



REPORT

ENVIRONMENTAL AND SOCIAL DUE DILIGENCE REPORT

Parque Eólico Marcona and Tres Hermanas

Department of Ica, Perú

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1.0 INTRODUCTION

Golder Associates Inc. (Golder) was retained by the Inter-American Development Bank (IDB) as part of an environmental and social due diligence of Parque Eólico Marcona and Parque Eólico Tres Hermanas Projects located in the Marcona district to the South East of San Juan de Marcona, Department of Ica, Perú (Project).

This Project included performing an independent environmental and social review of the site, existing relevant documents, and holding discussions with certain stakeholders on behalf of the lenders to support obtaining non-recourse project financing.

The primary objectives and scope of work of this project were:

- To assess and report on whether the Project complies with the Equator Principles and the International Finance Corporation (IFC) Social and Environmental Performance Standards and Wind Energy Environmental, Health and Safety (EHS) Guidelines;
- To review EIAs prepared by others to identifying the potential social and environmental types of risks and impacts through gap analysis;
- To conduct a site visit to verify site conditions and surrounding communities;
- To meet with key stakeholders; and
- To prepare an environmental and social assessment due diligence report based on our review of existing EIAs provided, review of site conditions and conversations with certain stakeholders and compliance with EP and IFC PS and EHS Guidelines.

The Project includes the construction, operation and eventual decommissioning/closure of two wind farms: the 90 MW Parque Eólico Tres Hermanas S.A.C. ("Tres Hermanas") and the 32 MW Parque Eólico Marcona S.R.L. They will be constructed in the Marcona district (Province of Nazca, Department of Ica), to the South East of San Juan de Marcona, which are located next to each other and accessible from Lima by the "Panamericana Sur" national road (up to San Juan de Marcona) and then by a 40 kilometers (km) regional road.

Cobra Gestión de Infraestructuras S.A.U. (Cobra) is involved in the Project as sole Sponsor, Guarantor, Contractor and Operator.

This environmental and social due diligence of the Project was based on meetings and discussions with the Cobra team, the IDB, Corporación Andina de Fomento (CAF), a two-day site visit on April 23 and 24th to the proposed Project site at Marcona, a meeting with key stakeholders and regulators, and review of the information and documents provided by IDB. Details of these meetings are presented in Table 1-1.



Table 1-1 Meetings Held With IDB, CAF, Cobra, and Regulators and Stakeholders

Meeting/Topics	Date	Attendees
Meeting with IDB and CAF and Cobra to discuss general project details and logistics	April 23, 2013	Golder Team: Benny Susi and Jessica Motok; IDB Team: Genevieve Beaulac and Sanola Daley; CAF- René Gomez- Garcia Cobra-Yuri Cavero and Maria Sanchez
Meeting with Municipality of Marcona Educational sector to discuss ongoing projects with Cobra	April 24, 2013	Golder Team: Benny Susi and Jessica Motok; IDB Team: Genevieve Beaulac and Sanola Daley; CAF- René Gomez - Garcia Cobra-Yuri Cavero Municipality of Marcona-Lic. Victor Contreras Vega-Coordinator of the Committee for Education Coordination Milagros Cubas Tipismana-Coordinator of PRONOEI
Meeting with Health Center to obtain a general understanding of the existing health condition of Marcona	April 24, 2103	Golder Team: Benny Susi and Jessica Motok; IDB Team: Genevieve Beaulac and Sanola Daley; CAF- René - Gomez- Garcia Cobra-Yuri Cavero Dr. Jose Torres- Manager of the Local Health Center Lic. Elizabeth Mucha
Municipality of Marcona –Office of the Major to discuss community awareness and general community concerns	April 24, 2013	Golder Team: Benny Susi and Jessica Motok; IDB Team: Genevieve Beaulac and Sanola Daley; CAF- René Gomez- Garcia Cobra-Yuri Cavero Lic. Luis Diaz Melgar (Mayor) Lic. Agustin Jurisaca
General Directorate of Environmental Power Affairs Dirección General de Asuntos Ambientales Energéticos (DGAAE) to obtain a status of the review process and their observations of social and environmental issues	April 26, 2013	Golder Team: Benny Susi; IDB Team: Genevieve Beaulac, Sanola Daley and Federico Lau Pun; CAF- René Gomez- Garcia Cobra-Yuri Cavero and Maria Sanchez DGAAE- Iris Cardenas, Maria Merino, Carmen Galvez, Raúl Carrillo Costa



A list of areas of non-compliance with the EP requirements and IFC PS are presented in Tables 3-1 and 4-1, respectively. The tables provide a summary of the specific standard and requirements and the specific measures and actions necessary to bring the Project into compliance with the EP and IFC PS. Appendix A provides areas of non-compliance and detailed actions required with associated priorities.

1.1 Project Description

Cobra Peru S.A (Cobra), a Peruvian company owned by the Spanish company Grupo Cobra, through a tender process initiated in 2009 by the Ministry of Energy and Mines of Peru (MEM) was awarded the Marcona 32 megawatt (MW) wind farm, on February 12, 2010. The associated Power Purchase Agreement (PPA) between Parque Eólico Marcona S.R.L. (Marcona), and MEM was signed on March 31, 2010. In mid-2011, the MEM launched a similar second tender process, and the Tres Hermanas 90 MW wind farm was also awarded to Cobra on August 23, 2011. The PPA between Parque Eólico Tres Hermanas S.A.C. and MEM was signed on September 30, 2011. Both PPAs have a concession of 20 years and regulate aspects including but not limited to the construction time schedule, the off take price, and the payment conditions.

The Project will be constructed in the Marcona district (Province of Nazca, Department of Ica), to the South East of San Juan de Marcona. The Marcona and Tres Hermanas wind farm sites are located next to each other and comprise 400 hectares (ha) and 500 ha, respectively, and are accessible from Lima by the “Panamericana Sur” national road (up to San Juan de Marcona) and then by a 40 kilometers (km) regional road. Components of the wind farms will include the base, tower, the nacelle (generator and generator housing), and blades. The blades capture the wind’s energy spinning a generator in the nacelle. The tower contains the electrical conduits, supports the nacelle, and provides access to the nacelle for maintenance. The base is designed of reinforced concrete that is designed to support the dead and live loads associated with each structure.

The towers are proposed to be approximately 120 meters (m) in height with a three-bladed system with an overall span of 80-90 m diameter and a start-up speed of 3 meters per second (m/sec) and nominal velocity of 10 to 18 m/sec and maximum velocity of 25 m/sec.

Each turbine has its own transformer that is connected to a common substation located in the Marcona (SET PE Marcona 220/20 kV) wind farm through a series of buried lines of medium tension that are buried and parallel to the interior access roads of the wind farms. A 31 km, 220-kilovolt (kV) transmission line will connect the wind farm substation (SET PE Marcona 220/20 kV) with the Marcona substation. The transmission line will be located in a 25 m wide right-of-way (ROW) and will have a total of 102 power poles centrally located in the ROW spaced at 300 m. The poles will have a height of 43 to 52 m.



The Project was recently modified from what was presented in the EIA to now include Siemens wind turbines. Although the overall generating capacity of each wind farm project has remained the same as that presented in the EIA, the number of turbines for Marcona was reduced from 16 to 11 and for Tres Hermanas from 45 to 36 while maintaining the overall generating capacity of 32 and 90 MW, respectively.

Figure 1-1 and Figure 1-2 provide a site plan of each site.

1.2 Documents Reviewed

The documents that were reviewed as part of this assessment include the following:

Parque Eólico Marcona:

- *Estudio de Impacto Ambiental Parque Eólico Marcona.* Author Environmental Impact Assessment Parque Eólico M.arcona. Author: Walsh Perú; October 7, 2010
- *Oficio de respuesta de la DGAAE modificaciones al EIA- Febrero 2013.* Request changes DGAAE response to EIA - February 2013. Author: DGAAE
- *Ayuda Memoria Diciembre 2012.* Aide Memoire December 2012. Author: Walsh Perú
- *Convenio Marco de Cooperación interinstitucional.* Inter-institutional cooperation framework agreement. March 2012. Signatories: Parque Eólico Marcona SRL, COCOE; PRONOEI and others.
- *Convenio Marco de Cooperación interinstitucional.* Inter-institutional cooperation framework agreement.. March 2013. Signatories: Parque Eólico Marcona SRL, COCOE; PRONOEI and others.
- *Acta de Reunión PRONOEI.* PRONOEI Meeting minutes. June 2012. Signatories: Parque Eólico Marcona SRL, PRONOEI, and others.
- *Aprobación EIA Marcona.* Approval of the EIA for Marcona wind farm project. June 2011. Author: DGAAE
- *Acta del Primer Taller Participativo.* Record of First Public Workshop August 27, 2010: DGAAE
- *Acta del Segundo Taller Participativo.* Record of Second Public Workshop September 16, 2010: DGAAE
- *Acta del Tercer Taller Participativo.* Record of Third Public Workshop November 25, 2010: DGAAE
- *.Acta de Audiencia Pública* Record of the Public Hearing. No. 033-201 December 17, 2010; Author DGAAE

Parque Eólico Tres Hermanas:

- *Estudio de Impacto Ambiental Parque Eólico Tres Hermanas.* Environmental Impact Assessment Parque Eólico Tres Hermanas. Author Walsh Perú; July 2012
- *Evaluación y aprobación del resumen ejecutivo del EIA del proyecto “Parque eólico Tres Hermanas”* Evaluation and approval of the executive summary of the EIA for Tres Hermanas wind farm project. October 2012. Author: DGAAE



