

COMMUNITARIAN RELATIONSHIP MODEL

RENACE

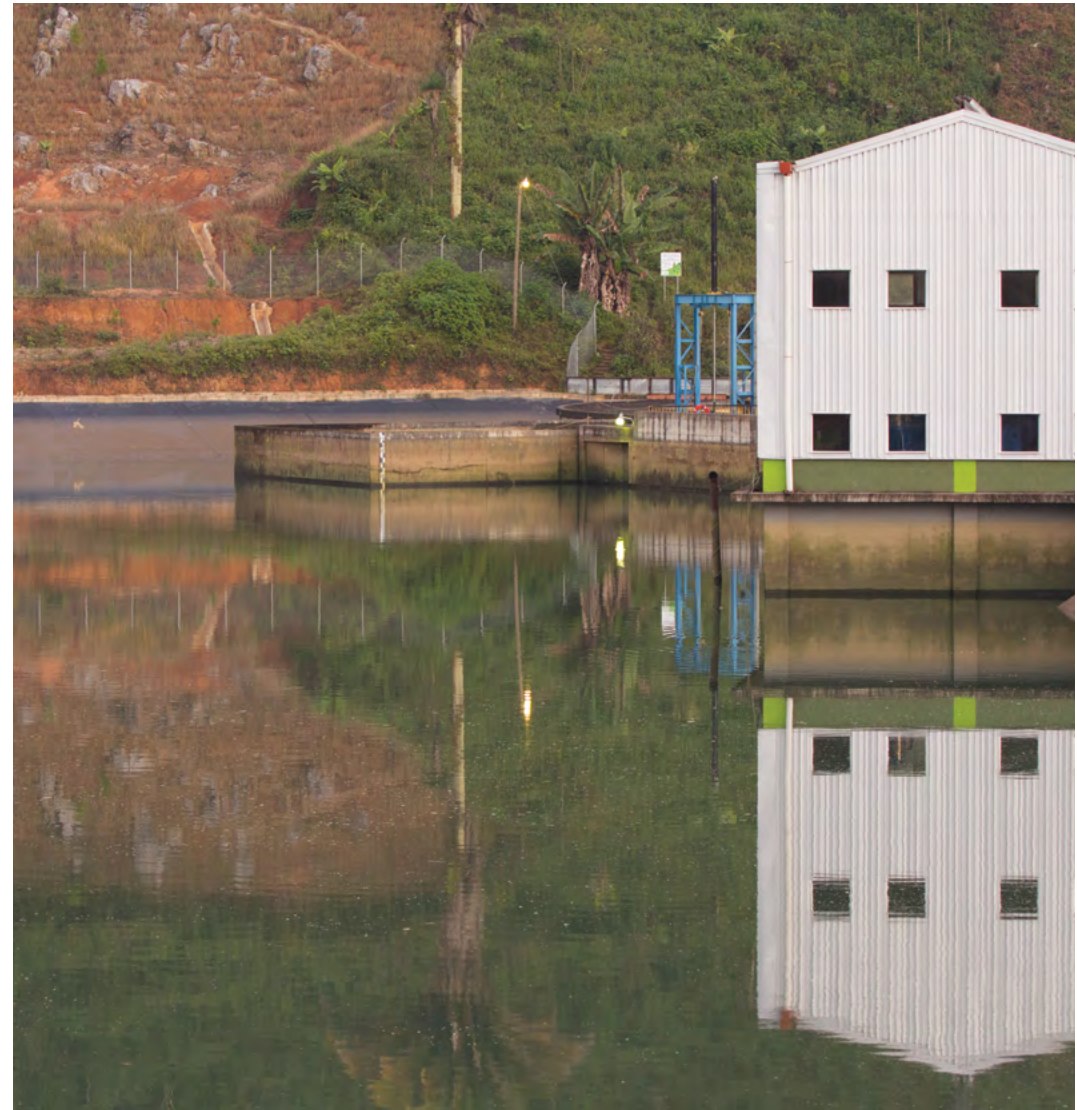


The Energy Unit of Corporacion Multi Inversiones (CMI) was born on June 2011 with the purpose of developing power generation projects, and with such projects to supply clean, trustable and competitive energy to benefit electricity consumers in Guatemala and at the same time, support the social development of the country.

At this moment, the RENACE Hydroelectric complex, is the most important project of the Unit, formed by several projects in cascade situated over the Cahabon River, in the municipality of San Pedro Carcha, Alta Verapaz, Guatemala. The cascade of projects begins with Renace I, with a capacity of 66MW, we later find Renace II with a capacity of 114 MW, and further Renace III and Renace IV with capacities of 66 MW and 55 MW respectively, which jointly project a total capacity of 306 MW, turning it in the biggest hydroelectric complex in Central America.

