

## GENERAL REMARKS

1. KfW IPEX-Bank is grateful for the information received in the Joint Communication. Our commitment to applicable laws and standards encompasses our respect for the environment and all internationally recognised human rights.
2. Our expectations of our staff and business partners are set out in our policies and procedures, including our sustainability mission statement, Human Rights Policy, and Environment Policy (available on our website at: <https://www.kfw-ipex-bank.de/About-us/Social-responsibility/>).
3. KfW IPEX-Bank is a member of the Equator Principles Association, and we have fully implemented the Equator Principles in our credit process.
4. These policies and commitments form the basis for our response to the requests for information that we have received.

## LENDER STATUS

5. While it is correct that KfW IPEX-Bank was among the group of original Lenders to the Alto Maipo Hydroelectric Project (the Project), KfW IPEX-Bank is no longer a Lender to the Project.

## RESPONSES TO THE MATTERS RAISED IN THE JOINT COMMUNICATION

6. We respond here to each of the requests for information on pages 2 and 3 of the Joint Communication.

### **A Flow of tributaries of the Maipo River**

7. The Project will mainly use the force of falling water to produce electricity. It neither has a reservoir, nor affects the activities conducted at Maipo River. One hundred percent of the water utilised by the Project will be returned approximately 5 km before the intake point of the drinking water treatment plant that serves the city of Santiago (Aguas Andinas). ([https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id\\_expediente=2933044](https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id_expediente=2933044)).

### **B Erosion of the Maipo River bed**

8. The Project conducted various technical studies and has established mitigation and monitoring measures regarding the potential effects of sediment transport and scouring. Alto Maipo prepared a Sedimentology Study, conducted by the Department of Civil Engineering at the University of Chile in March 2007, "Estudio Sedimentológico en el Río Maipo", which was included as Annex 20 in the Project's 2008 Environmental Impact Assessment (EIA), approved through Resolución de Calificación Ambiental RCA N°256/09 ([https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id\\_expediente=2933044](https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id_expediente=2933044)). The study concluded no significant impacts and estimated impacts were within the natural ranges of the system.

9. In 2010 an Advanced Sediment Transport Study, “Estudio Sedimentológico Avanzado”, was prepared and was approved by the relevant authority (Department of Hydraulic Works [Dirección de Obras Hidráulicas - DOH]) on September 27, 2018. The executive summary is published at Alto Maipo’s website (<https://www.altomaipo.com/estudio-sedimentologico-avanzado/>).
10. In 2013 another technical study was prepared to identify and assess the potential impacts from erosion and sedimentation: “Tema 2: Identificación y Evaluación de Impactos Potenciales en los Sedimentos” (<https://www.iadb.org/en/project/CH-L1067>).

### **C Exacerbation of climate change and desertification**

11. Impacts on glaciers and potential exacerbation of desertification were assessed in the Project’s 2008 EIA: ([https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id\\_expediente=2933044](https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id_expediente=2933044)). The 2008 EIA assessed the potential impacts of construction activities to glaciers and concluded that given the distance between tunneling activities and the glaciers, vibration from drill and blast (D&B) would not be perceived at the ground surface. Any deviations from the stated activities in the 2008 EIA related to glacier protection require a consulta de pertinencia (CdB) to the authorities for approval to ensure no additional impacts will arise.
12. Impacts on climate change including desertification were also assessed during a cumulative three-stage study in cooperation with the Fundacion para la Transferencia Tecnológica (UNTEC), “Cambio Climatico y su Impacto en la Disponibilidad de Recursos Hídricos del Proyecto Alto Maipo” - May 2013 (<https://www.iadb.org/en/project/CH-L1067>). The report concluded no impacts on the rights of water users. In addition, the study concluded that water flow will be sufficient to maintain all existing water rights within the intervened reach (i.e., 10 intakes) during Project operation and considering the potential effects of climate change.

### **D Decline of tourism activities**

13. The Project’s 2008 EIA ([https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id\\_expediente=2933044](https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id_expediente=2933044)) described the tourism activities in the Project’s Area of Influence (Aoi), as well as importance of tourism for the region. Measures presented in the 2008 EIA include avoiding construction activities in priority tourism areas, limiting Project traffic, and minimizing aboveground construction (90% of the Project is underground).
14. Further, a comprehensive study on possible impacts on recreational river users – “Evaluación Idoneidad de Realización de Rafting en Río Maipo” (2020), <https://www.altomaipo.com/descargas/evaluacion-idoneidad-de-realizacion-de-rafting-en-rio-maipo/> – was conducted to analyse the flow rates for rafting on the Maipo River. The assessment demonstrates that the operation of the Project would maintain not only minimal conditions for rafting in winter and summer, but largely maintain hydraulic conditions with high preferences demanded by the users themselves. The study was provided to relevant stakeholders (i.e., local rafting companies) in March 2020.

