

Environmental and Social Review Summary (ESRS) Bavaro, Saona and EV Charging Point Project – DOMINICAN REPUBLIC

Original language of the document: Spanish
Issuance date: October 2022

1. General Information of the Project and Scope of IDB Invest's Environmental and Social Review

This transaction (the "Project") consists of financial support to Consorcio Energético Punta Cana - Macao ("CEPM", the "Company", or the "Client"), a subsidiary of Interenergy, for the development of three projects (each, hereinafter, the "subproject") for the generation and distribution of clean energy in the Dominican Republic: (i) the construction of the Photovoltaic Solar Farm ("FV3") in Bávaro plus an associated energy storage system; (ii) the construction of an electric vehicle charging station ("EV Charging Point"), also in Bávaro; and (iii) the construction of an isolated electric generation system in Mano Juan, south of Saona Island.

The Project's environmental and social due diligence ("ESDD") included: i) a review of the technical, environmental, health and safety, and social documentation provided by CEPM; and ii) a site visit to the Company's three subprojects, conducted by a consulting firm hired by IDB Invest.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according with BID Invest's Environmental and Social Sustainability Policy since it will likely generate the following impacts and risks among others: i) occupational risks in the supply chain; ii) occupational health and safety risks; iii) soil erosion; iv) the generation of waste; and v) localized vegetation loss. These impacts and risks are deemed to be of low to medium-low intensity.

The Performance Standards ("PS") triggered by the Project are: PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health, Safety, and Security.

3. Environmental and Social Context

3.1 General Characteristics of the Project's site

Subproject FV3 consists of the expansion of the existing FV1¹ solar farm from a 7.2 megawatt peak ("MWp") to 24.6 MWp of installed capacity and the installation of a battery energy storage system ("BESS") on the AC side to ensure grid load management.

This subproject, whose construction is estimated to last for 12 months, is located approximately 2.5 km from the city of Bávaro, in Altagracia Province, Dominican Republic. It will cover approximately 23 hectares ("ha") of flat, unvegetated land that was used as pasture land. The nearest town to the site is Bávaro, which is approximately 3 km away. There are no dwellings in the immediate vicinity of the project site or along the access roads.

The EV Charging Point is a closed industrial park in the middle of an urban area located next to the Boulevard Turístico del Este, on Higüey Highway No. 105, near the town of El Ejecutivo, and almost adjacent to the "El Cocotal" golf course. There is a nearby hospital (to the south) and several residential areas to the west. The planned construction area is approximately 11.33 ha.

This subproject consists of the construction and operation of an electric vehicle charging station, which will include: i) 28 fast charging stations for electric vehicles and buses; ii) offices and buildings for commercial activity; iii) two canopies with a coplanar solar facility of 46 kWp each; iv) a generator area with panels on the roof of the buildings, with a capacity of 121 kWp; and v) a 1.2 MWp on-site solar photovoltaic facility (this is in addition to the 11.33 ha).

The Saona subproject is located in the southeastern part of Saona Island (located 19 km south of the Dominican Republic and within the Cotubanamá National Park),² on the western border of Mano Juan. This town, which has the largest population on the island, has approximately 300 inhabitants who mainly engage in fishing and tourist activities. There are about 150 homes, commercial areas (restaurants), and institutional buildings (police, churches, schools). The beaches of Mano Juan are characterized by coral reefs, sea turtle nesting sites, and mangroves.

The subproject includes the construction of a photovoltaic farm, a battery energy storage system (BESS), an electricity distribution network, a meter network, and a telecommunications tower. This subproject is supported by the Ministry of Environment and Natural Resources ("MIMARENA"), through a collaboration agreement signed in March 2021 with Compañía de Electricidad de Bayahibe ("CEB"), a subsidiary of CEPM, to promote ecotourism and improve the living conditions of the island's inhabitants.

The subproject will have 1,800 photoelectric modules, 10 inverters and a rated capacity of 800 kWp. The energy produced will be used to meet the current (200 kW) and future demands of households and commercial and institutional buildings (police, clinics, churches, schools) in Mano Juan. The

¹ In operation since 2019.

² Also known as Parque Nacional del Este.

distribution network—more than 10 km long—will be of medium voltage at 12.5 kV and will link the communities of Mano Juan and Catuano on Saona Island. The subproject also includes the installation of a container with lithium batteries, with a total capacity of 5 MWh.

