

El Naranjal, located in a rural area near the Salto Grande Dam, about 20 km north of the city of Salto, occupies a 150-hectare site. Del Litoral is located in a rural area near the town of Termas del Dayman, about 15 km southeast of the city of Salto and occupies an area of 40 hectares. Both parks, which are 100% built and operating at full capacity, have obtained the Environmental Authorization for Operation issued by the National Environment Directorate (DINAMA). El Naranjal and Del Litoral are located in rural areas close to urban centers. These are areas of low population density where there are houses relatively close to the limits of the properties occupied by the solar parks. The Environmental and Social Due Diligence (ESDD) was carried out between March 27th and 29th, 2018, with the participation of representatives of the owner company (Atlas Renewable Energy), representatives of the O&M Contractor (Ingener), the independent engineering consultants (RINA), representatives of the investment bank (DNV), representatives of the risk rating agency (Moody's) and the IDB Invest project team. According to the IDB Invest's Environmental and Social Sustainability Policy, the Project was classified as a Category B (medium risk), since its possible environmental and social risks and impacts are limited, mostly reversible and can be mitigated by easily executable measures in the context of the operation. The Performance Standards of the International Financial Corporation (IFC) that this operation would activate are the following:

- Performance Standard 1: Social and Environmental Assessment and Management Systems
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Pollution Prevention and Abatement
- Performance Standard 4: Community Health, Safety and Security

The photovoltaic parks El Naranjal and Del Litoral belong to Atlas Renewable Energy (Atlas), an independent power generation company with a significant concentration (greater than 1 GW) in renewable energies (solar) in Latin America (Mexico, Brazil, Chile, Uruguay). Both plants were acquired from SunEdison before their completion, being completed and put into operation by their current owners. In the immediate surroundings of the lands occupied by the Generators there is small and medium-scale agricultural and livestock production and intensive production of citrus. It is a strongly intervened area, of low population density, occupied mainly by landowners and personnel who perform tasks in the establishments, together with their families. The nearest urban centers, although they are at short distances, are outside the area of direct influence of the generators.

### 3.1 Assessment and Management of Environmental and Social Risks and Impacts

a. E&S Assessment and Management System. Both El Naranjal and Del Litoral have an Environmental and Social Management Plan for Operations (ESMPO). The personnel assigned to the operation and maintenance tasks, including that outsourced, receive training in environmental management to execute this plan. The Environmental and Social Action Plan (ESAP) included in Section 4 describes those items that must be adjusted so that the ESMPO complies with the policies and directives required by IDB Invest.

b. Policy. Atlas frames its actions in what the company calls its Core Values, a policy instrument that has excellence and integrity as a rule. Its leading investor, Actis, applies international environmental, social and corporate governance (ESG) standards, as well as transparent accounting for all its investments.

c. Identification of Risks and Impacts. The studies prior to the construction of the solar parks included an analysis of the risks and impacts that the projects could generate during the construction and operation phases. To manage those that would occur during the construction phase, the so-called Environmental and Social Management Plan for Construction (ESMPC) was executed. Having concluded the construction stage and with the Generators operating, the ESMPC was replaced by the ESMPO, currently in force.

d. Management Programs. The operational management of the generators is relatively simple since it consists of the verification of the operation of panels, trackers, inverters, transformers and protection and maneuver elements. In addition, there are complementary elements such as the closed circuit system of surveillance, alarm and communication system. From the environmental point of view, the only actions that could generate some type of impact or risk (all of them minor) are related to the maintenance of the property and the cleaning of the panels. Regarding the first action, this includes the maintenance of the perimeter fence, the control of the vegetation (which is done by cutting and without using herbicides), the control of pests, and the maintenance of the roads and drainages. The

cleaning of the panels is done by pressurized water. To do this, a method of control is used that compares the energy generated between two calibrated cells, one of which is kept clean and the other is not cleaned. When the difference exceeds 2% the cleaning is carried out. In practice, the need to clean the panels is much lower than expected due to rain. e. Organizational Capacity and Competency. The execution and control of the ESMPO is in charge of the HSE specialist, whose management covers the two Generators. The HSE specialist is appointed by the O&M Contractor (Ingener), a company with extensive experience in the country, with vast experience in the management of this type of project, which also participated in the assembly of the Generators. f. Emergency Preparedness and Response. As part of the training in environmental management mentioned above, workers receive training in safety procedures and protection equipment, emergencies and contingencies, including spills and fires, as well as risks of animal bites (in particular snakes). g. Monitoring and Review. The ESMPO proposes an evaluation of its effectiveness through a set of performance and management indicators (measurement of waste, water consumed, and details of environmental incidents, accidents and near accidents, among other parameters) that allow a temporary comparative evaluation against references and pre-established objectives. These indicators complement the Environmental Monitoring Program (EMP) that is applied in the operation of photovoltaic parks. The EMP is basically focused on monitoring quality parameters of runoff surface water and soil, and on flora and fauna monitoring. Its implementation, execution, monitoring and evaluation is the responsibility of the HSE specialist. The water monitoring verifies the quality of the surface water of rain runoff and after the washing of panels; the objective of the soil monitoring is to evaluate the possible alteration of its physical characteristics (compaction, texture and structure); the flora monitoring seeks to measure the evolution of the vegetation, following the evolution of the species with priority for the conservation that were transplanted during the construction and the growth of the vegetal cover; the fauna monitoring studies the evolution of the presence of the tetrapod fauna (amphibians, reptiles, birds and mammals). The plan foresees the possibility of adopting mitigating or compensatory measures if the impacts exceed a pre-established threshold. h. Stakeholder Engagement. As part of the approval process for environmental studies by DINAMA, public consultation processes were carried out with communities and stakeholders. These consultations indicated that local communities and stakeholders maintained a positive vision towards the construction and operation of solar generators, a perception that has been maintained to date. Atlas, however, will continue to carry out a community participation process during the entire Project cycle. i. External Communication and Grievance Mechanisms. Generators have a communications and grievance mechanism that allows community members to address their concerns at any time before any circumstance arising from the operation of the Generators. This mechanism allowed that, both during the construction of El Naranjal and at the beginning of the operation of Del Litoral, complaints were received from the neighbors that generated corrective actions. With the participation of DINAMA acting as an articulator, satisfactory solutions were implemented for the parties. As part of the monitoring of the Project, it will be verified that said solutions maintain their validity. 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](mailto: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](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.