Environmental and Social Review Summary (ESRS)
LA UNION – Colombia

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

The transaction proposes to finance the La Unión solar power project in Colombia (the "Project"), which involves the construction and operation of a 99.9-megawatt alternating current ("MWac") power plant and a 110 kilovolt ("kV"), 10.6 km transmission line in the municipality of Montería, department of Córdoba. The solar plant will be composed of 323,529 solar modules and 65 inverters. The Project is in the preconstruction stage, with a secured interconnection, a secured site, and advanced environmental approvals. Construction is scheduled to begin in the third quarter of 2022 and to last 10 months.

The Project Sponsor is Solarpack (the "Company"), one of the first pure solar photovoltaic ("PV") developers and independent power producers in Spain. Solarpack was awarded a 15-year Power Purchase Agreement ("PPA") in the Third Long Term Contract Auction organized by the Colombian Mines and Energy Ministry in 2021, and will act as the developer, operator, and Engineering, Procurement, and Construction ("EPC") contractor for the Project.

The Project will help government efforts to diversify the Colombian energy matrix with Non-Conventional Renewable Energy sources, increasing system resilience particularly during dry seasons, and to reduce greenhouse gas emissions.

2. Environmental and Social Categorization and Rationale

The Project has been classified as Category B, pursuant to the IDB Invest Environmental and Social Sustainability Policy ("ESSP"), because it may cause, among others, the following risks and impacts: i) supply chain labor risks; ii) occupational health and safety risks; iii) soil impacts (erosion); iv) waste; v) community health and safety (traffic) impacts; vi) biodiversity impacts (loss of vegetation cover and fauna habitats); and vi) cultural heritage impacts. These impacts are deemed to be of medium intensity and will be managed through a series of measures to prevent, mitigate, or compensate such impacts.

The Project has triggered the following Performance Standards ("PS"): i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; iv) PS4: Community Health, Safety and Security; v) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and vi) PS8: Cultural Heritage.

Since the Project does not involve the acquisition of any land (and thus involuntary resettlement) and no indigenous communities will be affected by the proposed activities, PS5: Land Acquisition and Involuntary Resettlement and PS7: Indigenous Peoples have not been triggered.

3. Environmental and Social Context

3.1 General Characteristics of the Project's Site

The Project site is located approximately 10 km southeast of the city center of Montería in the department of Córdoba, municipality of Montería. The dominant ecosystem in the region is dry forest, but most of this ecosystem has been altered by human activities. The region is dominated by livestock pastures and agricultural fields interrupted by small, isolated strips of intervened primary forest. Most of the land in the Project's 523.7 ha Area of Influence ("AOI") for the solar plant is agropastoral (96.9%), with the rest being gallery or riparian forest (3.1%).

The nearest population centers to the solar plant are Kilometro 12 (3,800 inhabitants) and El Cerrito (762 inhabitants). The solar plant site encompasses parts of three properties owned by the same family and totals 231 ha, for which 30-year leases have been obtained by Solarpack. The solar plant's footprint within the site will be 207.82 ha. The transmission line passes through or near the districts of Villa Cielo (5,000 inhabitants), Pericos (1,400 inhabitants), El Cerrito (1,650 inhabitants), and Los Piojos (500 inhabitants). The transmission line will require easements to cross 42 properties.

3.2 Contextual Risks

Conflict-related deaths in Colombia peaked at 4,592 in 2001 and have steadily declined since then. When the Colombian government reached a peace deal with the peasant-based guerilla movement Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*, or "FARC") in 2016, deaths were already down to 38. They reached a low of 34 in the following year, in June of which FARC turned over their weapons. Deaths have increased slightly since then, reaching 168 in 2020. [1]

There have six incidents of political conflict involving 17 fatalities in the municipality of Montería since 1989. One of these involved the United Self-Defense Forces of Colombia (*Autodefenses Unidas de Colombia*, or "AUC") and resulted in 11 civilian fatalities in the city of Montería in 1989. Another incident in the municipality involving the same group in 2001 did not result in any fatalities. A third incident involved FARC and resulted in one government fatality in the municipality in 2005. The remaining three incidents involved government forces and resulted in five civilian deaths, one in Montería in 2001 and the others in the municipality in 2017 and 2018. AUC was a right-wing paramilitary organization that formed to fight against left-wing guerilla groups. It signed an agreement with the government to demobilize its forces in 2003, a process that was concluded in 2006.[2]

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1 UCDP - Uppsala Conflict Data Program (uu.se).

2 UCDP - Uppsala Conflict Data Program (uu.se).

Project workers have indicated that the biggest local security threat is the "Clan del Golfo" gang, which is based in Kilometro 15, approximately 3 km from the solar plant site. Solarpack is aware of this potential security risk and will develop procedures to address it in their emergency and security plans (see below).

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

Solarpack has an Integrated Management System ("IMS") that is certified according to the following International Organization for Standardization ("ISO") standards: i) ISO 9001 (Quality Management System); ii) ISO 14001 (Environmental Management System); and iii) ISO 45001 (Occupational Health and Safety Management System). Solarpack Occupational Health and Safety Management System (*Sistema de Gestión de la Seguridad y Salud en el Trabajo*, or SGSST) is specific to Colombia and is described in the Company's Solarpack Colombia SGSST Manual.

