

1. Overview of Scope of IIC E&S Review The Yarnel and Natelu Project entails the development, construction, and operation of two photovoltaic power plants with a 9.5 MW capacity each, located in the surroundings of Young, Río Negro, and Mercedes, Soriano, Uruguay, respectively. Each power plant has already secured the land where they will be located through long-term leasing agreements. Any power generated by this project will be provided to the national grid system. Each photovoltaic power plant will be connected to a distribution system substation of the Administración Nacional de Usinas y Transmisiones (UTE) through a 31.5 kV line. On December 16, 2015, the project team, including members of the company management and the consulting firm hired by the IIC to review the project technical and business issues, visited both sites. During the course of that visit, they also held a meeting with the landowners.

2. Environmental and Social Categorization and Rationale This is a B Category Project, under the IIC Environmental and Social Sustainability Policy, since there is a small number of limited and specific environmental and social impacts, which may result therefrom, and that can be avoided or mitigated by adhering to generally recognized management practices. The primary environmental and labor issues associated with the Project are: efficient use of resources, pollution prevention, work and labor conditions, health and safety. Pursuant to local legislation, Yarnel and Natelu do not require any prior Environmental Permit from the Dirección Nacional de Medioambiente (DINAMA) since the power plants will generate less than 10 MW, and any transmission lines are below 150 kV.

3. Environmental and Social Context The solar power plants are located in rural areas, with public road access. The lands of both sites are used for low-intensity livestock farming operations, and they have previously been subject to human intervention. In the case of Natelu, the land includes the owner's house, who has kept a small area of land for his own activities. As for Yarnel, the landowner has other real estate, and lives in one of such properties close to the land area where the solar power plant will be located. Access easements have been requested for the transmission lines. The solar power plant operation does not interfere with any agricultural and livestock keeping activities carried out in the surrounding areas. During the construction phase, the contractor's Environmental Management Plan will include any required measures to prevent any interference with the regular activities of the neighbors.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

a. Environmental and Social Assessment and Management System Since these two businesses are just starting their operations, they have not developed their environmental management systems as yet. Both Yarnel and Natelu will outsource the construction and operation of the solar farms under EPC Agreements. A contract has already been signed with SEMIUR Montajes Industriales S.A. (SEMIUR), the Uruguayan affiliate of Sociedad Española de Montajes Industriales S.A. (SEMI), a Spanish businesses established in 1919 (www.semi.es), that has secured certifications such as ISO 9001, ISO 14001, OHSAS 18001, among others. The EPC agreements require that the contractor develop a Health and Safety Plan (HSP) and an Environmental and Social Management System (ESMS). The IIC will require that such plans include all construction and operation phases, and meet provisions under the IIC Environmental and Social Sustainability Policy.

b. Policy Yarnel and Natelu are members of the Grupo Solaria Energía y Medio Ambiente S.A. de España (Solaria) (www.solariaenergia.com). The company environmental and social policy will be included in the ESMS.

c. Identification of Risks and Impacts The main environmental risks and impacts will develop during the solar power plant construction phase, due to the presence of people involved in the construction and assembly activities, and vehicles and equipment used. Risks inherent to the construction activities will result from the generation of solid and liquid waste, fugitive dust emissions, noise generation, and the likelihood of accidents, both in construction and assembly tasks and on access roads due to vehicular traffic. During the operation phase, the main risks are associated with safety and security of tasks related to the power plant and transmission lines due to their high voltage levels.

d. Management Programs The Contractor will develop a HSP and an ESMS, including both the construction and operation phases since they involve different risks. The ESMS will include, among other things, the company's policy in terms of health, safety and security, environmental and social

issues, an organizational chart describing individuals responsible for every aspect of such issues, the identification of the main environmental risks and community impacts, any measures and procedures to be adopted for the mitigation of such risks, a training plan and a monitoring program. e. Organizational Capacity and Competency The HSP and ESMS will include assignment of management responsibilities in terms of safety and security, environment, and social issues. f. Emergency Preparedness and Response The HSP for each phase should include the identification and assessment of potential accidents, propose safe working procedures, including a description of all personal protection equipment, training plans, emergency procedures, and investigation of accidents and incidents. The construction phase requires the advisory services of a specialist in Safety and Hygiene. The construction phase HSP should include provisions for safe equipment movement, including any third-party transportation companies involved. g. Monitoring and Review The company will regularly report to the IIC on the progress of the HSP and ESMS implementation, and also submit regular reports on specific variables (waste generation, accident reports). h. Stakeholder Engagement The sites for the solar power plants are located in rural areas with a low population density. The owners of such land also live in the area, and maintain friendly relationships with their neighbors. This facilitates an ongoing communication, and allows for channeling consultation, and receiving complaints and concerns.

4.2 Labor and Working Conditions Both Yarnel and Natelú, as well as SEMIUR in its EPC contractor capacity, comply with any domestic labor-related regulations in effect, and any current International Labor Organization (ILO) standards, among others, mandatory social security contributions, freedom of association and organization in workers' unions, child exploitation and abuse bans, and labor non-discrimination laws. No minors (under 18) will be employed. Management directly handles any worker-related labor matters, without any prejudice to legal resources available to workers through local labor laws. The contractor is responsible for securing sub-contractors' compliance with such obligations. As provided by Uruguayan labor laws, workers are entitled to health coverage through the Fondo Nacional de Salud (FONASA), including their direct family members, also covering accident and occupational diseases insurance.

4.3 Resource Efficiency and Pollution Prevention a. Resource Use Efficiency The Project has a positive impact upon air emissions, since any electrical power will be generated from renewable sources that will approximately offset an average 19,000 tons per year of CO₂ equivalent to greenhouse gas emissions. b. Pollution Prevention The ESMS will specifically include, among others, liquid and solid waste management programs, and air emissions and noise reduction procedures during the construction phase. The solid and liquid waste management should include the classification, storage, and final disposal of hazardous and non-hazardous waste.

4.4 Community Health, Safety and Security During the construction phase, the main risks affecting the community are associated with the movement of vehicles, both regarding traffic safety and security, and dust emissions and noise. These issues will be included in the contractor's HSP and ESMS. During the operational phase, the main risks affecting the community will be associated with the medium-voltage transmission lines (31.5kV). UTE will operate all lines. The project as a whole, including the transmission lines, must comply with any UTE regulation and approval applicable to the entire country.

4.5 Land Acquisition and Involuntary Resettlement There is no people resettlement. There are long-term leasing agreements in place for the land. Lease prices have been mutually agreed by the parties in arm's length transactions that allow landowners to get income that represent an improvement on any income obtained from any other alternative land use.

4.6 Biodiversity Conservation and Natural Habitats There are no biodiversity conservation or natural habitat risks. There are neither protected areas nor sensitive ecosystems, and both sites are considered modified habitats. In the case of Natelú, there is a strip of natural forest that will kept unaffected by the project.

4.7 Indigenous Peoples There are no indigenous peoples in the area where the Project is developed.

4.8 Cultural Heritage The location of both solar power plants does not include any area protected as cultural heritage. However, the Environmental Management System should include a provision for action in case of any potential archeological or cultural finding.