

Environmental and Social Review Summary (ESRS) LA MATA – Colombia

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1. General Information of the Project and Overview of Scope of IDB Invest’s Review

The transaction proposes to finance the La Mata solar power project in Colombia (the “Project”), which involves the construction and operation of an 80-megawatt alternating current (“MWac”) power plant and a 115 kilovolt (“kV”), 924-meter transmission line in the municipality of La Gloria, department of César. The solar plant will be composed of 198,720 solar modules and 48 inverters. The Project is in the preconstruction stage, with a secured interconnection, a secured site, and advanced environmental approvals. Construction is scheduled to begin in the third quarter of 2022 and to last 10 months.

The Project Sponsor is Solarpack (the “Company”), one of the first pure solar photovoltaic (“PV”) developers and independent power producers in Spain. Solarpack was awarded a 15-year Power Purchase Agreement (“PPA”) in the Third Long Term Contract Auction organized by the Colombian Mines and Energy Ministry in 2021, and will act as the developer, operator, and Engineering, Procurement, and Construction (“EPC”) contractor for the Project.

The Project will help government efforts to diversify the Colombian energy matrix with Non-Conventional Renewable Energy sources, increasing system resilience particularly during dry seasons, and to reduce greenhouse gas emissions.

2. Environmental and Social Categorization and Rationale

The Project has been classified as Category B, pursuant to the IDB Invest Environmental and Social Sustainability Policy (“ESSP”), because it may cause, among others, the following risks and impacts: i) supply chain labor risks; ii) occupational health and safety risks; iii) soil impacts (erosion); iv) waste; v) community health and safety (traffic) impacts; vi) biodiversity impacts (loss of vegetation cover and fauna habitats); and vi) cultural heritage impacts. These impacts are deemed to be of medium intensity and will be managed through a series of measures to prevent, mitigate, or compensate such impacts.

The Project has triggered the following Performance Standards (“PS”): i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; iv) PS4: Community Health, Safety and Security; v) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and vi) PS8: Cultural Heritage.

Since the Project does not involve the acquisition of any land (and thus involuntary resettlement) and no indigenous communities will be affected by the proposed activities, PS5: Land Acquisition and Involuntary Resettlement and PS7: Indigenous Peoples have not been triggered.

3. Environmental and Social Context

3.1 General Characteristics of the Project's Site

The Project site is in the Andean and Caribbean region in the northeast of Colombia, in the department of César, municipality of La Gloria, district of Planadas. The dominant ecosystem in the region is dry forest, but most of this ecosystem has been altered by human activities. The region is dominated by livestock pastures and agricultural fields interrupted by small, isolated strips of intervened primary forest. Most of the land in the Project's Area of Influence ("AOI") is pastures (749.12 ha, or 87.93%), with the rest being gallery forests (83.44 ha, or 9.79%).

The nearest population centers to the Project site are Ayacucho and La Mata. Ayacucho has approximately 3,500 inhabitants living in approximately 600 houses with an average of five people per household. The greatest need is employment, with 70% of the population either unemployed or with informal work. La Mata has approximately 1,800 inhabitants living in 420 homes with an average of 7 people per household. The greatest needs are public aqueduct service and employment. There are 29 properties within the Project's AOI. The Project site itself, however, is located within a single 215.71 ha property known as Jericó, a 30-year lease for which has been obtained by Solarpack. The transmission line will require easements to cross two additional properties.

3.2 Contextual Risks

Conflict-related deaths in Colombia peaked at 4,592 in 2001 and have steadily declined since then. When the Colombian government reached a peace deal with the peasant-based guerilla movement Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*, or "FARC") in 2016, deaths were already down to 38. They reached a low of 34 in the following year, in June of which FARC turned over their weapons. Deaths have increased slightly since then, reaching 168 in 2020.¹

There have been 18 conflict-related deaths in the municipality of La Gloria since 1989, all of which involved a separate guerilla group, the National Liberation Army (*Ejército de Liberación Nacional*, or "ELN"). Of these, two occurred in Ayacucho, both of which were ELN guerillas killed by the Colombian government in 2000. The only deaths that have occurred in the municipality since 2001 were three ELN guerillas killed by the Colombian government in Besote in 2018.² ELN was not a party to the Colombian government's peace deal with FARC in 2016. They declared a ceasefire in March 2020 due to the coronavirus, however, and reportedly lost approximately 700 combatants that year, reducing their numbers to approximately 2,500 by January 2021.³

¹ [UCDP - Uppsala Conflict Data Program \(uu.se\).](#)

² [UCDP - Uppsala Conflict Data Program \(uu.se\).](#)

³ [Colombia's illegal armed groups lost more than 5,000 members in 2020 -military commander \(yahoo.com\).](#)

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

4.1 Assessment and Management of Environmental and Social Risks

4.1.a E&S Assessment and Management System

Solarpack has an Integrated Management System (“IMS”) that is certified according to the following International Organization for Standardization (“ISO”) standards: i) ISO 9001 (Quality Management System); ii) ISO 14001 (Environmental Management System); and iii) ISO 45001 (Occupational Health and Safety Management System). Solarpack’s Occupational Health and Safety Management System (*Sistema de Gestión de la Seguridad y Salud en el Trabajo*, or SGSST) is specific to Colombia and is described in the Company’s Solarpack Colombia SGSST Manual.