- *Observaciones EIA Tres Hermanas*, Comments on the EIA for Tres Hermanas wind farm project. March 2013. Author: DGAAE
- *Certificado de Inexistencia de Restos –Arqueológicos (CIRA) para Parque Eólico Tres Hermanas SAC*. Certificate of absence of archaeological remains for Tres Hermanas wind farmSAC.. November 2012. Author: Archeology Direction of the Ministry of Culture.
- *Resumen ejecutivo EIA Parque Eólico Tres Hermanas*. Executive summary of the EIA for Tres Hermanas wind farm project. July 2012. Author: Walsh Perú
- *Aprobación del Plan de Participación del Estudio de Impacto Ambiental del Proyecto Tres Hermanas*. Approval of the Stakeholder Engagement Plan of Tres Hermanas wind farm project. March 2012. Author: DGAAE
- *Acta del Segundo Taller Participativo*. Record of Second Public Workshop June 14, 2012. Author: DGAAE
- *Acta del Tercer Taller Participativo*. Record of Third Public Workshop December 13, 2012. Author: DGAAE
- *Acta de Audiencia Pública* Record of the Public Hearing. No. 006-2013. January 17, 2013; Author DGAAE
- *Aprobación de la concesión temporal Tres Hermanas*. Temporary concession of Tres Hermanas Wind Farm land. May 2013. Author: DGE (Dirección General de Electricidad. Electricity General Direction)

1.3 Site Visit and Stakeholder Interviews

1.3.1 Site Visit

The site visit was conducted on April 23 and 24, 2013, to develop a better understanding of the Project location and footprint and the overall potential environmental and social impact.

The Project is located approximately 10 km southeast of the town of San Juan de Marcona in an arid area of Peru with little to no vegetation normally associated with desert type environments as observed during the site visit. The Project is located on a bluff that provides a natural fence around the property with one main dirt access road. The elevation ranges from 300 m to 325 m for Marcona and 150 to 500 m for Tres Hermanas. The distance and altitude from Marcona appears to provide significant visual separation.. Photographs of the site visit are presented in Appendix B.

1.3.2 Stakeholder Interviews

Interviews were conducted with various stakeholders during the meetings as noted in Table 1-1. A summary of these discussions is presented below:

Meeting with Municipality of Marcona- Educational Sector

The representatives of the educational sector pointed out that during 2010 to 2011 they were working with Parque Eólico Marcona SAC. The company has signed agreements in 2012 and 2013 with COCOE and PRONOEI, committing to develop activities jointly during the school year. These activities include the



promoting a culture of health and prevention of diseases, supporting the strategy of educational institutions: “schools that promote health”; radio spots coordinated with the Educational and Sanitary authorities; and a general alliance between Parque Eólico Marcona; COCOE Marcona and CLAS of the Health minister. The activities included in these agreements were executed well. The individuals interviewed indicated that they are satisfied with the agreement, the company and the way that they have worked together.

According to the interviewees, the main infrastructural problem in the town is the lack of water and electricity supply. They also believe that the project would help to decrease the cost of electricity.

The concerns expressed by these administrators during the interview were: unemployment -related to the absence of training that would increase job opportunities-; gender violence; settlements in environmentally vulnerable areas – San Juan de Marcona has no more available land for urban expansion.

Meeting with Health Center

The public health system in Marcona is comprised of a health post, one medical center, and only one functional ambulance. The interviewees revealed that the capacity of the system is exceeded.

The three top diseases reported in descending order are those related to the respiratory system, skin, and digestive system. The last two are likely to increase by the lack of water in the community. The water supply was pointed out as an important environmental issue that affected the health of the community. The problem is the quantity, not the quality as the lack of water restricts the proper washing of hands and other hygienic activities.

Additional information reported was that in Marcona no cesareans are performed. Even natural childbirths are sent to Nazca as there are no adequate local facilities to perform these medical procedures. The health post only provides assistance during local emergency childbirths.

Gender violence was reported as problem in the community, and the lack of psychological services. Women make up approximately 25 percent of the head of households and represent the largest portion of the population who are unemployed.

Municipality of Marcona –Office of the Major

The meeting with the municipality was performed in the offices of the Municipalidad Distrital de Marcona. The mayor of the city did not have a clear understanding of the Tres Hermanas wind farm project; however, he was aware of the Marcona wind farm project.



In relation to land use planning, a municipal development plan was prepared by the previous government. However, the current government does not agree with this plan because it is considered too “narrow.” The Municipality is currently planning the economic and ecological zonification, a prior step to developing a Land Use Management Plan.

The mayor indicated that the main community concerns are: the lack of a reliable water supply; the lack of available land to expand the city, the lack of electricity, and lack of training that could reduce the unemployment in the village. The concerns most often expressed by the community are associated with the start date of the Project and employment opportunities. The mayor indicated the need for technical assistance to develop and manage potable water projects to meet the needs of the community.

Cobra was asked in the meeting about their community support plans and the working relationship between the Municipality and the company. The meeting demonstrated that there is a lack of communication and a fragile relationship between the Municipality (at least, the officials) and the Project developer.

Meeting with DGAAE

A meeting was held with the DGAAE on April 26, 2013, to obtain their overall impression of the Project. In addition, inquiries were made to understand the EIA review process including the public consultation and the compliance with Peruvian regulations. The overall process was shared with the project team including the required number of workshops (3) and the one public forum as required by law. The Parque Eólico Marcona has been reviewed and approved by DGAAE. Tres Hermanas is currently under review, and the estimated date of approval is before the end of 2013.

Power generating projects in Peru are not categorized as those of International Finance Institutions (IFIs) by categories (e.g. Category A, B or C) but rather by their potential of generating electricity. Power projects with the potential to generate over 20 MW require a detailed EIA. This project has been categorized by IDB as category B.

The technical personnel who reviewed the EIA for Marcona did not indicate concern over biological (avian) related issues such as migratory routes through the project site or habitat areas within the project footprint, as the coastal areas are the predominant habitat for avian species in the area. The DGAAE social specialist who reviewed the EIA did not express social concerns, due predominantly to the distance of the Project from the local community.

Tres Hermanas is undergoing formal review and as this project will be reviewed as a separate EIA from the approved Parque Eólico Marcona. The cumulative impacts from Marcona on Tres Hermanas will need to be evaluated and considered in the EIA. It was further confirmed that the Public hearing conducted on April 25, 2013, meets all the regulatory requirements for both projects.



2.0 PROJECT FRAMEWORK REVIEW

2.1 National Regulatory Framework

The General Law of Environment (Law N° 28611) provides the legal regulatory framework for the environmental management in Peru. This law establishes the principles and basic elements to ensure the effective enforcement of the right to a healthy, balanced, and adequate environment for the full development of life, the compliance of the duty to contribute to an effective environmental management and to protect the environment, with the purpose of enhancing the quality of life of the population, and to achieve the sustainable development of the country.

According to the provisions established in Law N° 28611, electric generating projects (Supreme Decree No. 029-94-EM) with greater than 20 MW (see DGAAE meeting notes), in which the implementation may cause significant negative environmental impacts in quantitative and qualitative terms, require prior to execution, the approval of an Environmental Impact Assessment (ESIA), by the competent authority. The competent authority to approve the ESIA of this Project is Ministry of Energy and Mines (MEM), through the General Directorate of Environmental Power Affairs (Dirección General de Asuntos Ambientales Energéticos (DGAAE).

In addition other applicable regulations include: Safety Regulations and Health at Work for Electricity Operations (RM No. 161-2007-MEM/DM) and The Electricity Concessions Law (Decree Law No. 25844) are also applicable for this project. The management of effluents from electric power activities is regulated in RD No. 008-97-EM/DGAA.

Guidelines for citizen participation in power projects are covered by the RM No. 223-2010 - MEM / DM and the Rules contained in Supreme Decree No. 002-2009-MINAM.

2.2 International Framework

2.2.1 Equator Principles

The Equator Principles Financial Institutions (EPFIs) have adopted 10 Principles to ensure the projects they finance are developed in a manner that is socially responsible and reflect sound environmental management practices. In doing so negative impacts on project-affected ecosystems and communities should be avoided where possible, and if these impacts are unavoidable, they should be reduced, mitigated and/or compensated for appropriately. EPFIs believe that their role as a financier affords them an opportunity to promote responsible environmental stewardship and socially responsible development.

EPFIs will only finance projects that conform to the ten Principles (according to EP II effective June 2006) summarized below:



- **Principle 1: Review and Characterization**-each project is categorized (A, B, or C) based on the magnitude of its potential impacts and risk in accordance with the environmental and social screening criteria of the IFC.
- **Principle 2: Social and Environmental Assessment**- for category A or B projects, the borrower conducts a Social and Environmental Assessment to address as appropriate the relevant social and environmental impacts and risk of the proposed project. This assessment should also propose mitigation and management measures relevant and appropriate to the nature and scale of the proposed project.
- **Principle 3: Applicable Social and Environmental Standards**- for projects located in non-OECD (Organization of Economic Co-operation and Development) countries, the Assessment will refer to the applicable IFC Performance Standards and industry specific Environment, Health and Safety (EHS) Guidelines. The Assessment will establish the projects overall compliance with IFC PS and EHS Guidelines or justify any deviation from the same
- **Principle 4: Action Plan and Environmental Management System**-for all Category A and B projects, the borrower prepares an Action Plan which addresses the relevant findings and draws on the conclusions of the Assessment. The Action Plan will describe and prioritise the actions needed to implement mitigation measures, actions and monitoring measures necessary to manage the impacts and risks identified in the Assessment. In addition the borrower establishes a Social and Environmental Management System that addresses the management of these impacts, risks and actions required to comply with applicable host country social and environmental laws and regulations, and the requirements of the applicable IFC Performance Standards and EHS Guidelines
- **Principle 5: Consultation and Disclosure**-for all Category A and Category B projects, the government, the borrower or third party expert consults with project affected communities in a structured and culturally appropriate manner. For a Category A project the process will ensure the communities' free prior and informed consultation (FPIC) as well as broad community support (BCS) for the project.
- **Principle 6: Grievance Mechanism**-for all Category A and Category B projects, consultation, disclosure and community engagement continues throughout construction and operation of the project, the borrower will as appropriate establish a grievance mechanism as part of the management system. This will allow the borrower to receive and facilitate the resolution of any concerns from the affected communities
- **Principle 7: Independent Review**-for all Category A projects, an independent social or environmental expert not directly associated with the borrower will review the Assessment, action plans and management systems, as well as the documentation of the consultation process in order to assist the EPFI's due diligence and assess Equator Principle's compliance
- **Principle 8: Covenants**-for Category A and Category B projects, the borrower will covenant in the financial documentation to comply with host country requirements, IFC Performance Standards and EHS Guidelines, and any action plans, as well as to provide periodic reports on compliance.
- **Principle 9: Independent Monitoring and Reporting**-to ensure ongoing monitoring and reporting over the life of the project, EPFI will for all Category A projects require appointment of an independent environmental and/or social expert or require the borrower to retain a qualified and experienced external expert to verify monitoring information which would then be shared with the EPFI.



