

Environmental and Social Review Summary (ESRS) Troncal del Magdalena II - COLOMBIA

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

Troncal del Magdalena II (the "Project") is the fourth project of the Fifth Generation of concessions ("5G") led by the Colombian Government through the National Infrastructure Agency ("ANI")¹. This Project, originally awarded to another concessionaire that was forced to return it to the State uncompleted, was re-awarded through a public tender process to Autopista del Río Grande S.A.S. ("ARG", the "Concessionaire", or the "Client"), a joint venture owned by KMA Construcciones S.A. (50%) and Ortiz Construcciones y Proyectos S.A. (50%).

The Project considers the financing, construction, improvement, rehabilitation, and operation and maintenance ("O&M") of the 272.1 km Sabana de Torres – Curumaní road (the "Corridor"), of which 134 km correspond to construction of a second lane and 116.2 km involve road improvement and rehabilitation. The Project also involves the construction of ten (10) new bypasses, 42 pedestrian bridges, 54 vehicle bridges, and the operation of three (3) existing toll stations and one (1) weigh station.

The Project seeks to improve the connectivity of Colombia's Caribbean coast with the country's interior by upgrading and expanding one of its most important cargo routes. Specifically, it aims to optimize connectivity between the towns of Sabana de Torres, in Santander Department, and Curumaní, in Cesar Department. The Project, which is estimated to create approximately 48,000 direct, indirect, and induced jobs, crosses eleven municipalities² in the Santander, Norte de Santander, and Cesar departments. Once completed, it will reduce current travel time by two (2) hours.

¹ The Project was originally part of a previous concession to "Ruta del Sol S.A.S. (CORUSOL) - Sector 2", which was suspended after some stretches of the two-lane highway were completed. This suspension left many works uncompleted on several stretches of the road.

² Barrancabermeja, Sabana de Torres, San Martín, San Alberto, Pelaya, El Burro, Aguachica, Gamarra, Pailitas, Curumaní, and San Roque.

For construction purposes, the Project has been divided into eleven (11) stretches or Functional Units (“FU”)³ and three (3) implementation phases: (i) pre-construction, which started on December 01, 2022 and which, among other activities, includes the preparation and submission of the Layout and Geometrical Design Studies and the Work Project Schedules for the FU, as well as the processing and obtaining of the permits, licenses, authorizations, and concessions required for the start of construction from State and environmental authorities; ii) Construction, which will start in December 2023, and will last for forty-seven (47) months; and iii) Operation and Maintenance (“O&M”), which will last for 25 years, starting in December 2022.

The Environmental and Social Due Diligence (“ESDD”) process included, among other aspects, the following: i) meetings with personnel from the Concessionaire; ii) an on-site visit, which included technical meetings with contractors, subcontractors, and interviews with stakeholders, workers, land owners, and representatives of communities and municipalities; and iii) the review of the information made available by the Client, such as: environmental licenses and permits, Environmental Impact Assessments (“EIAs”), E&S management plans and programs, among other relevant documents.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category A operation in accordance with IDB Invest’s Environmental and Social Sustainability Policy (“ESSP”), since it will likely generate for the construction phase the following environmental and social negative impacts and risks: i) dust and gas generation; ii) increase in noise levels due to the use of heavy machinery and increased vehicular traffic; iii) domestic and industrial wastewater generation; iv) soil compaction due to machinery traffic; v) possible soil pollution; vi) generation of solid waste (excavation material, paving waste, rubble, paper, wood, scrap metal, oily rags, etc.); vii) disruptions to vehicular traffic; viii) impact on water resources; ix) loss of plant cover; x) physical or economic displacement of the population due to the release or creation of the right of way; xi) creation of expectations regarding the employment opportunities that the planned activities may provide. Similarly, the O&M phase may generate the following impacts and risks: i) alterations in surface water quality; ii) sediment production; iii) generation of erosion processes; iv) alterations in air quality and noise; v) changes to the landscape; vi) loss of domestic and native wildlife due to roadkill; and vi) traffic accidents. All of these impacts are expected to be of medium-high to high intensity.

³ FU0 Rio Sogamoso – San Roque, which involves the operation and maintenance of the usable stretches at the beginning of the Project; FU1 Rio Sogamoso – Las Pampas, of 20.2 km in length, which includes the construction of a new lane; FU2 Las Pampas – Llano Grande, of 9.2 km in length, which involves the construction of a new additional lane through the town of La Gómez; FU3 Rio Sogamoso – El Juncal, of 80.7 km in length, which includes the improvement of the current road, as well as the relocation of the La Gómez toll station and the construction of the San Martín Norte interchange; FU4 Sabana de Torres – Tropezón, which involves the construction of a new 12.6 km-long road; FU5 Tropezón – San Alberto, of 9.05 km in length, which includes the construction of the Tropezón and La Palma bypasses, and the construction of the San Alberto South Access interchange; FU6 La Mata – Pailitas, of 20.37 km in length, which includes the construction of the La Mata, Pelaya, Floresta, and El Burro bypasses, the construction of the Pelaya Sur interchange, and the Ayacucho vehicle bridge; FU7 Pailitas Bypass, of 14.59 km in length, which includes the construction of the Pailitas bypass and the Pailitas Sur interchange; FU8 Las Vegas – Curumaní, of 13.3 km in length, which includes the construction of the Las Vegas bypass; FU9 Curumaní – San Roque, of 22.9 km in length, including the construction of the Curumaní bypass, the Curumaní Sur interchange, and five underpasses on the bypass; and FU10 La Gloria – San Roque, with of 39.04 km in length to be intervened, including the improvement of the current road, as well as its operation and maintenance.

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; iv) PS4: Community Health, Safety, and Security; v) PS5: Land Acquisition and Involuntary Resettlement; vi) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and vii) PS8: Cultural Heritage.

3. Environmental and Social Context

3.1 General Characteristics of the Project’s site

The Project is strategically located in the center of the country. It is a connection hub between the country’s interior and the Atlantic coast, which also has land (roads and railways), river, and air connections.

The Santander Department and its capital, Bucaramanga, are located in northeastern Colombia. It has an area of 30,537 km² (equivalent to 2.7% of Colombia’s surface area) and is home to a total of 2.3 million inhabitants (the fourth most densely populated department in the country), of which 51% are women and 49% are men.⁴ It is politically and administratively comprised of 87 municipalities, 57 districts, 104 villages, 78 police stations, and 30 populated areas.

The Cesar Department and its capital, Valledupar, are located in the northeast of the country. It has an area of 22,905 km² and a population of approximately 1.04 million inhabitants. It has a tropical climate with wide temperature variations depending on the altitude. It is politically and administratively made up of 25 municipalities. Its main economic sectors are agriculture, services, and mining.

The Project is in the so-called Middle Magdalena Valley (“MMV”) basin, located between the Central Colombian Cordillera (“CCC”) and the Eastern Colombian Cordillera (“ECC”). The existing road runs mainly over flat terrain and dissected hills. The average temperature during the year shows little variation, characteristic of an altitude between 100 and 200 meters above sea level (“ASL”). The annual average temperature variation is between 27.5°C and 29.4°C. The hydrographic network located in the Project’s Area of Direct Influence (“ADI”) and Area of Indirect Influence (“AI”) runs through the Middle Magdalena Valley on the right bank of the river, and the surface streams and groundwater that cross it run through predominantly flat areas, draining primarily in northwest and west directions towards the Magdalena River.⁵

Land in the region is predominantly used for livestock farming on natural pastures and pastures managed for extensive and intensive livestock use; however, it is also used for other purposes, such as: (i) secondary natural forest and vegetation in small isolated patches with significant human intervention; (ii) gallery forests; (iii) abandoned farming areas with destroyed secondary natural forests undergoing natural regeneration processes; (iv) intensive agricultural activities (commercial agriculture with permanent crops and subsistence agriculture); v) areas for extraction of

⁴ According to the latest National Population and Housing Census conducted by the National Administrative Department of Statistics (“DANE”).

