

Environmental and Social Review Summary (ESRS) Central Railroad - URUGUAY

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1. General Information on the Project and the Scope of the Environmental and Social Review by the IDB Invest

The Ferrocarril Central is a public-private partnership (“PPP”) project awarded by the Ministry of Transportation and Public Works of Uruguay to Grupo Vía Central (“GVC” or the “Client”), a consortium comprising the firms NGE, Sacyr, Saceem, and Berkes, for the design, construction, financing, and maintenance of a 273-km railway line between Montevideo and Paso de los Toros (the “Project”) in the Eastern Republic of Uruguay. The Project is being somewhat financed by two IDB Invest operations¹, for which financial closing took place in late 2019.

The construction phase of the Project was completed in late 2023, and since then, it has been in its maintenance phase, which requires the Client to fulfill the following responsibilities: i) maintain the quality of the railroad track, the safety and signaling systems, and related structures; ii) ensuring the proper and safe operation of all elements of the railway track; iii) keeping the longitudinal and transverse drainage systems, the signaling and safety system, and all structures and facilities related to the railway track in working order; iv) taking immediate corrective action in the event of incidents; and v) establishing monitoring and prevention measures.

To carry out maintenance tasks, GVC relies on the firm CARAMINER², which, in addition to being supervised by the Client, is also monitored by the National Railway Transportation Directorate (“DNTF”).

From its inception to the present, IDB Invest has monitored the Project’s environmental and social progress to ensure that its environmental and social performance aligns with international best practices³.

The Project involves the design, construction, financing, and maintenance of a railway line approximately 273 kilometers long connecting Montevideo with Paso de los Toros in Uruguay. This operation (the “Operation”) envisages a potential long-term financing structure for the Project, which may include a combination of funds from IDB Invest and issuances in international capital markets.

¹ 12278-01 Central Railroad PPP Project and 12278-01 Subordinated Loan for the Central Railroad.

² CARAMINER S.A. is a Uruguayan company responsible for maintaining the Central Railroad, formed by the construction firms Sacyr, NGE, Saceem, and Berkes.

³ In particular, the IDB Invest Environmental and Social Sustainability Policy, and the Environmental and Social Safeguards of the Development Bank of Latin America, a co-financier of the operation.

The Environmental and Social due diligence (“ESDD”) process for the Operation included a review of the Environmental and Social (“E&S”) and occupational health and safety (“OHS”) information provided by the Client, as well as the Environmental and Social Monitoring Reports issued by the Independent Environmental and Social Advisor for the Project’s construction and maintenance phases, and the Environmental and Social Oversight Reports produced by IDB Invest.

To ensure the Operation’s commitment to respecting and protecting human rights, its zero-tolerance policy toward retaliation, and its dedication to providing and guaranteeing a safe environment for stakeholders to express their concerns without fear of retaliation, the ESDD process also included a review of the Project’s Environmental, Social, Health, Safety, and Quality Policy; and its Human Resources Management Policy.

2. Environmental and Social Classification and Justification

In accordance with the provisions of the IDB Invest Environmental and Social Sustainability Policy, the Project was classified as Category A in 2019 because, during its construction phase, it resulted in: i) the involuntary resettlement of people due to land expropriation; ii) the displacement of those who had built their homes on the railroad right-of-way; iii) interference with pedestrian and vehicular traffic; iv) impacts on air quality due to particulate matter emissions; and v) vibrations and noise emissions. This categorization will be maintained for the present Operation, given that the Project has not changed. However, considering that, at present, (a) the Project is in its maintenance phase and (b) the negative impacts it is causing are not material, the associated risk is considered low.

At the time, the Project triggered the following Performance Standards (“PSs”) of the International Finance Corporation (“IFC”): 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, Safety, and Security; PS5, Land Acquisition and Involuntary Resettlement; PS6, Biodiversity Conservation and Sustainable Management of Living Natural Resources; and PS8, Cultural Heritage. However, the Operation will only trigger PS1, Assessment and Management of Environmental and Social Risks and Impacts; PS2, Labor and Working Conditions; PS3, Resource Efficiency and Pollution Prevention; and PS4, Community Health, Safety, and Security.

3. Environmental and Social Context

3.1 General Characteristics of the Project Site

The railway route runs primarily through rural areas and, in specific instances, through the capitals of the departments of Canelones, Florida, and Durazno, as well as some towns, following the alignment of Route 5—which connects Montevideo with Paso de los Toros—in many sections.