- **Principle 10: Equator Principles Financial Institutions Reporting**—each EPFI adopting the Equator Principles commits to report publicly at least annually about their Equator Principles implementation process and experience.

Each of the Equator Principles is discussed in Section 3.

2.2.2 International Finance Corporation Requirements

The IFC effective January 1, 2012, adopted 8 Performance Standards (PSs) to replace the original ones adopted in 2006. The purpose of the PSs is to aid the IFC in managing social and environmental risks and impacts, and to enhance development opportunities in its private sector financing. Taken together the 8 PSs establish standards that the client/borrower must meet throughout the life of a project. The 8 Performance Standards are summarize below and presented in Table 4-1:

- **Performance Standard 1:** Assessment and Management of Environmental and Social Risk and Impacts
- **Performance Standard 2:** Labor and Working Conditions
- **Performance Standard 3:** Resource Efficiency and Pollution Prevention
- **Performance Standard 4:** Community Health, Safety and Security
- **Performance Standard 5:** Land Acquisition and Involuntary Resettlement
- **Performance Standard 6:** Biodiversity Conservation and Sustainable Management of Living Natural Resources
- **Performance Standard 7:** Indigenous Peoples
- **Performance Standard 8:** Cultural Heritage

PS 1 establishes the importance of: (1) integrated assessment to identify the environmental and social impacts, risks and opportunities of projects; (2) effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them; and (3) the client/borrower's management of environmental and social performance throughout the life of the project. Performance Standards 2 through 8 establish requirements to avoid, reduce, mitigate and where residual impacts remain, to compensate/offset for risk and impacts to workers, Affected Communities, and the environment. Where environmental or social risk and impacts are identified the client is required to manage them through its Environmental and Social Management Systems consistent with PS 1. In addition to meet the requirements under the Performance Standards, clients must comply with the applicable national laws and regulations.

PS 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient to the



sustainability of a company. Failure to establish and foster a sound worker management relationship can undermine worker commitment and retention, and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations. The objectives of PS 2 are:

- To promote the fair treatment, non-discrimination and equal opportunity of workers
- To promote compliance with national labor and employment laws
- To establish, maintain and improve the worker-management relationship
- To protect workers, including vulnerable categories of workers such as children migrant workers, workers engaged by third parties, and workers in the borrowers supply chain
- To promote safe and healthy working conditions, and to protect and promote the health of workers
- To avoid the use of forced labor

PS 3 recognizes that increase economic activity and urbanization often generates increase levels pollution to air, water, land consume finite resources in a manner that may threaten people and the environment at the local, regional, and global levels. There is also a growing global consensus that the current and projected atmospheric concentration of greenhouse gases (GHG) threatens the public health and welfare of current and future generations. At the same time, more efficient and effective resource use and pollution prevention and GHG emission avoidance and mitigation technologies and practices have become more accessible and achievable in virtually all parts of the world. These are often implemented through continuous improvement methodologies similar to those used to enhance quality or productivity, which are generally well known to most industrial, agricultural, and service sector companies.

The client will refer to the EHS Guidelines or other internationally recognized sources, as appropriate, when evaluating and selecting resource efficiency and pollution prevention and control techniques for the project. The EHS Guidelines contain the performance levels and measures that are normally acceptable and applicable to projects. If the Peruvian requirements regulations differ from the levels and measures presented in the EHS Guidelines, clients will be required to achieve whichever is more stringent. If less stringent levels or measures than those provided in the EHS Guidelines are appropriate in view of specific project circumstances, the client will provide full and detailed justification for any proposed alternatives through the environmental and social risks and impacts identification and assessment process. This justification must demonstrate that the choice for any alternate performance levels is consistent with the objectives of this Performance Standard



The associated Guidance Note to PS 3 provides more details on this issue. The objectives of PS 3 are:

- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.
- To promote more sustainable use of resources, including energy and water.
- To reduce project-related GHG emissions.
- To avoid or minimize the risks and impacts to community health, safety and security that may arise from project activities during the life of the project.
- To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risk to the Affected Communities.

PS 4 recognizes that project activities, equipment, and infrastructure can also increase the potential for community exposure to risks and impacts arising from equipment accidents, structural failures, and releases of hazardous materials as well as bringing benefits to communities including employment, services, and opportunities for economic development. Communities may also be affected by impacts on their natural resources, exposure to diseases, and the use of security personnel. While acknowledging the public authorities' role in promoting the health, safety and security of the public, this Performance Standard addresses the client's responsibility

- To avoid or minimize adverse and impacts on the health and safety and security of the Affected Community that may arise from project activities during the life of the project from both routine and non-routine circumstances.
- To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risk to the Affected Communities.

PS 5 applies to physical or economic displacement resulting from land transactions. The objectives of this PS are:

- To avoid or at least minimize involuntary displacement by exploring alternative project designs,
- To avoid forced eviction,
- To mitigate adverse social and economic impacts from land acquisition or restrictions on land used by affected persons' by providing:
 - Compensation for loss of assets at replacement cost and replacement cost, and
 - Ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected
- To improve or at least restore the livelihoods and standards of living of displaced persons, and



- To improve living conditions among displaced persons through provision of adequate housing with security of tenure at resettlement issues

PS 6 recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainability managing living natural resources are fundamental to sustainable development. The objectives of this PS are:

- To protect and conserve biodiversity
- To maintain the benefits from the ecosystem services
- To promote the sustainable management and use of living resources through the adoption of practices that integrate conservation needs and development priorities.

PS 7 recognizes that Indigenous Peoples, as social groups with identities that are distinct from dominant groups in national societies, are often among the most marginalized and vulnerable segments of the population. The objectives of this PS are:

- To ensure that the development process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of Indigenous Peoples,
- To avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not feasible, to minimize, mitigate, or compensate for such impacts,
- To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner,
- To establish and maintain an ongoing relationship with the Indigenous Peoples affected by a project throughout the lifecycle of the project,
- To ensure the Free, Prior and informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when projects are to be located on traditional or customary lands under use by the Indigenous Peoples, and
- To respect and preserve the culture, knowledge and practices of Indigenous Peoples.

PS 8 recognizes the importance of cultural heritage for current and future generations. The PS aims to protect irreplaceable cultural heritage. The objectives of this PS are

- To protect cultural heritage from the adverse impacts of project activities and support its preservation, and
- To promote the equitable sharing of benefits from the use of cultural heritage in business activities.



3.0 COMPLIANCE WITH EQUATOR PRINCIPLES

The Project currently does not comply with 4 of the 10 Equator Principles, specifically:

- Principle 3: Applicable Social and Environmental Standards
- Principle 4: Action Plan and Environmental Management System
- Principle 5: Consultation and Disclosure
- Principle 6: Grievance Mechanism

Table 3-1- presents the level of compliance of this proposed Project with the Equator Principles and the comments and actions needed by Cobra to address compliance with the Equator Principles. The Project will comply with the Equator Principles upon completion of all the commitments and information noted is provided.

3.1 Principle No. 1 –Review and Categorization

The Project has been categorized as a Category B based on the magnitude of its potential impacts and risk in accordance to the IFC screening criteria. The Project is compliant with Principle No. 1 and no action is required.

3.2 Principle No. 2- Social and Environmental Assessment

A Peruvian Environmental Impact has been completed. The EIAs were prepared by Walsh Peru S.A. Parque Eólico Marcona has been approved by DGAAE while Parque Eólico Tres Hermanas is currently under review by DGAAE. The Project is compliant with Principle No. 2 through the EIAs submitted to DGAAE. Although the EIAs provided for framework of Environmental Management Plans, specific EMP as addressed in Section 7 should be developed for this Project to comply with IFC.

3.3 Principle No. 3 Applicable Social and Environmental Standards

The Project has not reached compliance with Principle No. 3. The Project has completed EIAs that meet only Peruvian requirements. As previously described one wind farm, Parque Eólico Marcona has been approved while Tres Hermanas is undergoing review. Although the Project has considered the requirements of the government of Peru including applicable standards and regulations, applicable IFC social and environmental standards have not been taken into account. The Project requires being in compliant with Peruvian as well as IFC Performance Standards and EHS Guidelines. The Project should develop specific EMP as addressed in Section 7 of this report to comply with IFC.