⁵ Source: EIA (FUS 0. 1, 4, 10) CAP 03 BASELINE.

construction materials such as sand from rocks, sand deposits, and gravel, causing environmental degradation; vi) some unused areas, with poor soil conditions such as erosion and landslides; and vii) areas of reservoirs, lakes, and water reservoirs for agricultural and livestock activities.

3.2 Contextual Risks

Historically, the territory where the Project is located was of major significance to guerrilla groups because of the ease of river transportation (along the Magdalena River) and overland transportation (along what was then known as the Pan-American Highway). The area became a hotbed for kidnapping,⁶ illegal crops, and extortion, which restricted the movement of the population throughout the country.⁷

These guerrilla and paramilitary groups have now signed a peace agreement with the Colombian Government and agreed to a voluntary disarmament process. However, criminal gangs continue to operate in the area, and kidnappings and disappearances continue to occur in this region.

The contextual risk analysis conducted as part of the Project's ESDD process identified five (5) components with a high or moderate level of risk in the Santander and Cesar departments: i) security and conflict; ii) political risk; iii) cohesion; iv) retaliation; and v) labor rights. Therefore, the Client will conduct a Security Risk Assessment that includes: i) identification of potential security and violence risks (group or mob violence, violent crime, and retaliation) and other contextual risks; ii) additional risks arising from the security measures implemented, for those both inside and outside of the facilities; and iii) training and equipment needs of security personnel.

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

4.1 Assessment and Management of Environmental and Social Risks

4.1.a Environmental and Social Management System

The Client has an Integrated Management System ("IMS") which: i) covers sustainability, environmental, quality, and Occupational Health and Safety ("OHS") aspects; ii) complies with the following ISO standards: 9001:2015 (quality), 14001:2015 (environment), and 45001:2018 (OHS); and iii) includes procedures for continuous improvement.

The Client must update and implement the IMS in order to ensure that the construction and O&M phases of the Project include: i) measures to verify the implementation of environmental aspects in all activities conducted by the Concessionaire, its contractors, subcontractors, and main suppliers; ii) objectives, scopes, and responsibilities; iii) tools for the implementation of the Plan, such as: (a) internal labor audits; (b) on-site inspections; (c) OHS verification protocols; (d) equipment certification; (e) equipment and machinery operator competency checks; (f) reporting requirements (including frequency); (g) training needs; and (h) key performance indicators ("KPIs") and

⁶ Between 1970 and 2010, Cesar was the department with the third highest number of kidnappings in the country.

⁷ Badillo, Reynell. *Contextos subregionales, Conflicto y violencia en el sur del Cesar: de la conflictividad agraria al crimen organizado* (Subregional contexts, Conflict and violence in southern Cesar: from agrarian conflict to organized crime). UN Caribe Think Tank, peacebuilding research and pedagogy. 2018

supervision and monitoring of actions, among others; (iv) requirements for conducting on-site audits; and (v) requirements for third-party support (consultants, experts and, technical advisory services), where appropriate.

The Project has a publicly disclosed “Corporate Governance Manual”,⁸ which establishes the provisions and mechanisms to ensure respect for the rights of all shareholders and investors, as well as an adequate management and control of matters related to the Concession, with a focus on transparency in the management of the Project, code of conduct, and the mechanisms to be followed by shareholders, direct and indirect employees, and suppliers.

4.1.1.b Policy

In its Integrated Management System, the Client has established a policy that ratifies its commitment to: i) road safety; ii) customer satisfaction; iii) identification of environmental and social (“E&S”) risks and impacts; iv) health and safety; and v) care of community property. In addition, it has implemented specific policies on: i) anti-corruption; ii) road safety; iii) harassment at work; iv) physical security; v) prevention of the use of psychoactive substances; and vi) the System for Self-Control and Management of the Integral Risks of Money Laundering and Financing of Terrorism (“SAGRILAFT” for its acronym in Spanish).

Nevertheless, the Client will update its Integrated Environmental and Social Management System (“ESMS”), including in its policy commitments related to the identification and management of social impacts, stakeholder engagement, non-discrimination, inclusion, and gender equality, and zero tolerance for gender-based violence and harassment (“GBVH”). ARG will also communicate and disseminate this update to all internal and external stakeholders.

4.1.1.b.i Direct and Indirect Impacts and Risks

As of the present date, the Concessionaire has two (2) Environmental Impact Assessments (“EIA”) prepared by the previous concessionaire and their corresponding environmental licenses granted by the National Authority of Environmental Licenses (“ANLA”) for the straight stretches,⁹ and twelve (12) EIAs and the corresponding licenses for twelve (12) bypasses¹⁰ in the Corridor, of which seven (7) correspond to bypasses already built and in operation, and five (5) to files for the 10 new bypasses that the Client will build as part of the scope of the concession. Of these latter ones, five (5) have already been issued to ARG.

⁸ <https://autopistadelriogrande.com.co/wp-content/uploads/2023/04/20230317-MANUAL-DE-BUEN-GOBIERNO-CORPORATIVO-ARG-FINAL.pdf>

⁹ 1) FUI0 (Río Sogamoso - San Roque), FUI1 (Río Sogamoso - Las Pampas), FUI2 (Las Pampas - Llano Grande), FUI3 (Río Sogamoso – Juncal), FUI4 (Sabana de Torres - Tropezón), FUI5 (Tropezón - San Alberto), FUI6 (La Mata- Pailitas), FUI7 (Pailitas bypass), FUI8 (Las Vegas – Curumani), FUI9 (Curumani- San Roque), FUI10 (La Mata- San Roque), granted through Resolution 0997 of November 2012; and 2) FUI0 (San Alberto - La Gloria) granted through Resolution 861 of May 2011;

¹⁰ Unbuilt bypasses: 1) La Palma Tropezón and La Gómez, located in FUI2 and FUI3 (Resolution 0968 of August 2014); 2) La Mata, located in FUI6 and FUI10 (Resolution 0759 of September 2012); 3) Pelaya (FUI6 and FUI10), Las Vegas (FUI8 and FUI10), and Floresta ((FUI6 and FUI10), through Resolution 0768 of September 2014; 4) Curumani (FUI9 and FUI10) and El Burro (FUI6 and FUI10), through Resolution 1291 of September 2014; and 5) Pailitas (UF7), through Resolution 250 of September 2015. Built bypasses: 1) Líbano bypass (Resolution No. 650 of August 2014), 2) Minas (Resolution No. 652 of August 2014), 3) San Martín (Resolution No. 651 of August 2014), 4) Morrison (Resolution No. 653 of October 2014), 5) Juncal (Resolution No. 164 of June 2014), 6) Aguachica (Resolution No. 731 of June 2014); and 7) Besotes (Resolution No. 694 of August 2014).

The Project has an Environmental Guidance Adaptation Plan¹¹ (“PAGA”, for its acronym in Spanish) for the O&M activities (landslide removal, spraying and cleaning of the road, patching, and pothole repair) of FU0. The last update of this document was in July 2023; as such, all the activities that the Concessionaire is carrying out in the Corridor (pre-operational phase) correspond to those outlined in the current PAGA.

