

INTERNATIONAL FINANCE CORPORATION

**MANAGEMENT
PROGRESS REPORT
ON**

**IMPLEMENTATION OF THE
MANAGEMENT ACTION PLAN
FOR**

**ALTO MAIPO
CHILE - LATIN AMERICA AND CARIBBEAN
PROJECT NO. 31632**

SEPTEMBER 22, 2022

I. MAP IMPLEMENTATION OVERVIEW

1. This Management Progress Report constitutes the International Finance Corporation's (IFC) update on implementation of the Management Action Plan (MAP) in response to the CAO Compliance Investigation Report on the complaint (the Complaint)¹ concerning Alto Maipo (Project No. 31632) (the Project). Alto Maipo is a hydropower project in Chile. IFC exited its participation in May 2018 and the project is no longer active.

A. MAP Implementation Status

2. Alto Maipo is now operational, and construction was completed by the end of 2021. Therefore, most of the actions in the MAP, disclosed in September 2021, focused on additional document disclosure and internal IFC actions rather than specific Project undertakings. The progress of MAP implementation is fully completed. Externally facing activities, such as: (i) the disclosure of relevant Environmental and Social Impact Assessment (ESIA)-related documentation on the IFC project disclosure website²; (ii) engagement with Itaú Corpbanca, other financiers, Alto Maipo and US-based AES Corporation to share the CAO Report and conclusions with stakeholders; and as required by the CAO Policy direct engagement with the Center for International Environmental Law (CIEL), the Civil Society Organization (CSO) who assisted in filing the Complaint (including Spanish translation and disclosure of the IFC Management Response Executive Summary and MAP), were completed shortly after the Board's approval of the IFC MAP. These actions were all completed by August 2022, with no further inquiries or follow up actions required by external stakeholders.

3. Internal activities including: (iv) enhancement of the Broad Community Support Matrix and BCS disclosure procedures and (v) enhancement of IFC's disclosure system, have also already been implemented, as detailed in the attached table and (vi) guidance on monitoring for ambient air quality has been developed and disseminated among CEG specialists.

B. Conclusion

4. All MAP requirements have been fulfilled and engagement with the CSO as per CAO Policy has been completed. It is therefore expected that the MAP process for this project can be closed.

¹ <https://www.cao-ombudsman.org/cases/chile-alto-maipo-01cajon-del-maipo>

² <https://disclosures.ifc.org/project-detail/ESRS/31632/alto-maipo>

II. UPDATE ON MAP IMPLEMENTATION ACTIONS

| Area of Improvement | Action / activity | | | | Summary of Implementation |
|--|--|---------------------------------------|--|--------------------------|--|
| Enhancement of Broad Community Support (BCS) Matrix and BCS disclosure required. | Update the guidance to social development specialists to ensure the section of BCS matrix “key evidence of support and/or objection to the project” describes the key underlying reasons for support or objection. | | | | The BCS matrix template has been updated to include a description of the key underlying reasons for the community support or objection of the project under the section of <i>Assessment of Broad Community Support - Key Evidence of Support and/or Objection</i> . The template has been disseminated and is available for all E&S specialists through the internal document management system. |
| | Responsibility | Deliverable / expected outcome | Timeframe | Status | |
| | IFC | Updated guidance on BCS Matrix. | Updated guidance to be completed by December 31, 2021. | Completed (January 2022) | |
| | Provide updated guidance on BCS disclosure in the ESRS to improve the quality of the summary information to describe the BCS process and IFC’s determination. | | | | |
| Enhanced ambient air quality monitoring required. | Responsibility | Deliverable / expected outcome | Timeframe | Status | The BCS guidance has been updated and requires the IFC social specialist to update the BCS summary of outcomes in alignment with the BCS memo and to include the conclusions of the BCS process in the ESRS disclosure. The guidance is formalized in an internal Tip sheet: <i>Broad Community Support (ESRP-NB-DI-022, Version 1.0, January 2022)</i> . The Tip Sheet is available for all E&S specialists through the internal document management system |
| | IFC | Updated guidance on BCS disclosure. | Updated guidance to be completed by December 31, 2021. | Completed (January 2022) | |
| | Develop guidance for IFC specialists on identifying the parameters for ambient air quality baseline studies and parameter-based monitoring requirements in line with Good International Industry Practice (GIIP) during construction, based on project characteristics (e.g. large scope of construction activities; presence of sensitive receptors in the area of influence; construction risks). As needed, | | | | |

