

Environmental and Social Review Summary (ESRS) Yacyretá Aña Cuá – PARAGUAY-ARGENTINA

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1. General Information of the Project and Overview of Scope of IDB Invest's Review

The Yacyretá Binational Entity (“EBY” or the “Client”) is a public entity established under the Yacyretá Treaty signed in 1973 between the Governments of Argentina and Paraguay. EBY, owned by both countries (each with a 50% stake), is responsible for the administration, operation, maintenance, and expansion of the Yacyretá Hydroelectric Complex (“CHY” or “YACYRETA”)¹, one of the main sources of renewable energy in the Southern Cone region.

This transaction (the “Project”) consists of providing support to EBY to partially finance the expansion of the CHY through the development of a new hydroelectric power facility on the Aña Cuá branch of the Paraná River. The Project involves the installation of three vertical-axis Kaplan turbines, each with a capacity of 90 MW, for a total additional installed capacity of approximately 270 MW, as well as the construction of associated civil works, including transmission infrastructure, substations, and interconnection facilities. This expansion aims to turbine the ecological flow (of approximately 1,500 m³/s) that is currently released through the spillway located on the Aña Cuá branch, thereby increasing power generation without requiring the construction of a new reservoir or the expansion of the flooded area.

To date, the Project has the following contractors: i) the Aña Cuá WRT Consortium, composed of WeBuild S.p.A. (Italy), Rovella Carranza S.A. (Argentina), and Tecnoedil S.A. Constructora (Paraguay) (the “Consortium” or “WRT”), which is responsible for civil works; ii) the Voith Hidro Consortium, which is in charge of electromechanical works (turbines and generators); and iii) the Siemens-Rieder Consortium, for electrical works (transformers) and interconnection works.

The Project, which is part of EBY's strategy to increase renewable energy generation, improve the efficiency of existing assets, and contribute to regional energy integration objectives between Paraguay and Argentina, includes a fish transfer system from downstream to upstream of the dam, as well as improvements to the flow that will be returned to the Paraná River to prevent oxygen and nitrogen supersaturation and allow for better development of fish populations in the Aña Cuá branch.

The environmental and social due diligence (“ESDD”) process included, among other aspects: i) a visit to the Project site; ii) interviews and meetings with representatives of EBY, the Project's technical team, contractors, workers, and community representatives; iii) a review of the environmental and social (“E&S”) and occupational health and safety (“OHS”) information provided by the Client, including (a) the Preliminary Environmental and Social Impact Study, (b) the Environmental and Social Action

¹ The Yacyretá Hydroelectric Complex is a lowland power plant located on the Paraná River (average flow of 12 million m³/s), on the border between Argentina and Paraguay. It is equipped with 20 Kaplan-type hydraulic turbines, providing a total installed capacity of 3,100 MW and generating approximately 20,000 GWh per year. It features one of the longest dams in the world (approximately 66 km) and has a reservoir covering an area of 1,600 km² (equivalent to 160,000 hectares).

Plan (“PARMA”), (c) legal and regulatory documentation, and (d) other supplementary information; iv) analysis of the Environmental and Social Management Systems implemented by the Client and contractors; and v) an analysis of the Project’s environmental, social, and institutional context, including its area of influence and associated potential risks.

To ensure the Project’s commitment to respecting and protecting human rights, its zero-tolerance policy toward retaliation, and its commitment to providing and ensuring a safe environment for stakeholders to express their concerns without fear of retaliation, the ESIA process also included a review of relevant policies to assess the Client’s approach to ethics, business conduct, and human rights, including codes of conduct and management frameworks applicable to workers, contractors, and suppliers, as well as mechanisms for handling complaints and engaging with stakeholders.

2. Environmental and Social Classification and Rationale

In accordance with IDB Invest’s Environmental and Social Sustainability Policy, the Project has been classified as Category B, as it may generate the following environmental and social risks and impacts: (i) temporary changes to the hydrological regime and hydraulic dynamics in the Aña Cua branch; (ii) temporary effects on water quality; (iii) generation of waste, effluents, emissions, and noise; (iv) potential impacts on aquatic ecosystems and fish fauna; v) risks to the health and safety of workers and communities arising from construction and operational activities; vi) social impacts related to interaction with local communities, pressure on services, and the use of natural resources (especially fisheries); and vii) risks related to contractor management, including compliance with labor standards. These risks and impacts are estimated to be of moderate intensity, given that the Project: i) is being developed on existing CHY infrastructure; ii) does not involve the creation of a new reservoir; iii) does not require the involuntary displacement (physical or economic) of people; and iv) does not involve any significant conversion of natural areas.

The Performance Standards (“PS”) triggered by the Project are: i) PS1: Assessment and management of environmental and social risks and impacts; ii) PS2: Labor and working conditions; iii) PS3: Resource efficiency and pollution prevention; and iv) PS4: Community health and safety.

3. Environmental and Social Context

3.1 General Characteristics of the Project’s Site

Access to the Project² site is via the CHY’s internal road network and the existing road infrastructure connecting Yacyretá Island with nearby population centers (Ayolas, on the Paraguayan side, and Ituzaingó, on the Argentine side). The surrounding area is characterized by existing hydroelectric infrastructure, including civil works, operational facilities, and structures associated with the Yacyretá

² The project is located on the Paraná River (Aña Cuá branch), on Yacyretá Island, Paraguay, but within the binational area controlled by EBY.

complex³. The surrounding area is characterized by mixed land use that combines human-made infrastructure with natural features, including bodies of water, wetlands, riverine and riparian ecosystems, as well as areas subject to various environmental protection and management schemes associated with the operation of the Yacyretá complex

From an environmental standpoint, the Project area exhibits conditions typical of a subtropical river plain, characterized by a warm and humid climate, flat topography with gentle slopes, and a hydrological system dominated by the Paraná River and its tributaries, whose dynamics are regulated by the operation of the existing hydroelectric complex. Its area of influence comprises both the Direct Influence Area (“AID”), which includes the power plant site, associated works, auxiliary facilities, and areas of direct intervention, and the Indirect Influence Area (“AI”), which encompasses the regional surroundings, including nearby population centers and environmental and socioeconomic systems linked to the Paraná River and the hydroelectric complex.

The communities closest to the Project in Paraguay are Atinguy, located approximately 5 km to the northwest, Ayolas (18 km to the west), and San Cosme y Damián (30 km to the east). The closest community on the Argentine side is Ituzaingó (16 km to the south).

3.2 Contextual Risks

The Project is being developed in a binational context that presents significant contextual risks related to governance, social, labor, environmental, and climate issues. In Paraguay, associated risks are related to limitations on civil society participation, weaknesses in transparency and accountability, restrictions on access to land, and governance challenges related to natural resources, while in Argentina, to transparency, property rights, and macroeconomic stability. Additionally, both countries face risks related to threats against environmental and human rights defenders, as well as labor challenges linked to the enforcement of workers’ rights, child labor, forced labor, and human trafficking. Furthermore, gaps have been identified regarding equal opportunity, inclusion, and gender representation that could influence the distribution of the Project’s benefits and the effective participation of vulnerable groups.

