

## **Environmental and Social Review Summary (ESRS)**

### **IENTC: Revolving WK Facility for Mexico – Mexico**

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

The current operation (the “Project”) consists of a credit line in favor of IENTC S. de R.L. de C.V. (the “Company” or “IENTC”), to finance its capital investment plan, including the installation of fiber optic cables, equipment in data centers or nodes, integrated remote units (“IRUs”), points of presence (“POPs”), switches, as well as other assets and equipment necessary to maintain and expand its telecommunications network in Mexico.

The environmental and social due diligence (“ESDD”) process included, among other aspects: (i) interviews and meetings with employees and staff responsible for the Company’s environmental and social management; and (ii) a review of the environmental and social (“E&S”) and occupational health and safety (“OHS”) information provided by the Company, including: (a) the Integrated Policy on Safety, Health, and Environmental Protection; (b) the Procedure for the Identification of Risks and Environmental Aspects; (c) the Job Hazard Identification Procedure; (d) the Procedure for the Identification of Legal Requirements; (e) the Integrated Solid Waste Management Plan; and (f) the Emergency Response Plan.

To ensure the Project’s commitment to respecting and protecting human rights, its zero tolerance for retaliation, and its efforts to provide and guarantee a safe environment for stakeholders to express their concerns without fear of reprisal, the ESDD process also included a review of the following documents: (i) Code of Conduct; and (ii) Questions, Complaints, Grievances, and Suggestions (“QCGS”) System.

#### **2. Environmental and Social Categorization and Rationale**

In accordance with IDB Invest’s Environmental and Social Sustainability Policy, the Project has been classified as Category B, as it may generate, among others, the following impacts and risks: (i) risks to workers’ health and safety; (ii) generation of solid waste (both hazardous and non-hazardous); and (iii) potential risks to the safety of local communities due to vehicle movements. These impacts and risks are expected to be of medium to low intensity.

The Project will trigger the following International Finance Corporation (IFC) Performance Standards (PS): PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health, Safety, and Security.

### **3. Environmental and Social Context**

#### **3.1 General Characteristics of the Project's site**

IENTC is a telecommunications operator with over a decade of experience in Mexico and is recognized as one of the country's six leading connectivity providers. It operates a network of more than 25,000 km of fiber optic infrastructure and maintains coverage in 28 states. The Company also offers high-speed internet and fixed-line telephone services through its own fiber optic, microwave, and interconnection infrastructure.

IENTC owns and operates its own infrastructure, including towers, data centers, fiber optic networks, and POPs. Part of this infrastructure is located on leased land or within ducts rented under IRU-type agreements.

The Project involves the acquisition of machinery, equipment, and critical assets to maintain and expand IENTC's network infrastructure in various cities across the country, including currently unserved rural areas.

#### **3.2 Contextual Risks**

The contextual risk analysis for the Project identifies relevant risks related to security and retaliation at the national level. In Mexico, the prevalence of crimes such as fraud, street robbery, and extortion remains high, particularly in rural or vulnerable areas. According to the 2024 National Survey on Victimization and Perception of Public Safety ("ENVIPE"), 27.5% of households reported at least one crime victim in 2023, with a crime prevalence rate of 23,323 victims per 100,000 inhabitants. These conditions may pose risks to the safety of Project personnel and assets, particularly in remote regions where network expansion will take place.

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

#### **4.1 Assessment and Management of Environmental and Social Risks and Impacts**

##### **4.1.a Environmental and Social Management System**

IENTC has an Environmental and Social Management System (ESMS) consisting of a set of policies and procedures designed to comply with the requirements established under local environmental regulations. The Company has an Integrated Policy that outlines its E&S and OHS management approach, implemented through management procedures and supported by an organizational structure with clearly defined staff roles and responsibilities. In addition, the Company allocates human, physical, technical, and financial resources to ensure effective implementation. IENTC also has a Procedure for the Identification of Legal Requirements applicable to environmental aspects and hazards associated with its services and operations.

#### 4.1.b Policy

Through its Integrated Policy on Safety, Health, and Environmental Protection, IENTC acknowledges the importance of environmental protection and the promotion of sustainability across all its operations. The Policy is based on the following principles: (i) ensuring the safety and health of customers, workers, and visitors; (ii) complying with applicable regulations; (iii) adhering to environmental and industrial safety specifications in all activities; (iv) continuously training all personnel; and (v) fostering continuous improvement. The Integrated Policy is communicated through IENTC's website and during onboarding sessions for new employees.