3.2 Contextual Risks

During the first two years in office of President Luis Abinader of the *Partido Revolucionario Moderno* ("PRM"), the political stability of the Dominican Republic has remained solid. The election results highlighted discontent with the previous *Partido de la Liberación Dominicana* ("PLD") administration, which had been repeatedly accused of corruption, favoritism, and lack of investment in key sectors, particularly infrastructure and energy, since 2017.

Abinader and the PRM are in favor of private investment; they have effectively contained the COVID-19 pandemic, and have ensured a strong economic recovery, after the country's economy (heavily based on tourism) was affected by the pandemic.

The country grew strongly by 10.3% in 2021.³ The government has proposed to maintain similar growth levels for the coming years, through a series of reforms under discussion since August 2021. Among other aspects, these include an increase in the participation of private companies and foreign investment in the energy sector.

The Dominican Republic's COVID-19 vaccination program is among the strongest in Latin America. This made the country one of the first in the Americas to lift all COVID-19 restrictions. As a result, its tourism sector has shown one of the best recoveries in the region, which will undoubtedly foster growth and stability for the remainder of 2022. Nevertheless, the country's dependence on oil and rising commodity prices will likely remain an obstacle to the nation's economic growth.

According to the last census,⁴ 50% of households experience interruptions in basic services due to infrastructure impairment. The energy sector in particular has suffered from a persistent lack of investment and inefficient infrastructure, resulting in frequent blackouts. In addition, the country is exposed to natural disasters, mainly earthquakes and hurricanes, the latter having the highest physical risk. Thus, in recent years, category 5 hurricanes Irma and Maria (2017) and category 3 Fiona (2022) have impacted the country.

³ <https://eleconomista.com.ar/economia/el-pib-cerro-2021-mayor-suba-2004-tuvo-crecimiento-promedio-anual-103-n51722>

⁴ <https://dominicana.gob.do/index.php/component/k2/item/90-censos>

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

4.1.a E&S Assessment and Management System

The Client has ISO 9001:2015,⁵ ISO 14001:2015,⁶ and ISO 45001:2018⁷ certifications to carry out the three subprojects. It also has centralized systems for managing socio-environmental risks and general procedures, including emergency response, hurricane preparedness, and contractor management manuals. CEPM makes use of a Safety, Health, and Environment information management system called ISOTools to report incidents at each of the sites.

Each of the subprojects has a management program to manage the impacts generated at each of the sites. These programs derive from Environmental Impact Statements ("EIS") submitted to the local authority.

CEPM has an EIS approved by the environmental authority for the FV1 Farm. It contains an assessment of impacts and an Environmental Management Program to manage them. CEPM, by virtue of local legislation that allows the existing environmental license to be modified, has requested MIMARENA to extend the current license to FV3, as it is an expansion of an operating photovoltaic farm. CEPM has submitted the documents required by the ministry for this purpose, and is awaiting the corresponding resolution.

The Saona subproject has a temporary permit issued by MIMARENA, which allows it to begin construction work. It also has an environmental feasibility study prepared in 2021, which includes an analysis of the environmental, socioeconomic, and cultural and archaeological heritage aspects of the implementation site. Although the feasibility study does not include formal management plans, CEB has conducted an environmental aspects and impacts assessment using the methodology approved in its Environmental Management System.

CEPM is waiting to receive the terms of reference from MIMARENA, along with other requirements it will need to issue the corresponding environmental license.

The EV Charing Point subproject has a permit from MIMARENA, but no formal management plan to manage the associated socio-environmental impacts and risks. For this subproject, CEPM has also conducted an environmental aspects and impacts assessment using the methodology approved in its Environmental Management System.

⁵ Certification granted by the International Organization for Standardization ("ISO") to quality systems that meet certain pre-established requirements (<https://www.isotools.cl/que-necesito-iso-9001-iso-9002-iso-9003-o-iso-9004/>)

⁶ Certification granted by ISO to environmental management systems that meet certain pre-established requirements (<https://www.nueva-iso-14001.com/2019/02/diferencias-entre-iso-14000-e-iso-14001/#:~:text=La%20ISO%2014000%20hace%20referencia,se%20encuentra%20la%20ISO%2014001>)

⁷ Certification granted by ISO to occupational health and safety systems that meet certain pre-established requirements (<https://revista.une.org/2/todo-lo-que-hay-que-saber-sobre-la-iso-45001.html>)

4.1.b Policy

On its website, CEPM lists its sustainability values and areas of action in: i) environment and sustainable cities; ii) sustainable energy; iii) community development; iv) gender equality; and vi) labor and partnerships. In addition, it describes how these values contribute to achieving the goals it has set for itself.

