

Luxembourg, 28/08/2024

Environmental and Social Data Sheet

Overview

Project Name:	ENEL CHILE - ENERGY EFFICIENCY (FL 20200823)
Project Number:	2023-0483
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:	One scheme required EIA.
Project included in Carbon Footprint Exercise ¹ :	yes

Environmental and Social Assessment

The Project consists of the construction and operation of two solar PV schemes together with investments in the expansion and renewal of the distribution network. The promoter is Enel Chile through its subsidiaries Enel Green Power Chile S.A (EGPCH) and Enel Distribución Chile (EDC), companies of the Enel Group.

The solar PV schemes are located in El Manzano, 40 km north of Santiago, and Sierra Gorda, in the Antofagasta Region, Chile, including some ancillary infrastructure such as substations, main access roads, high voltage transmission lines and a battery storage scheme for El Manzano. Both schemes are in the construction phase and have all the permits and authorisations required by Chile's national regulatory framework.

El Manzano Solar, 99 MWp, will be connected to the pre-existing El Manzano substation, owned by SAESA. Associated facilities for this scheme are the 67 MW battery storage facility, the new substation Huertos Familiares, a 6.3 km underground 33 kV transmission line and access roads. This scheme occupies 185 hectares.

Sierra Gorda Solar, 205 MWp, is located inside the existing Sierra Gorda Este wind farm area, which is owned by the promoter and has been operating since 2016. Sierra Gorda Solar will be connected to the pre-existing Centinela substation, owned by Red Eléctrica Chile. The associated facilities are the new substation Las Salinas, a 220 kV transmission line of 19 km and access roads. This scheme occupies 706 hectares.

The distribution programme includes the renovation, reinforcement and extension of the distribution infrastructure in all communes of the province of Santiago and the renovation and digitalisation of network control systems including the installation of smart meters. The Project will cater for demand growth, the integration of renewables, will connect new network users, and improve the quality of services and the efficiency of operations.

The Project is in line with the EU objectives of sustainable development and the Nationally Determined Contributions (NDC) of Chile. The Project is therefore fully aligned with the Paris Agreement as set out in the Bank's Climate Bank Roadmap and the Energy Lending Policy.

¹ 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 CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



Luxembourg, 28/08/2024

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: The Environmental Impact Assessment System Regulation²), and Resolution N° 1.600 / 2008 of the Comptroller General of the Republic.

El Manzano Solar underwent an Environmental and Social Impact Assessment (Resolución de Calificación Ambiental 168/2018), and subsequently, an Environmental Impact Declaration (RCA 581/2021) was presented for the approval of the following three main modifications: (i) the replacement of the aerial TL by an underground one, (ii) the implementation of technological improvements to the solar PV plant design, which made it possible to reduce the surface area of the permanent works while maintaining the same generation capacity, and (iii) the addition of a battery storage facility. The first two modifications significantly decrease the environmental impacts of the plant.

In addition, El Manzano Solar does not affect protected areas, indigenous lands, endangered species, or historical heritage sites. Impacts are typical of this type of intervention (generation of dust and noise, atmospheric emissions, and landscape) and there are management measures in place to control such impacts. Therefore, the risks and impacts are not significant. In the same line, the screening process of Sierra Gorda Solar determined that no significant impacts were foreseen, therefore a full Environmental Impact Assessment was not required, but only an Environmental Impact Declaration - EID (RCA 0114/2021).

There are no cumulative impacts in El Manzano Solar, whereas Sierra Gorda Solar's cumulative impacts are related to an existing facility in the project area, i.e. the wind farm. The latter has been assessed and no significant impact was identified.

The competent authority considered the environmental and social assessment for both solar PV schemes in line with the relevant legal framework and thus granted final environmental clearances, permits and authorisations.

The distribution programme includes schemes relevant to the electricity network, mainly overhead lines between 11 and 20 kV. Given their characteristics, location and potential impacts, none of the programme schemes is expected to require a full EIA.

During construction, the environmental impacts are expected to relate to dust, noise, vibration, traffic disruption and vegetation clearance. Environmental impacts during operation will concern electromagnetic fields (EMF), noise disturbance and collision and electrocution of flying vertebrates. Where relevant, appropriate measures will be implemented to avoid or minimise impacts. Regarding the schemes relating to works in substations, contamination from oil leakage of transformers is mitigated through the appropriate design of bunds.

