Environmental and Social Review Summary (ESRS)
VILLONACO III - Ecuador

Original language of the document: Spanish
Date of issuance: June 2026

1. General Information on the Project and the Scope of the Environmental and Social Review of IDB Invest

Villonacoenergy S.A. (the "Client" or "the Concessionaire") is a special-purpose company established by Cobra Instalaciones y Servicios S.A. ("Cobra"), part of the Cobra Group, the industrial arm of VINCI. The Concessionaire is currently developing the Villonaco III Wind Project (the "Project"), which was awarded under a 25-year Concession Agreement and Power Purchase Agreements ("PPAs") signed with nine state-owned utilities. All of the energy produced will be sold through these PPAs, with payments backed by a sovereign guarantee from the Government of Ecuador, ensuring a solid and reliable offtake structure. The concession contract supporting the Project's construction has a term of 25 years and is structured as a Public-Private Partnership ("PPP").

The Project, located in the parishes of Chuquiribamba, Chantaco, Taquil (Miguel Riofrio), and Loja in the Loja canton, and the parish of Catamayo (La Toma) in the Catamayo canton, Ecuador, consists of the design, financing, construction, operation, and maintenance of i) a wind farm with a total rated capacity of 112.1 MW, comprising 19 wind turbines with an installed capacity of 5.9 million kW[1] ach, with an estimated average annual energy generation of 367 GWh/year, to be located on a 475.3-hectare (ha) site on Cerro Huayrapamba, at an elevation between 2,750 and 3,050 meters above sea level, within the parishes of Chantaco and Chuquiribamba in the cantons of Loja and Catamayo; and ii) an electrical transmission system, consisting of (a) a 33 kV to 128 kV step-up substation, (b) a 33 kV underground network, consisting of six (6) circuits divided as follows: five (5) circuits, each with three (3) wind turbines, and one (1) circuit with four (4) wind turbines, and (c) a 25-kilometer-long 138-kV overhead transmission line (Huayrapamba–Loja) comprising 76 towers.

The environmental and social due diligence ("ESDD") process included, among other aspects: i) a visit to the Project site; ii) interviews and meetings with the Concessionaire's management personnel responsible for environmental, social, labor, occupational safety and health, land, and project matters, as well as with local authorities, rural community leaders, and potentially affected parties; and iii) a review of the Environmental and Social ("E&S") and occupational health and safety ("OHS") information provided by the Client, including the Project's environmental impact studies, environmental permits, policies, and plans and procedures related to E&S management, among others.

To ensure the Project's commitment to respecting and protecting human rights, its zero-tolerance policy toward retaliation, and its dedication to providing and guaranteeing a safe environment for

[1] Nordex N149/5.9 variable-speed wind turbines, with a rotor diameter of 149 million millimeters and a hub height of 105 meters.

stakeholders to express their concerns without fear of retaliation, the ES due diligence process also included a review of other documents provided by the Client.

2. Environmental and Social Classification and Justification

In accordance with IDB Invest's Environmental and Social Sustainability Policy, the Project has been classified as Category B because it may generate, during construction, among other things, the following impacts and risks: i) impacts on terrestrial ecosystems due to loss of vegetation cover and natural habitats; ii) changes in land use and alteration of the natural soil structure associated with deforestation and clearing activities, excavation, foundation work, and the establishment of temporary sites; iii) risk of landslides and rockfalls in areas with steep slopes; iv) impacts on the composition of terrestrial flora and fauna due to clearing and deforestation activities within the wind farm area and at the sites where the transmission line towers will be located; v) soil erosion due to the removal of vegetation cover; vi) emissions of combustion gases, noise, and dust resulting from earthworks, vehicles, and heavy machinery; vii) generation of solid and liquid waste; viii) potential contamination of soil and water resources due to the construction of transmission towers; ix) increased risk of traffic accidents; x) potential impacts on homes or local infrastructure resulting from the mobilization of oversized loads; and xi) landscape alterations. These impacts are expected to be of medium to high intensity.

Similarly, during the operation and maintenance ("O&M") phase, associated impacts will include: i) potential collisions and impacts on birds and bats caused by wind turbines, transmission structures, and high-voltage transmission line conductors; and ii) minor impacts on the composition of terrestrial flora and fauna due to brush clearing during O&M activities on the high-voltage transmission line. These impacts are expected to be of low intensity.

The Performance Standards ("PS") triggered by the Project are: 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 and safety; v) PS5: Land Acquisition and Involuntary Resettlement; and vi) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

3. Environmental and Social Context

The Villonaco III Project is part of the Ecuadorian government's plan to expand electricity generation, promoted by the then-Ministry of Energy and Non-Renewable Natural Resources ("MERNNR")—now the Ministry of Environment and Energy ("MAE")—which provides for private sector participation in the design, financing, construction, procurement, installation, assembly, commissioning, operation, maintenance, administration, and marketing of the electricity it will produce, under a concession arrangement.

Based on the preliminary feasibility studies for the energy development of the Villonaco III Project (originally "Huayrapamba"), prepared in 2012[2] , the MERNNR requested that the Ecuadorian Electric

[2] By UNICONSULT Cía. Ltda.

Corporation ("CELEC") take the necessary steps to obtain the corresponding environmental licenses and permits for the Project. With this mandate, CELEC[3] oversaw the preparation of *the Environmental Impact Study and Environmental Management Plan for the Villonaco 3 Wind Project at the Huayrapamba site*, which led to the issuance of the corresponding environmental license[4] in May 2022.

In addition, CELEC's TRANSELECTRIC Business Unit spearheaded the development of the transmission system associated with the project, with the objective of transmitting the energy generated by the wind farm to the 138-kV Loja substation. To this end, it initiated the environmental permitting process[5] , which involved the preparation of *the Environmental Impact Assessment (EIA) and Environmental Management Plan for the Construction and Operation of the Villonaco III Wind Project Transmission System,* which included the following components: i) the 33 kV switching station; ii) the 33 kV transmission line; iii) the 33/138 kV step-up substation; and iv) the 138 kV transmission line. This component obtained its environmental license[6] in November 2023.

The environmental permits and the interconnection agreement are currently in effect. Construction began in July 2025. The commercial operation date ("COD") is scheduled for August 2027.

3.1 General Characteristics of the Project Site

The project is located in a high-Andean environment characterized by fragile ecosystems, high ecological sensitivity, and the presence of remnants of native vegetation. The area contains zones of high wind exposure and natural corridors used by birds for migration. The site's geomorphological and topographical conditions—including steep slopes and soils susceptible to erosion—pose an additional contextual risk, particularly in areas where access roads, foundations, and portions of the transmission line right-of-ways are being developed.

The 138-kV overhead power line with *Aluminum Conductor Steel Reinforced* (ACSR) conductors, part of the National Transmission System and approximately 25 km long, consisting of 76 towers, runs from the southeastern elevation of the wind farm to the 138 kV busbar at the Loja Substation, and has a 20-meter right-of-way[7] .

The route of the 138 kV transmission line, in the section between towers 1 and 31, runs predominantly over rugged terrain characterized by steep slopes, deep ravines, and gullies, on mostly dry, rocky soil. This sector has a higher population density, due to favorable climatic conditions and moderate temperatures. Land use is characterized by small-scale agricultural and livestock activities, including short-cycle crops and livestock raising in relatively small areas.

From Tower 50 to the 138-kV Loja Substation (SE) (Tower 78), the terrain transitions to an undulating topography, with gentle slopes and low, rounded hills interspersed with relatively flat

---

3 Through its GENSUR Business Unit, it contracted CTOTAL Cía. Ltda.

4 Pursuant to Resolution No. MAATE-SCA-2022-0014-R dated May 9, 2022.

5 The environmental consulting firm ECOSAMBITO C. Ltda. (Sambito) was contracted to conduct the respective Environmental Impact Study and Environmental Management Plan.