CEPM has a Human Resources Policy that establishes gender equity and human rights at work.

4.1.c Identification of Risks and Impacts

The impacts identified for the Bávaro-FV3 Project, which are included in the license modification document submitted to MIMARENA, are those typical of a construction project. These include minor impacts to air, soil, vegetation, noise, and occupational health and safety.

The environmental feasibility study for the Saona subproject describes the characteristics at a macro level that covers the entire Saona Island. According to this study, the island is exposed to natural disasters, mainly hurricanes and earthquakes. The document, however, does not include an environmental impact assessment per se, but does include recommendations for incorporating general management measures and a biotic and abiotic description of the area.

The EV Charging Point's EIS, on the other hand, describes the impacts that will be experienced in the polygon where the subproject will be implemented, also identifying as receptors of these impacts a residential complex located near the industrial park and the hospital located to the south.

4.1.c.i Direct and Indirect Impacts and Risks

The EIS prepared for FV1 established an area of direct influence ("ADI") covering the subproject site, plus a 1,000 m strip around it. The study identified the main negative impacts as alterations that would occur in the relief, landscape, soil, air quality, noise, flora and vegetation, fauna, and traffic and roads. All of these were rated as being of low importance. Given that the Bávaro-FV3 Farm is an expansion of the current farm, the impacts expected with its implementation are like those already produced by FV1 (i.e., minor impacts associated with those typical of a construction project). Perhaps the only different impact is the reduction in vegetable cover of the approximately 23 hectares that will be required for the expansion of the solar facilities, but this is also estimated to be low, given that the sector has been used as a grazing area.

Despite the Saona subproject being within a protected area, under Dominican law, there is no legal requirement to request an additional license or permit for its construction. This subproject will require the removal of 12 trees, the authorization for which has already been granted by MIMARENA, after it was confirmed that the species to be removed are neither protected nor endemic to the island. To compensate for this logging, CEB will reforest at least twice as many trees of the same species as will need to be cut on another site on the island to be designated by the ministry.

Although there are several sea turtle nesting sites in Saona, none have been detected in or near the site where the solar panels will be located.⁸

Even though the EV Charing Point's site is close to a hospital and residential areas, no relevant noise impacts are foreseen as the activity involves electric vehicles.

4.1.c.ii Analysis of Alternatives

An analysis of different locations was conducted for the FV3 facility. As a result of this exercise, the decision was made to undertake it as an expansion of the FV1 farm, to take advantage of operating and maintenance synergies and to use part of the leased land that had no use in FV1. Its design, however, was conditioned by the location of the old farm.

The analysis of alternatives included in the feasibility study for the Saona subproject conducted in 2021 determined the location of this subproject based on: i) proximity to the population; ii) energy demand (Mano Juan); iii) site characteristics (preferably already disturbed); and iv) the absence of sea turtle nesting sites.

The EV Charing Point's EIS does not include an analysis of alternatives for two reasons: It is not a legal requirement, and the impacts associated with this subproject are very minor.

4.1.c.iii Cumulative Impact Analysis

None of the Projects have a cumulative impact study because the incremental impacts that could potentially be generated by the subprojects are marginal.

4.1.c.iv Gender Risks

There is a significant gender gap in the Latin American and Caribbean region. This gap, defined as differential and unequal access to economic resources, political participation, and educational and occupational opportunities based on sex or gender, is reinforced by widespread cultural norms regarding what is considered acceptable in terms of gender roles, and exacerbated by inadequate enforcement of the legal framework.

The gender gap leads to discrimination, unequal access to public services and education, wage and employment differences between men and women, and lagging political participation rates.

The gender gap in the Dominican Republic is 70%.⁹ This means that, on average, women in that country have 30% fewer opportunities than men in education, access to health, the economy, and politics.

Gender-based violence and harassment is also a problem in Latin America and the Caribbean. The Dominican Republic ranked seventh in femicides in 2020, reporting 132 cases.¹⁰

⁸ According to the founder of the Mano Juan Turtle Nursery.

