

Environmental and Social Review Summary (ESRS)

EAAB - CAPEX Program for Water and Sanitation in Bogotá - COLOMBIA

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

Empresa de Acueducto y Alcantarillado de Bogotá ESP (“EAAB-ESP”, the “Company” or the “Client”) was organized in 1995 as an industrial and trading business in Bogotá, Colombia, by virtue of Agreement 6 of 1995 issued by the Council of Bogotá, to render water supply and sewerage services; it is the most important supplier in terms of served population, with 2.4 million clients (about 9.5 million beneficiaries). The Company operates water supply and sewerage systems in the municipalities of Bogotá, Soacha and Gachancipa, with 99.7% coverage rate for drinking water supply and 98.8% for sewerage systems. Moreover, EAAB-ESP engages in bulk water supply to La Calera, Sopó, Tocancipa, Madrid, Cajicá, Funza, Mosquera and Chia.

EAAB-ESP’s 10-year investment plan expects an investment of about COP 8.49 trillion for 2016-2026, which equal USD 2.171 billion at the current exchange rate.

The projects to be partially financed by this transaction include: (i) optimizing and modernizing Tibitoc drinking water treatment plant; (ii) rehabilitating the Tibitoc-Casablanca line; (iii) refurbishing the local sanitation and rainwater runoff networks in Barrio La Victoria; (iv) refurbishing the water supply and sewerage networks in Barrio Prado Veraniego; and (v) refitting the local water supply systems in Barrio Juan Rey.

2. Environmental and Social Categorization and Rationale

According to IDB Invest’s Environmental and Social Sustainability Policy, the Project has been classified as a Category B transaction because it may generate the following impacts and risks, among others: (i) noise and vibrations, especially during the execution of the works; (ii) bad odors from the sewerage system connection; (iii) accidents due to the temporary presence of open trenches for sewerage pipelines; (iv) road traffic disruptions, due to the underground laying of conductors and emissaries; and (v) possible leaks of blackwater during system connections. These impacts and risks are estimated to be of medium-low intensity, localized, mostly temporary and easily managed within the Project. Once in operation, the main impact will be related to an increase in the population’s health, safety, and security.

The Performance Standards (“PS”) triggered by the Project are: (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS2: Labor and Working Conditions; (iii) PS3: Resource Efficiency and Pollution Prevention; and (iv) PS 4: Community Health, Safety and Security.

3. Environmental and Social Context

3.1 General characteristics of the Project's site

The works to be carried out may be grouped into (a) specific and (b) linear. The former include the works performed to improve and optimize the drinking water treatment plant in Tibitoc and those to recover the drinking water storage tanks. The latter include those for the construction and renovation of several sanitation and rainwater runoff networks, the sanitation and dumping management activities, the rehabilitation of the main water pipeline of the Tibitoc-Casablanca line, and the replacement of the combined sewerage.

All works, with no exception, will be developed in urban or semi-urban areas that have been strongly intervened by previous human activities. None of the work sites will be on natural habitats, critical habitats, or areas of any environmental, ecological, or biological sensitivity.

The specific works will be carried out in the places where the infrastructure already exists today and needs refurbishing, optimization, or rehabilitation; in other words, in places highly affected by previous human actions (Tibitoc treatment plant and the places where the drinking water buffer tanks to be recovered are located today).

The linear works will be executed within the same easement strip where drinking water supply (extraction or distribution system) or sewerage (mainly, collectors) works are today. In this sense, the Project does not require easing new areas to accommodate these structures.

In order to mitigate the interferences, as well as the disruptions, the linear work constructions may cause on settlers (houses and businesses) and on road traffic due to the underground laying works, the Project will use two construction methods: (i) "sequential" construction, by means of which 30-meter long or smaller trenches are opened, the drinking water or sewage (rainfall or wastewater) pipes are laid out, the trench is backfilled, the surface layer is restored to the conditions prior to the intervention and the process starts again for the following section; and (ii) micro-directional drilling, to dig tunnels where the drinking water or sewage pipeline will be laid out, with no need for open trenches.

3.2 Contextual risks

The death toll from armed conflict in Colombia peaked at 4,592 cases in 2001 and has steadily decreased ever since. In 2016, after the Colombian government reached an agreement with the FARC (Colombia's Revolutionary Armed Forces), the amount dropped to 38 and again to 34 after they surrendered weapons in 2017. However, it has slightly gone up since then, reaching 168 in 2020¹.

¹ <https://ucdp.uu.se/country/100>.

In the first six months of 2023 insecurity in Bogotá had a significant upturn, so much so that 8 out of 12 crimes were high impact, some of which even showing signs of torture. The reported crimes include kidnapping (80%), burglary in financial institutions (66.7%), home break-ins (31.7%), robbery (people) (28.1%), vehicle theft (13.3%), homicides (11.1%), extortion (3.6%) and motorcycle theft (1.1%). As per the Ombudsman's data, Bogotá is at a permanent risk because different criminal gangs are fighting to gain control over territories and illegal economies in places like: San Cristobal, Usme, Ciudad Bolivar, Kennedy and Sumapaz².

The risk analysis prepared as part of the environmental and social due diligence (ESDD) pointed at the following components as of moderate risk: (i) citizen safety; (ii) politics; and (iii) retaliation. Therefore, the Client will carry out a safety risk assessment to include: (i) the identification of potential safety and violence risks (group or collective violence, violent crimes, and retaliation) and other contextual risks; (ii) an assessment of the risks derived from the implemented safety measures for those inside and outside the facilities; and (iii) an identification of the training and equipment needs of the security personnel.

By carrying out the Project on urban and peri-urban areas of Bogotá, the Company is also exposed to eventual citizen protests, some of which has been repressed with disproportionate use of force by the Police³.