Solarpack has Environmental Management Plan Guidelines (*Directrices Plan de Gestion Ambiental*, or PGA Guidelines) that establish the methodology required by the Company and its contractors to define, plan, and control environmental management during the execution of a project. The PGA Guidelines cover the following key elements of an effective Environmental and Social Management System: i) policies (including codes of ethics); ii) identification of risks and impacts; iii) environmental prevention and mitigation measures (i.e., management programs); iv) organizational chart and responsibilities; v) contingencies programs (i.e., emergency preparedness and response); and vi) Environmental monitoring and measurement. It also includes sections on documentation, legal and other requirements, training, and management of non-conformities. The section on environmental prevention and mitigation measures includes subsections on: i) resource consumption; ii) atmospheric emissions; iii) noise; iv) soils and groundwater; v) waste; vi) fauna and flora; vii) archaeological remains; and viii) landscape impacts.

Solarpack will incorporate social elements (stakeholder engagement, external communications and grievance mechanisms, and ongoing reporting to affected communities) into the Project's Environmental and Social Management System (*Plan de Gestión Ambiental y Social*, or "PGAS").

4.1.b Policy

Solarpack has the following corporate policies and codes of ethics: i) Risk Control and Management Policy; ii) General Sustainability Policy; iii) Environmental Policy; iv) Health and Safety Policy; v) Corporate Tax Policy; vi) Quality Policy; vii) Human Rights Policy; viii) Social Action Policy; ix) Code of Ethics; x) Code of Ethics for Suppliers; and xi) Policy Against Corruption and Fraud. All these documents are available in English and Spanish on Solarpack's corporate website.[3]

[3] Policies and Codes of Ethics - Solarpack.

4.1.c Identification of Risks and Impacts

Solarpack conducted an Environmental Impact Assessment (*Estudio de Impacto Ambiental*, or "EIA") for the solar plant.[4] The Regional Autonomous Corporation of the Sinú and San Jorge Valleys (*Corporación Autónoma Regional de los Valles del Sinú y del San Jorge*, or "CVS") approved the EIA and issued the plant's Environmental License in February 2021.[5] The EIA includes an impact assessment and an environmental zoning assessment. The latter consists of the identification assesses of overlap of areas of high sensitivity and importance for physical, biological, and socio-economic components. The assessment resulted in the identification of 254.82 ha (48.66%) of the AOI as moderately sensitive and 268.89 ha (51.34%) to be of low sensitivity.

Solarpack conducted a separate EIA for the transmission line.[6] CVS approved the EIA and issued the transmission line's Environmental License in December 2021.[7] The EIA includes an impact assessment and an environmental zoning assessment. The latter include assessments of: i) areas of special ecological importance; ii) management and planning instruments; iii) environmental recovery areas; iv) natural risk areas; and v) areas of social importance. The assessment resulted in the identification of 727.2 ha (50.63%) of the AOI as highly sensitive and 709.04 ha (49.37%) as moderately sensitive.

4.1.c.i Direct and indirect impacts and risks

The impact assessment in the solar plant EIA evaluates the nature (positive and negative) and magnitude of 23 impacts (8 physical, 5 biological, and 10 socioeconomic and cultural). The evaluation assessed 18 of the impacts as negative and 5 as positive. None of the negative impacts were assessed to be critical, 10 were assessed to be severe (related to geomorphology, soils, flora, fauna, and the cultural dimension), and 8 to be moderate. Four of the positive impacts was assessed to be very favorable (increase in employment, local taxes, demand for local goods and services, and community expectations) and one to be beneficial (reliability in the national electric system).

The impact assessment in the transmission line EIA evaluates the interactions between 21 impacts (5 physical, 6 biological, and 10 socioeconomic) and 20 activities (12 construction, 4 operations, and 4 decommissioning). The analysis resulted in 301 interactions, 209 of which were assessed to be negative and 92 to be positive. The assessment then evaluates the nature (negative or positive) and magnitude of the 21 impacts, considering all their interactions. The evaluation assessed 17 of the impacts as negative and four as positive. None of the negative impacts were assessed to be critical, four were assessed to be severe (all related to fauna), 12 to be moderate, and one to be negligible. All four of the positive impacts was assessed to be very favorable (negotiation and acquisition of easements and increases in employment, demand for local goods and services, and reliability in the national electric system).

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4 "Proyecto Planta Solar Fotovoltaica 'PV La Union' en Montería – Córdoba," TC Proyectos y Consultorías, August 2020.

5 Resolución No. 2-7823, February 4, 2021.

6 "Línea de Transmisión de Energía Eléctrica de 110 kV del Proyecto Solar 'PV La Unión' a la Subestación de Montería," TC Proyectos y Consultorías, June 2021.

7 Resolución No. 2-8765, December 28, 2021.

4.1.c.ii Analysis of alternatives

In addition to the proposed Project, both the Project's EIAs assess a no action alternative. The power plant EIA assessed 29 impacts (12 physical, 9 biological, and 8 socioeconomic and cultural) from the following eight existing human activities in the Project's AOI: i) ranching activities; ii) human population and settlements; iii) disposal of solid waste and wastewater; iv) vehicular transit; v) burning of vegetation; vi) breeding of small animals; vii) commercial and service activities; and viii) energy transmission lines. The assessment identified 22 of the impacts as negative (14 severe, 7 moderate, and 1 negligible) and 7 as positive (5 very favorable and 2 beneficial).

The transmission line EIA considered the following seven existing human activities in the Project's AOI: i) human settlements; ii) home utility coverage; iii) vehicular transit; iv) forest harvesting; v) cattle ranching; vi) breeding of small animals; vii) energy transmission lines. It evaluated the interactions between these activities and 26 impacts (10 physical, 7 biological, and 9 socioeconomic and cultural). The assessment identified 70 negative interactions (11 severe, 57 moderate, and 2 negligible) and 60 positive interactions (51 important and 9 of low importance).

