

In accordance with the IIC Environmental and Social Sustainability Policy, the project has been classified on preliminary basis as a category “B” project. Its final classification will be confirmed following the environmental and social due diligence process. The main negative environmental impacts associated with the construction and operation of both power plants and the transmission lines are as follows: i) change in air quality due to construction activities; ii) erosive processes caused by planned soil movement (particularly at Sarco); iii) increased noise and vibration levels due to the use of heavy equipment during the construction phase and from the turbines during the operations phase; iv) loss of vegetation and possible impacts on natural fauna, flora, and habitats, when setting the foundation for the wind tower and due to release of the transmission line’s easement strip; v) potential increase in the risk of soil contamination from hazardous substances to be used during project execution; vi) interruption or diversion of traffic in populated areas (Puerto Montt, Puerto Varas, etc.) due to transport of extra-wide cargo during construction of the plants; vii) increased risk to health particularly during the construction and assembly of the wind turbines and when work is done at heights during the construction of transmission structures and the stringing of conductors on the transmission line; viii) potential impacts on flying fauna (birds and bats) due to possible collisions with the wind turbine blades; and ix) permanent alteration of the landscape due to the presence of wind turbines and transmission lines, among other features. As for social aspects, the main negative impacts are related to: i) social problems due to the imposition of the easement strip for the transmission lines; and ii) impacts on tourism (particularly in La Aurora) due to a landscape changed by the presence of the plants and the transmission line. The environmental impact studies (“EIA”) required by Chilean legislation have been approved by the competent environmental authorities and the related environmental qualification resolutions (or “RCA,” equal to environmental licenses) have been issued for the project. The EIAs have the following plans and programs for managing the undesired impacts: i) Plan of measures for environmental and social management of the project’s impacts; ii) Plan of measures for environmental and social management of the project’s risks; iii) Plan of general measures to address contingencies and events of low environmental significance; iv) Solid domestic waste management plan; and v) Non-hazardous industrial solid wastes management plan. In addition, there are individual monitoring plans for the project’s construction, operation, and closing phases. The IIC will perform environmental and social due diligence (“ESDD”) in order to evaluate likely environmental risks, confirm the project classification, evaluate management plans for mitigating risks, and define an environmental and social management plan (“ESAP”) for the project. During the ESDD, the IIC will visit the project site and evaluate the environmental, social, and health and safety systems to be adopted, including related plans and procedures; will inspect the sites proposed for encampments and industrial areas; will verify the scope of the public consultation process; will analyze the basic information and social and labor issues related to the project; and will evaluate the risk that birds and bats will collide with the wind turbines’ blades. A summary of the environmental and social review (“ESRS”) will be prepared and published on the IIC website once the ESDD process has been completed.