

Environmental classification: This is a category B project according to the IIC's Environmental and Social Sustainability Policy because it could produce certain effects that may be avoided or mitigated by following generally recognized performance standards, guidelines, or design criteria. The principal environmental and social issues related to this project include: efficient resource use and pollution prevention, workplace and labor conditions, community health and safety, and cultural heritage. The environmental impact study was performed by the Estudio Ingeniería Ambiental and submitted to the Ministry of Housing, Land Use, and the Environment in May of 2014. The project consists of the installation of 35 Vestas V110-2.0 wind turbines with nominal capacity of 2.0 MW each, for a total installed capacity of 70 MW. The wind farm will be built under an operating lease agreement with the UTE. The project has a significant positive environmental impact given that it will generate electricity from a renewable resource and will result in a reduction in greenhouse gas emissions. The project includes the construction of a measuring and cutting station, a control center, a transformer substation, and a 150 kV transmission line of 6 km to connect the wind farm to the existing Salto-Arapey line. Also, 20 km of internal roads will be built, 7 m wide, to enable access to each of the wind turbines, to the substation, and to the control and measurement stations. The wind turbines will be connected to the substation with medium-voltage (31.5 kV) underground cables.

Land Use. The area is clearly rural. The land in the area is used mainly for livestock—cattle and sheep in particular—some crops (dryland farming and rice), fodder, and some forestry (eucalyptus). The farm is located near routes No. 3 and 31, some 30 km from the town of Villa Constitución (with an estimated population of 2,800 people) and some 60 km from the city of Salto, the capital of the department of the same name, with a population of approximately 105,000 residents. The towns closest to the project are Palomas and Saucedo, with fewer than 100 and 300 residents, respectively. Six types of environment have been identified in the area in question, based on ecological characteristics and land use: (i) meadow or farm/fodder land; (ii) riverbank forest; (iii) rice paddies; (iv) artificial bodies of water; (v) planted forest or orchard; and (vi) residential. The areas directly affected by the wind farm and the high-voltage power line are mainly meadow or farm/fodder land, with a significant amount of pastureland for livestock. These fields are already impacted by human activity and have a long history of use as farm or pasture land. There are no protected areas or sensitive ecosystems, with all affected areas classified as modified habitats. Areas used for farming/fodder are mainly used for dryland farming (including soya, corn, and wheat) and fodder crops (including ryegrass, clover, and alfalfa) that are rotated with fallow periods to allow the soil to rest. There are very few native trees in this environment, except for along fence lines and riverbanks. The installation of the farm is not expected to have an impact on native flora. The sand and gravel needed to prepare construction materials will be acquired from local quarries that hold environmental authorization and a permit from the National Mining and Geology Directorate, which is under the Ministry of Industry, Energy, and Mining.

Impact on wildlife. The area has abundant wildlife, including mammal, bird, and fish species. The project poses a potential risk to flying fauna: that is, bird and bat populations. The wind farm will only affect terrestrial fauna during the construction phase due to the presence of machinery and people in the environment. The effect will be temporary and reversible. According to the National Protected Areas System, there are no priority conservation areas near the site of the wind farm. The nearest areas are located more than 90 km from the site. As far as important bird areas, the project is located between two of them: one is 6 km to the north, and the other is 15 km to the southwest. In 2014, the UTE commissioned a study by consulting firm CSI Ingenieros entitled "Biological baseline of tetrapodal fauna with emphasis on birds and bats." It is estimated that between 229 and 241 species of birds may be found on the wind farm site. The study identified 135 species. Two of these species, classified as endangered globally (EN) according to the classifications of the International Union for Conservation of Nature (IUCN), were the yellow cardinal (*Gubernatrix cristata*) and the marsh seedeater (*Sporophila palustris*). Both were confirmed to be located in the important bird area nearest to the project. Other species were identified that were found to be in lower risk categories of the IUCN's classification system. The bird species found to be most exposed to the risks of the farm

