

## Environmental and Social Review Summary (ESRS) Guagua Fontibon Electric Bus Project – COLOMBIA

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### 1. General Information of the Project and Overview of Scope of IDB Invest’s Review

The proposed operation (the “Project”) consists of financial support to Fontibon ZE S.A.S. (the “Company”), a special purpose vehicle (SPV) created and majority owned by Enel Colombia S.A E.S.P (“Enel Colombia”) part of Enel Group, for the fulfillment of a concession contract with Transmilenio S.A.<sup>1</sup> As the Supply Concessionaire, the Company is responsible for providing an electric bus fleet of 172 units, and to develop the associated electric and support infrastructure.<sup>2</sup> The maintaining and operation of both support infrastructure and bus fleet will be managed by the Operational Concessionaire.

The environmental and social due diligence (the “ESDD”) was centered on a review of the Company’s environmental and social management system (“ESMS”) and consisted of a desk review of several environmental and social (“E&S”) documents and virtual conversations with the Company’s management staff. No physical visits were made due to the travel restrictions imposed by the COVID-19 pandemic.

### 2. Environmental and Social Categorization and Rationale

The Project has been classified as a low-risk Category B operation according with IDB Invest’s Environmental and Social Sustainability Policy since it will likely generate, among others, the following impacts and risks: i) health and safety risks for workers; ii) labor risks at manufacturing factories in the replacement parts supply chain; and iii) risks related to storage and disposal of hazardous materials and other wastes (including used batteries) at maintenance facilities. These risks and impacts are deemed to be of low intensity.

The Performance Standards (“PS”) triggered by the Project are: i) PS 1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS 2: Labor and Working Conditions; iii) PS 3: Resource Efficiency and Pollution Prevention; and iv) PS 4: Community Health, Safety, and Security.

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<sup>1</sup> Bogota’s metropolitan public transport system of bus rapid transit (BRT).

<sup>2</sup> At the time of this Environmental and Social Due Diligence, this infrastructure was already in service.

### 3. Environmental and Social Context

The E&S management of the Project is overseen by the Company in the period of construction of the electrical support infrastructure while the Operational Concessionaire is responsible for the E&S management during operation, including all activities related to maintenance of the electrical support infrastructure and bus fleet.

The buses to be supplied by the Company will operate throughout Bogota metropolitan area. The associated electrical support infrastructure has already been completed. The construction was carried out by a company contracted by Fontibon ZE S.A.S., the Nacional de Electricos HH Ltda.<sup>3</sup> (the “Construction Company”). The electric patio located in the Fontibón urban region occupies an area of 22.294 m<sup>2</sup>, and is surrounded by industrial and commercial sites, and vacant lots that will accommodate future residential projects.

The Project complies with local requirements and permits.<sup>4</sup> Given the nature of the Project, it does not require an Urbanization License from the City Hall of Bogotá nor a Construction License from the Ministerio de Vivienda y Desarrollo Territorial.

Contextual risks include those related to the health of staff working during the COVID-19 pandemic, as well as risks related to potential social unrest that can take place in different areas of Bogotá, including in Fontibón region.<sup>5</sup>

### 4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

#### 4.1 Assessment and Management of Environmental and Social Risks

##### 4.1.a E&S Assessment and Management System

Enel Colombia has an Environmental Management System (“EMS”), certified by the ISO 9001:2015<sup>6</sup>, ISO 14001:2015<sup>7</sup> and ISO 45001:2018<sup>8</sup> standards. The scope of the EMS includes environmental, social, and occupational health and safety aspects of the Company and its contractors. The Company, as part of Enel Colombia, is governed by its EMS and all related policies and management programs and was responsible for its compliance and implementation in the Project.

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<sup>3</sup> Private company with experience in the electricity market.

<sup>4</sup> Approval of the Construction and Demolition Waste Management Plan by Corporación Autónoma Regional de Cundinamarca (“CAR”); authorization of request of concept of height for construction by Colombian Civil Aeronautics; approval and supervision of construction and interference in public space by Empresa de Acueducto y Alcantarillado de Bogotá (“EAAB-SP”); excavation license by Instituto de Desarrollo Urbano (“IDU”); and permission for voluntary intervention in public infrastructure by the IDU.

<sup>5</sup> <https://www.lafm.com.co/bogota/enfrentamientos-en-fontibon-entre-manifestantes-y-policia>

<sup>6</sup> International standard for Quality Systems.

<sup>7</sup> International standard for Environmental Management Systems.

<sup>8</sup> International standard for Management Systems of Occupational Health and Safety (OHS).