Solarpack has Environmental Management Plan Guidelines (*Directrices Plan de Gestión Ambiental*, or PGA Guidelines) that establish the methodology required by the Company and its contractors to define, plan, and control environmental management during the execution of a project. The PGA Guidelines cover the following key elements of an effective Environmental and Social Management System: i) policies (including codes of ethics); ii) identification of risks and impacts; iii) environmental prevention and mitigation measures (i.e., management programs); iv) organizational chart and responsibilities; v) contingencies programs (i.e., emergency preparedness and response); and vi) environmental monitoring and measurement. It also includes sections on documentation, legal and other requirements, training, and management of non-conformities. The section on environmental prevention and mitigation measures includes subsections on: i) resource consumption; ii) atmospheric emissions; iii) noise; iv) soils and groundwater; v) waste; vi) fauna and flora; vii) archaeological remains; and viii) landscape impacts.

Solarpack will incorporate social elements (stakeholder engagement, external communications and grievance mechanisms, and ongoing reporting to affected communities) into the Project’s Environmental and Social Management System (*Plan de Gestión Ambiental y Social*, or “PGAS”).

4.1.b Policy

Solarpack has the following corporate policies and codes of ethics: i) Risk Control and Management Policy; ii) General Sustainability Policy; iii) Environmental Policy; iv) Health and Safety Policy; v) Corporate Tax Policy; vi) Quality Policy; vii) Human Rights Policy; viii) Social Action Policy; ix) Code of Ethics; x) Code of Ethics for Suppliers; and xi) Policy Against Corruption and Fraud. All these documents are available in English and Spanish on Solarpack’s corporate website.⁴

4.1.c Identification of Risks and Impacts

Solarpack conducted an Environmental Impact Assessment (*Estudio de Impact Ambiental*, or “EIA”) for the Project.⁵ The EIA covers both the solar plant and transmission line. The Regional Autonomous

⁴ [Policies and Codes of Ethics - Solarpack](#).

⁵ “Proyecto Planta Solar Fotovoltaica ‘PV La Mata’ 80 MW y su Línea de Conexión a la Subestación Ayacucho (La Gloria-Cesar),” TC Proyectos y Consultorías, July 2021.

Corporation of Cesar (*Corporación Autónoma Regional de Cesar*, or “CORPOCESAR”) approved the EIA and issued the Project’s Environmental License in December 2021.⁶ The EIA includes an impact assessment and an environmental zoning assessment. The latter include assessments of: i) areas of special ecological importance; ii) management and planning instruments; iii) environmental recovery areas; iv) natural risk areas; and v) areas of social importance. The assessment resulted in the identification of 73.41 ha (8.62%) of the AOI as fragile (gallery forests, mostly along waterways), 39.57 ha (4.64%) as highly sensitive, and 738.99 ha (86.74%) as moderately sensitive.

4.1.c.i Direct and indirect impacts and risks

The impact assessment in the Project EIA evaluates the interactions between 28 impacts (10 abiotic, 7 biotic, and 11 socioeconomic) and 26 activities (12 solar park construction, 5 transmission line construction, 7 operations, and 2 decommissioning). The analysis resulted in 308 interactions, 206 of which were assessed to be negative and 102 to be positive. The assessment then evaluates the nature (negative or positive) and magnitude of the 28 impacts, considering all their interactions. The evaluation assessed 21 of the impacts as negative and 5 as positive. None of the negative impacts were assessed to be critical, two were assessed to be severe (loss of vegetation cover and change in vegetation cover), 18 to be moderate, and two to be negligible. One of the positive impacts was assessed to be very important (reliability in the national electric system) and four to be important.

4.1.c.ii Analysis of alternatives

In addition to the proposed Project, the Project’s EIA assesses a no action alternative. This assessment considered the following 12 human activities in the Project’s AOI: i) human settlements; ii) agricultural activities; iii) ranching activities; iv) selective logging of species; v) hunting, commercialization, and/or domestication of wildlife; vi) vehicular traffic and road infrastructure; vii) water capture and usage; viii) wastewater disposal; ix) solid waste generation and disposal; x) agricultural wastewater discharge into surface waterways (runoff); xi) activities related to the hydrocarbon sector; and xii) activities related to electrical networks (energy transmission). It evaluated the interactions between these activities and 22 impacts (10 abiotic, 4 biotic, and 8 socioeconomic and cultural). The assessment identified 104 negative interactions (5 severe, 64 moderate, and 35 negligible) and 25 positive interactions (18 important and 7 minor).