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

4.1 Assessment and management of environmental and social risks

4.1.a E&S management system

The Company's environmental, social, and health and safety matters are managed by three corporate areas: (i) the Customer Service Department, in charge of community management; (ii) the Environmental Department, in charge of environmental monitoring of all projects executed by the Company and with the support of the Water System Environmental Management and Environmental Sanitation areas; (iii) the Administrative and Human Management Department, in charge the occupational health and safety (OHS) questions through the Health Office and the Occupational Health Division; and (iv) the General Administration Department, in charge of corporate governance, human rights due diligence and the whole contract management system.

EAAB-ESP has in place an internal regulatory system ("SISTEC") that establishes the best practices for the design, construction and operation of the water supply and sewerage system, and manages

² <https://concejodebogota.gov.co/bogota-en-peligro-el-atarador-repunte-de-la-inseguridad-en-el-primer/cbogota/2023-07-14/165454.php>

³ Annual Report of the United Nations High Commissioner for Human Rights (UNHCHR), 2019, "Situación de los derechos humanos en Colombia" (see <https://www.hchr.org.co/index.php/informes-y-documentos/informes-anales/9136-informe-del-alto-comisionado-de-las-naciones-unidas-para-los-derechos-humanos-sobre-la-situacion-de-derechos-humanos-en-colombia-durante-el-ano2019>).

all the technical aspects, the site assessment actions⁴, the environmental assessment⁵, the occupational health and safety demands, and the social management and maintenance schemes. Compliance with the regulations in the SISTEC is compulsory; also, they are approved by the Company's Industrial Committee. These regulations have been prepared in compliance with the environmental, social, and health and safety rules in force⁶ and its application is closely watched by the Internal Control Office and the national and district control entities (Comptroller's Offices, Offices of the Ombudsman, Prosecutor's Offices, Public Prosecutor's Offices).

The Company has an integrated system, the Single Management System ("SUG", for its acronym in Spanish), which includes the approaches adopted by the organization and defines the corporate management lines regarding quality management, environmental management, and occupational health and safety, etc. The Company's processes have been certified under ISO 9001:2015, whereas, as a whole, it has been declared carbon-neutral; in both cases, by the Instituto Colombiano de Normas Técnicas ("ICONTEC"). Also, it is implementing an environmental management system, in the terms required by the ISO 14001 standard.

The SUG is based on a policy focused on: (i) identifying groups of interest; (ii) identifying and complying with the applicable legal requirements; (iii) aligning strategies to support the system; and (iv) identifying actions to enhance service provision. The policy, which has been disseminated to all Company staff through virtual banners, regular staff training and when onboarding new hires, is annually reviewed following an internal audit process. Any changes to it are approved by the Corporate Committee and implemented through corporate planning or continuous improvement actions.

The SUG includes 9 systemic approaches: (i) Quality and Integrated Management and Planning Model (MIPG); (ii) Asset Laundering and Financing of Terrorism Risk Management System (SARLAFT, for its acronym in Spanish); (iii) gender equality; (iv) internal control; (v) archiving control management; (vi) OHS; (vii) information security; (viii) environment; and (ix) laboratory competences. About this last point, it is also worth mentioning that the Company has been certified as test lab and for measuring instrument calibration by the Organización Nacional de Acreditación de Colombia ("ONAC").

4.1.b Policy

EAAB-ESP has an environmental policy, which has been approved by the Corporate Committee. It expresses the Company's commitment to protecting the environment through: (i) end-to-end water management, from protecting the strategic ecosystems linked to the supplying basins to

⁴ Internal Rule NS-178 "Requisitos mínimos de los estudios para la adquisición predial en la EAAB ESP" (Minimum requirements for site acquisition assessment for EAAB-ESP).

⁵ Internal Rule NS-038 "Manual de Manejo del Impacto Ambiental y Urbano" (Urban and Environmental Impact Management Manual).

⁶ Law 99 of 1993, by which the Ministry of the Environment is created, the public sector in charge of managing and preserving the environment and the renewable natural resources is reorganized, the National Environmental System (SINA) is organized, and other provisions are set forth (<https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=297>); and Decree 1076 of 2015, which compiles the environmental regulations (<https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=78153>).

rehabilitating and recovering water bodies that allow draining from Bogotá and its area of influence; (ii) end-to-end waste management with reduction and reutilization practices; and (iii) energy efficiency with clean sources and rational utilization across processes, following a climate change mitigation and adaptation strategy, a stronger environmental culture and sustainable business practices under a lifecycle and knowledge management perspective.

4.1.c Identification of risks and impacts

4.1.c.i Direct and indirect impacts and risks

The Company's interventions (projects, works and activities) are classified as of low, medium, or high impact. Nonetheless, all of them must comply with the guidelines in technical rule NS-038 "Manual de Manejo del Impacto Ambiental y Urbano" (Urban and Environmental Impact Management Manual) by enforcing a plan to implement environmental, social, and occupational health and safety measures (PIMMAS), which sets the relevant management measures in terms of intervention type and specifications.

To decide which interventions represent high, medium or low impact, EAAB-ESP identified and assessed the environmental aspects and impacts for each type of intervention, based on the criteria associated with the scope, probability of occurrence, duration, recoverability, and the amount and type of impacts to be generated; all of which was gathered in rule NS-038. Based on these criteria, the rule identifies which interventions are of high, medium, and low impact.

The Company prepares the terms of reference ("TOR") for hiring the preliminary assessments and the final design of projects. These TORs include a list of environmental requirements that shall be observed by the designer and further translated into environmental technical specifications.

Each assessment contains a section where alternatives are analyzed. The most suitable option for the required conditions is selected, and further used by the consultant for the final design of the project. Once the project final design is approved, the consultant prepares a PIMMAS⁷, jointly with the Company, and an environmental performance and monitoring tool (Form D5) is prepared to be handed over to the Project Overseer⁸ during the works, who will perform the controls accordingly. All construction and environmental permits⁹ to be managed by the Company for the project are also listed. For projects that require an environmental license, the Company hires a company to develop the related EIAs and to subsequently submit them for the consideration of the National Agency for Environmental Licensing ("ANLA").

