities within the organization. The head-quarter (HQ) EHS Manager is responsible for the development and approval of Country and Project specific procedures, ensure the audit program is carried out in an appropriate manner, assist in the investigations of serious accidents, formulate training programs and support each Project management in the implementation of these plans. In turn, each Project has a management structure headed by a Project Manager and supported by a Site Manager and a Site EHS Manager to attend all aspects of workplace health and safety, and environmental protection. Project management is responsible for ensuring that: (i) all policies and procedures are followed; (ii) training programs are executed; (iii) safety measures are in place; (iv) emergency procedures are adequate; (v) suppliers and contractors are aligned with all E&S provisions; (vi) inspection and monitoring programs are carried out and records are kept; (vii) corrective actions are implemented; and (viii) fluent communications with stakeholders and authorities are maintained.
- f. **Emergency Preparedness and Response.** The Emergency Preparedness Plan is part of the EHS Plan, and covers topics such as:
- Training
 - Emergency Equipment
 - Fire Prevention and Fire Fighting Equipment
 - Spill Response
 - First Aid Kits
 - Chemical and Oil Spills
 - Weather Related Emergencies
 - Confined Space Rescue
 - Rescue from Heights

The plan and its periodic review are responsibility of the HQ EHS Manager and is site specific identifying equipment requirements, on-site response needs and outside emergency resources.

- g. **Monitoring and Review.** The EHS Plan requires weekly and monthly EHS inspections. Audits are conducted on a quarterly basis. All inspections and audits are recorded and reviewed jointly by Project management with the contractors. The Incident Management procedure establishes criteria to: (i) identify, (ii) classify, (iii) report and communicate, (iv) investigate, and (v) review and follow all incidents. This process enables the identification of corrective actions and opportunities for improvement.

The procedure for Continuous Improvement, Non-Conformities and Corrective Actions also describes the process to assign responsibilities, generate records and monitor improvements.

- h. **Stakeholder Engagement.**
- i. **Stakeholder Mapping/Analysis and Engagement Planning.** A site specific Stakeholder Engagement Plan was developed for each site including a stakeholder mapping for each of the sites. The following aspects were taken into consideration:
- Who might be negatively affected by the environmental and social impacts in the area of influence of the Project.

- Who are the most vulnerable people among the potentially affected and how can a relationship be established.
- In what stage of the Project will they be most affected.
- What is their interest in the Project.

A community participation plan was defined taking in consideration the information obtained in the stakeholder mapping. This plan considers mitigation measures and is part of a community relations program, which is reviewed periodically.

- ii. Disclosure of Information. The process of disclosure of information was carried out in Bahía Blanca for the García del Río project in April 5th, 2017 and in October 18th, 2017; in Mayor Buratovich for the Vientos del Secano project in October 17th, 2017; and in the village of Villa Arroyito for the Los Meandros project on October 18th, 2017. In addition, several meetings took place to address disclosure to indigenous peoples, which are detailed in section 3.7 below.

- i. External Communication and Grievance Mechanisms

- i. External Communications. The person responsible for coordinating relations with the community oversees the external communications. These responsibilities include:

- Register affected parties.
- Maintain communications channels with affected communities.
- Inform working schedules and preventive measures to reduce disturbance.
- Inform about the Project and respond inquiries and concerns.
- Manage grievance mechanism, register claims and follow up on solutions.
- Attend to press inquiries.

Each project will use a combination of mailbox, telephone and email address to receive inquiries, and will publicize the available communication channels through brochures, institutional media, press and the company's web page.

- ii. Grievance Mechanism for Affected Communities. The grievance mechanisms are site specific, taking in consideration de context of each windfarm and the possible impacts on the local population and other stakeholders. All claims are replied within 15 working days by the communication coordinator with support from the technical areas. The replies must be comprehensible for the affected party. All contractors are required to submit all claims to the Company.

In the event the reply is not satisfactory to the affected parties, the Company seeks alternative methods which may involve third party involvement, mediation or conciliation, with the possibility of resorting to judicial and administrative mechanisms.

4.2 Labor and Working Conditions

- a. Working Conditions and Management of Worker Relationships. The Human Resources Manual of Policies and Procedures aims at establishing constructive relationships between workers and the Company and provide fair treatment and safe and healthy working conditions for workers. It also applies for workers hired by third parties and workers in the supply chain of the Company.

The manual covers the basic principles of human resources management such as:

- Selection process.
 - Induction process and training.
 - Salaries and compensations.
 - Performance evaluation.
 - Social security and health coverage
 - Communication of workers' rights including collective agreements.
 - Workers organizations.
 - Protection of female workers.
 - Legal employment of minors.
 - Termination of employment.
 - Grievance mechanism.
- b. Protecting the Workforce.
- i. Child Labor. According to Argentine law, minors between the ages of 16 and 18 may work provided that: (i) they do not perform tasks that may be deemed dangerous, (ii) they must work reduced time schedules, (iii) they are properly supervised at all times, and (iv) they are submitted to periodic health controls. In practice, no minors are hired in this type of job. However, Envision does not hire nor allow contractors to hire minors.
 - ii. Forced Labor. Hiring forced labor is against the law and the company policy.
- c. Occupational Health and Safety. The EHS Plan, as described above, is one of the main components of the ESMS. This document, together with the complementary procedures and the provision included in the Manual of Policies and Procedures for Human Resources cover all aspects of occupational health and safety.
- d. Workers Engaged by Third Parties. All provisions established in the ESMS for Envision apply also for third parties. The Suppliers and Contractors E&S Assessment procedures specify criteria for selecting and approving these third parties. Contractors and subcontractors are subject to an environmental and social assessment before hiring and must present an E&S management plan according to the task to perform, that must be validated by Envision. All workers must go through an induction process before beginning working in the windfarms, and a refresher training every six months. During the life of the contract there are periodic performance evaluations of the contractors.