4.1.c.iii Cumulative impact analysis

The Project’s EIA assesses whether each of the Project’s 28 identified impacts make a negative or positive contribution to the cumulative impacts of the Project and the current human activities in the Project’s AOI, which are listed in the description of the assessment of the no action alternative above.

⁶ Resolución No. 0633, December 28, 2021.

4.1.c.iv Gender risks

There is a significant gender gap, defined as the differential and unequal access to economic, political participation, educational, and occupational opportunities based on sex or gender, in Latin America and the Caribbean. This gap is reinforced by pervasive cultural norms regarding acceptable roles for men and women and is exacerbated by weak legal protections and/or inadequate social response. The gender gap leads to gender discrimination, unequal access to public services, educational differentials, pay and labor gaps, and lagging political participation rates. The gender gap index for Colombia (0.73) is tied with three other countries for 12th out of 26 countries in region⁷.

Gender-based violence and harassment (GBVH) is also a significant problem in Latin America and the Caribbean, which has the highest rate in the world. Brazil, Mexico, Argentina, Peru, El Salvador, and Bolivia represent 81% of global cases. Twelve women are murdered a day in the region. In Central America, two of every three women killed is because of their gender (i.e., femicide), and the perpetrator is a partner or former partner in half of these cases. There were 182 reported femicides in Colombia in 2020, which was the fifth most in the region⁸. GBVH in Latin America has been exacerbated by the COVID-19 pandemic, as indicated by a significant increase in phone calls to domestic abuse hotlines in many countries in the region⁹.

No Project-specific gender risks or impacts have been identified. The Project's Community Relations Plan nevertheless includes activities to increase the participation of women, as workers and local suppliers, in the Project.

4.1.c.v Climate change exposure

IDB Invest's assessment of physical risk exposure indicates that the Project is moderately exposed to earthquakes. In terms of hazards that may be exacerbated by climate change, there is a moderate to high exposure to heatwaves considering historic trends and high exposure under both a more pessimistic (RCP 8.5) and a more optimistic (RCP 4.5) scenarios towards the end of the century¹⁰. There is also a moderate exposure to droughts, with such exposure increasing by 25% under the more pessimistic scenario. There is a moderate exposure to changes in rainfall patterns under two climate models, and exposure to riverine flooding towards the northwest of the Project site.

Transition risk exposure is considered low as the Project directly contributes to the decarbonization of the energy grid in Colombia.

⁷ • [Gender gap index in Latin America 2021 | Statista](#).

⁸ • [Number of femicides in Latin America by country 2019 | Statista](#).

⁹ • [COVID-19: rise of gender violence in Latin America | Statista](#).

¹⁰ Representative Concentration Pathways (RCPs) 8.5 and 4.5 are stabilization scenarios in which the radiative forcing level stabilizes at 8.5 or 4.5 W/m², respectively, before 2100 by employment of a range of technologies and strategies for reducing greenhouse gas emissions.

4.1.d Management Programs

The Project's EIA includes an Environmental Management Plan (*Plan de Manejo Ambiental*, or PMA) that consists of the following subprograms: i) solid waste and excavations materials management; ii) geotechnical stability conservation and restoration; iii) landscape management; iv) emissions and noise management; v) waterbodies management; vi) groundwater management; vii) wastewater management; viii) construction materials procurement and management; ix) access road management; x) electromagnetic fields and electrical inductions emissions management; xi) vegetation removal and stripping management; xii) fauna rescue and management; xiii) flora management; xiv) epiphyte rescue, transfer, and relocation; xv) community information/participation; xvi) management of petitions, grievances, claims, and suggestions (*peticiones, quejas, reclamos, sugerencias*, or "PQRS"); xvii) education and training; xviii) contracting of local labor; xix) mobility intervention management; xx) preventive archaeology. The EIA also includes a Monitoring Plan (*Plan de Seguimiento y Monitoreo*, or PSM) that covers each of the subprograms in the PMA. In addition, the EIA includes a Risk Management Plan (*Plan de Gestión del Riesgo*), Decommissioning Plan (*Plan de Desmantelamiento y Abandono*), and Biodiversity Compensation Plan (*Plan de Compensación por Pérdida de Biodiversidad*).

4.1.e Organizational Capacity and Competency

Solarpack's PGA Guidelines indicate that its projects have an Occupational Health and Safety (OHS) Manager and Environmental and Community Relations Manager that report directly to the Site Managers (*Jefes de Obra*), who report directly to the Project Manager (*Jefe de Proyecto*). An OHS Inspector and Archaeologist report to the OHS Technician and OHS Supervisors and OHS Technicians report to the OHS Inspector.