⁷ A computing application to facilitate the enforcement of NS-038 with questions about the project characteristics and location.

⁸ Within Form D5, a checklist for monitoring compliance with all project environmental and social (E&S) provisions and that enables compliance with rule EG-103 about the Company's environmental and urban impact.

⁹ The Company has a monitoring and control system for the permits required by each project, which also includes the specific requirements of each permit for further control. This is used to create the monitoring files submitted to the Project Overseer.

4.1.c.ii Analysis of alternatives

All projects executed by EAAB-ESP require an analysis of alternatives, which is completed during the pre-investment phase to select the one on which to make the final design. Several factors like the following are considered for this: (i) network stability; (ii) service continuity guarantee; (iii) land use planning; (iv) supply and distribution master plans; (v) possible energy use optimization; (vi) community engagement in the land use planning process; (vii) service expansion strategic plan; (viii) detailed analysis of site-related, social, economic, historical (to see growth trends), environmental and technical issues; and (ix) an analysis of costs, initial investments, operational and maintenance costs, source availability, water sources vulnerability, wastes generation and interference with natural or sensitive areas, etc.

4.1.c.iii Cumulative impact analysis

Given the fact that the works considered for the Project are about the rehabilitation, improvement or modernization of existing infrastructure, the incremental impact of past projects, as well as of those currently under development and those to be reasonably completed in the future in the location is estimated as nonmaterial. Therefore, a plan to mitigate cumulative impact is not required.

4.1.c.iv Gender risks

The gender gap in Latin America and the Caribbean is enormous; it is defined as differential, unequal access to work, education, economic and political participation opportunities based on sex or gender. This gap is supported by widespread cultural rules for what is acceptable for men and women and is exacerbated by weak legal safeguards or deficient social response. The gender gap leads to gender-based discrimination, unequal access to public services, to educational differences, to work and pay gaps and lower rates of political participation. Colombia shares the 12th place (out of the 26 countries in the region) in the gender gap index (0.73) with other three countries¹⁰.

Gender-based violence and harassment are also a big problem in Latin America and the Caribbean, with the highest rates worldwide. Brazil, Mexico, Argentina, Peru, El Salvador, and Bolivia account for 81% of the cases worldwide. Twelve women are murdered every day in the region. A total of 182 femicides were committed in Colombia in 2020, the fifth largest amount in the region¹¹. Gender-based violence in Latin America has been exacerbated by the COVID-19 pandemic, which is reflected in the larger number of phone calls to the emergency hotlines about domestic violence incidents in many countries in the region¹².

¹⁰ <https://www.statista.com/statistics/803494/latin-america-gender-gap-index-country/>

¹¹ <https://www.statista.com/statistics/827170/number-femicide-victims-latin-america-by-country/>

¹² <https://www.statista.com/statistics/1113975/gender-violence-growth-coronavirus-latin-america/>

To date, the Project has not yet recorded any complaint regarding sexual harassment or gender-based violence.

The Project will document an analysis of possible gender-related risks and impacts that may affect women, girls, and sexual and gender minorities, and will implement gender programs, if applicable.

4.1.c.v Gender programs

EAAB-ESP has a Gender Equality Policy¹³, included in the Company's human talent management practice. This policy addresses the following topics: (i) recruitment and selection; (ii) promotion and career development; (iii) training; (iv) pay and employment; (v) workplace environment, health and quality of life; (vi) sexual and workplace harassment; (vii) inclusive language and gender-neutral communications; and (viii) work-life balance with shared responsibilities.

Additionally, the Company has mechanisms in place to control gender risks. Some of them are (i) human resources policies and procedures that promote respect for human rights, equality and non-discrimination, diversity and inclusion; (ii) the provision of OHS elements; identification of occupational and environmental risks; and basic hygiene and sanitary measures that are sufficient and gender-independent; (iii) participation and engagement of women in different work areas and positions; (iv) protocols to prevent and act on cases of harassment in the workplace; and (v) mechanisms to address requests, grievances, claims and suggestions ("PQRS" for its acronym in Spanish) for staff, contractors and other stakeholders.

Some of the Company's achievements include: (i) significantly lowering of the number of positions taken by men in 2020-2023, from 89% to 72%; (ii) achieving the Sello Plata (Silver Seal) category of Sello Equipares's Gender Equality System¹⁴, in collaboration with the Ministry of Labor, (iii) creating the Gender Equality Committee; (iv) approving the Gender Equality Policy, together with its action plan; and (v) obtaining the District Seal of Gender Equality from the City of Bogotá. Other major Company milestones involve creating lactation rooms, enabling bills in Braille language, and opening inclusive service points.

4.1.c.vi Climate change exposure

The Project determined its climate change risk based on the municipal-national map of climate change risk created by the Hydrology, Meteorology and Environmental Studies Institute ("IDEAM"), the United Nations Development Program ("UNDP") and project "Tercera

¹³ https://www.acueducto.com.co/wps/wcm/connect/EAB2/c0054f3d-dc48-4d53-bff9-491cdcae013d/MPEE0104F01-02+Politica+de+Gesti%C3%B3n+Igualdad+de+G%C3%A9nero+VF.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE.Z18_K862HG82N_OTF70QEKDBLFL3000-c0054f3d-dc48-4d53-bff9-491cdcae013d-otYqiCa

¹⁴ Equipares is a certification program that recognizes organizations, SMEs and public entities that manage to implement effective actions to close the gender gap.

Comunicación Nacional”. The analysis involved identifying levels of threat and vulnerability to determine the risk level and concluded that the Project presents medium-high risk.

Measures to mitigate the climate change risks will be included in each work as part of the Project, which include oversizing the conveyance system, designing reinforced anchorage to endure the additional hydraulic thrust from larger volumes at each water sanitation or rainwater runoff system to be intervened.

Additionally, all Project-related works will include climate change mitigation measures at design and will be built by qualified professionals and following the Company’s technical rules and the best international practices.

Nonetheless, the Company will identify the climate change risks and adaptation opportunities for all Project stages.

