

Environmental and Social Review Summary (ESRS) Biocircular Project – CHILE

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1. General Project Information and Scope of IDB Invest’s Environmental and Social Review

This transaction consists of a financial support for the Chilean company Genera4 (the “Client,” the “Company,” or “Genera4”), which is in the process of designing and then will build and operate three plants to treat third-party industrial organic waste (the “Project”): BioCircular “Los Laureles,” BioCircular “Los Ciruelos,” and Renewable Natural Gas and Biofertilizer¹ Production Plant “Los Espinos” (individually the “plants” or the “projects”), to be located, respectively, in the Regions of Los Lagos, Maule, and Metropolitan Area of Santiago, Republic of Chile.

The Project, which is based on the circular economy concept, seeks to recover organic waste produced mainly in agricultural, livestock, aquaculture, and forestry activities. In this context, it will use anaerobic degradation to process the organic waste that these activities produce to generate biogas,² which will be used either for the production of renewable electric or thermal energy or as biofuel; and digestate,³ which will be used to produce liquid and solid biofertilizer, and fertilizer (ammonium sulfate).

The “Los Ciruelos” and “Los Laureles” projects have a favorable Environmental Qualification Resolution⁴ (“RCA,” in the Spanish acronym), while the RCA process for the “Los Espinos” project was started at the Chilean Environmental Impact Assessment System (“SEIA,” in the Spanish acronym) in December 2024.

The environmental and social due diligence (“ESDD”) process included, among others aspects: i) a visit to the implementation sites for each project; ii) interviews and meetings with various Company employees, as well as residents and neighbors at the locations where each planned plant will be located; and iii) a review of environmental and social (“E&S”) and occupational health, safety, and security (“OHSS”) information provided by the Client, the RCA, the environmental impact assessment studies, and the E&S and human resources policies, among other documents.

To ensure the Project’s commitment to respect for and protection of human rights, zero tolerance of reprisals, and effort to provide and ensure a safe environment for the stakeholders to express

¹ Biofertilizer is an organic, natural, balanced, biodegradable, and assimilable fertilizer for all types of soil, composed mainly of organic matter (61.70%), organic carbon (35.80%), and fermenting bacteria, amino acids, and inert matter (2,5%).

² Composed primarily of methane (CH₄), carbon dioxide (CO₂), hydrogen (H₂), oxygen (O₂), hydrogen sulfide (H₂S), as well as other components in small quantities.

³ Material rich in organic matter as well as nitrogen (N), phosphorus (P), potassium (K), and micronutrients.

⁴ Equivalent to an environmental license.

their concerns without any fear of retaliation, the ESDD process also included a review of the Company's human resources policies, as well as their compliance with pertinent Chilean legislation.⁵

2. Environmental and Social Classification and Rationale

Pursuant to IDB Invest's Environmental and Social Sustainability Policy ("ESSP"), the Project has been classified in Category B as it may generate the following impacts and risks, among others: (i) alteration of air quality as a result of atmospheric emissions (particulate material and gases) and planned construction (excavation, compaction, and vehicular traffic) and operation (circulation of trucks, mainly) activities; (ii) generation of noise and vibrations from the use of heavy machinery during construction and vehicular traffic during the operational phase; (iii) possible generation of odors due to poor plant management; (iv) minor impacts to local flora and fauna as a consequence of clearing small areas at the sites where planned facilities will be located; and (v) minor changes in vehicular traffic due to the presence of heavy vehicles on roads both during the construction and operational phases. These impacts and risks are estimated to be of medium-low intensity.

The Performance Standards ("PS") triggered by the Project are: (i) PS1: Environmental and Social Risk and Impact Assessment and Management; (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 General Characteristics of the Project Site

The Los Ciruelos project, which will be located in an approximately 3.7-hectare lot in a rural area dedicated to agriculture and livestock in the Municipality of San Clemente, Region of Maule, will have the following characteristics: (i) a maximum treatment capacity for 115,000 annual tons of organic waste; (ii) a production of 105,000 annual tons of digestate; (iii) a production of 1,500 tons of ammonium sulfate per year; (iv) an annual production of 10.5 million m³ of biogas; (v) a maximum production of 4,905 annual tons (equivalent to 6.68 million m³) of biomethane, which can be sold as compressed biomethane ("Bio-CNG").

The site is in a rural agricultural and livestock area with adequate access roads, which has power transmission lines that will facilitate the plant's connection to the distribution systems and the National Electric System ("SEN," in the Spanish acronym). The area, which has low population density and does not intercept areas under official protection (natural areas, parks, or reserves), does not contain population centers nor does it overlap with indigenous territories or sites considered to be of high archaeological, paleontological, or cultural value.

The Los Laureles project, which will be developed in a 3-hectare lot located at approximately 20 kilometers Southeast of the City of Osorno, on land outside its urban perimeter, in the rural area of

⁵ For example, Law No. 21.643, known as the Karin Law, which seeks to prevent, investigate, and sanction workplace and sexual harassment, as well as workplace violence.

Pichil, in the Region of Los Lagos, Chile, will have the following characteristics: (i) a maximum treatment capacity for 92,840 annual tons of organic waste; (ii) an annual maximum production of 103,300 tons of digestate; (iii) a maximum production of 1,500 tons of ammonium sulfate per year; and (iv) the production of electric and thermal energy from biogas with a 3-MW installed cogeneration capacity.

The implementation site is in a rural agricultural and livestock area with adequate access roads. The site, which has low population density, does not overlap with legally protected areas nor population centers, indigenous territories, or sites considered to be of high archaeological, paleontological, or cultural value.