6 By Resolution No. 03-2023 dated November 22, 2023

7 Resolution No. 001 of the Ecuadorian Electricity Regulation and Control Agency (ARCONEL), issued in July 2018

areas and depressions with gentler slopes. In this section, land use is characterized by a greater extent of agricultural areas, with a predominance of large-scale farming and livestock activities, primarily related to dairy farming and the cultivation of short-cycle crops. It is worth noting that, starting at Tower 67, the 10-tower multi-circuit section[8] begins, extending to the final pylon of the Loja Substation.

3.2 Contextual Risks

The Project is located in an area with extensive agricultural and livestock uses and the presence of rural communities, which creates contextual risks associated with land use, land tenure, and access to properties. The temporary occupation of land and operational restrictions within the right-of-way may generate social tensions if not properly managed.
Additionally, there is a history of high community expectations and social grievances related to the fulfillment of commitments, the creation of local jobs, and expectations regarding the Project's benefits.

The temporary increase in heavy traffic, external personnel, and logistical activities also creates risks associated with road safety, community health, and local well-being, especially in communities near access points and the transmission line route. Furthermore, limited accessibility and reliance on existing rural roads pose an additional risk, particularly for the transport of large components, which may amplify indirect impacts on communities and the natural environment.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

For the construction of the Project, the Client has contracted engineering, procurement, and construction ("EPC") services from Cobra IS, a member of the Cobra Group.

Currently, the Project is carrying out earthwork activities in the wind farm area (preparing foundations for the wind turbines and opening internal access roads), casting foundations, and performing maintenance on the existing access road. Work has also begun on topographic staking and excavation to accommodate the high-voltage transmission towers, as well as civil engineering and assembly work at the step-up substation.

4.1.a Environmental and Social Assessment and Management System

The Client, with the support of an external expert, will develop and implement an Environmental and Social Management System (ESMS) for the Project's construction phase, which will include: (i) an Environmental and Social Policy; (ii) a procedure and record for identifying and assessing environmental and social risks and impacts; (iii) environmental and social management programs and plans; (iv) a description of the organizational structure, roles, responsibilities, and the required capacity and competencies; (v) emergency preparedness and response plans and procedures; (vi) a

[8] Shared with the existing 69 kV Ducal-Membrillo transmission line

Stakeholder Engagement Plan; (vii) plans and procedures for external communication and a grievance mechanism; (viii) plans and procedures for ongoing communication with affected communities; and (ix) procedures for monitoring, reporting, and reviewing management performance.

4.1.b Policy

Although the Client is subject to COBRA IS's corporate policies, it will develop, disseminate, and implement a specific Environmental and Social Policy for the Project.

4.1.c Identification of Direct and Indirect Risks and Impacts

During the construction phase, the Project's most significant negative impacts will be associated with the planned civil works (infrastructure construction, earthmoving, excavation, backfilling and compaction, removal of vegetation cover, and access road construction, transmission line construction, and establishment of the right-of-way). On the social front, these impacts will relate to land tenure, land use, and local dynamics, as well as the temporary occupation of properties and the movement of heavy machinery.

For the operation and maintenance phase, negative impacts are primarily linked to: i) maintenance of the right-of-way and access roads to wind turbines and transmission structures; ii) management of chemicals, fuels, and waste; and iii) auxiliary and logistical activities associated with the operation of the wind farm and transmission lines. Impacts include prolonged exposure to low-frequency noise, the management of hazardous and non-hazardous waste, and the risk of bird and bat collisions with wind turbines and transmission lines; as well as positive social impacts such as increased employment, health and well-being, local economic development, and education.

Notwithstanding the foregoing, the Client shall develop a procedure for identifying and assessing environmental and social hazards and risks, which shall include: i) a standardized methodology; ii) a matrix for identifying environmental and Social impacts and risks, which shall include an assessment of the risks associated with (a) landslides or mass movements, (b) shadow flicker affecting sensitive receptors, and (c) vulnerable groups (gender, diversity, migrant workers, local communities, and contractor and third-party personnel); and iii) an assessment of the impacts generated by the Project's associated facilities and ancillary components (quarries, access roads, cable-laying sites, etc.).

4.1.c.i Direct and Indirect Impacts and Risks

During the construction phase, the Project's major risks and impacts are associated, among other things, with: i) the mobilization of oversized machinery and equipment; ii) the execution of civil works, which may generate dust, noise, and vibrations; localized changes to the terrain, runoff, and erosion processes; iii) temporary impacts on water quality, especially where the transmission line crosses water bodies; iv) waste generation and risks of accidental spills; v) disturbances to biodiversity (reptiles and amphibians); vi) disruptions to local traffic; vii) possible temporary interruptions to existing services; viii) an increased likelihood of workplace accidents; ix)

inconvenience to residents due to increased machinery traffic in populated areas; and x) potential conflicts between non-local workers and local communities.

4.1.c.ii Analysis of Alternatives

In compliance with current regulations[9] , the Project has conducted an analysis of alternatives, using environmental, social, land-use, technical, and economic criteria for this purpose. This process has sought to avoid, among other things: i) interventions in indigenous communities' territories; ii) overlap with residential areas; iii) impacts on archaeological sites; iv) impacts on protected natural areas, areas of importance or with endemic bird species, forest concessions, and natural and fragile ecosystems; and v) effects on populated centers.

4.1.c.iii Cumulative Impacts

The Client shall prepare: (i) a Cumulative Impact Assessment for the projects, following the guidelines set forth in IDB Invest's "Practical Guide for the Assessment and Management of Cumulative Impacts in LAC"; and (ii) if necessary[10] , a cumulative impact management plan.

4.1.c.iv Gender Risks

At the corporate level, the Client—the Cobra Group—maintains a policy for the prevention, detection, and response to workplace harassment, which applies to all direct and indirect Project personnel. However, the Client will develop and implement a Gender Risk Management Plan that will include: i) the identification of gender risks and potential impacts, both in relations with communities and within the Project; ii) measures to manage the identified risks; iii) measures to maximize the Project's benefits for women (including workers, suppliers, and in relations with communities); iv) arrangements for its implementation; and (iv) monitoring and evaluation requirements.

4.1.c.v Gender Programs

The Client will update the Project's Community Relations Plan to include measures to strengthen the existing capacities of women entrepreneurs and promote the procurement of local services with a gender perspective.

4.1.c.vi Exposure to Climate Change

The Project has moderate exposure to climate change, with a tendency to increase in future scenarios due to growing climate variability in the southern Andean region of Ecuador. This exposure is primarily associated with changes in hydrometeorological patterns, characterized by the occurrence of more prolonged droughts and more intense and concentrated precipitation events. In particular, this situation leads to: (i) water stress and reduced water availability; (ii) intense rainfall

[9] Organic Code on the Environment.

[10] Provided that the incremental costs of past, ongoing, and future projects are significant.

events and localized flooding; (iii) an increase in mass movements (landslides); (iv) forest fires; and (v) a gradual rise in temperature, with repercussions on ecological cycles and ecosystems.

In this context, although the Project is not located in an area of extreme climate risk at the national level, the combination of these factors classifies it as moderate risk. For this reason, the Concessionaire will conduct a study on climate change and associated risks.

4.1.d Management Programs

Each EIA for the Project contains an Environmental Management Plan ("EMP"), applicable to both the construction and operation phases, which includes measures to prevent, mitigate, and control negative impacts, as well as to enhance the Project's positive impacts. These measures have been grouped into subplans for: i) impact prevention and mitigation; ii) contingencies; iii) communication and training; iv) waste management; v) community relations; vi) rehabilitation of affected areas; vii) closure and abandonment; and viii) monitoring and follow-up.