Regarding the meters, the impacts are related to electromagnetic radiation and to the disposal of the old meters being substituted by this Project. The dismantled meters will be recycled by licensed recycling companies following sustainable waste management practices (ENEL Waste Management Plan), in line with the applicable Chilean legislation. The plan includes types and amounts of waste, classification of waste, processes in which waste is generated, required resources, methods of waste management, internal procedures, measures to improve waste management, and measures to protect the environment.

Smart meters will comply with the electromagnetic radiation limits set out in guidelines published by national and international organisations.

The environmental and social due diligence for distribution has followed the investment programme lending approach according to the EIB's procedures and standards. The due diligence focused on the promoter's capacity and capability to implement the programme in line with the EIB environmental and social standards and requirements. Based on this assessment and considering the performance on environmental and social matters publicly available on the promoter's website, the environmental capacity of the promoter is deemed to be "good"; it has the experience and the capacity to appropriately manage the investment programme.

² Reglamento del Sistema de Evaluación de Impacto Ambiental - RSEIA



Luxembourg, 28/08/2024

Based on the above, the general quality of the ESIA documentation, in terms of the impact assessment methodology, studies and fieldwork conducted, is considered acceptable and compatible with the requirements of the relevant EIB standards.

Biodiversity

The locations of El Manzano and Sierra Gorda do not overlap with vulnerable ecosystems or areas of importance for biodiversity conservation, such as Ramsar or IBA sites. During the construction phase of El Manzano Solar, it is expected that flora and fauna specimens with a certain degree of conservation, categorised as a Least Concern by the International Union for Conservation of Nature (IUCN), will be affected. Concerning flora, 31 carob trees, which are in a conservation category, are going to be cut down. To this end, a Carob Tree Reforestation Plan is being implemented in an area of 1.5 hectares.

On the other hand, the flora richness of Sierra Gorda Solar shows the presence of only two species; none of them is classified in any conservation category.

Regarding fauna, in El Manzano Solar two species of lizards were identified and classified, according to D:S 19/2012, as of minor concern. They are being relocated in accordance with the Terrestrial Fauna Rescue and Relocation Plan.

For Sierra Gorda Solar no nocturnal birds or birds with nocturnal flight behaviour were recorded in the intervention area, nor was the presence of migration flight paths. Only one species (a reptile), classified as almost endangered, was identified on site. As a mitigation measure, individuals of this species will be rescued and relocated.

For the electricity distribution no relevant effects are foreseen, since the investments are concentrated in the Santiago metropolitan area; Enel's commitment towards Biodiversity protection is defined in the Group Biodiversity Policy (Global Infrastructure and Networks, Biodiversity).

Environment, Health and Safety

The main source of air pollution for the solar PV schemes is associated with (i) the emission of dust (particulate matter) and (ii) air emissions; generated through earthmoving and the use of vehicles and equipment engines. During the construction phase, an average of 24 m³/day of water is used in El Manzano Solar for wetting the work areas and unpaved roads. In addition, bischofite is being placed on certain roads for both solar PV schemes.

Noise emission levels are expected to increase due to the use of machinery and vehicular traffic during the construction phase of both schemes. Noise modelling for El Manzano Solar was conducted in 2018 and updated in 2021. As a result, certain points were identified where noise levels might exceed the maximum permissible limits. To mitigate this impact, acoustic panels are placed at points near the houses adjacent to the construction area (sensitive receptors) and a restriction on the amount of machinery is implemented. Moreover, construction activities are only conducted during daytime. In the case of Sierra Gorda Solar, noise modelling was conducted showing that noise emission standards will not be exceeded.

Regarding domestic wastewater management, treatment plants were built within both solar PV schemes. Furthermore, chemical toilets are used on the work fronts and the worksites have a septic tank.

The promoter has an Integrated Health, Safety, Environment, Quality, and Energy Policy that establishes general guidelines for the Project. The OHS plans are aimed at workers and contractor companies. The accident control registers for the year 2023 show zero fatal



Luxembourg, 28/08/2024

accidents and zero disabling accidents (with injuries that prevent return to work) for the Project, which demonstrates good safety management.

EIB Carbon Footprint Exercise

The solar PV schemes will not generate significant CO₂ emissions. The estimated net reduction of CO₂ equivalent emissions of El Manzano Solar is 112 ktCO₂/year and for Sierra Gorda Solar it is 307 ktCO₂/year, reaching a total of 419 ktCO₂/year for both schemes.

Gross annual GHG emissions of the distribution programme in a standard year of operation are estimated at 1,808 kt of CO₂ equivalent per year (on the basis of network losses) and a consequent relative emission decrease is estimated at 8,554 ktCO₂ equivalent per year.