The Los Espinos project, which will be developed in a 4-hectare lot located in the Tiltil municipality, Chacabuco Province, Metropolitan Area, Chile, will have: (i) a maximum treatment capacity for 421 daily tons of organic substrates (solid, pasty, and liquid organic waste from various industrial and agricultural activities); (ii) an estimated maximum production of 139,794 annual tons of digestate; (iii) a maximum production of 1,050 annual tons of ammonium sulfate, which will be sold as fertilizer; and (iv) a maximum annual production of 4,760 tons of biomethane (as Bio-CNG).

The Los Espinos site is in a rural area with industrial potential but low population density, and does not intercept protected areas, priority conservation sites, protected wetlands, glaciers, or territories with environmental value. Although the project will be located at approximately 750 meters from the wetlands associated with the urban perimeter of the Maipo and Mapocho rivers and the Colina Angostura and Puangue streams, and tributaries, almost 2km from the wetlands associated with the urban perimeter of the Santa Margarita, Chacabuco, and El Cobre estuaries, and about 1,400 meters from Priority Site – Fundo Huechún, it will not have a material impact on these ecosystems.

3.2 Contextual Risks

In 2019, Chile experienced a large-scale social outbreak in the form of violent protests, looting, burnings, and attacks on public facilities. The latter was due to many citizens' dissatisfaction with: (i) the State's payment of its social debts to the system of pensions, health and protection, public transportation, and education; (ii) the privatization of various public services, particularly water; and (iii) abuses and corruption.⁶

Although no major disturbances have been reported to date in the locations where the Company will conduct their operations, there is always a possibility, though not too likely, that these types of situations arise in the future, with resulting acts of vandalism that may compromise the Project's facilities or jeopardize their workers or clients.

⁶ <https://www.bbc.com/mundo/noticias-america-latina-50124583>.

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

4.1 Environmental and Social Risk and Impact Assessment and Management

4.1.a Environmental and Social Management System

To date, Genera4 does not yet have a formal Environmental and Social Management System (“ESMS”). However, its organizational structure includes a Corporate Sustainability Area, which is currently led by a professional from the engineering area. The Company has some environmental procedures in place, which were developed for the biogas generation plant operating in Molina, near Talca.

4.1.b Policy

Genera4 does not yet have an integrated environmental and occupational health, safety, and security (“EOHSS”) management policy. In this regard, the Company will develop and adopt a policy that will establish the required guidelines for actions related to: (i) preventing injuries and promoting health and wellbeing in the workplace; (ii) ensuring safe and healthy conditions for their workers; (iii) protecting the environment and maintaining bonds of trust with nearby communities; (iv) preventing pollution, protecting the flora and fauna, and promoting environmental awareness through the efficient and rational use of natural resources; (v) complying with laws, regulations, and other applicable instruments without neglecting respect for the human rights of their employees and affected communities; (vi) the possibility of disruption in activities being carried out in dangerous conditions, giving their workers the prerogative of interrupting harmful activity that may affect them or the environment; and (vii) the continuous improvement of the system by reviewing, evaluating, and adapting goals, methodologies, and programs, among others aspects.

4.1.c Identification of Risks and Impacts

4.1.c.i Direct and Indirect Impacts and Risks

Although the projects will not generate any significant negative impacts, the most relevant are related to: (i) production of small quantities of liquid and solid, hazardous, and non-hazardous waste; (ii) atmospheric emissions; (iii) generation of noise, particularly during the construction phase; (iv) soil alteration; (v) minor impacts on the flora and fauna as a result of the removal of vegetation cover to accommodate the facilities; (vi) change in vehicular traffic related to the transportation of large-scale teams and wide load materials during the construction phase and trucks with organic matter and digestate during the operational phase; (vi) solid and liquid waste generation; and (viii) generation of odors due to poor plant management during the operational phase.

4.1.c.ii Alternative Location Analysis

The alternative location analysis for the projects was based on the following criteria: (i) availability of land; (ii) availability of organic waste to be processed; (iii) proximity to buyers for the energy to be generated at each plant; (iv) availability of water; (v) access to power transmission lines; (vi)

presence of population centers; (vii) land accessibility; (viii) proximity to neighbors at the implementation site; and (ix) the land's environmental conditions (avoiding areas of ecological or social and cultural interest).

4.1.c.iii Cumulative Impact Analysis

The quick cumulative impact analysis conducted for the Project shows that: (i) the Client's operations are being implemented in areas with intense interventions by anthropic activities, among which, the most representative are agriculture and livestock; and (ii) in these areas, there are no projects underway or planned for future implementation, which may generate material impacts beyond what the Client will create. Having said that, the cumulative impact resulting from adding the Project's impacts to what will be produced by other projects already implemented or to be implemented in the future is not material in real terms. Therefore, the Project does not require a Cumulative Impact Mitigation Plan ("CIMP").

4.1.c.iv Gender Risks

The Project will not generate risks or impacts that may disproportionately affect women, girls, or sexual and gender minorities. This is largely due to the obligation to observe and comply with the provisions of the Anti-Discrimination Law,⁷ which establishes measures against segregation based on race or ethnicity, nationality, socioeconomic status, language, ideology or political opinion, religion or belief, union membership or participation in trade unions or lack thereof, sex, maternity, breastfeeding, sexual orientation, gender identity, marital status, age, filiation, personal appearance, and illness or disabilities.

