

Environmental and Social Review Summary (ESRS) MATARANI SOLAR PROJECT – PERÚ

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

The present operation consists of financial support to GR Cortarrama S.A.C, a subsidiary of Yinson Renewables Peru Limited ("Yinson", the "Client" or the "Company") for the development, construction, and operation of the Matarani Photovoltaic Solar Power Plant ("the Project", "MPSPP") and its related works, consisting of: i) a 96.75 MWp/80MW installed capacity photovoltaic solar power plant, which will evacuate the energy produced to the National Interconnected Electric System ("SEIN") through the existing Repartición – Mollendo 138 kV transmission line (L-1030); and ii) the Chaparral 22.9kV/138kV substation¹. The Project is located on Route 30 or Interoceanic South, at an approximate distance of 54 km from Arequipa and 30 km from the coastal town of Mollendo, in the district of Mollendo, province of Islay, department of Arequipa, Peru. The MPSPP will generate around 260 GWh of renewable energy, which will meet the energy needs of approximately 62,000 Peruvian households and avoid the emission of more than 56,000 tons of CO₂ per year.

The Project will have a 15-year Power Purchase Agreement ("PPA") with ENEL Peru, the largest power generator in the country. Greenergy Renovables will provide the engineering, procurement, and construction ("EPC") service and will be responsible for the operation and maintenance of the solar plant during the first two years, which the Client will continue thereafter. It is estimated that the Project will be operational in the third quarter of 2024.

The Environmental and Social Due Diligence Process ("ESDD") included, the following, among other aspects: i) review of relevant Project information such as the Environmental Impact Statement ("EIS"), environmental permits obtained, easement contracts, environmental, social, and occupational health and safety management system documents, various authorizations, among others; ii) interviews and technical working meetings with managerial and operational personnel of the Client, EPC, and other contractors; and iii) a visit to the MPSPP that included interviews with stakeholders from various locations².

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according with IDB Invest's Environmental and Social Sustainability Policy since it will likely generate, the following impacts and risks among

¹ It includes opening towers for diverting energy to the existing Transmission Line L-1030.

² Local municipal authorities, associations of residents, technical educational units, inhabitants, and accommodation services of nearby villages.

others: i) alteration of air quality due to particulate matter, gas emissions, and noise during construction; ii) generation of waste and wastewater; iii) potential soil and water contamination; iv) land use changes and erosion; v) alteration of soil quality and landscape; vi) temporary displacement of fauna; vii) interference with traffic in neighboring communities; viii) increased risk of traffic accidents during construction; and ix) potential occupational hazards during project construction and operation. These impacts and risks are estimated to be of medium to low intensity, limited in time and space, and can be managed through specific measures.

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 General characteristics of the Project's site

The Project is in the district of Mollendo, province of Ilay, department of Arequipa, alongside the Interoceanic South Highway in Peru. The MPSPP, situated within the territorial scope of the District of San Camilo (comprised of Settlements 5, 6, and 7 and the young towns³), is close to the populations of San Camilo, San José, and La Joya. The land where the MPSPP is located covers approximately 165 hectares (ha)⁴ and ranges between elevations of 1,138 meters above sea level (masl) and 1,145 masl. The entrance to the Project is at an elevation of 1,154 masl. At approximately 42 meters and 1 meter lower, the artificial lake of San Camilo is situated.

The Project area is within the life zone known as Subtropical Desert Dry (dd-S), characterized by pronounced aridity (influenced by subtropical factors), low relative humidity, and scarce precipitation. The vegetation in this area is adapted to extremely dry conditions, exhibiting specific biodiversity of flora and fauna with low richness and abundance.

The Project does not intersect any Protected Natural Area ("PNA") nor is it located near archaeological or heritage sites. The Project holds a Certificate of Non-Existence of Archaeological Remains⁵ (CIRA, by its acronym in Spanish).

The construction of the MPSPP will not require any type of involuntary displacement of the population (physical or economic). The Project did not require the acquisition of land, but it did involve lease agreements with the landowners and the removal of a couple of uninhabited minor buildings.

³ Local Populations, in the process of consolidation.

⁴ Ministerial Resolution No. 092-2024-MINEM/DM of March 8, 2024.

⁵ The CIRA is the enabling document issued by the Ministry of Culture of Peru to prove that an area is free of surface archaeological evidence.

3.2 Contextual risks

Peru presents a complex network of contextual risks spanning economic, social, political, and environmental issues. Economically, its dependence on natural resource exploitation, such as mining and oil, exposes it to fluctuations in the global market, underscoring the need to diversify its economic base to ensure greater stability. Social and economic inequality has generated tensions among the population and its dynamics, leading to wide gaps between various sectors. Political instability, characterized by frequent changes in leadership and international tensions, affects the implementation of long-term policies and creates general uncertainty.

The presence of various activities in the area related to mining and, more recently, photovoltaic projects, has stimulated an increase in demand for services and inputs. For this reason, local populations have experienced fluctuating and disproportionate growth compared to the existing service supply, leading to a deficit and an increase in the cost of living. Additionally, local institutional management and state presence in the area are limited, with no defined land planning plans, further exacerbating this situation.

Due to high floating migration and a high demand for labor, the area presents high levels of risk in labor rights, especially since state controls are limited. In labor matters, it is common to find informal hiring practices in the region that evade labor regulations.

According to the Provincial Citizen Security Action Plan of the Islay province, in 2019, crimes against property (61.1%) and against life, body, and health (12.1%) were recorded, indicating "medium-high" risks of robbery and assault in the region.

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

4.1 Assessment and Management of Environmental and Social Risks

The Project, in compliance with Peruvian environmental regulations, has developed an Environmental Impact Assessment (EIA) for its construction and operation and maintenance (O&M) phases. It identifies, evaluates, and describes the environmental impacts that could arise as a result of the Project's activities, as well as the necessary prevention, minimization, and mitigation measures. It has also obtained the following permits: i) Environmental Certification (Directorial Resolution N° 029-2022-MINEM/DGAAE); ii) a Certificate (Directorial Resolution No. 114-2018-DDC-ARE/MC); and iii) approval of the Archaeological Monitoring Plan of the Certificate (Directorial Resolution N° 000104-2023-DDC RE/MC). The Client will keep these and all necessary environmental permits valid for the O&M of the Project.

