

Environmental and Social Review Summary (ESRS) A/B Green Bond – YPF Luz – Argentina

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

Since its foundation in 2013, YPF Luz (the “Company”), a subsidiary of YPF SA¹, has been engaged in developing and generating electric power from conventional sources (thermal) and renewable ones (wind and solar). Its main shareholders are YPF SA (75.01%) and General Electric (24.99%). The Company has a maximum installed capacity of 3.174 MW and generates about 9% of the energy that is annually consumed in Argentina. A total of 497 MW of it comes from renewable sources and 2,677 MW from natural-gas conventional thermal sources. YPF Luz facilities are located in the provinces of Tucumán, San Juan, Buenos Aires, Neuquén, Chubut and Santa Cruz, and include 6 thermal power stations², 4 wind farms³, one solar power plant⁴ and one wind farm under construction⁵. The Company’s 2022-2026 strategic plan seeks to increase its installed capacity for efficient power generation from thermal sources, and from renewable sources with new developments and acquisitions.

This transaction, which involves the issuance of an international A/B bond green bond structure (the “Project”), is meant for investments in new solar plants and wind farms, their ancillary facilities (electrical distribution systems) and other renewable technologies.

The Project will not be used to finance the construction of new wind farms or solar power plants located in or generating significant impact on: (i) critical or natural habitats; (ii) territories of indigenous or ancestral origin; and (iii) areas that are highly probable to present heritage remains (archeological, paleontological, etc.).

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B transaction according to IDB Invest’s Environmental and Social Sustainability Policy⁶, since the environmental and social (E&S) impacts, as well as the occupational risks related to the construction and operation phases of each project are deemed of

¹ YPF SA (Yacimientos Petrolíferos Fiscales) is an Argentine company engaged in the exploration, exploitation, production and distribution of oil, gas and by-products in the oil & gas industry.

² El Bracho Power Plant, Tucumán; Complejo Tucumán; Dock Sud Power Plant; La Plata Cogeneración I Power Plant; La Plata Cogeneración II Power Plant; Loma Campana I Power Plant; Loma Campana II Power Plant; Loma Campana East Power Plant and Manantiales Behr.

³ Los Teros I (123 MW, Province of Buenos Aires), Los Teros II (52 MW, Province of Buenos Aires), Manantiales Behr (99 MW, Province of Chubut), Cañadón León (123 MW, Province of Santa Cruz).

⁴ Zonda Solar Power Plant (300 MW, Province of San Juan).

⁵ General Levalle, (155 MW, Province of Córdoba).

⁶ https://idbinvest.org/sites/default/files/2020-05/idb_invest_politica_de_sostenibilidad_2020_SP.pdf

medium-high intensity, are reversible and manageable through management plans and programs known in the sector.

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; and (iv) PS4: Community Health, Safety and Security.

3. Environmental and Social Context

3.1 Project area overview

The Project is not restricted to any site in particular; on the contrary, it extends across the locations where YPF Luz operates, which are initially within Argentina but may include others to the satisfaction of IDB Invest.

YPF Luz’s electric power plants (thermal, wind and solar) are in industrial areas (within industrial hubs or oil fields) or in semi-rural or rural areas that are already altered by human activity. The Company’s facilities that are currently in use do not interfere with critical habitats or legally protected areas.

3.2 Contextual risks

The main contextual risks as identified are: (i) risks for people’s lives, the biodiversity and the facilities, associated to climate change events⁷ (floods, thunderstorms, strong winds, and fires in woodland and grasslands) and (ii) risks related to personal safety (robberies, killings, etc.) and acts of vandalism (facilities break-ins and destruction), which are typical of densely populated areas and frequently associated to social problems like poverty and drug trafficking.

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

4.1 Assessment and management of environmental and social risks

4.1.a E&S management system

Through its Quality, Environmental, and Health and Safety (QEHS) Policy, YPF LUZ manages these aspects in an integrated manner and sets forth the strategic guidelines and the QEHS Actions and

⁷ According to a government study, there is an increase in the probability of fires happening and spreading, an overall decrease in water availability and an upward trend for temperatures, extreme rainfall and the sea level (see “Argentina - Third National Communication to the United Nations Framework Convention on Climate Change Project : <https://www.argentina.gob.ar/sites/default/files/3com.-resumen-ejecutivo-de-la-tercera-comunicacion-nacional.pdf>).