4.1.c.iii Cumulative impact analysis

The Project's EIAs assess whether each of the Project's identified impacts make a negative or positive contribution to the cumulative impacts of the Project and the current human activities in the Project's AOIs, which are listed in the description of the assessment of the no action alternative above.

4.1.c.iv Gender risks

There is a significant gender gap, defined as the differential and unequal access to economic, political participation, educational, and occupational opportunities based on sex or gender, in Latin America and the Caribbean. This gap is reinforced by pervasive cultural norms regarding acceptable roles for men and women and is exacerbated by weak legal protections and/or inadequate social response. The gender gap leads to gender discrimination, unequal access to public services, educational differentials, pay and labor gaps, and lagging political participation rates. The gender gap index for Colombia (0.73) is tied with three other countries for 12th out of 26 countries in region[8].

Gender-based violence and harassment (GBVH) is also a significant problem in Latin America and the Caribbean, which has the highest rate in the world. Brazil, Mexico, Argentina, Peru, El Salvador, and Bolivia represent 81% of global cases. Twelve women are murdered a day in the region. In Central America, two of every three women killed is because of their gender (i.e., femicide), and the perpetrator is a partner or former partner in half of these cases. There were 182 reported femicides in Colombia in 2020, which was the fifth most in the region[9]. GBVH in Latin America has been

[8] Gender gap index in Latin America 2021 | Statista.

[9] Number of femicides in Latin America by country 2019 | Statista.

exacerbated by the COVID-19 pandemic, as indicated by a significant increase in phone calls to domestic abuse hotlines in many countries in the region[10].

No Project-specific gender risks or impacts have been identified. The Project's Community Relations Plan nevertheless includes activities to increase the participation of women, as workers and local suppliers, in the Project.

4.1.c.v Climate change exposure

IDB Invest's assessment of physical risk exposure indicates that the Project is moderately exposed to earthquakes. In terms of hazards that may be exacerbated by climate change, there is a moderate to high exposure to heatwaves under both a more pessimistic (RCP 8.5) and a more optimistic (RCP 4.5) climate scenarios towards the end of the century[11]. There is also a high exposure to droughts, with such exposure increasing by 25% under the more pessimistic scenario. There is a moderate exposure to changes in rainfall patterns under three climate models, and exposure to riverine flooding towards the north of the Project site.

Transition risk exposure is considered low as the Project directly contributes to the decarbonization of the energy grid in Colombia.

4.1.d Management Programs

The solar plant's EIA includes an Environmental Management Plan (*Plan de Manejo Ambiental*, or PMA) that consists of 27 subprograms grouped into the following programs: i) environmental management; ii) soil management; iii) water resource management; iv) air resource management; v) ecosystems management; vi) environmental, health, and safety management system; and vii) socioeconomic system. The EIA also includes a Monitoring Plan (*Plan de Seguimiento y Monitoreo*, or PSM) that covers each of the subprograms in the PMA. In addition, the EIA includes a Contingency Plan (*Plan de Contingencia para la Gestión del Riesgo*) and a Decommissioning Plan (*Plan de Desmantelamiento y Abandono*).

The transmission line's EIA includes a PMA with the following subprograms: i) solid waste and excavations materials management; ii) geotechnical conservation and restoration; iii) environmental signage; iv) atmospheric pollution (emissions and noise) management; v) waterbodies management; vi) groundwater management; vii) wastewater management; viii) vehicle and machinery fleet management; ix) construction materials procurement and management; x) access road management; xi) easement maintenance and transmission line operation; xii) electromagnetic fields and electrical inductions emissions management; xiii) construction vegetation management; xiv) operations vegetation management; xv) fauna rescue and management; xvi) epiphyte rescue, transfer, and relocation; xvii) community information/participation; xviii) management of petitions, grievances, claims, and suggestions

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10 COVID-19: rise of gender violence in Latin America | Statista.

11 Representative Concentration Pathways (RCPs) 8.5 and 4.5 are stabilization scenarios in which the radiative forcing level stabilizes at 8.5 or 4.5 W/m^2, respectively, before 2100 by employment of a range of technologies and strategies for reducing greenhouse gas emissions.

(*peticiones, quejas, reclamos, sugerencias*, or "PQRS"); xix) participatory environmental management; xx) contracting of local labor; xxi) easement acquisition and/or damage to property and improvements business policy; and xxii) mobility intervention. The EIA also includes a PSM that covers each of the subprograms in the PMA. In addition, the EIA includes a Risk Management Plan, Decommissioning Plan, and Biodiversity Compensation Plan (*Plan de Compensación por Pérdida de Biodiversidad*).

4.1.e Organizational Capacity and Competency

Solarpack's PGA Guidelines indicate that its projects have an Occupational Health and Safety (OHS) professional and Environmental and Community Relations professional that report directly to the Site Managers (*Jefes de Obra*), who report directly to the Project Manager (*Jefe de Proyecto*). An OHS Inspector and external Archaeologist report to the OHS Technician and OHS Supervisors and OHS Technicians report to the OHS Inspector.

During the preconstruction phase in June 2022, the Project had the following environmental and social ("E&S") staff: i) environmental engineer (Savia Ambiental); ii) professional biologist (Savia Ambeintal); iii) two forestry supervisors (KIWE-YU); iv) resident professional forestry engineer (KIWE-YU); and v) environmental and community relations management specialist (Solarpack).