4.1.a Environmental and Social Assessment and Management System

The Project has an Environmental and Social Management System ("ESMS"), based on corporate policies, plans, programs, procedures, and internal EPC and contractor standards; additionally, it includes an Environmental Management Strategy ("EMS") outlined in its Environmental Impact

Assessment (EIA), which contains measures aimed at preventing, correcting, or mitigating unwanted environmental impacts in various phases of the project.

The Client will update the ESMS for the O&M phase to include: i) a procedure for risk and impact identification; ii) a management program; iii) personnel requirements for implementation; iv) procedures and protocols for emergency preparedness and response; v) participation plans with various social actors; vi) protocols for external communications and complaint mechanisms; vii) protocols for delivering periodic reports to affected communities; and viii) monitoring and evaluation procedures.

4.1.1.b Policy

The Project maintains the following Corporate Policies: i) Sustainability⁶, which reaffirms its commitment to (a) sustainable development, particularly with the United Nations Sustainable Development Goals ("SDGs"), and (b) corporate objectives as a player in the renewable energy sector⁷; ii) Relationship with the Local Community, aimed at establishing good relations with the local community in its areas of influence through effective communication, identification, prevention, and dissemination of relevant information; and iii) Health and Safety at Work⁸, which promotes and protects the health and well-being of its employees. These policies will be communicated and disseminated at all levels of the organization, including contractors, suppliers, and other internal and external stakeholders of the Project.

4.1.1.c Identification of Risks and Impacts

4.1.1.c.i Direct and indirect impacts and risks

The approved EIA identifies the following environmental risks and impacts: i) alteration of air quality due to particulate matter, gas emissions, and noise; ii) soil contamination from spills of hazardous substances; iii) land use changes; iv) alteration of soil quality and landscape; v) temporary displacement of fauna; vi) increase in income levels and improvement of living conditions; vii) stimulation of economic activities; ix) vehicular and occupational accidents; and x) armed robberies or acts of sabotage.

The threat of earthquakes is present at a high level in the project location, posing a risk to structures, especially those connected to existing transmission lines.

The Project has conducted a Hydrological and Hydraulic Study, which analyzes the behavior of surface flows during significant hydrological events caused by exceptional precipitation. This study determined that the heights and velocities of the runoff are low, and therefore, there is no risk of erosion, and no drainage or protection works against this phenomenon are required.

⁶ <https://grenergy.eu/wp-content/uploads/2023/08/Politica-de-sostenibilidad-1.pdf>

⁷ Precept also applicable to distributors, contractors, service providers, and other relevant third parties, for the duration of their contractual relationship, to develop the ability to anticipate and manage risks and opportunities, while ensuring respect for and protection of nature and local communities.

⁸ <https://grenergy.eu/wp-content/uploads/2023/06/Politica-de-Seguridad-y-salud.pdf>

Regarding social risks, only a potential increase in accidents due to increased traffic during the different phases of the Project has been identified. Therefore, the Client will conduct identification and evaluation of social risks and impacts on the community during the O&M phase.

For the construction stage, the Project has prepared Hazard Identification and Risk Assessment matrices for each job position (IPER matrices) of the EPC and its contractors. However, for the O&M phase, the Client will conduct hazard identification and risk assessment related to the health and safety of workers.

4.1.c.ii Analysis of alternatives

Two alternatives were evaluated for the execution of the Project. The criteria considered in this process included environmental, human interest, socio-economic, and technical-economic aspects. This analysis determined that: i) in environmental and human interest terms, the location of the photovoltaic panels will have the same consequences, given the homogeneity of the territory; ii) from a technical point of view, there is no significant variation in the possible configurations, since the main restrictions are determined by the optimal distribution of the panels; and iii) from a socio-economic perspective, there are variations when considering aspects such as proximity to populated areas, land ownership, resettlement requirements, competition for land use change, population perceptions, and leasing processes in the project area, as this could affect the operation of the photovoltaic solar power plant.

4.1.c.iii Cumulative impact analysis

The Project is being implemented in the District of Mollendo, in areas highly affected by anthropogenic activities, among which the most representative are agriculture, livestock farming, and fishing; the development of several photovoltaic projects; industrial activities such as mining; and activities related to the provision of services for the ports of Mollendo and Matarani.

In the area, there are several past, present, and future projects that could affect certain Valuable Ecosystem Components ("VEC") present in the area. Among the operational photovoltaic projects located near the MPSPP and approved by the EIA are CFV Illari, with an installed capacity of 424⁹ MW, and CFV Sunny, with 204 MW¹⁰. However, there are no projects under construction.

Following the guidelines of the "Practical Guide for the Assessment and Management of Cumulative Impacts in Latin America and the Caribbean" by IDB Invest, none of the incremental effects to be generated by the projects in operation or planned in the Project's area of influence will materially affect any of the environmental components considered in its EIA. Therefore, the Project does not require a Cumulative Impact Mitigation Plan ("CIMP").

⁹ Directoral Resolution N° 0171-2020-MINEM/DGAAE de 6 de noviembre de 2020.

¹⁰ Directoral Resolution N° 0169-2021-MINEM/DGAAE de 30 de septiembre de 2021.

4.1.c.iv Gender risks

In Peru, as in many other countries in the Latin America and Caribbean (LAC) region, there are various gender-related risks such as: i) gender violence, which, in 2021, ranked eighth in the region, recording 136 feminicides; ii) gender wage gap; iii) discrimination in the workplace due to limited access to job opportunities or promotions; iv) limited access to education, especially in rural areas and indigenous communities; v) teenage motherhood; and vi) labor migration, which exposes women to labor and sexual exploitation, separating them from their families and communities.

The gender gap in Peru is 76%, meaning that 24% of women have lower participation and economic opportunities, access to education, health, survival, and political empowerment. The lack of reporting and access to adequate justice aggravate these problems.