Objectives Programs⁸. These programs, as part of the QEHS integrated system, state the objectives, actions, means, as well as the responsibilities assigned and the enforcement terms. They also include, among other aspects, the review of the matrices to identify and assess the E&S aspects as well as the occupational risks, training activities, internal and external audits, and committee-specific tasks. Performance is monitored by analyzing, among other aspects, the evaluation of key performance indicators (KPIs) and the results of the statistical management of QEHS management representative variables.

Locally, each power plant has its own QEHS integrated management system, certified under ISO 9001 (quality systems), ISO 14001 (environmental management systems) and ISO 45001 (occupational health and safety systems). Additionally, most conventional electric power plants are certified under ISO 50001 (energy management systems), ISO 370001 (anti-bribery management systems) and some of them under ISO 55001 (asset management systems) standards.

4.1.b Policy

To define its sustainability priorities, YPF Luz adheres to the UN 2030 Agenda for Sustainable Development and the ten principles in the UN Global Compact, as well as the 17 Sustainable Development Goals (SDGs).

YPF Luz has developed the following policies: (i) a Quality, Environmental, and Safety Policy, which includes (a) the Company's core objectives in terms of environmental impact, health and safety conditions of the neighboring communities and (b) the actions to be taken by the Company's staff in order to reach those objectives; (ii) an Operational Excellence Policy, which aims at maximizing production and efficiency, thus optimizing the use of available resources, securing people's wellbeing, asset integrity, environmental care and compliance with the assumed commitments; (iii) a Stakeholders Relations Policy, which explains the actions taken by the Company to have an adequate relation with all stakeholders; and (iv) a Sustainability Policy, which prioritizes adopting the best sustainability practices all along the product and service value chain.

YPF Luz will adopt its environmental, social, and health and safety policies for all the Project components and will disclose them to the communities settled in each area of influence.

4.1.c Identification of risks and impacts

YPF Luz has in place specific procedures and matrices to identify, assess and manage the potential E&S impacts and occupational risks its activities could generate. It also considers the assessment of the residual risks and impacts, identified once the prevention and mitigation measures are applied.

YPF Luz will guarantee, for all activities financed with Project proceeds, that both the criteria established in the legislation currently in force, together with its policies and procedures, such as those criteria emanating from any contract entered into with international banks to identify and

⁸ There are three actions and objectives programs in place at corporate level: (i) Health and Safety Actions and Objectives Program (HSAOP); (ii) Environmental and Social Actions and Objectives Program (ESAOP); and (iii) Quality Actions and Objectives Program (QAOP).

assess potential environmental impacts and occupational risks, are jointly applied when the respective matrices are prepared.

4.1.c.i Direct and indirect impacts and risks

Broadly speaking, the impacts and risks derived from the construction of a Project component (including ancillary facilities) eventually involve: (i) generating noise, vibrations, dust, and polluting effluents; (ii) affecting the soil, flora, and fauna; (iii) upsetting the population due to new or increasing truck traffic; and (iv) potentially harming the owners of the property affected by right of way (ROW) easement for the electrical distribution systems. Some of the main impacts and risks linked to the facility operations phase are: (i) effects on flying fauna (birds and bats); (ii) visual interference (for wind farms); and (iii) permanent changes to the use of the soil (mainly in solar power plants), which impact also on the local flora and fauna.

4.1.c.ii Analysis of alternatives

YPF Luz's projects include an analysis of alternatives, which contains the following, for example: (i) the location of the facilities, which should not (a) intercept protected areas, (b) occupy heritage areas of indigenous communities, (c) go through areas that are sensitive for the biodiversity, or (d) interfere with the existing ecological services; (ii) the existence or availability of associated facilities (transmission lines, transforming stations, etc.); (iii) the availability of land to avoid the involuntary displacement of people; and (iv) the availability of access roads.

4.1.c.iii Cumulative impact analysis

YPF Luz's projects do not usually include a cumulative impact analysis. Therefore, as part of the minimum requirements under the terms of reference for the preparation of the environmental impact assessments (EIAs) for future renewable power plants, YPF Luz will carry out a cumulative impact analysis based on the principles of IDB Invest's Practical Guide for Cumulative Impact Assessment and Management in Latin America and the Caribbean⁹.

4.1.c.iv Gender risks

The Company is developing and implementing gender risk management tools. Its Code of Ethics and Human Resources Strategy and Policy set forth the main framework for guaranteeing equal opportunity and non-discrimination based on race, religion, political opinion, nationality, language, sex, marital status, age, disability or any other difference in personal character.