Although (a) the design and alignment of the Project have not changed substantially compared to the original plans (previous concession); and (b) all studies related to the EIAs cover the same footprint and area of impact, given the time that has passed between when these studies were carried out and the obtaining of the environmental license by the former concessionaire, in order to assess the environmental and social conditions as of the present date and identify new impacts that require additional controls or monitoring activities, the Client will update the matrix of environmental and social impacts along the Corridor.

In addition to those already identified in the EIAs, PAGA, and licenses, the Concessionaire has implemented an “Environmental Aspects and Impacts Assessment” procedure to assess, measure, and manage the environmental and social impacts and risks derived from all its activities. These impacts and risks are registered in a “Matrix for identification and assessment of environmental and social aspects and impacts”, which details the type of risk or impact for each activity and provides an assessment of the significance, magnitude, and likelihood of occurrence. The Client has also implemented a system to identify and manage all environmental and social regulatory requirements, which enables it to track legal obligations and monitor compliance.

However, in order to improve the identification and registration of environmental and social risks and impacts and to facilitate the monitoring of compliance with all its environmental and social commitments in a systematic and centralized manner, the Client will develop an environmental and social impact matrix for the construction phase of the Project containing: i) management measures to prevent, minimize, or compensate for unintended impacts; ii) control measures required by EIAs, licenses, the PAGAs, and other environmental and social studies; and iii) measures to ensure compliance with the International Finance Corporation’s (“IFC”) General Environmental, Health and Safety Guidelines.

4.1.b.ii Analysis of Alternatives

Since this Project focuses on the replacement or repair of an existing asset,¹² no analysis of alternatives to the original route was considered. However, the Client is working together with the ANI to seek alternatives to mitigate the social impact in the Curumaní bypass, given that there is currently an informal settlement on the municipal land required for the construction of this bypass.¹³ Although there has not been a formal response from the ANI regarding this request as of the present

¹¹ The Environmental Guidance Adaptation Plan (“PAGA”), is a document that sets out the environmental management programs or projects for road projects, taking into account the social and environmental impacts that may be generated.

¹² Known as “Yellowfield”.

¹³ Located in the Cinco de Noviembre neighborhood, and comprised of 15 lots, 60 homes, 65 Resident Social Units (“RSU”), and 4 Productive Social Units (“PSU”).

date, the Concessionaire has begun to collect land and social information in order to establish the baseline of the population that would be potentially affected.

4.1.b.iii Cumulative Impact Analysis

The Client has performed a rapid cumulative impact assessment. To that end, it selected the following valued ecosystem components (“VEC”) from the set of environmental components that would be affected in one way or another by the activities to be carried out according to the corresponding EIAs or PAGAs: i) air quality (gases and particles); water quality (agrochemicals and other (iii) road chemicals); (iii) land animals (roadkill); and (iv) residential or commercial area (risk of accidents). Subsequently, given that the effect of past projects was already incorporated into the Project’s baseline—and that, within or near its area of influence, there are no projects currently under implementation that are generating incremental material effects on the selected VECs—it identified a group of six projects (two energy, one poultry, two pisciculture, and one agriculture) to be implemented in the future that could generate such effects on the selected VECs. It then identified the impacts that each selected project could cause on each VEC and generated a cumulative impact mitigation plan (“CIMP”), which is to be implemented primarily by the developers of the projects included in the analysis but will be closely monitored by the Client.

However, the Client must update this analysis in accordance with IDB Invest’s Practical Guide for Cumulative Impact Assessment and Management in Latin America and the Caribbean.¹⁴ Based on the results of this update, if necessary, the Client will also proceed to adjust the CIMP and implement or monitor the activities contained therein.

4.1.b.iv Gender Risks

In the Corporate Governance Manual, the Project is explicitly committed to guaranteeing equal employment opportunities and providing fair treatment to all people, in accordance with current local regulations. The manual prohibits discrimination and any form of harassment based on differences of race, color, religion, country of origin, gender, age, disability, sexual orientation, marital status, union membership or political affiliation.

The Client has implemented a Workplace Harassment Policy and a Non-Discrimination Policy. However, it will also develop a Code of Conduct, applicable to all employees, contractors, and subcontractors, which will include provisions related to: i) the prevention of Gender-Based Violence (“GBV”); ii) the explicit prohibition of sexual and psychological harassment; and iii) the expected conduct in interactions with the surrounding communities.

Although the Client trains its female employees on gender issues, it will expand these trainings to all employees, regardless of their gender.

The Project has a Workplace Conduct Committee (“WCC”) which, in accordance with Colombian regulations, periodically handles employee complaints and grievances, as well as cases that may

¹⁴ <https://idbinvest.org/es/publicaciones/guia-practica-para-la-evaluacion-y-gestion-de-impactos-acumulativos-en-america-latina>

involve unacceptable conduct, including workplace harassment. However, the Client will update its internal and external grievance mechanism to include: i) secure channels for capturing confidential or anonymous complaints; and ii) specific provisions to ensure that GBV-related complaints are adequately addressed, using a victim-centered approach.

Currently, the Project has 764 direct and contracted employees, 30% of whom are women. Through the Labor Relations Protocol, the Client establishes its commitment to generating employment that guarantees gender equity and equal opportunities for women. This protocol also establishes the following goals for incorporating female employees into the Project: 10% for the pre-construction and construction phases; and 30% for the operation and maintenance phase.

Construction and road operation and maintenance activities may include night shifts, some of which is carried out in isolated, poorly lit regions, and, in some cases, without access to safe transportation and¹⁵ without cell phone reception.¹⁶ Given the above, the women who form part of the Client's team and its contractors, most of whom come from the Project's area of influence, are assigned duties in places close to their homes. Additionally, the Concessionaire has taken the following precautions: i) the sites where night shifts will be performed have surveillance and lighting services; and ii) the location of the mobile offices has been carefully selected (trying to make sure they are in busy places, close to public or private institutions or educational centers) to prevent potentially unsafe situations, violence or harassment.

The Client will mitigate these risks by developing a Gender Risk Plan that will include, among other aspects: i) adequate prevention and management measures to ensure the safety of female employees, considering isolated work stations, night shifts, work environment, and access to gender-exclusive restrooms; ii) actions to minimize the risk of social conflict and GBV; iii) measures to prevent the risk of sexual exploitation of children, women and other vulnerable groups; and iv) actions to prevent the spread of communicable diseases and infections.

4.1.b.v Climate Change Exposure

The following threats (considered high and moderate) related to climate change have been identified in a 5 km strip on each side of the road: (i) droughts, present at a high level, in 21% of the area; (ii) heat waves, at a high level, in 9% of the area and with a tendency to increase; (iii) flooding, a threat present at a high level in 6% of the route, specifically the where the road crosses the Lebrija River (San Rafael de Lebrija, Río Negro Municipality, Santander); and (iv) significant changes in rainfall, a risk that will surely intensify over time throughout the Project's lifespan.

The Client will conduct a climate change study to: i) assess the risks and opportunities of climate variability; ii) identify adaptation measures to reduce such risks; and iii) define possible mitigation measures. These mitigation measures will seek to ensure: i) that the Project design includes flood modeling and overflow studies; ii) that the Project incorporates the necessary controls resulting

¹⁵ Especially in the case of women toll booth workers, it was observed that they use cargo transporters to take them to the towns when they travel to and from their jobs.