The EPC has a "Global Policy for Prevention and Combating Harassment in the Workplace," which i) aims to implement and disseminate the necessary measures to prevent, avoid, and combat situations of workplace harassment and sexual harassment; ii) provides a list of necessary actions for the investigation and sanction of harassment cases; and iii) contains a procedure for filing complaints while preserving confidentiality. Additionally, the corporate Code of Conduct¹¹ of the EPC states as its main objective maintaining a work environment free to express opinions, favoring justice and equity by adopting principles of equal opportunities and fair treatment, regardless of skin color, ethnic origin, social origin, creed, age, disability, sexual identity, or gender; emphasizing the implementation and dissemination of necessary measures to prevent, avoid, and combat situations of workplace harassment and sexual harassment.

However, the Client: i) will develop a specific zero-tolerance Policy against gender-based violence ("GBV") for the Project; ii) will conduct gender risk identification in the Project; iii) will establish appropriate prevention and management measures to ensure the safety of female workers, considering isolated job positions, night shifts, work environment, transportation, and access to gender-exclusive bathrooms; iv) will define actions to minimize the risk of social conflict and GBV; v) will seek to eliminate barriers to the hiring of women during its O&M phase; and vi) will strive for at least 20% of its workforce to be women.

4.1.c.v Gender Programs

The Client will update its Local Employment Program to include indicators that enable it to measure results and ensure employment without gender discrimination.

4.1.c.vi Climate change exposure

The Project faces physical risks related to climate and its future alterations, particularly associated with a relatively high increase in drought events (greater than 50%), a significant change in precipitation patterns, and a consequent intensification of water scarcity, a condition that is currently at a high threat level. Thus, the availability of industrial and human consumption water for workers could be affected.

¹¹ <https://grenergy.eu/wp-content/uploads/2023/03/Codigo-de-Conducta.pdf>

The Project's impact site has a flood risk associated with the presence of the San Camilo Artificial Lagoon (250 hectares), which is located nearby, originating from the irrigation seepage of the cultivated fields in the San Camilo and La Joya population centers. Due to its origin, the lagoon presents high concentrations of conductivity, biochemical oxygen demand, chemical oxygen demand, chlorides, fluorides, nitrates, and sulfates compared to the Environmental Quality Standards¹² ("ECA")¹³.

An overflow of the lagoon, such as the one that occurred in June 2023 (flooding Route 30 and obstructing traffic), can directly affect the assets of the MPSPP during the O&M phase, as well as hinder the transportation of equipment and materials.

Therefore, the Client will conduct a climate vulnerability study for the MPSPP, which: i) includes the realization of hydrogeological and hydrological studies; ii) analyzes discharge possibilities; iii) carries out a water balance of inputs and outputs; and iv) establishes maximum levels.

The Project is considered aligned with the Paris Agreement, based on the analysis conducted and in accordance with the Implementation Approach for Alignment with the Paris Agreement of the IDB Group.

4.1.d Management Programs

The EMS of the Project consists of the following plans: i) environmental management; ii) monitoring and control; iii) contingency; iv) community relations ("PRC"); and v) abandonment. These plans encompass actions to mitigate and prevent impacts during the construction and O&M phases, as well as during the abandonment process. Additionally, management tools have been developed such as programs for: i) biological management and rescue of sensitive flora; ii) archaeological monitoring; and iii) employment and contribution to local development.

The EIA's PRC includes the following programs: i) citizen communication and information; ii) compensations and indemnifications; iii) local employment; and iv) local development contribution program.

4.1.e Organizational Capacity and Competency

The Project has a structure at the regional, national, and project levels for environmental and social management. At the project level, the EPC has a manager for environmental and community management and one for occupational risks, who report to their regional counterparts and to the Project management on-site.

For the O&M phase, the Client: i) will appoint a manager for environmental and social management, who will also be responsible for occupational health and safety management; ii) will periodically

¹² Environmental Quality Standards (ECA) for Soil, Supreme Decree No. 011-2017-MINAM.

¹³ Environmental Impact Statement of the Project "MATARANI SOLAR PARK 80 MW", page 29. Thesis "Desalination of water from an artificial lagoon through a solar concentrator for irrigation use in San Camilo - La Joya", Arequipa 2020.

train its direct and indirect staff (contractors and subcontractors) on environmental and social issues; and iii) will adopt a management scheme that includes the relationships between the different managerial levels of the Client, EPC, and contractors, and will define appropriate communication channels.

4.1.f Emergency Preparedness and Response

The Emergency Response Plan ("ERP") of the EMS proposes response actions to be taken promptly, appropriately, and effectively in the event of a contingency or emergency during the construction, O&M, and abandonment phases of the Project. According to the Risk Study conducted, the main identified contingencies are: i) earthquakes; ii) fires; iii) vehicular accidents; iv) workplace accidents; and v) spillage of hazardous substances. To address these, the PC includes: i) a general contingency organization, which includes first aid brigades, fire control brigades, and rescue and evacuation teams; and ii) detailed emergency response equipment (mobile units for rapid deployment, telecommunication equipment, first aid kits, fire-fighting equipment, personal protective gear, and equipment for hazardous substance spills). Contractors have formed emergency brigades for fires, evacuation, and first aid, which undergo periodic training and conduct drills. The Project has emergency stations and spill kits for environmental contingencies.

For the O&M phase, the Client will develop and implement a ERP, covering its own personnel and contractors, which will include: i) a detailed outline of administrative and operational actions to control and mitigate potential harm to direct and indirect workers, people from communities potentially affected within the project's AID, the environment, and infrastructure; and ii) an analysis of the most relevant identified climate risk scenarios.