3.4 Principle No. 4 Action Plan and Management System

Principle No. 4 requires the Project to prepare an Action Plan (AP) which addresses the relevant findings and draws on the conclusions of the Equator Principles Assessment. The AP should describe and



prioritize actions that are required to implement mitigation measures and monitoring measures necessary to manage the impacts and risks identified in the assessment.

The Project also needs to establish a Social and Environmental Management System that addresses the management of the environmental and social impacts and risks required to comply with applicable Peruvian social and environmental laws and regulations, and requirements of the applicable IFC Performance Standards and EHS Guidelines, as defined in the Action Plan.

The Project has not reached compliance with Principle No. 4 and should develop an Action Plan to address the gaps identified in this Action Plan.

Cobra needs to establish an overarching Social and Environmental Management Systems and develop the recommended Environmental and Social Management Plans. These Management Plans need to provide details of how the Project will implement the recommendations and commitments in the ESIA as well as other commitments made by Cobra. They need to be operationally focused and subject to revision as the Project evolves and new information becomes available.

The scope and content of these Management Plans need to meet the requirements of the Equator Principles and thus IFC. All Management Plans have to follow the same basic structure as follows: Objectives, Scope, Sources of Impacts, Relevant Local and IFC Requirements, Management Procedures, Roles and Responsibilities, Training, Monitoring and Key Performance Indicators (KPIs).

The implementation of these Management Plans is a key value to Cobra as the Project moves through construction to operation to decommissioning and closure. These Management Plans ensure that the Project is operated effectively and efficiently and consistent with Peruvian and IFC requirements.

3.5 Principle No. 5 Consultation and Disclosure

Principle No. 5 requires the Project to consult with the affected communities in a structured and culturally appropriate manner. The Project has to ensure free, prior and informed consultation of the affected communities and adequately incorporate their concerns.

The Project has partly reached compliance with Principle #5. The consultation and disclosure have been achieved through the EIA process.

It is recommended that a Stakeholder Engagement Plan (SEP) be prepared by Cobra to describe the structured consultation and engagement process with the groups, organizations and/or individuals that have a potential interest (either positive or negative, direct or indirect) in the Project. This Plan should be a forward looking document and detail how Cobra will handle stakeholder engagements going forward.



3.6 Principle No. 6 Grievance Mechanism

Principle No. 6 requires the Project to establish a grievance mechanism as part of the management system to ensure that consultation, disclosure and community engagement continues throughout construction and operation of the project. The Project does not comply with Principle #6. Cobra needs to establish an appropriate and formal grievance mechanism to allow for the systematic handling of and response to public concerns and grievances. It is recommended that Cobra develop a Grievance Procedure where they state how the public concerns will be addressed in detail. This process needs to define the procedures for recording, screening, resolving, monitoring, reporting, recordkeeping, and archiving activities associated with the complaints process/Grievance Procedure.

3.7 Principle No. 7 independent Review

Principle No. 7 requires an independent review of the Project to assess Equator Principles compliance. The Project has reached compliance with Principle No. 7. Golder's assessment constitutes this independent review.

3.8 Principle No. 8 Covenants

Principle No. 8 requires the borrower to covenant in financing documentation to comply with host country requirements, IFC Performance Standards and EHS Guidelines, and any action plans as well as provide periodic reports on compliance. The Project has not reached compliance with Principle No. 8, but is well underway in the process. The final investment agreement must include clauses requiring Project compliance with the Equator Principles and IFC Performance Standards.

3.9 Principle No. 9 Monitoring and Reporting

Principle No. 9 requires the borrower to retain qualified and experienced external experts in order to verify its monitoring information. The Project has not reached compliance with Principle No. 9 as it is pending at this time, but will be required to include for project monitoring and reporting in their loan covenants.

3.10 Principle No. 10 EPFI Reporting

Principle No. 10 is not applicable to this Project.



Table 3-1. Equator Principles Compliance Assessment Tres Hermanas and Marcona Wind Farms

Equator Principles	Requirement	Actions Taken By Client	Comment	Actions Required
Principle 1: Review and Categorization	Equator Principle Financial Institution (IDB) to Categorize the Project according to IFC criteria	<p>The Project has been categorized as Category B based on the magnitude of its potential impacts and risk, in accordance with guidelines based on the environmental and social screening criteria of the IFC</p> <p>The EIAs (Marcona and Tres Hermanas, Project) were prepared by Walsh Peru S.A. Marcona has received approval from MEM/ (DGAAE) while Tres Hermanas currently under review by DGAAE with the approval expected before the end of 2013.</p> <p>The EIAs were not prepared to IFC requirements</p>	Completed. No action Required	No Action Required



Table 3-1. Equator Principles Compliance Assessment Tres Hermanas and Marcona Wind Farms

Equator Principles	Requirement	Actions Taken By Client	Comment	Actions Required
Principle 2: Social and Environmental Assessment	The sponsors to conduct necessary Social and Environmental Assessment	The EIAs for Marcona and Tres Hermanas have been prepared by Walsh, Peru. The two EIAs are complete and Marcona has been approved by DGAAE while Tres Hermanas is currently under review by DGAAE with approval expected before the end of 2013	<p>The PMA presented in the EIA as required by DGAAE has been prepared in accordance with Peruvian requirements but it has been developed as a framework of a PMA</p> <p>Detailed Social Environmental Management System SEMS needs to be prepared for the construction, operation and closure phase for the Project</p> <p>Mitigation and Management Plans must be incorporated into the SEMS</p> <p>Stakeholder Engagement Plan and Grievance Procedure need to be developed for the Project</p> <p>Cobra needs to develop a Monitoring and Reporting Plan for both the construction and operation phase of the Project</p> <p>Cobra staff did not know the IFC Performance Standards</p>	<ol style="list-style-type: none"> 1. Develop a Social and Environmental Management System 2. Develop Environmental and Social Management Plans 3. Develop Stakeholder Engagement Plan 4. Develop Monitoring and Reporting Plan 5. Develop a Grievance Mechanism



Table 3-1. Equator Principles Compliance Assessment Tres Hermanas and Marcona Wind Farms

Equator Principles	Requirement	Actions Taken By Client	Comment	Actions Required
Principle 3: Applicable Social and Environmental Standards	Project must comply with the requirements of the Government of Peru as well as IFC Performance Standards and EHS Guidelines	The Marcona EIA has been approved by DGAAE. Tres Hermanas is under review and approval is pending	The Project must comply with DGAAE requirements and IFC Performance Standards and EHS Guidelines	1. Cobra must prepare a written commitment to comply with IFC requirements
Principle 4: Action Plan and Management System	Project must have an Action Plan to address findings of the Assessment. Also Social and Environmental Management System (SEMS) to address compliance issues	The EIAs present a framework for environmental management plans.	Cobra need to establish a Social and Environmental Management System and management plans that address the management of impacts, risk to comply with applicable IFC Performance Standards and EHS Guidelines	1. Establish a Social and Environmental Management System 2. Develop applicable environmental and social management plans
Principle 6: Grievance Mechanism	Establish an appropriate and formal grievance mechanism to allow for the systematic handling of and response to public concerns and grievance	Cobra has established a suggestion box. However, no structured Grievance Mechanism has been developed	Cobra need to develop a formal Grievance Mechanism to allow for the systematic handling of and response to public concerns and grievances.	1. Develop Grievance Procedure



Table 3-1. Equator Principles Compliance Assessment Tres Hermanas and Marcona Wind Farms

Equator Principles	Requirement	Actions Taken By Client	Comment	Actions Required
Principle 7: Independent Review	An independent social or environment expert not associated with the project must review the Assessment, Action Plans, and assess Equator Principles compliance	Golder has conducted an independent review	Cobra should retain an independent reviewer to verify compliance with EP and IFC PSs	No action required
Principle 8: Covenants	The borrower will covenant in the investment agreement to comply with national and international requirements	Final investment agreement must include clauses for Equator Principle compliance	<p>Contracts with vendors and sub-contractors should include covenants to ensure that subcontractors work in compliance with this EP</p> <p>The EIA and the PMA presented in the EIA as required by DGAEE has been prepared in accordance with Peruvian requirements. The PMA should be considered a framework of a PMA</p>	Actions described above



Table 3-1. Equator Principles Compliance Assessment Tres Hermanas and Marcona Wind Farms

Equator Principles	Requirement	Actions Taken By Client	Comment	Actions Required
Principle 9: Independent Monitoring and Reporting	The Equator Bank will require the borrower to retain a qualified and external environmental and /or social expert to verify its monitoring information.	Not applicable at present time	Independent consultant will be required to be hired to provide monitoring and reporting	No action required
Principle 10: EPFI Reporting	Each EPFI adopting the Equator Principles commits to report publicly at least annually about its Equator Principles implementation processes and experience, taking into account appropriate confidentiality considerations.	Not applicable at present time	EPFI will report according to EP policies	No action Required at this time



4.0 COMPLIANCE WITH IFC PERFORMANCE STANDARDS

The Project currently does not comply with 4 of the 8 IFC Performance Standards, specifically:

- Performance Standard 1: Assessment and Management of Environmental and Social Risk and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety and Security

Table 4-1 presents the level of compliance of this proposed Project with the IFC Performance Standards. The Comments column provides details of actions needed by Cobra to address compliance with the IFC PSs. PS 5, 6, 7, and 8 do not apply to this Project.