In a high socio-environmental conflict environment as the one in Guatemala, where the power industry has been one of the most attacked, RENACE understood, that in order to develop and build its projects efficiently and mitigate the most significant risks, a business model with the best practices available of Corporate Social Responsibility (CSR) needed to be incorporated. With time and with innovating practices, all of it turned into an integral, coherent, solid, replicable model of communitarian relationship with a long term vision, which expresses clearly how it has allowed RENACE to be successful in the affairs with the communities of San Pedro Carcha and it shows the form in which a positive social change can take place through the democratization of opportunities.

The Communitarian Relationship Model of RENACE presents a summary of the principles, evolution, content and the implementation of a social strategy followed by Renace, which today, is an example to follow in other communities, regions and countries as a vehicle of prosperity in the most abandoned communities.



IMPLEMENTATION

PHASES OF CSR

The evolution of the Strategy of Corporate Social Responsibility of RENACE, has involved several stages which have implied a continuous learning and maturity of the organization in its form of interacting and relating with the communities and other key actors.

PHASE 1

Social diagnosis and communitarian perception: In this stage the expectations, fears, prejudices of the people are analyzed and the main needs of the families of the communities of influence are assessed.

Also, a characterization of the population, culture, customs, leadership, strengths, weaknesses, socio economic situation, etc. took place.

PHASE 2

Design and establishment of the Communitarian Relationship Model:

In this stage a strategy of communitarian relationship was designed, which responded to the social diagnosis and the need to make the construction of the projects viable. In this phase the compromise of senior management of the Energy Unit and CMI was key for the assignation of resources, the functionality of CSR was formally structured, the internal announcement took place, the mission, vision and axes of intervention and the work plans were defined.

PHASE 3

Alignment of the Integral Management System of CSR: The principles and standards of CSR were adopted and supported by CentraRSE: The execution of the work plan of CSR with an integral vision, takes place, the first measurement of IndicaRSE is done, the process of homologation ISO 26,000 is begun, eight principles of Communitarian Relationship of IFC are adopted, the Equator Principles and the 10 principles of Global Compact of the United Nations.

PHASE 4

The continuous improvement of the systems of integral management of CSR: It seeks to optimize and supersede the local and regional standards through:

- Certifications ISO 14,000, OH-SAS 18,000, ISO 9,000 and ISO 26,000.
- Social innovation is promoted to create better practices of CSR in the context of hydroelectric and renewable generation.
- Development of social technology provided for Cultivando Agua Buena (CAB) to apply in the zone of influence of the project.

PHASE 5

Towards a worldwide standard: UEN's purpose is to comply with the worldwide standard through its adherence to the applicable international rules, such as GRI (Global Reporting Initiative), the Global Compact.

SUSTAINABILITY

2012

2013

2014

2015-2016

2017



REALITY

AND ENVIRONMENT

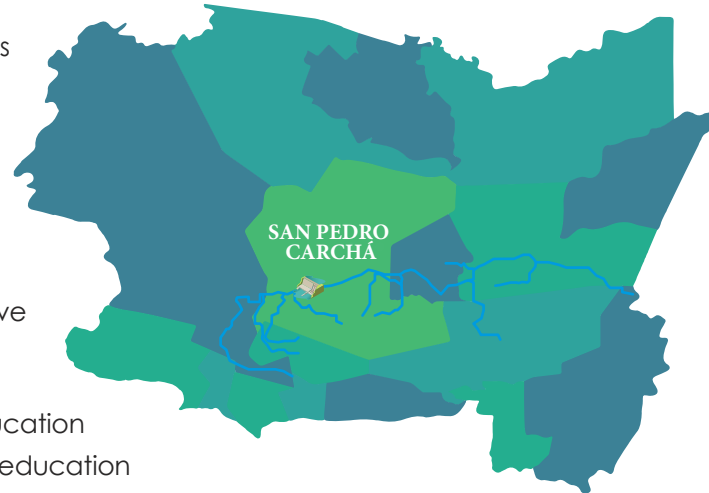


The field of action of Renace has been predominant in 33 communities of San Pedro Carcha, a municipality located in Alta Verapaz, with a territorial length of 1,082 square kilometers. Limited to the North with Chisec and Fray Bartolome de las Casas. To the East with Cahabon, Lanquin and Senahu, to the South with Senahu, Tucuru and San Juan Chamelco and to the West with Coban and Chisec; where the Q'eqchi' culture is predominant with rich and ancient traditions.

Its landscape is composed of limestone hills characterized for their inclined slopes, shallow, rock soils, through this mountains the Cahabon River runs and it's here where the Renace Hydroelectric Complex is located.