4.1.g Monitoring and Review

The Monitoring and Control Plan of the EMS includes activities for controlling and verifying: i) environmental components that may potentially be affected by Project activities (air quality, noise levels, ionizing and non-ionizing radiation, terrestrial fauna); ii) the hiring of unskilled labor from the Population Centers of the San Camilo Irrigation; and iii) the hiring of local suppliers. However, for the O&M phase, the Client will develop and implement i) a program to monitor the performance of the SGAS, including key environmental and social performance indicators (KPIs); ii) a compliance matrix, recording national regulatory environmental, social, and occupational health and safety¹⁴ requirements, as well as financing contractual obligations and requirements; and iii) an internal or external audit procedure, including responsibilities, methodology, schedule, action plans, and organizational performance evaluation. Additionally, the Client will conduct a closure audit for the construction phase.

14

Including the regulatory body issuing the permit or license, issuance dates, internal responsible for monitoring renewals, compliance status, and percentage of permit progress.

4.1.h Stakeholder Engagement

The Project maintains a corporate community engagement policy that requires: i) initiating communication with the community in an early phase of its implementation; ii) acting based on environmental and social risks and impacts; iii) maintaining regular communication; iv) disclosing relevant Project information throughout all phases; and v) using culturally appropriate means to reach the community. Additionally, the EMA's PRC includes the following programs: i) citizen communication and information; ii) compensation and indemnification; iii) local employment; and iv) contribution to local development. Furthermore, the Project maintains Voluntary Productive Development Programs such as training in pitahaya cultivation and fish farming. Similarly, the Project maintains a basic registry of social actors in its area of influence.

Despite the above, to maintain and strengthen relationships with social actors, the Client will update its PRC to include: i) mapping of all potentially affected direct, indirect, and vulnerable actors; ii) procedures for planning stakeholder participation and communication; iii) appropriate communication channels with each group and providing participatory monitoring mechanisms; and iii) a plan for monitoring and evaluating social investment programs.

4.1.h.i Disclosure of Information

In addition to the citizen participation process conducted for the EIA, the Client maintains processes for disseminating and sharing information with social actors through regular meetings with the Valle Encantado Association (present throughout its direct influence area) and with the Municipality of San Camilo.

In this context, the Client will develop and implement an information dissemination schedule for the Project, with events including at least the following agenda topics: i) Project description; ii) environmental and social performance; iii) description of the Project's General Sustainability Policy; iv) detail of the main risks and their prevention and mitigation measures; v) description of emergency plans involving the community; and vi) description of the external complaints mechanism.

4.1.h.ii Informed Consultation and Participation

The citizen participation process for the EIA was carried out according to legal requirements for projects classified as having mild impact. For this reason, it did not require a Public Hearing, but only the dissemination of information through media channels and personalized communication with institutions and organizations. Thus, the activities carried out under the right to participation, information, and opinion of stakeholders were: i) opinion interviews; ii) publication of virtual notices; iii) submission of contributions, comments, and observations to the competent authority; iv) public access to the EIA.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External communication

The Project, through its social and environmental manager, maintains constant communication with communities, associations, and key stakeholders. For this purpose, it maintains: i) a matrix of external communications and complaints, in which the ways of capturing and resolving the complaints submitted are recorded; ii) a Citizen Communication and Information Program; iii) a Virtual Permanent Information Office; and iv) a Permanent Information Office, which, to facilitate communications, uses an email and various social platforms such as X¹⁵ and WhatsApp. However, the Client will update its external "Communication Program" to include: i) definition of objectives; ii) message dissemination methods; iii) description of target audiences (institutional, communities, social stakeholders); iv) identification of communication channels; v) execution schedule; and vi) program management requirements.

4.1.i.ii Community grievance mechanism

The Project maintains a complaints mechanism, described in its corporate Sustainability Policy, where it establishes channels for complaints through which stakeholders can securely submit their concerns, complaints, or inquiries.

However, the Client will update and disseminate the external complaints and communication mechanism, specific to the Project, to include: i) protocols for capturing and processing anonymous complaints; ii) requirements that the person responsible for receiving, recording, and processing all complaints must meet; iii) protocols for recording, analyzing, categorizing, investigating, and determining options for resolution or redress; iv) protocols for communicating decisions and actions taken to resolve complaints; v) formats and description of communication channels to facilitate the dissemination of information to different audiences (suggestion boxes, email addresses, phone line); and vi) protocols for capturing and responding to complaints filed by vulnerable groups.

4.1.j Ongoing Reporting to Affected Communities

The Project maintains regular communication with community leaders in its area of influence to coordinate cooperation issues, local labor hiring, training, and follow-up on agreements, among others, as well as specific communications with local and municipal authorities. However, the Client will disseminate information to its stakeholders regarding the MPSPP related to i) Project progress; ii) community relationship activities; and iii) progress of productive projects.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

As of now, the total number of Client workers is 200: 9 direct employees (EPC) and 194 from contractors. They are distributed as follows: 10 individuals in civil works (5%), 120 in structure and

¹⁵ Before Twitter.

panel assembly (60%), 30 in electrical tasks (25%), and a staff team of 40 individuals (20%). Out of the total workforce, 20 are women (10%), and 24 individuals are local labor (20%). The O&M phase will only require 4 fixed workers.

In accordance with the Local Employment Program, the hiring of local labor for the Project's construction was done through public calls, which, in addition to public information channels, were disseminated through training workshops for interested individuals, with the participation of social actors from the direct influence area and the Municipality of San Camilo.

The Project maintains a Code of Conduct, which: i) defines the values and principles guiding actions and relationships in the workplace; ii) requires all workers to act correctly, complying with all applicable laws and regulations of the country; iii) values and respects cultural diversity and customs and principles, promoting an inclusive work environment free from discrimination; iv) promotes trust generation through transparency, honesty, ethics, and professionalism; v) seeks to establish a safe working environment that fosters equity and personal and family well-being; vi) does not tolerate discrimination or harassment; vii) promotes equal opportunities and fair treatment for all, regardless of origin, gender, or identity; and viii) categorically rejects corruption and bribery, committing to transparent and ethical business relationships. The code, which is shared with direct and indirect workers through health, safety, and environmental training, is binding and mandatory for all workers and constitutes a regulatory instrument for actions between the EPC and contractors.