4.1.f Emergency Preparedness and Response

The solar plant's Contingency Plan and the transmission line's Risk Management Plan include risk assessments that identify, assess the probability of, and assess the potential consequences of unanticipated events that could pose a risk to the Project (i.e., emergencies) during construction, operations, and/or decommissioning. The solar plant's plan identifies the following scenarios: i) climate change; ii) floods; iii) forest fires; iv) landslides; v) deforestation; vi) strikes; vii) public and social order; viii) damage to third parties and the environment; ix) fires and explosions; x) occupational accidents; xi) cease in activities; and xii) health emergencies. The results of the assessment find that the highest risks are climate change and occupational accidents. The plan includes measures to mitigate these risks. The transmission line's plan identifies the following scenarios: i) seismic events; ii) mass removal; iii) floods; iv) biological risks; v) grease, oil, fuel, and/or chemical product spills; vi) fires/explosions; vii) occupational accidents; viii) transportation accidents; ix) crime; and x) potential damage to road infrastructure, public property or third parties; and xi) social protest actions. The results of the assessment indicate that the highest risks are occupational and transportation accidents. The plan includes measures to mitigate these risks.

Both plans describe procedures for responding to emergencies, including procedures to classify emergencies, roles and responsibilities, a training program, a simulation program, evacuation procedures, and procedures for specific types of emergencies. They also include the addresses and phone numbers of local emergency service providers and procedures for disclosing and socializing the plans, including to local communities and authorities.

Solarpack will update the solar plant's Contingency Plan and the transmission line's Risk Management Plan to assess the risk of and respond to incidents of sabotage.

4.1.g Monitoring and Review

As mentioned above, the Project's EIAs include Monitoring Plans (PSMs) that covers each of the subprograms in the PMA. In addition, the Project's Environmental Licenses state that Solarpack is required to conduct permanent environmental monitoring and provide Environmental Compliance Reports to CVS every six months.

4.1.h Stakeholder Engagement

The solar plant's AOI does not encompass any towns, but the towns of Kilometro 12 (3800 inhabitants) and El Cerrito (762 inhabitants) are located nearby. The transmission line AOI includes the districts of Villa Cielo (5,000 inhabitants), Pericos (1,400 inhabitants), El Cerrito (1,650 inhabitants), and Los Piojos (500 inhabitants). There are 469 agricultural properties within the AOI.

Solarpack's Social Action Policy describes the following Company commitments: i) supporting local communities (through access to clean energy and boosting economic development through education); ii) promotion and awareness-raising on sustainable development; iii) promoting social awareness among employees; iv) communication as a key element of social development; v) stakeholder engagement; and vi) partnerships with other institutions. The Company's mechanisms of social action are: i) creating local employment; ii) providing training; iii) collaborating with foundations and non-profit organizations; iv) developing social welfare initiatives; v) making donations to companies and foundations with shared values; and vi) activities to raise awareness of sustainable development.

The Project is currently developing a Community Relations Plan for the Project. The draft plan includes a preliminary map of stakeholders and describes three social programs. The first is stakeholder engagement, which consists of: i) engagement with employees, contractors, and suppliers; ii) engagement with institutions and authorities; iii) engagement with communities; and iv) public risk security alerts. The second program is education and consists of: i) labor certifications; ii) environmental education; and iii) cultural education. The third program is community strengthening and consists of: i) business strengthening (generation of local employment and development of local providers); and ii) organizational strengthening (generation of organizational capacity, community infrastructure improvement, and community environmental oversight). The plan also includes a description of the Project's Internal (i.e., worker) and External (i.e., community) Grievance Mechanisms.

4.1.h.i Disclosure of information

The transmission line's Community Information-Participation Subprogram indicates that the Project will provide information to local communities and other stakeholders via written communications and through a website.

4.1.h.ii Informed Consultation and Participation

Solarpack held the following four public consultation meetings for the solar plant during development of the EIA in August 2020: i) with residents of Kilometro 12 (attended by 12 people);

ii) with residents of El Cerrito (14 people); iii) with CVS; and iv) with municipal and local authorities. In May 2022, Solarpack held the following five public consultation meetings for the solar plant to discuss preconstruction activities: i) two meetings with residents of Kilometro 12 (30 and 30 people); ii) two meetings with residents of El Cerrito (70 and 60 people); and iii) community leaders of Kilometro 12 and El Cerrito.

Solarpack will begin public meetings regarding the transmission line as soon as easement negotiations are completed. The transmission line's Community Information/Participation Subprogram indicates that the Project will hold meetings with local communities prior to construction, quarterly during and at the end of construction, annually during operations, and before and after decommissioning. Meetings will provide information on the status of the Project and to hear complaints or concerns from community members. These consultation activities will be further developed in the Project's Community Relations Plan.

4.1.h.iii Indigenous Peoples

The Project is not located near any indigenous communities and is not anticipated to impact any Indigenous Peoples.

4.1.h.iv Private sector responsibilities under government-led stakeholder engagement

Stakeholder engagement is the sole responsibility of the Client. No Government-led stakeholder engagement has taken place or is envisioned to take place.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External communication

The Project's external communications will consist of stakeholder meetings, written communications, and development of a website with information on the Project.

4.1.i.ii Community grievance mechanism

The Project has developed a Petitions, Grievances, Claims, and Suggestions (*Peticiones, Quejas, Reclamos y Sugerencias*, or "PQRS") mechanism to receive grievances from local communities and other stakeholders verbally (during stakeholder meetings), by telephone, in writing, and by e-mail. The mechanism allows for the reception of anonymous grievances. Solarpack has developed a grievance matrix to record and track the receipt, assessment, and resolution of all grievances received through the mechanism. The mechanism is also described as an External Grievance Mechanism in the Project's draft Community Relations Plan.

4.1.i.iii Provisions for addressing vulnerable groups' grievances

The Project's External Grievance Mechanism includes multiple methods of access to ensure that vulnerable groups can utilize the system. Solarpack will develop procedures to publicize the mechanism to local communities, including vulnerable groups, in its final Community Relations Plan.