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

El Manzano Solar is located on private land that is leased from an agricultural company: Agrícola y Ganadera San Raymundo Ltda. The land lease was signed for 30 years, expiring in 2045, and can be extended. Only the transmission line will be partially installed in land classified as National Assets for Public Uses (BNUP), buried under public sidewalks and streets. On the other hand, Sierra Gorda Solar is within the existing Sierra Gorda Este wind farm area, which is managed by the promoter as a result of a long-term land concession granted by the Chilean state (Ministerio de Bienes Nacionales). Consequently, there was no need to purchase or lease new land. As far as both solar PV plants are concerned, no economic activities were carried out on the lands and there were no dwellings or structures on them. Therefore, they do not entail involuntary resettlement nor physical or economic displacement.

Based on the studies carried out, it has been concluded that there is no negative impact on Vulnerable Groups or Indigenous Peoples.

No cultural heritage impact is expected for El Manzano Solar. In Sierra Gorda Solar, a total of 37 archaeological findings were detected in the footprint of the plant. These sites were considered in the layout design to avoid affecting them. An archaeological chance-finding procedure is being implemented during the execution of works involving surface and subsurface earthworks.

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 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.

Smart meters allow customers to access their own consumption data more easily, increasing awareness of their energy use habits and encouraging behaviours that are more efficient and sustainable. In the presence of personalised electricity tariffs, not implemented at the moment, they enable customers to save money by taking advantage of dynamic and highly flexible pricing that is better suited to different consumer habits.



Luxembourg, 28/08/2024

Public Consultation and Stakeholder Engagement

Stakeholder engagement began one year before the start of the construction phase for both solar PV schemes. There is a social officer assigned on-site on a full-time basis for each scheme. Based on (i) the commitments established in the E&S studies (ii) the results of the social baseline, and (iii) the Creation Shared Value (CSV) model and tools of sustainability of the promoter, which are equivalent to Corporate Social Responsibility, the promoter has elaborated a CSV Plan for each scheme.

The main engagement activities conducted by both schemes are (i) meetings with local authorities and leaders, (ii) distribution of informative material, (iii) use of WhatsApp, (iv) a community grievance mechanism, and (iii) frequent visits to communities and social organisations. Moreover, the social officers participate in the “community tourism worktable” and the “community production worktable”. These spaces are used by the promoter to disseminate information related to each scheme, its main risks and management measures, and the contents and the progress status of the CSV Plans.

During the construction phase, it is expected that there will be a peak of 500 and 302 workers in El Manzano and Sierra Gorda, respectively. Priority is being given to hiring personnel from the areas of influence.

As part of its Corporate Social Responsibility (CSR), the promoter supports the communities living in the vicinity of El Manzano, through (i) the replacement of conventional luminaires with LEDs; (ii) the installation of autonomous (solar) poles for lighting in dark areas; (iii) development of skills and abilities to work in the energy sector; (iv) training and reuse of construction materials, such as pallets, for use in urban spaces and promotion of local entrepreneurs, (v) support for hotel and gastronomic entrepreneurs in Santa Matilde for formalisation and economic growth; and (vi) financing of initiatives to boost and improve the conditions of social and grassroots organisations.

In Sierra Gorda, social programmes are focused on the Sustainable Development Goals (SDGs) 4, 8 and 11, highlighting initiatives such as (i) student visits to the solar plant, (ii) an environmental education programme at the Baquedano School, (iii) the Baquedano lighting route, (iv) training in photovoltaic panel installation, among others.

The public consultation and participation processes were carried out as part of the Environmental and Social assessments, whose related documentation was made available to the public and the competent authorities, as well as published in national and local newspapers and radio. The public participation process included public hearings and community worktables.

As far as electricity distribution is concerned, the investment components are included in the ENEL distribution plan 2024-2026 consultation process.

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.

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the promoter, including its organisation, process and procedures and deemed them to be good.



Luxembourg, 28/08/2024

Based on the information available, and with appropriate conditions (see below) and monitoring in place, the Project is expected to be acceptable for Bank financing in environmental and social terms:

- The promoter undertakes not to allocate the Bank's funds to distribution programme schemes that require an Environmental and Social Impact Assessment (ESIA) until the ESIA and/or the biodiversity assessment (if required) have been finalised to the Bank's satisfaction, including public consultations, and approved by the competent authority. When the EIA is made available to the public, an electronic copy of the full ESIA study shall be sent to the Bank.
- The promoter undertakes to take into account and implement conditions expressed in any screening-out decision or ESIA consent granted by the competent authority for nature and environment.