

**ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY (ESRS)  
VILLANUEVA I & III AND DON JOSÉ SOLAR PROJECTS, MEXICO**

**1. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures**

**1.1 Assessment and Management of Environmental and Social Risks and Impacts**

**1.1.a. E&S Assessment and Management System**

Each Sponsor will revise/develop a specific ESMS for their Project, to include: (i) the organizational structure, including the roles and responsibilities of the environmental and social, and industrial and occupational health and safety, departments; (ii) the profiles of the personnel in each department (contracted and yet to be contracted); (iii) details of how the system is implemented for the Project; (iv) protocols for information management; (v) protocols for decision making; (vi) protocols for the control and monitoring of the implementation of the environmental management actions of the EMP (or Environmental Surveillance Program - ESP); (vii) protocols for the evaluation and continuous improvement of the system; and (viii) protocols to ensure the fulfilment of the implementation of the social, environmental, industrial safety and occupational health plans part of the ESMS, by the contractors and sub-contractors, of each Project (ESAP [Action 1.1](#)).

**1.1.b. Policy**

ENEL Green Power, S.P.A., has an Environmental, Social, Health and Safety (ESHS) overarching policy. However, this policy -or its implementation procedures- should indicate who, within the client's organization, will ensure conformance with the policy and be responsible for its execution, and also how this policy will be communicated to all levels of its organization. In this context, each Sponsor, will: (i) revise its ESHS Policy to indicate who, within the client's organization, will ensure conformance with the policy and be responsible for its execution; and (ii) create a mechanism to communicate the policy and measure continuous improvement in its implementation (ESAP [Action 1.2](#)).

**1.1.c. Identification of Risks and Impacts**

According to the National Environmental Law (LGEEPA, for its acronym in Spanish), both projects require an Environmental Impact Authorization ("Env. Authorization"), before construction.

Based on this requirement, on September 12, 2016, the Sponsor of the DJ SPV Project, filed before the Federal Delegation of the Ministry of Environment and Natural Resources ("SEMARNAT" for its acronym Spanish) in Guanajuato, an Environmental Impact Statement (MIA, for its acronym in Spanish) in order to obtain the corresponding Env. Authorization for DJ SPV Project; by means of the official communication GTO.-131.1.1/0180/2017, dated February 28, 2017 this Federal Delegation of SEMARNAT in Guanajuato granted such Env. Authorization, with the following relevant conditions:

- This Env. Authorization does not authorize the modification of the natural conditions of the unnamed stream (above referred to in) nor any construction works or activities on federal zones as well as the installation of aerial transmission lines.

- Obtain the corresponding Forestry Land Use Change Authorization (CUSTF<sup>1</sup>, for its acronym in Spanish), filing a Technical Justification Study (*Estudio Técnico Justificativo*) upon the Federal Delegation of SEMARNAT in Guanajuato.

In addition to the above MIA and to complete the DJ SPV Project works, the DJ SPV Sponsor issued among the Federal Delegation of SEMARNAT in Guanajuato, two new environmental technical reports, requesting the following exceptions resolution to obtain an Env. Authorization: (i) Electric Transmission line Don Jose; and (ii) Alternative route of Electric Transmission line Don Jose; these projects were granted their exemption resolution<sup>2</sup>.

However, the MIA and the two environmental technical reports described, above were granted in favor of Mas Energía S. de R.L. de C.V., not in favor of Don Jose SPV. Independently of the corporate relationship between this SPV and Mas Energía, all the Environmental Authorization granted, shall be assigned by Mas Energía in favor of the Don Jose SPV (ESAP [Action 1.3](#)).

In the case of the VN I&III SPV Project, on January 16, 2017, the Sponsor filed before the General Direction of Environmental Impact and Risk (“DGIRA”) of SEMARNAT, two new MIAs, one for each Project (independent of the ones mentioned above). By means of the official communications SGPA/DGIRA/DG.01856 and SGPA/DGIRA/DG.01857, both dated March 13, 2017, the DGIRA granted both Projects Villanueva I&III SPV (respectively), with their own Env. Authorization<sup>3</sup>, with the following relevant conditions:

- File before the Delegation of SEMARNAT and the Delegation of the Environmental Protection Federal Attorney (PROFEPA) in Coahuila, an Environmental Surveillance Program and appoint a technician responsible of the compliance with the terms and conditions established in the Env. Authorization.
- File before PROFEPA Coahuila a Closing and Environmental Restoration Program.