4.1.c.v Gender programs

In general terms, the following stands out: (i) women currently account for 22% of the workforce, which has been set up at 25% by 2025; (ii) there is a Code of Conduct with guidelines to ensure equal opportunities and non-discrimination; (iii) the Company has separate sanitary facilities for women, as well as breastfeeding rooms; (iv) the Company has a line of ethics to capture reports of situations

⁹ <https://idbinvest.org/es/publicaciones/guia-practica-para-la-evaluacion-y-gestion-de-impactos-acumulativos-en-america-latina>

of discrimination or gender violence; (v) there is a Diversity Committee and a Domestic Violence Subcommittee and (vi) the Company assesses the suitability of the personal protection equipment for female workers, including ergonomic analyses.

For the Project, YPF Luz has set the goal of having between 30% and 50% of women in its workforce by 2030.

4.1.c.vi Climate change exposure

To identify, assess and manage climate change risks, YPF Luz is using a corporatewide geographic information system, including layers of data about natural disasters, and hydrological and meteorological risks. This tool rates the level of exposure of the Company's facilities into five categories (from very low to very high) of long-term and short-term horizons considering climate scenarios RCP 4.5 and RCP 8.5.¹⁰ Based on this analysis and the exposure profile, the Company looks at the need to take management measures, which are recorded in its environmental management system (ISO 14001), thus securing the necessary resources. Climate change resilience and adaptation measures are considered in the design of a new investment project and monitored to assess its efficacy.

YPF Luz's climate action committees analyze the Company's performance in terms of greenhouse gases (GHG) emissions, as well as energy efficiency and the quality of the emissions from its industrial processes. GHG emission inventories are managed with the corporate software tool called *Sphera*, which tracks GHG emission intensity, with a KPI defined in a specific procedure.

For the Project, YPF Luz will add to the procedures in the QEHS integrated system certain criteria to identify and assess the impacts and risks associated with climate change at all the stages of a power generation project (preliminary design, project, construction, operation and decommissioning). For each risk and impact identified at each phase of the lifecycle of each project, the Company will identify and implement the related climate change adaptation and resilience measures, so that the resulting magnitude for the residual impacts and risks are acceptable.

4.1.d Management programs

YPF Luz QEHS aspects are managed from two different areas. On the one hand, is the corporate management, which sets the mission, vision and values of the Company, as well as its sustainability strategy, policies, governance structure and end-to-end QEHS management. On the other hand, is each power plant's own QEHS management system, aligned with the corporate management framework and focused on managing the site-specific QEHS aspects. In general terms, the management systems of each plant are certified under ISO 9001, ISO 14001, and ISO 45001.

¹⁰ A Representative Concentration Pathway (RCP) is a [greenhouse gas \(GHG\)](#) (not emissions) concentration pathway theoretical projection adopted by the [IPCC](#) (Intergovernmental Panel on Climate Change).

4.1.e Goods and service providers management

The goods and services agreements YPF Luz signs by virtue of the Project shall require its suppliers to enforce YPF Luz's QEHS policy and any other environmental or social stipulation derived from the contracts the Company signs with the international banks. Also, YPF Luz will make sure that its suppliers (and supply chains) are aligned with those policies.

4.1.f Organizational capacity and competency

The training activities offered by the Company are scheduled within the annual training plan, and consider specific needs, which derive from the performance assessments, accident investigations and the acquisition of new technology, etc. Subjects of the training courses cover, among others, aspects of technical management, leadership, supervision (audits) and human rights policies and procedures. The Company has in place internship programs to supplement the education of university students.

YPF Luz also offers training courses for contracted staff as needed. For construction works, the Company establishes and supervises the courses that must be given by contractors to their employees, and which the latter must attend compulsorily.

4.1.g Emergency preparedness and response

YPF Luz has an overarching methodology to manage emergencies. The emergency plans for each plant (or construction site) include the identification of plant-specific emergency scenarios, by means of a specific risk analysis, considering the environmental, occupational and community health and safety aspects of each site. Contractors of construction works shall prepare and submit their own emergency plan to YPF Luz for analysis and approval. Emergency drills are scheduled, including different scenarios (like general evacuation, rescue at heights, electric arc, pollutant spills, etc.).