#### 4.1.c Identification of Risks and Impacts

##### 4.1.c.i Direct and Indirect Impacts and Risks

IENTC's Procedure for the Identification of Hazards and Environmental Aspects outlines the guidelines for identifying and assessing environmental aspects and impacts, as well as hazards and risks associated with its activities, products, and services under routine, non-routine, emergency, or potential accident conditions. Identification is carried out prior to initiating any project phase (design, construction, operation, or maintenance), in response to changes in processes or facilities, or as a result of incidents. Direct impacts identified include OHS risks, generation of solid waste (both hazardous and non-hazardous), and potential impacts on community safety due to vehicle movement. Environmental aspects are assessed using an impact matrix, and controls are defined based on a hierarchy that prioritizes elimination, substitution, and engineering, administrative, or operational controls, or—ultimately—risk acceptance without control. Occupational risks are assessed based on likelihood and severity, with controls determined according to similar criteria.

##### 4.1.c.ii Analysis of Alternatives

The Company has conducted a preliminary analysis of alternatives based on the needs and opportunities presented by the service. This analysis is dynamic and will evolve as individual projects progress.

##### 4.1.c.iii Cumulative Impact

Given the characteristics of the Project, a cumulative impact analysis has not been conducted.

##### 4.1.c.iv Gender Risks

In Mexico, high levels of gender-based violence, structural inequality and limited access to justice persist, particularly in rural areas. Project implementation in these regions may pose risks to female workers and local collaborators, including exposure to harassment, discrimination and gender-based violence, in contexts with limited institutional presence and inadequate protection mechanisms.

#### 4.1.c.v Gender Programs

Through its Code of Conduct, IENTC has embedded principles of equality and non-discrimination into its labor management practices, fostering an organizational culture devoid of gender gaps, in alignment with the values of equity and respect. The Company collaborates with state and municipal governments to promote inclusive and equitable work environments, developing awareness-raising activities, preventive training, and social programs that promote inclusion, well-being, and gender equity both within and outside the organization. Furthermore, the Company has internal and external mechanisms for addressing complaints related to gender-based violence and discrimination, earning recognition with the “Distintivo Sin Brecha” award<sup>1</sup> for its commitment to equal opportunities.

#### 4.1.c.vi Climate Change Exposure

The Project faces physical risks from climate change (increased extreme temperatures, prolonged droughts, and intense precipitation events) that could adversely affect its infrastructure, delay construction activities, or compromise the health of field personnel. IENTC will incorporate a systematic analysis of physical risks associated with climate change into its risk identification procedures to anticipate vulnerabilities and enhance the operational resilience of its network.

The Project is considered to be aligned with the Paris Agreement based on an analysis conducted in accordance with the IDB Group's Implementation Approach for Alignment with the Paris Agreement.

#### 4.1.d Management Programs

As a result of the risk identification and assessment process, IENTC has established E&S and OHS management procedures that include the following aspects: i) human resource management; ii) OHS for both direct and indirect workers; iii) solid waste management; iv) emergency prevention and response; and v) legal compliance.

#### 4.1.e Organizational Capacity and Competency

The Company has defined roles and responsibilities to adequately manage E&S risks. The CEO and Senior Management spearhead the sustainability and Corporate Social Responsibility (CSR) strategy, defining priorities, and allocating resources. The Safety, Health, and Sustainability (SH&S) Manager develops policies and programs, implements actions to address environmental and human rights risks, coordinates sustainability and CSR programs, identifies improvements, and devises solutions with the support of two specialists. The Human Resources Manager promotes an ethical and responsible culture, ensures that labor practices comply with national regulations, and fosters a safe, fair, and inclusive work environment. The Legal Department provides counsel on legal and ethical matters, ensures regulatory compliance, and advocates for responsible business practices.

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<sup>1</sup> In English, “No Gap Award”. A recognition granted by the Secretariat of Labor of Querétaro to companies that implement good labor practices (equal pay, removal of barriers to employment for women, and the creation of more inclusive and respectful work environments) to promote gender equity and labor inclusion.

The Procurement Manager evaluates E&S and OHS risks associated with suppliers, establishes sustainability standards, and conducts audits. The Marketing Manager communicates sustainability and CSR commitments and actions, directs internal and external communication regarding E&S and OHS issues, and collaborates with other departments to ensure coherent messaging.

#### 4.1.f Emergency Preparedness and Response

IENTC has an Emergency Response Plan that addresses both internal and external risks, including procedures for dealing with fires, chemical leaks, spills, earthquakes, and weather events. The plan mandates the formation of brigades with clearly defined roles to carry out evacuation, first aid, and fire control tasks, and provides guidelines for periodic drills and updating procedures.

#### 4.1.g Monitoring and review

IENTC conducts annual reviews and updates of its policies and programs to ensure their relevance and alignment with corporate objectives, thereby promoting continuous improvement. The Company monitors its E&S programs through specific indicators, such as its carbon footprint (Scopes 1 and 2), resource consumption, and reduction targets. It also evaluates outcomes, identifies areas for improvement, and promotes corrective actions. However, IENTC will enhance its procedures for measuring E&S performance, documenting relevant controls (such as internal audits), and periodically reporting to Senior Management on the effectiveness of the ESMS. Furthermore, the Company will establish performance indicators on social issues (grievances received and closed) and OHS leading and lagging indicators (percentage of trained workers, ratio of safe to unsafe behavior observations, accident frequency rate, and costs associated with occupational accidents and illnesses).