The Risk Analysis of the Client’s corporate reputational risks identifies a history of controversies related to its Corporate Governance, labor relations, environmental impacts, and associated social conflicts. Among the main recurring issues are impacts on ecosystems and biodiversity, impacts on communities, working conditions, Corporate Governance, and regulatory compliance—factors that increase the Project’s social and reputational sensitivity.

Although the potential impacts and risks (which are isolated and manageable) that the Project will generate cannot be compared to those caused by the construction of the CHY in the 1980s and 1990s (including the resettlement of thousands of people and the flooding of several important ecosystems, between others), its association with YACYRETÁ creates an additional contextual risk.

³ These include: i) a restaurant and administrative offices; ii) industrial areas (concrete, crushing, and soil processing plants); iii) maintenance workshops (mechanical, metalworking, and carpentry); iv) material storage and stockpiling areas; v) waste disposal sites, including hazardous waste; vi) power supply facilities and transmission lines; vii) internal roads and logistics access routes; viii) quarries and material extraction areas; ix) auxiliary hydraulic structures (cofferdams, return channel); and x) associated environmental facilities (fish transfer system).

4. Environmental Risks and Impacts, and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

4.1.a Environmental and Social Management System

The Project has an established Environmental and Social Management System (“ESMS”), structured on EBY’s management systems and the tools implemented by WRT during the construction phase, particularly the Environmental Management Plan (“EMP”) for the Aña Cuá Project. This document, which defines the criteria, responsibilities, and procedures applicable to all construction, operational, and support activities, is aligned with applicable regulations, the principles of continuous improvement, and international standards.

WRT holds certifications issued by the International Organization for Standardization⁴ (“ISO”) for its Quality Management (ISO 9001), Environmental Management (ISO 14001), and Occupational Health and Safety Management (ISO 45001). The ESMS incorporates: i) processes for identifying, assessing, and managing environmental aspects and impacts, through the use of significant aspects matrices and periodic assessments under normal, abnormal, and emergency conditions; ii) operational control procedures for the management of waste, effluents, emissions, hazardous substances, noise, biodiversity, and spill prevention, along with field supervision and monitoring mechanisms; iii) planning, monitoring, and improvement tools, including objectives, performance indicators, audits, inspections, and nonconformity management; iv) processes for implementing corrective and preventive actions; v) the analysis of accidents, incidents, and near misses; vi) requirements for training, communication, and contractor management, including requirements applicable to subcontractors and suppliers; and vii) mechanisms for receiving and addressing complaints and claims from stakeholders.

4.1.b Policy

The Client has formally established several Environmental and Social policies, both at the institutional level and at the Consortium level, which serve as the framework for the Project’s environmental and social management. In particular, EBY’s Environmental Policy establishes guidelines aimed at compliance with applicable regulations, the prevention of environmental impacts, the rational use of natural resources, the continuous improvement of environmental performance, and the integration of environmental considerations into the management of its operations.

The Consortium has a Quality, Safety, and Environmental Policy that: i) incorporates principles of (a) comprehensive management aligned with international standards, (b) environmental protection, (c) the protection of workers’ health and safety, (d) efficient resource management, (e) the reduction of emissions and waste, (f) the prevention of impacts, and (g) continuous performance improvement; ii) adopts a management-based approach; iii) includes explicit commitments regarding ethics, regulatory compliance, environmental protection, occupational health and safety, reduction of emissions (including greenhouse gases), sustainable resource management, and strengthening the

⁴ The International Organization for Standardization (“ISO”) is an independent, nongovernmental organization that develops global standards and norms to ensure the quality, safety, and efficiency of products, services, and business processes.

organizational culture regarding environmental and safety matters; and iv) establishes requirements for supply chain management, including the requirement that suppliers and subcontractors comply with equivalent environmental, social, and safety standards.

4.1.c Identification of Risks and Impacts

The Project's Environmental and Social Impact Assessment ("ESIA") identifies the most significant environmental and social risks and impacts during its construction and operation phases, for both the Paraguayan and Argentine sides. Additionally, the Project employs a methodological approach that allows it to systematically identify the risks and impacts associated with its various activities, using a set of structured technical tools that include: i) an Environmental Aspects and Impacts Matrix⁵; ii) a Social, Environmental, Safety, and Occupational Health Risk Matrix⁶ ("GSASS"); and iii) a specific procedure for Hazard Identification and Risk Assessment, which defines the methodology for developing risk matrices and determining associated operational controls.

4.1.c.i Direct and Indirect Impacts and Risks

The Project's main direct Environmental and Social impacts and risks stem from the construction⁷ and subsequent operation of the Aña Cuá power plant. In this regard, during construction, the expected impacts include: i) soil disturbances due to erosion, compaction, and loss of vegetation cover; ii) potential contamination of soil and water bodies due to spills or poor management of materials; iii) the generation of dust, emissions, and noise; iv) temporary visual changes resulting from construction work; v) the loss or alteration of habitats; vi) disruption to terrestrial and aquatic fauna; vii) disturbances to river ecosystems due to increased turbidity and changes in the physical conditions of the environment; viii) Occupational Health and Safety risks associated with construction activities; ix) inconvenience to communities due to increased traffic, the presence of machinery, and interaction with Project personnel; x) the creation of direct and indirect employment; xi) increased local and national economic activity (Argentina and Paraguay); xii) stimulation of demand for goods and services; xiii) strengthening of local capacities; and xiv) improvements to the region's infrastructure.

During the operational phase, direct impacts are primarily associated with: i) the operation of the hydroelectric system, including power generation, spillway operation, facility maintenance, and the operation of the fish transfer system; ii) the generation of effluents and waste, primarily domestic; iii) the generation of benefits linked to renewable energy production; iv) the economic development of the region; v) an improvement in ecological conditions in the Paraná River, thanks to the reduction of gas supersaturation and the implementation of fish passage systems; and vi) the strengthening of economic activities in the area (tourism and fishing).

⁵ This matrix uses quantitative criteria for impact valuation, considering variables such as intensity, extent, timing, persistence, recoverability, synergy, and accumulation, which allows impacts to be classified into categories such as negligible, moderate, severe, or critical, as well as to estimate their magnitude.

⁶ The GSASS Risk Matrix identifies hazards associated with construction and operational activities, including earthwork, work at heights, use of machinery, handling of hazardous substances, and electrical operations, and assesses the level of risk based on probability and severity, establishing specific operational controls as part of the management system.

⁷ Among others, the following tasks: i) site preparation (clearing, brush removal, and removal of vegetation cover); ii) installation and operation of job sites, camps, and workshops; iii) improvement of access roads; iv) excavation in loose material, rock, and underwater; v) construction of dams, cofferdams, and auxiliary hydraulic structures; and vi) transportation and operation of machinery.

4.1.c.ii Analysis of Alternatives

The Project's EIAS includes a structured analysis of alternatives, covering: i) different location options for the proposed works; ii) the evaluation of proposed technical, operational, and environmental options; and iii) an analysis of different Project configurations to optimize the use of available water resources.