In addition to the above MIAs for each of the VN I&III SPV Projects, these Sponsors issued additional Env. Authorizations for: (i) the construction and operation of the access road to the Electric Substation Villanueva; (ii) the construction and operation of the principal access road of Villanueva I and (iii) the rehabilitation of the north access road to Villanueva I; all were granted by the Ministry of Environment of the State of Coahuila (SEMA, for its acronym in Spanish).

As noted above, since the execution and operation of each Project is dynamic, a continuous update of the environmental and social risk matrix is necessary for each project and its phases (ESAP [Action 1.3](#)).

#### *Social Impact Regulations of the Electric Industry Law*

Also, by request of the Electrical Industry Law<sup>4</sup>, both Projects filed before the Ministry of Energy (“SENER” for its acronym in Spanish) the Social Impact Assessment Manifest (“EVIS” for its acronym

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<sup>1</sup> *Cambio de Uso de Suelo en Terrenos Forestales* – CUSTF; required by the General Law of Sustainable Forestry Development (Ley General de Desarrollo Forestal Sustentable – LGDFS); DOF, 10-05-2016.

<sup>2</sup> For the projects “Transmission line Don Jose” and “Alternative route of Electric Transmission line Don Jose”; by means of Estudio Técnico Justificativo dated May 15<sup>th</sup>, 2017 were granted their exemption.

<sup>3</sup> For this case, the MIAs and the corresponding Env. Authorization were granted to each VN I&III SPV Sponsor.

<sup>4</sup> “*Ley de la Industria Eléctrica*”; Decree whereby the Electricity Industry Law, the Geothermal Energy Law are issued and various provisions of the National Waters Law are added and amended; DOF, 11-08-2014.

in Spanish), and SENER granted both Project the EVIS approval and confirmed that no prior consultation process will be required<sup>5</sup>.

#### 1.1.d. Management Programs

Each MIA contains its Environmental Management Plan (EMP), also referred as Environmental Surveillance Program (ESP), with mitigation and compensation measures to address each environmental impact, negative and positive, of greater importance.

As requested in the Env. Authorizations, each Sponsor was requested to provide, both the local SEMARNAT Delegation and the PROFEPA, additional information, which included: (i) of an Environmental Surveillance Program (ESP), (ii) Integral management of wastes program, (iii) Relocation and rescue of wildlife program, (iv) Economic technical study and (v) Relocation and rescue of wild flora program. This additional information and other required specifically in each Env. Authorization, were provided accordingly.

However, due to the dynamics of both projects, each Sponsor will provide an updated matrix of legal permits and certifications associated with ESHS issues handled by suppliers of the Project (for example, material extraction from quarries, water use concession, non-hazardous and hazardous waste storage, transportation and/or disposal, etc.), which includes authorizing governmental entity, dates, responsible party or organizational chart, and communication and compliance procedures (ESAP [Action 1.4](#)).

The EPC contractor(s) for construction of each Project has not yet been chosen. ENEL GP states that all contracts with companies that will supply services to them, have also to abide by the requirements of the Environmental Authorizations. The Sponsors will therefore provide the EMP of all its construction contractors, which will contain a commitment to adhere to both the Environmental Authorization and the Project's EMP, Social Management Plan (SMP) and Health and Safety Management System (HSE). Similarly, the Sponsor will provide the operations phase contractor EMP (ESAP [Action 1.5](#)).

#### 1.1.e. Organizational Capacity and Competency

ENEL Green Power, has a technical and management team based in each Project area and responsible for the management of environmental, social and health and safety issues. However, as prescribed by the MIAs studies a dedicated environmental unit will be created for the Project, and it will be responsible for planning, implementing and monitoring all the required environment, social and health & safety related actions. Therefore, the Client will structure this unit to ensure adequate human and financial resources, within the ESMS (ESAP [Action 1.1](#)), and appoint and maintain for each Project site, throughout construction and operation, a qualified on-site Environmental Manager and an Occupational Health and Safety (OHS) Manager, for each one to report directly to their correspondent Site Manager, with independent reporting lines to Corporate Management (ESAP [Action 1.6](#)).