⁹ <https://www.statista.com/statistics/803494/latin-america-gender-gap-index-country/>

¹⁰ <https://www.statista.com/statistics/827170/number-femicide-victims-latin-america-by-country/>

Due to the size and characteristics of the subprojects, however, no material gender risks or impacts have been identified. In this sense, the corresponding environmental management plans do not explicitly describe measures to promote the participation of women either as workers or potential suppliers of goods or services.

4.1.c.v Gender Programs

Although CEPM, on its website, establishes gender equity as one of its values and part of its lines of action to align with the United Nations Sustainable Development Goals,¹¹ none of the subprojects have specific programs to motivate the equal participation of men and women.

4.1.c.vi Climate Change Exposure

All three subprojects are located in an area prone to hurricanes. According to the Global Assessment Report on Disaster Risk Reduction,¹² 95.3% of losses associated with a disaster in the Dominican Republic are attributed to floods (46.5%) and storms (48.8%).

CEPM has developed a Hurricane Emergency Plan ("Hurricane Plan") to be applied to the three subprojects. It also has an Emergency Committee that meets annually in July of each year to prepare all the projects it implements for the possible arrival of a hurricane.

It worth to be mentioned that this year, prior to the arrival of Hurricane Fiona, the committee made several field inspections to prepare all sites for the risk of floods or high winds. The damages reported after Fiona were as follows: i) the Bávaro-FV1 Farm did not suffer any damage; ii) in the Saona subproject, the only damage reported was to a wooden fence around the project site, which is currently under repair; and iii) in the site where the EV Charing Point will be located, since it is an elevated location, there was no wind damage or flooding in the vicinity.

The three subprojects contribute to the country's energy transition through the decarbonization of the Dominican Republic's energy matrix.

4.1.d Management Programs

Currently, the FV1 Project (in operation) has an Environmental Management and Adjustment Plan ("EMP"), which contains management measures for both the construction and operation stages to prevent, mitigate, or compensate for undesirable effects. Since this is the expansion of an existing farm, the application of these measures will be extended to the FV3 subproject and its implementation will be regularly monitored and reported through environmental and social compliance reports ("ESCR").

The intensity of the negative impacts that would be generated by the implementation of the Saona subproject and the EV Charing Point are low. Although the competent authority did not require an

¹¹ <https://cepm.com.do/valor-compartido/areas-de-accion/igualdad-de-genero/>

¹² <https://www.preventionweb.net/english/hyogo/gar/2015/en/home/data.html>, Global Assessment Report on Disaster Risk Reduction 2015.

EMP for the EV Charing Point subproject and has not yet issued the terms of reference for the EMP for the Saona subproject, CEPM has conducted an environmental aspects and impacts assessment for both subprojects using the methodology approved in its Environmental Management System.

4.1.e Organizational Capacity and Competency

CEPM has a centralized organization chart for the implementation of its general manuals as part of its management system. Nevertheless, the social and environmental management of the subprojects is handled by two independent teams: For social management, there is a Senior Management called "Communications and Shared Value", which makes direct contact with the community leaders of the communities surrounding the projects, mainly for Isla Saona, which has a larger population in the surrounding area; while for environmental management, each site has a project manager, who is responsible not only for monitoring the progress of construction and managing the contractors, but also for executing the environmental provisions contained in the EIS. The actual environmental management of the subprojects, however, will be entrusted to local environmental consulting firm EMPACA.¹³ In addition, in the Renewables Division, which leads the development, construction, operation and maintenance of the projects, there is a team dedicated to supervising environmental and social issues and ensuring compliance with the group's policies and standards.

4.1.f Emergency Preparedness and Response

CEPM has prepared a General Emergency Plan and a Hurricane Contingency Management Plan, which are being implemented in all subprojects. To this end, the Company conducts training events (monitored through a matrix) that all employees and contractors must attend. In addition, both plans are reviewed at the daily kick-off meetings held at the construction sites, with emphasis on the hurricane plan during the hurricane season, which runs from June to November.

The Hurricane Emergency Management Committee meets with all teams at the beginning of the cyclone season. Before the arrival of Hurricane Fiona, site visits were made to each of the subprojects to evaluate their current condition and implement actions to reduce their vulnerability. With the arrival of Hurricane Fiona, all pre-established protocols were activated, and when the event passed, the effectiveness of these procedures was evaluated. The results of this evaluation show that, in general, the protocols worked adequately during the hurricane, although there were some opportunities for improvement, especially with regard to the protection of some electrical equipment.