However, the Company will develop and adopt an Internal Order, Hygiene, and Safety Regulations ("RIOHS," in Spanish) that will apply to all personnel, both direct hires and contractors and subcontractors, and will: (i) ensure that all workers enjoy and exercise their rights and freedoms as recognized under the Political Constitution of the Republic, the laws of, and international treaties ratified by Chile; (ii) explicitly establish equal opportunities, labor inclusion for workers with disabilities, and the need to adapt the workspace for the full development of activities and prevention of harassing conducts; (iii) provide sanctions against all acts of discrimination; (iv) establish a Procedure for Requests, Complaints, Queries, or Suggestions regarding Equal Pay between Men and Women, or Sexual or Workplace Harassment; and (v) include a specific procedure to investigate complaints of sexual or workplace harassment, safeguarding the whistleblower (by arranging for physical space separation, paid leave, shift change, among others) and protecting them against any act of retaliation.

⁷ The primary purpose of Law No. 20,609, known as the Anti-Discrimination Law is to provide a judicial mechanism to effectively reestablish the rule of law when an arbitrary act of discrimination is committed (defined as any distinction, exclusion, or restriction without reasonable justification, applied by agents of the State or individuals, causing deprivation, disruption, or threat in the legitimate exercise of the fundamental rights established in the Political Constitution of the Republic or under international treaties on human rights ratified by Chile and in effect).

4.1.c.v Gender Programs

Genera4 will develop and adopt, for each project, a gender issue management program to include at least: (i) an assessment of OHSS risks for pregnant workers; (ii) an analysis of possible gender impacts that the presence of the Project's workers may create; and (iii) a set of measures to manage identified impacts

4.1.c.vi Climate Change Exposure

The climate change analysis for the Project was based on the Framework Law on Climate Change,⁸ which establishes a legal framework to address the challenges posed by this phenomenon in order to achieve and maintain neutrality in Greenhouse Gas ("GHG") emissions by 2050. The results of this analysis show that the locations for each project are exposed to a variety of chronic risks, such as: (i) droughts, which may get worse as a result of climate change;⁹ (ii) moderate to major changes in rain patterns;¹⁰ and (iii) moderate to major water scarcity.

With respect to transition risks, the Project is exposed to emissions related to the production of inputs that will generate waste to be handled by the plants, the use of energy that this entails, as well as waste transportation, temporary storage, and processing.

In view of the above, the Project's exposure to climate change, physical risk, and transition¹¹ is moderate. Therefore, Genera4 will periodically update: (i) their E&S risk matrix at the corporate level, taking climate risks into account; (ii) the operating plans for all plants considering the risks derived from climate change; and (iii) the action and response protocols considering possible impacts to the community's health and safety.

The Project has incorporated the results of the climate change exposure analysis into their design and developed a Contingency and Emergency Prevention Plan that includes measures to mitigate the impacts of climate change in workers' occupational health.

Based on the analysis and the IDB Group Paris Alignment Implementation Approach,¹² the Project is indeed considered to be aligned with the Paris Agreement.

4.1.d Management Programs

To manage identified impacts and risks, the Project includes the following management programs: (i) atmospheric emission control; (ii) personnel training; (iii) species protection; (iv) waste management (liquid and solid, domestic and hazardous); (v) water and energy conservation; (vi) road management; (vii) emergencies and contingencies (fires, spills, etc.); (viii) water quality

⁸ Law 21,455.

⁹ The Environmental Impact Declarations predict, predict an average increase between 0.5 °C and 0.9 °C 10 years, which would exacerbate the duration and intensity of droughts.

¹⁰ According to the DIA, in the most unfavorable scenario for the Project, there would be an increase of 0.2% in average annual rainfall and 3.2% in maximum annual rainfall.

¹¹ Climate Risk Exposure Screening Report, Level I of the IDB Invest Climate Risk Assessment, December 2021.

¹² Document GN-3142-1.

monitoring; (ix) public health vector prevention and control; (x) environmental variable monitoring; (xi) compliance with applicable environmental legislation; (xii) compliance with voluntary environmental commitments; and (xiii) odor management.

4.1.e Organizational Capacities and Competencies

The ESMS for each project includes a core corporate organizational chart with one person on-site who will be handling environmental, social, and occupational health, safety, and security issues, coordinated at the corporate level, controlling and delegating the management of these issues to the companies that will be responsible for the construction of the three plants. During the operation, the organizational chart reflects a corporate-level structure to handle coordination of and compliance with environmental, social, and occupational health, safety, and security requirements, including a person responsible for risk prevention.

In this regard, as soon as the projects' construction companies are identified, Genera4 will provide details on the corresponding management system, including, for each project, an organizational chart with a description of the positions, the roles, and the responsibilities of the employees who will be responsible for managing environmental, social, and OHSS issues. This same process will be carried out before the projects' start of operations.

4.1.f Emergency Preparedness and Response

The Contingency and Emergency Plans ("CEP") for each project include a series of actions to prevent, mitigate, and respond to possible contingencies and emergencies that may occur during the construction and operational phases. These plans also include: (i) details about training events to enable personnel to know how to act in case a risk materializes; (ii) specific procedures to be following in case of emergencies; (iii) a list of positions and responsibilities in case a contingency materializes; and (iv) protocols to log and evaluate actions before, during, and after an emergency, as feedback for the continuous improvement cycle.

In any case, Genera4 will update these plans to make them subject to mandatory compliance by contractors and subcontractors, and include the following aspects, among others: (i) processes to identify potential risks; (ii) detailed actions to be implemented in each emergency situation; (iii) responsibilities for the execution of the CEP; (iv) internal communication protocols for before, during, and after an emergency; (v) external communication protocols for the communities, local authorities, and external support entities nearby the plants; (vi) protocols for the formation of emergency brigades; and (vii) requirements and frequency of drills and simulations.