#### 1.1.f. Emergency Preparedness and Response

It is understood that these Emergency Preparedness and Response (EPR) Plans by Project, are currently in place (observed during site visit to each Project). However, each Sponsor should develop

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<sup>5</sup> DJ SPV Project was granted approval by means of the official communication 117.-DEIS.371/17 dated March 15, 2017; VN I&III SPV Project, were granted approval by means of the official communication 117.-DEIS.234/17 and 117.DEIS.235/17 (respectively), both dated February 21, 2017.

a detailed and site specific EPR Plan or Contingency Plan, with a set of specific pre-established procedures for coordination, alert, mobilization and response to the occurrence or imminence of a particular event, such as: (i) natural hazards e.g. earthquakes, hurricanes and/or tropical storms, flooding and storm surge, electric storms, etc.; and (ii) fire, oil or fuel spills, and workers and guest accidents<sup>6</sup>. Therefore, each Sponsor will commission an updated, detailed and site specific EPR Plan (Contingency Plan), to minimize risk to employees and guests in the case of natural disasters or technological danger, with the contact information of the appropriate and relevant collaborative third parties (ESAP [Action 1.7](#)).

#### 1.1.g. Monitoring and Review

Each Sponsor is responsible to ensure the implementation of the monitoring and control plans described in the Project's original EMP and complemented through the Environmental Surveillance Program (ESP). The EMP and ESP for each Project, includes a series of monitoring measures, both for the construction and operations phase. However, each Sponsor will develop a set of key performance indicators to be monitored to measure the effectiveness of the EMP and ESP, as well as all the applicable legal and contractual obligations during the construction and operations phases (ESAP [Action 1.8](#)). Finally, an Independent Environmental and Social Consultant (IESC) is required to periodically prepare a consolidated report addressing the compliance status of all environmental, social, health, safety and labor policies (ESAP [Action 1.9](#)).

#### 1.1.h. Stakeholder Engagement

##### *1.1.h.i Stakeholder Analysis and Engagement Planning*

It is understood that the local community are consulted regularly as part of the Creating Shared Value (CSV) program. However, as is detailed within the EVIS, there is a commitment to completing a Social Management Plan (SMP) which should detail the process for community engagement (ESAP [Action 1.10](#))<sup>7</sup>. Therefore, it is recommended that this CSV program is developed further to include ongoing benefit to the community during the operational phase of the Project (ESAP [Action 1.11](#)) and that a formal mechanism is also implemented for recording community grievances (see [Section 1.1.i](#)).

This Stakeholder Engagement Plan should incorporate the following: (i) Identification of all stakeholders and affected communities that may be interested in the Project; (ii) Include differentiated measures to allow the effective participation of disadvantaged or vulnerable groups; (iii) Ensure community representatives represent the views of affected communities; (iv) Detail how information is disclosed to stakeholders; (v) Detail the engagement process between affected communities<sup>8</sup>.

##### *1.1.h.ii Disclosure of Information and Consultation*

During the development and consultation processes of both the Don Jose and Villanueva I and III project MIA's, the information and documentation of these studies were available according to the national environmental law (Art. 34 of the LGEEPA<sup>9</sup>). Note that under this applicable regulation, the

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<sup>6</sup> As stated in paragraph 2 above natural disasters such as earthquakes, fires, floods and electric storms might pose very limited risks to both projects.

<sup>7</sup> The Sponsor has committed to a Created Share Value plan which outlines the community engagement actions.

<sup>8</sup> The Sponsor has committed to a Social Impact Assessment ("EVIS") which outlines the above mentioned activities.

<sup>9</sup> Ley General del Equilibrio Ecológico y la Protección al Ambiente – LGEEPA, DOF, 28-01-1988; última reforma: DOF, 24-01-2017

sponsor of a MIA is obliged to publish a summary of the MIA in a local newspaper of each State in which the corresponding project is intended to be developed within the five days following the filing of the MIA, in order that any third party that may be affected by the project may request access to the project file and may request a public consultation process.