4.1.j Ongoing Reporting to Affected Communities

Solarpack publishes an annual Sustainability Report that is publicly available in the ESG section of its corporate website. The most recent (2021) report includes sections on: i) Solarpack's value proposition; ii) sustainability as a cross-cutting issue (including a description of the Company's 2021-2023 Strategic ESG Plan, relationship with stakeholders, materiality analysis, and 2030 Agenda); iii) corporate governance; iv) environmental performance (including climate action, circular economy and waste management, and biodiversity); v) social management (including health and safety, human resources, and equality and diversity); and vi) sustainable value chains. It also includes a list Task Force on Climate-Related Financial Disclosures ("TCFD") and Global Reporting Initiative ("GRI") indicators and an independent verification report as annexes.

Solarpack will provide relevant Project-specific information to affected communities via regular meetings, written communications, and development of a website with information on the Project.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

The Project will hire approximately 346 workers for the solar plant and 155 workers for the transmission line. All non-skilled workers will be local.

4.2.a.i Human resources policies and procedures

Solarpack has an Employee Manual (*Manual de Empleado*) that describes the Company's human resource policies and procedures, including regarding: i) working hours; ii) timesheets; iii) vacations and holidays; iv) sick leave; v) other absences; vi) salaries, payroll, and remuneration; vii) reimbursement of travel expenses; viii) accident insurance; ix) curriculum vitae; and x) use of Company equipment.

Solarpack is also in the process of developing an Internal Work Regulation (*Reglamento Interno de Trabajo*) that will provide additional details on these topics and will require approval by the Government of Colombia.

4.2.a.ii Working conditions and terms of employment

Solarpack is developing an Internal Work Regulation to include information on working conditions and terms of employment with its workers. The contracts for the Project's current contractors in charge of preconstruction activities, KIWE-YU and Savia Ambiental, comply with Colombian labor regulations.

4.2.a.iii Workers' organizations

The Project does not currently have any workers that are members of a union. Solarpack's Human Rights Policy, however, states that the Company respects the rights of workers to join, form, or associate themselves with a trade union without fear of reprisal, intimidation, or harassment. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to respect the freedom of association and collective bargaining of its employees.

4.2.a.iv Non-discrimination and equal opportunity

Solarpack's Human Rights Policy states that the Company provides equal opportunity and equal treatment to eliminate discrimination on the grounds of race, color, gender, sexual orientation, gender identity, religion, nationality, political opinion, disability, age, or any other status of individuals not related to their ability to perform their job. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to treat all employees with dignity and respect and refrain from any form of discrimination or harassment based on religious, political, or trade union beliefs, race, nationality, language, gender, marital status, social origin, age, or disability.

4.2.a.v Retrenchment

Solarpack's Employee Manual includes procedures for the voluntary and involuntary termination of employment of workers. The Internal Work Regulation will also include information on worker retrenchment.

4.2.a.vi Grievance mechanism

Solarpack has a worker grievance mechanism (*Canal de Denuncias*) that describes: i) what types of grievances can be received (broadly defined); ii) who can lodge a grievance (all personal associated with Solarpack); iii) how to access the mechanism (in person or by e-mail); iv) what information is required to lodge a grievance; v) investigation procedures; and vi) reporting and documentation. The mechanism is open to all Project workers, including contractors.

4.2.b Protecting the Workforce

4.2.b.i Child labor

Solarpack's Human Rights Policy rejects child labor as well as any other conduct affecting people's rights. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to eradicate all forms of child labor

4.2.b.ii Forced labor

Solarpack's Human Rights Policy rejects forced or compulsory labor as well as any other conduct affecting people's rights. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to eliminate all forms of forced labor.

4.2.c Occupational Health and Safety

Solarpack's Health and Safety Policy consists of the following basic principles: i) establishment of a management system to optimize performance; ii) mitigation of health and safety risks; iii) fostering awareness and a preventive culture; iv) providing a safe working environment; v) compliance with applicable legislation and other commitments; vi) involved employees; vii) involved contractors; and viii) commitment to implement the policy.

As mentioned above, Solarpack has an Occupational Health and Safety Management System (SGSST) with an ISO 45001 certification. The SGSST covers all activities related to the Company's solar projects, including promotion, design, construction, and maintenance. Its objective is the prevention of occupational accidents and illnesses, as well as the protection and promotion of the health of workers and contractors. The system has procedures for continuous improvement according to the Plan-Do-Check-Act cycle.

Solarpack will develop an Occupational Health and Safety ("OHS") Plan for the Project.

4.2.d Provisions for People with Disabilities

Solarpack's Human Rights Policy states that the Company provides equal opportunity and equal treatment to eliminate discrimination on the grounds of disability. In addition, Solarpack's Code of Ethics for Suppliers states that it is the responsibility of the Company's contractors and suppliers to treat all employees with dignity and respect and refrain from any form of discrimination or harassment based on disability.

4.2.e Workers Engaged by Third Parties

Solarpack's Human Rights Policy states that the Company promotes the adoption of human rights commitments and extends them to contractors, monitoring their compliance with established human rights commitments.

Solarpack has Minimum Environmental and OHS Requirements for Subcontractors that is specific to Colombia. The document includes requirements for: i) EHS plans and documentation; ii) access control; iii) EHS personnel; iv) induction and training; v) work execution; vi) incidents; vii) EHS indicators; and viii) sanctions. The section on work execution has subsections on: i) work front organization; ii) work risk analysis; iii) personal protective equipment; iv) work permits; v) equipment and tool control; vi) inspections; vii) work maintenance (use of vehicles, order and cleanliness; signage, and welfare and service areas); viii) emergency management; and ix) high risk activities.