However, the Client will update and consolidate these management tools (for the wind farm and the transmission lines) into a single PMA. In addition, based on a household-level survey, it will also develop and implement a prevention and mitigation plan to address the impacts of shadow flickering.

4.1.e Organizational Capacity and Competency

For the management of environmental, social, occupational safety and health (OSH), and labor matters, the Project has: i) an Environmental and Social manager, who reports to the Project Director and supervises (a) a junior socio-environmental engineer and (b) a community liaison for the transmission line; ii) an Occupational Safety and Health ("OSH") Manager who supervises two (2) OSH technicians; and iii) a land and easements manager. In addition, the Client has established a network of specialized environmental contractors who advise on (a) biotic and archaeological clearance, (b) archaeological monitoring, (c) biodiversity monitoring[11] , and (d) reforestation.

The EPC also has an environmental manager and an OHS technician, and each of its subcontractors employs an environmental technician. In addition, the Project has a monitoring (supervisory) firm, which employs a supervisor to oversee and ensure compliance with the environmental and OHS requirements set forth in the Project's environmental documents.

Notwithstanding the foregoing, the Client shall: (i) appoint a person responsible for the development and implementation of the Project's ESMS; and ii) prepare an organizational chart of the team responsible for managing environmental, social, labor, and health and safety issues during the construction and O&M phases, which shall also (a) describe the positions, duties, and responsibilities of each team member, (b) establish the reporting lines, and (c) include contractors and subcontractors.

[11] Avifauna, mastofauna (chiroptera), and entomofauna (lepidoptera)

4.1.f Emergency Preparedness and Response

The Emergency Plan developed by the EPC addresses the most likely scenarios (landslides, fuel spills, earthquakes, fires, traffic accidents, and machinery rollovers) and includes elements related to risk assessment, minimum control teams, operational response actions, emergency classification, brigade roles, action guidelines by risk type, and the use of personal protective equipment ("PPE"). However, this plan will be strengthened by the Client to: i) better identify emergency scenarios; ii) incorporate the risks associated with all construction activities and their interfaces and associated facilities, including those that may affect third parties and communities, such as the transport of oversized loads; iii) include specific procedures for major medical emergencies, traffic accidents involving third parties, and severe weather events; iv) establish internal and external communication protocols, setting forth clear mechanisms for notification and coordination with potentially affected communities and local authorities; v) include a detailed inventory of emergency equipment and facilities, including their location, designated personnel, and frequency of inspection and maintenance; and vi) incorporate a schedule of drills commensurate with the level of risk, including joint exercises with nearby communities and ensuring their evaluation and continuous improvement.

4.1.g Monitoring and Review

The Project has environmental and occupational safety and health (OSH) procedures in place that, among other things, include records of: i) PPE distribution; ii) OSH orientation; iii) machinery and vehicle inspections; iv) training events; v) safety condition inspections; vi) accidents and incidents; and vii) health monitoring activities. Similarly, regarding environmental matters, in addition to the records required by the Environmental Management Plans (EMPs), the Project has hired external professionals to assist with environmental discharge activities.

The Client, in accordance with its environmental obligations: (i) will prepare and submit an annual compliance report on the Project's Environmental Management Plan (EMP) to the environmental authority; (ii) will conduct environmental compliance audits every three years; and (iii) will annually report the weights and volumes of hazardous and special waste managed, in accordance with its hazardous waste generator registry. In addition to the above, the Client will develop: i) a program to monitor the performance of the ESMS that, among other aspects, will include (a) internal or external audits, (b) internal inspections, and (c) key performance indicators ("KPIs") for environmental, social, occupational health and safety, and labor matters; ii) a matrix to track compliance with the PMA, which will use KPIs; and iii) a legal compliance matrix that will track compliance with (a) national environmental, social, OSH, and labor requirements, (b) contractual obligations and requirements related to financing, and (c) any other voluntarily assumed environmental, social, or OSH obligations.

4.1.h Stakeholder Engagement

Stakeholder participation in the Project has taken place through the implementation of the Public Participation Process ("PPC") that accompanied the preparation of its EIAs. Furthermore, as part of the participation processes, prior to the start of construction, a community oversight committee

was formed, composed of community leaders who participated in monitoring the drinking water catchment sites of the communities within the Project's AID (Chuquiribamba and Chantaco).

The Project's LMPs contain community relations plans ("CRP") that include programs for: i) landscape impact prevention; ii) community information and communication; iii) hiring of local labor; iv) compensation and social relief; v) implementation of the grievance and complaint mechanism; vi) community support and environmental education; and vii) community training and monitoring.

However, the Client will develop and implement a Stakeholder Engagement Plan ("SEP") that will include: i) a mapping of all direct, indirect, and vulnerable stakeholders affected by the Project; ii) procedures for planning stakeholder engagement and communication; iii) a detailed description of the lines of communication with each group; iv) a description of participatory monitoring mechanisms; v) a detailed description of strategies for sharing information on the Project's Environmental and Social performance with stakeholders; vi) provisions for contracting local services with a gender-sensitive approach; and vii) policies, hiring and retention practices, and specific actions that promote the employment of women from the Project's area of influence, in line with international best practices

4.1.h.i Disclosure of Information

The Client shall develop and implement a specific procedure for the disclosure of information related to the Project, which shall include: i) a timeline for disclosing information about the Project; ii) a detailed list of the minimum content to be communicated (progress of activities, upcoming milestones, impact management, and status of responses to concerns and complaints); iii) an explanation of how the Project's risks and impacts on communities have been and will be managed; iv) a summary of the stakeholder engagement processes; v) details of the complaints received and addressed by the external complaints mechanism; vi) an explanation of the means and formats for disclosure, ensuring that they are culturally appropriate; vii) a list of the individuals designated to disseminate the information; and viii) a system for recording and verifying that the information has been delivered and understood.

4.1.h.ii Informed Consultation and Participation

The Project's PPCs included the following activities: i) identification of stakeholders within the Project's area of influence[12] ; ii) calls for public consultation through various means (personal invitations, informational posters, radio, public address announcements); iii) publication of the EIA on the environmental authority's website; iv) a consultation process (which will continue throughout the Project's lifespan); and v) a technical analysis of the incorporation of technically and economically feasible comments and opinions that arose during the PPC.

As part of the EIA for the wind farm[13] , the Client held a public outreach meeting and set up a public information center in the towns of Chantaco and Chuquiribamba. Subsequently, as part of the EIA

[12] Parishes of Chuquiribamba, Chichaca, Aguangora, Bolonia, Carigán, and Chantaco.

[13] Conducted in 2021

for the LT[14] , the Client carried out a participation and consultation process that included an informational phase and meetings in the towns of Chuquiribamba, Chichaca, Aguangora, Bolonia, Carigán, and Chantaco; and established permanent public information centers ("CIP") in El Carmelo (Chuquiribamba), Chantaco, and Bolonia, as well as several mobile centers.

The public consultation and participation phase during the Project's construction stage has included consultative assemblies in various localities (Chuquiribamba, Chichaca, Aguangora, Bolonia, Carigán, and Chantaco), as well as participatory workshops in the rural parishes of Chantaco, Chuquiribamba, Eucaliptos, Bolonia, and Sagrado Corazón, supplemented by permanent CIPs.

The Client will prepare a report on the public participation process that: i) details all public consultation activities already carried out; ii) summarizes any additional stakeholder participation activities that have been conducted; iii) details the issues that have been consulted on; iv) contains a list of the groups that have been consulted; and v) lists the plans to support the development of urban and rural parishes.