During the preconstruction phase in June 2022, the Project had the following environmental and social ("E&S") staff: i) environmental management and community relations specialist; ii) occupational health and safety ("OHS") specialist; iii) on-site social support professional; and iv) office-based OHS specialist.

4.1.f Emergency Preparedness and Response

The Project's Risk Management Plan includes a risk assessment that identifies, assesses the probability of, and assesses the potential consequences of the following unanticipated events that could pose a risk to the Project (i.e., emergencies) during construction, operations, and/or decommissioning: i) seismic events; ii) mass removal; iii) floods; iv) biological risks; v) grease, dielectric oil, fuel, and/or chemical product spills; vi) fires/explosions; vii) occupational accidents; viii) electric shock (operations only); ix) domestic sewage and hazardous liquid waste spills (construction and operations only); x) falling towers; xi) crime; and xii) potential damage to road infrastructure, public property or third parties. The results of the assessment find that the highest risks are mass removal and tower collapse. The plan includes measures to mitigate these risks.

The Risk Management Plan also includes a contingency plan that describes procedures to responding to emergencies. This subplan includes procedures to classify emergencies, roles and responsibilities, a training program, a simulation program, evacuation procedures, and procedures

for specific types of emergencies. It also includes the addresses and phone numbers of local emergency service providers and procedures for disclosing and socializing the plan, including to local communities and authorities.

4.1.g Monitoring and Review

As mentioned above, the Project's EIA includes a Monitoring Plan (*Plan de Seguimiento y Monitoreo*, or PSM) that covers each of the subprograms in the PMA. In addition, the Project's Environmental License states that Solarpack is required to conduct permanent environmental monitoring and provide Environmental Compliance Reports to CORPOCESAR every six months.

4.1.h Stakeholder Engagement

Solarpack's Social Action Policy describes the following Company commitments: i) supporting local communities (through access to clean energy and boosting economic development through education); ii) promotion and awareness-raising on sustainable development; iii) promoting social awareness among employees; iv) communication as a key element of social development; v) stakeholder engagement; and vi) partnerships with other institutions. The Company's mechanisms of social action are: i) creating local employment; ii) providing training; iii) collaborating with foundations and non-profit organizations; iv) developing social welfare initiatives; v) making donations to companies and foundations with shared values; and vi) activities to raise awareness of sustainable development.

The Project's Community Information/Participation Subprogram indicates that the Project will hold meetings with local communities prior to construction, quarterly during and at the end of construction, biannually during operations, and before and after decommissioning. Meetings will be announced eight days in advance, will provide information in a culturally appropriate manner, will address community concerns identified through the PQRS (i.e., grievance) mechanism, and will be documented via agreements and photographs.

The Project is currently developing a Community Relations Plan for the Project. The draft plan includes a preliminary map of stakeholders and describes three social programs. The first is stakeholder engagement, which consists of: i) engagement with employees, contractors, and suppliers; ii) engagement with institutions and authorities; iii) engagement with communities; and iv) public risk security alerts. The second program is education and consists of: i) labor certifications; and ii) environmental education. The third program is community strengthening and consists of: i) business strengthening (generation of local employment and development of local providers); and ii) organizational strengthening (generation of organizational capacity, community infrastructure improvement, and community environmental oversight). The plan also includes a description of the Project's Internal (i.e., worker) and External (i.e., community) Grievance Mechanisms.

4.1.h.i Disclosure of information

The Project's Community Information-Participation Subprogram indicates that the Project will provide information to local communities and other stakeholders via written communications and through a website.

4.1.h.ii Informed Consultation and Participation

The Project's Community Information/Participation Subprogram indicates that the Project will hold meetings with local communities prior to construction, quarterly during and at the end of construction, biannually during operations, and before and after decommissioning. Meetings will be announced eight days in advance, will provide information in a culturally appropriate manner, will address community concerns identified through the community grievance (PQRS) mechanism, and will be documented via agreements and photographs. These consultation activities will be further developed in the Project's Community Relations Plan.

Solarpack held two public consultation meetings in May 2022. The first, in Ayacucho, was attended by 126 people, and the second, in La Mata, was attended by 35 people.

4.1.h.iii Indigenous Peoples

The Project is not located near any indigenous communities and is not anticipated to impact any Indigenous Peoples.

4.1.h.iv Private sector responsibilities under government-led stakeholder engagement

Stakeholder engagement is the sole responsibility of the Client. No Government-led stakeholder engagement has taken place or is envisioned to take place.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External communication

As described in the Project's Community Information/Participation Subprogram, the Project's external communications will consist of stakeholder meetings, written communications, and development of a website with information on the Project.