4.1.d Management programs

As part of its Environmental Management System, the Company has several management programs in place, some of which are: (i) Protection, Recovery, Conservation and Sustainable Use of Areas of Interest in Supplying Basins; (ii) Protection, Recovery, Conservation and Sustainable Use of the Main Ecological Structure for the capital water system; (iii) Water Saving and Efficiency; (iv) Comprehensive Dumping Management; (v) Comprehensive Waste Management; (vi) Energy Efficient and Rational Use; (vii) Sustainable Practices Implementation; (viii) Sustainable Consumption; (ix) Social Environmental Management; and (x) Environmental Research.

The Company follows the provisions in Internal Technical Rule NS-038 about environmental and urban impact in all its endeavors; it sets the minimum requirements to prevent, reduce, control, or mitigate any undesired impacts derived from ongoing projects, works and other EAAB-ESP activities in a technical, timely and efficient fashion.

4.1.e Organizational capacity and competency

EAAB-ESP employs professionals and support staff with the necessary skills to execute and operate the works it carries out.

However, the actual project execution and monitoring tasks are outsourced (contractors and overseers, respectively), with the Company in charge of the general supervision, including E&S issues.

Also, the Company’s own personnel maintain the infrastructure managed by the Company. Nevertheless, when the maintenance tasks exceed the Company’s in-house skills, they are outsourced to specialized companies.

4.1.f Emergency preparedness and response

The Company actively participates in all the local climate change and risk councils (“CLGR-CCs”) in all Bogotá communities. CLGR-CCs, which include a community representative, tour the critical points and orchestrate interinstitutional activities to deal with any incident that may come up. These activities are duly documented.

Each work site has OHS staff who is also in charge of emergency preparedness and response matters. Drills have been carried out at some of these work sites, the results of which have been used to improve the emergency response system.

4.1.g Monitoring and review

In compliance with rule NS-038, Project E&S monitoring is the contractor’s responsibility, though monitored by the overseers and directly supervised by the Company. In this sense, the contractor prepares E&S monthly reports, which are sent to the overseers, who, in turn, send them out to the supervisors. The overseers will routinely make calls at the work sites for technical visits to check that all the E&S aspects in the checklists¹⁵ (Form “D5”) are fully complied with. The supervisors also pay random visits (announced and unannounced) through their supporting areas in the environmental, social, and occupational health and safety components.

Also, the authorities who issue the environmental permits randomly check the work sites for full compliance with the E&S provisions in the related permits.

4.1.h Stakeholder engagement

EAAB-ESP has a database of social organizations and stakeholders within its area of influence. The information in the database is made available to the contractor. Rule NS-038 requires a social action plan for the construction phase of each project. This plan, as well as the characteristics of the land to be intervened, must contain a directory of the community and social organizations within the direct and indirect areas of influence of the intervention, such as watchdog committees, social control and development committees, water friends’ groups or networks, non-governmental organizations (“NGO”), rural water management associations, women groups and student social service, etc. They must as well identify existing conflicts of interest and the existing alliances between independent organizations and people who may propel or limit the intervention. This stakeholders map is prepared by the contractor, reviewed by the overseers, and approved by the supervisors, and constantly updated.

The social engagements that are triggered by the stakeholder map are translated into social management plans for each intervention. These plans involve, among other things, the following: (i) communicating about the licenses, permits and other legal requirements; (ii) characterizing the

¹⁵ Even though Form D5 has the E&S requirements the contractors shall observe, the overseers, provided the supervisors do not oppose, can add additional topics depending on the Project and its locations.

area of influence; (iii) communicating the intervention details (description of the works); (iv) disseminating the user care, liaison and interinstitutional relationship strategies; (v) detailing all forms of social control; (vi) detailing employment and training, and awareness-raising opportunities, as per rule NS-038; (vii) explaining the monitoring and review process in terms of rule NS-038; (viii) listing the social impacts to be generated; and (ix) giving details of the conditions of the houses that will benefit from the works, especially the state of the infrastructure near the intervention sites (to avoid future legal actions).

The works sponsored by the Company are, in general, always welcome by the population, because, once finished, they improve their health and safety conditions either by supplying drinking water or adequately draining waste or rain runoff water.

4.1.h.i Disclosure of information

All projects have in place an information and communication program (the intervention's communication strategy) which considers carrying out: (i) beginning, progress and end of the project meetings with the community; (ii) information sessions when the work starts at the intervention; (iii) meetings with the community about requests; (iv) design, production and distribution of informative material about the intervention, in standard formats; and (v) project-related dissemination events in public or private alternative media. It also considers actions, like: (i) putting up one fixed billboard and 2 moving ones per work site; (ii) carrying out information campaigns about work relevant topics; (iii) distributing information about potential temporary service interruptions due to the intervention, at least 3 days in advance; and (iv) implementing the operations plan to render water service in tank trucks for as long as the service is interrupted. As a rule, the Company, by its own initiative or by popular request, encourages having chats with the community at each work site to analyze the work in progress together.

In compliance with the legislation in force, all projects executed by the Company must have a well-established social control strategy that compels the contractors to set up a Comité de Veeduría Ciudadana ("Veeduría", or Citizen Watchdog Committee per its name in Spanish) per neighborhood so that social control is guaranteed in the intervention agreement. In this regard, the contractor must carry out 1 training session with this committee before the works start, and schedule at least 1 monthly Project monitoring meeting for the duration of the intervention.

Moreover, its members are trained by the Company so that they can track any project effectively. Once trained and working, they perform regular visits of the work sites with the contractor and the overseers, with whom they meet up monthly to tackle the questions that have come up in the visits. The issues they raise but cannot be solved by the contractor are escalated to the overseers or even to the supervisors, if need be. The Veeduría oversees informing the population about how the project is being executed, the problems that have been detected, and the intended ways to solve them. When the issues require so, they organize specific meetings, though more open, between the population, the contractor, and the overseers.