Accidents and incidents are managed with corporate tool SIGEO (Operational Excellence Management System in Spanish), which is used to record accidents and incidents, their related investigations, improvement actions, new and dismissed staff, etc. Depending on the severity of the accident or incident (critical, relevant or minor), the investigation methods may involve specific procedures to prepare a root cause analysis and identify preventive actions.

4.1.h Monitoring and review

In its procedures RMG-01.03 "*Planificación Ambiental*" (environmental planning) and RMG-01.04 "*Planificación de Actividades de CMASS*" (QEHS activity planning), the Company identifies the need to measure environmental, and health and safety parameters¹¹, and specifies how and how often they should be measured, as well as the any applicable regulations.

¹¹ The environmental parameters to be measured include, among others, environmental noise, type and amount of waste, spill events, effluent quality, flora and fauna parameters, water consumed, quality of gas emissions, etc. Some of the health and safety parameters are light intensity, noise intensity, earth resistance, vibrations, ergonomic variables, etc.

Environmental performance is monitored by the committees within the QEHS integrated system. In their bimonthly meetings, those committees check the performance of the construction sites and the power plants against KPIs¹², identifying deviations and improvement opportunities. The QEHS integrated system is periodically audited (both internally and externally) to verify its implementation, detect deviations and identify improvement opportunities.

4.1.i Stakeholder engagement

For each power generation facility, YPF Luz maps the stakeholders and prepares a communication plan.

4.1.i.i Disclosure of information

Communications to the media are dealt with by those in the Asset Management. Relevant information is expected to be disclosed at the construction phase of each project with specific actions, such as visits to local education centers, local media, municipal offices, etc.

4.1.i.ii Informed consultation & participation

As part of the process to obtain the necessary environmental licenses and permits to operate each power station, the application authorities may call for a public hearing, in which the stakeholders will be able to access the environmental impact assessment (EIA) for the related works. The call notice has information about the ways any person can access the relevant EIA.

4.1.i.iii Indigenous peoples

YPF Luz's current projects and operations have not created any significant impact on the indigenous communities.

4.1.i.iv Private sector responsibilities under a government-led stakeholder engagement process

The Company is directly responsible for engaging the stakeholders affected by YPF Luz projects.

4.1.j External communication and grievance mechanisms

YPF Luz has a confidential system, managed by the Institutional Relations Department, which guarantees traceability, monitoring and response to queries and grievances from third parties. All

¹² For wind farms, the general input KPIs are: (i) energy intensity (the amount of energy used to make a product unit) and (ii) water use intensity (the amount of water used to make a product unit). The general process KPIs are: (i) GHG emission intensity (the amount of GHG produced to make a product unit) and (ii) liquid effluent intensity (the amount of liquid effluents generated when a product unit is made). The general output KPIs are: (i) total waste intensity (the amount of waste generated when a product unit is made) and (ii) bird mortality intensity (how many birds or bats die per product unit). The construction asset indicators are: (i) top soil removed; (ii) top soil used; (iii) aggregate; (iv) water (use for construction, for personal use and in total); (v) gasoil for electricity (for transportation and in total); (vi) non-hazardous, hazardous and recycled waste; (viii) industrial and sewage liquid effluents; (ix) CO₂ emissions; (x) birds and bats monitoring; (xi) noise; (xii) accidental finds. The asset indicators are used to generate the KPIs. For instance, construction waste intensity KPI: construction waste (kg)/hours worked (h); Construction unused materials value intensity KPI: construction unused materials (kg)/construction waste (kg).

queries or grievances received via the website, e-mail, letter or telephone are recorded to be further followed up on¹³ until closure, including data about who submitted it, the affected areas and other relevant information.

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

YPF Luz's activities do not generate, either directly or indirectly, any impact on vulnerable communities.

4.1.j.ii Ongoing reporting to affected communities

Those communities affected by a project have direct access to the relevant EIA, which is published on the website by the related application authorities. Additionally, during the construction and operation phases of each project, YPF Luz has documented information channels with the nearby communities.

4.2 Labor and working conditions

4.2.a Working conditions and management of worker relationships

The QEHS Policy and all procedures in the QEHS Integrated System are applicable to YPF Luz's payroll and outsourced employees.

YPF Luz has 371 payroll employees (working permanently and full time) and 5,856 outsourced employees. Workers' representatives meet regularly with YPF Luz's management, so represented by the Work Relations Coordinator and the People and Culture Manager. The Company promotes creating and keeping a friendly workspace, by appointing representatives (annually, an appointee and a substitute) from the Company's regional units to be part of the Work Environment Committee. This committee analyzes the results of the work environment survey and submits improvement actions and initiatives to Management. The Company is also considering quarterly gatherings of all staff, in which the Company's General Manager and the management team can be directly addressed with questions and comments by the staff; the internal communication between teams of workers in different locations and activities is also encouraged.