4.1.i.ii Community grievance mechanism

The Project has developed a Petitions, Grievances, Claims, and Suggestions (*Peticiones, Quejas, Reclamos y Sugerencias*, or "PQRS") mechanism to receive grievances from local communities and other stakeholders verbally (during stakeholder meetings), by telephone, in writing, and by e-mail. The mechanism allows for the reception of anonymous grievances. Solarpack has developed a grievance matrix to record and track the receipt, assessment, and resolution of all grievances received through the mechanism. The mechanism is also described as an External Grievance Mechanism in the Project's draft Community Relations Plan.

4.1.i.iii Provisions for addressing vulnerable groups' grievances

The Project's External Grievance Mechanism includes multiple methods of access to ensure that vulnerable groups can utilize the system. Solarpack will develop procedures to publicize the mechanism to local communities, including vulnerable groups, in its final Community Relations Plan.

4.1.j Ongoing Reporting to Affected Communities

Solarpack publishes an annual Sustainability Report that is publicly available in the ESG section of its corporate website. The most recent (2021) report includes sections on: i) Solarpack's value proposition; ii) sustainability as a cross-cutting issue (including a description of the Company's 2021-2023 Strategic ESG Plan, relationship with stakeholders, materiality analysis, and 2030 Agenda); iii) corporate governance; iv) environmental performance (including climate action, circular economy and waste management, and biodiversity); v) social management (including health and safety, human resources, and equality and diversity); and vi) sustainable value chains. It also includes a list Task Force on Climate-Related Financial Disclosures ("TCFD") and Global Reporting Initiative ("GRI") indicators and an independent verification report as annexes.

Solarpack will provide relevant Project-specific information to affected communities via regular meetings, written communications, and development of a website with information on the Project.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

4.2.a.i Human resources policies and procedures

Solarpack has an Employee Manual (*Manual de Empleado*) that describes the Company's human resource policies and procedures, including regarding: i) working hours; ii) timesheets; iii) vacations and holidays; iv) sick leave; v) other absences; vi) salaries, payroll, and remuneration; vii) reimbursement of travel expenses; viii) accident insurance; ix) curriculum vitae; and x) use of Company equipment.

Solarpack is also in the process of developing an Internal Work Regulation (*Reglamento Interno de Trabajo*) that will provide additional details on these topics and will require approval by the Government of Colombia.

4.2.a.ii Working conditions and terms of employment

Solarpack is developing an Internal Work Regulation to include information on working conditions and terms of employment with its workers. The contracts for the Project's current contractor in charge of preconstruction activities, Savia Ambiental, comply with Colombian labor regulations.

4.2.a.iii Workers' organizations

The Project does not currently have any workers that are members of a union. Solarpack's Human Rights Policy, however, states that the Company respects the rights of workers to join, form, or associate themselves with a trade union without fear of reprisal, intimidation, or harassment. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to respect the freedom of association and collective bargaining of its employees.

4.2.a.iv Non-discrimination and equal opportunity

Solarpack's Human Rights Policy states that the Company provides equal opportunity and equal treatment to eliminate discrimination on the grounds of race, color, gender, sexual orientation, gender identity, religion, nationality, political opinion, disability, age, or any other status of individuals not related to their ability to perform their job. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to treat all employees with dignity and respect and refrain from any form of discrimination or harassment based on religious, political, or trade union beliefs, race, nationality, language, gender, marital status, social origin, age, or disability.

4.2.a.v Retrenchment

Solarpack's Employee Manual includes procedures for the voluntary and involuntary termination of employment of workers. The Internal Work Regulation will also include information on worker retrenchment.

4.2.a.vi Grievance mechanism

Solarpack has a worker grievance mechanism (*Canal de Denuncias*) that describes: i) what types of grievances can be received (broadly defined); ii) who can lodge a grievance (all personal associated with Solarpack); iii) how to access the mechanism (in person or by e-mail); iv) what information is required to lodge a grievance; v) investigation procedures; and vi) reporting and documentation. The mechanism is open to all Project workers, including contractors.

4.2.b Protecting the Workforce

4.2.b.i Child labor

Solarpack's Human Rights Policy rejects child labor as well as any other conduct affecting people's rights. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to eradicate all forms of child labor

4.2.b.ii Forced labor

Solarpack's Human Rights Policy rejects forced or compulsory labor as well as any other conduct affecting people's rights. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to eliminate all forms of forced labor.

4.2.c Occupational Health and Safety

Solarpack's Health and Safety Policy consists of the following basic principles: i) establishment of a management system to optimize performance; ii) mitigation of health and safety risks; iii) fostering awareness and a preventive culture; iv) providing a safe working environment; v) compliance with applicable legislation and other commitments; vi) involved employees; vii) involved contractors; and viii) commitment to implement the policy.