The Client will develop, adopt, and disseminate an Internal Labor Regulation ("RIT"), which will establish the conditions regulating the relationship between the employer and its workers, including topics such as: i) selection, hiring, and admission processes; ii) work schedules, working hours, and attendance requirements; iii) rights and obligations of workers; iv) permits, licenses, and absences from the workplace; v) breaks and vacations; vi) remuneration; vii) sanctions and disciplinary measures; and viii) prohibitions on gender discrimination, forced labor, and child labor.

4.2.a.i Human Resources Policies and Procedures

The Project has a corporate Human Rights Policy, through which it commits to supporting, respecting, and contributing to the protection of fundamental human rights recognized at the national and international levels. Among the basic principles of the policy are: i) rejection of forced labor; ii) prohibition of child labor; iii) elimination of discrimination in the workplace; iv) defense of freedom of association and collective bargaining; v) promotion of occupational safety and health; vi) zero tolerance for any form of verbal, physical, sexual, or psychological harassment, as well as inhuman and degrading treatment; vii) adoption of fair remuneration for all group workers; viii) the right to life, equality and justice, privacy, or individual and collective property; ix) recognition of the rights of indigenous peoples; x) rejection of retaliation; and xi) promotion of local capacities. This policy applies to all EPC workers, contractors, and suppliers. However, for the O&M phase, the Client will develop, adopt, and disclose its own Human Rights Policy for the Project.

4.2.a.ii Working Conditions and Terms of Employment

The hiring of workers required for the Project is fully compliant with the regulations established in Peru's labor laws. Employment contracts detail the conditions and terms of employment, ensuring

a suitable working environment for all employees. However, the Client i) will inform workers about the conditions and terms of employment; ii) will verify that all workers are properly registered in Peru's Social Security System; and iii) will ensure that work shifts comply with the EPC's Human Rights Policy¹⁶ and adhere to the International Labor Organization ("ILO") Conventions ratified by the country.

4.2.a.iii Workers' Organizations

According to the provisions of the corporate Human Rights Policy and its corporate Code of Conduct, EPC defends freedom of affiliation, association, and the effective recognition of the right to collective bargaining, aiming to promote and defend workers' interests. To date, the Project does not have any labor unions.

4.2.a.iv Non-discrimination and Equal Opportunity

The EPC, in its corporate Human Rights Policy, Code of Conduct, and Management Commitment, neither practices nor accepts any form of discrimination based on age, race, ethnicity, color, gender, religion, political opinion, national origin, sexual orientation, preference, or potential disability. Likewise, it promotes the participation of women at managerial and intermediate levels and equality of opportunity through its personnel recruitment and selection processes, terms and conditions of employment including equitable remuneration, the principle of equal opportunities between women and men, among others. However, for its O&M phase, the Client will include within its own Human Rights Policy for the Project its commitment against discrimination and equality of opportunity.

4.2.a.v Retrenchment

In compliance with legislation in force, workers are engaged in the Project through written contracts, and when necessary, they are disengaged following the guidelines established by Peruvian labor regulations. Since the workforce will decrease from approximately 200 workers during the peak demand in the construction phase to 4 workers who will be retained in the O&M phase, the EPC will proceed to disengage unnecessary personnel in accordance with Peruvian regulations or relocate them to new projects if possible.

4.2.a.vi Grievance Mechanism

The Project maintains a grievance mechanism that allows for receiving communications, complaints, or suggestions from its workers. The mechanism utilizes various communication channels, including i) direct verbal communication; ii) telephone contact¹⁷; iii) email¹⁸; and iv) an electronic form for complaints submitted through its website¹⁹. The communication and complaint management

¹⁶ <https://greenergy.eu/wp-content/uploads/2023/08/Politica-Derechos-Humanos-1.pdf>

¹⁷ + 51 961707230

¹⁸ lcalderon@greenergy.eu;

¹⁹ <https://whistleblowersoftware.com/secure/Canal%20de%20Denuncias;>
<https://whistleblowersoftware.com/secure/Canal%20de%20Denuncias/new>

process sets a deadline of 50 days for a response to the complaint, with an additional 5 days for monitoring. Additionally, the procedure includes forms for conveying the details of the request and expressing the response. These forms can be sent via email, delivered by hand, or submitted anonymously through a designated mailbox.

For the O&M phase, the Project will update its Internal Grievance Mechanism to include i) a detailed description of the means to capture complaints and concerns (including confidential, anonymous, and GBV-specific complaints); ii) a strategy for disseminating the mechanism; iii) a system for recording and tracking complaints; iv) key performance indicators (KPIs) to enable monitoring and reporting; v) specific provisions to ensure that complaints related to GBV are addressed; and vi) a commitment to non-retaliation against those who file a complaint.

4.2.b Protecting the Workforce

The EPC, in its corporate Human Rights Policy and Code of Conduct, prohibits and rejects any form of forced or compulsory labor, as well as any form of physical, psychological, moral harassment, abuse of authority, or any other conduct that intimidates or violates the rights of individuals. Accordingly, under no circumstances will it confiscate money or identity documents at the beginning of the employment relationship with its own or subcontracted workers to hold them against their will. During the due diligence and assessment process, no evidence of child labor or forced labor practices was found.

4.2.c Occupational Health and Safety

The Project, in its corporate Occupational Health and Safety (OHS) Policy, commits to i) maintaining high OHS standards; ii) prioritizing the prevention of accidents or incidents in all activities; iii) fostering a preventive culture among employees and visitors; and iv) maintaining a zero-accident culture through continuous training and improvements in procedures, by controlling or eliminating hazards and reducing risks. This policy applies to its entire workforce and all operations.

Each contractor has a Hazard identification and Risk Evaluation Matrix (IPER) to identify, assess, and define preventive and control measures in the workplace. Additionally, each contractor performs: i) specific training and inductions on topics such as (a) occupational health and safety policies, (b) code of conduct, (c) formation and training of brigades, first aid, and (d) emergency drills; ii) periodic inspections of facilities; iii) verification of the availability and condition of fire extinguishers, first aid kits, and spill kits; iv) entry medical evaluations, to determine if the worker is fit for the contracted activity; and v) exit medical exams.