The southern part of the route passes through the Montevideo metropolitan area and the department of Canelones, which are the most heavily developed areas and feature large tracts of land used for agriculture and land dedicated to vegetable and fruit production. At the departmental

border between Canelones and Florida, the route crosses the Santa Lucía River, which is part of the Río de la Plata basin and its waterfront. The area associated with the central section of the highway has less land devoted to crop cultivation and a higher proportion of land used for livestock ranching and dairy farms. To the north, in the Negro River basin, extensive livestock ranching predominates.

In general, the area adjacent to the route has low biological diversity, with a predominance of extensive natural grasslands, some rocky outcrops, and a gently rolling topography. The highest elevations are less than 150 meters above mean sea level and are located in the Cuchilla Grande area, near the towns of Sarandí Grande and Goñi in Florida, and Villasboas in Durazno. Within the project's area of influence are the Santa Lucía Wetlands Protected Area with Managed Resources (1 km) and the Chamangá Rock Formation Protected Landscape (7 km).

3.2 Contextual Risks

The main contextual risk relates to an increase in railway accidents involving third-party vehicles⁴, pedestrians, and animals. Although the Client is not responsible for the operation of the railroad—which is a constraint on its scope of action in this regard—it works in collaboration with the relevant authorities and the operator⁵ to respond to incidents and report railway accidents and incidents.

In the Montevideo metropolitan area, incidents of vandalism have been reported, primarily involving the theft of communication cables and damage to signaling equipment.

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 Client has an Environmental and Social Management System (“ESMS”) that addresses Occupational Health and Safety aspects and incorporates the ISO 9001, 14001, and 45001 standards⁶.

The ESMS is led by an Environmental and Social Manager (“ESG Manager”), who represents the Client before the Ministry of Transportation and Public Works (“MTOP”), the (national, departmental, and municipal) authorities responsible for implementing the Project, and the financing entities⁷. The ESG Manager reports directly to the General Manager of Grupo Vía Central (GVC) and oversees professionals responsible for environmental management at the maintenance company, , whom she supervises directly. Social management is subcontracted directly by GVC and managed by it.

⁴ Many of these incidents involve failure to obey railroad signals.

⁵ The DBCC Transport consortium and the public-private partnership Servicios Logísticos Ferroviarios (“SELF”).

⁶ International Organization for Standardization (“ISO”) standards for quality, environmental management, and Occupational Health and Safety, respectively.

⁷ IDB Invest, the Development Bank of Latin America and the Caribbean (“CAF”), and several international private banks

4.1.b Policy

The ESMS includes an Environmental, Social, Health, Safety, and Quality Policy, which is aimed at achieving full legal compliance for all activities to be carried out and at maintaining continuous improvement of the system.

4.1.c Identification of Risks and Impacts

The risks and impacts throughout the Project's life cycle were identified in its Environmental Impact Assessment ("EIA"). In this regard, the environmental and social management measures included in the EIA for the Project's construction phase have been substantially implemented, while those related to the maintenance phase are being implemented through the Environmental and Social Management Plan for the Maintenance Phase ("ESMP-M").

4.1.c.i Gender Programs

The Client developed a protocol for the prevention of and response to cases of harassment, discriminatory acts, and any action contrary to the United Nations Declaration of Human Rights. The protocol was disseminated during the second half of 2025 and is currently being implemented.

4.1.d Management Programs

The ESMP-M, which is part of the Project's ESMS, includes measures for: i) the management of (a) fuels and related materials, (b) chemicals and hazardous materials, and (c) compressed gases; ii) the supply and handling of (a) aggregates and (b) water; and iii) the management of (a) machinery, (b) waste, (c) effluents, (d) noise emissions, and (e) particulate matter emissions.

4.1.e Organizational Capabilities and Competence

The Client has an Annual Training Plan, in which it identifies training needs. In this regard, 3,579 hours were allocated to training activities between August and December 2025, and the topics covered included: prevention of and response to harassment and interpersonal relationship guidelines; railway health and safety orientation; leadership and team management; manual handling of loads; working at heights; railway signaling; and defensive driving, among others.

4.1.f Emergency Preparedness and Response

The ESMS includes an Emergency Plan (PLG-CSA-00-SST-01), whose objectives are: i) to establish the organization of available human and material resources for the prevention of or protection against the risk of an accident or any other equivalent event; and ii) to ensure control over the various emergency situations that may occur during maintenance work on the track or at maintenance facilities. Its scope describes: i) responsibilities; ii) types of emergencies; iii) classification of emergencies; iv) response plan; v) evacuation plan; vi) support plan; vii) composition of the Emergency Team; viii) training plan; and ix) drills.

4.1.g Monitoring and Evaluation

Item 9 of the ESMP-M establishes the framework for monitoring and tracking compliance with the ESMP-M, reporting, and defining corrective actions, among other aspects.