4.3 Resource Efficiency and Pollution Prevention

- a. Resource Efficiency
- i. Greenhouse Gases. The three windfarms are expected to generate 485 GWh annually, avoiding the emission of about 375,000 tons of CO₂ per year.
 - ii. Water and energy consumption. The procedures for Water Use Management and Energy Use Management aim at establishing actions tending to decrease the consumption of water and electrical energy. These procedures call for the formulation of strategies for saving water and energy, promoting its implementation with contractors and training personnel.

- b. Pollution Prevention.
 - i. Wastes. The Waste Management procedure establishes policies, procedures and responsibilities for classification of waste and selection of service providers for transporting and treating wastes. The classification involves recyclable, non-recyclable, hazardous, special and pathogenic wastes. The procedure establishes the auditing requirements for waste transport and treatment service providers.
 - ii. Hazardous Materials Management. The Chemical Management Program is specific for Envision turbines and includes the method for informing employees of chemical hazards and provide guidance for their use. The Chemical Management Program establishes a chemical management approval and tracking process for all chemicals from when they first arrive at the site, through their storage and use at the site, to their ultimate disposition or disposal. The Hazard Communication Program for Envision turbines, as well as the Wind Farm Waste Management Guides define the requirements of hazardous material container labeling. The Site EHS Managers must verify that any chemical use on site is not on the Prohibited Chemicals List.

4.4 Community Health, Safety and Security

- a. Community Health and Safety. Windfarm layout includes adequate setback distances to avoid blade and ice throw risks. Air safety was checked with the relevant authorities. Noise and shadow flicker studies carried out to assess potential effects on local populations concluded that all effects are within acceptable levels. The Stakeholder Engagement Plan contemplates consultation and grievance mechanisms to attend community concerns.

During construction, a traffic safety plan for each windfarm will be in place for the transport components of the wind turbines and associated facilities.
- b. Security Personnel. Unarmed third party security personnel will be hired to control access to the windfarms and must comply with the Suppliers and Contractors requirements.

4.5 Land Acquisition and Involuntary Resettlement

There are no land acquisitions. In all cases, long term leases were agreed with private landowners. The price paid for the land adequately compensates the production loss, mainly cattle grazing with low to medium productivity. There are no resettlements of people or economic activities.

4.6 Biodiversity Conservation and Natural Habitats

- a. General. None of the windfarms is in or near a protected area. However, at least two protected bird species may be found in the windfarm sites located in the Province of Buenos Aires: *Chloephaga rubidiceps* and *Sturnella defilippii*. In addition, certain species of birds of prey may be particularly threatened in the case of Los Meandros.
- b. Protection and Conservation of Biodiversity. During the preparation of the EIAs for the three windfarms the survey methodologies employed were insufficient to collect baseline data on birds and bats, particularly for migratory species. The company is performing additional measurements and is required to provide adequate monitoring and mitigation plans, as stated in the ESAP.

- c. Modified, Natural and Critical Habitat. All the area of the windfarms is modified by long term activities of livestock breeding (cattle and sheep). There are no natural areas, not intervened or critical habitats.

4.7 Indigenous Peoples

In the cases of García del Río and Vientos del Secano, both in the Province of Buenos Aires, no indigenous populations were identified in the area of influence of the windfarms. Consultations were made to the Instituto Nacional de Asuntos Indígenas (INAI), a government agency, and to representatives of the Consejo de Participación Indígena (CPI), which represent the indigenous community interests. In both cases the reply indicated that there were no indigenous groups identified in the corresponding areas.

In the case of Los Meandros windfarm in the Province of Neuquén, the CPI representatives confirmed that there were no indigenous groups directly affected by the windfarm, although they are present in the area. During the environmental and social due diligence, IDB Invest together with Envision representatives and external consultants met with members of the CPI. Further meetings were organized by the Sponsor to inform local communities about the project.

4.8 Cultural Heritage

The EIA's and complementary studies carried out did not identify any archeological or paleontological findings in the lands of the windfarms. However, in the case of Los Meandros, paleontological remains were found in the proximity of Cutral Co, about 30 km away from the windfarm location. This site is considered of low archeological potential and certain areas are considered of high paleontological potential. Garcia del Rio and Vientos del Secano are both considered of low archeological and paleontological potential.

The archeological and paleontological findings procedure developed by the Company will be applied to all the sites. This procedure involves all workers, specially contractors, and requires interrupting all work in the area immediately in the event of a finding, and consulting experts before resuming any movement.

5. Environmental and Social Action Plan (attached)