

The Project has been classified as a Category A (High-Risk) operation according with IDB Invest's Environmental and Social Sustainability Policy, since it will likely generate, among other, the following impacts: i) increase of the concentration of combustion gases and particulate matter in the air; ii) increase of sound level pressure and vibrations; iii) loss of soil, alteration of groundwater quality, possible loss of flora individuals in conservation category, and impact in fauna habitat; iv) potential modifications of benthic communities, of the physical and chemical characteristics of seawater, and of the planktonic communities in the ocean; v) alteration of traffic flows and road safety interference; vi) possible changes in demographic structure of the nearby communities; vii) possible alteration of archaeological sites and national monuments; viii) modifications to the visual quality of the landscape; ix) generation of electromagnetic fields and x) alteration of the hydrological regime in the recipient watershed. These impacts are deemed to be of medium-high to high importance. The following performance standards are applicable: PS 1: Assessment and Management of Environmental and Social Risks and Impacts PS 2: Labor and Working Conditions PS 3: Resource Efficiency and Pollution Prevention PS 4: Community Health, Safety, and Security PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources PS 8: Cultural Heritage The Project's environmental impact assessment (EIA) was classified as environmentally favorable by the Environmental Evaluation Commission of the Antofagasta Region [Comisión de Evaluación Ambiental de la Región de Antofagasta] through Resolution No. 0022 EX of 20 January 2016. An Environmental Impact Statement [Declaración de Impacto Ambiental] (DIA), which introduced adjustments to the desalination plant in order to optimize its design and hasten the execution thereof, has been submitted to the Environmental Authority for analysis and approval. The environmental and social management program set out in the EIA contains three major types of plans: (i) Mitigation Measures Plan, which includes plans to manage the physical environment, the biotic environment, and cultural heritage; (ii) Compensation Measures Plan, which comprises compensation plans for the physical, human, cultural, and perceptual environments; and (iii) Voluntary Measures Plan, which contains a series of actions and commitments voluntarily adopted by the client to benefit the neighboring communities. Were it to participate in the transaction, IDB Invest would hire an independent environmental and social consultant to help in the Environmental and Social Due Diligence (ESDD) process, assess likely environmental risks, confirm the Project's classification, evaluate management plans to mitigate such risks, and define an environmental and social action plan (ESAP) for the Project to close any gap that might exist between what was verified during the EDSS and the requirements of the IDB Invest Sustainability Policy. As part of the ESDD process, IDB Invest would: (i) Visit the Project site; (ii) evaluate the environmental, social, and health and safety system to be adopted, including its associated plans and procedures; (iii) inspect the campsites and industrial areas; (iv) verify the scope of the public consultation process; and (v) evaluate the basic data and social and labor issues related to the Project. An Environmental and Social Review Summary (ESRS) will be prepared and published on this website once IDB Invest's involvement in the transaction has been confirmed and the ESDD has been concluded.