4.1.h Participation of Social Stakeholders

The Project has a social team responsible for implementing the Community Engagement Plan (“CEP”), as well as the entity responsible for maintaining the infrastructure.

4.1.i External Communications and Complaint Mechanism

The Client’s Community Engagement Plan includes an external grievance mechanism (“GM”) to receive and process inquiries, complaints, claims, and requests from the public.

As of February 2025, no new GM cases pending resolution had been reported. However, the Client was still handling 165 complaints concerning damage to homes recorded between 2020 and 2024 as a result of clearing the railroad right-of-way. Of these, only 26 had been filed by affected parties with the State Insurance Bank (“BSE”), while the remaining 139 had been closed due to lack of evidence or inaction by the affected party. The Client continues to work toward resolving the pending cases.

4.2 Employment and Working Conditions

4.2.a Working Conditions and Management of Labor Relations

4.2.a.i Human Resources Policies and Procedures

The Client has a Human Resources Management Policy, aligned with the Universal Declaration of Human Rights, which adopts guidelines on inclusion, non-discrimination, mutual respect, a harassment-free work environment, and the prohibition of retaliation.

4.2.a.ii Working Conditions and Terms of Employment

As of December 2025, the Client had 130 employees working on the Project, 27 of whom were women.

The ESMS Human Resources Procedure (PR G-RRH-00-GEN-01) standardizes the processes for recruiting, selecting, hiring, and onboarding workers; probationary period evaluations; category changes; information related to payroll and overtime management (payment schedule, payroll validation, and overtime authorization); labor relations and discipline; and termination.

The document “Relationship Guidelines” (NIG-RRH-00-GEN-01) describes the framework for fostering harmonious labor relations and elaborates on the Principles of People Management, as well as teamwork, mutual respect, safe work practices, and zero tolerance for harassment, between

other issues. The Relationship Guidelines are mandatory and bilateral, and comply with the Country's current labor laws.

4.2.a.iii Labor organizations

34% of GVC and CARAMINER employees are members of UNTMRA⁸. Currently, the Project has eight collective bargaining agreements in place. Both companies strive to maintain the best possible labor relations with unions and employees.

4.2.a.iv Non-Discrimination and Equal Opportunity

The Client has adopted a Protocol for the Prevention of and Response to Harassment, which is based on local legislation and International Labor Organization ("ILO") Convention No. 190. This protocol expresses the Client's commitment to non-discrimination and the promotion of equal opportunity, and defines various types of gender-related harassment, as well as sexual harassment, harassment based on sex, and harassment based on gender identity and expression.

4.2.a.v Workforce Reduction

The Client has an employee termination process in accordance with local legislation and agreements established with labor organizations.

4.2.a.vi Complaint Handling Mechanism

The Client has a grievance mechanism in place for its direct and contracted workers, which allows anonymous submissions and includes a protocol for managing incidents of sexual and gender-based violence.

4.2.b Workforce Protection

The Client's Human Resources Procedure standardizes operational processes related to recruitment and selection, hiring and onboarding, probationary period evaluation, job classification changes, payroll and overtime management, labor relations and discipline, and termination.

4.2.b.i Child Labor

The Human Resources Management Policy establishes the minimum hiring age at 18 years.

4.2.b.ii Forced Labor

The Human Resources Management Policy prohibits forced labor.

⁸ The National Union of Metalworkers and Related Industries ("UNTMRA"), affiliated with the Inter-Union Workers' Plenum – National Workers' Convention ("PIT-CNT").

4.2.c Occupational Health and Safety

The Client has procedures in place for managing occupational health and safety risks, in accordance with local legislation. The Occupational Health and Safety team consists of four people and an external occupational health service

4.2.d Provisions for People with Disabilities

The Human Resources Management Policy establishes guidelines for non-discrimination and the promotion of inclusion.

4.2.e Third-Party Contractors

Internal Standard NI G-CSA-00-SST-01_OHS Conditions for Suppliers specifies the legal and safety requirements applicable to all contractors.

4.2.f Supply chain

No inputs or suppliers have been identified that could pose risks of forced or child labor in the supply chain.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gas

The client began measuring its carbon footprint in 2025 and reported an estimated value of 920 tCO₂ per year.

4.3.a.ii Water Consumption

The ESMP-M establishes requirements and operational guidelines to improve water use efficiency and prevent pollution through proper waste and effluent management.

4.3.b Pollution Prevention

The ESMS establishes measures for the management of sewage effluents, concrete-derived effluents, and machine washwater in procedure PR G-CSA-00-AMB-03, "Management of Effluents and Emissions." Sewage from septic tanks, portable toilets, and machinery washwater (oily water) is managed by licensed companies⁹, which dispose of it at sites authorized by local governments.