4.1.c.iii Cumulative Impacts

The environmental assessment of the Project includes an analysis of cumulative impacts as one of the criteria considered in the EIAS's impact valuation matrix. However, given that—beyond the effects already generated by the CHY (incorporated into the Baseline against which the Project's Environmental and Social impact analysis was conducted)—no other past projects currently underway or reasonably expected to be carried out in the future that could generate incremental impacts have been identified, a cumulative impact mitigation plan is not required for the Project.

4.1.c.iv Gender Risks

The EIAS socioeconomic baseline for Ayolas, San Cosme y Damián, and other localities in the area of influence reveals differences in access to economic opportunities, employment, and social participation between men and women. In this context, the construction of a large-scale infrastructure project such as Aña Cuá—which is characterized by a significant demand for traditionally male labor—could result in an unequal distribution of the economic benefits derived from the Project and limit women's participation in direct and indirect employment opportunities if specific inclusion measures are not implemented.

Additionally, the mobilization of workers and contractors into the project's area of influence may increase specific risks for women and vulnerable groups, including risks of gender-based violence, sexual harassment, and sexual exploitation, as well as barriers to effective participation in consultation processes and grievance mechanisms.

4.1.c.v Gender Programs

The Consortium has a Code of Ethics that incorporates principles and guidelines regarding diversity, inclusion, non-discrimination, and the prevention of harassment, applicable to all workers, contractors, and Project partners. In particular, the code: i) establishes WRT's commitment to promoting a work environment in which people are treated fairly, with respect, and professionally, recognizing diversity—including gender—as an essential element for organizational development and ensuring equal opportunities in the workplace; ii) includes specific provisions aimed at preventing discrimination, harassment, and bullying in the workplace; iii) prohibits conduct that violates people's dignity or creates hostile environments, including sexual harassment, intimidating behavior, or unfavorable treatment based on personal characteristics such as gender, age, sexual orientation, or other conditions; and iv) requires that employment decisions—including hiring, promotion, and terms of employment—be based on objective criteria rather than individual or cultural differences, and encourages the reporting of any inappropriate conduct through formal channels.

Notwithstanding the foregoing, the Client shall develop a Gender Management Plan, which shall include: i) measures to manage Project-specific gender risks; ii) training programs for Project workers (including contractors) on human rights, diversity, and inclusion, as well as on the prevention of discrimination, harassment, or bullying; and iii) actions aimed at maximizing the Project's benefits for women, including their participation as workers and suppliers

4.1.c.vi Climate Change Exposure

The Project is significantly exposed to physical risks associated with climate change due to its direct dependence on the flow of the Paraná River for hydroelectric power generation. Among the latter the following are the most important: i) drought and water scarcity⁸; and ii) rising temperatures and heat waves.⁹

EBY has developed management and monitoring mechanisms that help strengthen the Project's resilience in the face of these threats, including the operation of a hydrometeorological network, hydrological warning systems, and procedures established in the Reservoir Operations Manual ("MOE") for managing water levels, flows, floods, and extraordinary hydrological events. These tools enable continuous monitoring of the basin's hydrological conditions and support operational decision-making in the face of climate variability scenarios.

4.1.d Management Programs

As part of the Project's ESMP, the Client has developed several structured environmental and social management programs, which establish measures, operational controls, and specific actions to manage the risks and impacts identified in the various phases of the Project. These programs are complemented by a set of technical tools, including aspect and impact matrices, risk matrices, and defined operational procedures to ensure the effective implementation of management measures.

In particular, the management programs outlined in the PARMA are divided into four components, each with its respective management programs: i) physical, which includes programs for (a) protection of the physical environment, air, water, and soil resources, (b) solid waste management, (c) order and cleanliness, (d) traffic management and personnel transportation, and (e) explosives management; ii) biotic, which includes programs for (a) wildlife protection, (b) plant protection, (c) landscaping, and (d) protection of protected wilderness areas; y iii) socioeconomic, which comprises programs for (a) management of authorizations and permits, (b) communication, (c) environmental and social training, (d) health, hygiene, and safety; (e) management of cultural heritage and archaeological finds; (f) claims and conflicts; (g) establishment and management of job sites; (h) environmental and social education for the public; and (i) protection of third-party safety at the job site; and iv) monitoring, which includes follow-up actions.

In addition, the Client has established a set of documented management and operational procedures that enable the implementation of programs and the control of specific risks in the field. These include, among others, procedures for: i) labeling and signage; ii) scaffolding erection; iii) thermal load control;

⁸ This risk could affect the availability of water for power generation, reduce energy production, and increase pressure on binational water resource management.

⁹ This situation could increase health and safety risks for workers.

iv) excavation work; v) noise level measurement; vi) lighting measurement; vii) hot work; and viii) work in confined spaces. These procedures establish technical requirements, control measures, and responsibilities for the safe management of critical Project activities.

4.1.e Organizational Capacity and Competency

The Client, through the Consortium, has a robust organizational structure for managing the Project's environmental and social aspects, as well as its health and safety (Health, Safety, and Environment, or "HSE," and Quality, Health, Safety, and Environment, or "QHSE") aspects. This structure is led by a QHSE Manager, who reports directly to the Project Director, ensuring an adequate level of integration of Environmental and Social issues into decision-making. Under this reporting line, the Consortium has specialized positions, including an Environmental Manager, a Health and Safety Manager, and a Quality Manager, who are responsible for implementing management programs and ensuring compliance with applicable standards in their respective areas.

Furthermore, the Project has operational capacity in the field through safety officers specialized in the environment and Occupational Health and Safety ("SISO"), which enables continuous supervision of activities and the proper implementation of operational controls. In the area of occupational health, the Consortium has medical and nursing staff, strengthening its capacity to respond to incidents and manage risks associated with workers' health.

EBY complements this structure with capabilities in the social component through a Head of Communications and communications specialists, who are responsible for implementing community programs, engaging with stakeholders, and serving the population within the Project's area of influence.

EBY, however, will appoint a social specialist to oversee the implementation of the Social Stakeholder Participation Plan and the Project's community grievance mechanism.

4.1.f Emergency Preparedness and Response

The Client has a structured emergency preparedness and response system based on formal emergency, evacuation, and contingency plans that cover both technological incidents (fires, spills, operational failures) and natural disasters (floods, storms, wildfires). These plans establish: i) clear activation, communication, and response procedures; ii) the roles and responsibilities of personnel in the event of contingencies; iii) the use of sirens and radios; iv) evacuation routes and assembly points; and v) coordination procedures between emergency response teams, operational personnel, and medical services to ensure the protection of workers' lives and safety.

The Consortium has an emergency response team (one leader and 25 members) trained to respond to various scenarios, as well as an on-site medical service staffed by a physician, nursing personnel, and transportation resources to provide timely emergency care. These capabilities are reinforced by the availability of response equipment, such as ambulances, fire suppression systems, first-aid kits, and appropriate signage in work areas.

In addition, the Client implements a systematic program of drills and training, which includes first aid, fire, and evacuation drills, during which response times, coordination methods, and staff performance

are evaluated. Wildfire response drills are conducted in coordination with EBY, which has specialized equipment for this type of event.