4.1.g Monitoring and Evaluation

For monitoring, the Project has environmental management and monitoring plans, as well as guidelines that help control and monitor prevention and mitigation actions that will be implemented. In any case, Genera4 will: (i) develop matrices to monitor the RCA monitoring and the construction permits related to each project; (ii) submit a set of rules that Engineering, Procurement, and Construction ("EPC") contractors must follow to prevent, detect, and control environmental risks by implementing corresponding measures to manage as well as protect and use

natural resources; and (iii) a set of OHSS rules establishing the required administrative and operational guidelines to prevent, detect, and control risks to persons, facilities and the work environment.

In order to ensure proper implementation of the ESMS, the Client will develop and implement: (i) an internal or external audit procedure to evaluate the Project's system performance, which will include a list of persons responsible for implementing it, a description of the methodology to be used, a schedule of execution, action plans and protocols to evaluate organizational performance based on key performance indicators ("KPIs") for each project's construction and operational phases; and (ii) a contractor management plan to enable control and monitoring of their environmental and social performance.

4.1.h Participation of Social Actors

For each project, Genera4 has a list of stakeholders that have been classified by institution, sector (public, private, or community), and position with respect to the project (supportive, neutral, opposed). This list includes addresses, contact numbers, and other references for each stakeholder.

4.1.h.i Information Dissemination

After the Project was approved by the environmental authorities, Genera4, as part of their voluntary commitments under the Environmental Impact Declarations ("DIA"), adopted various channels to exchange information (email, printed forms, or telephone calls) with the population near the plants that will be built, mainly to capture and handle the nuisances that the communities expected with the construction of the projects. Nevertheless, this mechanism cannot be equated with a formal information dissemination procedure.

4.1.h.ii Informed Consultation and Participation

In accordance with the Environmental Assessment Service ("SEA," in the Spanish acronym) regulations, Genera4 established a community relations plan, which has been informed to the communities surrounding the project through the SEA¹³ web page and radio announcements.¹⁴ After this was completed and in accordance with Chilean legal requirements, a waiting period began for these communities to request a formal citizen participation process, and no requests were received in this regard.

In any case, Genera4 proceeded to implement a Communication Plan, as one of the voluntary commitments under the DIA, which provided for "door-to-door" contact with the projects' neighbors to inform them about: (i) the work to be executed (details, execution times, start, and completion of each activity, etc.); (ii) the impacts they might generate; (iii) planned management measures; (iv) voluntary commitments made by the Company; and (v) how the community could submit grievances and complaints related to the execution for each planned plant. This process also

¹³ <https://www.sea.gob.cl/>.

¹⁴ Broadcast in 2023 for the Los Laureles project, on June 2nd at 9:30am, June 5th at 12:00pm, June 6th at 4:00pm, June 7th at 5:30pm, and June 8th at 7:00pm; and for the Los Ciruelos project, on April 4th at 3:00pm, April 5th at 10:00am, April 6 at 4:00pm, April 10th at 3:00pm, and April 11th at 11:00 am.

sought a space for neighbors to share their questions or concern regarding the Project and establish communication channels. In addition, in accordance with this plan's framework and with the same goals, the Company organized formal meetings¹⁵ with: (i) various neighbors at each of the projects' implementation sites; (ii) the Municipality of Osorno (Los Laureles project); and (iii) the Municipality of San Clemente (Los Ciruelos project).

4.1.h.iii Indigenous Peoples

The projects' areas of influence do not have indigenous communities nor do they intercept areas of ancestral community use.

4.1.h.iv Private sector responsibilities in the framework of participation process for social actors conducted by the government

The Client is responsible for the participation process for social actors related to the Project.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External Communications

Although they have various mechanisms to be in contact with populations surrounding the projects' implementation sites, Genera4 does not have, for now, a formal procedure governing their communications with the community.

4.1.i.ii Grievance Mechanism for Affected Communities

The Project has a Permanent Record System that was submitted as a Voluntary Environmental Commitment ("VEC") in the DIA and aims to establish effective and permanent communication channels with interest groups in their area of influence to enable them to submit questions, complaints, grievances, and suggestions ("QCGS") regarding the Project. For this purpose, they have printed forms available at the project site's front desk or reception; an email address;¹⁶ an exclusive telephone line;¹⁷ and signs at the project's access gates with contact information to facilitate communication with passersby and neighbors who wish to submit a QGCR.

The QCGS management process covers: (i) receiving a QGCR through the channels mentioned above; (ii) logging it in a specific form with a corresponding number assigned for follow-up; (iii) investigating it; (iv) contacting the person who submitted it in order to provide them with a detailed response regarding the analysis of their QGCR; and (v) closing the process once a satisfactory solution is provided to the person who submitted it.

In any case, Genera4 will update their mechanism to capture and address QGCR to include: (i) a more detailed description of the procedures to log, evaluate, resolve, close, and communicate the

¹⁵ For the Los Espinos project, Genera4 will conduct activities similar to those already carried out in the other projects.

¹⁶ contacto@genera4.cl.

¹⁷ +56 2 23445667.

handling of QGCRs; (ii) a detailed flowchart of the process; (iii) a description of the roles and responsibilities of each employee involved in the handling – and resolution – of the QGCR; (iv) an accessible channel to receive anonymous complaints; (v) detailed response times for QGCRs; (vi) detailed mechanisms to disseminate the mechanism; (vii) the Company’s explicit commitment to protect confidentiality and prevent any reprisal against the mechanism’s users; (viii) a specific protocol to manage grievances related to harassment or gender violence; and (ix) a procedure to capture and address QGCRs from vulnerable groups.