The ESMS also defines measures for the prevention of noise pollution in the aforementioned procedure.

⁹ BQ y V S.R.L., Basani S.A., and Afrecor S.A.

4.3.b.i Waste

The ESMS includes measures for the management of solid waste comparable to household waste; waste from civil infrastructure maintenance; hazardous and special waste; and green waste¹⁰. The Client promotes the minimization of waste generation, its reuse and recycling, and implements the treatment or final disposal methods required by law.

4.3.b.ii Hazardous Materials Management

Procedure PR G-CSA-00-SST-02, Comprehensive Management of Chemical Products, contains provisions for managing the purchase, storage, use, and handling of hazardous chemicals (flammable, non-flammable, and gases), and establishes procedures to: i) prioritize products with lower toxicity, paying special attention to products used by subcontractors; ii) store products in specific, covered, ventilated areas equipped with containment systems; iii) clearly label each container and separate incompatible products to prevent hazardous reactions; and iv) perform a triple rinse of containers and dispose of them through authorized management systems, when applicable.

4.3.b.iii Handling and Use of Pesticides

The Client holds the required local authorization, issued by the Ministry of Livestock, Agriculture, and Fisheries ("MGAP"), for the application of herbicides for vegetation control. This document authorizes operators to apply herbicides using both backpack sprayers as well as mechanized equipment.

In compliance with the legal framework established by Decree 330/024, regarding the use of plant protection products in specific areas such as railroad tracks, the Client formalized its status as well as its authorization as a company.

4.4 Community Health and Safety

4.4.a Community Health and Safety

4.4.a.i Infrastructure and Equipment Design and Safety

The ESMS Incident and Event Management Protocol identifies and categorizes the different types of emergencies that could arise during Ferrocarril Central's maintenance activities, including those capable of affecting the health and safety of the public (fires, spills, traffic accidents, and noise levels, among others).

In addition, the Protocol includes prevention measures and response procedures for when these events occur, in order to manage or mitigate their potential impacts; it also defines guidelines for

¹⁰ Through proceedings RE210, RE220, RE230, and RE250, respectively.

responding to damage to other services (as well as water, power, and fiber optics), in which case the Railway Traffic Control Center and the appropriate agency must be contacted.

In cases of vandalism, riots, or demonstrations, the procedure requires notifying the DNTF and acting in accordance with the regulations of the Ministry of the Interior, while also notifying the Police Emergency Hotline at 911. This measure also applies to traffic accidents involving injuries that occur outside the railway system.

4.4.a.ii Management and Safety of Hazardous Materials

The ESMS Incident and Event Management Protocol establishes, within the context of emergencies related to public health and the environment, procedures for the prevention and control of chemical or hazardous substance spills and other unforeseen situations that may occur during railroad maintenance activities.

4.4.a.iii Ecosystem Services

The operation will not affect ecosystem services.

4.4.a.iv Community Exposure to Disease

The operation will not pose any risk of community exposure to disease, as it does not involve the influx of external workers.

4.4.a.v Emergency Preparedness and Response

The Client's Incident and Event Management Protocol includes various procedures for action and response to emergencies (both inside and outside the railway area, as well as those involving the Client and third parties), and defines the responsibilities of the various parties involved.

4.4.b Security personnel

The Client's use of outsourced security services does not raise any significant concerns, as the guards are unarmed and there is no history of conflict. However, as well as having done so to date, should the Client need to replace the firm that currently provides security services to it, it will conduct the necessary due diligence to verify the providers' track record and reputation, and will establish clear contractual provisions regarding conduct, respect for human rights, and legal compliance.

4.5 Land Acquisition and Involuntary Resettlement

To carry out the Project's construction activities, the MTOP conducted 984 expropriations and resettled 69 families. The Client has scheduled an audit of this process for 2027.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Project was constructed in modified habitats used primarily for agriculture and livestock farming. No critical habitats or threatened or endangered species that could have been potentially affected by the Project were identified within its direct area of influence. However, the Client implemented a Biodiversity Management Plan focused on minimizing the potential effects of the construction work on the Santa Lucía Wetlands.

The operation will not have any negative impacts on biodiversity.

4.7 Indigenous Peoples

The Project does not affect any indigenous population.

4.8 Cultural Heritage

During the construction of the Protector, the Client, with the support of a specialized professional team, implemented an operating procedure with preventive and response measures in the event of any archaeological findings. No negative impacts on cultural heritage are anticipated during the maintenance phase.

5. Local access to project documentation

Project documentation can be accessed via the following links:

<https://www.dinama.gub.uy/oan/proyectos/proyecto-ferroviario-montevideo-paso-de-los-toros/>