¹⁶ For example: i) women who are responsible for regulating night traffic, whose closest colleagues are at distances greater than 100 meters and who work in places with poor visibility; and ii) women who work in mobile offices, which are usually in places with no or poor cell phone reception, and who work in enclosed spaces.

from the modeling, thus preserving lives and assets during the construction phase, particularly in the area where the Project crosses the Lebrija River; iii) the existence and dissemination of natural disaster protocols; iv) training events for personnel on climate change mitigation issues; and v) that the Project is capable of anticipating and reacting in a timely manner to any phenomenon related to climate change.

The Project is deemed as aligned with the provisions of the Paris Agreement based on an analysis performed in line with the IDB Group's Paris Alignment Implementation Approach.

4.1.c Management Programs

The Client has implemented the following programs, plans, and instruments to manage its risks and unintended impacts: i) impact identification; ii) risk assessment; iii) emissions control; iv) solid and hazardous waste control; v) ambient noise; vi) vegetation management; vii) environmental compensation; viii) reforestation; ix) wildlife management; x) emergency preparedness and response; xi) workforce management; xi) equal opportunity; xii) environmental, social, and OHS training; xiii) contractor management; xiv) land acquisition; xv) community awareness; and xvi) stakeholder participation and grievance mechanisms. These include details on how and when the corresponding actions will be implemented, as well as details on how the follow-up actions will be carried out (frequency, indicators, and review processes, among others).

The social management plans included in the environmental licenses—which aim to mitigate the social and environmental impacts of the Project and improve the benefits for the community—include the following programs: i) social and environmental management; ii) environmental education and training for Project personnel; iii) community information and participation; iv) land acquisition and resettlement; v) support for institutional management capacity; vi) environmental training and education for surrounding communities; vii) hiring of local employees; viii) support for local businesses; and ix) the promotion of road safety. The protocols defined in these programs are based on participation, governance, social inclusion, social management of infrastructure, public goods and services, and social management in general.

However, as part of its Contractual Social Management Plan (“CSMP”) and Training Plan on social, environmental, and OHS issues, the Concessionaire has a Training Program for Project Personnel which is applicable to the construction phase of the Project. However, this program will be updated to include more defined environmental and social objectives and key performance indicators (“KPIs”), in accordance with the applicable performance standards and measures required in the International Finance Corporation’s (“IFC”) Good Practices Note: Managing Contractors’ Environmental and Social Performance.

4.1.d Organizational Capacity and Competency

The Concessionaire's environmental and social management is split between five positions: (i) an Environmental Director, who is responsible for ARG's environmental management, with three on-site supervisors, three environmental representatives, one GIS professional, and one biologist reporting to them; (ii) a Social Director, responsible for all aspects of social and community management, with three coordinators, seven social officers, two social representatives from the

mobile site offices, and one archaeologist reporting to them; (iii) a Property Director, responsible for the right-of-way acquisition and compensation process, with three technical coordinators, one legal coordinator, five lawyers, five technicians, and two surveyors reporting to them; (iv) an Administrative Director, responsible for OHS issues, with one OHS coordinator, one OHS professional, and one OHS supervisor reporting to them. The Human Resources (“HR”) area also reports to the Administrative Director.

However, the Client will: i) ensure that the organizational structure and resources allocated to the implementation of the Project’s E&S management are adequate and strengthened for the construction phase, in terms of OHS and social issues; and ii) define roles, responsibilities, and authority for implementing and monitoring the contractors’ and subcontractors’ IMS performance.

4.1.e Emergency Preparedness and Response

The Project has a general Emergency Preparedness and Response Plan (“EPRP”) which details possible scenarios generated by internal and external risk factors, such as spills, fires, and natural disasters. However, the Client will develop specific plans for the construction and O&M phases, which: i) consider the most likely risk scenarios (including those that could affect neighboring communities or civil or labor disturbances); ii) include the most relevant potential emergencies (including climate risk and natural disasters); iii) define the roles and responsibilities of the Company, its contractors and subcontractors; iv) define the flow of internal and external communications (with community leaders and government authorities) during emergencies; v) specify the response equipment to be used and the protocols to be followed during an emergency; and vi) are based on Good International Industry Practices (“GIIPs”), and the applicable recommendations of the IFC’s Environmental, Health, and Safety (EHS) General Guidelines and Environmental, Health, and Safety Guidelines for Toll Roads.

4.1.f Monitoring and Review

The Project prepares monthly technical compliance reports for its management, which include the assessment of EHS performance and compliance with the KPIs established in the PAGA. It also prepares other reports required for legal compliance. EHS performance and compliance results are reported quarterly to the Concessionaire’s Board of Directors and IMS assessments are conducted annually (the first review is scheduled for December 2023).

The Client, however, will update its assessment and monitoring processes by developing and implementing an environmental and social legal matrix for the Project’s construction and O&M phases, which: i) includes all national environmental, social, and occupational health and safety regulatory requirements; ii) includes contractual financing obligations and requirements; and iii) enables the timely review and monitoring of such obligations and requirements.

4.1.g Stakeholder Engagement

The Project has a Community Information and Participation Program (“CIPP”), which sets out the mechanisms for: i) identifying community stakeholders and organizations; ii) analyzing their interests and expectations; and iii) defining relations actions and strategies for managing relevant

issues.¹⁷ The Client maintains relationships with local authorities and communities in the ADI, mainly through the Community Action Groups (“CAG”).

The Client is also preparing a Stakeholder Engagement Plan (“SEP”) which will include: i) a protocol for mapping stakeholders and updating it periodically; and ii) strategies, tools, and mechanisms for sharing information and consulting with each mapped stakeholder group in a culturally appropriate manner.

4.1.g.i Disclosure of Information

The Client has a Social Management Plan (“SMP”) which contains actions to keep communities and stakeholders informed about the Project.

The Client has also implemented a Comprehensive Internal and External Communications Matrix, which sets out: a) the content to be communicated; b) the sender; c) the receiver; d) the means of communication; and e) the frequency of communication. As part of its communication initiative, the Client has developed and distributed online information brochures and videos to provide information about the general characteristics of the Project, as well as its potential impacts and benefits.

Additionally, through the implementation of the SMP and CIPP, the Client holds periodic meetings with communities and local authorities in the departments, municipalities, and villages within the Project’s ADI to disseminate general information on the progress of the works, details on its environmental and social management, and the development of specific works. Meetings are held at the beginning, during, and at the end of the specific works, in addition to extraordinary meetings according to the needs of each stakeholder group or at their request.

4.1.g.ii Informed Consultation and Participation

In accordance with Colombian legislation, the development of EIAs included stakeholder consultations. As a result of this process, where the concerns and suggestions of community members were registered and analyzed, some changes were introduced in the design of the Project, such as the general location of the pedestrian bridges and the community commercial areas, among others.

Currently, as part of its social management and the CIPP, the Client continues to consult with communities and other stakeholders to: i) adjust the location of pedestrian bridges; ii) review other pedestrian mobility measures; and iii) minimize negative impacts and improve the social and economic benefits of the Project, including labor relations issues.

¹⁷ Such as the voluntary sale process, the places where they can submit their QCGS, and the different citizen participation mechanisms they can use.

4.1.g.iii Private Sector Responsibilities Under Government-Led Stakeholder Engagement

During the structuring of the concession contract, the Colombian Government consulted with communities to: i) identify specific needs; ii) adjust certain characteristics of the Project to guarantee pedestrian and vehicular mobility; and iii) prevent or reduce impacts on local commerce.

