

1. General Information and Overview of Scope of IDB Invest E&S Review: EGP, via three special purpose vehicles (the Borrowers), will develop three photovoltaic facilities (collectively, the Projects) with a combined generation capacity of 992 MWp, that are: (i) Parque Solar Villanueva I, which is planned to generate 427 MWp, located in the municipality of Viesca, Coahuila, held by the special purpose vehicle Villanueva Solar, S.A. de C.V.; (ii) Parque Solar Villanueva III, which is planned to generate 327 MWp, located in the municipality of Viesca, Coahuila, held by the special purpose vehicle Parque Solar Villanueva Tres, S.A. de C.V.; and (iii) Parque Solar Don José which is planned to generate 238 MWp, located in the municipality of San Luis de la Paz, Guanajuato, held by the special purpose vehicle Parque Solar Don José, S.A. de C.V. Together, Villanueva I and Villanueva III Projects are expected to generate over 1,700 GWh each year, equivalent to the energy consumption needs of over 1.3 million Mexican households, while avoiding the emission of more than 780,000 tons of CO₂ in the atmosphere. while the Don José Project will be able to produce 539 GWh per year, equivalent to the annual energy consumption needs of around 410,000 Mexican households, while avoiding the emission of over 245,000 tons of CO₂, into the atmosphere. The Inter-American Investment Corporation initiated due diligence on September 13, 2017, by beginning the review of key project documents, specifically the independent technical due diligence review reports developed by SgurrEnergy, Inc. (Wood Group), acting as technical advisor. This was followed by a due diligence mission visiting both projects in Mexico, from October 16-20. The mission included: (i) meetings with the top management of EGP México, the project managers and personnel from the different technical areas (Procurement, Construction, Operation and Maintenance - O&M, Environmental, Social, Health and Safety - ESHS, Corporate Social Responsibility, Permitting, etc.); (ii) meetings with the General Director of Social Impact and Land Occupation, and the General Director of Clean Energy, both from the Ministry of Energy (SENER, according to its acronym in Spanish); (iii) interviews with local authorities, like the Mayors of the Municipalities of Viesca, Coahuila and San Luis de la Paz, Guanajuato, both with personnel from their respective Municipalities; (iv) interviews with several stakeholders from the Projects, including former landowners; and (v) a site visit to the locations of the Villanueva I & III and Don Jose Projects and surrounding areas. Throughout this period, document review continued and included the Environmental Impact Statement (MIA, according to its acronym in Spanish) and the Social Impact Assessment Manifest (EVIS, according to its acronym in Spanish), for each Project, the Indigenous Localities Catalog of the National Commission for the Development of Indigenous Peoples (CDI), and others.

2. Environmental and Social Categorization and Rationale: Each Project is a Category B project according to IDB Invest's Sustainability Policy because their environmental and social risks that can be mitigated via measures that are readily available and feasible to implement in the context of the operation, and because the Projects are aligned with the transition strategy to promote the use of cleaner technologies and fuels, in compliance with the Energy Transition Law and the General Law of Climate Change. The potential key Environmental, Social and Health and Safety (ESHS) negative impacts and risks initially identified for the Projects, during the construction phase, include: (i) generation of solid waste, both hazardous and non-hazardous; (ii) air emissions; (iii) noise pollution; (iv) wastewater generation; (v) movement of soils; (vi) ground vibrations; (vii) removal of natural vegetation; (viii) alteration and displacement of fauna; (ix) occupational health and safety of workers; and (x) community health and safety concerns related to increase of heavy traffic. During the operations and maintenance (O&M) and abandonment phase, the risks tend to be related to: (i) occupational health and safety of worker, (ii) generation of solid waste, both hazardous and non-hazardous; (iii) air emissions and noise, and (iv) use of resources such as energy, water and local services. Natural disasters such as earthquakes, fires, floods and electric storms, might also pose very limited risks to both projects, both from the potential of risk to workers and in terms of structural and environmental damage to physical infrastructure.

3. Environmental and Social Context: For the selection of the sites of both solar projects, their feasibility was determined by evaluating the following criteria: (i) environmental criteria: productivity and type of soil, flora and wildlife communities, both in status NOM-059- SEMARNAT-2010, as species of biological interest,