As mentioned above, Solarpack has an Occupational Health and Safety Management System (SGSST) with an ISO 45001 certification. The SGSST covers all activities related to the Company's solar projects, including promotion, design, construction, and maintenance. Its objective is the prevention of occupational accidents and illnesses, as well as the protection and promotion of the health of workers and contractors. The system has procedures for continuous improvement according to the Plan-Do-Check-Act cycle.

Solarpack will develop an Occupational Health and Safety ("OHS") Plan for the Project.

4.2.d Provisions for People with Disabilities

Solarpack's Human Rights Policy states that the Company provides equal opportunity and equal treatment to eliminate discrimination on the grounds of disability. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to treat all employees with dignity and respect and refrain from any form of discrimination or harassment based on disability.

4.2.e Workers Engaged by Third Parties

Solarpack's Human Rights Policy states that the Company promotes the adoption of human rights commitments and extends them to contractors, monitoring their compliance with established human rights commitments.

Solarpack has Minimum Environmental and OHS Requirements for Subcontractors that is specific to Colombia. The document includes requirements for: i) EHS plans and documentation; ii) access control; iii) EHS personnel; iv) induction and training; v) work execution; vi) incidents; vii) EHS indicators; and viii) sanctions. The section on work execution has subsections on: i) work front organization; ii) work risk analysis; iii) personal protective equipment; iv) work permits; v) equipment and tool control; vi) inspections; vii) work maintenance (use of vehicles, order and cleanliness; signage, and welfare and service areas); viii) emergency management; and ix) high risk activities.

4.2.f Supply Chain

Solarpack's Human Rights Policy states that the Company promotes the adoption of human rights commitments and extends them to suppliers, monitoring their compliance with established human rights commitments.

Solarpack has a Supplier Approval procedure that includes procedures to vet suppliers prior to their utilization, monitoring their performance, and removing them for poor performance. Performance indicators include environmental, health and safety, and corporate social responsibility ("CSR") criteria.

Solarpack has a Supplier Code of Conduct that prohibits child and forced labor and must be signed by its suppliers. The Company has supply chain management procedures guided by international standards, including the Organisation for Economic Co-operation and Development ("OECD") Guidance for Responsible Business Conduct and the United Nations Guiding Principles on Human Rights. The Company also conducts integrity due diligence prior to entering a contractual relationship with any third party. In addition, the Company is: i) updating its contracts to include specific provisions related to forced labor in the solar supply chain; ii) working with specialist consultants on a broader strategy to ensure traceability in the downstream supply chain; iii) collaborating with peers in the industry to understand their approach and create collective pressure on the supply chain to ensure compliance; and iv) working with current solar module suppliers on a sustainable supply strategy to further mitigate the risk of forced labor.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

Greenhouse gas emissions during construction will be limited to fuel combustion from Project vehicles and machinery. Greenhouse gas emissions during operations will be negligible.

4.3.a.ii Water Consumption

There are two water wells on the Project site. Neither of these wells, however, will be utilized by the Project. During construction, industrial water will be required for the preparation of concrete, cleaning of solar panels, watering of work areas to reduce dust, watering of vegetation, and the improvement, construction, and maintenance of access roads. Industrial water will be sourced from municipal aqueducts and/or authorized distributors and transported to the site by tanker trucks. The Project's EIA estimates that 43.2 m³ of water will be required to prepare the 288 m³ of concrete required for construction of the six transmission line towers.

A small amount of potable water will also be required for human consumption and other domestic needs. Potable water will be purchased in large bottles.

During operations, demineralized water will be needed to clean the solar panels, which will occur approximately twice a year. This water will be obtained from specialized service providers and transported to the site by tanker trucks.

4.3.b Pollution Prevention

The Project's Emissions and Noise Management Subprogram includes measures to reduce dust and vehicle emissions, including covering of truck cargo, proper vehicle maintenance, speed limits, and watering of dirt roads. It also includes measures to limit noise emissions, including vehicle and equipment maintenance and limiting working hours.

4.3.b.i Wastes

The Project's Solid Waste and Excavation Materials Management Subprogram indicates that the Project site will contain receptacles for recyclable waste (plastic, cardboard, glass, paper, and metals), compostable organic waste, and non-recyclable waste, including hazardous waste. The subprogram includes procedures for the collection, temporary storage, collection, transportation, and final disposal of each of these types of solid waste. The subprogram also includes procedures for the treatment and reuse of excavated sediment and disposal of any sediment that cannot be reutilized.

The Project will not generate any non-domestic wastewater. Regarding domestic wastewater, portable toilets will be utilized during construction. There will be one toilet for every 15 workers, with separate toilets for female workers. The toilets will be cleaned two or three times a week and the waste will be disposed of by an authorized third party. The procedures for managing these domestic wastewaters are described in the Project's Liquid Waste Management Subprogram.