Relevant Information:

- Population: 228,100 inhabitants
- 50% of homes have access to water
- 27% of the population has electricity
- 92% live in rural areas
- 88% live in poverty
- 49% children under 5 years have malnutrition
- 90% of homes use firewood
- 36% have access to basic education
- 21% achieve a middle-school education level
- 0.64% of the complete tax collection in the country come from Carcha
- 3% of the population have internet access



FOUNDATIONS

AND PRINCIPLES



A) FOUNDATIONS:

For Renace, sustainable development is an integral part of its strategy of business sustainability, therefore, it seeks to satisfy the current needs, without compromising the capacity so that future generations may satisfy their own needs. The companies that last, are the ones that prepare the communities to satisfy their own needs.

The CSR strategy and Communitarian Relationship Model becomes therefore, a fundamental tool to achieve the sustainability of the business in the long term and turns about in a unique opportunity to transcend through the social transformation of the communities located in the zone of influence.

Their work philosophy is based upon the following:

“NOTHING GREAT IN THE WORLD HAS EVER BEEN ACCOMPLISHED WITHOUT PASSION” Friederich Hegel

“A COMPANY WITH PRINCIPLES HAS NO END” Fundacion Pro-Humana

“THERE CANNOT BE SUCCESSFUL COMPANIES IN FAILED SOCIETIES” Stephan Schmidheiny.

B) PRINCIPLES:

RENACE is committed to the development of free and prosperous communities in the zone of influence, with the purpose of promoting in first place, a behavior with values between its collaborators, suppliers and with the same communities.



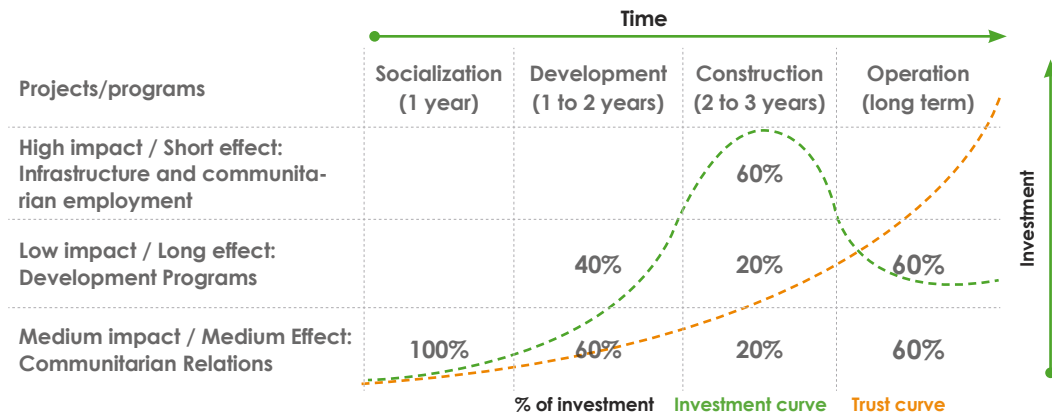
THE COMMUNITARIAN

RELATIONSHIP ACCORDING TO THE PHASES OF THE PROJECT



One of the success factors that facilitated RENACE to reach community consensus, was the genuine commitment of the company to lead positive and sustainable social transformation in the zone of influence. This engagement is the result of understanding that CSR and Sustainable Social Development (DSS) is an investment y not an expense, which allows the business to grow; and that a social intervention must be done at the right time and according to the phases of each project.

The graphic suggests that the projects have different phases with their own different implications, therefore the actions must be pursuant to the needs of each one of them.



The appropriate actions according to each phase needs, impacts on the trust curve.



PROGRAMS AND PROJECTS



HIGH IMPACT/SHORT EFFECT: So called since their impact in terms of image in the communities are high but the results are short term. These are programs which significantly increment in short term the infrastructure and communitarian employment. This projects are attending immediate needs and serve as enablers of the programs in the long term.

Communitarian Infrastructure

- Schools
- Roads
- Community Halls
- Water supplies

Other projects of infrastructure of Communitarian Work

- They complement the job offer of the hydroelectric projects with the demand for communitarian work.



MEDIUM IMPACT/MEDIUM EFFECT: So called since its impact in terms of image in the communities is constant, as are the result in time. Programs promoting the relationship of good neighbors through communication of values and the philosophy of Renace. It is mainly based in the integral strategy of the Communitarian Relationship Model. Including:

Communication and Relationship

- Information and disclosure plan
- Dispute resolution processes
- Sports championships
- Christmas fairs



- Renace Fireworks
- Sponsorship for municipal activities
- Strengthening of institutional relationships

Development of the Organization

- Training in communication, negotiation and resolution of disputes/crisis
- Security and social diagnosis
- Contingency plans
- Program of compliance of the rules of Communitarian Relationships (Applied to subcontractors)

LOW IMPACT/LONG EFFECT: It makes reference to a series of programs so called because their impact in terms of image in the communities are low, but the results transcend through time. This programs are transforming the communities maintaining their culture, promoting attitudes and ways of acting positive so that people and families on their own may manage their development. In this area, Renace implements seven programs focused on the development of the human person.

