

Environmental and Social Strategy (ESS) Route PY10 - Consorcio Avanza Ruta 10 - PARAGUAY

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1. Project scope and objective and IDB Invest participation

In 2025, the Ministry of Public Works and Communications ("MOPC") of Paraguay awarded Consorcio Avanza Ruta 10 (the "Concessionaire" or the "Client"), formed by Tecnoedil S.A. Constructora, Construpar S.A. and OCHO A S.A, a 24-month contract for the Rehabilitation and Paving of National Route PY10 Section San Cristóbal - Paso Yobái, Department of Alto Paraná, Caazapá and Guairá - Lot 2: Tuna – Paso Yobái (the "Project").

The objective of the Project is to improve the existing highway through the Rehabilitation and Asphalt Paving of National Route PY10 Section: Paso Yobái - Tuna, of 42,99 km, and the Improvement of 8,95 km of urban crossings in the localities of Tuna, San Agustín, Mangrullo, and Paso Yobái. The sector to be intervened is divided into the following sub-sections: i) Rural Zone 3 (29+900 to 39+020), ii) San Agustín Bypass (39+020 to 42+440), iii) Rural Zone 4 (42+440 to 44+460), iv) Mangrullo Bypass (44+460 to 47+760), v) Rural Zone 5 (47+760 – 62+200), vi) Paso Yobái Bypass, vii) San Agustín Crossing (PY 0+000 to 3+480), viii) Paso Yobái Crossing (PY 0+000 to 1+950) and ix) Mangrullo Crossing (PY 0+000 to 3+250).

The Project will generate significant economic and social benefits by improving connectivity, logistical efficiency and road safety along a strategic regional corridor in Eastern Paraguay. The section between San Cristóbal and Paso Yobái will reduce travel times, decrease vehicle operating costs and improve the profitability of agricultural and industrial production in the departments of Guairá, Caazapá and Alto Paraná.

2. Environmental and Social Classification and Strategy

The Project has been preliminarily classified as Category B, in accordance with IDB Invest's Environmental and Social Sustainability Policy ("ESSP") because it may generate, among others, the following environmental and social impacts and risks: i) dust and gases; ii) noise from the use of heavy machinery; iii) domestic and industrial waste; iv) possible soil contamination from spills of contaminating material; v) construction waste (excavation material, debris, paper, wood, metal scraps, rags impregnated with grease, etc.); vi) increase in traffic accidents in the community and local fauna; vii) impact on water resources, viii) impacts on agricultural activities, ix) resettlement of some dwellings and x) impact on natural habitat. These impacts are expected to be of medium to high intensity.

To date, the Concessionaire has an Environmental Impact Assessment ("EIA") for the Asphalt Paving Works in the Paso Yobái – San Agustín – Tuna Section approved through the Environmental Impact Declaration (DIA) DGCARN N. 2652 of 2016, an Environmental and Social Action Plan (ESAP) for the Project and is in

the process of updating the Environmental Impact Assessment of the work in accordance with the progress of the Project's executive design.

The Environmental and Social Due Diligence ("ESDD") process will include, among other aspects, interviews with executives from the Concessionaire's key areas (environmental, social and occupational health and safety); will analyze its Environmental and Social Management System ("ESMS"), including related plans and procedures; and will evaluate any additional environmental, social, health and safety, and labor information related to the Project. As a result of the ESDD, IDB Invest will confirm the Project's categorization, identify any potential compliance gaps with respect to the ESSP, and define an Environmental and Social Action Plan ("ESAP" or "ESAP", for its acronym in English), to close such gaps.

Based on the information received and reviewed to date, the Performance Standards ("PS") that the Project would be triggering are: PS1: Assessment and management of environmental and social risks and impacts; PS2: Labor and working conditions; PS3: Resource efficiency and pollution prevention; PS4: Community health and safety; PS5: Land acquisition and involuntary resettlement and PS6: Biodiversity conservation and sustainable management of living natural resources.

Once the ESDD process is concluded, a Summary of Environmental and Social Review ("SESR" or "ESRS", for its acronym in English) together with the corresponding ESAP will be prepared and published on this website.

3. Additional Information

For questions about the Project, please contact Consorcio Avanza Ruta 10:

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Additionally and as a last resort, affected communities can access the Independent Consultation and Investigation Mechanism (MICI) of IDB Invest in the following way:

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