All contractors working for CEPM must submit their safety protocols and, by law, develop and implement an emergency plan.

The FV1 Project currently has a contingency plan that was prepared as part of its EIS. The main hazards identified in this study are divided into two: i) natural, which include earthquakes, hurricanes, floods, and lightning strikes; and ii) anthropogenic, which are associated with the operation of the project and include fires, accidents due to contact with energized elements,

¹³ Ecoturismo Mundial y Proyectos Ambientales S.R.L.

occupational accidents, and accidents involving the community. According to the study, these risks would be of medium-low and very low intensity, respectively.

The Contingency Plan: i) involves the formation of an emergency brigade; ii) establishes evacuation levels if necessary; iii) outlines the disaster prevention and response training courses that should be provided; iv) requires drills; v) establishes the need to train personnel in risk prevention, occupational safety, and first aid in different situations (heat stroke, cardiopulmonary resuscitation, injuries, etc.); vi) includes a list of specific procedures in the event of natural disasters that may pose a potential risk to the projects (earthquakes, hurricanes, and lightning strikes, and disasters associated with technology); and vii) includes a list of communications contacts in case of emergency.

This same plan will be used for the FV3 subproject and, with minor contextual modifications, for Saona and the EV Charing Point.

4.1.g Monitoring and Review

FV1's Environmental Management Plan considers semi-annual monitoring of the subproject throughout its useful life. This same requirement has been suggested to be included in the modified environmental license for the Bávaro-FV3 Farm.

In addition to the environmental and social supervision of the Project by the competent environmental authority, the environmental and social performance of each of the subprojects will be verified by the lending banks that will finance their construction, either through their specialists or with the support of an Independent Environmental and Social Consultant ("IESC"), if required.

4.1.h Stakeholder Engagement

To date, CEPM has not carried out stakeholder participation activities for the Bávaro FV3 farm, with the understanding that this type of engagement has been carried out for the FV1 farm.

Due to the scale of EV Charing Point, it too has not carried out stakeholder engagement activities. CEPM, however, is in frequent contact with the residential care facility and the nearby hospital.

For the Saona Project, the Client, through the Superintendency of Communications and Shared Values, has undertaken several community outreach activities, such as: i) donation of school supplies; ii) launching of the Hogar Seguro program; iii) donation of material (wood) to the community and the National Navy; and iv) coordination to remove solid and organic waste from the island, in coordination with the National Navy.

4.1.h.i Disclosure of Information

To date, no stakeholder participation events have been held for the FV3, nor are there any mechanisms for disseminating information on the subproject. Nevertheless, CEPM has contemplated disclosing information on the FV3 subproject as part of the update of the management plan for the environmental license extension. The ESDD process did not observe any

communities near the farm, although it did detect the presence of a camp with temporary houses located near the access road to FV1.

In the Saona subproject, the Client, through CEB, has maintained a relationship with the community and has involved associations, government institutions, and the general public in information sessions on the subproject. Going forward, the Client plans to undertake a series of actions to maintain dialogue with the communities, including the following: i) assessing stakeholders' social profiles; ii) conducting guided tours; iii) identifying opportunities for the development of specific projects that generate benefits in education, health, sports, security, and basic services; and iv) holding community meetings, involving associations, neighborhood councils, military institutions, and municipal government officials.

The community engagement and outreach process captured a community concern: the original design of the farm would block their access to the beach and ocean view. CEB modified the subproject to avoid this situation.

To date, no stakeholder participation events have been held for the EV Charing Point, nor have any information dissemination mechanisms been determined. Nevertheless, CEPM plans to conduct an outreach campaign on the subproject and maintain fluid communication with the hospital and with the residents of the housing complex in the vicinity of the subproject.

4.1.h.ii Informed Consultation and Participation

Prior to the implementation of the FV1 farm, the Client held a public consultation event to explain what photovoltaic energy is and to provide the community with details of the subproject. Nevertheless, a campaign to disseminate information on the FV3 subproject has been planned as part of the management plan update to extend the environmental license.

Prior to the start of the construction phase of the Saona subproject, the Client, through CEB, held a public consultation event to explain to the community what photovoltaic energy is and what the benefits of the project would be. However, no public consultation events have been held for EV Charing Point.

4.1.h.iii Indigenous Peoples

There are no records of indigenous communities in the vicinity of any of the three subprojects.