Measures to prevent the pollution of water bodies during vehicle crossings are described in the Project's Water Bodies Management Subprogram. In addition, the Project's Conservation and Restoration of Geotechnical Stability Subprogram includes measures to mitigate the impacts of erosion from rainwater runoff.

4.3.b.ii Hazardous Materials Management

The only hazardous materials anticipated for the Project are paints, solvents, and oils, lubricants, and fuels required for vehicle and machinery operation and maintenance. Solarpack will develop a Hazardous Materials Management Plan for the safe storage of these materials.

4.3.b.iii Pesticide Use and Management

Solarpack will develop a Pesticide Management Plan for the Project.

4.4 Community Health, Safety, and Security

4.4.a Community Health and Safety

4.4.a.i Infrastructure and equipment design and safety

The Project will utilize the chemical agent Bischofita to stabilize dirt access roads, thereby reducing the generation of dust. The Project's Emissions and Noise Management Subprogram includes additional measures to reduce dust and vehicle emissions, as well as noise emissions, thereby limiting the potential of air and noise emissions to impact local communities.

4.4.a.ii Hazardous materials management and safety

The small amount of hazardous materials to be utilized by the Project are not anticipated to impact local communities. The Project's Solid Waste and Excavation Materials Management Subprogram describes the procedures to be utilized for the collection, labeling, temporary storage, collection, transportation, and final disposal of hazardous wastes.

4.4.a.iii Ecosystem services

The Project's EIA identifies the following provisioning ecosystem services: i) water; ii) wood; iii) livestock (food); iv) agriculture (food); and v) aquaculture and fishing. The users of these ecosystem services are the residents of the district of Planadas (29 people). The Project is assessed to have a medium impact on livestock and agriculture and a low impact on the others. The EIA identifies the following supporting ecosystem services: i) climate and air quality regulation; ii) pollination and seed dispersal; iii) carbon storage and capture; and iv) erosion regulation. The users of the first three are the residents of the district of Planadas, Ayacucho, and La Mata (5,329 people), and for the last just the residents of the district of Planadas (29 people). The Project is assessed to have a medium impact on climate and air quality regulation and a low impact on the others. Finally, the EIA identifies one cultural ecosystem service, which is scenic beauty. The users are the residents of the district of Planadas, Ayacucho, and La Mata (5,329 people). The Project is assessed to have a medium impact on this ecosystem service.

The measures required to mitigate the ecosystem services impacts identified in the EIA have been incorporated into the Project's PMA.

4.4.a.iv Community exposure to disease

The Project intends to contract 100% of non-skilled workers from local communities. In addition, Solarpack has a COVID-19 protocol to limit transmission of the coronavirus and other communicable diseases. As a result, the Project is not anticipated to significantly increase community exposure to disease.

4.4.a.v Emergency preparedness and response

The Project's Risk Management Plan includes a contingency plan that describes procedures to responding to emergencies. This subplan includes procedures for disclosing and socializing the plan, including to local authorities and communities.

4.4.b Security Personnel

Solarpack has a Private Security Company Manual that sets forth the requirements for its security contractors, including regarding quality and environmental certifications, corporate social responsibility, and adherence to the Company's Code of Ethics. Solarpack is currently in the process of negotiating a contract with a company to provide security for the Project site.

Solarpack or its security contractor will develop a Security Management Plan for the Project.

4.5 Land Acquisition and Involuntary Resettlement

The Project will not involve any resettlement. The Project site is a single 215.71 ha property known as Jericó, a 30-year lease for which has been obtained by Solarpack. The property has a single house, storage structure, and water tank, none of which will be impacted by the Project. The transmission line will require easements to cross two additional properties. The easement for the San Luis property will be for 13,045 m² and will be the site of three transmission line towers. The easement for the Villa Ludy property will be for 3,805 m² and will be the site of two transmission line towers.

4.6 Biodiversity Conservation and Natural Habitats

4.6.a General

Biodiversity baseline studies identified the following types of flora land cover in the AOI: i) clean grasslands (749.12 ha, 87.93%); ii) gallery and riparian forest (83.44 ha, 9.79%); iii) yuca agricultural fields (10.30 ha, 1.21%); iv) surface water (4.16 ha, 0.49%); v) weedy (i.e., non-planted) agricultural fields (2.64 ha, 0.31%); vi) urban areas (1.54 ha, 0.18%); and vii) industrial/commercial areas (0.78 ha, 0.09%).