Notwithstanding the foregoing, the Client will develop a specific plan to manage various failure scenarios (involving the new dam and any of its components) that could pose a risk to downstream communities. This plan will include the identification of: i) the most likely scenarios; ii) the potentially affected communities; iii) evacuation measures and actions; vi) response procedures; vii) the equipment and resources to be used; viii) the assignment of responsibilities; ix) the alarm systems to be used; x) communication mechanisms with potentially affected communities, local authorities, and response agencies; and xi) periodic training programs.

4.1.g Monitoring and Review

The monitoring and evaluation of the Project's environmental and social performance are structured through an integrated monitoring system defined in the PARMA, which verifies the implementation of environmental, social, and safety programs, as well as compliance with prevention and mitigation measures. This system covers physical, biotic, and socioeconomic components, including the monitoring of key aspects such as environmental quality, waste management, site conditions, biodiversity, social management, and occupational safety.

At the operational level, the system relies on management tools implemented by the GSASS team, such as field inspections, checklists, monitoring of critical equipment, and standardized records, which enable continuous evaluation of the Project's performance and the effectiveness of the measures adopted. This monitoring is complemented by monthly GSASS management reports, which consolidate indicators, incident analyses, and monitoring results, facilitating the identification of deviations, the implementation of corrective actions, and the ongoing evaluation of the project's Environmental and Social performance.

4.1.h Stakeholder Engagement

The Client, through PARMA, has identified the main stakeholders in the Project's area of influence¹⁰ and, through its Communication Program, has established mechanisms for interaction with each of them, the implementation of which is managed by the team specializing in Communications and Corporate Relations.

Notwithstanding the foregoing, the Project will develop a Stakeholder Engagement Plan that will include: i) the identification and mapping of stakeholders; ii) a summary of past consultation and participation activities involving social stakeholders; iii) a description of planned activities for the participation of social stakeholders; iv) the roles and responsibilities for implementing these activities; and v) a summary of the Project's community grievance mechanism.

¹⁰ Residents of Yacyretá Island, the communities of Ayolas and San Cosme y Damián, fishermen's associations, and municipal and government authorities.

4.1.h.i Disclosure of Information

The Client discloses relevant information about the Project to stakeholders through the PARMA Communication Program, which includes in-person and direct mechanisms for interaction with the community. Among these, the operation of a community service center stands out, facilitating access to information about the Project and allowing ongoing assistance with inquiries, as well as the organization of site visits aimed at students and the public, which contribute to a better understanding of the Project's activities and progress.

The Project's Social Stakeholder Engagement Plan will be updated to describe the procedures for disseminating information to local communities, including: i) the purpose, nature, and scale of the Project; ii) the duration of the planned activities; and iii) the potential risks and impacts and their respective mitigation measures.

4.1.h.ii Informed Consultation and Participation

The Client implements consultation and participation processes with stakeholders through public hearings, "door-to-door" informational visits, and periodic meetings with community leaders and institutions. These actions are complemented by a Potential Claims and Conflict Management Program and the Community Assistance and Information Center ("CAI"), which facilitate ongoing interaction and address community concerns.

4.1.h.iii Indigenous Peoples

No indigenous communities have been identified within the Project's area of influence.

4.1.h.iv Private Sector Responsibilities Under Government-Led Stakeholder Engagement

EBY is responsible for all activities related to stakeholder engagement with the Project.

4.1.i External Communications and Grievance Mechanism

4.1.i.i External Communications

The Client has mechanisms in place for managing external communications, including a website, a social media presence, the establishment of a Community Engagement Center ("CAI"), and the implementation of a Potential Claims and Conflicts Management Program to channel the community's Questions, Complaints, Claims, and Requests ("QCCRs") through telephone hotlines and digital forms.

4.1.i.ii Community grievance mechanism

The Client has a mechanism in place for receiving complaints, claims, and suggestions from communities and workers, which operates primarily through the Consortium's web platform,¹¹ and the CAI. While these channels allow for the receipt of communications and interaction with

¹¹ www.consortocioacart.com

communities, the Project will modify its existing Potential Complaints and Conflicts Management Program to transform it into a formal mechanism for handling community QCCR, which will include procedures to: i) receive, respond to, investigate, address, and document complaints from members of local communities and other social stakeholders of the Project; ii) record and report complaints and their resolutions; and iii) raise awareness of the mechanism's existence within local communities.

4.1.i.iii Provisions for Addressing Vulnerable Groups' Grievances

The mechanism for addressing community PQRS to be developed by the Project will include: i) provisions to make it accessible to vulnerable groups; and ii) specific procedures for addressing complaints of gender-based violence and harassment.

4.1.i.iv Ongoing Reporting to Affected Communities

The Stakeholder Relations Plan will include procedures for sharing information with local communities and other stakeholders regarding the Project's Environmental and Social performance.

4.2 Labor and working conditions

4.2.a Working Conditions and Management of Worker Relationships

The Project currently employs approximately 730 workers (50% Argentine and 50% Paraguayan), of whom 36 are women. The workforce consists of Consortium personnel and workers from contractors and subcontractors involved in the execution of construction activities. The Project does not have camps or housing facilities for workers; staff reside in nearby communities on both sides of the border—Ayolas, San Cosme y Damián (Paraguay), and Ituzaingó (Argentina)—and are transported daily to the construction site via transportation services contracted by the Consortium.

Labor relations management is supported by a set of corporate policies and internal procedures applicable to workers, contractors, and subcontractors.

4.2.a.i Human Resources Policies and Procedures

The Client has a formal framework for human resources management, consisting of a Code of Ethics, a Human Resources Management Procedure, and specific labor and social security protocols applicable to the Project. The Consortium's Code of Ethics incorporates principles related to diversity and inclusion, non-discrimination, prevention of harassment and bullying, fair and favorable working conditions, freedom of association, and protection of workers' health and safety, applicable to direct employees and contractors

The human resources procedure establishes documented processes for application, recruitment, selection, hiring, onboarding, performance evaluation, benefits administration, disciplinary measures, and termination of employment, and stipulates that labor relations shall be governed by EBY's Labor and Social Security Protocol, as well as by the labor laws in force in Argentina and Paraguay, depending on the employee's nationality. It also provides for mechanisms for local hiring, competency assessments, pre-employment and on-the-job testing, management of employment records, and periodic performance evaluations.

The Client, however, will develop a Local Hiring Management Plan, which will include: i) a workforce analysis; ii) a recruitment strategy that prioritizes local communities in the area of influence; iii) measures to promote equal opportunity; iv) training and capacity-building programs; and v) indicators and monitoring mechanisms to evaluate the performance and effectiveness of these measures throughout the Project's implementation.

4.2.a.ii Working Conditions and Terms of Employment

The Project's working conditions and terms of employment are governed by the Human Resources Procedure, EBY's Labor and Social Security Protocol, formal employment contracts, and documented human resources procedures, all applied in accordance with current labor laws in Argentina and Paraguay.

The Project ensures that a copy of the employment contract, containing the working conditions and terms of employment, is provided to each worker. It also identifies migrant workers and ensures that they have been hired under terms and conditions substantially equivalent to those applicable to non-migrant workers performing similar duties.