4.1.h.iv Private Sector Responsibilities Under Government-Led Stakeholder Engagement

Community relations are the responsibility of the Client. In this regard, there have not nor been planned to be government-led public consultation events for any of the three subprojects.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External Communication

External communications for the three subprojects consist of community meetings, use of the CEPM website, and a telephone line and a customer service office for in-person consultations. The Superintendency of Communications and Shared Values also periodically conducts socialization activities to maintain a close relationship with the communities.

4.1.i.ii Grievance Mechanisms for Affected Communities

FV1's EIS has a complaints and grievance mechanism that is part of its Monitoring and Control Plan ("MCP"). This mechanism, which will be implemented for FV3, allows complaints to be received by telephone, email, through CEPM's website, or directly at CEPM's offices. The procedure begins by registering the complaint, determines how it relates to the subproject, identifies the measures to be applied to remedy the impacts and, when necessary, implements the corresponding corrective measures. Each complaint is recorded and tracked from capture to closure. The compliance reports include the outcomes of the implementation of the mechanism.

For Saona Farm, CEPM has hired a local person to maintain a close relationship with the community and attend to any complaints or concerns. For now, however, there are no pre-established external complaints and grievance mechanisms for the EV Charing Point.

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

CEPM's current mechanisms lack special provisions to address complaints from vulnerable groups.

4.1.i.iv Ongoing Reporting to Affected Communities

There are currently no public reports for the affected communities; external communication is carried out through community relations.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

FV3 currently has 5 permanent construction workers, whose number will decrease to two once it starts operations. All unskilled labor to be hired for the construction of the subproject will be local. The peak number of workers (around 150) is expected to occur at the end of 2022.

The Saona subproject currently has 12 construction workers, which will be reduced to one during the operation stage. All unskilled labor to be hired will be local. The estimated number of workers (around 20) should peak in October 2022.

The EV Charing Point currently employs 10 workers, who will be reduced to two when it starts operations. All unskilled labor will be local. The peak number of workers (around 15) is expected to be reached at the end of 2022.

4.2.a.i Human Resources Policies and Procedures

CEPM has a Corporate Human Resources and Gender Equity Policy.

4.2.a.ii Working Conditions and Terms of Employment

Workers required for the Project will be hired as provided for in Dominican labor laws. CEPM ensures adequate working conditions for all its employees, including persons with disabilities.

4.2.a.iii Workers' Organizations

CEPM, as required by Dominican law, permits the free association of its employees to form unions or join existing unions. At present, however, none of the workers in the three subprojects are members of a union, although in the case of the Bávaro-FV3 Farm, the contractor has an agreement with the local union for the transportation of construction materials to the site.

4.2.a.iv Non-discrimination and Equal Opportunity

CEPM's Human Rights Policy promotes equal opportunities for men and women. One of the values it promotes is, precisely, equal opportunities for all professionals, regardless of sexual preference, social class, race, or gender.

4.2.a.v Retrenchment

Employees will be bound to the Project through written contracts, and terminated, when applicable, following the guidelines established by the labor regulations of the Dominican Republic. Given that the labor force for the entire Project will be small, no massive downsizing plans are being considered.

4.2.a.vi Grievance Mechanism

None of the three projects currently has an internal complaints and grievance mechanism. Nevertheless, the Client will request all contractors responsible for the execution of the projects to implement a grievance mechanism in the short term.

4.2.b Protecting the Workforce

4.2.b.i Child Labor and Forced Labor

Dominican laws prohibit child and forced labor, and CEPM has policies and mechanisms to ensure compliance with these laws. All contractors are required to have all their personnel registered with the Social Security Treasury. The ESDD did not detect any situations of child or forced labor.

4.2.c Occupational Health and Safety

The FV1 contingency plan detailed in the EIS, which lists personal protective equipment ("PPE") requirements for workers, includes safety measures, the types of signage required during construction, and a set of general rules to avoid accidents during on-site work. During the tendering process, all bidders are required to have a Health and Safety program approved by the corresponding institutions.

These same provisions will be adopted for the three subprojects.

4.2.d Provisions for People with Disabilities

CEPM considers providing conditions for the employment of persons with disabilities as part of its values. Despite this, to date, it has not employed any workers with disabilities.