Sustainable Social Development

- *Mejores Familias* (Better Families)
- *Mi Salud, Mi Responsabilidad* (My Health, My Responsibility)
- *Excelencia Educativa* (Educational Excellence)
- *Excelencia Deportiva* (Sports Excellence)
- *Taller Escuela de Tecnificación* (Workshop School of Technicalization)
- *Escuela de Liderazgo* (Leadership School)
- *Excelencia Agricola* (Agricultural Excellence)



SOCIAL LICENSE

Renace understands that the conscious and informed acceptance from people and the affected groups by the activities developed in the zone of influence is needed, this is known as social license. With this purpose, Renace developed its Communitarian Relationship Model and DSS based on three axes of action which have allowed to achieve the Social License. To facilitate its understanding, this actions may be taken as a stool with three bases, each hydroelectric project rests on the superior part of the stool, and this part as well rests upon the three points of support.



Homogenous group of individuals who may be significantly grouped because they share, completely or partially, certain materials of the existence, customs, culture, language, interests and historic specific needs.

THE THREE IMPORTANT BASIS OF SOCIAL LICENSE



The basis are solid, but they change dynamically through time. They relate between themselves permanently and may not exist one without the other, they work as a series of gears duly connected.

CORPORATE VALUES

All actions of Communitarian Relationship of RENACE are oriented towards the promotion of corporate values reflected in all actions made by the entity.

CORPORATE VALUES REIR

Responsibility, Excellence, Integrity and Respect:

- **Responsibility:** it takes the compromise of being a dynamic, efficient, and a modern business, guarantor of the obligations acquired through the vi-

sion, mission, values and principles of the organization, always accountable for its actions. Where the guatemalan law is respected and the responsibilities before shareholders, clients, suppliers, collaborators and creditors are fulfilled. RENACE is solidary and respectful with the communities.

- **Excellence:** superiority and correction is sought. With work, dignified results of appreciation and admiration are earned. Mediocrity and inefficiency are rejected since excellence is sought through the cons-

tant and tenacious effort, work team and communion of interest.

The pursuit of excellence is an attitude of life and at RENACE it is a permanent goal and an inescapable compromise.

- **Integrity:** integrity is considered as one of the more important assets. It can measure its rights for its duties. The conduct is guided by universal ethical values and moral principles which are the foundation and compromise to build and preserve a well respectable and respected Corporation. In RENACE virtues as transparency, rectitude, honesty, will, discipline and example are professed to promote the formation of strong families, prosperous companies, free societies and modern nations.

Additionally, loyalty is considered as a necessary condition to form part of the RENACE team, and as an acquired compromise for the company and for each and every one of its members as a mutual and inclusive bond. Loyalty is built from the coincidence of values and principles and is strengthened by the vision and mission shared.

- **Respect:** The foundation of this ethical value lays in the attention presented to the rights of others to achieve harmony in the community. The respect involves understanding that as

human beings we are all equal and deserve to be treated with dignity.

In RENACE ethical values of respect are acknowledged, such as the word given, contracts signed and observing the acquired compromises.

CONSTRUCTION OF TRUST

The Renace Strategy of Communitarian Relationship, ultimately seeks the construction of friendship and trust in the communities. This trust is the condition which allows the approach with the authorities and the population, achieve rightful agreements, respecting local leadership and promoting active participation of the families.

TRANSPARENCY

In every action that Renace promotes, since the first approach with the communities until the work they do together, it bears the imprint of transparency, understanding it as the actions which allow to provide clear, complete and opportune information for making decisions.

COMPLYING WITH COMPROMISES

Through the dialogue and integrated planning, agreements are achieved which are formally subscribed and later totally complied.



COMMUNITARIAN RELATIONSHIP

It seeks to establish trust between the communities and the company, based on a better understanding of the communitarian context and of the corporate activity, it improves communication and breaks the negative social paradigms which are generally underlying in the opposition to the hydroelectric projects in others region of the country.

PROCESSES THAT ENABLE THE CONSTRUCTION OF THE RELATIONSHIP OF GOOD NEIGHBORS

All the processes of communitarian relationship promote the rights of participation and communitarian representativeness, equality of gender, cultural significance, promotion of justice and compliance of compromises, right to childhood, right to work, a cycle where we understand that any right implies obligations.

Identifying and prioritization of needs: Through this process the communities are accompanied so that they identify and prioritize their true needs and their way of managing to supply them. It encourages leaders to pursue development in the long term.

Pursuit consensus for communitarian agreements: Through several states it is informed, negotiated and agreements are reached with the communities.

Purchase of land and payment of rights of pass: legal process for transparent negotiation and fair purchase of land and rights of pass.