Additionally, the Client shall maintain a documented, ongoing, transparent, and culturally appropriate consultation and informed participation (CPI) process that allows for the systematic incorporation of the opinions, concerns, and expectations of the communities and other affected stakeholders throughout the Project's development.

4.1.h.iii Indigenous Peoples

There is no indigenous population within the Project's AID and indirect areas.

4.1.h.iv Responsibilities of the private sector within the framework of a government-led process of social stakeholder participation

The Client is responsible for all stakeholder engagement activities associated with the Project.

4.1.i External communications and Grievance Mechanism

4.1.i.i External Communications

The Client will develop an external communications program that: i) establishes two-way communication channels (email, hotline, social media, or messaging) to ensure the traceability of information received and sent; ii) will include an institutional spokesperson for media relations and handling inquiries; iii) will require the production of periodic newsletters and press releases (digital and print) on progress, Environmental and Social measures, complaint mechanisms, and community actions; and (iv) will use monitoring indicators to evaluate it.

[14] Held in July 2023

4.1.i.ii Grievance Mechanism for Affected Communities

The Project has a formal Community Complaints and Claims Procedure, which includes structural elements such as channels for receiving complaints, designated points of contact, and a flowchart of the process. Although the Project currently has physical offices for receiving complaints, claims, inquiries, and requests, as well as a formally documented procedure (Chuquiribamba and Chantaco), the Client will improve outreach regarding this mechanism to the AID communities by explaining: i) the available channels, adapted to the cultural context; ii) the process from the moment a complaint is submitted, from receipt until it is closed; iii) response deadlines; iv) how the status of the complaint will be communicated; v) the meaning of a zero-tolerance policy against retaliation.

The Client will also update and implement the external complaint mechanism to include: i) a detailed description of the scope and types of questions, complaints, claims, and suggestions ("PQRS"); ii) principles of accessibility, confidentiality, and non-retaliation; iii) a list of the different channels for receiving PQRS (which must also be culturally appropriate); iv) a flowchart describing the stages of receipt, resolution, and appeal; v) a breakdown of timeframes by stage and by type of PQRS; vi) a system for recording and tracking; vii) performance indicators and monitoring; viii) a description of the responsibilities of in-house staff and contractors for implementing the mechanism; ix) a detailed description of the process for managing PQRS based on their severity level; and x) procedures for collecting PQRS from vulnerable groups.

4.1.i.iii Provisions for Addressing Complaints from Vulnerable Groups

The external complaints mechanism will detail specific provisions for addressing complaints from vulnerable groups identified within the Project's area of influence.

4.1.i.iv Ongoing Reporting to Affected Communities

The Client will provide, through culturally appropriate means, periodic reports to the community, the content of which will include: i) details regarding its Environmental and Social performance; ii) information regarding the progress of construction and the implementation of management measures; iii) details on the handling of submitted PQRS and the action plans derived from them; and iv) any other Project-related information that may be important to communicate to the public.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Labor Relationship

Labor management for the Project is carried out in accordance with the Cobra Group's corporate policies and procedures, which include: i) guidelines for the selection and hiring of technical and administrative staff; and ii) formal hiring procedures. These policies and procedures establish hiring practices in accordance with the methods permitted by law, prohibit discrimination, and comply with national labor regulations.

The hiring of the workforce for the Project (approximately 220 workers for the construction phase and between 15 and 25 for operations) will be handled by the EPC contractor, who, in compliance with national regulations and the Client's guidelines, will ensure adequate working conditions, promote equal opportunity, reject discrimination of any kind, and prohibit forced and child labor.

The hiring of local and female workers is coordinated with the parish councils, whose leaders are responsible for receiving applicants' resumes and forwarding them to the EPC. However, the Client will update and implement its Local Hiring Procedure ("LHP") to include: i) non-discrimination criteria; ii) a gender-sensitive approach; iii) territorial prioritization criteria; iv) the designation of a person responsible for the employment registry; v) elements to ensure the traceability of the process; vi) protocols for auditing contractors; and vii) mechanisms for disseminating the LHP to the AID communities.

The Client will also develop and implement a Labor Management Plan ("LMP"), which is mandatory for all Project workers, including the EPC and subcontractors, and which: i) guarantees decent working conditions; ii) promotes local employment, equal opportunity, and non-discrimination, including the implementation of gender-sensitive hiring and retention policies aligned with international best practices; iii) requires zero tolerance for sexual harassment, violence, and gender-based harassment ("GBVH"); iv) prohibits the use of child labor and forced labor; v) protects whistleblowers; vi) upholds freedom of association and the right to collective bargaining; and vii) includes a non-discrimination and equal opportunity policy applicable to all Project workers.

4.2.a.i Human Resources Policies and Procedures

The Project will develop and implement a human resources ("HR") policy that: i) is aligned with applicable legal and regulatory requirements in Ecuador; ii) includes the principles of non-discrimination and equal opportunity; and iii) incorporates into the onboarding process for all direct and outsourced workers (a) training on HR policies and the Project's Code of Conduct and (b) specific requirements related to GBVH.

4.2.a.ii Working Conditions and Terms of Employment

The Client and its EPC shall develop, adopt, and disseminate Internal Work Regulations ("RIT"), which shall establish the conditions governing their relationship with their workers, including matters such as: i) gender-sensitive selection, hiring, and onboarding processes, in line with international best practices; ii) workdays, work schedules, and attendance requirements; iii) workers' rights and obligations; iv) leave, time off, and absences from the workplace; v) breaks and vacations; vi) compensation; vii) sanctions and disciplinary measures; and viii) the prohibition of gender discrimination, forced labor, and child labor. It will also develop and adopt a procedure for selecting temporary housing (whether on-site or off-site) for the Project, which will include (a) selection criteria and (b) the minimum habitability conditions (standards) that must be met; and submit reports for each temporary housing facility detailing (a) the number of workers housed there, (b) the name of the responsible contractor, (c) any incidents recorded, and (d) the follow-up and monitoring actions taken to address such incidents.

4.2.a.iii Workker's Organizations

Ecuador has ratified several international conventions and treaties of the International Labor Organization ("ILO") related to workers' rights, including those concerning freedom of association and protection of the right to organize, the right of association, and the right to collective bargaining. In this regard, the RIT will establish explicit guidelines regarding the freedom of association of Project workers or their membership in existing labor unions.

4.2.a.iv Non-Discrimination and Equal Opportunity

The Client's HR policy will include specific guidelines on non-discrimination and equal opportunity applicable to all Project workers, including direct employees, EPCs, contractors, and subcontractors. Such policy will: i) establish clear commitments to ensure fair and equitable treatment; ii) prohibit any form of discrimination based on gender, ethnicity, age, disability, nationality, immigration status, sexual orientation, gender identity, or other characteristics; and iii) promote equal access to employment opportunities, training, promotion, and decent working conditions, with a special emphasis on the inclusion of women and other groups historically underrepresented in the energy sector.

4.2.a.v Retrenchment

The Client shall develop and implement a Workforce Reduction Plan ("WRP") that shall include, among other aspects: i) procedures to support workers in their reentry into the workforce; ii) the Project's commitment to comply with all applicable legal and contractual requirements; and iii) measures to mitigate the adverse impacts of the reduction process (payment of costs for workers' return to their place of origin, etc.).

4.2.a.vi Grievance Mechanism

For all phases of the Project, the Client shall develop and implement an internal complaint mechanism ("ICM") that shall extend to the EPC and include, among other aspects: i) a description of how to receive, respond to, investigate, address, and document complaints that are filed; ii) details on the methods and frequency of communicating the mechanism to direct and indirect workers (EPC, contractors, and suppliers); iii) a specific channel for handling complaints regarding harassment, discrimination, or gender-based violence; iv) protocols for receiving anonymous complaints; and v) a zero-tolerance policy against retaliation for those who use the mechanism.