The ANI is the government entity responsible for communicating with communities and stakeholders regarding toll issues, including the assignment of differentiated rates and annual rate changes by category. In this regard, the Concessionaire will support the ANI in the planning, implementation, and monitoring of the information to be provided to the communities, propose the communications strategy, and provide the databases and contact details of key stakeholders.

4.1.h External Communication and Grievance Mechanisms

In accordance with its contractual commitments and Colombian legislation, the Project has implemented a Customer Service System whose objective is to establish a system to receive, address, and process questions, complaints, grievances, and suggestions (“QCGS”) from road users and the communities within the area of influence. This mechanism has different channels for receiving QCGS: telephone, email, through the Operational Control Center (“OCC”), through the user service offices (main office, mobile offices, and satellite offices), website, and verbally to the Concessionaire’s personnel. The program establishes, for each QCGS received: i) the response time;¹⁸ ii) the flow of information to the areas responsible for its resolution; iii) the response to the complainant in writing; and iv) closure of the QCGS, both physically and electronically. It should be noted that the CSS allows QCGS to be registered anonymously.

The Project also has a permanent community relations office and two mobile offices that travel daily to different communities within the Project area to provide information and resolve queries from users and affected communities. However, the Project will update its Customer Service System to ensure: i) culturally appropriate access for affected communities and other stakeholders; ii) that all communications are registered, analyzed, assessed, and responded to in a timely manner; iii) timely resolution with the shortest possible response times for QCGS filed by vulnerable communities and resettled persons; iv) the option of filing confidential and anonymous complaints; and v) that complaints of gender-based violence (“GBV”) and harassment are adequately addressed.

4.1.h.i Provisions for Addressing Vulnerable Groups’ Grievances

Through the permanent office, mobile offices, and community meetings, the Project’s social team provides timely attention to the affected communities and addresses situations that require immediate or specific actions. The User Service System facilitates the submission of complaints from all types of population groups and guarantees fair and transparent treatment. However, the system does not have a differentiated procedure for vulnerable communities or population groups.

¹⁸ 15 working days, as set forth in Law 1,755 of 2015, which regulates the Fundamental Right of Petition.

4.2 Labor and Working Conditions

The Project has a total workforce of 757 people, of whom 143 are direct employees and 613 are contractors. Approximately 30% of the workforce are women, and about 50% of employees and workers are from the ADI. Given that the Project is still in the pre-construction phase, it is estimated that the workforce will reach between 3,500 and 4,000 workers at the peak of construction.

4.2.a Working Conditions and Management of Worker Relationships

4.2.a.i Human Resources Policies and Procedures

The Project has a set of Human Resources policies and procedures in place, including: i) a Hiring and Onboarding Procedure; ii) a Training Plan, which contains, among other aspects, information on working conditions and labor relations; iii) a Strategic Direction and Corporate Values document; and iv) a Sexual Harassment Policy; among others.

Nevertheless, the Client will develop a Code of Conduct that outlines the set of principles, values, rules, expectations, behaviors, and relationships for its direct employees and those of its contractors and subcontractors, in line with: i) Colombian regulations; ii) Company policies and requirements; iii) IDB Invest's Sustainability Policy; iv) IDB Invest's "Gender Risk Assessment Tool"; and v) any provisions related to the prevention of gender-based violence and harassment ("GBVH"), traffic management, and health and safety, among others. The Code of Conduct will explicitly mention zero tolerance for discrimination, sexual and psychological harassment, and GBVH.

4.2.a.ii Working Conditions and Terms of Employment

The Concessionaire has signed employment contracts with all direct employees, which specify the working conditions in accordance with current local regulations, thus guaranteeing the required labor rights, including transportation allowance, bonuses, severance payments, and health and pension payments. Salaries are being paid in a timely manner and in accordance with the provisions of the corresponding contracts.

4.2.a.iii Workers' Organizations

The Concessionaire recognizes the freedom of association and right to form unions. In this regard, its Corporate Governance Manual prohibits, among other things, discrimination based on union membership. There are currently no labor organizations or workers' unions at the Project. Nor have there been any collective bargaining processes.

4.2.a.iv Non-discrimination and Equal Opportunity

The Corporate Governance Manual prohibits discrimination in all terms, conditions, and employment benefits; any form of harassment based on differences of race, color, religion, country of origin, gender, age, disability, sexual orientation, marital status, union membership or political affiliation; and establishes the Concessionaire's commitment to ensuring equal employment opportunities and fair treatment for all persons.

The Concessionaire has implemented a Recruitment Program that includes provisions for hiring local people, setting a goal of 10% for skilled labor and 60% for unskilled labor.

4.2.a.v Retrenchment

The Procedure for Hiring and Termination of Personnel establishes the guidelines for the termination of contracts, the grounds for termination, and termination for just cause and by unilateral decision of the contracting party, in accordance with Colombian law. The Concessionaire has not considered the management of personnel at the end of the construction phase, and as such it will develop a Workforce Downsizing Plan to support workers in the processes of job relocation and reinsertion in the labor market.

4.2.a.vi Grievance Mechanism

The Workplace Conduct Committee (“WCC”), a requirement of Colombian regulations, is responsible for periodically handling complaints and grievances from the Concession’s employees. The WCC’s duties include receiving and processing complaints; analyzing cases; holding periodic meetings for dialogue; drawing up improvement plans for the parties involved in the dispute; and preparing quarterly management and monitoring reports, among others. The WCC is made up of representatives of the Concessionaire and employees.

The Concessionaire will update the Internal Grievance Mechanism to include: i) details of the channels for receiving complaints and concerns (including confidential, anonymous, and GBV-specific complaints); ii) a strategy for disseminating the mechanism; iii) a system for registering and tracking complaints; iv) KPIs to enable tracking and reporting; v) specific provisions to ensure that GBVH-related complaints are adequately addressed using a survivor-centered approach; and vi) a commitment to non-retaliation to those who file a complaint.

4.2.b Protecting the Workforce

The Corporate Governance Manual establishes the principles and guidelines to guarantee workers’ labor rights and promote decent and fair working conditions. The manual prohibits the hiring of minors under 18 years of age and forced labor.

4.2.c Occupational Health and Safety

The Concessionaire’s IMS, certified under ISO 45001:2018 and structured in accordance with current Colombian regulations,¹⁹ contains procedures for identifying and analyzing OHS risks in relation to activities carried out by employees and contractors. The IMS also considers OHS Management Programs that include: onboarding and training activities; OHS inspection and maintenance; emergency response; road safety; occupational health risk management; hazardous substances

¹⁹ Decree-Law 1072 of 2015 and Resolution 0312 of 2019.

management; incident investigation; risk identification; and use of personal protective equipment (PPE).

To ensure that the OHS Management Programs are effectively implemented and promote adequate protection for employees and contractors, the Client will develop an OHS Management Plan for the Project's construction phase activities that will include: (i) on-site inspections at different sites to assess OHS conditions and adequately identify opportunities for improvement; (ii) identification of any unmitigated risks; (iii) protection of workers from physical and traffic hazards; and (iv) process improvements in (a) safety risk identification and communication, (b) equipment operator competency assessment and certification, (c) equipment safety inspections, (d) emergency response protocols and communications, and (e) on-site monitoring of health and safety issues.

4.2.d Workers Engaged by Third Parties

The Engineering, Procurement, and Construction ("EPC") Contractor for the Project is the Autopista Rio Grande consortium, a joint venture between KMA Construcciones S.A.S. (50%) and Ortiz Construcciones y Proyectos S.A. (50%). Currently, about 80% of the workforce consists of workers hired by third parties.