On this regard, for the DJ SPV Project the Client publish the MIA's summary in El Heraldo de León on September 15, 2016 and informed so to SEMARNAT on September 19, 2016. For the VN I & III SPV Projects, the Client published the MIA's summary in Vanguardia Mx and Zócalo Saltillo, both local newspaper of the State of Coahuila on January 19, 2017, and informed so to SEMARNAT.

Both Projects, complied with their consultation process required by law and documented the scope, methodologies and results within the EVIS for each Project. As mentioned before, both EVIS were approved by SENER and confirmed that no prior consultation process will be required.

#### 1.1.i. External Communication and Grievance Mechanisms

As mentioned above, although the Sponsors have consulted regularly the community within the projects influence areas, as part of the Creating Shared Value (CSV) program; in addition, an internal and external communications and grievance mechanism should be in place. The Sponsors are required to document both internal and external communications detailing how information is received from their workers and/or the public, how the issues are assessed, how responses are provided and tracked and any adjustments to the management program. Therefore, the Sponsors should provide the following:

- Provide: (i) copies of the Internal Grievance Mechanism (for direct workers, contractors and subcontractors) and the External Grievance Mechanism (communities and/or owners within the indirect area of influence, with potential impact or interest) for the construction phase; and (ii) copies of the evidences of its implementation. This grievance mechanism should include details of how these complaints are recorded, investigated / evaluated and the follow-up and closure / resolution process (ESAP [Action 1.12](#)).
- Provide a similar Grievance Mechanism, both internal and external, for during operation (ESAP [Action 1.13](#)).

### 1.2 Labor and Working Conditions

#### 1.2.a. Working Conditions and Management of Worker Relationships

##### *1.2.a.i Human Resources Policies and Procedures*

The Sponsosr will develop a Human Resource (HR) Policies and associated procedures for each Project. The HR Policy and its procedures will include, inter alia, promotion of gender equality and non-discrimination, equal opportunities, fair treatment, adequate working conditions and terms of employment agreements, notice of dismissal and severance payments, as well as a Code of Conduct (or Ethics Code) for the Sponsors workers (ESAP [Action 2.1](#)). The Sponsors will ensure that its EPC contractors and sub-contractors also abide by its HR Policy and procedures in accordance to IFC Performance Standard 02 (ESAP [Action 2.2](#)).

##### *1.2.a.i Working Conditions and Terms of Employment*

The Sponsors will provide: a) The procedures adopted for contractors for the hiring and firing of workers (ESAP [Action 2.2](#)); b) A reasonable working conditions and terms of employment agreement

for workers (ESAP [Action 2.3](#)); and, c) A coexistence manual (rulebook) for workers, contractors and sub-contractors (ESAP [Action 2.4](#)).

#### 1.2.b. Occupational Health and Safety

The Sponsors will update the EMP to include: (i) the identification of possible risks to the health and safety of the workers according to the job that they do; (ii) details of the preventative and protective measures implemented, worker trainings, and daily safety briefings mentioned during the site visit and (iii) a copy of the reports developed in the event of an incident or occupational accident. The EMP will also contain a procedure to notify emergency response services and local law enforcement about any major accident or fatality (ESAP [Action 2.5](#)). Also, this mechanism shall provide a procedure to notify, emergency response entities, local law enforcement, and the Bank, about any major accident or fatality (ESAP [Action 2.6](#)).

#### 1.2.c. Supply Chain

The Sponsors will develop a procedure for managing and monitoring the performance of its primary suppliers as well as for workers engaged by third parties (ESAP [Action 2.7](#)).

### 1.3 Resource Efficiency and Pollution Prevention

#### 1.3.a. Resource Efficiency

##### 1.3.a.i Water Consumption

Freshwater demand for the cleaning process of the SPV Panels will be required; but specific amount and frequency is still unavailable. This need for water can be of significant importance, especially since both Projects are located in Municipalities with water withdraw closure ("*veda de agua subterránea*") by the local authority (CONAGUA), so the supply of said resource could cause future conflicts. Therefore, the Client shall provide a program for water efficiency for each project, that includes: (i) analysis of demand; (ii) frequency and types of use; (iii) measures for efficient use and monitoring (ESAP [Action 3.1](#)).