4.2.b Protecting the Work Force

4.2.b.i Child and Forced Labor

The Ecuadorian government has ratified the ILO conventions on forced and child labor. Accordingly, Ecuadorian labor law prohibits child labor and forced labor. However, the Human Resources Policy that the Client will develop for the Project will explicitly state this prohibition and extend it to direct

employees, those of its EPC, contractors, subcontractors, and the supply chain. The Client will ensure that contractors and major suppliers do not engage in child or forced labor practices.

4.2.c Occupational Health and Safety

The Project has an Occupational Safety and Health (OSH) Plan, as well as various programs, procedures, and monitoring protocols aimed at managing risks for its own personnel and those of its subcontractors. In this regard, subcontractors are required to have technical OSH personnel and on-site paramedical services.

The Client, in accordance with current regulations, has conducted pre-employment and occupational medical examinations for its workers, which have been evaluated and certified by duly accredited occupational health professionals. Similarly, the Client has implemented vaccination programs tailored to the risks identified in the Project area.

Notwithstanding the foregoing, the Client shall develop and implement a Corporate Occupational Safety and Health Management Plan for the Project, which shall include specific corporate guidelines that provide a structured framework for managing the EPC and its subcontractors during the Project's construction phase. The EPC will also update and implement its Occupational Safety and Health Plan to include: i) a formal policy; ii) clear OSH objectives; iii) defined roles and responsibilities for OSH management; iv) the identification and assessment of hazards and risks in all Project activities, including associated facilities, following the hierarchy of risk mitigation; v) the identification and management of gender-specific risks; vi) operational control procedures ("OCP") for the OSH risks identified in the Hazard Identification and Risk Assessment ("HIRA") matrix; vii) a training program that includes (a) mandatory basic OSH training for all personnel (including training on gender-specific risks) and (b) specialized training for personnel performing high-risk activities; and viii) key performance indicators and monitoring mechanisms aimed at preventing workplace accidents and occupational diseases.

4.2.d Provisions for Persons with Disabilities

The Client shall include, within its RIT, specific standards and provisions for persons with disabilities, consistent with the provisions of ILO Convention No. 111 on Discrimination in Employment and Occupation and aligned with current regulations[15] .

4.2.e Workers engaged by Third Parties

The Client shall develop and implement a contractor management plan ("CMP") for the Project, which shall establish procedures and responsibilities for the selection, hiring, supervision, and monitoring of the environmental and social ("ESHS") performance of the EPC and its subcontractors. In addition, the Client shall train the EPC's subcontractors on the following topics: (i) environmental and social, occupational health and safety (OHS), and labor policies; (ii) the Code of Conduct; and (iii) the practical implications of zero tolerance for gender-based violence, sexual or workplace harassment, and discrimination.

[15] In accordance with Article 42, paragraph 33, of the Labor Code, regarding the obligation to hire employees with disabilities

As part of the process of monitoring and supervising labor-related matters, the Client shall implement a procedure for supervising contractors and subcontractors' compliance with labor standards, which shall include, at a minimum: i) the inclusion of verifiable labor obligations in contracts, in line with the Project's Human Resources Policy, national labor laws, and international best practices; ii) required audits and periodic on-site verifications of compliance with labor conditions by contractors and subcontractors; iii) clear criteria for tracking, recording, and reporting findings; and iv) corrective measures and escalation mechanisms in the event of noncompliance.

4.2.f Supply Chain

The Client will develop and implement a supplier selection and evaluation manual that, among other aspects: i) will include periodic checks to verify compliance with Environmental and Social standards; ii) will define clear criteria for issuing warnings, imposing administrative sanctions, or replacing suppliers based on the severity of Environmental and Social non-compliance; iii) expressly prohibit the use of any form of child or forced labor in the production of wind turbine components; iv) include requirements for the implementation of measures to protect workers' health and safety; and v) include measures to promote gender equality.

Additionally, in line with measures to mitigate the risk of forced labor, the Client shall submit indicative maps of the supply chain for wind turbine components[16] .

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

The positive impacts resulting from the Project's implementation are directly related to the increased share of renewable energy in the Country's electricity generation and the reduction of Greenhouse Gas ("GHG") emissions associated with oil- and natural gas-fired power generation.

For the Project, the Client will develop and implement a Resource Management Plan to make the consumption of water, electricity, and other natural resources more efficient during the construction phase, taking into account the demand for services within the Project's AID.

4.3.a.i Greenhouse Gases

The Client will prepare an annual GHG inventory in accordance with recognized standards[17] , which will include direct (Scope 1) and indirect (Scope 2) emissions for the construction phase.

4.3.a.ii Water Consumption

[16] Rotor: blade, pitch system (motor); Nacelle: main shaft, main bearing, main gearbox, yaw system (motor), generator, power converter, transformer; and support structure (tower).

[17] GHG Protocol – Project Accounting; ISO 14064-1:2018

The projected water consumption for the Project's construction activities will be primarily related to the preparation of concrete for the foundations of the wind turbine structures and the use of bathrooms in the camps. It is important to note that this type of water does not need to be of drinking quality. During the O&M phase, water consumption will be significantly reduced, as its use will be limited to human consumption (between 15 and 25 workers).

4.3.b Pollution Prevention

The Project's Environmental Management Plan (EMP) includes several measures to prevent, reduce, and mitigate air, soil, and water pollution. These include: i) covering dump trucks with tarps or canvases to prevent aggregates from spilling onto the road and generating dust; ii) wetting work sites and access roads within the Project area; iii) identifying sensitive receptors to avoid noise and dust impacts; iv) performing preventive and corrective maintenance on equipment and machinery in workshops outside the project area; v) prohibiting the use of horns, valves, resonators, etc., except in emergencies; vi) restricting the use of equipment that generates excessive noise during nighttime hours; vii) the use of spoil piles outside areas with excessive slopes, the presence of bodies of water, or unstable zones; viii) the recovery, storage, and reuse of organic material; ix) signage on the Taquil and Chuquiribamba roads, as well as on the project's internal roads; ix) limiting construction activities strictly to the right-of-way area, thereby preventing the fragmentation of wildlife habitat; x) limiting traffic speeds on the project access roads to less than 30 km/h; and xi) prohibiting construction personnel from engaging in any fishing or poaching activities.

4.3.b.i Wastes

During the construction phase, the Project will generate solid and liquid waste. Non-hazardous solids include recyclables (paper, cardboard, Tetra Pak, glass, aluminum, etc.), household waste, and construction waste (concrete, masonry, tile scraps, etc.). This waste will be temporarily stored on the Project site or at the temporary offices, and its collection, subsequent treatment, and final disposal will be handled by the municipal waste collection service.

The Project, although in small quantities, will also generate hazardous and special waste (oils, containers, rags, scrap metal, filters, light fixtures, batteries, resin and paint residues, etc.), which, in compliance with regulatory requirements[18] , will be temporarily stored on the Project site and subsequently delivered to authorized waste management companies for decontamination, reuse, or final disposal. To this end, the Client has obtained registration as a hazardous waste generator, in accordance with current regulations[19] .

To manage the domestic wastewater (sewage) that will be generated during the construction phase, the Project calls for the use of portable toilets, the effluent from which will be collected and treated by an authorized waste management operator. For the O&M phase, a domestic wastewater treatment system using biodigesters will be implemented.

---

[18] Ecuadorian Technical Standard NTE INEN 2266 for the transport, storage, and handling of hazardous chemicals

[19] Ministerial Agreement 026 (MAE). Procedures for the Registration of Hazardous Waste Generators, Hazardous Waste Management Prior to Environmental Licensing, and the Transportation of Hazardous Materials

Notwithstanding the foregoing, the Client shall develop and implement a Waste Management Plan ("WMP") for the construction and O&M phases, which: i) shall be aligned with international best practices; and ii) shall include measures for the management of hazardous, non-hazardous, and special solid waste, as well as for the wastewater it will generate.