The Concessionaire has a Comprehensive Manual for Contractors, Subcontractors, and Suppliers, which establishes the obligation of contractors and subcontractors to comply with the Project's environmental and social management requirements. Through this manual, the Concessionaire: i) assesses contractors, service providers, and suppliers prior to their engagement; and ii) reviews the environmental, social, OHS, working conditions, and quality control performance and practices of contractors and subcontractors. The environmental and social requirements and procedures to be observed by contractors and subcontractors are included in the corresponding contracts.

The Concessionaire will disclose and ensure that its contractors' and subcontractors' employees have access to the Internal Grievance Mechanism. Furthermore, considering that the Project may hire foreign workers, the Concessionaire will implement an Accommodation Conditions Standard that will establish: i) the minimum infrastructure requirements necessary for accommodation (maximum number of workers per dormitory; one bed per worker; recreational space; Wi-Fi availability; etc.); ii) minimum hygiene and cleanliness conditions; iii) safety requirements; and iv) monitoring, reporting, and registration procedures for any new developments at personnel accommodation sites.

4.2.e Supply Chain

The Comprehensive Manual for Contractors, Subcontractors, and Suppliers requires all suppliers to have current environmental licenses and certificates authorizing them to provide services or use resources.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

The water required for the Project will be obtained from 47 surface sources (water bodies). Each FU has a water extraction point whose catchment volumes have been approved by the ANLA. It has also implemented a Water Efficiency and Saving Program (“WESP”)²⁰ which establishes objectives for reducing water consumption and saving water through five programs: equipment inspection; reduction of collected water consumption; water reuse; use of rainwater; and educational campaigns. However, the WESP only considers the O&M phase of the Project.

The Project currently uses power from the national grid. However, during the construction phase, power generation is planned using small-capacity, diesel-powered portable generators.

The Client will prepare a “Resource Use Efficiency Plan”, adapted to the Project’s construction and O&M phases, to identify improvements and define efficiency measures for energy, water, and consumables use. This plan will include the following aspects: i) strategy for efficient use; ii) identification of uses, demand, and savings opportunities; iii) implementation programs; and iv) program for monitoring and assessing the measures.

4.3.a.i Greenhouse Gases

ARG does not yet have estimated projections of expected greenhouse gas (“GHG”) emissions for the construction and O&M phases. As such, the Client will develop an annual GHG emissions inventory that will include the significant sources of its direct emissions (scope 1) and indirect emissions from energy consumed (scope 2), for each one of the Project’s phases.

4.3.b Pollution Prevention

Pollution prevention forms part of the Company’s environmental management system. ARG has developed and implemented different management and monitoring plans to ensure that its activities minimize adverse impacts on human health and the environment, including areas under its direct control and areas managed by contractors and subcontractors. The Project’s EMPs include management plans containing control measures that follow the mitigation hierarchy.

For example, to mitigate impacts on air quality and avoid noise generation in the industrial plants (grinding, asphalt, concrete, paving, and electrical) to be located in Besote, Ilusión, Sogamoso, Pailitas, and Curumaní, the Client will create record sheets for sources of emissions and noise, and will implement explicit management measures for asphalt plants, such as emissions monitoring to determine noise mitigation measures.

²⁰ The PEWUS is a tool focused on optimizing the use of water resources, consisting of a set of projects and actions to be prepared and adopted by users requesting water concessions, with the purpose of contributing to water sustainability. (See: <https://www.minambiente.gov.co/gestion-integral-del-recurso-hidrico/uso-eficiente-y-ahorro-del-agua/>).

To manage the noise generated by vehicular traffic, the Project design prioritized the introduction of bypasses that avoid urban areas and sensitive places. The width of the road (60 m) favors a significant reduction of traffic noise levels in the surrounding properties.

The EMPs contain checklists to reduce the impact on soil, such as: i) management and disposal of surplus excavated materials; ii) slope management; iii) morphological and landscape management; iv) biotic management; v) vegetation cover removal and clearing management; and vi) revegetation program. Each of these checklists sets out measures aiming to prevent erosion, soil pollution, and restore the initial conditions of the intervened area.

The Project's ADI areas that are most susceptible to impacts in the "soil quality" component are: i) surplus material disposal areas ("SMDAs"); ii) sources of materials or quarry; iii) gas stations ("GSs"); and (iv) places where hydrocarbon pipeline networks will be located.

The Concessionaire has a total of 78 SMDAs authorized to dispose of approximately 2.1 million m³ of material. Even though the current planning does not foresee the use of all SMDAs, the Project maintains record sheets to ensure stability, the required compaction levels, and the adequate management of the material in these sites.

The Project, including quarries and mines, has 82 sites authorized for the extraction of materials (mainly stone) for its works.

The Project will intervene in lots that currently operate GSs, which will have to be closed to make way for the construction of the two-lane highway. In all those that remain open, it will adapt the accesses so Corridor users can refuel safely.

Because the Concessionaire is "inheriting" an asset that was partially constructed and abandoned by the former concessionaire, the Client will conduct a technical study to identify those obligations that were not addressed by the former concessionaire. This study, which will identify, document, and assess any potential environmental liabilities²¹ that may have remained unaddressed prior to the departure of the previous concessionaire, will serve as a reference for defining how these liabilities should be managed and by whom.

The Project will cross several hydrocarbon lines (polyducts and gas pipelines), mainly in the Santander Department. Although the responsibility for managing this interference lies with third parties (the owners or operators of the pipelines), the Client will coordinate with them to establish adequate and safe EHS protocols and will only proceed with its construction activities once these areas have been vacated by the responsible entities.

Finally, to prevent soil and water contamination during O&M activities, the Client will prepare and implement an Environmental Management Plan for Road Paving, Resurfacing, and Painting that will outline the mitigation measures and controls to be implemented in compliance with Colombian regulations, environmental tools (EIAs, EGAP, etc.), the IFC's Environmental, Health, and Safety Guidelines for Toll Roads, and IDB Invest's Sustainability Policy.

²¹ These include GSs and materials quarries.

4.3.b.i Waste

The Client maintains the following programs and their corresponding strategies aimed at the reduction, recovery, and reuse of all types of solid and liquid waste, including hazardous solid waste: i) Integrated Waste Management Program; and ii) Waste Delivery Program, which outlines best practices for disposal by third parties. The EMPs for each of the licenses refer to the support of authorized managers that will work in collaboration with the Concessionaire to ensure proper waste management (transportation, final disposal, and treatment).

Given that the Project has a wastewater treatment plant at the Morrison Toll that discharges into an infiltration area, the Client will monitor wastewater quality to ensure that it complies with the requirements specified in the corresponding standards.

4.3.b.ii Hazardous Materials Management

The Client's Solid Waste Management Program includes procedures for the management of hazardous materials, including provisions for their transportation, handling, labeling, and safe storage, including emergency response. The Company also has specific procedures for the containment and clean-up of spills of hazardous substances.

4.3.b.iii Pesticide Use and Management

The Project will perform road area maintenance (physical cleaning, pruning, and vegetation cutting) predominantly by hand through cleaning crews operated by the contractors. This activity involves the use of pesticides. However, if required, the Client will verify that these are not included in the "Ia" (extremely hazardous) and "Ib" (highly hazardous) categories of the recommended classification of pesticides according to their hazardousness of the World Health Organization ("WHO").