4.2.e Workers Engaged by Third Parties

Workers engaged by contractors and subcontractors enjoy the same benefits and have the same duties as those hired by CEPM directly.

4.2.f Supply Chain

CEPM's suppliers were chosen through an open tender process that, in addition to complying with legal requirements, allowed them to be validated to mitigate the risk of forced labor in the solar panel supply chain.

Specifically, the supplier of solar panels for the three subprojects (Risen Solar) expresses, both in its Corporate Social Responsibility Policy ("CSR") and in its Code of Business and Ethics, in force to date, the explicit prohibition of child or forced labor throughout its supply chain and respect for human rights. To this end, it conducts a supplier analysis (down to the manufacturing of photovoltaic cells) and requires them to contractually adhere to these principles before being admitted as such.

In terms of environmental and social risks, the solar panel supplier shows an exposure level of 2¹⁴ for human rights and forced labor issues along its supply chain¹⁵ for the last two years. It is also important to note that this supplier: i) is one of the largest producers of solar panels in the world; ii) produces part of the poly silicon used in the manufacture of its solar modules; iii) is based in China; and iv) has no facilities or direct investments in the Xinjiang region.¹⁶

¹⁴ Out of four exposure levels: 1 = low; 2 = medium; 3 = high; and 4 = very high.

¹⁵ <https://www.reprisk.com/solutions#reporting-and-monitoring>

¹⁶ There are several allegations of forced labor related to the production of solar modules and panels produced in this region.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

The volumes of greenhouse gases ("GHG") that will be generated by the group of three subprojects during its construction phase will be marginal and much less than 25,000 tons of CO₂ equivalent per year. This amount will be even lower (almost zero) during its operation due to the fact that the Project's goal is precisely to contribute to the decarbonization of the Dominican Republic's energy matrix through the incorporation of clean energies.

4.3.a.ii Water Consumption

The volume of water to be used by the three subprojects during their construction phase is extremely low, mainly due to the fact that most of the works to be carried out include the assembly of prefabricated parts (in the case of the solar panels) and minor civil construction works (control offices). Nevertheless, CEPM will keep a record of its water consumption.

During the operation phase, the solar panels will be cleaned exclusively with rainwater, avoiding the abstraction or transport of additional water for this purpose.

4.3.b Pollution Prevention

4.3.b.i Waste

The FV3 and EV Charging Point contractors will be responsible for coordinating the transportation and disposal of hazardous and non-hazardous waste through a company authorized by MIMARENA.

Although the amount of (hazardous ¹⁷ and non-hazardous ¹⁸) waste generated by the Saona subproject is minimal, because it is located within a national park, its handling will be managed directly by CEPM. To this end, it has adopted a policy (Waste Management Policy POL-SEI-006) and a procedure for its management (Green Point Management Procedure PRO-SEI-018). Consequently, following these guidelines, the Company will transport the waste to the town of Bayahibe¹⁹ and deliver it to a manager authorized by MIMARENA for final disposal.

4.3.b.ii Hazardous Materials Management

The only hazardous materials that will be handled by the Project are paints, solvents, oils, lubricants, and fuels, which are necessary for the operation and maintenance of vehicles and associated machinery. To manage them, CEPM has developed a Waste Management Plan that includes the safe storage and handling of these materials.

¹⁷ Waste paints, solvents, oils, and lubricants.

¹⁸ Domestic waste.

¹⁹ The town of Bayahibe is located approximately 30 km north of Saona Island, in what could be called the "continental" part of the island of Hispaniola.

Even though the number and amounts of hazardous materials to be used in the Saona subproject is quite small, their presence in the environment of a national park is a significant risk. In this regard, since there is no regulation in the Dominican Republic that allows the transportation of hazardous materials or waste by sea, CEPM has requested and received the support of the National Navy to safely transport these materials from the "continental" part of the island of Hispaniola to Saona.

4.3.b.iii Pesticide Use and Management

None of the three projects have used pesticides, nor do they anticipate having to use them.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The main potential health and safety issues for the communities neighboring the three subprojects involve traffic disturbance and accident generation, dust production, vehicle fume generation, road degradation, and noise from construction activities.

To manage these impacts, CEPM and Interenergy's Renewable Energy division will closely oversee contractors by verifying that measures to manage these impacts have been taken into account prior to the start of any planned activities.

4.4.a.i Infrastructure and Equipment Design and Safety

All three subprojects have measures in place to manage impacts related to air quality, noise, and occupational health and safety.