#### 4.1.b Policy

Enel Colombia has an “Integrated Policy for Health, Safety, Environment and Quality” which defines the principles and commitment to achieve sound environmental, quality, and occupational health and safety performance.

#### 4.1.c Identification of Risks and Impacts

The “Operational Instruction Procedure on Environmental Management Measures for Electrical and Civil Infrastructure Projects” requires the analysis of environmental and social restrictions, as specified in the “Verification Matrix of Environmental and Sociocultural Restrictions for New Projects”, a tool that helps determine the environmental and social aspects to be considered before initiating a new project, identify potential environmental and social restrictions, and define the action plan to be implemented for each of the aspects. The Construction Company was responsible to implement this tool and report it to the Company.

#### 4.1.d Management Programs

The “Operational Instruction Procedure on Environmental Management Measures for Electrical and Civil Infrastructure Projects” establishes the environmental and social requirements that must be executed for each new project, either by the Company or its main contractors. The procedure includes guidelines for environmental and social analysis; indication of relevant social and environmental aspects to be considered; a detail of the licenses and permits requirements; guidelines for environmental management measures, that include signaling and traffic control program, pedestrian traffic signaling and a management program; waste management program; air pollution control program; handling and storage of special substances; and a contingency plan. In addition, Enel Colombia has in place a Management of SF<sub>6</sub><sup>9</sup> Gas Procedure; Management of Leaks, Drips or Spills of Dielectric Oils Procedure; and a Management of Solvents, Cleaners, and Electrolytes Procedure.

For the Project, the Construction Company developed and implemented an Environmental Management Plan, which includes management measures to deal with risks and impacts during construction. Such measures are aligned with the “Operational Instruction Procedure on Environmental Management Measures for Electrical and Civil Infrastructure Projects”. The Construction Company also completed the “Environmental Management Measures”, a form which specifies contractual requirements and respective milestones for compliance with Enel Colombia’s environmental and social management measures.

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<sup>9</sup> Sulfur Hexafluoride, a greenhouse gas commonly used in electrical switchgear, transformers and substations as an electrical insulation, arc quenching and cooling medium.

#### 4.1.e Organizational Capacity and Competency

At national level, Enel Colombia has a department for Occupation Health and Safety, and for Environmental Management. These departments, that provide support to local managers regarding occupational health and safety and environmental compliance, are also responsible to revise, approve and monitor the occupational health and safety plan and environmental management measures; and current legal regulations and demand compliance with preventive or corrective actions derived from said management.

The Company has a local manager, an administrative and financial director, a fleet supervisor, a fleet coordinator, and an infrastructure supervisor.

#### 4.1.f Emergency Preparedness and Response

The protocol “Management of Leaks, Drips or Spills of Dielectric Oils, Fuels and Electrolytes” establishes the operational control measures to prevent and address spills, leaks or drips of dielectric oils, lubricants, fuels, and battery electrolytes.

The Company designed and implemented a fire protection project at the Project facilities, in compliance with NFPA 10 2017<sup>10</sup> and NTC 1669 2009<sup>11</sup>. The project includes the installation of fire extinguishers; hydrants; hose booths; systems and equipment for fire detection (by smoke or temperature) and alarm system; water storage tanks to be used against fires; pumping system capable of supplying the simultaneous operation of two fire-fighting stations; and other support structures for the firefighters corps. All pipeline materials comply with the ASTM D3035-21 Standard<sup>12</sup>, and all isolation valves will have a monitoring system or a mechanical blocking system, as established by the NFPA 14 2019<sup>13</sup>.

In addition, the Company requires from the contractors the development of emergency and contingency plans for each site, taking into consideration its activities, and operational and geographic characteristics. It also requires the contractors to provide and disseminate information on evacuation routes, alarms and sounds, meeting points, emergency points, and closest medical centers. The Construction Company implemented a Prevention, Preparation and Responses to Emergencies and Environmental Contingencies Plan, which requires that, in the event of an accident or emergency, the Construction Company to inform the Company, register the occurrence, present an evaluation of possible causes, and recommend remedies, corrections, or compensation measures. The management of the emergency and contingency plans for the operational phase is the responsibility of the Operational Concessionaire.

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<sup>10</sup> International Standard for Portable Fire Extinguishers.

<sup>11</sup> Colombian Standard for the Installation of Fire Hoses Connections.

<sup>12</sup> International Standard Specification for Polyethylene (PE) Plastic Pipe (DR-PR) Based on Controlled Outside Diameter.

<sup>13</sup> International Standard for the Installation of Standpipe and Hose Systems. It provides requirements for the installation of standpipes and hose systems to ensure that systems will work as intended to deliver adequate and reliable water supplies in a fire emergency.