4.3.b.ii Hazardous Materials Management

The temporary storage of fuels and chemicals for the Project will be located at the "Villonaco 3" Step-Up Substation Switching Center or at the Logistics Base situated near the city of Loja. For this purpose, the Project will have a diesel storage tank with a capacity of approximately 1,000 liters. This facility will incorporate appropriate industrial safety and environmental control measures, including the provision of secondary containment systems, spill prevention and control mechanisms, safety signage, as well as equipment and procedures for fire prevention and response, in order to minimize risks to the environment, workers' health, and safety.

Notwithstanding the foregoing, the Client shall develop and implement a procedure for the handling of hazardous materials (fuels, lubricating oils, paints, solvents) for the Project's construction and O&M phases, in line with international best practices, which shall include, among other matters, the following: i) storage conditions for each type of waste; ii) the requirement to maintain a Material Safety Data Sheet ("MSDS") for each product; iii) information on substance incompatibilities; and iv) a contingency plan in the event of spills or accidents.

4.3.b.iii Pesticide Use and Management

The Project does not call for the use of pesticides. However, should it be required, the Project will include a pest and vector control program to verify that the pesticides to be used are not classified as "Ia" (extremely hazardous) or "Ib" (highly hazardous) under the World Health Organization's ("WHO") recommended classification of pesticides based on hazard level.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

Although the Project will not pose significant risks to the community, the EIAs have identified the following: i) an increase in road traffic for the transport of oversized equipment, machinery, materials, waste, and personnel, especially during construction; (ii) noise, dust, and emissions from mobile equipment during construction; (iii) loss of local culture; (iv) exposure to potential situations of conflict, harassment, sexual abuse, and gender-based violence ("GBV"); and (v) the generation of electromagnetic fields during O&M.

Given the foregoing, the Client shall develop and implement a Road Safety and Traffic Management Plan ("PSVMT") that will include: i) the identification and assessment of hazards and risks along the route from Puerto Bolívar t[20] , and on all access roads to the Project; and ii) the identification of sensitive locations along the usual routes used by heavy-duty transport vehicles and light vehicles

[20] The urban parish of Machala, in the province of El Oro, Ecuador, serves as one of the country's most important seaports

operated by both in-house and contracted personnel; iii) a detailed description of coordination activities with local authorities and traffic police (to implement detours and enhance road safety during the transport of oversized wind tower equipment), as applicable; iv) specific driving guidelines for each route; v) a detailed description of the mandatory defensive driving courses that all in-house and contracted truck and machinery drivers must complete; and vi) procedures for conducting random alcohol and drug testing for in-house and contracted drivers of heavy-duty and light-duty vehicles and machinery.

4.4.a.i Infrastructure and Equipment Design and Safety

The Project will implement various safety measures to protect equipment and infrastructure, such as: i) warning signs; ii) grounding systems; and iii) fire protection systems.

4.4.a.ii Hazardous Materials Management and Safety

The Procedure for the Handling of Hazardous Materials to be prepared by the Client will include procedures for the safe management of the procurement, handling, transportation, storage, and final disposal of hazardous materials.

4.4.a.iii Ecosystem Services

Although the Project is being developed in an environment that provides ecosystem services ("ESS") associated with nature-based tourism, climate regulation, erosion control, landscape quality, and support for sensitive endemic species, the Project's impacts on these services are considered immaterial.

4.4.a.iv Community Exposure to Diseases

The Client will develop and implement a community health and safety management plan, which will include: i) a program for the prevention of and response to infectious diseases; ii) measures for managing workers suspected of being infected; iii) training requirements for workers on the infectious diseases posing the greatest risk at the Project; iv) protocols for conducting awareness campaigns for workers and the community; and v) communication protocols with the communities.

4.4.a.v Emergency Preparedness and Response

The Client shall prepare the Project's emergency preparedness and response plan, which: i) shall take neighboring communities into account when identifying risks; ii) shall detail the types of emergencies in which communities may be involved; iii) shall describe the topics on which the community must be trained (regarding protocols for action before, during, and after emergencies); iv) include early warning protocols and procedures for communicating in the event of any incident or accident that warrants such action; v) specify the frequency of joint drills as required; and vi) establish coordination mechanisms with the Emergency Operations Committee ("COE"), the Fire Department, and the relevant Decentralized Autonomous Governments ("GAD").

4.4.b Security Personnel

The Client has contracted an external company to provide physical and property security services for the Project. To this end, the Client will develop and implement a physical security management plan for the Project that includes: i) a physical security risk assessment; ii) procedures for vetting security personnel; and iii) training requirements for security personnel on voluntary principles regarding security and human rights.

4.5 Land Acquisition and Involuntary Resettlement

4.5.a General Aspects

The Project will not result in any resettlement or physical displacement. However, it will require the establishment of right-of-way corridors to allow for the permanent occupation of the area, the placement of towers, and to restrict within those corridors the construction of buildings, wells, mills, antennas, and the planting of large trees. This procedure will be carried out in accordance with the provisions of the Organic Law on the Public Electric Power Service ("LOSPEE")[21] .

The Concessionaire will develop (where applicable) a land acquisition plan that guarantees those affected compensation equal to or greater than the replacement costs of the assets affected by the relocation. Additionally, if applicable, the Concessionaire will conduct an independent audit upon completion of the right-of-way acquisition process, which will include: i) an assessment of the effectiveness of the mitigation measures implemented (including key performance indicators); ii) an assessment of the conditions of each affected party following the imposition of land-use restrictions; (iii) a comparison of the implementation results with the agreed-upon objectives; and (iv) lessons learned from the process.

4.5.a.i Project Design

The project design was developed with the aim of avoiding and minimizing any type of physical or economic displacement. In this regard, during the planning stage, an analysis of technical and location alternatives was conducted, aimed at reducing, to the extent possible, the social, property-related, and environmental impacts associated with land acquisition and the establishment of easements.

The initial identification of the land required for the Project was carried out by government agencies[22] ; however, the Client remains responsible for ensuring that the land acquisition, negotiation, compensation, and social management processes are conducted in accordance with international best practices.

---

[21] Organic Law on the Public Electric Power Service (LOSPEE); Articles 83 and 84 of the LOSPEE recognize and authorize the establishment of easements for electric infrastructure (including transmission and distribution lines)

[22] Corporación Eléctrica del Ecuador CELEC EP (GENSUR).

To build the wind farm, the Project required the acquisition of a total of 87 properties, of which the transfer of title for 64 has been completed[23] (71% of the total) through voluntary negotiation. The remaining 23 properties are at various stages of the process, including 13 cases under a declaration of public utility and 10 properties in the process of acquisition through alternative mechanisms.

Of the 13 properties subject to a declaration of public utility, 6 have been duly registered in the Property Registry, while the registration of the remaining 7 was initially rejected due to deficiencies in ownership documentation, the absence of registered owners, or the existence of associative or cooperative structures. In these cases, the Client has been providing support to the occupants to regularize property titles, with the objective of subsequently facilitating the signing of purchase agreements and ensuring equitable treatment for the occupants and users of the land.

Regarding the 10 properties still pending acquisition, 6 are in the process of being declared in the public interest for the purpose of expropriation, 2 are in the process of direct purchase, and 2 are in the process of formalizing loan-for-use agreements[24] , always prioritizing negotiated and voluntary solutions.

