

## Environmental and Social Review Summary (ESRS) Guagua Electric Bus Usme – COLOMBIA

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

The proposed transaction (the “Project”) consists in financial support to Usme ZE S.A.S. (the “Company”), a special purpose vehicle created by Enel Colombia S.A E.S.P (“Enel Colombia”), part of Enel Group, to enter into a concession contract with Transmilenio S.A.<sup>1</sup>. As the Supply Concessionaire, the Company is responsible for providing an electric bus fleet of 229 units, and developing the associated electrical and support infrastructure<sup>2</sup>. The maintenance and operation of both support infrastructure and bus fleet will be managed by the Operation Concessionaire.

The environmental and social due diligence (“ESDD”) focused on a review of the Company’s environmental and social management system (“ESMS”) and consisted in a review of environmental and social (“E&S”) documents and virtual conversations with the Company’s management.

### 2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B low-risk transaction as per IDB Invest’s Environmental and Social Sustainability Policy, since it will likely generate, among other, the following impacts and risks: i) health and safety risks for workers; ii) labor risks at the spare parts supply chain in manufacturing plants; iii) risks related to the storage and disposal of hazardous materials and other wastes (including used batteries) at maintenance facilities and iv) possible effects on archeological sites. These risks and impacts are deemed to be of low intensity.

The Performance Standards (“PS”) triggered by the Project are: i) PS 1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS 2: Labor and Working Conditions; iii) PS 3: Resource Efficiency and Pollution Prevention; and PS 4: Community Health, Safety, and Security, and v) PS 8: Cultural Heritage.

### 3. Environmental and Social Context

During the construction of the electrical support infrastructure, the environmental and social management of the Project was supervised by the Company, whereas the Operation Concessionaire will be in charge of such task during the operation phase. This includes all maintenance on the electrical support infrastructure and bus fleet.

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<sup>1</sup> Bogota’s metropolitan public transport system of bus rapid transit (BRT).

<sup>2</sup> At the time of this environmental and social due diligence, the infrastructure was already in service.

The buses to be provided by the Company will run in the Bogotá metropolitan area, a highly intervened place with minor ecological significance. The electrical support infrastructure associated with the Project and built by Inmel<sup>3</sup> (the “Construction Company”) is a 39,399 m<sup>2</sup> site located in the urban area of Usme and surrounded by a mixture of residential, commercial and rural occupancy.

The Project complies with local requirements and permits<sup>4</sup>. Given the nature of the Project, it does not require a municipal urban development license in the city of Bogota or a construction license from the Ministry of Housing and Territorial Development.

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

##### **4.1 Assessment and Management of Environmental and Social Risks**

###### 4.1.a Environmental and Social Management System

Enel Colombia has an environmental management system (“EMS”) in place, certified by ISO 9001:2015<sup>5</sup>, ISO 14001:2015<sup>6</sup> and ISO 14001:2018<sup>7</sup> standards. The scope of the EMS includes environmental, social, and occupational health and safety aspects applicable to the Company and its contractors. The Company, as part of Enel Colombia, is governed by its EMS, policies and the associated management programs.

The Construction Company also has an EMS in place certified by ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.

###### 4.1.b Policy

Enel Colombia has a Policy for Occupational Health and Safety, Environment and Quality Management Integrated System which defines the principles and commitment to achieving sound environmental, quality, and occupational health and safety performance.

###### 4.1.c Identification of Risk and Impacts

The Company’s operation procedure “Environmental Management Measures for Electrical and Civil Infrastructure Projects” and the “Checklist for Environmental, Social and Cultural Restrictions for New Projects” establishes the procedures to determine the E&S aspects to be considered before

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<sup>3</sup> Private company with experience in the electricity market.

<sup>4</sup> Approval of the Construction and Demolition Waste Management Plan by the District Environment Secretary (“*Secretaria Distrital de Ambiente*”); authorization for high construction works by Colombian Civil Aviation Authority (“UAEAC”); execution of the residential works and interference in public space authorized and supervised by Empresa de Acueducto y Alcantarillado de Bogotá (“EAAB-SP”); and excavation license by Instituto de Desarrollo Urbano (“IDU”).

