1. Overview of Scope of IIC E&S Review This summary is based on information provided by Terna and UTE (Environmental Impact Assessment - EIA, Project Document, Construction Environmental Management Plan, SACEEM's Integrated Management System Manual, SACEEM's 2016 Statistical Accident Rate Report, Application and Additional Information from the National Directorate for the Environment (DINAMA) and DINAMA's Classification of the Project as a "B" project), as well as the due diligence conducted between February 6 and February 9, 2017. During that visit, meetings were held with the teams from Terna, SACEEM, and IIC technical consultants (Power Engineers) as well as each company's legal advisors. The visit reviewed the entire course of the line, emphasizing critical points such as river crossings, flood areas, and natural woodlands and specific visits were made to some rural settlements located along the route and affected by the easement strip. 2. Environmental and Social Categorization and Rationale In accordance with the IIC Environmental and Social Sustainability Policy, the Project has been classified as a category "B" because it will produce effects that can be avoided or managed by following previously known performance standards, guidelines, and construction and management criteria for projects of this kind. The main environmental and labor aspects related to the Project are: effect on the biological environment and biodiversity, efficiency in the use of resources and pollution prevention, work and labor conditions, community health and safety. The most significant risks will be concentrated in the construction stage and will be local in nature, temporary, reversible for the most part, and can be eliminated or mitigated through appropriate management systems. 3. Environmental and Social Context The high voltage line (500 kV) will be 213 km long and will connect the existing substation near the city of Melo, in the Department of Cerro Largo, with another to be constructed near the city of Tacuarembó, in the Department of Tacuarembó, Uruguay. The substation to be constructed is not part of this Project. The geography of the land, with rolling pastures without steep slopes or significant geographic features and elevations between 90 and 170 MASL, allows for a relatively direct path. Most of the sites where towers will be installed can be accessed via existing roads. The projected easement strip is 80 m wide all along the length of the line. The Project includes the installation of 556 towers between 350 and 400 meters apart. The route crosses entirely rural areas, avoids population centers, and has sought to avoid installing towers on agricultural land. The line does not cross through indigenous territories nor sites considered to have high archeological, paleontological, or cultural value. 4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures 4.1 Assessment and Management of Environmental and Social Risks and Impact a. E&S Assessment and Management System SACEEM is one of Uruguay's major construction companies in both public and private construction; it specializes in civil engineering, industrial and agroindustrial plants, power generation and distribution, ports, and other areas. It has an Integrated Management System (Sistema Integrado de Gestión - SIG) that adheres to the following standards: · UNIT-ISO 9001:2008 (Quality Management Systems) · UNIT (OHSAS) 18001:2007 (Occupational Safety and Health Management Systems) · UNIT-ISO 14001:2004 (Environmental Management Systems) The first two standards apply to engineering projects and the execution of civil engineering works, mechanical engineering, electrical engineering, architecture, infrastructure, sanitation, telephone and communications. The last applies to the execution of civil engineering works (bridges) and sanitation. However, the SIG applies to all SACEEM works. The SIG defines processes, documentation requirements, management responsibilities, resources (human, infrastructure, equipment, and work environment), implementation planning and management, measurement, and analysis. As part of the SIG, there are environmental management procedures that allow the development of activities related to each work, according to the following list: · Identification of significant environmental aspects (including legal requirements) · Pollution prevention planning · Establishment of objectives, goals, and programs and their monitoring · Definition of responsibilities · Training activities, raising awareness, knowledge and dissemination (relations with interested parties) · Control of operations, including environmental emergencies · Recording, analysis, and reporting of environmental non-conformities · Corrective, preventive, and improvement actions · Internal audits b. Policy As part of the SIG, SACEEM has developed and

implemented a Quality Policy, an Occupational Safety and Health Policy, and an Environmental Policy. These policies take into account the needs of clients and interested parties as well as legal and regulatory requirements. An understanding of these policies is a part of induction process for all incoming personnel. c. Identification of Risks and Impacts The EIA identifies the construction phase as the phase that produces the most significant risks. In this respect, perhaps the most important risk for this stage is related to habitat loss and degradation and effects on biodiversity due to noise emissions. The most sensitive habitats that could be affected are those associated with riparian forests, wetlands, and adjacent pastures with little human intervention. However, the path for the line was designed so as to minimize effects on these environments and in some cases the placement of the towers was changed so as not to affect them. This same criterion will be followed in designing roadways and tower assembly esplanades, as well as in programming the movement of machinery and laying of conductors. Before any work that might affect these habitats is carried out, the existence of bird or bat roosts, threatened species, or any important tree species or specimens is determined in order to propose the respective management