As for the LT, its EIA initially identifies 373 affected properties. However, the first 6 lots correspond to land associated with the substation, which is located within the wind farm area and is owned by the Company. For 329 of the remaining 367 properties, the Concessionaire has signed and paid for voluntary agreements (88%), while for 39 additional properties, the voluntary process of establishing easements has yet to be completed.

4.5.a.ii Compensation and Benefits for Displaced Persons

The Project has prioritized voluntary acquisition through direct negotiations with landowners, using official appraisals as a reference and, in certain cases, price adjustments proposed by the landowners. In the case of the wind farm, compensation has been based on the land's value according to official appraisals, supplemented by negotiation processes. In the case of the LT, compensation has been established based on the affected area, supplemented by a technical valuation of specific impacts on assets such as crops, plant species, pastures, and infrastructure.

Notwithstanding the foregoing, the Concessionaire will develop a socioeconomic baseline that: (i) will characterize the potentially affected population, especially those in vulnerable circumstances; and (ii) based on an analysis of the remaining areas, will determine how they will be impacted. Additionally, the Client will update the current procedures related to its acquisition plan and the establishment of easement agreements to include a cutoff date for determining the eligibility of individuals who will receive compensation and assistance and to discourage claims for benefits by ineligible individuals.

---

[23] Completion of the transfer of title. The notarized deeds of sale for 62 of these 63 properties have already been registered with the Property Registry. The remaining property was acquired in March 2026, and its registration is still pending.

[24] A loan for use is a gratuitous contract whereby the owner (lender) grants another party (borrower) the right to use property for a specified period or purpose, without a transfer of ownership or payment of rent, with the obligation to return the property in the same condition.

4.5.a.iii Community Engagement

Community participation in the process of establishing the easement has been achieved through a process of providing information, addressing inquiries and concerns, and engaging in a two-way dialogue with landowners or occupants. This process has enabled: (i) the recognition and identification of property boundaries; (ii) the prevention of territorial boundary disputes; and (iii) the inclusion of all occupants without discrimination, among other outcomes.

However, as a tool to complement the participation process, the Client will make its external complaint mechanism available to the affected individuals.

4.5.a.iv Grievance Mechanism

The Client will use its external complaints and grievances mechanism to define and implement a specific strategy for engagement and communication with the stakeholders involved in pending cases, with the aim of facilitating the signing of voluntary agreements, addressing concerns at an early stage, and preventing conflicts from escalating to legal or constitutional proceedings.

4.5.a.v Resettlement and Livelihood Restoration Planning and Implementation

The Project will not result in physical displacement. However, the Client will conduct a socioeconomic census with the objective of: i) characterizing the potentially affected population, especially those in vulnerable conditions; and ii) determining, based on an analysis of the remaining areas, how they will be impacted. The census will establish the Baseline and will include, at a minimum, the following: i) a georeferenced delineation of the consolidated footprint and the type of impact by property; ii) the identification and systematic classification of persons affected by the Project ("PAP"); iii) a cut-off date; iv) a survey of socioeconomic information by household or productive unit; v) a detailed inventory of assets (land, crops, infrastructure, improvements, and other affected property) belonging to the PAPs that would be affected; vi) an analysis of economic dependence on land and livelihoods; vii) the identification and classification of vulnerability conditions; viii) documentation of income, production, and access to resources; and ix) verifiable and traceable records on a case-by-case basis.

Based on the foregoing, the Client shall prepare a Land Acquisition Plan that guarantees the PAP compensation (replacement of the assets affected by the imposition of the easement) equal to or greater than what they had prior to the imposition process and, where applicable, a Livelihood Restoration Plan ("LRP," by its acronym) that outlines and includes the following information: i) types of acquisition (purchase, easement, temporary restrictions, and public utility); ii) a standardized flowchart of the land process; iii) eligibility criteria; iv) a valuation methodology based on total replacement cost; v) a compensation matrix (entitlement matrix); vi) compensation rules to be applied prior to the restriction of use; vii) guidelines for declarations of public utility; viii) protocols for integration with the LRP, where applicable; ix) mechanisms for coordination with the external grievance mechanism; and x) a monitoring system capable of implementing corrective actions when necessary.

4.5.b Displacement

4.5.b.i Physical Displacement

The Project will not result in any type of physical displacement of the population.

4.5.b.ii Economic Displacement

The Client, as a complement to land management tools, will develop and implement (where applicable) livelihood restoration plans to address any economic displacement that the Project may cause. These plans will include: i) a compensation rights matrix covering landowners, occupiers (individuals or groups), and tenants who may be affected by the Project; ii) procedures to ensure that the quality of life of affected individuals improves or, at a minimum, is maintained following displacement; iii) livelihood restoration support programs aimed at the sustainable recovery of income and productive capacities; iv) a gender-based approach to impacts on land and livelihoods, ensuring that women benefit equitably from compensation and livelihood restoration measures; v) a program for informing, consulting with, and involving affected people; vi) monitoring and corrective measures to address implementation gaps; vii) KPIs to measure the effectiveness of livelihood restoration outcomes; and viii) monitoring and reporting protocols to track the status of implementation and performance of the LRP.

With regard to the rehabilitation of the access road for transporting the Project's oversized cargo, which may entail temporary or permanent physical or economic displacement, the Project will develop a Resettlement Plan Framework (PRA) for individuals who could potentially be affected.

4.5.c Private Sector Responsibilities Under Government-Managed Resettlement

In accordance with the legal powers and authority of the Grantor (Ministry of Environment and Energy), as well as the obligations and roles established for the parties in the Concession Agreement, the Grantor is responsible for declaring the park's properties to be in the public interest and for the compulsory establishment of easements for the Project's transmission line. In this regard, the Client acts as the applicant and initiator of the procedure; however, the authority to expropriate or impose easements lies with the Grantor.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

4.6.a General Requirements

The analysis of alternatives conducted by the Project sought to avoid or minimize the impact on biodiversity (ecosystem services, fragile ecosystems, critical habitats, protected areas, and zones internationally recognized as sensitive).

4.6.b Protection and Conservation of Biodiversity

The Project's area of influence is located in a high-Andean ecosystem, characterized by low species richness, but with a high degree of endemism, remnants of native shrub and tree vegetation, and

the presence of relevant biotic components (native flora, herpetofauna, avifauna, chiroptera, entomofauna, and aquatic macroinvertebrates in nearby bodies of water).
Notable biodiversity values include: i) herpetofauna with potential endemism[25] ; ii) avifauna and chiroptera; iii) entomofauna (copronecrophagous coleoptera and lepidoptera); and iv) aquatic macroinvertebrates.

The Project has adopted a preventive and precautionary approach to biodiversity management, aligned with the mitigation hierarchy, prioritizing the avoidance and minimization of impacts, followed by ecological restoration measures. This approach is based on the application of technical criteria, continuous environmental monitoring, and the use of best available practices for wind power generation projects. That said, the Project is implementing the following measures: i) strict limitation of clearing and cleanup activities to the minimum area necessary for the execution of construction work; ii) conducting site surveys prior to the start of activities; iii) an express prohibition on the burning of vegetation and control over the felling of large trees; iv) protection of native vegetation located outside the immediate construction area; v) marking of flora protection zones; and vi) implementation of an amphibian rescue plan that includes (a) prior capture, (b) temporary care at rescue centers followed by reintroduction into their natural habitat, and (c) the construction of artificial pools to facilitate amphibian reproduction.

For its O&M phase, the Project calls for: i) the implementation of periodic monitoring programs for birds and bats, taking seasonal variations into account and assessing possible mortality events due to collisions or barotrauma; ii) semiannual monitoring of vulnerable biotic components (flora, birds, mammals, and reptiles and amphibians); and iii) the development of specialized studies to optimize the assessment of impacts on bats and birds, incorporating scientific advances and adaptive approaches.