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| | include such guidance in the ongoing update of the General EHS Guidelines. | | | | specialists though the internal document management system. |
| | Responsibility | Deliverable / expected outcome | Timeframe | Status | |
| | IFC | Develop guidance. | Guidance to be completed by December 31, 2021. | Completed (August 2022) | |
| Disclose relevant ESIA-related documentation on the IFC project disclosure website. | IFC will update its website to disclose electronic copies or web links, where available, to any relevant ESIA documents prepared by or on behalf of Alto Maipo SpA, on which IFC based its pre-investment assessment review and supervision of the project, in accordance with the AIP. | | | | The list of all relevant E&S and ESIA documents on which IFC based its pre-investment review was uploaded to the Disclosure website in November 2021. Documents are available at the following link: https://disclosures.ifc.org/project-detail/ESRS/31632/alto-maipo |
| | Responsibility | Deliverable / expected outcome | Timeframe | Status | |
| | IFC | Disclosure of relevant ESIA documents pertaining to Alto Maipo on IFC project disclosure website. | Disclosure update by one month following disclosure of the Management Response. | Completed (November 2021) | |
| Enhance IFC's disclosure system. | Enhance IFC's systems so that relevant E&S information during project supervision is made available, if applicable and where required, in a timely manner, and project status is correctly reflected on IFC's disclosure website. | | | | <ul style="list-style-type: none"> - The Environmental and Social Review Procedures (ESRP) have been updated to provide guidance to E&S specialists on requirements for disclosure of E&S documentation during the supervision of projects. - The IFC risk and public affairs unit has introduced a new process for identifying projects that have reached financial closure but have not been closed in the internal system because of outstanding legal and operational issues and is updating their status to reflect financial closure by marking them as 'Completed' on the disclosure portal. This process is currently being |
| | Responsibility | Deliverable / expected outcome | Timeframe | Status | |
| | IFC | Enhancement of IFC's disclosure system. | Update of systems by FY22. | Completed (January 2022) | |

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| | | | | | implemented and project status is reviewed and updated monthly. |
| Engage with Itaú Corpbanca, other financiers, Alto Maipo and US-based AES Corporation. | IFC will engage with Itaú Corpbanca, other financiers, Alto Maipo SpA and US-based AES Corporation to share the CAO report and conclusions. | | | | CAO report and IFC Management Response were shared with Itau Corpbanca, the administrative agent for the Senior Lenders, Alto Maipo and AES Corporation on September 20, 2021. |
| | Responsibility | Deliverable / expected outcome | Timeframe | Status | |
| | IFC | Delivery of CAO report and IFC Management Response to relevant parties. | Engagement with all parties by two months following disclosure of Management Response. | Completed (September 2021) | |
| IFC to engage with complainants in relation to its Management Response. | IFC is open to holding an informational meeting with civil society organizations following publication of the investigation report and IFC's Management Response. | | | | A virtual informational meeting was held with US-based CIEL in December 2021. The local CSO was invited but did not attend. |
| | Responsibility | Deliverable / expected outcome | Timeframe | Status | |
| | IFC | Meeting with CSOs. | Post publication of the IFC Management Report. | Completed (December 2021) | |
| | IFC to translate the Executive Summary of its response and the MAP into Spanish. | | | | The translation was completed in October 2021, and the Spanish version was uploaded on CAO's website in November 2021. https://www.cao-ombudsman.org/sites/default/files/downloads/Resumen%20Respuesta%20IFC%20%282%29.pdf |
| | Responsibility | Deliverable / expected outcome | Timeframe | Status | |
| | IFC | Translated Executive Summary of Management Response and MAP. | Post publication of the IFC Management Report. | Completed (November 2021) | |