4.1.i.iii Provisions to Address Grievances from Vulnerable Groups

Genera4’s mechanism to capture and address QGCRs will have a procedure to manage QGCRs submitted by vulnerable groups.

4.1.i.iv Reports to Affected Communities

The Community Communication Plan includes periodic information dissemination activities for neighboring communities. In this regard and as part of the plan, Genera4 will document communication activities, including: (i) a record of door-to-door meetings carried out; (ii) a list of participants in each communication event, including their names and telephone numbers, as well as the meeting dates; (iii) a summary of the concerns raised by the community and the responses provided by the Company; and (iv) a summary of managed QGCRs and actions taken in response.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Labor Relations

As the projects are in the development and financing stage, the specific working conditions and labor relations have not yet been determined. In any case, Genera4, in accordance with their corporate policy and in compliance with Chilean labor laws and applicable international standards, will provide workplaces where employees are treated with respect and fairness. In this regard, the bidding processes to identify the companies that will be responsible for construction and subsequently the projects’ operations will require potential contractors to submit a comprehensive environmental management and safety strategy, including the implementation of an Environmental and Social Management System and compliance with current labor standards and the international standards voluntarily accepted by the Company. The contract type will establish specific commitments in these areas.

Plant designs will address the needs of workers with disabilities and foster gender equality in the workplace.

4.2.a.i Human Resources Policies and Procedures

Currently, G4 does not have a specific human resources policy or procedures for the projects. In this regard, the Company will develop and adopt these human talent management instruments based on workers’ wellbeing and the provision of fair and safe working conditions for all. Thus, these instruments will address the following topics, among others: (i) labor management, which will

be based on current labor legislation and best international practices; (ii) identification of labor risks and impacts, particularly those that might disproportionately affect vulnerable groups (women, persons with disabilities, and migrant workers, among others); (iii) working conditions, which will aim to ensure fair terms of employment, equal opportunities in the access to jobs, and non-discrimination; (iv) complaint mechanisms to enable workers to express their concerns and grievances regarding the work environment; (v) training and awareness-raising for all employees on nondiscrimination and prevention of violence and harassment in the workplace policies; and (vi) monitoring and evaluation, to ensure the effectiveness of implemented human resources management measures.

4.2.a.ii Working Conditions and Terminations of Employment

In Chile, the work week cannot exceed 45 hours. Holidays and Sundays are not working days unless there is an agreement with the worker covering exceptional activities (overtime). Overtime is paid with a 50% additional over regular salaries and may not exceed two days per week.

Currently, G4 has an RIOHS for their plant in the municipality of Molina (which is not part of the Project), which is in compliance with Chilean labor legislation (Labor Code). This set of rules will be updated to include provisions regarding: (i) employment and termination contract conditions; (ii) work hours, as well as regular and special shifts; (iii) medical leaves and permits; (iv) channels to submit information, requests, and complaints; (v) remuneration and the right to equal pay; (vi) equal opportunities for workers with disabilities; (vii) anti-discrimination measures; (viii) definition, investigation, protection measures, and sanctions associated with sexual and workplace harassment; and (ix) sanctions and fines.

4.2.a.iii Labor Organizations

Freedom of association and freedom to join a union are constitutional rights in Chile. In accordance with current legislation, unions may be formed (operating independently and outside the control or interference of employers) at any company employing more than 50 workers. However, to date, given that the Company has only 22 employees, there is no worker's union.

Once execution of the projects starts and the number of employees reaches the limit established by law, Genera4 will not restrict their workers from forming new unions or joining existing ones. In this regard, workers will also be informed about their right to choose representatives and participate in labor organizations without fear of reprisals.

4.2.a.iv Nondiscrimination and Equal Opportunities

While the Company currently complies with legal provisions that obligate them to guarantee equal opportunities and not to discriminate their workers (based on age, social status, religion, sexual orientation, gender identity, race, color, marital status, union membership, political opinion, disability, nationality, ethnicity, etc.), this commitment has not been explicitly acknowledged in any of their policies. In this regard, these precepts will be collected in their updated human resources policy.

4.2.a.v Staff Reduction

The Client, in their corporate component, does not have any staff reductions planned. In any case, in compliance with current legislation, termination of workers will be based on guidelines established under Chilean labor regulations.

Workers to be hired by contractors responsible for building the plants will surely be reassigned to other projects once the implementation stage has been completed for each plant. In any case, Genera4 will request these companies to provide a Staff Reduction Plan that includes measures to mitigate the impact that worker terminations may cause. This plan will have guidelines and procedures for: (i) employment termination notification; (ii) publication of a list of other construction projects in the area; (iii) provision of employment letters for work done and its duration; and (iv) orientation on how to prepare résumés.

4.2.a.vi Grievance Mechanism

Genera4 has a form for grievances, comments, suggestions, and complaints for their employees to report noncompliances. However, they do not have written procedures for managing these grievances. In this regard, they will develop and implement an internal Mechanism to Receive and Resolve QGCRs, including: (i) details on grievance reporting channels, which are to be culturally appropriate; (ii) description of the documentation system to log, follow up on, analyze, and resolve grievances; (iii) detailed timeline to address and record responses to QGCRs; (iv) description of the communication and dissemination mechanisms for receiving and addressing grievances; (v) details on how these mechanisms will be disseminated to direct-hire and outsourced workers (contractors); (vi) description of how the mechanism will manage cases of gender violence; (vii) the option of anonymity and confidentiality for the person submitting a QGCR; and (viii) an explicit declaration of no reprisal for the whistleblower. In addition, the Client will disseminate this mechanism to their direct-hires and their contractors' workers at the three plants.