As part of its user care strategy, the Company requires contractors to set up a stationary Acuapunto¹⁶ to take care of the community within its direct and indirect area. The stationary Acuapunto, which must be in place from the beginning of the intervention until the date it is signed off, must be available 8 hours a week, 2 of which shall be on Saturdays. The contractor shall also have moving Acuapuntos, which drive to each intervention site in the direct and indirect area of influence and must as well be available 8 hours a week.

4.1.h.ii Informed consultation & participation

The Company has adopted formal communication processes for all the works they are engaged in, which are part of the information and communication programs. In this sense, EAAB-ESP demands that all contractors use pre-established ways to monitor how the communication process is being carried out.

In this context, the contractor is the one calling for project communication meetings. Such meetings shall be: (i) held publicly across the area of influence of the intervention; (ii) announced in at least 3 different media, including leaflets, door-to-door announcements, the Company's webpage, the radio, community channels, social media or posters at shopping centers or in highly attended places; and (iii) summoned between 3 and 8 days in advance of the expected date. The contractor must provide the overseers with proof that the meetings have been summoned in the form of, among others, photographs of the places where the posters have been put up, photos of leaflets being handed out, lists of customized calls and the related telephone records.

The communication events include: (i) a Company presentation; (ii) details about the purpose of the meeting; (iii) technical, environmental, and OHS information about the Project; (iv) a description of the impacts the works could have; (v) a description of the management measures to avoid, mitigate or compensate undesired effects; (vi) a presentation of the claims and grievances reception options; and (vii) a community engagement space, where the population concerns about the project are collected. Each event is recorded in the meeting minutes, summarizing the topics discussed.

4.1.h.iii Indigenous peoples

The Project does not generate any material impacts on indigenous people, ethnicity, or African-descendent groups.

4.1.h.iv Private sector responsibilities under a government-led stakeholder engagement process

The Company is responsible for the communication process and carries it out through its contractors, the overseers, and the supervisors.

¹⁶ Temporary community care centers to inform about work progress and to ease any concerns citizens may have about the works.

4.1.i External communication and grievance mechanisms

4.1.i.i External communication

The official external communication is handled through the Company's Communications and Corporate Image Office. The forms of communication are standardized, so that the social leaders working with the contractors must only choose a suitable type of means of communication, fill in the necessary fields and produce a version of the communication which must be submitted to the overseers and approved by the supervisors before it is published. If a different format must be used, the Communications and Corporate Image Office must approve it first.

4.1.i.ii Community grievance mechanism

The process to capture and handle questions, grievances, claims and requests ("PQRS" for its acronym in Spanish) from the community is duly standardized, allows for capturing named and anonymous grievances, has auditable procedures and describes how the grievances must be recorded, the minimum time to analyze them, the way they will be treated, and how the outcome must be communicated to the persons submitting them.

The contractor's social professional is responsible for receiving, managing, and closing all the issues raised (verbally or in writing) by the citizens, local authorities or the control agencies, according to the citizens' queries instructions and the citizen queries management form at the Acupuntos¹⁷.

All queries that are submitted must be closed before the contractual termination agreement of the works is signed. In this sense, the contractor, as part of the documentation that proves completion of the works and activities required for the intervention, shall send the record of queries received during the intervention, as well as the supporting documents duly signed by the requester, the overseers, and the contractor, which makes it possible to check whether all of them have been closed.

The Company's social area trains the contractors on how to implement the PQRS mechanism. Thus, at the monthly meetings with the contractor's social professionals and the overseers, EAAB-ESP follows up on the queries or grievances received and, if necessary, pays visits to make sure the case has been satisfactorily closed.

The resolution of anonymous grievances is published in public places, as ruled in the Right to Petition.¹⁸

¹⁷ The contractor must also submit a monthly report of the total amount of queries managed and closed at the Acupunto.

¹⁸ As established as a fundamental right in Article 23 of the Constitution of Colombia and regulated by Law 1755 of 2015, the Right to Petition is the right that every person has to submit requests for information before authorities or entities, either for reasons of general or particular interest.

4.1.i.iii Provisions for addressing vulnerable groups' grievances.

The PQRS mechanism allows for treating grievances from vulnerable groups. Social managers are proactively in contact with these groups either to capture their grievances or to show them how to channel them.

4.1.i.iv Ongoing reporting to affected communities.

EAAB-ESP publishes its Sustainability Report once a year¹⁹. In such report, the Company explains how the following issues are handled: (i) transparency, including corporate governance and fair operation practices; (ii) sustainability, including E&S management; and (iii) business, including issues related to consumers, human rights, community and development, and work practices.

At project level, the contractor and the overseers are responsible for informing the community about the aspects related to the works under development, either during the beginning, progress or end of project meetings, or during the chats at the work sites, in the leaflets with the project information, the Acupuntos, or any other means that have previously been approved by the supervisors.

4.2 Labor and working conditions.

4.2.a Working conditions and management of worker relationships

The Company has in place a set of instruments for the comprehensive management of human talent, which include the following: (i) strategic human talent management policy; (ii) human rights policy; (iii) integrity policy; (iv) gender equality policy; and (v) occupational health and safety policy.

EAAB-ESP is currently employing 3,284 people, with 3,207 being active. A total of 33% of its staff is made up of women, and 30% of them hold managing positions. According to recent data from the Public Administration and Employment Information District System ("SIDEAP"), 2,336 of the Company's employees self-identify as men, whereas 870 consider themselves women; 5, bisexuals; 2,983, heterosexual; 12, homosexual; 162 did not reply, and 45 did not choose any option.

4.2.a.i Human resources policies and procedures

The Strategic Human Talent Management Policy makes it clear that no discriminatory practices are allowed in projects and processes sponsored or executed by the Company. On the contrary, the policy promotes fair pay practices, freedom of association, psycho-social risk management, and

¹⁹ [EAAB-EP's sustainability reports](#).

safe, healthy work environments. These and other principles are clearly considered in the Company's terms of employment and must be forcefully complied with by the contractors.