4.2.a.i Human resources policies and procedures

The Human Resources Policy and Strategy establishes the guiding principles to manage human relations at YPF Luz. The People and Culture team supports the staff to build their management and leadership skills. The policy is mainly oriented to: (i) develop and empower the staff, by creating a work and Company-centric culture; (ii) raise the staff performance level; (iii) encourage young professionals' training; (iv) promote integration, inclusion, diversity, gender equality and non-discrimination for any reason, and (v) assure market competitive salaries.

¹³ Queries or grievances can be submitted by third parties via: (i) YPF Luz's website (<https://canalcomplianceypfluz.lineaseticas.com/>); (ii) e-mail to canalcompliance.ypluz@kpmg.com.ar or sugerenciasypfluz@ypf.com; or (iii) telephone on 0800-122-0278

4.2.a.ii Working conditions and terms of employment

YPF Luz applies salary schemes based on fixed salaries and additional payments, as per applicable agreements, including a variable pay, which depends on the employee's merit and how well they reach their goals, and social security benefits, for which the Company evolves with the macroeconomic market variables. In order to guarantee internal pay equality, compensations are managed through salary ranges for staff who is not covered by any collective bargaining agreement¹⁴ and pay scales for workers under collective bargaining agreements. YPF Luz has a program involving the payment of bonuses and incentives, based on fulfilled individual goals, individual performance (depending on the union status) and the Company's and its business units' business results.

The staff Benefits Policy includes, among other things,: (i) a long-term and a short-term bonus; (ii) healthcare coverage for the family; (iii) personal loans of up to three salaries; (iv) savings and pension scheme with Company stockownership; (v) optional life insurance, apart from the statutory one; (vi) transportation for the personnel in operations; (vii) in-house canteen and food; and (viii) gym discounts for employees and their family members.

4.2.a.iii Workers' organizations

A total of 52% of the Company's personnel is not covered by collective bargaining agreements, whereas the remaining 48% belongs to a trade union or other workers' association¹⁵, with whom the Company has a close relationship. By virtue of collective bargaining agreements and professional training agreements, the Company establishes the work conditions and promotes the education of the unionized personnel.

4.2.a.iv Non-discrimination and equal opportunity

YPF Luz's Code of Ethics and Conduct bans any type of discrimination against people for reasons of race, religion, political or trade connections, nationality, language, sex, marital status, age, disability, or any other personal difference. It also prohibits any form of harassment, abuse of authority, threats, pressures, moral harassment, offense or any other display of aggressiveness or hostility that fuels intimidating situations. The Company has in place a compliance tool, which helps to assure that all staff, either on the payroll or outsourced, can query about or even report explicitly or anonymously violations to the Code of Ethics and Conduct, breaches to the provisions in the applicable laws or any potentially irregular behavior. The Company guarantees that whistleblowers will not be subject to retaliation.

¹⁴ Personnel not covered by collective bargaining agreements do not relate to any union and, consequently, none of the benefits and features of collective bargaining agreements are applicable.

¹⁵ Workers' associations are made up of people in the same trade, profession, social status or category, even though they are not legally organized as trade unions are. Workers' associations and trade unions actively present in the Company are: (i) Federación Argentina de Trabajadores de Luz y Fuerza (FATLyF); (ii) Sindicato de Luz y Fuerza de Capital Federal (LyF Cap.); (iii) Sindicato Regional de Luz y Fuerza de la Patagonia (LyF Pat.); (iv) Asociación de Profesionales Universitarios del Agua y la Energía (APUAYE); (v) Asociación del Personal Jerárquico del Agua y la Energía (APJAE); and (vi) Asociación del Personal Superior de Empresas de Energía (APSEE).

YPF Luz has a recruitment procedure with the guidelines to hire new employees for the Company. Some of these involve non-discrimination in all possible ways, the assessment of the applicant's technical expertise and general skills required for the vacancy, and the most inclusive consideration of candidates as per the profile and needs of the Company. Likewise, the Company's Succession Plan pursues equal opportunities and women inclusion.

4.2.a.v Retrenchment

Once the construction phase is completed, the Company's payroll employees will be reassigned to other positions, thus guaranteeing continuity of employment. Contracted staff, however, is usually relocated into the contractors' new ventures.

