



Bioenergía Eficiente
Energy Fund II Clean Energy (“AEF II CE”)
Proposed Investment

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Prepared by SCLEA

1 INTRODUCTION

As required by the guidelines for investing of Americas Energy Fund II Clean Energy (“AEF II CE”), the investments categorized by the General Partner within guidelines categories 1 through 7 the General Partner may determine to make the Investment in accordance with the Partnership Agreement and such Investment will be deemed an “Eligible Clean Energy Investment”.

The following information is presented to the Committee to analyze and provide a recommendation regarding the eligibility of the Proposed Investments as Eligible Clean Energy Investments.

The Proposed Investments include 5 assets: 4 biogas fuelled power plants and 1 managing company. The 4 biogas plants have their own report (delivered separately). The managing company, Bioenergía Eficiente (BEE), will lead and control the operational framework, in terms of construction, engineering, maintenance, Social & Environmental Management System (SEMS) including the action plan implementation for each of the operating projects, etc., in order to grant the proper operation for all assets accordingly to national laws and regulations, environmental licenses and IFC’s Guidelines and PS.

2 RISK CLASSIFICATION AND RATIONALE

The Proposed Investments (applicable to the 4 biogas fuelled power plants) are classified as Category B (Medium risk Projects) because they have potential limited adverse environmental or social risks and their impacts are few in number, site specific and most likely reversible and easily addressed through mitigation measures.

As before mentioned, the proposed investments include a service company related to the Biogas Projects which manage, operate and do the maintenance of the biogas power facilities.

3 COMPANY DESCRIPTION

Bioenergía Eficiente (BEE) is a service company created to manage, operate and assist in technical matters each Biogas facilities.

The scope of the services provided for the operating companies are listed below:

- 1- Back office services. (BO)
- 2- Operation and Maintenance services.(O&M)

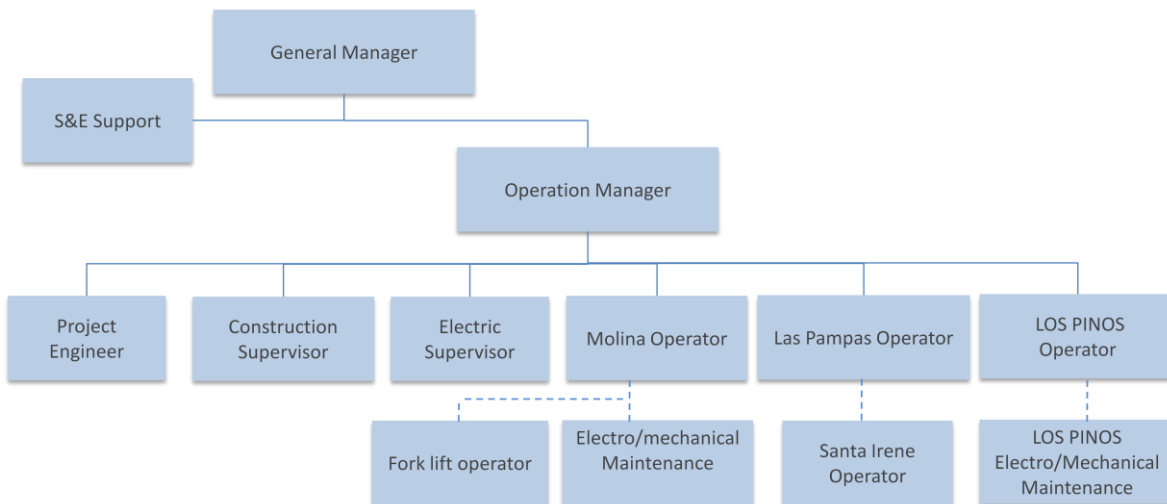


- 3- Engineering and Construction services. (E&C)
- 4- Social and Environmental services.(S&E)

Back office services will be provided by a third party for the first 6 month period. After this period it will be internalize hiring an administrative staff. BEE will be in charge of operation and maintenance, as well as engineering and construction. It already has a service contract with operating companies which defines scope and tariffs.

During the takeover we will sign contract for every company regulating the Environmental and Social Services. Therefore BEE will be in charge of developing and fulfilling S&E commitment for every operating company. The action plan will be carried out by the S&E responsible who will be hired after the takeover no later than March 2017. This unit will also have the responsibility to verify and follow up the compliance of raw material with environmental and social standards and regulations.