#### 1.3.b. Pollution Prevention

##### 1.3.b.i Air Quality

Air quality impacts from emissions from construction vehicles and the creation of airborne dust during site clearing are identified within the MIA and Environmental Management Plan (EMP). However, no evidence of dust suppression was noted at the site; although, grass is now growing in the areas where ground clearance has previously taken place and the main access roads have been surfaced with crushed rock which reduces the potential impact.

Because there are a number of residential properties surrounding the Projects and its access roads, mainly for the DJ SPV Project, the Sponsor is required to minimize the release of pollutants such as airborne dust and exhaust gases during the implementation of the Project. To address the potential impact on air quality it is recommended that the existing EMP is developed further to consider the following (ESAP [Action 3.2](#)): (i) Pre-construction ambient conditions; (ii) The capacity of the environment to absorb pollutants; (iii) Future land use impacts; (iv) The impact on biodiversity; and (v) The impact on affected communities and workers.



### *1.3.b.ii Noise*

As mentioned above in Air Quality, in the DJ SPV Project, there are a number of residential properties in close proximity to the site and the noise impact during the construction and operation phase should be considered. Although, the Sponsor has confirmed that baseline noise levels have been monitored as part of the MIA application process, it is recommended that noise levels at identified sensitive receptors are assessed as part of ongoing construction monitoring requirements and during the operational phase of operation.

Therefore, it is recommended that the Sponsors develop a day-time and night-time baseline noise levels from any identified sensitive receptors during construction and operations. It is mandatory to comply with the national standards for noise<sup>10</sup>, but also recommended that the noise limits recommended within IFC guidance are applied at any nearby sensitive receptors. The noise monitoring procedure is required to be documented and included within an updated EMP (ESAP [Action 3.3](#)).

Should any noise issues or complaints arise during construction or operation, mitigation can include implementation of sound proofing barriers to reduce noise emissions. As further outlined in [Section 1.1.i](#) a community grievance mechanism must also be maintained throughout construction and operation to record and respond to noise complaints.

### *1.3.b.iii Solid Waste and Hazardous Materials Management*

Construction and O&M will generate both solid (e.g. inert materials such as metal, paper, plastic, etc. as well as sanitary waste from portable toilets) and hazardous waste (e.g. oil, grease, paint, etc.). Therefore, the Sponsors provided with the Integral Wastes Management Program of Don Jose, dated April 2017, in compliance to the official communication GTO.-131.1.1/0180/2017.

However, according to the national environmental legislation, for both projects, DJ SPV and VN I&III SPV, a hazardous wastes registration as hazardous wastes generator, as well as evidence of the proper management of the wastes generated by each project, should be presented (ESAP [Action 3.4](#)).

### *1.3.b.iv Water and Wastewater Treatment*

A wastewater management plan has been provided by the Sponsors detailing the appropriate handling measures, in order to prevent pollution of surface and ground water. All sanitary wastewater and oily wastewater generated during construction of the Projects will be collected and shipped off-site for treatment and disposal at a licensed facility. The client will adopt the principles of “duty of care” for off-site disposal of wastes including procedures for verifying the fate of materials removed from site.

On the other hand, the Sponsors have confirmed that an assessment of the drainage requirements for the undeveloped area of the site are currently ongoing. On completion of this assessment, a detailed erosion control plan should be developed and a detailed drainage design process completed (ESAP [Action 3.5](#)), including, appropriate drainage network (collection ponds, drainage, drainage lines properly sized to the appropriate outlets), both surface or underground (crossing roads or infrastructure) with sufficient capacity to avoid flood risk and erosion/sedimentation during rainy seasons, both within the projects properties and of the neighboring land holdings and community.

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<sup>10</sup> NOM-081-ECOL.1994 and its modification agreements.

#### 1.3.b.v Pesticide Use and Management (PUM)

The Sponsors will use pesticides only to the extent necessary to achieve the Project objectives under an integrated pest management and integrated vector management (IPM/IVM) strategy, and only after other pest management practices have failed or proven inefficient. The Sponsors will formulate and implement an Integrated Pest Management (IPM) and/or Integrated Vector Management (IVM) approach for pest management activities (ESAP [Action 3.6](#)).

