

Luxembourg, 28.07.2023

## Environmental and Social Data Sheet

### Overview

Project Name:	ENEL LATAM - CHILE GENERATION (FL 20200823)
Project Number:	2022-0577
Country:	Chile
Project Description:	The operation is an allocation under the FL ENEL ENERGY EFFICIENCY & RENEWABLES FL (LATAM) (2020-0823) approved by the Board of Directors on 17.11.2021 (CA/548/21) supporting the development of renewable energy generation in Chile.
EIA required:	yes
Project included in Carbon Footprint Exercise <sup>1</sup> :	yes
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

### Environmental and Social Assessment

The project comprises the implementation of the Guancoi Solar PV plant (398 MWp) and associated facilities (substation, 8 km of high voltage transmission line and access roads).

The project, which provides renewable electricity capacity partially replacing the existing use of fossil-fuel based capacity, is in line with the EU objectives of sustainable development and the Nationally Determined Contributions (NDC) of Chile under the Paris agreement on climate change. The project is fully aligned to the goals and principles of the Paris Agreement as set out in the Bank's Climate Bank Roadmap and the Energy Lending Policy.

#### Environmental Assessment

The national legislation regarding environmental assessments is based on law 19.300 General Framework for Environment, its Regulations (approved by Supreme Decree D.S. N° 40 / 2012 of the Ministry of Environment Ministry: the Environmental Impact Assessment System Regulation (Reglamento del Sistema de Evaluación de Impacto Ambiental - RSEIA)), and Resolution N° 1.600 / 2008 of the Comptroller General of the Republic.

This renewable energy plant is required to undergo an ESIA (Environmental & Social Impact Assessment) process (a Statement) including public consultation under the relevant national legislation in Chile. The general quality of the ESIA report, in terms of the impact assessment methodology, studies and fieldwork conducted is considered acceptable. The competent authority considered all the comments presented during the ESIA, in line with the relevant legal framework. The project obtained its final environmental clearance in 2022 and is currently under construction after obtaining the necessary permits and/or authorisations.

The ESIA for the project has assessed environmental, health, safety and social impacts, having considered specific impacts for each type of activity, for the construction and operation phases. A risk and impact assessment has thus been carried out, including the associated facilities, which confirmed that the risks and impacts typical of this type of project (generation of dust and noise, erosion, water depletion and landscape) will not be significant, due to the fact that there

<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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are no sensitive receptors (inhabited dwellings and/or populations) nearby. The cumulative impacts of existing similar facilities in the region have also been considered and no significant impact was identified. Mitigation measures for each identified impact are also established in the environmental and social management plan (ESMP) as part of the ESIA.

In relation to Biodiversity, the Project does not affect protected natural areas or buffer zones. The species' sensitivity and their habitats have been assessed and are not negatively impacted by the project. On site, specific management measures have been considered to mitigate impacts such as fauna scaring away and flora rescue, as well as fauna monitoring and follow-up programmes.

The main physical climate change risks of the solar PV project relate to floods and solar irradiation change, and to a lesser extent to temperature increase. The related mitigation measures foresee enhanced drainage systems, the use of equipment suitable for high temperatures, installation of cooling systems or reinforcement of the existing ones.

Based on the above, the impact assessment process for the project is compatible with the requirements of the relevant EIB safeguards.

### **EIB Carbon Footprint Exercise**

The project is expected to have an electricity production of ca. 1140 GWh/y and will not generate absolute CO<sub>2</sub> emissions. In accordance with the Bank's current Carbon Footprint methodology, the total relative effect of the project is a net reduction in CO<sub>2</sub> equivalent emissions by 569 kt CO<sub>2</sub>e/year<sup>2</sup>. For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of the project cost.

### **Social Assessment**

The solar PV plant and associated facilities will occupy 1150 Ha of desertic and uninhabited land that belongs to the Chilean state. Land use rights were awarded to the Promoter according to the regulations of the Ministry of National Assets in force at that time, which granted the land directly to the applicant according to parameters established in the regulations, transparent for the entire industry. The procedure required the Promoter to make a request for a land polygon to the Ministry of National Assets, which, after first verifying that it is indeed public land, carried out an appraisal to value the property and the rent that would need to be paid annually according to market conditions. Once agreed by all parties, a validation with the local and national authorities is run and an "Onerous Concession" is granted to the applicant with rights and obligations with respect to the land awarded.

The project does not entail involuntary resettlement nor economic displacement. No indigenous population is identified in the project influence area. The project has no direct social area of influence, as the nearest population is approximately 15 km from the plant. Nevertheless, through its Shared Value Creation policy (equivalent to Corporate Social Responsibility), the Promoter has programmes (tourism or social infrastructure initiatives) to engage with local stakeholders, i.e. neighbouring communities, including some with indigenous characteristics.

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The Promoter has a Policy on Respect for Human Rights rejecting the use of any form of forced or compulsory labour and has reinforced its assessment process on supply chain sustainability, including on key aspects such as forced labour and ethical practices. The Promoter has performed a supply chain mapping exercise with its supplier, concluding that it

<sup>2</sup> Calculated with a Combined Margin for Intermittent Electricity Generation factor of 499 gCO<sub>2</sub>/kWh for Chile.



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did not find evidence that any of the factories involved in this project are using forced labour. The Promoter is committed to continuing its engagement with the solar PV module manufacturers and their sub-suppliers, and reviewing their practices to avoid the use of forced labour in the supply chain. The project will have to comply with the EIB's E&S Standards, which foresee zero tolerance of forced labour, and require promoters to make reasonable efforts to assess if there are labour risks associated with the primary suppliers of goods and materials essential to the core functions of the project.

### **Public Consultation and Stakeholder Engagement**

The public consultation and participation process for the project was carried out as part of the ESIA. The ESIA report was made available to the general public and the competent authorities, as well as published in national and local newspapers, and in the offices of local and regional municipalities. The public participation process included public hearings, the results of which indicated a positive perception of the company and a general acceptance of the project.

The Promoter is expected to periodically update the information concerning stakeholders, social responsibility, as well as the complaints mechanism in a Stakeholder Engagement Plan (SEP) during all project stages. In addition, a formal grievance redress mechanism during construction and operation will be available.

### **Other Environmental and Social Aspects**

The Promoter has an integrated management system through which the proper implementation of the ENEL Group's E&S Policy and of the relevant management systems is audited by external bodies. The Group has thus obtained and maintained the ISO 9001, ISO 14001 and ISO 45001 certifications. According to the Promoter, the project will be managed under the framework of the acquired certifications.

The Promoter currently employs a diverse group of professionals to manage the technical, environmental, safety, health and social issues of the project. The team will be complemented by EHS (Environment, Health & Safety) professionals, who will be assigned for the construction and operation stages.

## **Conclusions and Recommendations**

As far as the project is concerned, it is confirmed that the main risks and negative residual impacts resulting from the ESIA process are deemed acceptable to the Bank if or when mitigated as per the ESMP.

The Promoter undertakes to provide, within 60 calendar days after the issuance date of the Allocation Letter, the ESMP and Stakeholders Engagement Plan (SEP) for the solar PV plant to the satisfaction of the Bank. The ESMP shall contain all applicable measures in accordance with local regulations and EIB environmental, health, safety and security, occupational and social standards applicable to the construction and operation stages.

Under these conditions, the operation is acceptable to the Bank in E&S terms.