

1. Scope of the IDB Invest's Environmental and Social Review

The environmental and social analysis of the proposed operation consisted of a documentary review of the Companies' environmental and social performance, with emphasis on compliance with the following Performance Standards ("PS"): PS1: Assessment and Management of Environmental and Social Risks and Impacts; and PS2: Labor and Working Conditions; PS3 Resource Efficiency and Pollution Prevention; and PS4: Community Health, Safety and Security.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category C operation under the IDB Invest Environmental and Social Sustainability Policy, given that the incremental impacts it will generate are practically negligible and that the resources obtained from the Operation will only be used to provide liquidity to Clients for the duration of the Tariff Stability Law and not to make specific capital investments (capex).

3. Environmental and Social Risks

3.1 Assessment and Management of Environmental and Social Risks and Impacts

All the Companies have, when needed, a valid Environmental Qualification Resolution (RCA, for its acronym in Spanish), equivalent to an environmental license. Plans, programs, and actions to prevent, mitigate and compensate for environmental and social risks identified as relevant in their respective environmental studies (either an Environmental Impact Assessment - EIA or an Environmental Impact Statement - EIS) have been considered in this instrument. Such preventive, mitigating or compensating actions are being carried out by each of the Companies through their environmental and social management systems.

The environmental verification performed has determined that the Companies have substantially and consistently complied with the requirements of the RCAs and applicable Chilean regulations.

3.2 Labor and Working Conditions

Labor issues in Chile in terms of working hours, wages, vacations, workers' compensation, and labor regimes, among other aspects, are very well regulated.

As Chile is a signatory to International Labor Organization (ILO) Convention 105, Chilean legislation prohibits child labor in general terms, except for children aged 15 to 18, who may perform certain types of light tasks when all of the following conditions are met: (i) the proposed tasks shall not be harmful to their health or physical or mental development; (ii) their parents, family members or guardians must authorize them to work; (iii) the proposed work shall not interfere with their studies; (iv) the number of hours worked may not exceed 30 per week if the minor is still studying, and (v) under no case may the commute time exceed 8 hours. It also prohibits forced or unpaid labor, as well as discrimination against workers because of race, skin color, gender or sexual orientation, ancestry, marital status, religion, political participation and nationality, among others. Freedom of association and the formation of trade unions are constitutional rights in Chile.

The Companies comply with the requirements of the Chilean State in matters of labor and working conditions.

3.3 Resource Efficiency and Pollution Prevention

Most of the Companies produce clean energy from hydraulic, wind, photovoltaic, photothermal or

geothermal sources. However, a group of them produce part of their energy from non-renewable sources, as follows: i) Colbún, which of its 3,236 MW of installed capacity, 1,601 MW are provided by thermal plants (1,143 correspond to gas plants, 350 MW corresponding to coal and 108 MW for diesel); ii) Enel Chile, which of its 7,303 MW of installed capacity, 2,580 MW are provided by thermal plants (almost 58% gas) and considers 476 MW in two coal plants, for which Enel Chile has already requested the corresponding authority its disconnection (one by December 2020 and one by May 2022); AES Gener, which of its 3,561 MW of installed capacity in Chile, 3,087 MW are of thermal origin of which 3,015 MW are provided by coal plants (including 764MW of Guacolda Energía S.A.); iv) Engie Energía Chile, which of its 2,204 MW of installed capacity, 2,137 MW are provided by thermal plants (1,332 MW correspond to coal plants, 610 MW to gas and 195 MW to diesel); and v) GM Holdings, which has 750 MW of installed capacity in thermal plants (50% gas). These companies have voluntarily joined the Chilean State's effort to decarbonize its matrix by withdrawing the first of the existing coal-fired generation units by 2025, all of the coal-fired plants by 2040, and achieving a carbon-neutral matrix by 2050.

All the Companies have regularly reported to the Superintendency of the Environment ("SMA") and the relevant sectoral authorities on their compliance with the environmental, social, and occupational health and safety provisions required by the legislation in force.

3.4 Community Health, Safety and Security

All the Companies have respective emergency prevention and response plans in place, which are in effect and have been duly approved through their RCAs. The review conducted shows that, to date, no situations have arisen that could have endangered the health or safety of the population.

4. Proposed Management Measures

The reports that—pursuant to the legislation and the RCAs—are regularly submitted by the Companies to the SMA and to the environmental, social, and occupational health and safety authorities indicate that the management measures contained in the approved plans and programs are being implemented as planned.

5. Environmental and Social Action Plan

Given the characteristics of the operation, no Environmental and Social Action Plan is required.

Additional Information

For questions and comments to IDB Invest, please contact:

Name: IDB Invest Communication Group

Email: requestinformation@idbinvest.org

In addition, affected communities can access the IIC's Independent Consultation and Investigation Mechanism (MICI, for its Spanish acronym) as follows:

Phone number: +1 (202) 623-3952

Fax number: +1 (202) 312-4057

Address: 1300 New York Ave. NW Washington, DC. USA. 20577

Email: mecanismo@iadb.org or MICI@iadb.org