4.2.a.vi Payroll and outsourced employee grievance mechanism

Queries and grievances from payroll or outsourced employees are handled through any of the channels enabled to that end, even anonymously. The Company's staff can choose to discuss the matter with the chief of their area or even with a person from the Compliance and Audit management.

4.2.b Protecting the workforce

The Company offers healthcare coverage to all its employees through a scheme of HMO-type providers (*medicina prepaga*) and union medical plans (as applicable) and offers optional life insurance that adds to the one demanded by the legislation in force. In every region where the Company operates, it signs service agreements with healthcare providers to secure healthcare for all employees, including aeromedical services or sanitary trailers. Managing the Company's employees' health involves regular preventive medical check-ups, depending on the specific work risks each worker is exposed to and considering other physical, chemical, biological, psychosocial and geographical aspects.

Each power plant has sanitary facilities to care for payroll and outsourced staff, including medical emergencies. The Company's occupational health service offers each worker (payroll or outsourced) pre-hospital care when they are involved in a work incident. The staff is trained in first aid, cardiopulmonary resuscitation (CPR) with automated external defibrillators, ergonomics, cardiovascular prevention, drug abuse, infectious diseases, healthy eating and occupational health. The Company performs psychometric analyses to check the workers' ability to handle machinery and vehicles.

Contractors have to hire a healthcare service for all their workers engaged in working for YPF Luz. The Company assists all outsourced staff in medical emergencies in the event of an incident or accident, or if they have been affected by an emergency happening in YPF Luz. Once the emergency is taken care of, the affected staff is referred to the healthcare service as chosen by the contractor.

4.2.b.i Child labor and forced labor

The Company acknowledges and openly adheres to the Universal Declaration of Human Rights¹⁶, the International Labor Organization Declaration on Fundamental Principles and Rights at Work¹⁷ and the UN Global Compact¹⁸, thus rejecting all sorts of child or forced labor. For the Project, YPF Luz shall monitor that all goods and service providers are aligned and implementing practices that are consistent with these principles.

4.2.c Occupational health and safety

The general occupational health and safety plan, which is aimed at continuous improvement, is expressed in the Health and Safety Actions and Objectives Program. The actions in this program are associated with different topics, like leadership development, creation of safety committees and their activities, internal and external audits, procedure and protocol updates, risk management in operational tasks and construction works, vehicle driving management¹⁹, COVID-19, training on prevention of diseases and addictions. The Company's General Manager, managers and chiefs of operations devote 5 minutes of each weekly coordination meeting to the analysis of incidents or accidents.

For all activities which have no specific procedure or instructions, the staff previously goes through risk assessment with several tools, like a HIRA analysis (Hazard Identification and Risk Assessment), an STA (safety task assessment), work permits, Log-Out/Tag-Out procedures, risk assessment matrices, etc.

Risks are identified, specific prevention and training measures are determined, and accidents and emergencies are managed by implementing specific health and safety plans, programs, procedures and instructions, included in the QEHS integrated systems.

4.2.d Provisions for people with disabilities

In 2021, the Company implemented the Diversity Program, focused on the inclusion of people with disabilities in the workplace, by hiring personnel for the offices. The program, designed in 2020 with organization "*Inclúyeme*"²⁰, seeks to create opportunities and promote equality at the workplace, identifying chances of building an inclusive, enriching work environment that enables access for people with disabilities. YPF Luz's administrative building is prepared with inclusive spaces.

¹⁶ <https://www.un.org/es/about-us/universal-declaration-of-human-rights>

¹⁷ <https://www.ilo.org/declaration/lang-es/index.htm>

¹⁸ <https://www.un.org/es/cr%C3%B3nica-onu/el-pacto-mundial-de-la-onu-la-b%C3%BAsqueda-de-soluciones-para-retos-globales>

¹⁹ Vehicle driving risk management is considered highly relevant; a driver behavior score has been prepared for all employees.

²⁰ <https://www.incluyeme.com.ar/>

4.2.e Workers engaged by third parties

YPF Luz makes sure that the QEHS management of its goods and services providers is aligned with the policies, plans, programs and procedures of its integrated system.

The Company monitors its contractors with: (i) internal audits; (ii) operational controls (such as preventive observations); (iii) scheduled inspections of contracted activities, and (iv) specific controls on the activities to be performed.