4.2.a.iii Workers' Organizations

The Client recognizes and respects workers' right to freedom of association, in accordance with the provisions of its Code of Ethics and applicable labor laws in Argentina and Paraguay. The Code expressly establishes the Consortium's commitment to respect workers' right to form, join, and participate in labor unions of their choice, as well as to engage in labor representation activities without discrimination, interference, intimidation, or retaliation. It also promotes open dialogue between workers and the employer and respect for legitimate mechanisms of collective representation.

Thus, in Paraguay, workers are represented by the Aña Cuá Arm Construction Workers' Union ("SITRACBA"), with which the Consortium has signed a Collective Bargaining Agreement on Working Conditions¹² that has been formally approved by the Ministry of Labor, Employment, and Social Security. Likewise, in Argentina, the majority of the Project's staff has joined the Association of Argentine Yacyretá Personnel ("APAY").

4.2.a.iv Non-Discrimination and Equal Opportunity

The Client promotes equal opportunity and non-discrimination through the provisions set forth in the Consortium's Code of Ethics, which: i) incorporates principles of diversity and inclusion; ii) expressly prohibits any form of discrimination, harassment, or bullying in the workplace; iii) requires that decisions regarding hiring, training, promotion, compensation, and other terms of employment be based on objective criteria of competence, experience, and performance, ensuring respect for human dignity and equal treatment regardless of personal or cultural characteristics; iv) promotes an inclusive work environment free from discriminatory, intimidating, or harassing conduct, including sexual harassment; and v) requires all employees to maintain working relationships based on mutual respect.

¹² This contract governs matters related to employment conditions, compensation, benefits, leave, and labor-management relations.

4.2.a.v Retrenchment

The Client's Human Resources Management Procedure establishes specific processes for the termination of contracts for cause or without cause, as well as for the termination of the employment relationship at the employee's request. These procedures include formal notification mechanisms, the processing of final settlements, documentation of termination, the issuance of severance payments, and compliance with the requirements established by the Yacyretá Binational Entity's Labor and Social Security Protocol and the applicable labor laws in Argentina and Paraguay. Furthermore, the procedure includes administrative controls to ensure that separation processes are managed by the Human Resources department and carried out in accordance with current legal provisions.

Notwithstanding the foregoing, the Client shall develop and implement a Workforce Reduction Plan that will include: i) measures to facilitate the transfer of employees to other roles whenever possible; ii) training programs aimed at strengthening employees' skills to facilitate their reentry into the workforce; iii) methods for providing information on institutional benefits, support programs, or entitlements to which employees may be entitled; and iv) specific support measures for migrant workers.

4.2.a.vi Grievance Mechanism

As part of its Program for Managing Potential Claims and Conflicts, the Project will develop a mechanism for managing worker complaints, which will include procedures to: i) receive, respond to, investigate, resolve, and document complaints from Project workers, including those from contractors; ii) address cases of sexual and workplace harassment; iii) train workers on the existence and operation of the mechanism; and iv) remind workers of the existence and operation of the mechanism.

4.2.b Protecting the Workforce

4.2.b.i Child and Forced Labor

In accordance with the United Nations International Bill of Human Rights and the fundamental conventions of the International Labor Organization ("ILO"), the Client, through its Code of Ethics, expressly prohibits child labor or any form of forced labor or practices that constitute modern forms of slavery or human trafficking. Furthermore, the Code incorporates responsible sourcing requirements, mandating that, prior to establishing any contractual relationship, due diligence processes be conducted to verify that contractors, suppliers, and other counterparties do not profit from or engage in practices associated with child or forced labor or other conduct contrary to its ethical principles. These provisions are complemented by the formal hiring procedures implemented by the Project, which require verification of workers' identities and personal documentation during the onboarding process.

4.2.c Occupational Health and Safety

The Client has an Occupational Health and Safety management system implemented through the GSASS department and supported by the Occupational Health and Safety Program, a risk identification matrix, specific procedures for high-risk activities, and an Emergency and Evacuation Plan. The system defines responsibilities for management, supervisors, safety officers, and workers, and incorporates

management tools such as the Safe Work Analysis (“SWA”), work permits, field inspections, incident investigations, and various operational controls for critical risks (work in adverse weather conditions, at heights, in confined spaces, and involving hot work; blasting operations; and handling of hazardous energy sources).

The Consortium has strengthened safety supervision on-site through a team of 12 safety officers, who are responsible for verifying on a daily basis that safety briefings are conducted, that the Safe Work Analysis (SWA) is applied to critical tasks, that tools and equipment are in good condition, that emergency supplies are available, and that safe work procedures are followed. Likewise, the Project implements a structured Occupational Health and Safety training and orientation program (supplemented by attendance records and evidence of periodic training) covering topics such as: i) work in adverse weather conditions, at heights, in confined spaces, and in hot environments; lifting operations; and handling of hazardous energy sources; ii) handling of hazardous energy sources; iii) use of fire extinguishers; iv) emergency procedures; v) lifting operations; vi) ergonomics; vii) defensive driving; and viii) life-saving rules.

Health and safety performance is monitored using indicators such as the lost-time injury frequency rate (LTIFR), which stood at 1.68 in 2025, slightly above the Sector benchmark (1.2 in the U.S.). Regarding road safety, the Consortium reported no incidents over the past 12 months.

Additionally, the Consortium conducts periodic occupational and environmental monitoring activities, including monthly measurements of noise and particulate matter, as well as scheduled inspections and audits to verify the effectiveness of the controls implemented. To date, the recorded values are within the limits established by Paraguayan and Argentine laws.

4.2.d Provisions for People with Disabilities

The Client promotes equal opportunity and inclusion in the workplace through the provisions on Diversity and Inclusion and Non-Discrimination, Harassment, and Bullying contained in its Code of Ethics. These provisions establish the Client’s commitment to providing a work environment based on respect, dignity, and equal treatment for all individuals, as well as the prohibition of any behavior that discriminates against or harms individuals, particularly those with physical or mental disabilities.

4.2.e Workers Engaged by Third Parties

The Consortium has specific procedures in place for managing and supervising its contractors and subcontractors. In this regard, its Contractor Control Procedure establishes: i) mandatory health, safety, and environmental requirements that all contractors and subcontractors must meet prior to entering the job site; ii) obligations related to training, orientation, risk management, regulatory compliance, incident reporting, the use of personal protective equipment, and the maintenance of labor and safety records; and iii) adherence to the Consortium’s policies, participation in coordination meetings, implementation of training programs, development of health, safety, and environmental management plans, and submission to inspections, audits, and other preventive measures administered by the GSASS department.

4.2.f Supply Chain

The Consortium has a formal procedure for evaluating suppliers and subcontractors with purchase orders exceeding the equivalent of 50,000 euros or who supply critical inputs for its processes, through which it periodically assesses them in terms of quality, contractual compliance, and QHSE performance. The results of this process, in addition to contributing to the cycle of continuous improvement, are fundamental when deciding on future contracts.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

The Consortium has implemented measures to manage and control the consumption of natural resources, as well as to prevent pollution associated with its activities. These actions are supported by the Consortium's Quality, Safety, and Environment Policy, which establishes a commitment to promoting careful and conscious resource management in accordance with circular economy principles, driving the reduction of waste and emissions, the efficient use of energy, and the minimization of the extraction of non-renewable resources. The policy also promotes activities for the recovery and reuse of materials, the efficient management of water resources, the reduction of hazardous substances, and the control of air emissions, noise, light pollution, and Greenhouse Gases, prioritizing the use of energy from renewable sources whenever feasible.