4.2.b Protecting the Workforce

4.2.b.i Child Labor

Chile is a signatory¹⁸ of the International Labor Organization (“ILO”) Convention 105, prohibiting child labor in Chilean territory. In this regard, the Labor Code includes this prohibition, even though it allows minors between 15 and 18 years of age to perform some types of light tasks when: (i) the proposed tasks are not harmful to their health or their physical or mental development; (ii) their parents, relatives, or guardians have authorized them to work; (iii) the proposed work does not interfere with their studies; (iv) work hours do not exceed 30 hours per week, if the minor is still studying; and (v) the travel time to work is not greater than 8 hours in any case.

¹⁸ Approved by Decree 227 of 1999.

4.2.b.ii Forced Labor

Chile is one of the countries that ratified ILO Convention 29¹⁹ and Convention 105,²⁰ which establish the prohibition of forced labor. Consistently with these, Genera4 does not allow the hiring of workers that in any way constitutes economic exploitation and prohibits forced or coerced labor.

4.2.c Occupational Health, Safety, and Security

Genera4 currently has a person responsible for risk prevention at the Molina Plant and has implemented some safety measures, such as safe work protocols and records, record of provision of Personal Protection Equipment (“PPE”) to the teams, and work permits.

To date, however, the Company has not implemented an Occupational, Health, Safety and Security Management System. In this regard, Genera4 will develop and implement OHSS plans for each of the plants to enable them to: (i) identify and assess the Project’s OHSS risks; (ii) establish control and prevention measures for the identified risks; (iii) conduct evaluations of any workplace hygiene, medical surveillance, and training and coaching activities; (iv) measure OHSS performance at their plants through periodic on-site inspections, periodic meetings with employees and the review of OHSS compliance reports; (v) monitor OHSS conditions at each work front and in the administrative facilities; and (vi) generate and update the hazard identification and risk assessment (“HIRA”) matrices whenever there is a significant change, a new activity, or a workplace accident.

4.2.d Provisions for Persons with Disabilities

In compliance with current Chilean regulations, Genera4 will adopt the following provisions against discrimination and to prevent harassing conducts toward persons with disabilities: (i) adapting the physical and social environment to facilitate their accessibility or participation; (ii) implementing measures and adjustments to guarantee equal opportunities for workers; (iii) once each project starts operations, hiring persons with disabilities in a number equivalent to or greater than 1% of the total number of outsourced workers; and (iv) qualifying and certifying, in accordance with the legislation,²¹ with respect to regulations regarding equal opportunities and social inclusion of persons with disabilities.

The plants’ design will include measures (ramps, accessible routes, toilets, and teams) to provide access to persons with disabilities at the projects’ various administrative areas.

4.2.e Third-Party Workers

Genera4 will develop a Contractor Management Plan that will include measures for monitoring their compliance with the Project’s environmental, social, and OHSS policies, procedures and plans, and to make them accountable for complying with the law and the Company’s internal OHSS guidelines while construction is underway or contracted services are being provided.

¹⁹ Forced Labor Convention, 1930.

²⁰ Abolition of Forced Labor Convention, 1957.

²¹ Law No. 20,422, which establishes regulations regarding equal opportunities and social inclusion of persons with disabilities.

4.2.f Supply Chain

The Company has a Health, Safety, and Environment (“HSE”) area, which is responsible for ensuring compliance with applicable environmental and safety protocols. In any case, Genera4 will develop and adopt a Code of Conduct for Vendors and Contractors to establish minimum required standards regarding: (i) environment (developing and creating responsible solutions and services that prevent and reduce emissions, waste generation in their commercial operations, and the degradation of natural areas or critical habitats); (ii) human rights (fair and equitable treatment, nondiscrimination, prohibition of forced and child labor, freedom of association); and (iii) safety and wellbeing (safe work environment, OHSS risk controls).

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

All projects will have systems to optimize water use (recirculation) and energy use (self-generation). For construction, they will use aggregates from authorized locations, thus ensuring minimal environmental impacts.

The production of digestate, biomethane, fertilizers, and biofertilizers will be based on solid and pasty organic materials. Solid waste generated at the plants will be stored in specific containers and their final disposal will be handled by licensed companies to ensure compliance with current environmental regulations.

At Los Laureles, the cogeneration system is designed to optimize the production of electric and thermal energy from biogas, which will allow it to use heat generated during the production of electricity in other processes within the plant, thus enhancing the system’s general efficiency. In any case, consumption for the entire plant is estimated at approximately 2,500MWh/year.

Los Ciruelos, during the operational phase, will consume about 5,000MWh/year of electric power from the public grid. Los Espinos, in turn, will require approximately 5,000MWh of energy per year to operate, which will be provided by the public grid.

4.3.a.i Greenhouse Gases

As a product of the anaerobic digestion of organic waste, the projects will generate biogas, consisting mainly of methane (CH₄) and carbon dioxide (CO₂), which will be used to generate power or heat digesters at each plant.

While the Project (a) will have a negative carbon footprint and (b) includes measures (technologies to enhance combustion efficiency and reduce gas discharges) to reduce its GHG emissions, Genera4 will conduct an annual inventory of its emissions, including direct emissions (Scope 1), emissions related to energy consumed but not generated at each plant (Scope 2), and indirect emissions (Scope 3).

4.3.a.ii Water Consumption

The Los Laureles project will require approximately 13,303m³ of water (supplied by tankers) during the construction phase²² and about 21,650m³ of water per year during the operational phase,²³ which will be provided by a deep well.