In compliance with Peruvian regulations²⁰ in force, contractors maintain an Internal Regulation of Occupational Health and Safety (IROHS), which is disseminated by each contractor's OHS coordinator. Additionally, they have an Occupational Health and Safety Committee that meets monthly.

²⁰ Law No. 29783, Occupational Safety and Health Law. Article 34.

OHS indicators are recorded periodically. From the start of construction until the present date, no incidents have been recorded. However, an accident occurred in September 2023, without any lost time.

For the temporary accommodation of workers, contractors use the available hotel infrastructure in the nearby towns of San José, San Camilo, and La Joya. Contractors provide their workers with meals and transportation to and from the MPSPP.

For the O&M phase, the Client will develop a specific Occupational Health and Safety Plan that includes i) specific measures to reduce occupational hazards; ii) procedures required by Peruvian legislation; iii) a field inspection program to identify corrective actions promptly; iv) a schedule for inspections of fire equipment and detection and alarm systems; v) procedures to prevent, monitor, and investigate accidents; vi) training and training program; vii) protocols for the supply and replacement of personal protective equipment (PPE); viii) a program for industrial hygiene measurements and evaluation of key OHS performance indicators; and ix) an internal audit procedure.

4.2.d Provisions for people with disabilities

The Project, through its corporate Code of Conduct, ensures universal accessibility of facilities to allow the integration of all individuals, including those with disabilities. However, to date, there have been no workers with disabilities hired.

4.2.e Workers Engaged by Third Parties

The EPC, in its commercial agreements with contractors, requires i) respect for the human rights of those affected by their activities; ii) compliance with the Fundamental Conventions of the ILO related to labor rights, especially those concerning child labor and equal opportunities and treatment; iii) compliance with the legal provisions of the country and relevant international standards; and iv) compliance with the requirements of the Environmental and Safety Management System and the Sustainability Policy. Additionally, the EPC conducts a corporate due diligence process on human rights and the environment to prevent abuse or violation of stakeholders' rights.

However, for the O&M phase, the Client will i) develop and implement a Contractor Management Plan that includes measures to monitor compliance with environmental, labor, and OHS policies, procedures, and plans; ii) extend its internal complaint mechanism to indirect workers; and iii) implement a training program for indirect workers covering topics such as (a) environmental, social, OSH, and labor policies of the Project; (b) community engagement based on values such as respect and cooperation; and (c) prevention of GBV, discrimination, women's rights, and vulnerable groups.

4.2.f Supply Chain

The EPC, aware of the risks associated with human rights and environmental violations in its supply chain, has developed several corporate-level instruments for this purpose. Among these are: i) a

Procurement Policy²¹; ii) a Corporate Code of Ethics²²; iii) a Supplier Code of Ethics²³; iv) a Sustainability Policy; v) a Supplier and Third-Party Intermediary Code of Conduct²⁴; vi) a Human Rights Policy; and vii) a Code of Conduct. Additionally, as stipulated in the aforementioned documents, the EPC conducts due diligence processes on its suppliers regarding human rights and the environment, which allows it to identify and assess potential adverse impacts, establish prevention, remediation, and mitigation measures for them, monitor the implementation of measures, and publicly communicate the results to its stakeholders. In its Supplier Code of Conduct, among other aspects, compliance with i) labor practices are required, prohibiting forced and child labor, respecting basic human rights, hours, wages, and benefits of employees; and ii) environmental protection, regarding conflict minerals, making all reasonable efforts to avoid the use of raw materials that directly or indirectly finance armed groups that infringe on human rights.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

It is estimated that during the construction phase of the Project, the amount of greenhouse gas (GHG) emissions generated will be less than 25,000 tons of CO₂ equivalent per year. This amount will be even lower (almost negligible) during its operation because, precisely, the objective of the Project is to contribute to the decarbonization of Peru's energy matrix through the incorporation of clean energies.

4.3.a.i Greenhouse Gases

The Project aligns with the country's commitment expressed in its Nationally Determined Contribution (NDC) to achieve carbon neutrality by 2050 and reduce greenhouse gas emissions by 40% by 2030²⁵. It is estimated that the implementation of the project will avoid the emission of up to 56,000 tons of CO₂ per year. The client will determine the amount of CO₂ avoided per unit of generated energy (kg of CO₂ avoided per kWh generated).

4.3.a.ii Water Consumption

The amount of water used by the Project during its construction phase is significantly reduced, mainly because most of the works involve the assembly of prefabricated pieces (solar panels) or the execution of smaller-scale civil constructions (curing of cement, moistening of internal accesses, and work fronts for dust stabilization). Industrial water is supplied through authorized local companies via tanker trucks.

During the O&M phase, the cleaning of solar panels will be carried out biannually. For this purpose, the Project plans to contract an external company, which will also be responsible for providing the

²¹ <https://greenergy.eu/wp-content/uploads/2023/08/Politica-de-compras.pdf>

²² <https://greenergy.eu/wp-content/uploads/2019/09/codigo-etica-empresarial-greenergy-renovables.pdf>

²³ <https://greenergy.eu/wp-content/uploads/2020/12/Codigo-Etico-de-Proveedores-ESP.pdf>

²⁴ <https://greenergy.eu/wp-content/uploads/2023/03/Codigo-de-Conducta-Proveedores.pdf>

²⁵ https://unfccc.int/sites/default/files/resource/PERU_cop26cmp16cma3_HLS_ES.pdf

required water. It is estimated that this task will use approximately 265 m³ of water per cleaning. However, the Project will i) develop and implement a Water Resources Management Plan to ensure (a) the rational and efficient use of water without affecting the availability of communities within the Project's area of influence, (b) the maintenance of water quality without negatively impacting people (health and well-being) or land use on-site, (c) compliance with applicable legal requirements and standards, and (d) the mitigation of potential impacts on water resource quality caused by cleaning; ii) record water consumption; and iii) request certificates from the water suppliers used.