To prevent soil and water pollution, control dust emissions, and implement operational practices to reduce solid waste generation and reuse and recover materials, the Project implements the measures set forth in the Physical Environment Protection Program (soil, water, and air) and the PARMA Waste Management Program

4.3.a.i Greenhouse Gases

The Project has compiled an inventory of its Scope 1 and Scope 2 Greenhouse Gas ("GHG") emissions associated with its construction activities. This inventory shows that the Project's operational emissions total approximately 3,674.5 metric tons of carbon dioxide equivalent per year ("tCO₂e/year"). Of these, 3,564 tCO₂e/year (97%) are primarily attributable to diesel consumption by heavy machinery; 65.8 tCO₂e/year to gasoline consumption by light-duty vehicles; and 44.7 tCO₂e/year to liquefied petroleum gas ("LPG") consumption. Indirect emissions associated with electricity consumption are considered negligible because Paraguay's electricity mix is predominantly hydroelectric.

Using globally recognized methodologies, the Project will: (i) submit an updated annual inventory of its GHG emissions, including the main Scope 3 categories; and (ii) prepare an annual report on emissions avoided during the operational phase.

4.3.a.ii Water Consumption

The Project, with an estimated consumption of 132,672 m³/year, uses water from two main sources: surface water (101,760 m³/year, equivalent to 76.7%), from the YACYRETA reservoir, and groundwater (30,912 m³/year, representing 23.3%), extracted from 7 registered wells with valid permits. Surface

water is used primarily for road irrigation, surface moistening, dust emission control, and other high-consumption operational activities, while groundwater supplies industrial activities, contractor facilities, the laboratory, the cafeteria, and general services.

As part of its water management strategy, the Project prioritizes the use of surface water sources for activities that do not require high-quality water, thereby reducing pressure on groundwater resources and helping to control diffuse particulate matter emissions. Additionally, it implements efficiency and control measures that include planning consumption based on the type of activity, monitoring temporary facilities, preventing losses due to leaks or inefficient use, and performing preventive maintenance on pumping, conveyance, and storage systems.

Water for human consumption is distributed in drinking water containers located at specific sites for use by all workers.

4.3.b Pollution Prevention

The Consortium has a set of environmental management programs incorporated into the PARMA, aimed at preventing, minimizing, and controlling potential impacts associated with construction-activities. Among these, the Physical Environment Protection Program (soil, water, and air) stands out; it establishes measures to prevent the contamination of natural resources through the control of air emissions, the protection of water bodies, the prevention of erosion and sedimentation, the proper handling of fuels and chemicals, and the implementation of measures to prevent spills and soil contamination.

As part of the measures to prevent air pollution, the Project implements controls on particulate matter associated with earthworks, the movement of machinery, and vehicle traffic, including the periodic wetting of roads and exposed surfaces, as well as specific procedures for dust monitoring. In addition, it applies operational controls to minimize emissions from equipment and machinery, including preventive maintenance programs and monitoring of operating conditions.

To protect water resources and soil, the PARMA includes measures for runoff control, the proper storage of fuels and potentially polluting materials, and the implementation of response protocols for environmental contingencies. The Project also conducts periodic environmental monitoring, which allows for verifying the effectiveness of the control measures implemented and for evaluating compliance with the commitments established in the PARMA and in the applicable environmental permits.

4.3.b.i Waste

The Project has a waste management system implemented through the PARMA Waste Management Program and the comprehensive waste management procedure. These instruments establish guidelines for the minimization, source separation, classification (according to type), temporary storage (in separate containers), transportation, and final disposal of waste generated during construction activities. In addition, the Consortium conducts training and environmental awareness activities for workers and contractors to ensure the proper implementation of waste management procedures.

General solid waste is periodically collected by subcontractors and disposed of at authorized municipal facilities. The management system: (i) maintains records of transportation and final disposal certificates issued by the relevant municipality; and (ii) requires systematic monitoring of the generation and disposal of general waste (collection dates, volumes transported, party responsible for transportation, and final disposal site).

Hazardous waste management is carried out on the Paraguayan side to prevent the cross-border transport of hazardous materials. The Client verifies that the companies providing hazardous waste collection, transport, treatment, and disposal services hold valid permits.

4.3.b.ii Hazardous Materials Management

The Project uses various hazardous materials primarily associated with the operation and maintenance of machinery, equipment, and vehicles, including fuels, lubricating oils, greases, filters, contaminated containers, and other chemicals necessary for construction activities. To manage these materials, the Consortium implements the measures set forth in PARMA's Physical Environment Protection Program and in the applicable environmental procedures, which include the waste, emissions, and effluent management program, as well as its monitoring program. These programs include requirements for safe storage, handling, internal transport, and response to environmental emergencies. It also maintains specific areas for the temporary storage of hazardous materials and waste, equipped with control measures designed to prevent spills and the contamination of soil and water bodies.

The Project has controls in place for the segregation and temporary storage of hazardous materials and associated waste, as well as traceability mechanisms for their final disposal through authorized waste management operators. Generation records show that the main waste streams generated consist of used oils, contaminated filters, chemical containers, contaminated absorbent materials, and other waste resulting from equipment maintenance. The Project has facilities for the temporary storage of these materials and holds certificates attesting to their proper treatment and final disposal. These management practices are complemented by environmental training activities, routine inspections, and contingency response procedures that include the availability of containment materials to control accidental spills.

4.3.b.iii Pesticide Use and Management

The project does not use pesticides.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The Project has identified and assessed potential risks to communities and external users. These risks are primarily associated with heavy truck traffic, the daily commuting of workers, the interaction of off-site personnel with urban centers, and potential health risks linked to vector-borne diseases.

To manage these risks, the Consortium implements prevention and control measures set forth in the community risk matrix, including restricting heavy truck traffic in sensitive urban areas, performing preventive vehicle maintenance, providing public transportation for workers, designating safe stops,

conducting Occupational Health and Safety checks, and implementing vector control programs. It also has specific road safety procedures and plans that include: i) advance planning for temporary detours; ii) the installation of warning and informational signs; iii) speed limits; iv) traffic channeling using cones; v) the placement of lane markers and barriers; vi) traffic control using flaggers, barriers, and signage to mark work zones; vii) periodic inspections of road safety devices; and viii) the identification of alternative routes, traffic control systems, and special measures to protect both drivers and pedestrians.

4.4.a.i Infrastructure and Equipment Design and Safety

The Project involves work on an active dam.¹³ This includes the construction, downstream of the current reservoir, of two dam branches that will connect to the main dam as follows: i) the first branch, or “right dam,” at an angle of approximately 120° measured clockwise from the projection toward the reservoir of the perpendicular to the axis of the current dam; and ii) the second branch, or “left dam,” at an angle of approximately 240° measured in the same manner. The distance between the connection points of these two branches and the main dam is approximately 620 m.