#### 4.1.g Monitoring and Review

The Company monitors its contractor's compliance of its environmental, social, labor, and occupational health and safety requirements. The Management of Contracts and Agreements Policy assigns different responsibilities to achieve the latter, including those for the contract's Manager and the support units, including the Environmental Management and the Occupation Health and Safety departments<sup>14</sup>.

#### 4.1.h Stakeholder Engagement

The Construction Company implemented a Social Management Plan. The plan carried out an analysis of the area of influence of the Project to characterize the historical, social, economic, cultural, and architectural aspects of the area, and the state of the physical and social conditions of the urban facilities. In addition, the Construction Company carried out meetings with the surrounding communities and with Fontibón Local Administrative Board ("Junta Administradora Local" or "JAL", in Spanish).

The Construction Company also provided the Neighborhood Reports ("*Actas de Vecindad*", in Spanish), a requirement of the Colombian National Agency of Infrastructure ("ANI"). The Neighborhood Reports are disclosed to the surrounding communities and record the pre- and post-conditions of public buildings Project's area of direct influence.

#### 4.1.i External Communication and Grievance Mechanisms

For the construction phase, the Construction Company adopted a Grievance Mechanism with an exclusive e-mail and phone line to receive grievances and assigned a dedicated employee to receive grievances in person. The Grievance Mechanism protocol included procedures to register the grievance, assign the responsible team to deal with it, analyze it, and implement response actions. In addition, Enel Group has an Ethical Communication Channel, in which any internal or external stakeholder can report any violation or suspected violation of its Code of Ethic by personnel belonging to Enel Colombia or its counterparts. The complaint can be made via an online platform, telephone, or mail.

## 4.2 Labor and Working Conditions

For this project, the Company has in place a Corporate Governance Manual that establishes the premises of worker relations, such as: (i) ensure equal opportunities and no discrimination against race, gender, political opinion, or religious belief; (ii) ensure that their occupations are safe and healthy; (iii) promote the reconciliation of work and family life of their workers; (iv) promote training, teamwork and knowledge sharing among its workers; (v) seek to generate a work environment in which dialogue, innovation, creativity and the capacity for initiative are rewarded;

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<sup>14</sup> Responsible for monitoring and reviewing the contractor's compliance with environmental management and occupational health and safety measures, as well as with the contractor's legal compliance in terms of labor, environmental and occupational health and safety.

and (vi) take into account the aspirations of its employees. Enel Group has also established an Ethical Code and Human Rights Policy.

The Company requires its contractors to comply with labor laws. For that purpose, it requires its contractors to present a certification issued by the Legal Representative and the Tax Auditor, the latter when applicable<sup>15</sup>, that certifies that the contractor: i) pays its workers the salaries and benefits required by law; ii) pays taxes; and iii) has permission from the Ministry of Labor to allow overtime work (and to remunerate accordingly). The Company also requires the Legal Representative to report any lawsuits or labor claims filed at least one year before, and to inform if they have union organizations or collective labor agreements.

#### 4.2.a Occupational Health and Safety

The “Integrated Policy for Health, Safety, Environment and Quality” expresses Enel Colombia commitment to ensure the protection of health, safety at work, and the psychophysical integrity of workers and people, and to guarantee compliance in health and safety matters at work.

The “Management of SF6 Gas” procedure that covers all aspects of the SF6 gas acquisition, storage and handling, and disposal, as well as the identification and correction of abnormal leaks. It also defines the adequate personal protection equipment (“PPE”) such as protective footwear, nitrile or neoprene rubber gloves, industrial gloves, etc., and provides safety recommendations to handle the gas (e.g., identification of risks due to odor or irritation of the respiratory tract and eyes, personal hygiene, cleaning procedures before and after leaving the station of work, etc.).

The “Management of Solvents, Cleaners and Electrolytes” identifies the solvents and cleaners commonly used in the Company’s activities that can present physical and health risks. The procedure provides recommendations for the adequate handling of such materials (e.g., use of PPE, ensure that the workplace is well ventilated, avoid the presence of any source of flame or heat, etc.) and establishes the safety measures to be used in case of accident by contact or inhalation (e.g., remove the victim from the scene and move it to a well-ventilated area, wash exposed areas with plenty of running water and soap and quickly take the victim to the doctor). Regarding electrolytes, the Company classifies the batteries and has in place handling and storage procedures for each type.

In addition, the “Health and Safety at Work and Buses” procedure establishes the contractor’s obligations in terms of management of occupational health and safety and emergency preparedness.

#### 4.2.b Supply Chain

To ensure quality and compliance levels, in accordance with the operating, safety, and environmental standards of the Project, the Company has a rigorous process for the identification, selection, and management of contractors and suppliers, and regularly monitors their activities.