### 1.4 Community Health, Safety and Security

#### 1.4.a. Community Health and Safety

No Community Health and Safety Plan has been provided for review. Therefore, the Sponsors shall develop a Community Health and Safety Plan, considering the outcome of both the environmental assessment (“Manifestacion de Impacto Ambiental”) and the social assessment (“Evaluacion Impacto Social”), as a priority to ensure impacts on the surrounding community are minimized for the remainder of the construction phase and into the operations phase (ESAP [Action 4.1](#)). This is particularly important with regard to the nearby residential properties, and to those community members adjacent and using the public access road to the Project area (especially for the DJ SPV Project).

Although, during the site visit, signage at the entrance to the site prohibiting unauthorized access was identified, and a security fence surrounds the majority of the site were implemented (however gaps in fencing were identified at points), appropriate measures should be in place to ensure no unauthorized access to the construction site can be obtained.

Also, increased traffic in this isolated area both during construction and operation is an issue that requires consultation with local authorities regarding routing, road rehabilitation, calendar, road safety measures such as signposting, speed controls, etc.

It is understood that no specific construction traffic management plan exists, however that there is a general understanding that delivery vehicles cannot leave the site compound without supervision from banksmen. There is also an agreement that public roads near schools are not to be used at the start and the end of the school day. Limited warning signs were identified during the sit visit on the public road leading to the site entrance. Therefore, it is recommended that a formal traffic impact management plan is documented and communicated as part of the stakeholder engagement procedure, especially during the construction phase, but also including the operation phase and its vehicular composition (ESAP [Action 4.1](#)).

#### 1.4.b. Emergency Preparedness and Response

No Emergency Preparedness and Response Plans (EPRP) have been described. Therefore, the Sponsors will develop a site-specific and final EPRP containing, inter alia: i) a quantitative risk analysis to local communities during the operational phase; ii) update of the EPRP for the operation phase; iii) monitoring of migratory pressure and options to mitigate impacts to local communities (ESAP [Action 4.2](#)).

#### 1.4.c. Security Personnel

A security procedure and training details have been provided which defines the responsibilities and authority of security personnel present on site. While this provides a description of security procedures and training of personnel, further details are required to demonstrate compliance with PS4. Therefore, the Client shall provide copy of the contract between them and the security company



or companies to verify, among other aspects, that provisions have been included that permit the client, to: i) carry out reasonable investigations to ensure that security personnel do not have police records, or have been implicated in previous cases of abuse; ii) details of required training regarding use of force; iii) restrictions in the use of firearms; and iv) details of training in environmental awareness (ESAP [Action 4.3](#)).

## 1.5 Land Acquisition and Involuntary Resettlement

As mentioned before, the DJ SPV Project will occupy an area of approx. 1,121 ha for the SPV Plant, which are divided in approx. 17 landowners, and an area of approx. 20 ha. for the 9.7 km transmission line. On the other hand, the whole 2,500 ha (approx.) for the VN I&III SPV Project, are located in the common parcels of the Ejido of San Juan de Villanueva, which is integrated by 57 members who are represented by the members of the Ejido Commissary and Surveillance Commission of such Ejido.

The land lease agreements with landowner(s) for both Projects, mainly for the SPV Plants, have been reviewed and are considered to be appropriate and in accordance with the current market for solar development in Mexico.

However, in the case of the transmission line for the DJ SPV Project, the land use contracts are understood to be in process but have not been finalized (approximately 15 contracts). Therefore, the Sponsor shall provide copies of all the land lease agreements with each landowners of those properties that will be affected by this transmission line (ESAP [Action 5.1](#)), and this way provide evidence of the necessary land for the interconnection.

## 1.6 Biodiversity Conservation and Natural Habitats

In accordance with national legislation (LGEEPA, LGVS<sup>11</sup> and NOM-059-SEMARNAT-2010<sup>12</sup>), there is a requirement for the Project to determine any flora or fauna species that are endangered, threatened or subject to special protection.

Due to the fact that within the Projects, there were identified the presence of flora species listed under the category of “Endangered” (species *Glandulicactus uncinatus*, in the VN I&III SPV) and of “Special Protection” or of slow growing (LCDR) (species *Echinocactus horzonthalonius*, *Ferocactus hamatacanthus*, *Mammillaria lasiacantha*, and *Mammillaria pottsii*, in the VN I&III SPV, and species *Ferocactus histrix*, in the DJ SPV), “as well as fauna species under the “Threatened” (*Pituophis deppei*, in the DJ SPV), “Endemic” and “Special Protection” (species of *Uma Exsul*, in VN I&III SPV, and *Sceloporus grammicus*, *Kinostemon integrum* and *Crotalus molossus*, in the DJ SPV) categories, the removal of any flora or fauna species will be carried out in accordance with site specific flora and fauna relocation plans<sup>13</sup>, in both cases each plan was developed and executed by SESCA (experience and authorized national service provider).