Between these two branches, downstream, the new hydroelectric power plant will be built parallel to the existing dam. Once construction of the two branches is complete, and after rock-filled breakwaters have been built at the connection points with the existing dam, the section of the dam between these two structures will be partially removed¹⁴ (approximately 300 m) to allow water from the reservoir to reach the new power plant and enable it to be turbinized.

The project designs were developed by specialized firms and subjected to technical review by an independent panel of experts, which focused primarily on the details of the proposed solution for connecting the two new dam branches to the existing dam, and the subsequent removal of the section of the existing dam that will remain between these two new structures. As an additional validation measure, the designer has set up a test site to verify the geotechnical behavior of the materials to be used in the construction of the proposed solution, prior to their full-scale implementation.

The design also incorporates additional safety features, including: i) a double impermeable liner that originates at the branches of the dams to be constructed and will be connected to two plastic concrete liners that will be embedded parallel to the core of the existing dam; ii) supplementary filters to intercept any seepage and reduce any hydraulic gradients that may be generated; iii) protective breakwaters, which will be placed at the connecting piers between the existing dam and the dams to be constructed; and iv) a temporary rock¹⁵ e cofferdam to be built upstream of the existing dam, following its same alignment, to protect the entire system while the section of the dam that will remain between the two branches to be constructed is removed.

¹³ Although the dam is approximately 66 km long, its average height does not exceed 40 m.

¹⁴ The process for removing this section of the dam involves the controlled flooding of the small temporary reservoir that would form between the right dam, the new power plant, the left dam, and the existing dam, in order to equalize pressures upstream and downstream of the existing dam and enable its controlled removal. As an extra safety measure—and even though flow velocities in this section will be extremely low—the portion of the existing dam that will not be removed will be covered with a protective rockfill to prevent erosion.

¹⁵ This coffer dam will be removed once it has been determined that all structures to be built are performing as intended and that there is no material risk of failure.

From a community safety perspective, the Project also includes specific procedures and plans for the safe management of traffic in construction zones, including temporary signage, controlled detours, flaggers, fencing off work areas, and measures to protect pedestrians and public road users from the movement of heavy machinery and equipment. These measures are complemented by periodic inspections, emergency protocols, and operational control mechanisms that help reduce third-party exposure to risks associated with the Project's infrastructure and equipment.

4.4.a.ii Hazardous Materials Management and Safety

The Project has implemented controls for the safe management of hazardous materials through the Consortium's environmental and operational procedures, including measures for the procurement, handling, temporary storage, internal transport, and final disposal of fuels, oils, lubricants, chemicals, and other potentially hazardous materials used during construction. The management of these materials is part of PARMA's Physical Environment Protection Program and the procedures for handling hazardous materials and waste, which include designated areas for temporary storage, segregation mechanisms, controls to prevent spills, and measures for responding to environmental emergencies. The procedures and controls implemented minimize the likelihood of significant impacts on the health and safety of communities resulting from the handling of hazardous materials.

4.4.a.iii Ecosystem Services

The Project will not create new flood zones or result in any loss of access to provisioning or regulating ecosystem services used by communities. On the contrary, the Project's regulation of the flow in the Aña Cuá branch is expected to have positive effects on certain ecosystem services, especially those related to navigability and fishery resources, thereby improving conditions for river transport and the availability of hydrobiological resources used by local communities.

The Project, however, will develop and implement an Ecosystem Services Management and Monitoring Plan focused on: i) downstream conditions (fishing and navigability) associated with changes in the flow regime; and ii) the periodic review of monitoring results, in order to promptly identify potential unforeseen effects and define adaptive management measures when necessary.

4.4.a.iv Community Exposure to Diseases

The Project's community risk matrix identifies two major risks related to community exposure to disease: i) the proliferation of vectors, particularly mosquitoes that transmit diseases such as dengue and Zika, under a scenario known as an "epidemiological bridge," in which workers exposed to or infected at the construction site could return to their home communities and indirectly contribute to disease transmission; and ii) the interaction of non-local personnel with urban centers within the Project's area of influence, which could increase the demand on local health services or facilitate the spread of communicable diseases.

To manage the first risk, the Project has been implementing control measures that include periodic fumigation in work areas, the provision and mandatory use of insect repellents by staff, and medical surveillance protocols aimed at the early detection of workers with febrile syndrome before their return to their communities. To address the second risk, the " " Project prioritizes the hiring of local

labor, provides primary health care services on-site to reduce pressure on public health facilities, and enforces a code of conduct for workers.

4.4.a.v Emergency Preparedness and Response

EBY has a comprehensive emergency preparedness and response system based on the Yacyretá Hydroelectric Complex Contingency Plan, the Reservoir Operations Manual, and various coordination agreements with external response agencies. The system addresses the identification and management of emergency scenarios associated with extraordinary floods, significant variations in downstream water levels, spillway operations, fires, failures in critical infrastructure, and other contingencies with the potential to affect communities. As part of this framework, EBY maintains a Hydrometeorological Alert Network that integrates data from hydrological and meteorological monitoring stations located in the Paraná River basin, as well as formal procedures for issuing advisories and alerts to institutions in Paraguay and Argentina, including civil protection agencies, hydrological agencies, and local authorities. The Operations Manual also establishes specific thresholds for issuing alerts related to water levels and flows, as well as communication protocols, contact lists, and binational coordination mechanisms for the transmission of hydrological and operational information.

EBY maintains cooperation agreements with the Volunteer Fire Departments of Ayolas and San Cosme y Damián, agreements with police forces, and specific programs for the prevention and suppression of grasslands fires¹⁶.

4.4.b Security Personnel

Currently, the Project employs 16 private security guards contracted through a security company duly licensed in accordance with applicable local regulations. Security personnel assigned to the Project's facilities perform access control, surveillance, and asset protection duties; they operate without firearms and receive training in emergency preparedness and response in accordance with required operational requirements. For specific situations involving intrusions onto the site via waterways or through unauthorized access points, the Client coordinates response actions with EBY, which has armed security personnel available to address such contingencies.

Notwithstanding the foregoing, the Project will develop a Security Personnel Management Plan that will include procedures for: (i) conducting background checks on applicants for security personnel positions to identify any history of human rights abuses; (ii) the progressive use of force; and (iii) training security personnel on human rights and the use of force.

¹⁶ The procedures include evacuation plans, communication routes, emergency response teams, specialized response resources, drills, and institutional coordination mechanisms designed to protect the communities located within the area of influence.