The goods and services providers are monthly assessed for their health and safety performance, using the provisions in document “RG-08-*Estadística Mensual de Proveedores y Contratistas*” (monthly statistics for providers and contractors). The assessment considers the number of employees, personal accidents, days lost and implemented improvement actions, etc.

The contractors’ workers have access to the grievance mechanism, just like any worker on the Company’s payroll.

4.3 Resource efficiency and pollution prevention

4.3.a Resource efficiency

To optimize energy management, improve and make processes more efficient, seven thermal power stations have been certified under ISO 50001. Some of the measures adopted to improve the energy performance of the generation assets are: (i) awareness raising about and training in energy efficiency; (ii) review and upgrade of instruments and process control equipment; (iii) review of equipment maintenance plans and procedures to optimize efficiency; (iv) inclusion of energy efficiency criteria in the acquisition of energy goods and services; (v) replacement of traditional lights with LEDs; (vi) monitoring and measurement of energy performance against energy efficiency indicators, and (vii) regular meetings of the energy efficiency committees to identify deviations and improvement opportunities.

4.3.a.i Greenhouse gases

The QEHS integrated system management area monitors the energy intensity and GHG emissions intensity KPIs²¹ across the corporation. YPF Luz set the goal of reducing its GHG emissions intensity KPI by 8% by 2025.

At each calendar year-end, the Company will calculate the GHG emissions for the prior year and will estimate those to be generated over the following year.

4.3.a.ii Water and effluents management.

²¹ Energy intensity is a measurement of how efficient the energy generation process is (the correlation between energy consumed and energy produced), which is directly related to the GHG emissions intensity, which considers equivalent tons of CO₂ produced.

YPF Luz accounts for the water and fuel consumed at all its electric power stations. The thermal plants are the ones recording the highest water consumption. Under the principle of resource use optimization as established in the Operational Excellence Policy, the Company has increased by 50% the process water reutilization cycles at Loma Campana²². The process effluents at this plant are used to irrigate about 100,000 trees planted in about 130 hectares.

For the Project power stations, YPF Luz will record the monthly consumption of water and energy, and will prepare and implement a program to optimize their use, which will include objectives, terms and assignment of responsibilities.

4.3.b Pollution prevention Waste and unused resources management

YPF Luz has in place the procedure CORP-PG-0013 "*Gestión Integral de Recursos Sobrantes y Residuos*" (comprehensive management of unused resources and waste), including those generated by the contractors, which is aligned with the commitments undertaken in the Company's QEHS Policy and considers the circular economy principles. As regards waste management, the Company aims at: (i) avoiding the generation of unused resources and wastes (with efficient purchase policies, streamlined process design and operation and maintenance optimization); (ii) minimizing progressively the generation of waste and increasing the value of unused resources; (iii) classifying the unused resources and promoting internal and external reuse as well as external recycling; (iv) performing inventory counts and measuring its composition, hazard level, amount, management type and management costs; (v) establishing continuous improvement programs for the different management stages and optimizing the associated costs, and (vii) promoting community action and stakeholder engagement in order to progressively increase the value of the unused resources.

Special or hazardous waste is managed as instructed in the legislation in force, with companies authorized for its transportation, treatment, and final disposal.

4.3.b.i Hazardous substances and materials management

YPF Luz prepares an inventory of hazardous substances for each power plant and keeps handling instructions updated, based on the indications in the safety data sheets of each hazardous substance or material. The Company makes sure that the staff (payroll and outsourced) is properly trained and equipped to handle hazardous substances or materials. How these materials should be handled is also explained in the contingency plans of each power plant.

For the Project, YPF Luz will prepare a specific procedure to manage the purchase, storage, handling and disposal of hazardous substances and materials (including pesticides). This procedure will state that YPF Luz and its contractors will refrain from purchasing, storing, or using the products included in classes Ia (extremely hazardous) or Ib (highly hazardous) as per the World Health Organization (WHO) classification of pesticides based on how hazardous they are. If any of these substances were being used, they will be replaced with any other not included in the abovementioned groups.

²² In such facility, process effluents are used to water around 100,000 trees planted in about 130 hectares; this is estimated to contribute to the fixation of 3,024 tons of CO₂ a year.

4.4 Community Health, Safety, and Security

4.4.a Community Health, Safety, and Security

The matrices to identify risks and impacts applied by the Company, both during the construction and the operation of specific projects, include the risks and impacts that may affect the health and safety of the nearby communities. Those risks and impacts will be managed with the planning, execution, monitoring and control tools included in the QEHS management system of each plant and the electric power transformation and transmission facilities.