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<sup>15</sup> Some projects do not require a Tax Auditor. In this case, the accountant of the project will be responsible to issue the certification.

Through its procedure of “Environmental Requirements for the Contracting of Goods and Services”, the Company defines the environmental requirements that its suppliers need to comply with, based on the level and type of risk associated with its activity.

BYD<sup>16</sup>, the Project’s buses and battery supplier, presented to the Company the fire safety certification for the buses and batteries.

Following up to Colombian labor law, BYD’s Internal Labor Regulations (“ILR”), registered at the Colombian Labor Ministry , prohibits forced and child labor.

### **4.3 Resource Efficiency and Pollution Prevention**

#### 4.3.a Pollution Prevention

The “Environmental Control for Waste Management” protocol covers the entire waste management planning and operational control process, for both common and hazardous waste. The protocol determines staff competence and responsibilities; the transport and storage requirements for each type of waste; the waste segregation criteria; the registration control; and the final disposal methods<sup>17</sup> (normally in authorized centers).

The “Management of SF6 Gas” describes the procedures to be applied at the end of life of an SF6 Gas equipment, considering the cleaning and neutralization of solid decomposition products that may be present in the equipment. In addition, the “Management of Solvents, Cleaners and Electrolytes” details the adequate procedure for the disposal of absorbent material or materials soaked in solvent, and the correct disposal of waste solvents, cleaners and degreasers.

The Construction Company developed and implemented an Integrated Waste Management Program for the Project, that covers solid waste management, recycling procedures, and protocols to dispose hazardous waste. The disposal of the batteries will be managed by BYD, in accordance with national regulations.

After the conclusion of the concessionaire contract, estimated in 15 years, the Company will evaluate the fleet to determine if the buses can continue to operate. The buses that require to be discontinued will be disintegrated, in a process also known as scrapping<sup>18</sup>, in accordance with the procedures established by Resolution n° 0012739 of the Colombia Transport Ministry.

#### 4.3.a.i Greenhouse Gases

The Project will replace a diesel-powered bus fleet and will reduce the associated energy consumption to 146.36 TJ/year. By financing the implementation of electric buses in the city of

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<sup>16</sup> BYD or ("Build Your Dreams" is a Chinese conglomerate manufacturing company headquartered in Shenzhen, Guangdong, China.

<sup>17</sup> In the case of hazardous waste that cannot be recycled and when no authorized waste managers are available, the procedure indicates that that waste must be temporarily stored and thereafter transported their final disposal abroad.

<sup>18</sup> Scrapping ("*chatarización*" in its original in Spanish) is a process of destruction of all the elements and components of the automobile duly authorized by the Colombian Ministry of Transportation.

Bogotá, this transaction will mitigate climate change by resulting in a net reduction of greenhouse gas (“GHG”) emissions of nearly 13,000 tons of CO<sub>2</sub>e per year.

#### **4.4 Community Health, Safety and Security**

The bus fleet is fabricated with materials resistant to fire, in accordance with the Federal Motor Vehicle Safety Standard n° 302 (“FMVSS 302”).<sup>19</sup> The batteries meet the requirements of Regulation n° 100 of the Economic Commission for Europe of the United Nations (“ECE R100”)<sup>20</sup>. The bus fleet and batteries were certified by specialized third parties.

##### 4.4.a Security Personnel

The Operational Concessionaire will oversee the security personnel at Project. It currently has two-armed security employees and will hire further non-armed security personnel. Armed security personnel must comply with local regulations that require them to approve trainings on human rights and use of force.

#### **4.5 Land Acquisition and Involuntary Resettlement**

The Project will not need of any kind of land acquisition, nor will it generate any kind of physical or economic involuntary displacement.

#### **4.6 Biodiversity Conservation and Natural Habitats**

The Project will not affect any modified, natural or critical habitats or ecosystem services.

#### **4.7 Indigenous Peoples**

The Project will not generate adverse impacts on indigenous communities.

#### **4.8 Cultural Heritage**

The Project has concluded its construction phase and no archeological remains were identified in the Fontibón site. Due to its characteristics, it is very unlikely that the Project, in its operational phase, may cause any adverse effect on cultural heritage.

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<sup>19</sup> The Federal Motor Vehicle Safety Standard are United States federal vehicle regulations specifying design, construction, performance, and durability requirements, and referenced as international best practices. The FMVSS 302 provides requirements related to the flammability of interior materials of vehicles.

<sup>20</sup> The ECE R100 uniform provisions concerning the approval of vehicles with regard to specific requirements for the electric power train.



## 5. Local Access of Project Documentation

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