The organization in charge for the next 6 months of the services mentioned above is shown in the following picture:





4 BIOENERGIA EFICIENTE CORRECTIVE ACTION PLAN

Considering the SEDD results/conclusions and the corrective action plan suggested by the consultant GHD, the company considers the following actions to be implemented for each of the operating companies:



Applicable Performance Standards	Gap / Risk	Recommendations	Priority	Responsible	Project cycle phase / Deadline	Completion Indicator
1, 3	There is no evidence of all environmental, social and safety regulations compliance for the 4 biogas fueled power plants.	Identify all environmental, social and safety regulations applicable to the 4 projects and manage for compliance	High	BEE Spa	May 31, 2017	Document with environmental, social and safety regulations applicable to the project and their compliance.
1, 3	Missing identification, verification and evaluation of risks and environmental and social impacts for the projects, including possible emergency situations, and that the measures for the management of such risks and situations are appropriate, based on the IFC standards and requirements within the framework of the Chilean environmental legislation	A SEMS must be established according to characteristics of the company and their projects, incorporating the following elements: (i) policy; (ii) risks and impacts identification; (iii) management programs; (iv) organizational capacity and competence; (v) preparedness and response to emergencies; (vi) participation of social actors, and (vii) monitoring and evaluation for each project. Develop a policy on social, environmental and risk management, which should be part of SEMS. Also there will be specific procedures for each project. Occupational Health and Safety issues for O&M of the projects will be part of the SEMS as well.	High	BEE Spa	Sept 30, 2017	Established SEMS with defined structure and related documents for its implementation, considering specific procedures for each project.
1, 3	The absence of an organizational scheme for monitoring the environmental and social aspects of the operation represents risks to the proper implementation and monitoring of environmental management measures. It can lead to further sanctions by the	A staff structure for manage the E&S risks and impacts, and SEMS must be defined as soon as possible.	High	BEE Spa	April 30, 2017	Organizational structure implemented for managing the E&S impacts and risks of the projects, within the SEMS and the Policy of



	competent institutions.					Human Resources for the operation.
1,3	When takeover is done, it is required a S&E specialist responsible for carry out the Action Plan proposed and all environmental and social issues related to projects	An S&E specialist shall be hired to carry out the Action Plan and S&E issues related to projects. There will be a recruitment process and CV of selected one will be shared to the Green Committee.	High	BEE Spa	March 31, 2017	A S&E professional hired and his/her CV shared to the Green Committee.
1	Due the biomass to produce electric energy is provided by third parties, it is required to have a policy and procedures for supply chain and guarantee their biomass is managed according to national regulations and IFC's E&S guidelines. Also favor no child labor, no forced labour and prevent or correct the practices that endanger the lives of their workers	A policy and procedures for supply chain is required (applicable to Molina project only and reference to other projects)	Medium	BEE Spa	Sept 30, 2017	A formal document with the Supply Chain policy and procedures (applicable to Molina project only and reference to other projects)
2	Not having policies and human resources procedures can become an obstacle to build and maintain long-term good relationships between workers and the company.	Formulate the guidelines to implement a human resources policy (applicable to 4 biogas projects) with procedures to define aspects such as selection criteria, recruitment mechanisms and procedures, induction, manual of functions, training, safety practices and occupational health, etc. Also, within the human resources procedures and requirements, considering the labour conditions and terms of employment according to PS2 of the IFC, as well as the structure of personnel required by the company with the description of job profiles, requirements and hiring records. Additionally, the policy should explicitly	Medium	BEE Spa	June 30, 2017	Formulated Human Resources Policy. Procedures and related documents to implementation of the Policy applicable to the company and their projects.



		describe the guidelines pointing out to non-discrimination, no forced labour, no child labour, and no hinder or prevent the associations and labour organizations.				
1, 3, 4	Not having a definition of a Social Management Plan, dialogue mechanisms and communication with stakeholders identified for the project, jeopardize the company's image and therefore the acceptance of the project and relations with the communities.	A Social Management Plan for the projects is required. The company must have a policy and explicit information procedures and dialogue mechanisms through which stakeholders may be informed of the projects and can present concerns, questions, complaints or claims (Grievance Mechanism).	High	BEE Spa	May 31, 2017	A company's Social Management Plan established including Policy, procedures, defined dialogue and dissemination mechanisms. Communications

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