<sup>5</sup> International standard for quality systems.

<sup>6</sup> International standard for environmental management systems.

<sup>7</sup> International standard for occupational health and safety management systems.

starting a new project, identify environmental and social restrictions, and establish the action plan to be implemented for each aspect.

The Construction Company has in place the “Procedure for the Identification and Evaluation of Environmental Aspects and Impacts and Determination of Operational Controls” to identify, assess and evaluate the environmental aspects and impacts, determine the operational controls, and classify the risks and opportunities related to the environmental aspects. As instructed in that procedure, the Construction Company has developed a checklist to identify and assess environmental aspects and impacts, which covers all risks at the construction phase, including those related to physical, biological and chemical risks; social; occupational health and safety; and climate change; and establishes the operational controls and mitigating measures for each impact.

#### 4.1.d Management Programs

The operation procedure “Environmental Management Measures for Electrical and Civil Infrastructure Projects” establishes the environmental and social requirements that must be fulfilled for each new project, either by the Company or its main contractors. The procedure includes guidelines for environmental and social analysis; relevant social and environmental aspects to be considered; a list of the licenses and permits required; guidelines for environmental management measures, which include signaling and traffic control program, pedestrian traffic signaling and a management program; waste management program; and a contingency plan. Moreover, Enel Colombia has the following operation procedure in place: “Handling SF6 Gas”<sup>8</sup>; “Handling Leaks, Drips or Spills of Dielectric Oils, Fuel and Electrolytes”; “Environmental Control for Managing Solvents, Cleaners and Electrolytes”.

For the Project, the Construction Company developed and implemented an integrated management plan, and an environmental management plan, including management measures to deal with risks and impacts during the construction phase. Such measures are in line with the operation procedure “Environmental Management Measures for Electrical and Civil Infrastructure Projects”.

#### 4.1.e Organizational Capacity and Competency

At a national level, Enel Colombia has an Occupation Health and Safety Department, and an Environmental Management Department. These departments, which support local managers with occupational health and safety and environmental compliance, are also in charge of reviewing, approving and monitoring the occupational health and safety plan and environmental management measures, as well as the current legal regulations, and the obligation to comply with the associated preventive or corrective actions.

The Company has a local manager, an administrative and financial director, a fleet supervisor, a fleet coordinator, and an infrastructure supervisor.

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<sup>8</sup> Sulfur hexafluoride, a greenhouse gas commonly used in electrical switchgear, transformers and substations as an electrical insulation, arc quenching and cooling medium.

#### 4.1.f Emergency Preparedness and Response

The procedure “Handling Leaks, Drips or Spills of Dielectric Oils, Fuels and Electrolytes” establishes the operational control measures to prevent and address spills, leaks or drips of dielectric oils, lubricants, fuels, and battery electrolytes.

As to the materials to be used for the proposed support works, all pipelines comply with the ASTM D3035-21<sup>9</sup> Standard, and the isolation valves will have a monitoring system or a mechanical blocking system, as established by the NFPA 21 2019<sup>10</sup>.

In addition, the Company expects the contractors to develop emergency and contingency plans for each site, taking into consideration their specific activities, and the operational and geographic characteristics. It also requires the contractors to provide and disseminate information on evacuation routes, alarms and sounds, meeting points, emergency points, and closest medical centers.

The Construction Company also has an emergency response plan, which establishes: i) procedures to identify threats and analyze vulnerabilities; ii) responsibilities; iii) protection and control measures; iv) communication procedures; v) an evacuation plan; vi) training and drills; vii) emergency brigade; viii) control of incoming visitors and contractors; ix) the evacuation route; x) measurement and monitoring controls.

#### 4.1.g Monitoring and Review

The Company monitors its contractors’ compliance with its environmental, social, labor, and occupational health and safety requirements. The Policy for Managing Contracts and Agreements assigns different enforcing responsibilities, including those for the support units’ and the contract’s managers, which include the Environmental Management and the Occupation Health and Safety departments<sup>11</sup>.