are gliders such as birds of prey; aquatic species of birds that travel daily between bodies of water and their roosts; and migratory birds, especially those that travel at night. No migratory routes or travel routes between bodies of water and roosts have been detected in the farm's area of influence. Of the species examined during the baseline study, two of them are at high risk and two are at medium risk based on the way they use the air space and their flight altitude. None of these species have conservation problems in Uruguay. Twenty species of bat could potentially live in the wind farm's area of influence. None is considered threatened at the national level and they are all classified in the "least concern" category of the IUCN classification system. Only seven of them are considered a priority according to the domestic classification system, as their area of distribution is restricted. The main risks to birds involve collisions with wind turbine rotor blades and the effects of the wind wakes that the rotors generate. Other significant risks include the change or loss of habitat, noise disturbance owing to the presence of humans and vehicles, and the barrier effect on migration routes. The environmental impact studies recommend continuous monitoring for both birds and bats to assess the impact of the wind farm during the construction and operational phases, with a view to developing measures to mitigate any potential impact.

Air emissions. Overall, the project has a positive impact on air emissions: It will generate electricity from a renewable source, reducing greenhouse gas emissions by more than 200,000 tons of CO₂ equivalent annually. Most air emissions will occur during the construction phase, originating from vehicles and machinery operated by the contractors. In addition to gas emissions from internal combustion engines, vehicular traffic and earthmoving work will generate fugitive dust emissions. In order to mitigate these emissions, proper engine maintenance shall be performed, vehicle operators shall be required to drive slowly on unpaved surfaces, essential roads shall be hosed down, and earthmoving activities shall be kept to a minimum. Vehicles that transport building materials, rock, soil, or brush will, insofar as possible, be covered with tarps.

Noise, Shadow Projection, and Electromagnetic Interference. The noise level in nearby dwellings from operational wind turbines was modeled using as a reference the wind turbines' noise parameters provided by their manufacturer. Considering the 45 dB limit established by Uruguay's National Directorate for the Environment, which is under the Ministry of Housing, Land Use, and the Environment, the modeling values were found to be below this limit for all dwellings analyzed. There is only one dwelling (V28) in which the projected noise level approaches the limit. Measurements will have to be taken there during operation, and if necessary, mitigation measures must be proposed. Shadow projection on nearby dwellings was also examined. To this end, international recommendations that set permissible daily and annual limits for shadow projection were used as a reference point. The results of this study found shadow projection on nearby dwellings to be insignificant. For two of the residences (V07 and V08) the model projects a daily shadow flicker longer than 20 minutes. An assessment must be made during the operation of the wind farm to evaluate the degree of actual impact and propose mitigation measures should they be necessary. With respect to the generation of electromagnetic fields, the UTE adopted the reference parameters established by the International Commission on Non-Ionizing Radiation Protection. As regards the wind farm, the medium voltage (31 kV) cables linking wind turbines to the booster substation will constitute the most significant source of electromagnetic fields. However, because these cables will run underground, their impact will be insignificant.

Solid and Liquid Waste. Waste generated by the wind farm will be managed pursuant to the environmental management plan for the construction phase. Most solid and liquid waste associated with the project will be generated during the construction phase. The workshop will be equipped with essential services (e.g., dressing rooms, restroom facilities, and break room), offices, a lab, materials depots, and a concrete manufacturing plant. Domestic wastewater will be removed by an outside firm. In addition, portable toilets shall be provided for workers in areas away from the workshop. Any non-hazardous industrial waste generated during the installation process (e.g., plastic, wood, iron, cardboard, wire, and metal) shall be temporarily stored before it is donated or sent to recycling centers or final disposal sites licensed by the Salto municipal government. Waste contaminated with hydrocarbons (e.g., containers, filters, rags, and soil) shall be stored separately

and removed by a licensed firm for treatment and final disposal. During wind turbine maintenance, used oil will be collected in proper receptacles with lids and labels, and temporary storage will be on covered ground in the control house. Once these storage receptacles are full, they will be sent to the operator's logistics facilities for delivery to the authorized handler. In the event of spills of oil or other hazardous substances, those in charge of maintaining the equipment will be responsible for immediate cleanup and final disposal of the waste generated. For this, they must have all the elements necessary (rags, containers, etc.) to collect it. The ground by all the transformers and at all hydrocarbon storage sites will be covered and be enclosed by barriers in case of leaks. Each wind turbine will require 450 m³ of concrete, which will be transported in trucks from the cement plant located on the work site. The trucks will be washed at the concrete plant using a system of basins. The first basin will decant the solids with the largest grain size. An overflow pipe will send the floating material to a secondary basin where the suspended solids of intermediate grain size will be settled. Finally, in the same way, the floating material remaining from the second basin will be sent to the last basin, where the finest suspended solids will be settled. The basins will be sized to have a minimum retention time of 24 hours. The pH will be monitored prior to discharge and corrected to a maximum of 8.5.