Table 4-1. IFC Performance Standards on Environmental and Social Sustainability
Compliance Assessment Tres Hermanas and Marcona Wind Farms

Performance Standards	Requirements	Actions Taken By Client	Comment	Actions Required
<p>PS1: Assessment and Management of Environmental and Social Risks and Impacts</p> <ul style="list-style-type: none"> To identify and assess social and environmental impacts, both adverse and beneficial, in the project's area of influence To avoid, or where possible minimize, mitigate or compensate for adverse impacts on workers, affected communities, and the environment To ensure that affected communities are appropriately engaged on issues that could potentially affect them To promote improved social and environmental performance of companies through the effective use of management systems 	<ul style="list-style-type: none"> Environmental and Social Assessment and Management System Policy Identification of Risks and Impacts Management Programs Organizational Capacity and Competency Emergency Preparedness and Response Monitoring and Review Stakeholder Engagement <ul style="list-style-type: none"> <i>Stakeholder Analysis and Engagement Planning</i> <i>Disclosure of Information</i> <i>Consultation</i> <i>Informed Consultation and Participation</i> <i>Indigenous Peoples</i> <i>Private Sector Responsibilities Under Government-Led Stakeholder Engagement</i> External Communications and Grievance Mechanisms <ul style="list-style-type: none"> <i>External Communications</i> <i>Grievance Mechanism for Affected Communities</i> Ongoing Reporting to Affected Communities 	<p>The EIAs (Marcona and Tres Hermanas, Project) were prepared by Walsh Peru S.A.</p> <p>Marcona has received approval from MEM/ (DGAAE) while Tres Hermanas currently under review by DGAAE with the approval expected before the end of 2013</p> <p>A public hearing was conducted on April 25th to reflect a modification of the turbine manufacturer that was initially proposed in the EIA. The change in the manufacturer will not require a modification to the EIA but must be addressed in the PMA (Environmental Management Plan)</p> <p>The EIAs identify and assess the social and environmental impacts of both projects.</p> <p>The Social and Environmental Management System presented in the EIAs</p>	<p>The Project has not achieved compliance with PS No. 1</p> <p>The PMA presented in the EIA as required by DGAAE has been prepared in accordance with Peruvian requirements but is only considered a framework</p> <p>Detailed Social Environmental Management System needs to be prepared for the construction, operation and closure phase for the Project</p> <p>Mitigation and Management Plans must be incorporated into the SEMS</p> <p>Stakeholder Engagement Plan and Grievance Procedure need to be developed for the Project</p> <p>Cobra needs to develop a Monitoring and Reporting Plan for both</p>	<ol style="list-style-type: none"> Develop a Social and Environmental Management System Develop Environmental and Social Management Plans Develop Stakeholder Engagement Plan Develop Monitoring and Reporting Plan Develop a Grievance Mechanism



Performance Standards	Requirements	Actions Taken By Client	Comment	Actions Required
		provide a general framework. Cobra has not established an Environmental and Social Management System that addresses the management of these impacts, risk and actions required to comply with applicable IFC Performance Standards and EHS Guidelines	the construction and operation phase of the Project Cobra staff did not know the IFC Performance Standards	



Table 4-1. IFC Performance Standards on Environmental and Social Sustainability
Compliance Assessment Tres Hermanas and Marcona Wind Farms

Performance Standards	Requirements	Actions Taken By Client	Comment	Actions Required
<p>PS2: Labor and Working Conditions</p> <ul style="list-style-type: none"> To establish, maintain, and improve the worker-management relationship To promote fair treatment, non-discrimination, and equal opportunities for workers To protect the workforce by addressing child labor and forced labor To promote safe and healthy working conditions, and to protect the health of workers 	<ul style="list-style-type: none"> Working Conditions and Management of Worker Relationship <ul style="list-style-type: none"> Human Resources Policies and Procedures Working Conditions and Terms of Employment Workers' Organizations Non-Discrimination and Equal Opportunity Retrenchment Grievance Mechanism Protecting the Work Force <ul style="list-style-type: none"> Child Labor Forced Labor Occupational Health and Safety Workers Engaged by Third Parties Supply Chain 	<p>No action taken by Cobra</p> <p>A Health, Safety and Protection Plan was not provided for Golder to Review</p> <p>Cobra documents, such as a contingency plan, were not available at the office and a special permission from Cobra is required to have access to them (therefore it has not been possible to confirm their existence)</p>	<p>The Project has not achieved compliance with PS No. 2</p> <p>Cobra requires a Human Resources policy consistent with IFC requirements</p> <p>Cobra needs to prepare a Worker Health and Safety Management Plan and Occupational Health and safety policies and procedures that include worker training and the monitoring and reporting to senior Cobra management</p> <p>Cobra needs to develop and H&S training programs to build capacity and capability consistent with PS No. 2</p>	<ol style="list-style-type: none"> Develop a Human Resources Policy Develop Worker Health and Safety Management Plan Develop Health and Safety training programs



Table 4-1. IFC Performance Standards on Environmental and Social Sustainability
Compliance Assessment Tres Hermanas and Marcona Wind Farms

Performance Standards	Requirements	Actions Taken By Client	Comment	Actions Required
<p>PS3: Resource Efficiency and Pollution Prevention</p> <ul style="list-style-type: none"> To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities To promote reduction of emissions that contribute to climate change 	<ul style="list-style-type: none"> Avoid or minimize pollution during the project life cycle Consider ambient conditions Resource Efficiency <ul style="list-style-type: none"> - <i>Greenhouse Gases</i> - <i>Water Consumption</i> Pollution Prevention <ul style="list-style-type: none"> - <i>Wastes</i> - <i>Hazardous Materials Management</i> - <i>Pesticide Use and Management</i> 	<p>The ESIA include the framework of environmental management plans; however, the scope and content need to be expanded to meet the requirements of the Equator Principles and IFC</p>	<p>The Project has not achieved compliance with PS No. 3</p> <p>The Project based on the review of the EIAs and the site visit; indicate that the Project will have very small environmental and social impact if managed according to Peruvian and IFC standards.</p> <p>An Environmental and Social Management Plan needs to be developed for the construction, operation and closure phases of the Project to ensure that environmental and social impacts are avoided, minimize or mitigated.</p> <p>Cobra requires having a written statement of compliance with IFC Performance Standards.</p> <p>The GHG that are being offset by this project need to be documented.</p>	<ol style="list-style-type: none"> Develop an Environmental and Social Management Plans Quantify the total GHG offsets Prepare a written statement of compliance with IFC Performance Standards



Table 4-1. IFC Performance Standards on Environmental and Social Sustainability
Compliance Assessment Tres Hermanas and Marcona Wind Farms

Performance Standards	Requirements	Actions Taken By Client	Comment	Actions Required
<p>PS 4 Community Health, Safety and Security</p> <ul style="list-style-type: none"> To ensure safeguarding of personnel and property is carried out in a manner that avoids or minimizes the risk to the community's safety and security To avoid or minimize risk to and impacts on health and safety of the local community during the life cycle of the project from both routine and non-routine circumstances 	<ul style="list-style-type: none"> Security of personnel and property Community health and safety –Identify the risk and impacts and the establishment of preventive and control measures to avoid risk and impacts Requirements of PS 3 include: <ul style="list-style-type: none"> <i>Infrastructure and Equipment Design and Safety</i> <i>Hazardous Materials management and Safety</i> <i>Ecosystem Services</i> <i>Community Exposure to Disease</i> <i>Emergency Preparedness and Response</i> 	<p>Cobra has taken steps to mark the access roads to the Project site and is investigating the safety to communities that lie along the route from the Port of Pisco to the project site where large equipment will be transported as well as the capacity of the infrastructure (roads and bridges to withstand construction loads)</p>	<p>The Project has not achieved compliance with PS No. 4</p>	<ol style="list-style-type: none"> Develop a Traffic Management Plan Develop and Emergency Preparedness and Response Plan Develop a Community Health, Safety and Security Management Plan



Table 4-1. IFC Performance Standards on Environmental and Social Sustainability
Compliance Assessment Tres Hermanas and Marcona Wind Farms

Performance Standards	Requirements	Actions Taken By Client	Comment	Actions Required
<p>PS5: Land Acquisition and Involuntary Resettlement</p> <ul style="list-style-type: none"> To avoid or minimize involuntary resettlement whenever feasible by exploring alternative project designs To improve or restore the livelihoods and standards of displaced persons To mitigate adverse social and economic impacts from land acquisition or restrictions on land use by affected persons To improve living conditions among displaced persons through adequate housing with security and tenure at resettlement sites. 	<ul style="list-style-type: none"> General <ul style="list-style-type: none"> <i>Project Design</i> <i>Compensation and Benefits for Displaced Persons</i> <i>Community Engagement</i> <i>Grievance Mechanism</i> <i>Resettlement and Livelihood Restoration Planning and Implementation</i> Displacement <ul style="list-style-type: none"> <i>Physical Displacement</i> <i>Economic Displacement</i> Private Sector Responsibilities Under Government-Managed Resettlement 	<p>Marcona project has the permanent concession for the wind farm land (20 years)</p> <p>Tres Hermanas has a temporary concession</p> <p>The Transmission line has a right-of-way through Shougang Mine property</p> <p>No involuntary (or voluntary) resettlement associated with this Project</p>	<p>The Project complies with the requirements of PS No. 5</p>	<p>No action required to comply with the IFC requirements. The Client should consider obtaining a permanent concession for the Tres Hermanas when the EIA is approved</p>

Table 4-1. IFC Performance Standards on Environmental and Social Sustainability
 Compliance Assessment Tres Hermanas and Marcona Wind Farms