Social diagnosis: social diagnosis tries to identify stakeholders and circumstances of social entourage, expectations, worries, and priorities of the communities.

Management of opening and maintenance of roads: it guarantees the correct maintenance and opening of roads by hiring communitarian personnel.

Interculturality: practice where customs and traditions of the communities are considered to reach better knowledge.

Distribution of temporal and rotary job positions: it guarantees the fair distribution of available job positions between people in working age.

Attention to requests and claims: process through which an agile and continuous follow up is given to any question, claim or request on behalf of the communities.

Management of electricity coverage: it is a process where we accompany the communities so that they can apply for their own power coverage.

Negotiation and dispute resolution: this process leads to a prompt and fair resolution of conflicts associated with the activities of the business in the zone.

Processes of disclosure and information: Processes through which the community is kept informed regarding the actions which the business is taking in the zone and it is guaranteed that the information breaks through all levels.

● BEGINNING PROCESSES ● FACILITATING PROCESSES ● CONTINUOUS PROCESSES

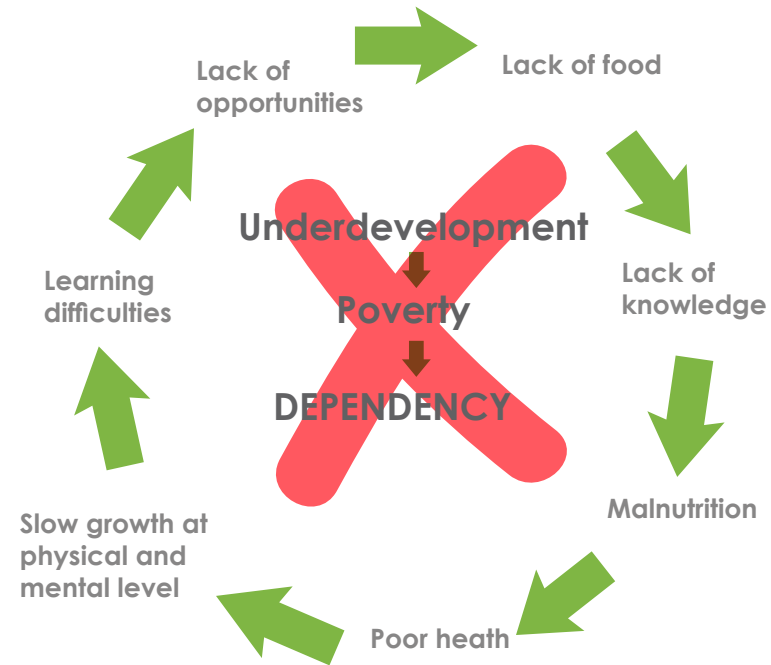
SUSTAINABLE SOCIAL DEVELOPMENT

Achieving Sustainable Social Development is not easy, there is no recipe and neither is the result guaranteed; it is a long term task, which requires involving all the key stakeholders and the way to promote it will change through time depending on the circumstances.

RENACE addresses Sustainable Social Development from the vision of breaking the cycle of poverty and contributing to articulate the contrary cycle, which is development.

DESCRIPTION OF THE VICIOUS CYCLE OF POVERTY

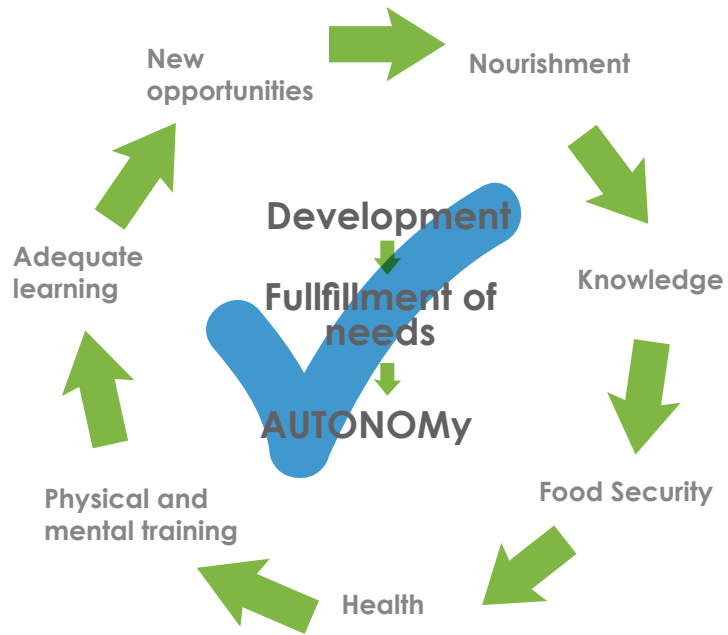
This cycle is understood when the obstacles and situations interrupting the development of the families and communities are identified.