measures. For the operational phase, the most significant impact is related to effects on the quality of the landscape due to the presence of the high voltage line. However, the EIA also indicates that there are few particularly valuable observations points where there may be significant visual impacts, as induced man-made elements are already recorded along most of the route. d. Management Programs There is a Construction Environmental Management Plan (EMP-C) that establishes the bases for specific environmental management at points considered sensitive. The EMP-C seeks to comply with local standards, as well as the requirements of financial institutions. The EMP-C establishes management, monitoring, mitigation, and control measures for the various construction stages. An Environmental Restoration Plan will be prepared for those works that require one. The Operations Environmental Management Plan (EMP-O) will include a risks and contingencies plan, particularly for fires and explosions, including remediation measures in the event that environmental damages are produced. The Management Plan also provides for biological monitoring, particularly to verify the possible mortality of birds and bats (due to collision with the line). e. Organizational Capacity and Competency The SIG establishes the responsibilities of the Board of Directors and Managers to ensure compliance with SACEEM policies. In particular, the Construction Manager is responsible for preparing and executing the Construction Management Plans, Construction Safety Study, and Construction Environmental Management Plan, with the collaboration of the Quality and Environmental Manager, the Human Management Director, the Chief of Occupational Safety and Health, and the Environmental Management Chief, among others. In turn, there is an Operational Management Committee whose tasks include identifying processes that could be improved, as well as analyzing and evaluating works that present problems in order to provide solutions for them. f. Emergency Preparedness and Response As part of the SIG, also incorporated in the EMP-C, there is an identification and response procedure for dealing with emergencies that provides for handling spills of chemical substances (fuels, oils, lubricants, acids, paints, solvents, additives used in construction, etc.), explosions, and fires. In all cases, there is a designated responsible party who determines the steps to be taken and assigns the necessary resources. As for the Management of Occupational Safety and Health, SACEEM has set up and maintains an Occupational Safety and Health Management System, with activities and responsibilities described in the Procedure for “Managing Occupational Risks Prevention”. Construction works comply with all safety regulations established by the Ministry of Labor and Social Security and rely on the advice of a prevention expert. The requirement to comply with safety regulations as well as SACEEM policies extends to subcontractors. g. Monitoring and Review The objective of the monitoring program in the EMP-C is the monitoring and control of potential environmental effects during the construction phase. These include monitoring of: · Effluents from washing concrete · Noise emissions in work areas · Air quality in work areas · Biological monitoring program: This program will focus on important areas of biodiversity, specifically riparian forests, wetlands, and adjacent pastures. Before work begins, exclusion areas will be delimited and possible actions to rescue fauna or flora will be determined, if

merited by their importance. In addition, during the operations phase, a program to monitor potential mortality of birds and bats will be implemented in order to introduce mitigating measures, such as flight deterrents, if required by the results of monitoring. · Archeological Control of Construction (Control Arqueológico de Obra - CAO): for those sites where the route passes close to archeological points of interest, an inspection of the land is required before work is done as well as a contingency plan that defines courses of action in the event of discoveries (see 4.8). h. Stakeholder Engagement The width of the easement strip for power lines is established by law based on the lines' voltage levels. The imposition of the service strip is handled by UTE using a communication protocol that informs the owners or occupants of affected properties, the objective of which is to establish agreements with those occupants or owners. The result of imposing the easement strip for the Project will affect approximately 200 properties. SACEEM must develop an access plan for each property, including any modification that must be carried out at wire crossings. In accordance with local legislation, public consultation was carried out through the website of the Ministry of Housing, Land-Use Planning, and the Environment (http://www.mvotma.gub.uy/2013-08-21-16-21-10/item/10008573-ute.html). Despite this, UTE will carry out a Community Information and Communication Program, to present the Project, its potential impacts and benefits, the way in which the negative impacts will be addressed and how the grievance and complaints mechanism will be implemented. By means of periodic programmed meetings, this program aims to answer all concerns and expectations, and maintain the population informed on the different phases of this undertaking. In the EIA, an independent consultation process was carried out through personal interviews with community members. A non-statistical sample was taken, selecting individuals from different settings, professions, ages, and socioeconomic segments. Some of those interviewed are considered qualified informants based on roles that provide them with an overall view of the issue being studied. The conclusion of the study shows majority acceptance of the Project, primarily based on job creation and improved quality of the power supply. The negative aspects pointed out by those interviewed notably include the potential impact due to visual pollution. i. External Communications and Grievance Mechanisms The EIA found a lack of in-depth knowledge of the Project on the part of the population and recommends expanding communications and consultation mechanisms. This issue is taken up in the Environmental and Social Action Plan included at the end of this document. 