Performance Standards	Requirements	Actions Taken By Client	Comment	Actions Required
PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources <ul style="list-style-type: none"> To protect and conserve biodiversity To promote the sustainable management and use of natural resources through the adoption of practices that integrate conservation and development priorities 	<ul style="list-style-type: none"> Protection and Conservation of Biodiversity <ul style="list-style-type: none"> <i>Modified Habitat</i> <i>Natural Habitat</i> <i>Critical Habitat</i> <i>Legally Protected and Internationally Recognized Areas</i> <i>Invasive Alien Species</i> Management of Ecosystem Services Sustainable Management of Living Natural Resources Supply Chain 	<p>The EIAs prepared for the Project are complete and one has been approved by DGAAE while the second (Tres Hermanas) is pending review and approval. The baseline studies have been conducted in detail and biodiversity issues have been addressed.</p>	<p>The Project needs to develop a Biodiversity Management Plan to avoid, minimize or mitigate the adverse impacts to biodiversity in the Project area of influence during the lifecycle.</p>	<p>No action required</p>
PS7: Indigenous Peoples <ul style="list-style-type: none"> To foster good faith negotiation with and informed participation of indigenous Peoples when projects are to be located on traditional or customary land being used by indigenous Peoples To respect and preserve culture, knowledge and practices of Indigenous Peoples 	<ul style="list-style-type: none"> General <ul style="list-style-type: none"> <i>Avoidance of Adverse Impacts</i> <i>Participation and Consent</i> Circumstances Requiring Free, Prior, and Informed Consent <ul style="list-style-type: none"> <i>Impacts on Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use</i> <i>Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use</i> <i>Critical Cultural Heritage</i> Mitigation and Development Benefits Private Sector Responsibilities Where Government is Responsible for Managing Indigenous Peoples Issues 	<p>There are no indigenous people located in or near the Project-confirm</p>	<p>PS No. 7 does not apply to this Project</p>	<p>No action required</p>



Table 4-1. IFC Performance Standards on Environmental and Social Sustainability
Compliance Assessment Tres Hermanas and Marcona Wind Farms

Performance Standards	Requirements	Actions Taken By Client	Comment	Actions Required
<p>PS8: Cultural Heritage</p> <ul style="list-style-type: none"> To protect cultural heritage from adverse impacts of project activities and support its preservation To promote the equitable sharing of benefits from the use of cultural heritage in business activities 	<ul style="list-style-type: none"> Protection of Cultural Heritage in Project Design and Execution <ul style="list-style-type: none"> - <i>Chance Find Procedures</i> - <i>Consultation</i> - <i>Community Access</i> - <i>Removal of Replicable Cultural Heritage</i> - <i>Removal of Non-Replicable Cultural Heritage</i> - <i>Critical Cultural Heritage</i> Project's Use of Cultural Heritage 	<p>The Project has performed an assessment that meets the requirements of this Performance Standard</p>	<p>The Project complies with the requirements of PS No. 8</p>	<p>No action required</p>



5.0 COMPLIANCE WITH IFC EHS GUIDELINES

This section contains the World Bank Group Environmental, Health, and Safety Guidelines (known as the "EHS Guidelines") that are applicable for this Project. These EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP), as defined in IFC's Performance Standard No. 3 on Resource Efficiency and Pollution Prevention. Reference to the EHS Guidelines is required under Performance Standard 3. PS No. 3 requires that the project-specific pollution prevention and control techniques applied during the project lifecycle are tailored to the hazards and risks associated with project emissions and consistent with Good International Industry Practice, as reflected in various internationally recognized sources, including IFC's EHS Guidelines.

The Project consists of developing a wind farm. Therefore, based on IFC PS No. 3 requirements, the IFC Guidelines that are applicable for this Project are the Industry Sector EHS Guidelines for Wind Energy and for Electric Power Transmission and Distribution. The Guidelines are discussed briefly in the following sections.

5.1 IFC EHS Guidelines for Wind Energy

The EHS Guidelines for Wind Energy (April 30, 2007) contain information on industry specific impacts and management and performance indicators and monitoring.

The EHS Guidelines are divided into 4 main sections (i) environmental, (ii) occupational health and safety, (iii) community health and safety issues, and (iv) performance indicators and monitoring for EHS. The sub-topics are organized as follows:

5.1.1 Environmental

Construction activities related to wind energy projects include land clearing and cutting or filling; transportation of equipment, personnel, supplies and fuels; construction of access roads, foundations that involve excavation, blasting and the placement of concrete; the use of cranes to unload and install the equipment.

The environmental issues associated with wind energy projects during the construction and decommissioning include noise, vibration, soil erosion, threats to biodiversity and alteration and impacts to wildlife. The transportation of equipment and materials during the construction and decommissioning phases present logistical challenges that are addressed in the General EHS Guidelines. Compliance the IFC EHS requirements will be achieved when Cobra develop specific Environmental Management Plans to address the environmental and social issues associated during the construction and decommissioning phases. These plans include Air Emissions and Ambient Air Quality with particular emphasis on dust



management, Traffic Management Plan, Fuels and Hazardous Material Management and Noise Management Plan. Section 7 outlines the Management Plans required.

Environmental issues associated with the operation of the Project include the following:

- Visual
- Noise
- Species mortality or injury and disturbance
- Light and illumination
- Habitat alteration
- Water quality

Compliance with the IFC requirements have been achieved through the appropriate siting of the wind turbines away from the community of Marcona to mitigate potential visual, noise and illumination and shadow flicker related impacts from the operation of wind turbines. The siting of the wind farms away from the coastal avian habitat areas will also minimize the species mortality as noise generated by the wind turbines will be a deterrent to perching and collisions. The arid environment of the Project will result in no sedimentation to surface waters. Wind blow erosion from excavations and construction of access roads will be controlled through best management practices as described in the air quality management plan and the Traffic Management Plan.

5.1.2 Occupational Health and Safety

The Occupational Health and Safety hazards during the construction, operation and decommissioning include working at heights, confined spaces, with rotating machinery, falling objects. The General EHS Guidelines provide prevention of these and other physical, chemical, biological and radiological hazards as well as Personnel Protective Equipment, Communication and Training and Monitoring.

All of the occupational health and safety issues identified above except for the biological and radiological hazards are applicable for this Project. Compliance with the IFC requirements will be achieved when Cobra develops specific Management Plans to address these issues. The recommended Management Plans include Worker Health and Safety Management Plan and Emergency Preparedness and Response Plan. Section 7 outlines the Management Plans required and will be addressed in greater detail during the final report.

5.1.3 Community Health and Safety

The Community Health and Safety during the construction, operation and decommissioning include the following that are addressed in the General EHS Guidelines:



- Water Quality and Availability
- Structural Safety of Project Infrastructure
- Life and Fire Safety (L&FS)
- Traffic Safety
- Transport of Hazardous Materials
- Disease Prevention
- Emergency Preparedness and Response

Although the Project does not significantly impact the community of Marcona, the movement of equipment through communities along the Pan-American Highway during construction will create some indirect impacts, the most important issues are traffic safety and dust emissions. Compliance with the IFC Requirements will be achieved when Cobra develops specific Management Plans to address these issues. The recommended Management Plans include Structural Safety of Project Infrastructure (bridges and access roads use to transport equipment during construction), Traffic Management Plan, Community Health and Safety Management Plan, Stakeholder Engagement Plan, Grievance Procedure. Section 7 outlines the Management Plans that will be required for this Project

Applicable Community health and safety hazards specific to wind energy projects include:

- Aircraft and marine navigation safety
- Electromagnetic interference and radiation
- Public access

The siting of the Project away from the naval airstrip, community, telecommunication systems and a single and limited access to the Project provides the necessary measures to avoid the community health and safety hazards.

5.2 IFC EHS Guidelines for Electric Transmission and Distribution

The EHS Guidelines for Electric Power Transmission and Distribution (April 30, 2007) contain information on industry specific impacts and management and performance indicators and monitoring.

The EHS Guidelines are divided into 4 main sections (i) environmental, (ii) occupational health and safety, (iii) community health and safety issues and (iv) performance indicators and monitoring on EHS. The sub-topics are organized as follows:

5.2.1 Environment

The EHS Guidelines for Electric Power Transmission and Distribution provide specific industry guidelines and associated recommendations that occur during the construction and operation phases of the Project.



Additional recommendations are also provided in the General EHS Guidelines for the construction and decommissioning phases.

Impacts addressed in the General EHS Guidelines that are applicable to this Project include:

- Construction site waste generation
- Soil erosion from site preparation activities
- Fugitive dust and other emissions from vehicle traffic, stockpile of materials and land clearing activities
- Noise from construction equipment and truck traffic
- Potential for hazardous materials and oil spills associated with construction equipment and fueling activities

Environmental issues associated specifically with power transmission and distribution that area applicable for this Project during the construction phase includes:

- Terrestrial and habitat alteration
- Electric and magnetic fields
- Hazardous materials

Terrestrial and Habitat Alteration

The construction and maintenance of the transmission line right-of-way are generally associated with transforming habitats, loss of wildlife habitat, including nesting as well as visual and auditory disturbance associated with construction equipment, machinery, workers and the actual towers.

The siting of the Project in an arid area with little to no vegetation, and away from habitat and migratory paths and with a common transmission line and one access road provides for good measures to prevent impacts to terrestrial and habitat alteration and avian collisions with the transmission line. The desert nature of the site also provides for a natural control of maintenance of the right-of-way as control of vegetation will not be required.

Electric Magnetic Fields

Electric magnetic fields (EMF), invisible force emitted by and surrounding electrical lines. IFC guidelines state that the empirical evidence associated with the EMF does not demonstrate adverse health effects from the exposure of EMF from transmission lines and good international best practices are to avoid or minimize exposure to the public which has been accomplished through the siting of the Project.



Hazardous Materials

The primary hazardous materials associated with the Project's transmission line is the use of insulating oil/gases and fuels. Mineral insulating oils used to cool transformers as well as providing insulation are typically found in large quantities in the transformers.