4.5 Land Acquisition and Involuntary Resettlement

The project does not involve land acquisition or involuntary resettlement.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

4.6.a General

The project's area of influence is located within the Paraguayan Atlantic Forest and associated ecosystems, characterized by high biological diversity. Studies identified 102 plant species belonging to 50 botanical families and 89 genera, including nationally threatened species such as Black Lapacho (*Handroanthus heptaphyllus*) and the María Cedar (*Calophyllum brasiliense*), listed as Endangered by the International Union for Conservation of Nature ("IUCN"), as well as the Pink Lapacho (*Handroanthus impetiginosus*), considered Threatened globally. Likewise, significant faunal diversity was recorded, comprising approximately 117 species of fish, 123 species of birds, as well as mammals, reptiles, and amphibians characteristic of the riparian environments and wetlands of the Paraná-Aña Cuá system. Among the species of conservation interest are globally threatened birds such as the Yellow Thrush (*Xanthopsar flavus*) and the Golden Pipit (*Anthus nattereri*), as well as threatened mammals such as the Marsh Deer (*Blastocerus dichotomus*).

4.6.b Protection and Conservation of Biodiversity

The Project has specific programs for the protection and conservation of biodiversity within its area of influence, such as the programs for the protection of terrestrial and aerial wildlife, aquatic flora and fauna, and terrestrial flora. They also establish management and monitoring measures to prevent, minimize, and control impacts on the habitats and species present in its area of influence by: i) prioritizing avoiding impacts whenever possible, minimizing those that cannot be avoided, restoring affected areas, and implementing management and monitoring measures to control residual impacts during the various phases of the Project; and ii) forming the basis for implementing biodiversity protection, monitoring, and conservation activities throughout the Project's life cycle

4.6.b.i Modified Habitat

The Project is being carried out in a modified habitat, which was previously altered by the construction of the Yacyretá Dam and reservoir.

4.6.b.ii Natural Habitat

The Forest Inventory conducted on the 67.86 hectares to be developed recommends that the Project's interventions affecting vegetation cover include measures to rescue wildlife prior to clearing; the harvesting and reuse of timber, where feasible; and the recording of removed trees and their replacement in areas designated by EBY. In addition, the Socio-Environmental Management Plan and the Forest Compensation Plan provide for the replanting of 5,000 native seedlings to compensate for the impact on approximately 500 trees, prioritizing species with high adaptability and high ecological value, including the Guamo (*Inga spp.*), the Artigas Tree (*Peltophorum dubium*), the Lapacho (*Handroanthus spp.*), and the Guayubirá (*Patagonula americana*).

4.6.b.iii Critical Habitat

The Project will not affect critical habitats.

4.6.b.iv Legally Protected and Internationally Recognized Areas

The Project's area of influence is associated with various protected wilderness areas administered by EBY, including the Paraná River Fish Reserve, the Yacyretá Nature Reserve, the Guasú Puku Nature Reserve, the Arroyo Aguapey Nature Reserve, the Chopi Say'ju Nature Reserve, and the Bosque Arary Nature Reserve. Furthermore, the area includes several Important Bird Areas (IBAs) in Yacyretá, San Miguel Potrero, Arroyo Tymaca, and San Mauricio, which fully or partially encompass some of the aforementioned nature reserves.

Despite this, the Project will not materially affect any protected or internationally recognized areas.

4.6.b.v Invasive Alien Species

The Project does not pose a risk of intentional or accidental introduction of invasive exotic flora and fauna species.

4.6.c Management of Ecosystem Services

The main ecosystem services associated with the Project's area of influence relate to the terrestrial, aquatic, and riparian ecosystems of the Paraná River and the Aña Cuá Branch, which provide habitat for biodiversity, regulate ecological processes, and support human activities such as fishing and navigation.

During the project's construction phase, potential non-physical impacts on these services will occur as a result of vegetation removal, temporary alteration of terrestrial and aquatic habitats, earthworks, emissions, and disturbance of wildlife. The PARMA includes a set of¹⁷ actions to manage these impacts, which are summarized in the Landscape Management Program and the protection programs for: i) the physical environment (soil, water, and air); ii) terrestrial and aerial wildlife; iii) aquatic flora and fauna; iv) terrestrial flora; and v) protected wilderness areas.

Regulating the flow of the Aña Cuá branch will have positive effects on certain provisioning ecosystem services, particularly fishing and navigability, by improving the hydraulic conditions and connectivity of the river system.

4.7 Indigenous Peoples

No indigenous communities have been identified within the project's area of influence.

¹⁷ Between these actions, among others, are: (i) actions to prevent erosion, control sediment generation, and protect soil, water, and air quality; (ii) rescue, protection, and monitoring of terrestrial, aerial, and aquatic wildlife; (iii) protection and restoration of vegetation cover through revegetation and forest compensation using native species; (iv) landscape management and recovery of impacted areas; v) conservation of protected wilderness areas and ecosystems important for biodiversity; vi) environmental and biological monitoring; vii) monitoring of the conditions of aquatic ecosystems; viii) periodic review of the Project's effects on ecosystem services relevant to communities, particularly those associated with fishing and navigability.

4.8 Cultural Heritage

4.8.a Protection of Cultural Heritage in the Project Design and Execution

The Project's area of influence has archaeological and cultural potential, particularly on Yacyretá Island, where previous research has documented the presence of ceramic and lithic material associated with prehistoric human occupations. In response to this, the Project has a Heritage and Finds Management Program to identify, protect, conserve, and properly manage the archaeological, paleontological, historical, cultural, and geological resources that may be encountered during construction.

In addition, EBY maintains a museum dedicated to the conservation, research, and dissemination of archaeological finds recovered in the Project area; this museum is open to the public and collaborates with academic and research institutions.

4.8.a.i Chance Find Procedures

The Project has a Heritage and Finds Management Procedure, which establishes the steps to be taken in the event of the accidental discovery of archaeological, paleontological, historical, cultural, or geological remains during construction activities. This procedure provides for: i) the immediate suspension of activities in the area of the discovery; ii) the demarcation and protection of the site by establishing a buffer zone with a minimum radius of 10 meters; iii) the posting of warning signs using tape, fences, stakes, and warning signs; iv) a prohibition on handling or removing any objects found; v) the requirement to immediately notify the Environmental Officer, the Site Manager, the Environmental Oversight Agency, and the EBY, so that they, in turn, may notify the competent authorities and specialists of the discovery and these authorities may determine the appropriate management measures before authorizing the resumption of work; vi) a protocol for the formal documentation of findings; and vii) requirements for staff training on (a) cultural heritage, (b) the notification procedure, and (c) applicable protective measures.

However, to date, after having completed nearly all earthwork activities, the Project has not recorded any archaeological, paleontological, heritage, or material cultural findings.

4.8.a.ii Consultation

EBY has carried out various initiatives aimed at the dissemination, conservation, and promotion of the cultural heritage identified in the Project area. Among these, the operation of an archaeological museum open to the public stands out; it houses a permanent collection of finds recovered during the CHY project and employs specialized staff responsible for interpreting and disseminating the history and significance of the archaeological materials discovered. It has also adopted a consultation protocol with communities and coordination mechanisms with the relevant authorities for cases involving particularly sensitive archaeological finds (human remains and burial contexts).

4.8.a.iii Community Access

Should any archaeological, paleontological, heritage, or cultural finds be recorded, they will likely be displayed at the CHY site museum in Ayolas, following authorization by the relevant authorities.

5. Local Access to Project Documentation

Documentation related to the Project can be accessed at the following link:
<https://www.eby.gov.py/ana-cua-eby/>.