#### 4.1.h Stakeholder Engagement

The Construction Company implemented a Social Management Plan. Under this plan, an analysis was carried out of the Project’s area of influence in order to typify the historic, social, economic, cultural and architectonic aspects of the area, and to assess the expectations of the community living there (local employment generation and safety improvement in the area). The stakeholder engagement component of the Social Management Plan involves information dissemination and communication actions by means of meetings with the communities and via WhatsApp, email and brochures distributed in strategic places (local stores, pharmacies, local markets, etc.).

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<sup>9</sup> International standard specification for polyethylene plastic pipes based on controlled outside diameter.

<sup>10</sup> International standard for the installation of standpipe and hose systems. It provides the requirements for the installation of standpipes and hose systems to ensure that systems will work as intended to supply water adequately and reliably in case of fire.

<sup>11</sup> Responsible for monitoring and reviewing the contractor’s compliance with environmental management and occupational health and safety measures, as well as with their legal compliance with labor, environmental and occupational health and safety conditions.

The Construction Company has developed a Sustainability Program, which favors hiring local and encourages the engagement of women and first-job population. Moreover, the Construction Company carried out education actions with the local social leaders.

As required by the Colombian National Agency of Infrastructure (“ANI”), the Construction Company also submitted the “Actas de Vecindad”, which are documents that record the conditions before and after the execution of the Project. These documents have been made available to the neighboring communities and will report on the conditions of the buildings in the area of influence after the works have been completed.

#### 4.1.i External Communication and Grievance Mechanisms

The Construction Company adopted a citizen services program for the construction phase to receive grievances, requests, suggestions and claims via email and a dedicated telephone line or even in person at the Project facilities. The program includes procedures to capture and record the grievances, and further assign them to the team in charge of dealing with them, analyzing them, and implementing the response actions.

In addition, the Enel Group has an ethical communication channel, where any internal or external stakeholder can report any violation or suspected violation of its Code of Ethics. The grievance can be made via an online platform, telephone, or email.

## 4.2 Labor and Working Conditions

The Company has a Corporate Governance Manual that sets the premises that govern work relationships, such as (i) ensuring equal opportunities and no discrimination against race, gender, political opinion, or religious belief; (ii) ensuring that their occupations are safe and healthy; (iii) promoting a good work-family life balance; (iv) promoting training, teamwork and knowledge sharing among its workers; (v) seeking to generate a work environment in which dialogue, innovation, creativity and initiative are rewarded; and (vi) taking into account the aspirations of its workers. The Enel Group has also established a Code of Ethics and a Human Rights Policy.

The Company requires that all its contractors comply with local labor laws. In this regard, the contractors shall provide a certificate issued by the legal representative and tax auditor (when applicable)<sup>12</sup> attesting that they: i) pay their workers the salaries and benefits as required by law; ii) pay tax; and iii) have been authorized by the Ministry of Labor to grant extra time for their employees (and pay them accordingly). The Company also requires the contractors’ legal representative to report any lawsuits or labor claims filed at least one year before the start of employment, and to inform if they have union organizations or collective labor agreements.

#### 4.2.a Occupational Health and Safety

The policy for the Occupational Health and Safety, Environment and Quality Management Integrated System expresses Enel Colombia’s commitment to ensuring the protection of the

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<sup>12</sup> Some projects do not require a tax auditor. In this case, the Project accountant will be responsible for issuing the certificate.

occupational health and safety, and the psychophysical integrity of workers and people, and to guaranteeing compliance with the occupational health and safety matters.

The “Handling SF6 Gas” procedure covers all aspects of the SF6 gas acquisition, storage and handling, and disposal, as well as the identification and correction of abnormal leaks. It also defines the adequate personal protection equipment (“PPE”) that every worker must wear, such as protective footwear, nitrile or neoprene rubber gloves, industrial gloves, etc., and provides safety recommendations to handle the gas (e.g., identification of risks due to odor or irritation of the respiratory tract and eyes, personal hygiene, cleaning procedures before and after leaving the workstation, etc.).

