

Classification and Environmental and Social Strategy (ESS) Troncal del Magdalena I - COLOMBIA

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1. Project Scope and Objective, and IDB Invest Participation

The Troncal del Magdalena I (the "Project) is the third project of the fifth generation (5G) concession program led by the Government of Colombia through its National Infrastructure Agency (ANI). The Project was awarded to the company Estructura Plural Autovía Magdalena Medio (the "Concessionaire" or the "Client"), formed by KMA Construcciones S.A. (50%) and Ortiz Construcciones y Proyectos S.A. (50%).

The Project considers the financing, construction, improvement, rehabilitation, and maintenance of the Puerto Salgar–Barrancabermeja corridor (the "Corridor"), which is 260 km long and joins the towns of Puerto Salgar, located in the Department of Cundinamarca, with Curumaní, Barrancabermeja, located in the Department of Santander, extending through the Department of Boyacá.

For building purposes, the Project was divided into 14 stretches or Functional Units (UF, in Spanish):

UFO Puerto Salgar–Barrancabermeja, covering the operation and maintenance ("O&M") of the enabled stretches at the beginning of the Project; UF1 El Trique–Dos y Medio, extending along 9.83 km and related to the construction of the two by-passes and two 50-meter bridges on the Velázquez river; UF2 Batallón Bárbula-PR52, extending along 59.85 km and related to the construction of a by-pass in San Pedro de la Paz and the improvement of the Puerto Berrío junction; UF3 PR52–Puerto Araujo, extending along 13.55 km and related to the construction of an additional lane across the villages of PR52 and Puerto Araujo; UF4 Puerto Araujo–Cimitarra, extending along 10 km and related to the construction of the Palmas de Guayabito by-pass; UF5 Puerto Salgar-Cimitarra, which comprises the lane improvement of 65.87 km of the current roadway and the additional rehabilitation of 5.04 km-long of the current lane ; UF6 Puerto Parra–Aguas Negras, extending along 8.57 km, including the construction of a new roadway and its O&M; UF7 Aguas Negras-Puerto Nuevo, extending along 13.78 km, including the construction of the Aguas Negras by-pass and the bridge over the Opón river; UF8 Puerto Nuevo–PR107+00RN4511, extending along 10.0 km, including the construction of a new roadway and its O&M; UF9 PR107+000 RN4511–Campo 23, extending along 10.69 km, that includes the construction of the Campo 23 by-pass and the bridge over La Colorada river; UF10 Campo 23–Rancho Camacho, extending along 10.31 km, including the construction of junctions at Rancho Camacho and the construction of third rails and junctions on Vía Yuma Pk 14+1410; UF11 Puerto Parra–Barrancabermeja, extending along 84.63 km, including the improvement of the lane and O&M of the road; UF12 Barrancabermeja–La Lizama extending along 21.11 km, which includes the construction of a new lane and O&M of the road; and UF13 La Lizama–Río Sogamoso extending along 9.80 km, including the construction of a new roadway and O&M of the road and La Fortuna junction.

The Project Preconstruction Phase (which, among other activities, includes preparing and submitting the Layout and Geometrical Design Studies, Project Schedules of the Works at the Functional Units, whose

execution should start at the beginning of the Construction Phase, as well as the formalities with State and Environmental Authorities to obtain the permits, licenses, authorizations, and concessions required at the beginning of the construction) started in August 2022. The Construction Phase of the Project, which would be launched in late 2023, will take 47 (forty-seven) months, while the Operation and Maintenance Stage will last 25 years as from the beginning date (December 1, 2022).

2. Classification and Environmental and Social Strategy

The project has been pre-classified in Category A, in accordance with IDB Invest's Environmental and Social Sustainability Policy, since it could generate the following environmental and social impacts and risks: i) dust and gas generation; ii) increase in noise levels due to the use of heavy machinery and increase in traffic; iii) domestic and industrial wastewater; iv) compacting of surfaces due to machinery traffic; v) potential soil pollution; vi) generation of solid waste (excavation surplus material, leftovers from surfacing, debris, paper, woods, metallic debris, oily rags, etc.); vii) road blocks and interruptions; viii) use of hydric resources; ix) removal of the vegetation cover; x) physical and economic displacement of the population due to the right of way easement; and xi) generation of expectations regarding the employment opportunities that could result from the planned activities. These impacts are deemed to have mediumhigh to high importance.

To date the Concessionaire has in place Environmental Impact Assessments (EIAs) prepared by the prior concessionaire and related to the following environmental licenses granted by the National Environmental Licenses Authorities (ANLA, in Spanish).

UF0¹ (Resolutions No. 0861 of November 2011, 0439 of June 2012 and 0997 of November 2012) Straight stretches: 1 Caño Alegre–Puerto Araujo, Puerto Libre bypass, 2 Puerto Araujo–La Lizama, 3 La Lizama–Rio Sogamoso; and 4 (partial); UF1, UF2, UF3, UF4, UF6, UF7, UF8, UF9, UF10, UF12 and UF13 (Resolution No. 0997 of November 2012) Stretches 2, 3 and 4 (partial); UF1 and UF2 (Resolution No. 1372 of November 2014) El Trique, Dos y Medio and San Pedro de la Paz by-passes; UF3 (Resolution No. 0295 of March 2014) Puerto Araujo by-pass and PR52; UF4 (Resolution No. 0960 of August 2014) Palmas de Guayabito by-pass; UF7 and UF9 (Resolution No. 0287 of March 2014) Aguas Negras and Campo 23 by-passes. UF5 and 11 relate to rehabilitation and improvement works (without an environmental license).

The Environmental and Social Due Diligence ("ESDD") process, which will be supported by an independent environmental consultant, will include interviews with key Concessionaire executives (environmental, social, and occupational health and safety areas); analyze the Environmental and Social Management System ("ESMS"), including the related plans and procedures; and assess any Project social and labor information, among other issues. As a result of the ESDD, IDB Invest will confirm the Project's categorization, identify any potential compliance gaps in terms of the Environmental and Social Sustainability Policy and define an Environmental and Social Action Plan ("ESAP") to close such gaps.

Based on the information received and reviewed so far the Performance Standards ("PS") that the Project is likely to trigger are: PS1: Assessment and Management of Environmental and Social Risks and Impacts;

¹ UF0 covers the stretched under the already built environmental licenses (LAM 5528, LAM 5641 and LAM 5671).

PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; PS4: Community Health, Safety and Security; PS5: Land Acquisition and Involuntary Resettlement; PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and PS 8: Cultural Heritage. The final determination of the PS triggered by the Project will be done by the end of the ESDD.

Once the ESDD is completed, an Environmental and Social Review Summary ("ESRS") and an ESAP will be prepared and published on this website.

3. Additional Information

For questions about the Project please contact Troncal del Magdalena Medio S.A.S.:

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In addition, and as a last resort, affected communities can access IDB Invest's Independent Consultation and Investigation Mechanism (ICIM) as follows:

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