The Company has a rulebook with the responsibilities of its operational areas²⁰, as well as the roles of the official employees²¹ and public workers²².

4.2.a.ii Working conditions and terms of employment

In compliance with Colombian legislation²³, EAAB-ESP created a Workplace Relationships Committee as a measure to prevent, correct and penalize workplace and other forms of harassment in work relationships. The committee, with equal amount of employer and employee representatives, is chosen every 2 years.

4.2.a.iii Workers' organizations

In compliance with the provisions in Colombian legislation²⁴, the Company recognizes the right to organize trade unions and the right to association and it bars, among other issues, discrimination for trade union enrolment. The workers' unions currently active at the Company are: (i) Sindicato de Trabajadores y Empleados de Servicios Públicos ("SINTRAEMSDDES", Public Service Employees and Workers Union - Bogotá Office) and (ii) Sindicato de Trabajadores de Servicios Públicos, Entidades adscritas, Vinculadas e Independientes de Colombia ("SINTRASERPUCOL", Colombian Union of Public Service Workers, and Affiliated, Associated and Independent Entities).

Apart from the advantage of collective bargaining (pay raise and performance-based bonus pays, etc.), unions offer some additional benefits to their members: SINTRAEMSDDES, Bogotá Office, offers an additional healthcare plan ("PAS", for its acronym in Spanish) to its workers, pensioners and family beneficiaries, regardless the type of labor contract; and SINTRASERPUCOL, as well as an additional healthcare plan for their workers, pensioners and family beneficiaries under indefinite contracts, offers a complementary healthcare plan to its workers and family beneficiaries, under fixed term contracts or contracts for works or services.

Even though the workers are free to choose to participate or not in unions, about 95% of the Company's employees are unionized; some are even members of both organizations. Nevertheless, those who have opted to not join either union are covered by the "*cobijamiento por extensión*" principle, i.e. they are benefitted by the agreements reached by the unions but have no vote in the decisions.

²⁰ In line with DECREE 11 of 2013, whereby the Company's organizational chart is modified and the responsibilities of its dependencies are determined (<https://www.alcaldiabogota.gov.co/sisjur/normas/Norma1.jsp?dt=S&i=54374>).

²¹ In observance of the provisions of Resolutions 0293 and 0445 of 2019, whereby the Single Rulebook of Roles and Minimum Requirements for the Official Employees Positions is created and reviewed, respectively.

²² By virtue of Resolutions 0498, 0817 and 0305 of 2020, whereby the payments to third parties policies are determined.

²³ Law 1010 of 2006, whereby measures are adopted to prevent, correct and punish workplace and other forms of harassment in work relationships (<https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=18843>).

²⁴ Article 39 of the Constitution and other related laws.

The Company guarantees the right to disagree and does not exercise any form of retaliation or treat union leaders or unionized staff any differently.

4.2.a.iv Non-discrimination and equal opportunity

EAAB-ESP's recruitment and promotion processes are based on merit. Unions see that this is complied with. There are no discriminatory practices based on gender, race, sexual inclination, religious belief, political opinion, or any other matter.

4.2.a.v Retrenchment

The Project does not expect to retrench. Workers engaged by the contractors are usually relocated to similar works.

4.2.a.vi Grievance mechanism

The existing Workplace Relationships Committee, which is a requirement under Colombian legislation²⁵ receives between 30 and 49 grievances a year on average from active workers at the Company. About 70% of those grievances is settled, whereas the remaining 30% is escalated to the Attorney General's Office (through its Office of the Ombudsman²⁶) to be addressed and further solved. Only one case of sexual harassment was reported last year.

Even though the Company has a dedicated email address²⁷ to capture internal grievances, they can be as well submitted in person or anonymously by regular post, through "Bogotá te Escucha" and from the Company's web page. Anonymous grievances resolutions are published on billboards at the EAAB-ESP's customer care centers for 30 days.

EAAB-ESP has zero tolerance for sexual harassment or gender violence. According to the legislation in force, all grievances related to this matter are directly channeled to the Public Prosecutor's Office because they are considered crimes.

The Company offers its workers permanent training on how to use the internal grievance system and encourages them to use it, as part of its ongoing improvement process.

²⁵ The Workplace Relationships Committee, made up of people working for a public agency or a private company, is in charge of receiving and addressing the grievances that include situations of potential harassment in the workplace.

²⁶ The Office of the Ombudsman (Personería) is a control agency with a comprehensive, inclusive approach, which protects, defends and promotes people's rights, controls public officers and watches the behavior of public workers when in their official capacity.

²⁷ comitedeconvivencialaboral@acueducto.com.co

4.2.b Protecting the Workforce

4.2.b.i Child labor

EAAB-ESP's policies prohibit the use of child labor. The Company also complies with Colombian legislation²⁸ as it: (i) does not allow hiring minors; (ii) promotes work standards that are not compatible with any types of involuntary work or service; (iii) states only people over 18 years old can be hired; and (iv) does not allow hiring children in any way that may constitute economic exploitation, that interferes with their education or that may be dangerous for their physical, mental or social development.

4.2.b.ii Forced labor

Both EAAB-ESP's policies and Colombian legislation prohibit the use of forced or coerced work.

4.2.c Occupational health and safety

The Company's occupational health and safety management system ("OHSMS") has the necessary management elements to prevent and mitigate risks, and to guarantee a safe, healthy workplace for its staff. This system, which is applicable to all payroll employees as well as contractors and subcontractors involved of the Company, includes a procedure to report and investigate work incidents and accidents that covers everything from risk identification, root cause analysis and identification of applicable corrective measures up to result assessment.