4.4.a.i Emergency preparedness and response

YPF Luz's emergency preparedness and response plans involve, when necessary, members or representatives of the communities nearby.

4.4.b Security personnel

YPF SA's physical security department manages the physical security of YPF Luz's assets. The security personnel are not armed.

4.5 Land acquisition and Involuntary Resettlement

4.5.a General

The Project will not consider carrying out works or projects that lead to the involuntary displacement of people.

Nevertheless, the easement for the electrical distribution system associated with the electric power station projects will restrain the use of the soil in the associated strip of land and could cause the involuntary resettlement of people²³ either physically (due to relocation or loss of their dwelling homes) or economically (due to loss of assets or the restriction of access to their assets or other means of livelihood)²⁴.

For Project works requiring the economic displacement of people, the Company will prepare a resettlement plan and a livelihood restoration plan.

²³ "Involuntary resettlement" refers to the physical displacement (relocation and loss of dwelling home) and economic displacement (loss of assets or access to assets causing a loss in revenue or other means of livelihood) because of land acquisition or the imposition of land use restrictions.

²⁴ Law 19.552 rules the administrative easement of electrical distribution systems in Argentina. Section 2(2) states that "An 'electrical distribution system' should be understood as the whole system of installations, devices or mechanisms to transmit, transport and transform electric power." Section 3 expresses that: "The administrative easement of the electrical distribution systems affects the land and includes the title restrictions and limitations needed to build, preserve, maintain, repair, watch and use all the system of installations, cables, chambers, towers, columns, devices and other mechanisms used to transmit, transport, transform or distribute electric power."

4.5.a.i Project design

The Company will consider alternative designs for the Project that may help avoid or minimize the economic or physical displacement of the population, weighing the environmental, social and financial cost-benefit, with special emphasis on the impact on vulnerable groups.

4.5.a.ii Compensation and benefits for displaced persons

Under section 83 of Law No. 24.065 (Electrical Energy Regime), the owner of the land affected by the easement will be entitled to a compensation to be determined on the basis of: (i) the value of the land in optimal conditions in the areas where the encumbered property is and (ii) the limitations or restrictions imposed by the easement.

The Company will guarantee the compensation will be enough for the affected people to be in the same or a better situation after the resettlement than before they were economically or physically displaced.

4.5.a.iii Community engagement

If necessary, the Company will secure the engagement of the people affected by the involuntary displacement. So, it will prepare and implement a Communication Plan that will be based on the general criteria established by the External Affairs Department.

4.5.a.iv Grievance mechanism

Grievances and claims will be received and resolved with a system managed by the Company's Institutional Relations Department.

4.5.a.v Resettlement and livelihood restoration planning and implementation

The State is the party that should execute the easement. The Project will, however, explore opportunities to collaborate with the enforcement authorities; and when allowed, it will play an active role in planning, executing and monitoring the resettlement actions.

4.6 Biodiversity, Conservation and Sustainable Management of Living Natural Resources

4.6.a General

None of YPF Luz's facilities is located in critical habitats or legally protected areas.

Identifying the potential impacts on the birds and bats in the wind farms has been a consideration since the beginning. These impacts during the operation phase are managed with programs designed and implemented by specialized professionals.

The Project will not consider specific works or projects located in or possibly affecting critical or natural habitats.

4.6.b Protection and conservation of biodiversity

Birdlife management plans for the Project-related wind farms will be designed in line with IDB Invest's guide "*Guía de Buenas Prácticas para el Desarrollo Eólico en Argentina: Gestión de Aves y Murciélagos*"²⁵.

4.7 Cultural Heritage

4.7.a Protection of cultural heritage in project design and execution

The Project will not consider specific works or projects located in or possibly affecting cultural heritage areas. However, the Company will adopt the chance find procedure for every future work.

4.7.a.i Accidental finds procedures

The QHES integrated system has a specific procedure to manage accidental finds, which includes specific instructions in case it so happens, and relevant training for the workers.

5. Local Access of Project Documentation

The documentation related to the Project is available at:

www.ypfluz.com

²⁵ <https://idbinvest.org/es/publicaciones/guia-de-buenas-practicas-para-el-desarrollo-eolico-en-argentina>. Technical cooperation to support the Argentine Under-Department of Renewable Energy and Energy Efficiency, IDB Invest, IFC, 2019.