4.2.f Supply Chain

Solarpack's Human Rights Policy states that the Company promotes the adoption of human rights commitments and extends them to suppliers, monitoring their compliance with established human rights commitments.

Solarpack has a Supplier Approval procedure that includes procedures to vet suppliers prior to their utilization, monitoring their performance, and removing them for poor performance. Performance indicators include environmental, health and safety, and corporate social responsibility ("CSR") criteria.

Solarpack has a Supplier Code of Conduct that prohibits child and forced labor and must be signed by its suppliers. The Company has supply chain management procedures guided by international standards, including the Organisation for Economic Co-operation and Development ("OECD") Guidance for Responsible Business Conduct and the United Nations Guiding Principles on Human Rights. The Company also conducts integrity due diligence prior to entering a contractual relationship with any third party. In addition, the Company is: i) updating its contracts to include specific provisions related to forced labor in the solar supply chain; ii) working with specialist consultants on a broader strategy to ensure traceability in the downstream supply chain; iii) collaborating with peers in the industry to understand their approach and create collective pressure on the supply chain to ensure compliance; and iv) working with current solar module suppliers on a sustainable supply strategy to further mitigate the risk of forced labor.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

Greenhouse gas emissions during construction will be limited to fuel combustion from Project vehicles and machinery. Greenhouse gas emissions during operations will be negligible.

4.3.a.ii Water Consumption

During construction, industrial water will be required for the preparation of concrete, cleaning of solar panels, watering of work areas to reduce dust, watering of vegetation, and the improvement, construction, and maintenance of access roads. Industrial water will be sourced from authorized distributors and transported to the site by tanker trucks. The Project will not utilize any surface water or groundwater. The PMA indicates that the Project will utilize rainwater and will reutilize water as much as possible, however, to limit its water consumption. The transmission line EIA estimates that 47.25 m^3 of water will be required to prepare the 315 m^3 of concrete required for construction of the 42 transmission line towers.

A small amount of potable water will also be required for human consumption and other domestic needs. Potable water will be purchased in large bottles.

During operations, demineralized water will be needed to clean the solar panels, which will occur approximately twice a year. This water will be obtained from specialized service providers and transported to the site by tanker trucks.

4.3.b Pollution Prevention

The Project's PMAs include measures to reduce dust and vehicle emissions, including covering of truck cargo, proper vehicle maintenance, speed limits, and watering of dirt roads. They also include measures to limit noise emissions, including vehicle and equipment maintenance and limiting working hours.

4.3.b.i Wastes

The Project's PMAs indicate that the Project site will contain receptacles for recyclable waste (plastic, cardboard, glass, paper, and metals), compostable organic waste, and non-recyclable waste, including hazardous waste. They include procedures for the collection, temporary storage, collection, transportation, and final disposal of each of these types of solid waste. The PMAs also include procedures for the treatment and reuse of excavated sediment and disposal of any sediment that cannot be reutilized.

The Project will not generate any non-domestic wastewater. Regarding domestic wastewater, portable toilets will be utilized during construction. There will be one toilet for every 15 workers, with separate toilets for female workers. The toilets will be cleaned two or three times a week and the waste will be disposed of by an authorized third party. The procedures for managing these domestic wastewaters are described in the Project's PMAs.

The PMAs also include measures to prevent the pollution of water bodies during vehicle crossings and measures to mitigate the impacts of erosion from rainwater runoff.

4.3.b.ii Hazardous Materials Management

The only hazardous materials anticipated for the Project are paints, solvents, and oils, lubricants, and fuels required for vehicle and machinery operation and maintenance. Solarpack will develop a Hazardous Materials Management Plan for the safe storage of these materials.

4.3.b.iii Pesticide Use and Management

Solarpack will develop a Pesticide Management Plan for the Project.

4.4 Community Health, Safety, and Security

4.4.a Community Health and Safety

4.4.a.i Infrastructure and equipment design and safety

The Project will utilize the chemical agent Bischofita to stabilize dirt access roads, thereby reducing the generation of dust. The Project's PMAs include additional measures to reduce dust and vehicle emissions, as well as noise emissions, thereby limiting the potential of air and noise emissions to impact local communities.

4.4.a.ii Hazardous materials management and safety

The small amount of hazardous materials to be utilized by the Project are not anticipated to impact local communities. The Project's PMAs describe the procedures to be utilized for the collection, labeling, temporary storage, collection, transportation, and final disposal of hazardous wastes.

4.4.a.iii Ecosystem services

The solar plant's EIA identifies two provisioning ecosystem services: water and livestock (food). The Project is assessed to have a medium impact on livestock and a low impact on water. The EIA identifies the following supporting ecosystem services: i) erosion control; ii) climate regulation; iii) water purification; iv) carbon storage and capture; and v) species habitat. The Project is assessed to have a low impact on these ecosystem services. Finally, the EIA identifies two cultural ecosystem service: scenic beauty and recreation. The Project is assessed to have a low impact on these ecosystem services. The users of all these ecosystem services are the landowners and residents of Finca Unión and some residents of Kilometro 12.