These different elements of the cycle are added and linked to generate underdevelopment, which at the same time generates poverty, taking the communities to a high level of dependency.

DESCRIPTION OF THE VIRTUOS CYCLE OF DEVELOPMENT

This cycle is understood as the articulation of actions that will allow the communities to overcome the obstacles to their development.



These different cycle elements will add up to allow development, through the fulfillment of needs, taking the communities to a higher level of autonomy.

COMMUNITARIAN INFRAESTRUCTURE PROJECTS

They provide the communities with basic infrastructure which support the purpose of the programs of Social Development. They are focused on covering mainly basic services.

It includes the construction of:

- Roads
- Community halls
- Schools
- School's kitchens
- Projects of Water Supply



SUSTAINABLE SOCIAL DEVELOPMENT PROGRAMS



RENACE has developed and integrated coherent actions supporting the growth and development of people, contributing to achieve positive changes in the life of the families and communities.

There are seven programs connected chronologically and in the following manner:

MEJORES FAMILIAS (BETTER FAMILIES): This concept is linked to women in action who contribute to improve health and nutrition for their families, especially infants, through training in better practices of family health, including the formation of women in elaboration of handmade products for family use and to selling them to third parties. It provides basic resources for hygiene and health, and follows up and supports growth and development of children through the first years.

EXCELENCIA EDUCATIVA (EDUCATIONAL EXCELLENCE): This program is focused on actions promoted at school, which include the provision of school supplies, educational materials, training of teachers, school scholarships and provision of technological centers for digital education for children.



EXCELENCIA DEPORTIVA (SPORTS EXCELLENCE): This program promotes the recreation right of boys and girls stimulating values of teamwork, respect of rules, solidarity and gender equality through sports. Sports are used as a tool of training, education and values developing.

MI SALUD MI RESPONSABILIDAD (MY HEALTH MY RESPONSIBILITY): This initiative is sponsored by Fundación Juan Bautista Gutiérrez and links youngsters in matters of sexual and reproductive health, they are supported with the construction of a life plan in the long term, and oriented towards establishing purposes for their lives.