However, it was not clear the extent of the period covered after the construction phase. Therefore, it is recommended that a program of post construction monitoring and maintenance plan of the re-

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<sup>11</sup> Ley General de Vida Silvestre – LGVS.

<sup>12</sup> Such species are categorized under the Mexican Official Standard NOM-059-SEMARNAT-2010, Environmental protection-Native Mexican Species of wild flora and wildlife- Categories in risk and specifications for its inclusion, exclusion or change-list of species in danger (“*Protección ambiental-Especies nativas de México de flora y fauna silvestres-Categorías de riesgo y especificaciones para su inclusión, exclusión o cambio-Lista de especies en riesgo.*”)

<sup>13</sup> Programa de Rescate y Reubicación de especies de Flora con estatus de Conservación and Programa de Rescate y Reubicación de Fauna Silvestre.

planted areas is developed and maintained as part of the operational phase of the Project (ESAP [Action 6.1](#)).

#### 1.6.a. Protection and Conservation of Biodiversity

According to the conditions of the MIA for the DJ SPV Project, the Sponsor should present an environmental impact approval to carry out the forestry land use change in a surface of 284.7219 hectares. The Sponsor provided the Technical Justification Study (*Estudio Técnico Justificativo*) (required for obtaining the CUSTF), indicating a surface of approx. 284.7219 hectares subject to forestry vegetation removal for the development of the DJ SPV Project, authorized with Oficio No. GTO.131.1.2/0669/17 dated October 13<sup>rd</sup>, 2017 and received by the Sponsor on October 23<sup>rd</sup>, 2017. It's important to mention that the CUSTF approvals for the CN I&III SPV Project, were granted by the SEMARNAT<sup>14</sup>.

### 1.7 Cultural Heritage

For the DJ SPV Project, on July 27, 2016, the Delegation of the National Institute of Anthropology and History ("INAH" for its acronym in Spanish) in Guanajuato granted the Sponsor, by means of the official communication number 8111/391.5/2016, the clearance of the projects property with a surface of 1,095.9 hectares, from any archeological vestiges. Also, on August 22, 2017 the INAH granted to DJ SPV Project, by means of the official communication number 8111/339.5/2017, the clearance of Don Jose's Transmission line from any archeological vestiges.

For the VN I&III Projects, on November 9, 2016 the Delegation of INAH in Coahuila issued in the name of Villanueva I and III the official Communication numbers 401.F(4)19.2016/CIC/488 and 401.F(4)19.2016/CIC/487, respectively, in the name of each project, granting the clearance of any archeological vestige. Also, on November 22, 2016 the Delegation of INAH in Coahuila issued the official communication number 401.f (4)19.2016/CIC/511, granting Villanueva I&III SPV the clearance of the Electric Substation Villanueva Project, from any archeological vestige.

According to theses communications described above, any of the Sponsors must comply with the following guidelines:

- Prior to executing any construction work involving excavation activities, the Sponsor shall file the construction project to INAH and request INAH's supervision for such works.
- Any modification to DJ SPV or VN I&II Project, modifying the surface already inspected by INAH shall be informed to INAH for its analysis and review.
- Communicate to INAH any finding of archaeological or paleontological vestiges within the Don Jose Property or transmission line. Works must be suspended in such event; however, if during works, any element were found by the Sponsors personnel, these elements must be delivered to INAH.

From the above guidelines, it's clear that a chance find procedure is required to be prepared by the Client and shared with the construction company (ESAP [Action 8.1](#)).

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<sup>14</sup> By the official communication number SGPA-UARN/782/COAH/2017, dated June 6, 2017, and the official communication number SGPA-UARN/587/COAH/2017, dated May 8, 2017, both issued by the Federal Delegation of SEMARNAT in Coahuila, VN I&III SPV were granted approval (respectively).