and in particular, the distance with respect to protected natural areas and areas of biological relevance; (ii) engineering criteria: relief, topofoms, soil type; and (iii) socioeconomic criteria: proximity and / or presence of population centers and communication routes, public infrastructure, archaeological and historical heritage, etc. The VN I&III Project, will be developed on lands previously owned by the Ejido of San Juan de Villanueva, which the Sponsor has now leased for the duration of the project live. The Project site covers an area of approximately 2,500 ha, and is located in the Viesca Municipality, within the State of Chihuahua, Mexico; approximately, 18 km southwest of San Pedro and 38 km east of Torreon City, in sparsely populated flat farmland. The primary access road to the site is the federal highway from Saltillo to Matamoros (Highway 40D), which is a well-maintained paved road that allows any vehicle to access the site without any major concern. This 2,500 ha is situated in a relatively flat terrain, at an elevation of approx. 1,100 m, comprises mainly of farmland and grassland used for cattle grazing and agricultural activities (melons and watermelons), with some small locations scattered throughout the area of the site, with presence of sandy soil without gravel or rocks. This site is characterized by moderate to high annual temperatures and low amounts of precipitation, which makes it ideal for the solar facility. In the case of the Don José Project, this will be developed in private properties of which the Promoter has a lease contract. It is located 7 km from the town of San Luis de la Paz, state of Guanajuato and might be accessed through two municipal dirt roads; one with address to the Community of Los Dolores and the second towards the Rancho Nuevo Community. Of the total surface of the Project, approx. 1,072.286 ha, only 40.76% (437.0839 ha) correspond to forest vegetation and within these hectares by Law, 408.9526 ha will be subject to the corresponding procedure of Authorization of Land Use Change of forest land (CUSTF). In the areas of interest of the Project, the following types of vegetation and land use are found: irrigation agriculture (561.37 ha, 52.35%), rainfed agriculture (20,129 ha, 1.88%), crasicaule scrub (0.0105 ha, <0.01 %), crasicaule desert scrub with shrubby secondary vegetation (437,073 ha, 40.76%), transit areas along vicinal roads (9,124 ha, 0.85%), federal channel (26,151 ha, 2.44%), and bodies of water (18.43 ha, 1.72%). Both the federal channel and the bodies of water, are not water bodies or perennial channels, but intermittent depending on the intensity of precipitation. None of the Projects, VN I&III SPV or DJ SPV, are located within a State or Federal Natural Protected Area. However, it was identified that the DJ SPV Project is located 10 km from a catchment area, 15 km from the buffer zone and more than 30 km of the Core Zone of Biosphere Reserve Sierra Gorda of Guanajuato. In the case of the VN I&III SPV Project, this is located approximately 11 km to the east from the state protected area of Villa Bibao, which is protected for the endemic species of *Uma Exsul* (dune lizard). From a biotic environmental analysis, in the Influence Areas (IA) of the VN I&III Project site, the vegetal community is Vegetation of Sandy Deserts; in the dominant shrub layer, the following species are found: gobernadora (*Larrea tridentata*), sangre de drago (*Jatropha dioica*), tasajillo (*Cylindropuntia leptocaulis*) y nopal cegador (*Opuntia rufida*). Other species of importance in the IA are: biznaga ganchuda (*Glandulicactus uncinatus*) that is in the category of "Endangered", likewise there are 4 species of cactaceae considered to be of slow growing (LCDR, for its acronym in Spanish): mancacaballo (*Echinocactus horizonthalonius*), costillón (*Ferocactus hamatacanthus*), pelotita de golf (*Mammillaria lasiacantha*) and biznaga de corona (*Mammillaria pottsii*). In the herbaceous stratum the dominant species are: mostaza (*Baileya multiradiata*), paraleña (*Thymophylla pentachaeta*) and girasol (*Helianthus petiolaris*), the species with the lowest density is coquito (*Hoffmanseggia glauca*). Regarding the diversity of wildlife, the relative abundance (RA) in the Project's IA in the vegetation of sandy deserts and unarmed scrub, presented a total of 204 records and 28 species of four fauna groups (rodents, mammals, reptiles and birds); Within the group of rodents, the one that presented the greatest RA was the Mexican squirrel (*Spermophilus mexicanus*). For the group of mammals, 5 species were identified, being the coyote (*Canis latrans*) and the black-tailed hare (*Lepus californicus*) those with higher RA; reptiles report 5 species of which the highest RA are the lizard of the dunes (*Uma exsul*), which is also protected for endemic, and the lizard side spotted (*Uta stansburiana*), finally, the birds with 16 species, among which the black-throated zacatonero

(*Amphispiza bilineata*) and the whole brown head (*Molothrus ater*), presented greater AR. For the biotic aspect of the DJ SPV Project, a total of 39 species were found, belonging to 17 botanical families, of which the Cactaceae, Fabaceae, Asteraceae, and Poaceae stood out, due to the number of species present. As for the vital forms, the bushes were the most abundant with 21 species; followed by the herbaceous with 14 species, the arboreal with 3 species and the group of epiphytes only one species was found. In the Project site, a single species of wild flora listed in the Official Mexican Standard NOM-059-SEMARNAT-2010, *Ferocactus histrix* was found in a category subject to special protection. Regarding the wild fauna, at the Project site no records of any amphibian species were obtained, however for the reptiles there were 7 species (five families and one order) representing 77.77% of the total number of registered reptiles. For the area of influence, 36 species of birds (twenty-one families and nine orders) representing 66.66% and 16 species of mammals (nine families and five orders) corresponding to 64.03%. According to the total number of registered faunal species, only three of the reptile species (*Sceloporus grammicus*, *Pituophis deppei* and *Crotalus molossus*) and one of the birds (*Caracara cheriway*) are listed in the Official Mexican Standard NOM-059-SEMARNAT- 2010. Contact Information For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see Investment Summary tab), or IDB Invest using the email requestinformation@idbinvest.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.