The transmission line's EIA identifies the following provisioning ecosystem services: i) water; ii) wood; iii) livestock (food); iv) agriculture (food); v) aquaculture and fishing; and vi) sand and rock. The users of the first three ecosystem services are estimated to be 649 people from Pericos, El Cerrito, and Los Piojos. The users of the agricultural services are estimated to be 58 people from Pericos and El Cerrito, of aquaculture and fishing to be 24 people from Pericos and El Cerrito, and of sand and rock to be one person from Pericos. The Project is assessed to have a medium impact on livestock and a low impact on the others. The EIA identifies the following supporting ecosystem services: i) climate and air quality regulation; ii) pollination and seed dispersal; iii) carbon storage and capture; and iv) erosion regulation. The users of these ecosystem services are the residents of Pericos, Cerrito, Los Piojos, and Villa Cielo (8,550 people). The Project is assessed to have a low impact on erosion regulation and a medium impact on the others. Finally, the EIA identifies two cultural ecosystem service: scenic beauty and recreation. The users are the residents of Pericos, Cerrito, Los Piojos, and Villa Cielo (8,550 people). The Project is assessed to have a medium impact on scenic beauty and a low impact on recreation.

The measures required to mitigate the ecosystem services impacts identified in the EIAs have been incorporated into the Project's PMAs.

4.4.a.iv Community exposure to disease

The Project intends to contract 100% of non-skilled workers from local communities. In addition, Solarpack has a COVID-19 protocol to limit transmission of the coronavirus and other communicable diseases. As a result, the Project is not anticipated to significantly increase community exposure to disease.

4.4.a.v Emergency preparedness and response

The Project's Contingency Plans describe procedures to responding to emergencies. They include procedures for disclosing and socializing the plans, including to local authorities and communities.

4.4.b Security Personnel

Solarpack has a Private Security Company Manual that sets forth the requirements for its security contractors, including regarding quality and environmental certifications, corporate social responsibility, and adherence to the Company's Code of Ethics. Solarpack is currently in the process of negotiating a contract with a company to provide security for the Project site.

Solarpack or its security contractor will develop a Security Management Plan for the Project, to include: i) an assessment of the risk to the Project posed by the nearby Clan del Golfo; ii) procedures for the vetting of security personnel; iii) policies on the use of force; and iv) requirements for human rights training.

4.5 Land Acquisition and Involuntary Resettlement

The Project will not involve the acquisition of any land, will not impact any existing infrastructure, and will not involve any physical resettlement. The 231-ha solar plant site encompasses parts of three properties (Finca El Pilon, Finca La Carolina, and Finca Cascabeles) owned by the same family and for which 30-year leases have been obtained by Solarpack.

The transmission line will require easements to cross 42 properties, all of which are utilized for agropastoral activities. No economic displacement is anticipated as the transmission line will not limit these activities. The easements will be 32 m wide along the 10.6 km transmission line, for a total area of 21.4 ha. The easements are currently under negotiation. As of June 2022, six easements are signed, seven are in a judicial imposition process, and 27 are under negotiation.

4.6 Biodiversity Conservation and Natural Habitats

4.6.a General

Biodiversity baseline studies identified the following types of flora land cover in the solar plant's 523.7 ha AOI: i) clean grasslands (257.1 ha, 49.1%); ii) grasslands with some trees (237.8 ha, 45.4%); iii) gallery forests (14.2 ha, 2.7%); iv) urban areas (6.4 ha, 1.2%); v) weedy grasslands (4.9 ha, 0.9%); vi) water bodies (2.4 ha, 0.5%); and vii) roads (0.8 ha, 0.2%). Fauna surveys identified 91 bird species, of which six are listed in Appendix II of the Convention on International Trade in Endangered Species

("CITES"). One of these is also listed as Near Threatened and a separate species is listed as Least Concern by the International Union for Conservation of Nature ("IUCN"). The latter species is also endemic. The surveys identified 15 mammals, five of which are listed in Appendix II of CITES. None are listed by the IUCN or are endemic. The surveys identified 26 species of reptiles, six of which are listed in Appendix II of CITES. Two of these are listed as Vulnerable by the IUCN. It identified 10 species of amphibians, none of which are listed. Aquatic surveys identified three species of fish, 24 taxa of phytoplankton, 11 taxa of zooplankton, 10 taxa of periphyton, and 7 taxa of benthos.

Biodiversity baseline studies identified the following types of flora land cover in the transmission line's 1436.24 ha AOI: i) clean grasslands (993.67 ha, 69.19%); ii) weedy grasslands (115.32 ha, 8.03%); iii) grassland/natural species mosaic (89.7 ha, 6.25%); iv) commercial areas (72.24 ha, 5.03%); v) grassland/crops mosaic (45.2 ha, 3.15%); vi) cereal crops (39.1 ha, 2.72%); vii) discontinuous urban areas (31.14 ha, 2.17%); viii) water canals (22.85 ha, 1.59%); ix) forests and semi-natural areas (7.97 ha, 0.55%); x) continuous urban areas (7.55 ha, 0.53%); xi) recreational installations (5.66 ha, 0.39%); xii) industrial areas (2.27 ha, 0.16%); xiii) reservoirs (1.64 ha, 0.11%); xiv) aquaculture ponds (1.51 ha, 0.11%); and xv) roads (0.35 ha, 0.02%). Fauna surveys identified 118 bird species, of which nine are listed in Appendix II of CITES. A separate species is listed as Near Threatened by the IUCN. The surveys identified 22 mammals, three of which are listed in Appendix II of CITES. These plus six additional species are listed as Least Concern by the IUCN. The surveys identified 39 species of reptiles, three of which are listed in Appendix II of CITES. All three of these plus an additional species are listed as Least Concern by the IUCN, and another species as Endangered. It identified 12 species of amphibians, none of which are listed. Aquatic surveys identified three species of fish, 24 taxa of phytoplankton, 11 taxa of zooplankton, 10 taxa of periphyton, and 7 taxa of benthos.