The “Handling Solvents, Cleaners and Electrolytes” procedure identifies the solvents and cleaners commonly used in the Company’s activities that may present physical and health risks. The procedure provides recommendations for the adequate handling of such materials (e.g., use of PPE, minimum requirements of good ventilation in the workplace, etc.) and establishes the safety measures in case of accident by contact or inhalation (e.g., remove the victim from the scene and move them to a well-ventilated area, wash exposed areas with plenty of tap water and soap and quickly take the victim to medical care). Regarding the electrolytes, the Company classifies the batteries and has in place handling and storage procedures for each type.

In addition, the “Health and Safety Practices at Work and on the Buses” procedures establishes the contractor’s obligations in terms of management of occupational health and safety and emergency preparedness.

The Integrated Management Plan, developed and implemented by the Construction Company, includes an occupational risks and hazards matrix, where all the risks the workers are exposed to are identified and classified, and the operating controls are established to mitigate the risks. The plan, which includes an Occupational Preventive Healthcare Program, an Industrial Safety and Hygiene Program, Biosafety Protocols, and requires tracking absenteeism and labor accidents, complies with all Enel’s occupational health and safety protocols and procedures.

The Construction Company has a procedure for safely managing chemicals and hazardous goods, which establishes the guidelines for handling these elements safely and includes all topics related to PPE, safe handling, storage and emergency response. It has also adopted a protocol to deal with COVID-19, with preventive measures in compliance with the guidelines established by the Ministry of Health and the national government of Colombia.

#### 4.2.b Supply Chain

To ensure quality and compliance in accordance with the operation, safety, and environmental standards of the Project, the Company has in place a stringent process for the identification, selection, and management of contractors and suppliers, and regularly monitors their activities. The Company’s Environmental Requirements for Contracting Goods and Services procedure defines the environmental requirements that its suppliers must comply, based on the level and type of risk associated with their activity.

BYD<sup>13</sup>, the Project's buses and battery supplier, submitted the fire safety certificate for the buses and batteries to the Company.

In accordance with Colombian labor law, BYD's internal labor regulations, registered with the Colombian Ministry of Labor, prohibit forced and child labor.

### **4.3 Resource Efficiency and Pollution Prevention**

#### 4.3.a Pollution Prevention

The "Environmental Control for Waste Management" procedure covers the entire waste management planning and operational control process, for both common and hazardous waste. The procedure determines staff competence and responsibilities; transportation and storage requirements for each type of waste; waste segregation criteria; record control; and final disposal methods<sup>14</sup> (normally in authorized centers).

The "Handling SF6 Gas" procedure describes the procedures to be applied at the end of life of SF6 gas equipment, involving cleaning and neutralizing decomposing solid products that may remain in the equipment. In addition, the "Handling Solvents, Cleaners and Electrolytes" procedure details the adequate procedure to dispose of absorbents or solvent-soaked materials, and the correct disposal of waste from solvents, cleaners and degreasers.

The Construction Company developed and implemented an Integral Waste Management Program for the Project that involves handling: i) nonusable solid waste ; ii) recyclable sold waste; iii) recyclable organic waste; iv) waste generated at construction and demolition; v) hazardous waste<sup>15</sup> and vi) biomedical waste<sup>16</sup>. BYD will manage the adequate final disposal of the batteries in accordance with the national regulations.

Once the term of the concession contract, estimated in 15 years, is reached, the Company will assess the fleet to determine if the buses can continue operating. The buses that need to be discontinued will be scrapped<sup>17</sup>, in accordance with the procedures established by Resolution 0012739 of Colombia's Ministry of Transportation.

The Construction Company has developed and implemented an Air Emissions Control Program to handle and control the particulate matter generated at the Project's construction phase. The program establishes mitigation measures, which include frequently wetting out the internal and external roads and adequately covering the particle-generating materials.

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<sup>13</sup> BYD ("Build Your Dreams") is a Chinese manufacturing conglomerate headquartered in Shenzhen, Guangdong, China.

<sup>14</sup> In the case of non-recyclable hazardous waste and when no authorized waste management companies are available, the procedure indicates that the waste must be temporarily stored and later transported for final disposal away.

<sup>15</sup> Batteries, fluorescent lamps, chemical products and their packages, paints, solvents, oils, bags of cement and fuel.