### **E Glacier melting in the area of El Yeso Reservoir**

15. Impacts on glaciers were assessed in the Project’s 2008 EIA ([https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id\\_expediente=2933044](https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id_expediente=2933044)).

\_expediente=2933044). The 2008 EIA assessed the potential impacts of construction activities to glaciers and concluded that given the distance between tunneling activities and the glaciers, vibration from D&B would not be perceived at the ground surface. Any deviations from the stated activities in the 2008 EIA related to glacier protection require a consulta de pertinencia (CdB) to the authorities for approval to ensure no additional impacts will arise.

16. Alto Maipo carries out annual LIDAR (light detection and ranging) air surveys of the El Morado glacier to monitor changes in the glacier and 21 nearby comparable glaciers to assess impacts from the Project. Alto Maipo has carried out these annual surveys since 2017 and presents the results to the corresponding authorities (Superintendencia del Medio Ambiente – SMA or Dirección General de Aguas – DGA). The 2017 results are published by SMA: <https://snifa.sma.gob.cl/General/Descargar/20612022166> and <https://snifa.sma.gob.cl/General/Descargar/20612022167>. To date, the annual surveys show that the El Morado glacier conditions are similar to other glaciers in the area and that changes and decreases align with climatic conditions, are not related to the Project.

## **ADDITIONAL OBSERVATIONS**

17. We respond here to each of the requests for additional observations on pages 4 and 5 of the Joint Communication.

### **F Measures taken by KfW IPEX-Bank to avoid negative impacts on human rights to water and sanitation**

18. In accordance with KfW IPEX-Bank's standard due diligence policies and processes (accessible at <https://www.kfw-ipex-bank.de/About-us/Social-responsibility/Environmental-and-social-sustainability/>) the following steps were taken:
  - a. In 2013 the Lenders carried out an Environmental and Social Due Diligence (ESDD) to assess the Project's compliance with Chilean law and its alignment with the International Finance Corporation (IFC) Performance Standards ([https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)) throughout the entire life cycle of the Project. The IFC Performance Standards include eight E&S topic-specific standards and a number of cross-cutting topics, including climate change, gender, human rights, and water, are addressed across multiple Performance Standards. The IFC Performance Standards require a Project to adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, its E&S risks and impacts including, for example, those related to human rights to water and sanitation.
  - b. The ESDD established a Project-specific Action Plan (ESAP) to bring the Project into full alignment with the IFC Performance Standards.
  - c. Since 2014, the Lenders carry out quarterly Environmental and Social (E&S) Monitoring during construction and will carry out periodic E&S Monitoring during operation to ensure the Project's E&S performance meets Lender requirements and continues to meet the IFC Performance Standards.

19. In addition, and in response to the Lenders' ESDD process, Alto Maipo carried out an Identification and Assessment of Water Uses and Users, "Informe Preliminar, Tema 1: Identificación y evaluación de impactos potenciales sobre usos y usuarios del agua", dated May 2013 (<https://www.iadb.org/en/project/CH-L1067>), which identified and described the key characteristics of each water use for each of the formal water rights holders within the Project estimated intervened reaches. The assessment concluded that projected water flow during Project operation is greater than the legally authorized flow requirements at each existing water right intake point within the intervened reach. Thus, the report provides evidence to support the conclusion that the Project will not affect existing water rights within the Project intervened reach.

#### **G Human rights due diligence policies and processes put in place by KfW IPEX-Bank**

20. In accordance with KfW IPEX-Bank's standard due diligence policies and processes (accessible at <https://www.kfw-ipex-bank.de/About-us/Social-responsibility/Environmental-and-social-sustainability/>) the following steps were taken:
- a. In 2013 the Lenders carried out an Environmental and Social Due Diligence (ESDD) to assess the Project's compliance with Chilean law and its alignment with the International Finance Corporation (IFC) Performance Standards ([https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)) throughout the entire life cycle of the Project. The IFC Performance Standards include eight E&S topic-specific standards and a number of cross-cutting topics, including climate change, gender, human rights, and water, are addressed across multiple Performance Standards. The IFC Performance Standards require a Project to adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, its E&S risks and impacts including, for example, those related to human rights to water and sanitation.
  - b. The ESDD established a Project-specific Action Plan (ESAP) to bring the Project into full alignment with the IFC Performance Standards.
  - c. Since 2014, the Lenders carry out quarterly Environmental and Social (E&S) Monitoring during construction and will carry out periodic E&S Monitoring during operation to ensure the Project's E&S performance meets Lender requirements and continues to meet the IFC Performance Standards.