4.2 Labor and Working Conditions The SACEEM Human Management Office determines the qualifications required for its personnel through the respective job descriptions establishing for each individual: the activities to be carried out, education and training requirements, skills, knowledge and experience, and behavior requirements. The recruitment and selection of new staff, as well as promotions to new positions are carried out in accordance with the Procedure for the "Personnel Recruitment, Selection, and Induction." Anyone who joins the organization must go through an induction activity that communicates and explains management policies and objectives, the organizational chart, a brief summary of the management system, and knowledge and basic rules in the area of safety, occupational health, and care of the environment. The Annual Training Program is defined based on the qualifications contained in the position descriptions, as well as needs arising from corrective, preventive, and improvement actions, risk evaluations, internal surveys, and the company's strategic planning. SACEEM complies with national laws related to labor matters, as well as the standards of the International Labour Organization (ILO). The principal labor standards include: social security contributions, freedom of association in union organizations representing workers, non-discrimination in employment, and eliminating the exploitation and abuse of child labor. According to Uruguayan legislation, employees receive medical coverage through the National Health Fund (FONASA) that encompasses the family group and provides insurance for work-related accidents and occupational diseases. 4.3 Resource Efficiency and Pollution Prevention The EMP-C contains the list of specifications for managing construction supplies and waste, involving both hazardous and non-hazardous products. Each of these specifications establishes guidelines for product handling, the field of application, those responsible for the management thereof, procedures to be implemented,

and records that should be kept. Those responsible for each procedure report to the Construction Manager. SACEEM has a procedure for managing the maintenance of machinery and equipment and creating the conditions for best use. A scheduled maintenance program is thus established, supplemented by detective and corrective maintenance. Procedures are also established to minimize impacts such as suspended dust and noise. Truck drivers are instructed to slow down on those roads that due to the situation produce excess air pollution from dust and particles. Along the same lines, an effort is made to keep roads, loading and handling areas, and aggregates stockpiling areas dampened with water. 4.4 Community Health, Safety and Security The Construction Manager is responsible for taking the necessary measures to minimize any adverse effect on the population, particularly to alter as little as possible the rest periods of those inhabiting the area. The risk of traffic accidents may increase because of increased traffic due to the transport of construction materials and machinery. The Environmental Manual for Road Sector Works and Activities of the Ministry of Transportation and Public Works (MTOP) provides recommendations and management measures for reducing that risk. Those measures emphasize signage in work areas and points where heavy traffic is concentrated, orange clothing for construction employees, as well as the planning of traffic flow together with competent authorities for the purpose of implementing additional safety measures. 4.5 Land Acquisition and Involuntary Resettlement No land is being acquired nor are people being physically or economically resettled. However, the imposition of the easement strip may have economic implications for a small number of the properties affected given that planting trees taller than 3.5 m is prohibited beneath the line. In some properties dedicated to forestry, trees within the easement strip will have to be cut down, but there is evidence that in these cases the affected portion of the total area is minimal. The other effects of the easement involve a prohibition on doing construction and aerial spraying in the easement strip. These two restrictions are not perceived as relevant. 4.6 Biodiversity Conservation and Natural Habitats The Construction Manager is responsible for taking the measures necessary to: a. Prevent the occurrence of fires when work is done in areas where there is the potential danger of fire in the surrounding vegetation, particularly within protected areas, environmentally sensitive areas, or important natural or planted forest areas. b. Avoid using fire to clear land. c. Prevent personnel from taking negative actions with respect to wild flora and fauna and instructing them to that effect. d. For plant cover in embankments and cuttings, use species that grow rapidly and regenerate easily so as to minimize incipient erosion processes. e. Restore plant cover and replace vegetation that has been altered or removed. These provisions extend to subcontractors. 4.7 Indigenous Peoples. There are no indigenous peoples in the Project’s area of influence. 4.8 Cultural Heritage As part of the EIA, an archeological impact study was conducted based on a review of the relevant bibliography, an analysis of mapping and satellite images, field surveys, and interviews with local residents. Although no items with heritage value were found that could be impacted by the course of the line, it was noted that the path crosses close to six sites of archeological interest (crossings of the principal water courses associated with the presence of primitive hunter-gatherer populations). For this reason, there will be Archeological Control of the Work (Control Arqueológico de Obra - CAO) to consist of inspecting the land before doing work, conducting searches under the supervision of an archeologist, and implementing measures contained in the contingency plan, in the event of discoveries.