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

As of the present date, the Client is preparing the final designs and road safety strategies for the Project's construction and O&M phases. These designs incorporate road safety measures required by Colombian legislation: pedestrian bridges, underpasses, accesses, and interconnections, considering the interaction of different stakeholders, both from the community and road users (pedestrians, cyclists, motorcyclists, light vehicles, and heavy vehicles).

The Concessionaire has implemented a Road Safety Policy and is negotiating an agreement with the National Highway Police to strengthen community safety and prepare and implement annual national road safety drills. They have also implemented a Highway Education Program, aimed at training the Project's neighboring population, road stakeholders (pedestrians, cyclists, drivers, and passengers), and children and school teachers on issues related to road safety and traffic signs, among others.

Additionally, and in order to ensure safe conditions at sites and in interactions with pedestrians and drivers, as well as the health and safety of the community, the Client will develop a Community Health and Safety Plan, containing, among others, measures to: (i) safely transport and manage hazardous waste and materials; (ii) manage road user impacts, including road regulations and speed control to ensure minimal disruption to the regular traffic flow and reduce the risk of accidents; (iii) minimize the risk of social conflict and GBVH; (iv) prevent the risk of further sexual exploitation of children, women, and other vulnerable groups due to potential arrival of migrant workers in relation to the Project; and (iv) prevent the spread of communicable diseases due to the potential arrival of migrant workers and people in search of employment opportunities related to the construction of the Project.

4.4.a.i Hazardous Materials Management and Safety

In the pre-construction phase, the risks associated with the use of hazardous materials are related almost exclusively to the asphalt mixture production processes. During the construction phase, however, the Project's activities include the handling of asphalt emulsions, additives, stone materials, oils, and machinery maintenance fluids (even though this would be performed at authorized external sites). As such, the OHS Management Programs will include measures such as: an inventory of hazardous materials; handling procedures; and storage areas, among others, to ensure the safety of employees and contractors, and also reduce community exposure to this type of materials.

4.4.a.ii Community Exposure to Disease

Although the Project includes prioritization and local hiring measures, many employees and contractors will come from other regions of Colombia or abroad.²² To mitigate the spread and community exposure to disease, the Community Health and Safety Plan will include measures to prevent the spread of communicable diseases.

4.4.a.iii Emergency Preparedness and Response

The Project has implemented an Emergency Prevention, Preparedness, and Response Plan. This includes communication, outreach, and training measures, and involves third parties (fire departments, civil defense, the Red Cross, health services, and communities) that interact with ARG's operations for emergency events.

4.4.b Security Personnel

The Project has a service contract for the provision of private security services for its facilities (toll stations) with a company duly accredited by the Colombian authorities. In total, 18 unarmed guards are stationed at their road operations centers along the highway.

²² During the ESDD visit, there was a significant number of contractors from the country's coastal region and, to a lesser extent, Venezuelan workers.

The Client will also develop a Security Plan to manage private security forces, which: i) contains measures to avoid potential harm to employees, communities, and other stakeholders; ii) is aligned with the IFC GOOD PRACTICE HANDBOOK Use of Security Forces: Assessing and Managing Risks and Impacts Guidance for the Private Sector in Emerging Markets; iii) is applicable to contractors and subcontractors; iv) includes formal procedures for reporting, responding to, and documenting security incidents; v) contains training requirements that include use of force and GBVH prevention and management; vi) includes procedures for reviewing security contractor security records; and vii) includes procedures for screening security guard applicants.

4.5 Land Acquisition and Involuntary Resettlement

4.5.a General

The Project requires intervening 611 lots for its implementation. However, given the interruption of the land acquisition and involuntary resettlement processes initiated by the previous concessionaire, the status of release of these lots is as follows: i) 246 have completed purchase processes; ii) 44 have interrupted processes²³ (the owners of 39 have been partially compensated and 5 properties are under an expropriation process); and iii) the purchase process has not been initiated for 321 properties. The required lots are mostly comprised of small portions of medium and large-scale agricultural enterprises. It is estimated that the land acquisition process will result in the displacement of about 800 people grouped in 238 Social Units (“SU”), which include 81 small businesspeople and commercial stall owners. The SU number will be adjusted as the property management process develops.

As of the present date, the Project is waiting for the Interventoría (audit office) of the Project to declare no objections to the detailed designs and the ANI’s approval of the modification of strategic points on the road, particularly the Curumaní bypass.²⁴ It is also awaiting approval of the Land Acquisition Plan by the project supervisor, a plan that includes, among other activities: i) the technical, legal, and physical investigation of the required properties; and ii) the development of the land acquisition methodology.

The Project has implemented a comprehensive land acquisition strategy that complies with Colombian legal requirements for compensation, monitoring, and socioeconomic support. Nevertheless, the Client will develop: (i) a Land Acquisition, Compensation, and Resettlement Framework (“LACRF”), which will outline the principles and measures to be implemented for all Project Affected Persons (“PAPs”);²⁵ (ii) a social mapping of the current status of the affected Social Units whose resettlement process was interrupted;²⁶ (iii) a study of the state in which the previous concessionaire left the land acquisition and involuntary resettlement process; iv) a support program

²³ Processes initiated by the previous concessionaire that have been on hold since 2017, which include: i) processes with a percentage paid to the owner; ii) processes with partial progress, but without a formal purchase offer; and iii) expropriation processes in progress.

²⁴ If approved, the modification of the Curumaní bypass could prevent the displacement of about 75 households.

²⁵ Landowners, persons with recognized or recognizable legal rights to the land and assets they occupy, and informal occupants without any legal or recognizable rights to the land impacted by the land acquisition process.

²⁶ 70 Social Units (“SU”) received compensation, of which 37 were Resident Social Units (“RSU”) and 33 were Productive Social Units (“PSU”).

for the PAPs focused on vulnerable families;²⁷ and v) an external audit to assess the social and economic conditions of the resettled persons.

4.5.a.i Compensation and Benefits for Displaced Persons

In accordance with Colombian regulations,²⁸ the Concessionaire will prepare appraisals for required lots, using for this purpose the services of an independent third party, who will set the compensation value of the assets required for the Project through a process that appraises the value of the property at a “new” value and then applies a depreciation factor to bring it to a market value, thus guaranteeing a value slightly higher than its replacement cost. This ensures that the affected party is able to acquire a similar or better asset than the one being ceded.²⁹

4.5.a.ii Community Engagement

The Project maintains a Social and Property Management Monitoring Plan to follow up with the resettled people and enable measures to be adapted according to the specific needs of each social unit.

However, as part of the LACRF, the Concessionaire will prepare a Stakeholder Engagement Plan that will enable it to consult with and inform the community about the implementation of land acquisition, compensation, and resettlement processes, and will include conditions that guarantee: i) the participation of women in the consultation activities; ii) women’s access to the land acquisition processes; and iii) access to the resettlement action plans (RAPs) and livelihood restoration plans (LRPs).

4.5.a.iii Grievance Mechanism

Through the User Service Program and the community relations offices, the Project receives QCGS related to land acquisition, compensation, and resettlement processes. However, the Client will establish specific procedures to ensure timely attention and adequate response times to serve PAPs, vulnerable communities, and people in land acquisition, compensation, and resettlement processes.

4.5.a.iv Resettlement and Livelihood Restoration Planning and Implementation

The Land Acquisition Plan³⁰ establishes the framework for the land acquisition process, including guidelines for monitoring the conditions and livelihoods of resettled people, and requires at least three follow-up visits per year to each SU once they have been relocated. However, the Client will supplement this plan through: i) RAPs; ii) LRPs; iii) a land acquisition and resettlement monitoring program, which will include quarterly independent monitoring of the RAPs and LRPs; and iv) an external audit, to be conducted three to five years after resettlement has taken place.