<sup>16</sup> Elements or instruments that are in contact with organic matter, blood or body fluids from human patients or animals and face masks.

<sup>17</sup> Scrapping is a process of vehicle destruction duly authorized by the Colombian Ministry of Transportation.

The Liquid Management and Runoff Control Program, developed and implemented by the Construction Company, establishes the procedures to avoid polluting the water sources, making the collection, delivery and treatment of liquid waste generated by the works safe as per the environmental regulations in force.

#### 4.3.b Greenhouse Gases

The Project will replace a diesel-powered bus fleet and will reduce the associated energy consumption to 195.5 TJ/year. By financing the implementation of electric buses in the city of Bogota, this transaction will mitigate climate change effects thanks to a net reduction of greenhouse gas (“GHG”) emissions by nearly 20,908,871 tons of CO<sub>2e</sub> per year.

### 4.4 Community Health, Safety and Security

The bus fleet is manufactured with fire-resistant materials, in accordance with Federal Motor Vehicle Safety Standard 302 (FMVSS 302).<sup>18</sup> The batteries meet the requirements of Regulation 100 of the Economic Commission for Europe of the United Nations (ECE R100)<sup>19</sup>. The bus fleet and batteries were certified by specialized third parties.

#### 4.4.a Security Personnel

The Operation Concessionaire will oversee the Project’s security personnel. The armed security personnel to be hired must comply with local regulations which require that they have satisfactorily completed training on human rights and the use of force.

### 4.5 Land Acquisition and Involuntary Resettlement

The Project will not need to acquire land, nor will it generate physical or economic involuntary displacement.

### 4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Project does not run across any natural areas that are currently protected or in the process of being so, affect critical habitats or have any impact on endemic species. However, the Construction Company has developed and implemented a Forestry and Vegetation Management Program and a Fauna Management Program.

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<sup>18</sup> The Federal Motor Vehicle Safety Standards are the US federal vehicle regulations specifying the design, construction, performance and durability requirements, and referenced as international best practices. The FMVSS 302 provides the requirements related to the flammability of interior materials of vehicles.

<sup>19</sup> The ECE R100 includes consistent provisions for the approval of vehicles in terms of the requirements specific to the electric power train.



As part of the former, a forest inventory will be performed in the areas affected by the Project and procedures will be established to: i) protect the vegetation and forest that will not be affected; ii) clear the vegetation, where needed; iii) remove and intervene the forest; and iv) dispose of the vegetation and forest materials. The District Environmental Agency ("*Secretaría Distrital de Ambiente*") granted the Silvicultural Intervention Permit.

The fauna was surveyed in the Project's area of influence; bird species, amphibians and reptiles were reported to be present in the Project's area of influence. No threatened fauna was identified. The Fauna Management Program included actions to: i) design the landscape with biological corridors; ii) plant medium-sized forest species to mitigate the impacts on birds; iii) handle bird nests; and iv) handle amphibians and reptile species.

#### **4.7 Indigenous Peoples**

The Project will not generate any adverse impacts on indigenous communities.

#### **4.8 Cultural Heritage**

In 2021 an archeological survey was carried out in a wide area of the Usme region (which included the Project site). As this action did not identify any archeological or historic sites, the Instituto Colombiano de Antropología e Historia ("ICANH") issued a resolution authorizing the Project construction with no further archeological surveying. However, it states that, if archeological remains were found (chance finds), the Project must trigger the ICANH's protocol to manage chance finds of archeological heritage, which includes notifying the ICANH.

In August 2021, the Project found a little archeological site, later named "La Requilina," which, in compliance with the local legislation, forced to stop the works and notify the ICANH immediately. Following the institute's instructions, the Project launched an investigation to determine the extension of the site (after which the ICANH reduced the area where the works should remain halted), performed rescue excavations and carried out lab tests of the recovered artifacts. Once this is completed, the Project will submit a final report to the ICANH.

### **5. Local Access of Project Documentation**

For additional information or documentation relating to the Project contact:

Name: Daniel Arenas

E-mail: [comunicacionesenelx@enel.com](mailto:comunicacionesenelx@enel.com)