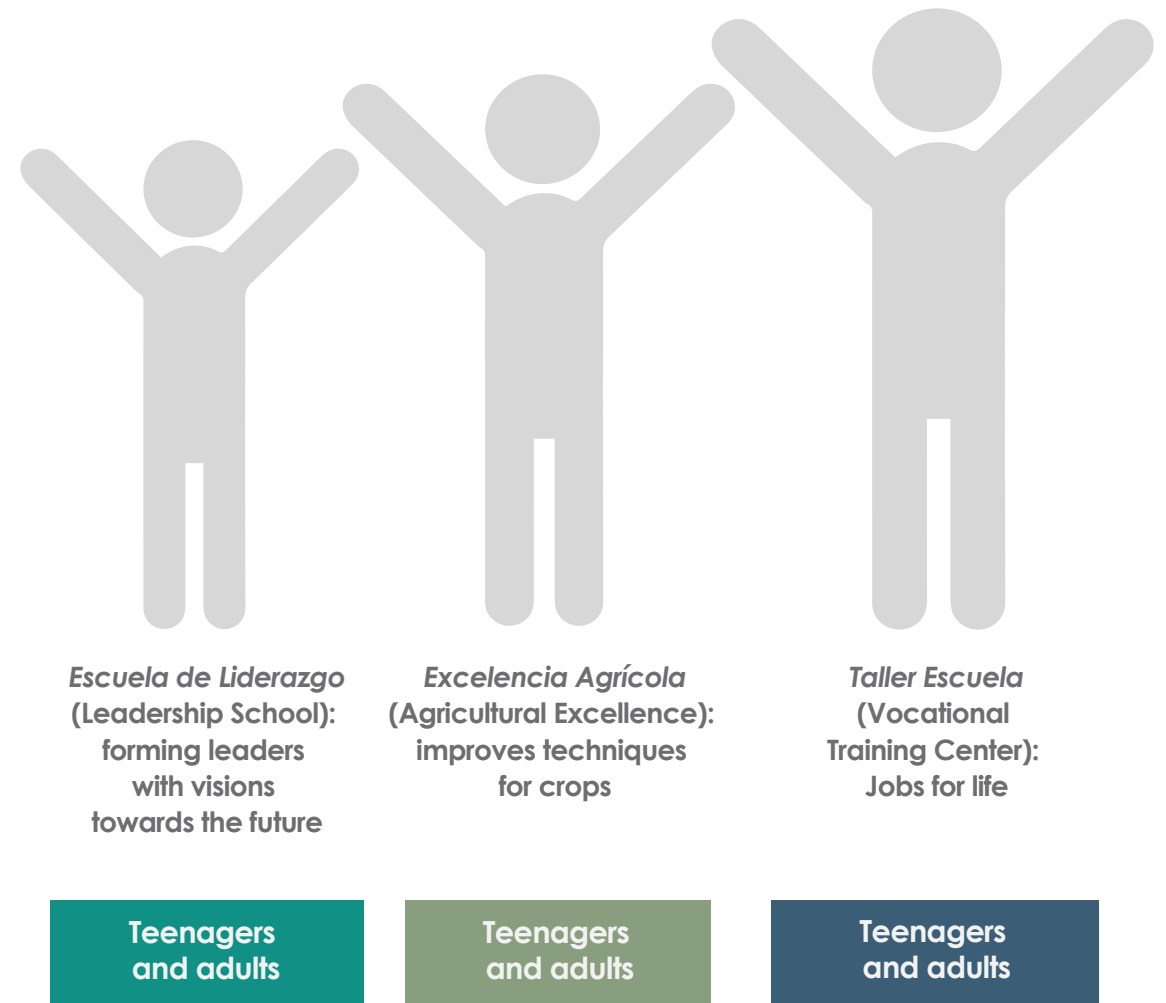
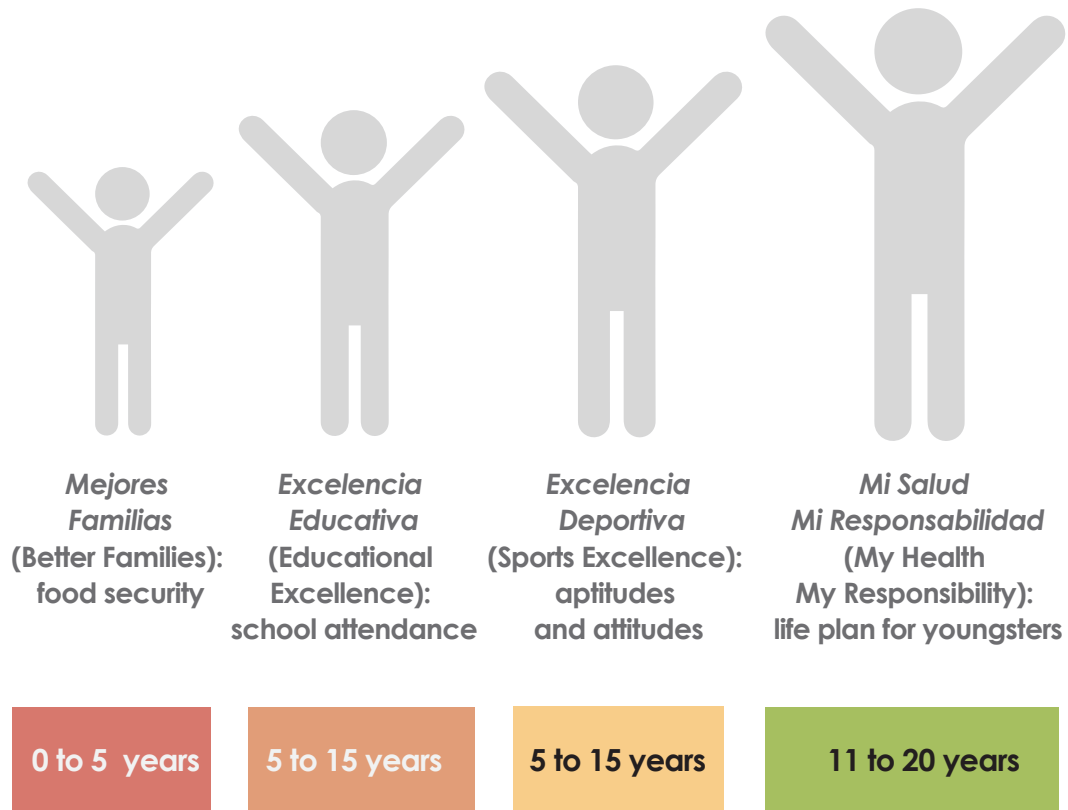
ESCUELA DE LIDERAZGO (LEADERSHIP SCHOOL): This program promotes local leadership for the creation of management capabilities at a familiar, communitarian and municipal level. It is oriented to promote leadership with values and cultural pertinence, including children, adults, formal and traditional authorities.

EXCELENCIA AGRÍCOLA (AGRICULTURAL EXCELLENCE): This program promotes the transference of agricultural technology appropriate for the region. It seeks to make the current crops more efficient and introduce new types of crops which will allow to diversify the food offer and originate surplus which represents additional income for the families.

TALLER ESCUELA VOCACIONAL (TRAINING CENTER): This program develops training and formation of youngsters and adults to improve the local technical capacity. The courses are made together with INTECAP and cover areas with the formation of welders, electrical technicians, bakers and other specialties.



As explained, Renace has selected programs aiming to the development of human beings in critical stages, so that through them, it is achieved the development of better prepared people to face their own destiny and their own families, leading to break the vicious cycle of poverty.