4.3.b Pollution Prevention

The EMP of the EIA includes measures to prevent, reduce, and mitigate air, soil, and water pollution, such as: i) wetting of work fronts and access roads within the Project area; ii) prohibition of excavations in unauthorized areas; iii) ensuring that vehicles, machinery, and equipment undergo technical inspections no less than once a year; iv) prohibition of all types of solid waste incineration; v) prohibition of the use of horns, valves, resonators, etc., except in cases of emergency; vi) provision of tools and materials to all vehicles and machinery for use in case of fuel and lubricant spills; and vii) waterproofing of the fuel storage area and hazardous waste storage area

4.3.b.i Wastes

During the construction phase, the Project has generated the following waste i) domestic waste (food scraps, beverage containers, office materials); ii) non-hazardous industrial waste (metals, scrap, cables); iii) construction waste (debris); iv) hazardous waste (containers with residues of oils and fuels, soil contaminated with hazardous substances, contaminated absorbent material, cans of paints and solvents). These wastes, managed by each contractor and supervised by the EPC, are classified on-site using identified containers and then stored in specific areas for each type of waste before being handed over to authorized third parties for final disposal. The waste management cycle includes a record of waste generation and deliveries to authorized waste handlers.

The hazardous wastes expected during the O&M stage are i) domestic waste (food scraps, beverage containers, office materials); ii) hazardous waste (containers with grease residues, lubricants from maintenance activities, soil contaminated with hazardous substances, contaminated absorbent material); and iii) special waste (residual dielectric oil and solar electrical and electronic waste). Regarding electrical and electronic waste, the Client will develop and implement a management program for handling electronic and electrical appliances (batteries, panels, electrical and electronic equipment) at the end of their useful life, including traceability from collection to final disposal.

The liquid waste generated during the construction phase of the Project mainly comes from chemical toilets since the installation of camps with kitchens generating additional liquid waste was not considered. The liquid waste from portable toilets is extracted and treated by Solid Waste Operating Companies ("EORS", by its acronym in spanish) duly certified.

4.3.b.ii Hazardous Materials Management

During the construction phase, the Project uses and handles various inputs that constitute hazardous substances (motor and hydraulic oils, diesel, solvents, paints, greases, and lubricants).

These inputs are managed by each contractor on the construction site. There is no fuel storage area since fuel is supplied by authorized distributors outside the facilities for each contractor.

During the O&M phase, fuel storage tanks will be available for the operation of backup generators, for which an impermeable area with containment walls in case of spills has been designed. Therefore, the Client will develop and implement a Procedure for the handling of materials and hazardous substances for the O&M phase.

4.3.b.iii Pesticide Use and Management

The Project does not foresee the use of pesticides.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The most significant impact that the Project will generate on the health and safety of the affected communities identified in the EIA is the potential increase in accidents due to the rise in vehicular traffic on access roads.

Given this circumstance, the Client will conduct a comprehensive assessment of vehicular traffic in the Project area to design and implement a safe access to the MPSPP (including horizontal and vertical signage).

4.4.a.i Infrastructure and Equipment Design and Safety

The Project has implemented various security measures to protect equipment and infrastructure and prevent damage. These measures include i) preventive signage; ii) perimeter enclosures; iii) grounding systems; and iv) fire protection systems. However, the Client will hire qualified professionals in life and fire safety (L&FS) to certify that the MPSPP complies with national safety and fire protection standards and international standards of the National Fire Protection Association (NFPA). In this regard, upon completion of the Project construction and before its operation, the Client will present a certification issued by qualified L&FS professionals indicating that: i) the Project facilities were built under LSFP criteria and in accordance with approved designs; ii) all equipment was installed as intended; and iii) all L&FS equipment was tested following international requirements.

4.4.a.ii Hazardous Materials Management and Safety

Despite the Project's use of hazardous materials, high community exposure is not anticipated. Nonetheless, the Project has protective measures in place, such as i) perimeter fencing; ii) restricted access; iii) suitable areas for the storage of hazardous substances (e.g., fuels); and iv) detection systems, alarms, fire-fighting equipment, and spill containment equipment.

4.4.a.iii Ecosystem Services

The Project will not generate material impacts on ecosystem services.

4.4.a.iv Community Exposure to Disease

Due to the Project's lack of significant job opportunities and the fact that the workers will be locally sourced, an increase in the community's exposure to diseases due to the presence of foreign personnel is not anticipated.

4.4.a.v Emergency Preparedness and Response

The Project has a Contingency Plan that includes response protocols for emergency situations. However, the Client will i) disseminate the plan to local authorities and communities; and ii) conduct drills with the affected communities in accordance with the assessed risks.

4.4.b Security Personnel

The MPSPP and the Chaparral substation have qualified security companies for security guarding. Their actions are within the perimeter of the MPSPP and the substation. The security personnel are certified by the National Superintendence of Control of Security Services, Firearms, Ammunition, and Explosives for Civil Use ("SUCAMEC", for its acronym in Spanish). Additionally, the contracting companies, prior to hiring personnel, review: i) their criminal records; and ii) the license to carry firearms. Furthermore, they conduct pre-employment exams for all candidates.

For the O&M phase, the Client will develop and implement a Security Management Plan that includes i) a vulnerability analysis; ii) procedures for investigating hired security personnel; iii) requirements for human rights training; iv) protocols and training requirements for the progressive use of force; and v) protocols for handling and storing firearms (when required).

4.5 Land Acquisition and Involuntary Resettlement

4.5.a General

Peruvian land tenure regulations recognize both titled property owners and legal occupants, with the latter registered only up to 2014. This situation means that, in some cases, there is no single centralized document establishing legal land tenure. Titled property owners are registered with the National Superintendence of Public Registries ("SUNARP", for its acronym in Spanish), while occupants receive a code that allows them to register as such and pay taxes in their respective districts or municipalities. This dual registration (of owners and occupants) creates some uncertainty and ambiguity when establishing land tenure status.