#### **H Environmental and social impact studies including human rights, social and cultural impacts on local communities and free prior and informed consent carried out before construction of the Project**

21. The Project's Environmental Permit RCA N°256/09 was approved on 30 March 2009 (<https://conocealtomaipo.cl/proyecto/>). The Project is fully compliant with the Environmental Permits and certification processes, pursuant to the current Chilean laws and regulations. The Project was assessed by relevant government authorities and was under the scrutiny of citizens and stakeholders during the public consultation required by the Project's 2018 EIA process ([https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id\\_expediente=2933044](https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id_expediente=2933044)). The EIA includes measures to avoid negative social and cultural impacts, including by carrying out consultations to invite stakeholder feedback on impacts and proposed mitigation measures (<https://seia.sea.gob.cl/evaluacionambiental>).

22. In addition, the ESDD, conducted on behalf of the Lenders, also incorporates specific actions and mitigation measures to address any social and cultural impacts identified by the EIA (i.e. an ESAP).
23. Based on the results of the EIA and ESDD, there are no traditional lands associated with indigenous peoples in the Project area of influence and thus there was no requirement for free and informed consent prior to the approval of the Project.
24. The Project maintains an active grievance mechanism that is accessible to the public to present any concerns, consultations, or complaints. There is a systematic process for following up on these consultations to address concerns promptly. See: <https://conocealtomaipo.cl/wp-content>

**I Specific due diligence measures taken by KfW IPEX-Bank before deciding to finance the Project including meaningful consultation with affected stakeholders**

25. A comprehensive description of KfW IPEX-Bank's standard due diligence policies and processes can be accessed at our website (<https://www.kfw-ipex-bank.de/About-us/Social-responsibility/Environmental-and-social-sustainability/>). The Project was evaluated in accordance with our standard due diligence policies and processes prior to financing.
26. In accordance with KfW IPEX-Bank's standard due diligence policies and processes (accessible at <https://www.kfw-ipex-bank.de/About-us/Social-responsibility/Environmental-and-social-sustainability/>) the following steps were taken:
  - a. In 2013 the Lenders carried out an Environmental and Social Due Diligence (ESDD) to assess the Project's compliance with Chilean law and its alignment with the International Finance Corporation (IFC) Performance Standards ([https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)) throughout the entire life cycle of the Project. The IFC Performance Standards include eight E&S topic-specific standards and a number of cross-cutting topics, including climate change, gender, human rights, and water, are addressed across multiple Performance Standards. The IFC Performance Standards require a Project to adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, its E&S risks and impacts including, for example, those related to human rights to water and sanitation.
  - b. The ESDD established a Project-specific Action Plan (ESAP) to bring the Project into full alignment with the IFC Performance Standards.
  - c. Since 2014, the Lenders carry out quarterly Environmental and Social (E&S) Monitoring during construction and will carry out periodic E&S Monitoring during operation to ensure the Project's E&S performance meets Lender requirements and continues to meet the IFC Performance Standards.
27. The website <https://seia.sea.gob.cl/evaluacionambiental> provides a description of the Project's consultation process during the EIA process. The Lenders require the Project to conduct ongoing and meaningful consultation with affected stakeholders throughout the life cycle of the Project, in line with the IFC

Performance Standards. For example, one means of ongoing consultation is the Project's ongoing Participatory Monitoring Plan (PMP), <https://conocealtomaipo.cl/monitoreo-participativo/>. In place since early 2014, the PMP is designed to allow active community participation in the monitoring of the construction of the Project. There are three thematic panels included in the PMP: Water and Environment; Social Commitments, Employment, and Local Providers; and Traffic Safety. Each is facilitated by a member of the Alto Maipo Community Management team.

#### **J Prevention of recurrence of disasters**

28. A comprehensive description of our standard environmental and social due diligence policies and processes can be accessed at our website (<https://www.kfw-ipex-bank.de/About-us/Social-responsibility/Environmental-and-social-sustainability/>). All projects are evaluated in accordance with our standard environmental and social due diligence policies and processes prior to financing.

#### **K Grievance mechanisms**

29. A comprehensive description of KfW IPEX-Bank's principles of complaint management and the corresponding policies and processes can be accessed at our website, including the relevant complaint form (<https://www.kfw-ipex-bank.de/International-financing/KfW-IPEX-Bank/KfW-IPEX-Bank-Complaint-form.html>).

#### **CONCLUDING REMARKS**

30. In closing, we take this opportunity to reiterate KfW IPEX-Bank's commitment to human rights as described in KfW Group's statement in support of human rights (<https://www.kfw.de/nachhaltigkeit/Dokumente/Sonstiges/Menschenrechtserkl%C3%A4rung-en.pdf>).
31. KfW IPEX-Bank finances only those projects that comply with its sustainability guideline which is based on globally accepted environmental and social standards, including the IFC Performance Standards, EHS Guidelines and Safeguard Policies, and the Equator Principles.