The construction phase at the Los Ciruelos project will require approximately 9.300m³ of water (drinking water, and water for concrete preparation and for use in tank tightness tests), which will be supplied by a third party in water trucks. During the operational phase, the annual demand will be an approximate volume of 30,000m³, which will be surely lesser once (a) fresh water is replaced with denitrified liquid digestate, (b) rainwater is incorporated as process water, and (c) liquid organic waste is used as substrate to feed the plant

Water consumption at the Los Espinos project during the construction phase is estimated to be approximately 3,330m³/year, and, during the operational phase, it would be about 61,000m³/year, of which 1,000m³/year will be for domestic use and the rest for industrial applications.

4.3.b Pollution Prevention

The Project has developed a series of measures to prevent and control contamination. These are included in the plans for: (i) contingencies and emergencies; (ii) waste management; (iii) emission control; (iv) training and awareness-raising; (v) monitoring and follow-up; (vi) wastewater treatment; (vii) vector control; (viii) odor control; and (ix) voluntary environmental commitments.

4.3.b.i Waste

During the construction phase, the Los Ciruelos project will generate approximately 1,200kg/month of solid waste similar to domestic waste²⁴ ("SDW"); about 884kg/month of non-hazardous industrial solid waste²⁵ ("NHIW"); and 11kg/month of hazardous waste²⁶ ("HW"). During the operational phase, it will produce 450kg/month of SDW; 402kg/month of NHIW; and 5,200kg/month of HW.

During the construction phase, Los Laureles will produce monthly volumes of about 1,000kg, 705.6kg, and 11kg of SDW, NHIW, and HW, respectively. During the operational phase, it will produce monthly volumes of 450kg, 405.6kg, and 5,251kg of SDW, NHIW, and HW, respectively.

During the construction phase, Los Espinos will generate 360kg of SDW, 600kg of NHIW, and 20kg of HW monthly. During the operational phase, it will produce each month 400kg, 385.6kg, and 4,851kg of SDW, NHIW, and HW, respectively

²² 3,780m³ of domestic consumption; 9,500m³ to moisten concrete and for tank tightness tests; and the rest to wash machinery and concrete mixers.

²³ 648m³/year of drinking water; 20,000m³/year to dilute the contents in receiving wells; 950m³/year for the external gas desulfurization system; and the rest for the nitrogen stripping system.

²⁴ Paper, cardboard, minor organic waste.

²⁵ Wood, pipe debris, wires, plastics, glass, and other construction waste, discarded PPE, packagings, and plastics.

²⁶ Paints, solvents, hydrocarbons, rags impregnated with hydrocarbons, etc.

4.3.b.ii Hazardous Material Management

In compliance with applicable environmental regulations, all waste will be stored in warehouses especially prepared for this purpose (one for each type of waste) and later removed by qualified companies for final disposal at an authorized site. These include provisions for: (i) segregating and tagging waste, particularly hazardous substances, based on their hazard characteristics; (ii) temporary storage²⁷ of waste in covered and protected spaces with receptacles to contain and evacuate spills, natural ventilation, a spill kit, and extinguishers; (iii) segregating and tagging, particularly hazardous substances, based on their hazard characteristics; (iv) using material safety data sheets (“MSDS”), particularly for hazardous waste, to inform personnel about the substance’s hazard characteristics and the safety measures to be implemented in each case; (v) managing emergencies, mainly in case of spills or leaks, including identifying the involved substance; (vi) removal and final disposal using specialized companies and at authorized sites; and (vii) personnel training on the safe management of hazardous substances, PPE use, and implementation of a system to log any incident related waste management.

4.3.b.iii Use and Management of Pesticides

None of the projects plans to use pesticides. In any case, if needed, Genera4 will verify whether they are included under Classes “Ia” (extremely hazardous) or “Ib” (highly hazardous) of the World Health Organization (“WHO”) recommended classification of pesticides by hazard.

4.4 Community Health, Safety and Security

4.4.a Community Health, Safety and Security

In order to ensure the health, safety, and security of the projects’ neighboring communities, Genera4 has established the following goals: (i) preventing and avoiding adverse impacts on the health, safety, and security of persons who might potentially be affected by the projects during their entire life cycle; (ii) ensuring the protection of personnel and property in order to avoid and minimize risks to affected communities; (iii) continually updating risk assessments on how each project may affect the availability of vital resources for the community; (iv) evaluating the local community’s capacity to manage waste flows and other impacts from the project; and (v) providing adequate health services to workers and the community to ensure that measures are taken to prevent the spread of illnesses.

4.4.a.i Infrastructure and Equipment Design and Safety

In general, the design and safety of the infrastructure and teams to be used at the Project’s plants have been based on international good practices, and considered safety aspects for third parties and persons potentially affected by each project. In this regard, the designs: (i) include structural elements that are safe and certified by qualified professionals; (ii) cover possible failure scenarios; and (iii) considered the potential impact from climate change.

²⁷ For no more than six months and as stipulated in D.S. No. 148/2004 from the Ministry of Health.

However, Genera4 has not yet conducted the following analyses for the plants to be built and operated under the Project: (i) a quantitative risk assessment (“QRA”); (ii) a Hazard and Operability Study (“HAZOP”); (iii) a hazard identification analysis (“HAZID”); (iv) a fire risk assessment; and (v) a safety integrity analysis (“NIS”).

4.4.a.ii Management and Safety of Hazardous Materials

In order to avoid or minimize the community’s exposure to the hazardous materials and substances that will be used or generated in each project, Genera4 has considered the following: (i) identifying and assessing risks associated with the use, storage, and management of hazardous materials, as well as possible emissions or discharges that might affect the community; (ii) developing and adopting a Hazardous Material Management Plan (“HMMP”) to ensure that any hazardous material is managed, treated, and disposed of safely at the end of their useful life; (iii) communicating the contents of the HMMP to neighboring communities; (iv) implementing adequate measures to minimize the risks of using and managing hazardous materials that cannot be avoided; (v) providing frequent training to all personnel involved in handling hazardous materials to prevent harm to human health and the environment; and (vi) maintaining records of these materials and ensuring that this documentation is consistent with pertinent national and international regulations.