Liquid petroleum fuels for vehicles and other equipment that may be stored or used at the transmission and substation portions of the Project should be managed to prevent and control the hazards associated with spill prevention, emergency response, clean-up and contaminated soil remediation. Compliance with IFC will be achieved through the development of Fuels and Hazardous Management Plan, Waste Management Plan and an Emergency Preparedness and Response Plan.

5.2.2 Occupational Health and Safety

The Occupational Health and Safety hazards during the construction, operation, maintenance and decommissioning include physical hazards from the use of heavy equipment and cranes; trips and fall hazards; exposure to dust and noise; falling objects; exposure to hazardous materials; and exposure to electrical hazards. The General EHS Guidelines provide prevention of these and other hazards as well as Personnel Protective Equipment, Communication and Training and Monitoring.

Occupational health and safety hazards specific to electric power transmission projects include:

- Live power lines
- Working heights
- Electric and magnetic fields
- Exposure to chemicals

All of the occupational health and safety issues identified above under the General EHS Guidelines and sector EHS Guidelines for Electric Power Transmission and Distribution are applicable for this Project.

Compliance with the IFC requirements will be achieved when Cobra develops specific Management Plans to address these issues. The recommended Management Plans include Worker Health and Safety Management Plan and Emergency Preparedness and Response Plan. Section 7 outlines the Management Plans required and will be addressed in greater detail during the final report

5.2.3 Community Health and Safety

The Community Health and Safety during the construction and decommissioning include impacts such as dust, noise and vibration from construction equipment and vehicle transit, influx of temporary construction labor that are addressed in the General EHS Guidelines.



Applicable Community health and safety hazards specific to electric power transmission and substations include:

- Electrocution
- Electromagnetic interference
- Noise
- Aircraft navigation

The siting of the Project away from the naval airstrip, community, telecommunication systems and a single and limited access to the Project provides the necessary measures to avoid the community health and safety hazards.

Compliance with the IFC requirements will be achieved when Cobra develops specific Management Plans that include Community Health and Safety Management Plan, Stakeholder Engagement Plan, Grievance Procedure. Section 7 outlines the Management Plans that will be required for this Project.



6.0 PERFORMANCE INDICATORS

This section includes key performance indicators and recommended target limits defined by the IFC EHS Guidelines. After project start-up, monitoring will be required to ensure the project's ongoing compliance with both the IFC and Peruvian EHS requirements. The following sections describe the Performance Indicators and Monitoring required.

6.1 Environment

6.1.1 Emissions and Effluents

Wind Farm projects do not generate emissions and effluents during their normal operation. Air emissions, wastewater discharges and solid wastes are generally generated during the construction and decommissioning phases and the guidelines that are used to measure compliance are the standards and regulatory requirements of Peru and international industry best management practices as described in the IFC General EHS Guideline as summarized below:

Fugitive emissions associated with dust or particulate matter (PM) are the most common air pollutant associated with this Project. Dust emissions are generally released during excavation and construction of access roads, transportation of equipment and personnel on unpaved roads. Recommended best management practices to prevent and control dust emissions include:

- Use of dust control methods, such as covers, water suppression, or increased moisture content for open materials storage piles
- Use of speed limits and water suppression for control of loose materials on paved or unpaved road surfaces. Oil and oil by-products is not a recommended method to control road dust.

6.1.2 Noise

Noise level guidelines are presented in Table 6-1. Noise impacts should not exceed the levels presented in Table 6-1, or result in a maximum increase in background levels of 3 dB at the nearest receptor location off-site. As the Project site is over 7 km away from population centers the impacts from noise are negligible.



Table 6-1 IFC EHS General Noise Guidelines and Peruvian

Receptor	One Hour LAeq (dBA)		Peruvian Standards LAeq (dBA)	
	Daytime 07:00 –22:00	Nighttime 22:00 –07:00	Daytime 07:00 –22:00	Nighttime 22:00 –07:00
Residential; institutional; educational	55	45	60	50
Industrial	70	70	80	60
Commercial	70	70	70	60

Source: IFC General EHS Guidelines, (April 30, 2007) and Peruvian Standards Walsh EIA 2013,

Noise limits for different working environments are provided in Table 6-5. No employee should be exposed to a noise level greater than 85 dB(A) for a duration of more than 8 hours per day without hearing protection. In addition, no unprotected ear should be exposed to a peak sound pressure level (instantaneous) of more than 140 dB(C). The use of hearing protection should be enforced actively when the equivalent sound level over 8 hours reaches 85 dB(A), the peak sound levels reach 140 dB(C), or the average maximum sound level reaches 110dB(A).

Table 6-2 IFC General EHS Guidelines- Noise Limits for Various Working Environment

Location/Activity	One Hour LAeq (dBA)	
	Equivalent level LAeq,8h	Maximum LAmax, fast
Heavy Industry (no demand for oral communication)	85 dB(A)	110 dB(A)
Light industry (decreasing demand for oral communication)	50-65 dB(A)	110 dB(A)
Open offices, control rooms, service counters or similar	45-50 dB(A)	-
Individual offices (no disturbing noise)	40-45 dB(A)	-
Classrooms, lecture halls	35-40 dB(A)	
Hospitals	30-35 dB(A)	40 dB(A)

Source: IFC General EHS Guidelines, Occupational Health and Safety (April 30, 2007)



6.2 Occupational Health and Safety Guidelines

Occupational health and safety indicators that should be monitored include accident and fatality rates and worker exposure to occupational hazards relevant to project specific activities. Cobra should also maintain records of occupational accidents and diseases and dangerous occurrence accidents as part of the setting the performance indicators and monitoring.



7.0 MANAGEMENT PLANS

Management Plans provide details of how the Project will implement the recommendations and commitments in the ESIA. They need to be operationally focused and subject to revision as the Project evolves and new information becomes available. All Management Plans follow the same basic structure as follows: Objectives, Scope, Sources of Impacts, Relevant local and IFC requirements, Management Procedures, Roles and Responsibilities, Training, Monitoring and Key Performance Indicators (KPIs).

Management Plans are by their nature operational (for construction, operation and closure). These Plans ensure that the Project is operated effectively and efficiently and consistent with Government of Peru and IFC requirements. Thus they should be provided to the operational staff of Cobra and their contractors for implementation. Training of staff is necessary to ensure that they are aware of how the Plans are to be implemented. Monitoring is required to ensure that the Plan is achieving the necessary performance goals/KPIs (compliance with Peruvian and IFC requirements).

Management Plans should be prepared in accordance with the Equator Principles and associated IFC requirements. Each Management Plan is expected to reflect the commitments that Cobra has made on that particular issue – thus the Management Plans (MPs) need to go beyond the ESIA commitments, IFC and Peruvian requirements. Also the MPs need to reflect Cobra's corporate policy on issues such as environment, worker health and safety, and community issues and safety.

A list of recommended Management Plans is provided as follows.

1. Social and Environmental Management System
2. Air Quality Management Plan (with particular emphasis on dust)
3. Grievance Plan
4. Noise Management Plan
5. Fuels and Hazardous Material Management Plan
6. Traffic Management Plan
7. Waste Management Plan
8. Community Health, Safety and Security Management Plan
9. Worker Health and Safety Management Plan
10. Emergency Preparedness and Response Plan
11. Stakeholder Engagement Plan
12. Human Resources Policy
13. Closures Plan
14. Construction Phase Contractor Management Plan
15. Monitoring and Reporting Plan



7.1 Social and Environmental Management Systems

The Social and Environmental Management System need to describe the requirements to develop and maintain the elements of a management system in a manner relevant to Peruvian regulatory requirements, IFC PS requirements, and the Project's environmental and social impacts.

The Social and Environmental Management System needs to include the organizational structure, responsibilities, policies, procedures and practices, and resources. The following elements need to be incorporated in the Management System: (i) Social and Environmental Assessment; (ii) management program; (iii) organizational capacity; (iv) training; (v) community engagement; (vi) monitoring; and (vii) reporting. Performance Standard 1 underscores the importance of managing a project's social and environmental (including labor, health, safety, and security) performance throughout the life of the project. A good management system enables continuous improvement of the project's social and environmental performance, and can lead to improved economic, financial, social and environmental project outcomes.

The Social and Environmental Management System requirements of Performance Standard 1 draw on the established dynamic business management process of "plan, implement, check, and act". In the context of accepted international frameworks for quality and environmental management systems this management process can be summarized as follows:

- Identification and review of the social and environmental impacts and risks of the operations;
- Definition of a set of policies and objectives for social and environmental performance;
- Establishment of a management program to achieve these objectives (Management Plans); and
- Monitoring performance against these policies and objectives

As part of the Social and Environmental Management System so that consultation, disclosure and community engagement continues throughout the construction and operation phases of the Project, Cobra will as appropriate establish a grievance procedure as part of the management system. This will allow the Cobra to receive and facilitate the resolution of any concerns from the affected communities

7.2 Air Quality (Dust Emission Plan)

The Project has the potential to generate dust emissions primarily during the construction, operation, and decommissioning phases. The purpose of the Air Quality Management Plan is to describe measures to eliminate, reduce or mitigate any adverse impacts to the air quality of the receiving environment due to the phases of the Project to ensure compliance with Peruvian and recognized international standards including IFC General Environmental, Health and Safety (EHS) Guidelines, and IFC EHS Guidelines for Wind Energy and Electric Power Transmission and Distribution. The Plan is applicable to movement and



disturbance of surface soils during the construction of foundations and access roads as well as the use of access roads during construction and operations.

The Air Quality Management Plan provides guidance on management of air emissions from construction and operation activities. The Plan includes actions to control airborne particulates as part of the business decision-making processes.