To reduce the probability of infrastructure damage from hurricanes, the solar panels will be installed on concrete blocks, and cleaning will use rainwater to avoid the use of chemicals.

4.4.a.ii Hazardous Materials Management and Safety

The subprojects are expected to use or generate small amounts of hazardous materials (lubricants and fuels for construction machinery). These will be managed as provided for in Dominican law.

4.4.a.iii Ecosystem Services

None of the three subprojects will have material impacts on ecosystem services.

4.4.a.iv Community Exposure to Disease

CEPM follows the guidelines and directives issued by the government of the Dominican Republic to limit the transmission of COVID-19 and other contagious diseases.

Since the number of workers required for the three subprojects is not high and most of them will be local, no increase in the community's exposure to diseases is expected due to the presence of the personnel hired to execute the planned works.

4.4.a.v Emergency Preparedness and Response

Emergency response procedures are described in the General Emergency Plan and the Hurricane Plan. Both plans also include procedures for their dissemination and socialization, including to local authorities and communities.

4.4.b Security Personnel

All physical facilities of the three subprojects will have perimeter fencing, closed-circuit television, and surveillance screens to ensure the physical integrity of the works and the safety of the personnel working there. CEPM will retain a specialized security service provider whose guards: i) will not be armed; ii) will be trained in the proportional use of force when required; and iii) will be trained in respect for human rights.

4.5 Land Acquisition and Involuntary Resettlement

None of the three subprojects will require land acquisition or cause involuntary physical or economic displacement of the population.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The baseline surveyed for FV1 (which is practically the same as for the Bávaro-FV3 Project) records the presence of secondary vegetation and areas that were previously used for grazing. While the literature indicates the presence of some species classified as “vulnerable” by the Red List of the Dominican Republic, the inspection carried out as part of the ESDD failed to verify the existence of any of these species in the field.

Saona Island is located within the Cotubanama National Park,²⁰ a natural protected area that has species with different levels of protection, including the presence of mangroves, critically endangered marine species,²¹ and endemic species.²² The location of the Saona subproject site is east of Mano Juan, on the edge of its urban boundary. There is a significant population and tourist activity in the area. In this sense, no significant impacts to biodiversity are expected.

²⁰ Cotubanamá Park, also known as Parque Nacional del Este, is a Category II protected area (National Park) that allows tourism activities.

²¹ Sea turtles (*Chelonioidea sp.*), manatees (*Trichechus sp.*), dolphins (*Delphinidae sp.*).

²² Parakeets (*Myiopsitta sp.*), crows (*Corvus sp.*), hummingbirds, boobies (*Sula sp.*), red-tailed hawks (*Buteo jamaicensis*), and green-tailed warblers (*Microligea palustris*).

The primary information survey for the Saona subproject was carried out in 2021 by the consulting firm EMPACA, which gathered information on flora and fauna in the area surrounding the subproject's implementation site. As a result of this process, 28 species were identified that are included in the Dominican Republic's Red List in the categories of "least concern" and "vulnerable", as well as some endemic herpetofauna. This exercise did not detect any endangered species, but did detect the presence of a mangrove in relatively good condition in the Canto de Playa lake, located 5 km east of Mano Juan, and almost 6 km from the subproject site.

The solar farm site does not intersect any critical habitat.

There are no protected species or species of high biodiversity value in the site chosen for EV Charing Point, as this is an already disturbed area.

None of the three subprojects will introduce invasive species, nor will they involve primary production or the use of natural resources.

4.7 Indigenous Peoples

None of the three subprojects intersect areas belonging to indigenous peoples nor will they have any impacts on these communities.

4.8 Cultural Heritage

The probability of coming across cultural or archaeological chance finds in the areas surrounding the sites of the Bávaro-FV3 Project and EV Charing Point is very low, as these sites have been previously explored.

The feasibility study of the Saona subproject identifies caves and caverns used by indigenous populations (Taino de Cobijo), who have left archaeological artifacts behind since the beginning of the 20th century. MIMARENA's geographic information system, however, shows no records of caves with archeological or cultural value near Mano Juan or the subproject site. Consequently, the likelihood of any chance finds is low.

Nevertheless, the Client shall adopt a chance finds procedure.

5. Local Access of Project Documentation

The documentation relating to the Project can be accessed at the following link: <https://cepm.com.do/quienes-somos/>