4.5.a.i Project Design

The construction of the MPSPP was made possible through a social agreement for the use and access to the land where the Project was implemented. This process did not involve physical or economic displacement of the population, nor did it entail land purchases. However, agreements were made with landowners for the occupation of the land for 30 years, in addition to agreements for the removal of certain existing minor infrastructures, which were uninhabited. This process had two stages i) during the preparation of the EIA²⁶; and ii) at the beginning of the construction phase²⁷.

In February 2023, the Subsidiary initiated the institutional easement process²⁸ at the Ministry of Energy and Mines, a process that concluded on March 8, 2024, through Ministerial Resolution²⁹.

Parallel to the easement process in favor of the MPSPP, a process of agreement for the occupation of the land with Association 2 was developed, which was signed on August 28, 2023. As part of this agreement, agreements were reached with 24 associates for the occupation of 37 plots of land where the MPSPP will be located for 30 years. The social agreements between the parties (Association 2 and its members, and the Subsidiary) were formalized under legal figures such as contracts for land use, demolition agreements, and road use agreements, which were entered into freely and voluntarily, implying a prior process of dialogue and negotiation between the parties.

The occupation of the land by the MPSPP is supported by the legality provided by the easement process and the resolution of the Ministry of Energy and Mines, and by the social legitimacy resulting from the dialogue and agreement with Association 2 and its members.

4.5.a.ii Compensation and Benefits for Displaced Persons

Although the Project should not undertake indemnification and compensation actions, the Community Relations Plan foresees that if property damage occurs, an evaluation committee will be implemented to conduct a technical study from which appropriate compensations and indemnifications will be established.

Even though the Ministerial Resolution of March 8, 2024, states that no indemnification actions are applicable to the area to be occupied by the Project because it is state land, this declaration does not contradict or invalidate the agreements established with the occupants of Association 2. The indemnification stipulated in the Ministerial Resolution is related to the landowner, whereas the agreements for damages are related to the occupants.

²⁶ First moment. The preparation of the EIA (2018) started with the signing of a conventional easement contract for electrical installations and compensatory payment in November 2017 between the Subsidiary and a first Association 1, which is designated as the holder of the land, covering 1353.95 hectares, where the easement area is 679.28 hectares. For the occupation of the easement area, the Subsidiary undertakes to deliver a value per hectare each year, after the necessary studies and permits have been obtained and once the occupation of the land begins.

²⁷ Second moment. In the construction of the CSFM in 2023, there are changes in the social and land tenure conditions recorded in the EIA of 2018. The most significant change is the presence of a new landholder, called Association 2.

²⁸ At the time of applying for the easement process at the Ministry of Energy in 2023, it is found that Association 1 is no longer the legal owner of the land, as it was reverted to the Ministry of Agricultural Development and Irrigation because the objective of the donation, to use it for productive projects, was not fulfilled.

²⁹ Ministerial Resolution No. 092-2024-MINEM/DM

To date, there have been no challenges to the easement granted. However, the Client will keep a printed copy of the easement process of the MPSPP, and the social agreements reached for the occupation and access to the plots where the MPSPP is located.

4.5.a.iii Community Engagement

Community participation was carried out based on two principles i) the principle of community, which involved signing the general agreement for the occupation of the plots; and ii) with the members of Association 2, with whom contracts for land use transfer, demolition agreements, and road use agreements were signed. These agreements were made freely and voluntarily through a process of dialogue and negotiation between the parties.

4.5.a.iv Grievance Mechanism

As part of the Community Relations, there is a follow-up on the actions agreed upon with the community and the registration and processing of complaints or requests.

4.5.b Displacement

The Project did not cause physical or economic displacement of the population.

4.6 Biodiversity Conservation and Natural Habitats

4.6.a General

The Project is not located within or near national forest reserves, protected areas, Key Biodiversity Areas (KBA), Important Bird and Biodiversity Areas (IBA), or Zero Extinction Alliance (AZE) areas.

In the Project area, the life zone known as the Subtropical Dry Desert (dd-S), corresponding to the "Coastal Desert" ecosystem, has been identified. This ecosystem category is characterized by pronounced aridity, influenced by subtropical factors, resulting in low relative humidity and scarce precipitation. As a result, the vegetation present in this zone is adapted to extremely dry conditions, with a limited specific biodiversity of flora and fauna.

4.6.b Protection and Conservation of Biodiversity

4.6.b.i Modified habitat

The entire project is located in the Desert formation corresponding to the Coastal Desert (Dc) vegetation cover. Due to the arid conditions, scarce precipitation, and soil characteristics, the area does not have intervened areas that have undergone transformation.

4.6.b.ii Natural Habitat

The Project is not located in natural or critical habitats and is not within protected natural areas.

4.6.c Management of Ecosystem Services

The Project will not materially impact any ecosystem service.

4.6.d Sustainable Management of Living Natural Resources

The Project's EMA requires the biotic monitoring of flora and fauna, with a quarterly frequency during the construction phase and an annual frequency during the O&M phase. To date, the Client has conducted two flora and fauna monitoring activities.

4.6.d.i Supply chain

The Client will ensure that the goods and services required for the Project have been produced or obtained in ways that are compatible with the sustainable use of biodiversity.

4.7 Indigenous Peoples

The Project does not intersect with areas of indigenous people, nor will it cause any impacts to these communities.

4.8 Cultural Heritage

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

The Project has obtained the Certificate of Non-Existence of Archaeological Remains ('CIRA') from the competent authority. The project implementation areas are not considered as archaeological or heritage interest zones. Additionally, in compliance with regulations in force³⁰, the respective Archaeological Monitoring Plan was submitted to and approved by the competent authority³¹.

Despite the Project not encountering any archaeological evidence during its construction phase and not making any chance finds, with the assistance of its field archaeologist (who was present throughout this stage), six reports of the Archaeological Monitoring Plan for the period August 2023 to January 2024 have been prepared.

5. Local Access of Project Documentation

The documentation relating to the project can be accessed at the following link:

<https://www.yinson.com/renewables/>

³⁰ Regulations in force for the Protection of the Cultural Heritage of the Nation

³¹ Certifications Directorate of the Ministry of Culture