The OHSMS is structured on five pillars: (i) the implementation of policies, guidelines and strategic objectives to guarantee OHS aspects; (ii) the constant identification and assessment of hazards and risks for the different positions, in order to adopt preventive and protection measures; (iii) risk control, which implies eliminating or replacing elements or tools, implementing engineering controls, changing work methods or practices as well as providing and constantly assessing the adequate conditions of the personal protection equipment ("PPE"); (iv) the continuous assessment of compliance and effectiveness of risk management by means of OHS indicators; and (v) the adoption of channels used by the OHS staff (leaders, areas, processes) to inform the stakeholders about its performance in terms of occupational health and safety.

As required by Colombian legislation, all Company workers may be part of the Occupational Health and Safety Committee ("COPASST", for its acronym in Spanish)²⁹. So, EAAB-ESP and the Committee have set up procedures and protocols to guide the following activities: (i) critical task identification; (ii) hazard identification; (iii) risk assessment and evaluation; (iv) control

²⁸ Article 67 of the Constitution of 1991; sections 28 and 35 of Law No. 1098 of 2006.

²⁹ According to Resolution 2013 of 1986 of the Ministry of Work and Social Security, and the Ministry of Health, any company or institution, whether publicly or privately run, with ten or more employees, must create the Occupational Health and Safety Committee (COPASST), which comprises workers' and employees' representatives to promote and monitor compliance with the occupational health and safety standards.

implementation; (v) supplies and PPE management; (vi) issuance and renewal of internal work authorizations; (vii) OHS inspections; (viii) chemical risk control; (ix) execution of programs of epidemiological surveillance of the workers' health; (x) promotion of health and disease prevention in the workplace; (xi) medical checkups, conceptualization and diagnosis of health conditions; (xii) reports on and investigations of incidents, work accidents and occupational illness; (xiii) people emergency preparedness and response; (xiv) reemployment; and (xv) industrial hygiene.

The Company has developed 187 matrices (reaching all processes, areas, and work centers) to identify OHS hazards, assess risks and set up controls). These matrices are updated annually or when serious work accidents occur, new technologies are adopted, or changes are introduced into everyday activities. It also has OHS³⁰ and administrative manuals to guide the following programs: Prevention of and Protection from Falls; Electrical Risk; Load Lifting; Confined Spaces; Excavations; Industrial Hygiene; High-Risk Tasks; and Road Safety.

The staff is constantly trained in how to apply each procedure. EAAB-ESP currently has 18 training lines comprising all high-risk tasks, as well as occupational health and safety issues (skin diseases, heart conditions, biological risk, immunization schemes, biological risk exposure, washing work clothes, etc.).

The Company provides its workers with the PPE they need and expects its contractors to do the same. These elements are differentiated for men and women; this derives from a safe work assessment carried out at each work site.

The Company has not recorded any fatal accidents since February 2018. However, all accidents (fractures, bruises, hits, finger amputations, etc.) are reported to the Labor Risk Administration (LRA) after a root cause analysis is performed. The latter helps identify the causes of the accident, avoid having similar conditions again and prevent the same accident from happening in the future with corrective action plans.

4.2.d Provisions for people with disabilities

In compliance with Colombian legislation³¹, the Company employs 28 people with some degree of disability.

4.2.e Workers Engaged by Third Parties

Company management relies heavily on outsourced services (consultants and builders). Their employees must have the same rights and obligations as those directly employed by the Company.

³⁰ Obtaining Work Permits; Critical Tasks Program Design Protocol; Cleanliness and Order Program; Alcohol and Psychoactive Substances Test; People Emergency Response Protocol; First-Aid Kit and Extinguisher Request, Delivery and Refill; Emergency Management - Vertical Transport Rescue; Industrial Hygiene; Chemical Exposure Assessment; Noise Exposure Assessment; Thermal Stress Assessment; and Lighting Assessment.

³¹ Decree 2011 of November 30, 2017, which establishes the disabled employee quota in public sector entities.

4.2.f Supply Chain

The Company has in place its own internal hiring procedure based on the format and type of service to be hired. As part of its hiring processes, EAAB-ESP requires the suppliers to comply with the same environmental, social, human rights, and occupational health and safety provisions applicable to the Company.

Suppliers are regularly audited for compliance with the contractual obligations. This is done by the related supervisor or overseer. If a material deviation in compliance with these requirements is detected, EAAB-ESP may impose sanctions on the supplier, ranging from fines to even contract termination.

EAAB-ESP has a supplier roster. For a supplier to be included in the list, they have to register in the Company's supplier platform including, among other things, their basic information, market niche and services or materials provided. Registration is free of charge and unrestricted.

The Company is implementing a supplier performance assessment process to identify those in breach of any contractual obligation and decide whether to hire them again in the future.

4.3 Resource efficiency and pollution prevention

4.3.a Resource efficiency

4.3.a.i Greenhouse Gases

The Company's Scope 1 and 2 annual greenhouse gases ("GHG") emissions amount to about 28,000 tons of CO₂. However, they are compensated with carbon credits: (i) obtained from the generation of renewable energy when producing hydroelectric power in its drinking water system, which operates on gravity; and (ii) purchased, especially at the Colombian Amazon. This has earned the Company a carbon-neutral certification from ICONTEC since 2016.

4.3.a.ii Alignment with the Paris Agreement

Based on the analysis performed to such end, the Project is deemed as aligned with the provisions of the Paris Agreement according to the analysis performed in line with the IDB Group's Paris Alignment Implementation Approach.

4.3.a.iii Water consumption

EAAB-ESP has in place a Water Saving and Efficiency Program for 2022-2026, which promotes water efficiency in all the activities associated with its water supply and sewerage services. The program includes 108 projects, including, for instance, replacing conventional appliances with low-water consumption ones.

About 40 m³/day of water are consumed at EAAB-ESP's main and distributed offices and facilities. The water is supplied by the Company's own water supply system.

4.3.b Pollution prevention

As instructed by rule NS-038, all investment projects sponsored or executed by EAAB-ESP has a pollution prevention component. Contractors must comply with the requirements in the PIMMAS and Form D5.

4.3.b.i Wastes

Rule NS-038 has a general section on how to manage liquid, solid, hazardous, domestic, demolition and construction wastes. Once segregated at origin, these wastes are managed via the municipal authorities or licensed managers.

