

The LNG terminal and power plant construction and operation project has been classified as category III under Panamanian law, which means that this project may potentially have environmental and social impacts of relative significance. Under the Environmental and Social Sustainability Policy of the Inter-American Investment Corporation (the Corporation or the IIC), the Project has been preliminarily classified as a category A operation because it could have highly significant environmental and social impacts, including: i) alteration of surface and marine water quality due to the increased movement of sediments (erosion); ii) resuspension of sea bed sediments contaminated with heavy metals as a result of the dredging operations and the disposal of dredged material; iii) risks of spills during the construction and operation phases, especially at the facilities located in marine areas; iv) changes in air quality (PM10, PM2.5); v) increased noise levels; vi) potential effects on land and natural resource use by neighboring communities (small-scale or informal fishing); vii) health and safety risks to neighboring communities, including risk of explosion; viii) increased pressure on public services; ix) possible effects on the lifestyle of the local population; and x) increased social or labor expectations. The Project has a properly funded environmental, social, and occupational safety and health management plan that consists of the following programs: i) air quality, noise and vibration control; ii) soil protection (land management or soil subsidence, landslide, erosion, consolidation, contamination and runoff pattern changes); iii) water resource protection (control of alterations in surface, underground, and marine water); iv) land flora and fauna protection (control of vegetation cover loss, land habitat loss, adverse effects on fauna, animal or fauna abuse, poaching); v) water ecosystem protection (control of pelagic and benthic community disturbances, affected water habitats, namely for the terminal and power plants); vi) socio-economic and cultural issues (health and safety, public services and community lifestyles, managing expectations, boosting job creation, stimulation of the national economy, landscape quality, known and unknown archeological sites); and vii) waste management (solid waste, hazardous waste). The plan is also supplemented by the following: i) environmental monitoring; ii) community involvement (outreach and consultation strategy, key stakeholder mapping, outcomes); iii) rescue and relocation of fauna and flora; iv) risk prevention; v) contingencies; vi) environmental education; and vii) environmental recovery and decommissioning. Additionally, the Project has developed an Environmental, Social, Health and Security Management System (ESMS) consistent with ISO 14001 and OHSAS 18001 standards, which will enable the identification and management of any other impact that has not been previously identified in the project environmental management documents. The IIC will hire an independent environmental and social consultant (IESC) to support the environmental and social due diligence (ESDD) process and assess the aforementioned risks and impacts; confirm the Project's environmental categorization; evaluate management plans for mitigating the risks and impacts; and prepare an action plan for the Project, if necessary. During ESDD, the IIC and the IESC will visit the client, travel to the Project's future site, and examine in greater detail its environmental, social, and occupational safety and health management system, the public consultation process, and the social and labor issues involved in the construction and subsequent operation of the Project. The Corporation will require of the client that the Project meet the requirements of the IIC's Environmental and Social Sustainability Policy. The client must close any existing gap with regard to this policy by executing an Environmental and Social Action Plan (ESAP). A summary of the environmental and social review (ESR) will be prepared and published on the IIC's website once the ESDD process has concluded. ADDENDUM: ESR added on July 29, 2016.