The Project is currently in the preconstruction phase, which includes the rescue of certain plant species (epiphytes) and the scaring away of fauna by the contractor Savia Ambiental. As of June 2022, Savia Ambiental had rescued approximately 3,300 epiphytes (which are being cared for at a Project plant nursery before they will eventually be transplanted) and has scared away 61 individuals of 19 animal species (mostly birds).

4.6.b Protection and Conservation of Biodiversity

4.6.b.i Modified Habitat

Based on the above land cover descriptions, 96.8% of the solar plant AOI and 99.45% of the transmission line AOI is agricultural land or developed land or water bodies, which classify as modified habitat.

4.6.b.ii Natural and Critical Habitat

Based on the above land cover descriptions, 2.7% of the solar plant AOI and 0.55% of the transmission line AOI is forest, which classifies as natural habitat. All forest areas will be avoided during construction. As a result, the Project will not directly impact natural habitat.

In compliance with national legislation, the Project conducted a 100% survey of trees within the Project's footprint. The solar plant survey identified 3,361 trees of 82 species within the Project footprint (within clean grasslands and grasslands with some trees) that will need to be removed during construction. One species with 21 individuals is listed in Appendix II of CITES and as Endangered by the IUCN. Another species with 10 individuals is listed as Endangered under the Colombian Ministry of the Environment and Sustainable Development's Resolution 1912 of 2017 and the Colombian Red Book of Endangered Timber Species (*Libro Rojo de Especies Maderables Amenazadas*). A third species with three individuals is listed as Vulnerable in the Colombian Red Book. The Project will compensate for the loss of these species according to the compensation manual for biodiversity loss.

The transmission line survey identified 521 trees of 40 species within the Project footprint (within agricultural land and developed land and water bodies) that will need to be removed during construction. One species with one individual is listed in Appendix II of CITES and is listed as Vulnerable by the IUCN, Endangered under Resolution 1912, and Near Threatened in the Colombian Red Book. Another species with one individual is listed a Vulnerable by the IUCN and Endangered by Resolution 1912 and the Colombian Red Book, and two additional species with six and two individuals, respectively, are listed as Near Threatened in the Colombian Red Book. The Project will compensate for the loss of these species according to the compensation manual for biodiversity loss.

4.6.b.iii Legally protected areas and internationally recognized areas

There are no internationally, nationally, or regionally recognized protected areas, Important Bird Areas, or Ramsar sites within the solar plant or transmission line AOIs.

4.6.b.iv Invasive alien species

No invasive alien species impacts are anticipated for the Project.

4.6.c Management of Ecosystem Services

As mentioned above, the solar plant's EIA identifies species habitat as a supporting ecosystem service for landowners and residents of Finca Unión and some residents of Kilometro 12. The Project is assessed to have a low impact on this ecosystem service. The transmission line's EIA identifies aquaculture and fishing to be a provisioning ecosystem service for 24 people from Pericos and El Cerrito, and pollination and seed dispersal as a supporting ecosystem service for residents of Pericos, El Cerrito, Los Piojos, and Villa Cielo (8,550 people). The Project is assessed to have a low impact on the former and a medium impact on the latter ecosystem services. The measures required to mitigate the ecosystem services impacts identified in the EIAs have been incorporated into the Project's PMAs.

4.6.d Sustainable Management of Living Natural Resources

The Project will not involve the primary production of living natural resources.

4.6.d.i Supply chain

The Project is not anticipated to purchase any goods or services that could contribute to the conversion of natural habitat.

4.7 Indigenous Peoples

The Project is not located near any indigenous communities and is not anticipated to impact any Indigenous Peoples. The Colombian Ministry of the Interior has certified that the Project is not located near any ethnic communities, collective territories, Afro-descendant communities, or indigenous communities.[12]

There is a family group in El Cerrito that has recently indicated that it intends to establish itself as an indigenous community, however, and there is an indigenous council of the Zenú ethnic group with representatives who live in various urban and rural areas in the Municipality of Montería. Solarpack will periodically communicate with the Prior Consultation National Authority Department (*Dirección de la Autoridad Nacional de Consulta Previa*, or DANCP) to determine if prior consultation is required with any newly recognized ethnic groups in the Project's AOI.

4.8 Cultural Heritage

An archaeological survey of the solar plant site was conducted that included the excavation of 5,000 test pits, none of which contained archaeological resources. The Colombian Institute of Anthropology and History (*Instituto Colombiano de Antropología e Historia*, or "ICANH") thereafter certified that there are no known historic, cultural, or archaeological sites in the Project area and approved the Project's Archaeological Management Plan (*Plan de Manejo Arqueológico*).[13] Solarpack has conducted the archaeological studies and developed the PMA for construction of the transmission line, which has been under review by ICANH since July 1.

4.8.a Chance Find Procedures

The Project's PMAs indicate that a professional archaeologist will monitor all ground-disturbing activities and include procedures to follow in the event of the inadvertent discovery of archaeological resources (i.e., a chance find). The procedures indicate that all work must stop in the area around the chance find and that it be adequately marked to prevent its further disturbance. ICANH must then be notified, and rescue excavations undertaken by a professional archaeologist under a permit issued by ICAHN. These procedures are further detailed in an ICANH-approved Archaeological Monitoring Plan. As indicated above, the plan for the solar plant has already been approved, and the plan for the transmission line is under review by ICANH.

[12] Resolución No. ST-0341 22-May-2020.

[13] Resolución No. 275, 14-Feb-2022.

5. Local Access of Project Documentation

General information on Solarpack's environmental, social, and corporate governance ("ESG") policies and performance can be accessed at the following website: https://www.solarpack.es/en/esg/corporate-information/sustainability-reports-annual-reports/.