EAAB-ESP checks whether waste managers have the licenses and authorizations demanded by law. The Company tracks the waste value chain through bills of lading and disposal manifests.

The Company has a supplier audit program which states the Corporate Environmental Department, through its Sanitation Office, shall assess the corporate waste disposal service providers, including the recyclers' association. However, no checks are extended to the operations of third parties, who, at project level, are responsible for managing waste.

4.3.b.ii Hazardous Materials Management

Rule NS-038 includes hazardous materials management practices. It also has procedures that must be followed by the contractors to manipulate, store and use hazardous materials.

4.3.b.iii Management and use of pesticides

The Project will not use any pesticides.

4.4 Community Health, Safety and Security

4.4.a Community Health, Safety and Security

4.4.a.i Infrastructure and equipment design and safety

Projects sponsored or executed by EAAB-ESP are designed to cause the smallest impact on the community. Additionally, building methods are also focused on producing the smallest disturbances on the population (for instance, building in sequence or small trenches to avoid disturbances).

As per the regulations in force, opening a work front requires having a road traffic plan approved by the Mobility Agency of the City of Bogotá. The plan, with measures to mitigate the impact on mobility caused by the road works, seeks to produce alternatives for the road users (pedestrians, cyclists, passengers, drivers, building staff, event attendees and neighbors) with planned detours, and safe, orderly, nimble, convenient crossings.

4.4.a.ii Hazardous Materials Management and Safety

Hazardous materials management and safety are dealt with in NS-038.

4.4.a.iii Ecosystem services

The Project will not have any material impacts on ecosystem services.

4.4.a.iv Community exposure to disease

The works under the scope of the Project are relatively-short-lived building actions, which will employ most of the unskilled labor locally where the project is hosted (30%) and from nearby areas. In this regard, the community exposure to disease caused by the works is immaterial.

4.4.a.v Emergency preparedness and response

EAAB-ESP has an institutional emergency response plan (“PIRE”), led by the Master System Department, which includes a procedure to identify, manage, control and handle risk and emergency situations, considers the most probable scenarios to cause them (hazardous waste or product spills, social unrest, seismic movements, etc.), and contains a risk matrix to implement it.

The Company’s staff is constantly trained in the PIRE. The Company performs drills (in coordination with other agencies like the fire brigade, the police, etc.) to provide feedback on and improve the plan.

4.4.b Security Personnel

Private surveillance is a regulated activity in Colombia by the Private Security and Surveillance Superintendency, an entity in charge of granting operation licenses, among other things, and keeps a record of all the companies that are authorized to render private security services.

Private security and surveillance services are contracted by EAAB-ESP through a service agreement. Some of the personnel carry weapons, depending on the conditions. The hiring regulations demand liability insurance to render armed services; guards must have proof of attendance to courses on human resources, the use of force, and the use of weapons.

Private surveillance services are currently provided by Seguridad Santaferreña. EAAB-ESP has the power to vet all the personnel assigned to render the service. So, every six months, it checks the background of the guards that will be assigned for service in the following six months and makes

sure they have been properly trained in the use of weapons, the use of force and respect for human rights by the service provider.

In addition to the insurance the private security services provider must have, EAAB-ESP holds valid third-party liability insurance to cover any incident the security company may cause to a community member.

Near the EAAB-ESP facilities in Chingaza, there is an army battalion, which was requested to protect the territory by the autonomous development associations CORPOGUAVIO and CORPORINOQUIA, and Colombia Natural National Parks. To date, their presence has not upset any neighboring community.

4.5 Land Acquisition and Involuntary Resettlement

This Project does not entail any land acquisition. Therefore, no involuntary resettlement will occur.

However, to mitigate the temporary economic displacement that the construction works for the linear projects may cause, the “sequential” construction method has been chosen as it allows for completing small tranches of no more 30 m before moving onto the following tranche. This helps reduce disturbances and minimize access interference (generally causing temporary economic displacement).

So, temporary interferences to vehicle access to homes and offices are compensated with parking areas made available for those vehicles that cannot access their usual parking facilities. Likewise, the works may require blocking the access to businesses temporarily, but this is jointly planned by the builder and the business owners so that it occurs in the least busy times.

Nonetheless, should any property need to be acquired by or transferred to EAAB-ESP while the interventions are ongoing, the Company must observe the provisions in Colombian legislation³² as well as the land management guidelines in rule NS-178. All acquisitions are closed at market prices, so that the amount received by the owner allows them to replace the asset.

4.6 Biodiversity conservation and natural habitats

The works included in the Project will be carried out in areas that have previously suffered human interventions and, therefore, will have no material effect on the biodiversity or the sustainable management of living natural resources. However, where the intervention layout interferes with

³² Articles 29 and 58 of the Constitution of Colombia; Laws 56 of 1981, 142 of 1994, 9 of 1989, 388 of 1997; Decree 1420 of 1998; Resolutions 620 of 2008 and 1092 of 2022 from Instituto Geográfico Agustín Codazzi referred to commercial appraisal (land and easements); Decree 555 of 2021 (Land Planning); the Administrative Procedure and Contentious Administrative Code; Sections 399 and 376 of the General Procedure Code (judicial expropriation and imposition of easements); Council Agreement 908 of 2023 (resettlements and economic compensation) and other regulations applicable to these processes.

urban forest areas, EAAB-ESP gets the necessary forest use or forest treatment permits from the related environmental authority.

4.7 Indigenous Peoples

The Project works will not cause any material negative effects on indigenous peoples, ethnicities, or Rom or Afro-descendent communities.

4.8 Cultural Heritage

Even though the Project works are not located in places of archeological or cultural value, the Company will adopt the chance finds procedure established in rule NS-038 should any finds occur during earthworks (digging trenches for the water or sewage pipelines).

5. Local Access of Project Documentation

The documentation about the works carried out by EAAB-ESP can be accessed at:
<https://www.acueducto.com.co>