Cultural and Archeological Heritage. The area where the wind farm is to be implemented is not known to have any archeological remains. There are archeological sites near the Uruguay River in the area of influence of the lake formed by the Salto Grande dam. These consist mainly of petroglyphs and the tools and instruments used to make them. In order to prevent possible chance discoveries on the wind farm site from being affected, an archeological action plan was drafted and submitted to the Commission on the Cultural Heritage of the Nation (CPCN). The plan proposes performing an archeological impact study, which has not yet been carried out.

Occupational Health and Safety. Since the wind farm is monitored remotely, no workers are required on site for its day-to-day operations. Nevertheless, the operator must comply with the safety procedures indicated by the wind turbine manufacturer. In addition to the environmental management plan for the construction phase, an emergency plan for the construction site will be put in place detailing responsibilities, actions, and communications in cases of emergencies, as well as training programs for personnel. The contingency plan will have to be modified for the operational phase. Excavations for the foundations may require the use of explosives should rocky substratum be found. The explosives to be used will be provided by the Materiel and Armaments Service of the National Army. The transportation and use of all explosives will be the responsibility of an outside company with the necessary permits to perform such work. The amount to be transported will be enough for each day's blasting, with any unused explosives removed at the end of the day.

Labor and Social Issues. Nicefield is in compliance with domestic labor laws and International Labour Organization standards. Core labor standards include: social security contributions, freedom of association to form labor unions, nondiscrimination in the workplace, and the elimination of exploitative and abusive child labor. In accordance with Uruguayan law, workers and their dependents receive medical coverage through the National Health Fund (FONASA), which covers their immediate families, as well as insurance against workplace accidents and occupational illnesses. With a view to implementing the project, Nicefield encouraged citizen participation through interviews with the residents of Palomas and Saucedo that provided the company with information on the population's main concerns regarding the project's potential social, economic, environmental, and cultural impacts. Activities to provide information on the project were carried out through the local development commission of Colonia Rubio and with a presentation in a local school for students and neighbors. In general, the wind farm is viewed positively as a job creator and catalyst for infrastructure improvements, specifically roads and electrification. The negative aspects indicated by the locals have to do with potential risks to birds and the effect of the noise on the animals. The company will have a mechanism for the public to communicate questions and grievances, though it has not yet been implemented.

Monitoring and reporting: Nicefield will implement an Environmental and Social Action Plan (ESAP) to ensure compliance with IIC's environmental and workplace safety and health requirements. The ESAP will include the

implementation of a contingency plan; the evaluation of noise levels and shadow flicker on the dwellings identified as potentially affected; the performance of an archeological impact study; the implementation of a mechanism for receiving questions and grievances and communicating with the public; and an environmental monitoring plan, specifically to monitor birds and bats. The company will submit annual progress reports to the IIC on the implementation of the ESAP.

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===== ADDENDUM: Project Number: 11624-02 Expected Consideration Date by the Board: March 22, 2016 Company: Nicefield S.A. Sponsoring Entity: Invenergy Wind Global LLC Financing Requested: US\$ 67.000.000 Scope Objective: Nicefield is a special-purpose corporation established to develop a 70 MW wind farm called Campo Palomas under an operating lease agreement with state company Administración Nacional de Usinas y Transmisiones (UTE). The wind farm is located in the Department of Salto, about 540 km from Montevideo. It involves the installation of 35 Vestas 110 wind turbines of 2.0 MW each. The investment is projected for purchasing and installing the wind turbines, building internal roads, and laying internal subterranean power lines, as well as constructing 6 km of 150-kV transmission lines connecting to the Salto Grande-Arapey substation (150 kV) and the wiring for the entire wind farm. The Project's financial plan will include an IDB and IIC A Loan that together would represent up to 40% of the total Project cost. The financial plan will also include an IIC B Loan.

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