²⁷ Vulnerability criteria include, but are not limited to, factors such as: gender, age, literacy level, physical or mental disability, poverty or economic deprivation, and reliance on a single natural resource.

²⁸ Law 1682 of 2013; Resolution 620 of 2008, and Resolution 898 of 2014 of the Instituto Geográfico Agustín Codazzi (“IGAC”); and Decree 1420 of 1998.

²⁹ Resolution 898 of 2014 of the IGAC.

³⁰ Still pending approval by the project supervisor.

4.5.b Displacement

4.5.b.i Physical Displacement

As of the present date, 82 Resident Social Units (“RSUs”) have been identified for resettlement. However, the Client will carry out a socioeconomic and cultural assessment of all affected RSUs and will determine, communicate, and disclose the deadline for registration of these RSUs in the RAPs.

4.5.b.ii Economic Displacement

The Project has identified 193 Productive Social Units³¹ (“PSU”) along the Corridor, mainly in the El Burro, La Gómez, Las Vegas, La Floresta, and La Mata regions, which will see their economic activities affected due to the potential reduction of vehicular traffic generated by the construction of bypasses in those locations. These units have been characterized according to: i) the type of goods and services they supply; ii) the type of demand (passenger transport users, tourists, ADI inhabitants, and freight transport drivers); iii) those potentially affected; iv) the degree of vulnerability (literacy level and disability); v) time dedicated to the economic activity; vi) labor involved in the activity; and iv) characteristics of the property (family use, own, or leased).

As compensation for the PSUs, the Concessionaire plans to build five Community Commercial Areas (“CCA”) where the affected Productive Social Units may be relocated. However, the location of the CCAs and their infrastructure components have not yet been defined. As such, the Client will carry out technical and economic feasibility studies.

4.5.c Private Sector Responsibilities Under Government-Managed Resettlement

The Concessionaire is responsible for conducting land acquisition, compensation, and resettlement activities in its capacity as a representative of the State, on behalf of the ANI. Nevertheless, the responsible for the processes always requires validation and approval from the ANI to carry out any action associated with land acquisition.

Although most of the lots will be acquired through purchase and sale agreements at market prices, in some cases the sale may take place through an expropriation process, either because the owner rejects the purchase offer or because, despite the owner’s willingness to sell, there are legal impediments on the property that make it impossible to carry out a voluntary sale process. In these cases, the Government is responsible for the process and compensation.³² However, the LACRF will include specific provisions for third parties affected in the process (e.g., tenant Social Units) and implement measures to avoid the impoverishment persons displaced through expropriation.

³¹ 37 formal trade, 68 informal, and 89 from the Fruit Pickers Association of Las Vegas.

³² In the case of persons resettled due to lots acquired through expropriation, the payment of compensation will be determined by the judge in charge of the process, in accordance with Colombian regulations.

4.6 Biodiversity Conservation and Natural Habitats

4.6.a General

The corridor crosses the following ecosystems: i) the Sinú Valley dry forests; ii) the Magdalena Valley montane forests; and iii) the Magdalena-Urabá moist forest ecoregions. The landscape is dominated by modified habitats, and small remnants of forest are scattered and mainly associated with rivers (gallery forests). These fragile ecosystems are under pressure due to the expansion of settlements, livestock farming, the introduction of invasive exotic species, and extractive activities in the region.

4.6.b Protection and Conservation of Biodiversity

The Project does not cross any Key Biodiversity and Legally Protected Areas. However, some such areas are located close to the Corridor, including: i) the Serranía de los Yariguíes Regional Integrated Management District (IUCN Cat VI³³), at the southern end of the Project; ii) the San Antonio Civil Society Nature Reserve (IUCN Cat VI); and iii) the Ciénaga Complex in southern Cesar and Bolívar (IBA Cat A1³⁴).

According to the EIA, there are more than 200 wildlife species typical of these ecosystems and three plant species associated with natural habitats in the region: i) Risaralda (*Aegiphila sylvatica*); ii) Añón (*Annona puniceifolia*); and iii) Palanca (*Sapranthus isae*).

As of the present date, the Client is updating the Project's biotic baseline,³⁵ which includes the characterization of the natural habitat ("NH") patches potentially affected by the Corridor route.

For the construction of the two-lane highway, the bypasses, SMDAs, quarries, material extraction sites, and deposits, the Project foresees the removal of approximately 12 ha of forests,³⁶ a portion of which are in natural habitats and the majority of which are in modified habitats. These areas will be compensated as required by the EIA, environmental licenses, and Colombian legislation.

However, the Client will develop a Biodiversity Action Plan ("BAP"), which will include: i) a characterization of the areas with significant biodiversity value in the remaining natural habitat; ii) a calculation of biodiversity losses and gains (considering the compensation plan required by Colombian law); iii) a strategy to meet the requirements of "zero net loss" of biodiversity; and iv) a plan to assess and monitor the implementation of this strategy.

Likewise, the Client will adopt measures to protect these ecosystems and reduce or minimize the footprint caused, such as: i) the non-use of invasive exotic species when revegetating areas for erosion control or landscaping; and ii) the implementation of fauna crossings to improve biological

³³ Protected area with sustainable use of natural resources.

³⁴ A1. Globally threatened species.

³⁵ EIA baseline studies date back more than 10 years.

³⁶ Authorized through forest use permits from different regional environmental corporations, which must be updated by the Concessionaire.

connectivity and prevent wildlife trampling, whose location will be determined based on the results of the biodiversity baseline studies.

4.6.c Management of Ecosystem Services

The Client shall identify the ecosystem services (provisioning, regulating, cultural, and supporting) that could be materially affected by the Project activities and implement the necessary measures to protect them.

4.7 Indigenous Peoples

The Client has obtained certifications³⁷ confirming the non-presence of Indigenous or Afro-descendant communities within the Project's ADI. However, this has been re-verified by its social team.

4.8 Cultural Heritage

The Concessionaire has submitted the Final Closing Report on the Authorization of Archaeological Intervention, approved through a resolution issued by the Colombian Institute of Anthropology and History ("ICANH"), which outlines the results of the Monitoring and Rescue phase of the Archaeological Management Plan.

In accordance with the guidelines established by ICANH, the Client will develop a Cultural Heritage Management Plan that includes: i) an archaeological monitoring program; ii) chance find procedures; iii) an archaeological site protection program; iv) a training program on the identification of chance finds, along with chance find procedures for workers engaged in ground disturbing activities; and v) guidelines for the publication of the results of archaeological rescue excavations, where applicable.

Regarding the archaeological remains recovered prior to the Client's involvement in the Project,³⁸ the previous concessionaire was responsible for carrying out the following activities: i) classification; ii) analysis; and iii) dissemination of results to the communities within the area of influence.

The Project has not identified and will not generate any critical cultural heritage impacts, nor does it involve the removal of reproducible or irreproducible cultural heritage.

5. Local Access of Project Documentation

The documentation relating to the Project can be accessed at the following link:

<https://autopistadelriogrande.com.co/>

³⁷ Certifications issued to "Ruta del Sol 2" in 2011 and 2012 by the Colombian Institute for Rural Development ("INCODER") and the Ministry of the Interior and Justice.

³⁸ The Luis Carlos Galán Sarmiento Public Library Cultural Center in Puerto Boyacá Municipality, and the Archaeological Museum of Curumaní have temporary custody of the archaeological material recovered during this period.