However, as part of its ESMS, the Client will prepare a Biodiversity Management Plan to manage relevant impacts on biodiversity, with the objective of achieving, at a minimum, No Net Loss (“NPL”) of biodiversity for natural habitats, or a Net Gain (“NG”) in critical habitats. This plan will include objectives, actions, responsible parties, performance indicators, monitoring mechanisms, and adaptive management procedures, ensuring that impacts on biodiversity are managed in a consistent, traceable, and verifiable manner. It will also provide for the implementation of periodic monitoring programs to evaluate the effectiveness of the measures implemented and make adjustments as necessary.

Additionally, the Client will prepare a closure and vegetation restoration plan for access roads (where applicable) that will include: i) a methodology for restoring native vegetation at access roads that were constructed in modified habitats; ii) maintenance and monitoring measures for the restoration; and iii) KPIs to measure performance.

For the O&M phase, the Project will develop an Adaptive Management Program, which will include: (i) a plan for monitoring bird and bat mortality, taking into account adjustments to the frequency,

[25] Taxonomically uncertain frog of the genus *Pristimantis* and the marsupial frog (genus *Gastrotheca*), associated with grasslands and remnant shrublands

duration, and continuity of bird and bat monitoring campaigns based on the results obtained; (ii) bias correction tests; (iii) estimates of mortality rates; and (iv) an adaptive management strategy.

4.6.b.i Modified Habitat

The areas of modified habitat within the wind farm's AID[26] and the LT (agricultural zones, forest plantations, urban areas, road network, among others) cover an area of approximately 7,385 hectares (97.4% of the AID). However, this information must be corroborated with the critical habitat assessment that the Client will conduct for the Project.

4.6.b.ii Natural Habitat

The Project's footprint (platforms, spoil piles, and access roads) overlaps with two natural ecosystems in Ecuador that correspond to natural habitats: i) Páramo Grassland, with an estimated impact of 26.47 hectares; and ii) Catamayo–Alamor High-Altitude Evergreen Mountain Forest, with an estimated impact of 0.52 hectares.

The vegetation types present within the Project's Area of Direct Impact (AID) include: i) native forest (0.20 ha), ii) forest plantations (9.91 ha), iii) grasslands (3.12 ha), iv) shrub vegetation (0.54 ha), v) herbaceous vegetation (0.70 ha), and vi) páramo (15.20 ha), indicating the presence of vegetation mosaics with significant ecological functions, particularly in the páramo ecosystems.

The herbaceous flora documented in the literature for the study area includes species in various categories of concern as defined by the International Union for Conservation of Nature ("IUCN"): i) Critically Endangered ("CR"), the Arrayán (*Eugenia albida*); ii) Endangered ("EN"): the Achupalla (*Puya parviflora*), the Puya (*Puya obconica),* and the Campanilla (*Bomarea uncifolia*)*;* iii) Vulnerable ("VU"), the Clavel del Aire (*Tillandsia aequatorialis),* the Pumamaqui (*Oreopanax rosei*), the Chilca de Cerro (*Ageratina dendroides*), the Palo Flojo (*Cacosmia hieronymi),* the Urcu Chilca *(Cronquistianthus niveus),* the Arriatagua *(Dendrophorbium scytophyllum),* the Cucharo *(Clethra parallelinervia),* the casa-casa *(Lepechinia mutica), and* the plantain *(Plantago lanceolata)*. Among the fauna, the literature identifies i) the Culipato Solitario (*Macropholidus annectens*) as an Endangered (EN) species; and ii) the Lojana Marsupial Frog (*Gastrotheca lojana*), the Guagsa de Cuenca (*Stenocercus festae*), and the Ornate Guagsa (*Stenocercus ornatus).*

Similarly, the literature identifies the following endemic species: i) among amphibians, the Elision Marsupial Frog (*Gastrotheca elicioi*), the Loja Marsupial Frog (*Gastrotheca lojana*), the Cutín (*Pristimantis andinognomus*), the Rain Frog (*Pristimantis aff.*), the Solitary Culainpalo (*Macropholidus annectens*), the Southern Guagsa (*Stenocercus festae*), and the Ornate Guagsa (, *Stenocercus ornatus*); (ii) bird species: the Tropical Tyrant (*Tyrannus melancholicus*) and the Blue Swallow (*Pygochelidon cyanoleuca);* (iii) insect species: *Uroxys frankenbergueri*; and (iv) plant species: *Ceratostema loranthiflorum.* In addition, the Catamayo ichthyohydrographic zone is identified as a priority area for fish conservation.

[26] Taking 200 meters of the Project's AID as a reference.

Therefore, the Client will conduct an assessment of the natural habitats that could be altered by the Project's implementation and, depending on the type of impact determined, will develop and implement a Biodiversity Action Plan ("BAP") as part of its ESMS to ensure No Net Loss ("NNL").

4.6.b.iii Critical Habitat

Although the Project will not significantly impact any critical habitat, the updated EIA for the[27] Project identifies species within its area of influence that could be considered critical habitat. Therefore, the Client will supplement the Critical Habitat Assessment ("CHA") and, depending on the results obtained, will prepare and implement a Biodiversity Action Plan ("BAP") that will include: i) an analysis of the Project's residual impacts on the populations of species of concern (threatened, endemic, and restricted-range species); ii) a detailed description of measures to prevent a net loss (when natural habitats are affected) or to generate a net gain in biodiversity (when critical habitats are impacted); iii) an adaptive management protocol defining roles and responsibilities, as well as mechanisms for reviewing and adjusting the proposed management measures; iv) a list of KPIs to measure the effectiveness of the proposed measures; v) an indicative budget to ensure the adequate and sustained implementation of the PAB; and vi) a biodiversity monitoring and evaluation program ("PSEB").

4.6.b.iv Legally Protected and Internationally Recognized Areas

The wind farm area does not overlap with any nationally or internationally recognized protected areas. However, the LT overlaps with sensitive areas such as the Malacatos River Basin in Loja (characterized by vegetation cover consisting mainly of pine, an introduced species) and the Podocarpus–El Cóndor Biosphere Reserve.

4.6.b.v Invasive Alien Species

The Project will not intentionally introduce any exotic or invasive species.

4.6.c Management of Ecosystem Services

Within the Project's area of influence, the main ecosystem services ("ESS") are provisioning services (food, forage, and medicinal uses) and regulating services (erosion control). However, no neighboring communities depend on these services.

Notwithstanding the foregoing, the Project will confirm—through field verification and stakeholder engagement mechanisms—that the planned interventions will not affect the availability or functionality of ecosystem services relevant to the communities; and, should significant impacts be identified, it will develop and implement an Ecosystem Service Management Plan that will include management measures and KPIs to measure their effectiveness.

[27] https://www.iadb.org/document.cfm?id=EZIDB0002006-154190099-47

4.6.d Sustainable Management of Living Natural Resources

The Project does not foresee the use of living natural resources.

4.6.e Supply Chain

The Project does not involve the procurement of primary production.

4.7 Indigenous Peoples

4.7.a General Aspects

The Project does not cross or affect indigenous territories or communities.

4.8 Cultural Heritage

4.8.a Protection of Cultural Heritage in Project Design and Execution

There is one archaeological site registered with the INPC

4.8.a.i Chance Find Procedures

The Client will develop, disseminate, and implement a cultural heritage training plan and a cultural heritage management plan ("CHMP") for the Project, which will include procedures for (a) monitoring construction activities that disturb the ground, (b) protecting cultural heritage sites within its area of influence, and (c) handling accidental archaeological discoveries

5. Local access to project documentation

Project documentation can be accessed at the following link: https://www.power-technology.com/data-insights/power-plant-profile-villonaco-iii-wind-farm-ecuador/?cf-view