7.3 Noise Management Plan

The Noise Management Plan is designed to ensure the control and limitation of potential sources of noise during the construction, operational and closure of the Project. The Plan describes the proposed measures that shall be used to protect people and wildlife in proximity to the Project. The Plan recognizes that the generation of some noise emissions is inevitable but, nevertheless, sets out a systematic approach for noise control through the implementation of best practice procedures. The Plan also includes the schedule for noise monitoring (day and night) during the construction phase and longer-term monitoring during the operational phase.

The Noise Management Plan provides guidance on management of noise from construction and operation activities. The Plan includes actions to control noise hazards and defines actions to mitigate, prevent, or avoid to the extent practical noise nuisance to site personnel and nearby populations.

7.4 Fuels and Hazardous Management Plan

The Fuels and Hazardous Materials Management Plan is designed to ensure the effective handling, storage, management and disposal of fuels and other hazardous materials by the Project. The Plan contains the methods that will be used to prevent adverse effects occurring during construction and operation and it includes a monitoring plan for determining the effectiveness of any mitigation programs. The Plan needs to describe the facilities that will be used to handle and store fuels and other hazardous materials and also define the procedures for risk control and mitigation.

7.5 Traffic Plan

The Traffic Management Plan is designed to ensure the safe transport of materials, and supplies to and from the Project site as well as the transport of workers to and from the Project site during construction and operation phases of the project. The Plan contains the methods that will be used to prevent or at least minimize adverse effects occurring along transportation routes, monitoring plans to assess potential effects, and for determining the effectiveness of mitigation during construction and operation. Details of policing and monitoring the Traffic Management Plan particularly need to be included.



7.6 Waste Management Plan

The Waste Management Plan (WMP) is designed to ensure the effective collection, storage, management and disposal of hazardous and non-hazardous wastes including but not limited to inert and hazardous solid waste (solid, semi-solid, and sludge), used oils, contaminated fuel, coolants, used chemical products, biomedical waste, spill cleanup materials, sewage effluents, sludge etc. in and around the Project during all phases of Project development including construction, operations and decommissioning. The Waste Management Plan should outline the waste management strategy adopted by Cobra.

The Plan contains procedures for handling, storage, transportation, and disposal of waste generated by the Project and methods that will be used to prevent adverse effects occurring during construction, operations and decommissioning, monitoring plans to assess potential effects during construction, operations and decommissioning, and monitoring plans for determining the effectiveness of mitigation.

The Waste Management Plan presents the various disposal methods, types and expected quantities of waste produced, and the ultimate disposal of the waste streams. The Plan also defines roles and responsibilities, specific requirements, and monitoring controls for managing solid and hazardous waste generated by the Project. It also presents the strategy for adaptive management and continuous improvement.

7.7 Community Health, Safety and Security Management Plan

The Community Health, Safety and Security Management Plan is designed to ensure that the Project health, safety and security of the local people and communities within the vicinity of the Project. The main objective of this Plan is to establish effective plans and procedures for protecting the local communities from Project-related hazards, as well as those villages/towns along the transport route that may be affected by increased traffic and related hazards. The Plan contains the methods that shall be used to prevent adverse health and safety effects occurring during construction and operations together with monitoring plans for determining the effectiveness of mitigation.

7.8 Worker Health and Safety Management Plan

The Worker Health and Safety Management Plan is designed to ensure that the Project protects the health, safety and security of the workers employed by the Project (during construction, operation and closure). The main objective of this Plan is to establish effective plans and procedures for protecting the workers from Project-related hazards. The Plan contains the methods that shall be used to prevent adverse health and safety effects occurring during construction and operations together with monitoring plans for determining the effectiveness of mitigation. Procedures need to be detailed and include such issues as staff training (an ongoing process), safety huddles, staff roles and responsibilities and monitoring and reporting.



7.9 Emergency Response Plan

Emergency Response Plan (ERP) is designed to ensure the protection of human health and the environment in the areas surrounding the Project footprint and along transportation routes during the construction, operations and closure phases of the Project. The ERP presents the scope, goals, objectives and procedures for emergency response by the Project.

The ERP also identifies a range of recovery times within which specific activities will be restarted following a disaster or serious incident. An Emergency Response Team (ERT) for handling emergency scenarios needs to be established prior to the commencement of site clearance works. Coordination with the area's other emergency services needs to be identified in detail.

7.10 Stakeholder Engagement Plan

The Stakeholder Engagement Plan (SEP) establishes the approach, strategy, and means by which Cobra will communicate with the Project stakeholders (the Project's social zone of influence, the communities that are geographically in the proximity of the Project area, etc.). It draws on knowledge gained from past consultation and engagement practices, and focuses on maintaining and improving existing stakeholder relationships.

The preparation of a Stakeholder Engagement Plan (SEP) is an integral part of establishing broad stakeholder support for a project and is a key tool in project risk management. Engagement will be of particular importance during the construction phase of the Project, as relationships are developed and solidified. As the Project moves forward, the SEP will be refined and updated to provide relevant engagement guidance specific to subsequent phases of the Project.

The SEP is designed to establish systematic procedures for the management of dialogue with third parties. Not only does this provide a framework for communicating news about the Project, but also provides mechanisms to resolve disputes and to ensure that any adverse reactions to the Project are reported to the management in a timely manner so that remedial and/or preventive actions can be undertaken. It also describes the types of materials that might be used to support that engagement and defines the objectives, approach, and types of engagement activities that might be used during the construction and the operation phases. It also describes who is responsible for implementing, monitoring, and reporting on the engagement programs.

The SEP needs to be prepared to meet Cobra's own corporate responsibility requirements and to meet consultation and disclosure requirements of the Government of Peru and the requirements of the prospective financing banks as set out in the IFC PS No. 1.



7.11 Closure Plan

The Closure Plan for the Project should be prepared in accordance with the regulatory framework. The Closure Plan needs to consider the objectives of (i) protecting the community health and safety; (ii) alleviating or eliminating environmental damage; (iii) returning the site to its original condition or an acceptable alternative; and, (iv) providing for sustainability of social and economic benefits resulting from Project operations. The Plan describes measures, including protective measures, that Cobra will take during the entire life of the Project to rehabilitate the site. These rehabilitation measures aim to restore the site to the extent possible to its former use or condition.

7.12 Construction Contractor Management Plan

The Construction Contractor Management Plan (CCMP) provides a practical way to facilitate field implementation of environmental regulations, practices, and procedures required to eliminate or reduce potential environmental effects. It is a working document for use in the workplace for Project personnel and contractors, as well as at the corporate level for ensuring commitments made in policy statements are implemented and monitored. CCMP provides the general protection measures and operational procedures for routine and unplanned activities associated with the Project and provide a quick reference for Project personnel to monitor compliance and to make suggestions for improvements. The CCMP provides instructions to ensure contractors understand and implement environmental protection procedures for both routine activities and unplanned events associated with the construction phase of the Project.

7.13 Monitoring and Reporting Plan

Monitoring is a key tool to ensure that impact mitigation plans are working effectively and to assess compliance against regulatory requirements and other agreed performance standards. Monitoring is also used to identify areas of non-compliance and/or poor performance and to assess the effectiveness of measures to improve performance. The Plan contains details of how, when, where monitoring occurs and by whom. Issues of quality assurance and quality control need to be addressed as well as sample handling, storage and laboratory procedures. Monitoring is a key tool to enable mitigation and management measures to be adjusted to respond to inevitable changing conditions and the unexpected.

The Plan also provides the details of how, when, at which frequency reporting is done and by whom. The reports need to be developed periodically and describe progress with implementation of the corrective actions on issues that involve ongoing risk to or impacts on environment and affected communities, and on issues that the consultation process or grievance mechanism has identified as of concern to those communities.



8.0 CONCLUSIONS AND RECOMMENDATIONS

1. It is Golder's opinion the proposed Project will have a relatively limited environmental and social impact and footprint provided it is constructed and operated to Peruvian and international standards. Risks can likely be managed to levels that are reasonable and acceptable;
2. Safety and infrastructure issues, particularly associated with the use of public roads to transport equipment to the Project site pose the largest risk and logistical concerns. The road from the Port of Pisco to the Project site carry's a large volume of traffic with several bridges that could be significantly affected during the transportation of the wind turbine components. Cobra is aware of these issues and should prepare a Traffic Management Plan;
3. Cobra should establish an overall Environmental Management System that addresses the management of Project impacts, risks and actions required to comply with applicable host country social and environmental laws and regulations, and the requirements of the applicable IFC Performance Standards and EHS Guidelines;
4. Cobra has made commitments in the EIAs to the DGAAE as part of the project approval and permitting process to develop management plans. However these management plans are presented in the EIA as a general framework but lack organization and structure and some of the basic requirements for social and environmental management plans. Therefore, to be in compliance with the Equator Principles there is a need for Cobra to draft more structured and detailed Management Plans for Project construction, operation and closure;
5. Cobra should recognize the need and value of these Management Plans and commit to having them prepared, reviewed and finalized in a reasonable period of time;
6. Cobra should prepare a comprehensive Stakeholder Engagement Plan (SEP) and Grievance Procedure in order to comply with the Equator Principles;
7. Cobra should have a specific written commitment to comply with IFC requirements (including IFC General EHS Guidelines, EHS Guidelines for Wind Energy, and EHS Guidelines for Electric Power Transmission and Distribution);
8. Cobra should provide the official resolution for the environmental approval of the Tres Hermanas EIA when the review and approval has been completed. Although this official resolution has not been issued by the DGAAE yet; it is anticipated that the final approval may have specific additional requirements on cumulative impacts. As soon as the official resolution is issued, Cobra needs to take the required actions to address these specific requirements of DGAAE. Once Cobra addresses the issues raised in this



Assessment, the Project will comply with the requirements of the Equator Principles. An Action Plan Checklist, with a recommended schedule, is provided in Appendix A.