4.4.a.iii Ecosystem Services

The Project focuses on the recovery of organic waste, generating products aimed at improving soil quality through the production of biofertilizers to foster more sustainable agricultural practices and reduce dependence on chemicals. In this regard, except for water (the impact of which is low), which will be used at the plants to manage the concentrations of organic matter to be stabilized, no other ecosystem service will be materially affected.

4.4.a.iv Community Exposure to Illnesses

In general, Genera4 will avoid or minimize the possible exposure of the community (particularly vulnerable groups) to illnesses that may originate from or be exacerbated by the Project’s activities. To this end, in coordination with the health authorities in the jurisdictions where the plants will be built, they will implement an epidemiological surveillance program that will allow them to prevent, detect, and manage any illness that may be introduced by the execution of the projects, particularly those related to water and contagious diseases.

4.4.a.v Emergency Preparedness and Response

Each project’s environmental assessment instruments have separate contingency and emergency plans, the purpose of which, in addition to identifying risk or contingency situations, is to define actions or measures to avoid them or reduce their likelihood, as well as to control and minimize, in the shortest possible time, the effects that these risks might have in case they materialize.

These plans, which will be part of each plant’s ESMS, cover the following: (i) guidelines to identify the areas where accidents may occur and the communities that might be affected; (ii) emergency response protocols; (iii) mechanisms to assign responsibilities for managing eventualities; (iv)

communication protocols, both internal and external, to maintain affected parties informed; (v) periodic training requirements for personnel and the communities to ensure that all parties involved know how to act in case a risk materializes; (vi) mechanisms to evaluate and adjust preparedness and response activities through drills and simulations; and (vi) protocols to collaborate with the affected communities and other stakeholders to ensure an effective response to emergency situations, particularly when local response capacity is limited.

In any case, Genera4 will update these plans in order to include: (i) an analysis of possible emergency scenarios considering natural, contextual, and anthropogenic threats (including those associated with climate change); (ii) preventive measures; (iii) protocols to be activated in case of a contingency; (iv) requirements to organize emergency response teams; (v) a list of emergency contacts and communication systems and protocols; (vi) procedures for interacting with local and regional authorities to address health matters and respond to emergencies; (vii) a description of emergency response facilities and teams (first aid stations, hoses, extinguishers, detection systems and alarms, etc.); (viii) protocols for emergency team operations; and (ix) a description of required training exercises, (drills and simulations) for each project's personnel.

4.4.b Security Personnel

While it has not been needed in the past for the plant that it operates, Genera4 will evaluate the convenience of hiring external security personnel. To this end, they will: i) analyze the associated risks in order to ensure that guards conduct themselves according to principles of proportionality and international good practices; ii) ensure that all persons are recruited after a rigorous background check and that they are adequately prepared and in good physical and mental health condition; iii) ensure that the security personnel receives adequate training (particularly on the use of force and on interacting with workers and communities) in order to ensure that they conduct themselves in accordance with applicable legislation; iv) promote a safe and respectful work environment; v) and act quickly to respond to any complaints of inappropriate security personnel conduct.

4.5 Acquisition of Land and Involuntary Resettlement

None of the projects involves resettling human communities or significantly changing their systems of life or customs. Nor do they involve the involuntary economic displacement of any population.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

While the projects' environmental assessment instruments identify some species²⁸ of medium importance at the locations where they will be implemented, they also qualify potential impacts as immaterial.

²⁸ Black-faced ibis (*Theristicus melanopis*), culpeo (*Lycalopex culpaeus*), long-haired grass mouse (*Abrothrix longipilis*), Chilean maidenhair fern (*Adiantum chilense*), brown tree iguana (*Liolaemus fuscus*), wreath tree iguana (*Liolaemus lemniscatus*), jewel lizard (*Liolaemus tenuis*), all classified as "Least Concern"; the Chilean four-eyed frog (*Pleurodema thaul*) and the Condor (*Vultur gryphus*), cataloged as "Near Threatened."

Nonetheless, the environmental and social management plans (“ESMPs”) for each project include a series of measures to avoid impacts on the biotic environment, such as: (i) training workers to inform them about species that may be present in the surrounding areas and measures to be implemented to prevent impacts on them; (ii) posting posters in the project’s area indicating the species that may be found in the surrounding areas, as well as prevention messages such as “no smoking,” “do not remove vegetation,” and “do not litter;” (iii) using the vegetation cover to improve the soil of nearby properties and avoid the loss of vegetation cover; (iv) adopting specific procedures to safeguard and manage the fauna in the area; (v) adopting contingency plans to respond to situations that may affect living resources; (vi) monitoring biodiversity; and (vii) improving the soil.

None of the projects is located in natural or critical habitats nor do they intercept legally protected or internationally recognized areas. In addition, the Project is not expected to introduce exotic species.

4.7 Indigenous Peoples

The Project’s area of influence does not have indigenous development areas, indigenous associations or communities, or areas of cultural manifestation.

4.8 Cultural Heritage

The Project will be developed in areas with previous interventions. Therefore, the likelihood of generating material impacts on Chilean cultural heritage is very low. In any case, Genera4 will develop and adopt a procedure to be used in case of accidental discoveries.

5. Local Access to Project Documentation

Documentation related to the project may be found at: <https://genera4.cl/>