

**Classification.** This is a category III project according to the IIC's environmental review procedure because it could produce certain effects that may be avoided or mitigated by following generally recognized performance standards, guidelines, or design criteria. The main environmental and labor considerations related to the project are management of natural and water resources and liquid effluents, air emissions, solid waste, personal safety and emergency response, labor practices, and social and community affairs.

**Natural Resource Management.** The project will generate electrical energy from waste biomass, including forest waste (from timber plantations and sawmills), agribusiness waste (corn processing byproducts, fruit tree and vineyard pruning waste, fruit pits), industrial waste (discarded pallets and containers), and construction wood scraps. Much of this waste is currently burned in open fields. According to a study by Chile's Comisión Nacional de Energía, the Instituto Forestal, and Germany's international cooperation enterprise GTZ, biomass for generating energy is widely available. Studies carried out subsequently by the company confirmed this availability and determined that the supply of biomass far exceeds both current demand and projected demand for the coming years.

To ensure the volume, composition, and terms of the supply required for the project, Empresas Coipsa S.A. established TIRSA S.A., a company specializing in purchasing, processing, and delivering fuel for the cogeneration plant.

**Management of Water Resources and Liquid Effluents.** Water for the generation plant will be sourced from wells for which the company holds operating licenses because it will be located adjacent to the CPP plant.

Energía Pacífico will use CPP's liquid effluent (LIW) plant, which has sufficient capacity to handle the effluents from both plants. Energía Pacífico's main liquid effluents are boiler purges, which have no organic load, and wastewater from employee restrooms. CPP's effluent treatment plant has a biological reactor with a twenty-day residence time followed by a clarifier. Treated effluents are discharged into a stream and comply with current regulations.

**Air Emissions.** The main air emissions come from burning biomass in the boiler. The boiler multicyclones will reduce the load of particulate matter to below authorized limits. To control the generation of potentially harmful combustion gases (NO<sub>x</sub>, SO<sub>2</sub>, and CO), the boiler will be able to use different fuels with varying moisture content. It will also have a sawdust burner to regulate boiler hearth gas heat and control gas composition. Diesel fuel may be added if necessary to achieve rapid caloric response and avoid excessive thermal range deviation.

**Solid Waste Management.** The main solid waste from plant operations is biomass combustion ash. The analyses carried out indicate that the chemical composition of this ash is not hazardous and that the ash can be used as a mineral additive for farmland.

**Personal Safety and Emergency Response.** Energía Pacífico will follow the same safety policies and procedures as CPP and the affiliates of Empresas Coipsa S.A., which include a yearly risk prevention and occupational safety plan. The companies have a joint management/employee committee charged with detecting, evaluating, and controlling risk.

**Social and Community Affairs.** Through its affiliates, Empresas Coipsa S.A. is actively involved in community education, recreation, and sports activities and liaises closely with civil society authorities and organizations. It also carries out recycling campaigns seeking to raise environmental awareness, invites schools to visit its facilities, supports sports clubs, and works with the San Francisco de Mostazal fire department. This corporate social responsibility policy will extend to Energía Pacífico as part of the same business group.

**Monitoring and Reporting.** Energía Pacífico shall develop an Environmental Management Plan (EMP) to ensure compliance with domestic regulations and the IIC's environmental and workplace health and safety guidelines. The EMP shall provide for a yearly report on air emissions; liquid and solid waste management; health, occupational safety, and emergency response training; and accident reporting.