Fauna surveys identified 122 bird species, of which seven are listed in Appendix II of the Convention on International Trade in Endangered Species ("CITES"). One of these is also listed as Near Threatened and a separate species is listed as Least Concern by the International Union for Conservation of Nature ("IUCN"). The latter species is also endemic. The surveys identified 28 mammals, five of which are listed in Appendix II of CITES. A separate species is listed as Vulnerable by the IUCN and by the Colombian Ministry of the Environment and Sustainable Development's Resolution 1912 of 2017. None are endemic. The surveys identified 20 species of amphibians, none of which are listed. It identified 37 species of reptiles, five of which are listed in Appendix II of CITES. One of these is listed as Vulnerable by the IUCN and two others by Resolution 1912. None are endemic. Aquatic surveys identified 5 species of fish, 27 taxa of phytoplankton, 5 taxa of zooplankton, 8 taxa of periphyton, and 12 taxa of benthos.

The Project is currently in the preconstruction phase, which includes the rescue of certain plant species (epiphytes) and the scaring away of fauna by the contractor Savia Ambiental. As of June 2022, Savia Ambiental had rescued approximately 100 epiphytes (which are being cared for at a Project plant nursery before they will eventually be transplanted) and has scared away 104 animals.

4.6.b Protection and Conservation of Biodiversity

4.6.b.i Modified Habitat

Over 90% of the AOI is modified habitat, which takes the form of grasslands, agricultural fields, urban areas, and industrial/commercial areas.

4.6.b.ii Natural and Critical Habitat

Less than 10% of the AOI is natural habitat, which takes the form of gallery forests and small ponds. All the Project's installations will take place within the clean grassland areas. As a result, the Project will not directly impact natural habitat.

In compliance with national legislation, the Project conducted a 100% survey of trees (isolated and in patches in modified grassland habitat) within the Project's footprint. The survey identified 2,897 individuals of 92 species, of which 2,441 trees will need to be removed during construction. The Project will compensate for the loss of these species according to the compensation manual for biodiversity loss, thereby compensating for the affected areas. None of the species are listed by the IUCN or CITES, but five of the species, of which there are 39 individuals, are listed locally. Two are listed as Endangered and one as Vulnerable under Resolution 1912, and two additional species as Near Threatened by the Colombian Red Book of Endangered Timber Species (*Libro Rojo de Especies Maderables Amenazadas*). The Project will compensate for the loss of these species in an area of 164.5 ha, by a compensation factor of 1 for clean pastures and discontinuous urban areas and a factor of 7.75 for riparian forest.

4.6.b.iii Legally protected areas and internationally recognized areas

There are no internationally or nationally protected areas, Important Bird Areas, or Ramsar sites within the AOI. A local conservation and protection area, however, was recently declared by CORPOCESAR.¹¹ This Erosion, Deforestation, and Landslide Environmentally Fragile Zone (*zona de fragilidad ambiental por erosión, deforestación y deslizamiento*) overlaps 49.8% of the AOI.

4.6.b.iv Invasive alien species

No invasive alien species impacts are anticipated for the Project.

¹¹ Radicado No. 20202103038, 24-Mar-2020.

4.6.c Management of Ecosystem Services

As mentioned above, the Project's EIA identifies fishing as a provisioning ecosystem service for residents of the district of Planadas (29 people), and pollination and seed dispersal as a supporting ecosystem service for residents of the district, Ayacucho, and La Mata (5,329 people). The Project is assessed to have a low impact on these ecosystem services, and the measures required to mitigate the impacts identified in the EIA have been incorporated into the Project's PMA.

4.6.d Sustainable Management of Living Natural Resources

The Project will not involve the primary production of living natural resources.

4.6.d.i Supply chain

The Project is not anticipated to purchase any goods or services that could contribute to the conversion of natural habitat.

4.7 Indigenous Peoples

The Project is not located near any indigenous communities and is not anticipated to impact any Indigenous Peoples. The Colombian Ministry of the Interior has certified that the Project is not located near any ethnic communities, collective territories, Afro-descendant communities, or indigenous communities.¹²

4.8 Cultural Heritage

An archaeological survey of the Project site was conducted that included the excavation of 4,900 test pits, none of which contained archaeological resources. The Colombian Institute of Anthropology and History (*Instituto Colombiano de Antropología e Historia*, or "ICANH") thereafter certified that there are no known historic, cultural, or archaeological sites in the Project area.¹³

4.8.a Chance Find Procedures

The Project's Preventive Archaeology Subprogram indicates that a professional archaeologist will monitor all ground-disturbing activities and includes procedures to follow in the event of the inadvertent discovery of archaeological resources (i.e., a chance find). The procedures indicate that all work must stop in the area around the chance find and that it be adequately marked to prevent its further disturbance. ICANH must then be notified, and rescue excavations undertaken by a professional archaeologist under a permit issued by ICAHN.

¹² Certificación No. 0287, 12-Jun-2019.

¹³ Resolución No. 501, 13-Jul-2020.

5. Local Access of Project Documentation

General information on Solarpack's environmental, social, and corporate governance ("ESG") policies and performance can be accessed at the following website: <https://www.solarpack.es/en/esg/corporate-information/sustainability-reports-annual-reports/>.