ECONOMIC DEVELOPMENT OPPORTUNITIES



The preparation and formation of youngsters and adults with the capacity to face the challenges of life is an integral part of the Communitarian Relationship Model and DSS of Renace, however it is not enough if it's not complemented with the generation of opportunities of economic development which allows the families to remain in the area and improve their life quality. For that reason, Renace through different projects seeks to promote and facilitate the conditions promoting the economic development in the zones of influence.

The success and characterization of this Project of economic development, depends of many conditions, the geographic zone, culture, the environment and the capacity and initiative of people.

With this complement, Renace pretends to turn the hydroelectric generation in a pole of development for all the municipality, further from the direct zone of influence.

Following, some of the projects which are currently developing:

- **Communitarian tourism:** it seeks to generate alternate sources of income for the communities, especially through tourism since the natural conditions and the culture of the zone are important attractions for locals and foreigners who may support the economic activation of San Pedro Carcha. Projects such as the generation of Santuario Del Quetzal and the support to the management and improvement of the Semuc Champey Park are the most significant initiatives.
- **Trade center:** It seeks to connect commercially the communities with the rest of the municipality and other districts, through the opening of local markets to turn the region in an important center of commercial exchange.
- **Active participation of civil society:** with this initiative we seek to strengthen and promote communitarian and citizenship participation in decisions taken in the municipal and national context. If the main stakeholders do not participate and do not compromise to the development of their municipality, appropriate conditions may not be promoted for economic development. In this initiative FUNDESA provides a fundamental support through the creation and maintenance of competitiveness table for the region.

- **Conservation and development of the river basins CAB (Cultivando Agua Buena):** Renace is the first hydroelectric project, outside Brazil, to adhere to the program Cultivando Agua Buena-Cultivating Good Water- driven by the Itaipú Binacional hydroelectric, the hydroelectric with the biggest capacity worldwide, which seeks to promote conservation in the river basins and enjoyment of clean and healthy water for all, through economic development of the communities. This program represents an important and coordinated effort between institutions of the national government, local government, civil society, communities and businessmen to achieve this purpose. Renace is a promotor and articulator of this effort for the upstream of the Cahabón River and its tributaries.
- **Rural electricity:** includes two processes, on behalf of the accompaniment that Renace provides the communities so that they can apply for their coverage of electricity before the distributing electricity entities and in agreement with the valid legal laws and the second process consists of facilitating the options of financing so that the families may acquire the solar panels for self-sufficiency thereto reducing the cost of the supply.
- **Production chains:** This project includes several initiatives of training, formation and promotion of venture at a local level and it seeks to facilitate material and management conditions providing the development of sustainable economic activities for the families in the zone including initiatives such as: manufacturing and commercialization of handicrafts, planting of products of high aggregate value (black pepper and cardamom) between others.
- **Access roads:** Renace has been an architect in the construction and maintenance up to this day of 93 kilometers of internal roads, some of them are necessary for the construction of a hydroelectric complex, others are necessary for the connection and communication of the communities. The construction of roads is a basic and necessary enabler for the economic development of any community and this one is not the exception. With said construction and maintenance of roads, commerce is not only viable but it also generates sources of permanent work for the communities.
- **Municipal level technification:** jointly with INTECAP, Renace is promoting the construction of an institute of technical formation in the municipality of San Pedro Carcha, which allows for professional and technical training of youngsters from Carcha, indispensable hand work to attend the demand of new services and the commercial and industrial entities which are installed in the region.
- **Industrialization and services:** Once the sufficient level of human development in the zone has been achieved, the intention of Renace is to persuade service entities and the industry for the installation in the municipality that leads to offer sources of work to the population, creating clusters around said industries and achieving a critical mass allowing the deployment of economic self-sustaining activities in the municipality.

OUR BIG DREAM



If it was just a dream, like many others we would be thinking of satisfying the demands of the communities in the short term and contributing to marginally improve their life conditions. But we dream big, those who pose challenges and far-reaching efforts, goals which can only be measured in decades.

Our big dream has wings, as the Quetzal that will take flight in ten years when we look back, we will see our legacy as responsible citizens in the communities, which would otherwise be sunk into oblivion. We want to show the world that in order to dream and accomplish our dreams, we only need courage and a team of people compromised and ready to change the reality, to give their best in favor of the others.

Our big dream will be to see the communities with authentic leaders who carry their children in their shoulders, with security, happiness, knowing that there is a better future for all. We are working so that in a few years we no longer talk of poverty or lack of opportunities, so that instead of soil roads we see pavement roads where, women and men will walk steadily, with their head held up high, with dignity, healthy children, prosperous families and communities, we invite you to join us and dream with us of a better country.





corporación
multi inversiones | energía