#### 4.1.h Stakeholder Engagement

IENTC has an approved framework for stakeholder identification and management, which establishes guidelines for identifying, classifying, and prioritizing them, as well as for formulating communication and follow-up strategies and applying participatory methodologies throughout the Project cycle. This procedure includes the use of questionnaires, stakeholder tables, and perception surveys to assess relationships, identify risks and opportunities, and enhance decision-making.

#### 4.1.i External Communication and Grievance Mechanisms

IENTC maintains an open and continuous dialogue with its stakeholders throughout the lifecycle of its projects. To this end, the Company implements periodic perception surveys, group discussions, and other participatory mechanisms aimed at assessing the level of understanding and satisfaction of external groups, as well as identifying opportunities for improvement.

The Company has a Questions, Complaints, Grievances, and Suggestions (“QCGS”) System, which provides guidelines for receiving and managing the concerns and feedback of its external stakeholders. Complaints, grievances, comments, or suggestions can be submitted via email at

[quejas@ientc.com](mailto:quejas@ientc.com), as well as through IFT's portal "Soy Usuario" (I am a User),<sup>2</sup> social media platforms, Google reviews, phone calls, or in person.

## **4.2 Labor and Working Conditions**

### **4.2.a Working Conditions and Management of Worker Relationships**

IENTC's workforce comprises 590 direct employees, of whom 125 (21%) are women.

#### **4.2.a.i Human Resources Policies and Procedures**

IENTC has a series of procedures addressing various aspects related to human resources, such as: i) the recruitment process; ii) the personnel selection process; and iii) its principle of non-discrimination. The Code of Conduct sets forth guidelines for behavior, participation, and decision-making on issues such as diversity, inclusion, harassment, discrimination, conflict of interest, and anti-money laundering. However, the Company will develop a Human Resources Policy that complies with local legislation and aligns with international best practices.

The Company provides continuous training to its employees on E&S and OHS issues. The SH&S Management is responsible for designing, implementing, and monitoring the training program. Additionally, it collaborates with other areas such as Human Resources, Legal, and Operations to ensure that training is aligned with actual risks and regulatory requirements.

#### **4.2.a.ii Working Conditions and Terms of Employment**

The working hours and remuneration of employees (including overtime) comply with the provisions stipulated by local legislation. In addition to labor law requirements, IENTC offers its employees benefits such as: i) health insurance; ii) training and education courses; iii) medical services; iv) food stipends; and v) transportation, among others. Employee's rights and benefits—such as working hours, breaks, rest days, overtime agreements, vacations, disciplinary practices, and grounds for termination of employment, among others—are duly documented in the corresponding contracts.

#### **4.2.a.iii Workers' Organizations**

While IENTC adheres to applicable Mexican labor laws and recognizes the right of workers to organize, there are currently no labor unions or workers' associations that have negotiated a collective bargaining agreement with the Company.

#### **4.2.a.iv Non-discrimination and Equal Opportunity**

IENTC provides equal opportunities to its employees without discrimination of race, gender, age, origin, religion, or sexual orientation. This commitment encompasses all aspects of employment, including recruitment, hiring, evaluation, promotion, compensation, training, development, and termination processes.

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<sup>2</sup> <https://www.soyusuario.ift.org.mx/>

#### 4.2.a.v Retrenchment

The Company has not reported any collective layoffs, nor does it have any plans to reduce its workforce in the foreseeable future. However, IENTC will develop a corporate procedure for potential collective labor dismissals.

#### 4.2.a.vi Grievance Mechanism

IENTC employees have access to various mechanisms for submitting their QCGS, including the channels established in the Code of Conduct for reporting potential violations of internal regulations, as well as the Communication, Participation, and Consultation Procedure for OHS-related issues. Nevertheless, the Company will develop a specific procedure for the internal grievance mechanism that will document all available means for submitting QCGS and establish key principles such as transparency, no cost, non-retaliation, response times, the right to appeal, and unrestricted access to other legal avenues.

#### 4.2.b Protecting the Workforce

The Company does not support, promote, or tolerate child labor, nor does it engage in forced or compulsory labor practices. However, IENTC will update its Code of Conduct to include a commitment to protect the workforce against child labor and forced labor.

#### 4.2.c Occupational Health and Safety

IENTC has a Health and Safety Policy aimed at preventing workplace accidents and injuries, complying with current regulations, training personnel in safety protocols, and ensuring the documentation and investigation of all incidents. The Company conducts risk assessments for each job position, particularly for critical tasks such as climbing and descending poles and towers, and implements control measures that include the selection and proper use of personal protective equipment (PPE) based on the identified risks. To prevent heat stress, IENTC has implemented a rehydration and contingency procedure that includes scheduled breaks, access to drinking water, oral rehydration solutions, and emergency protocols. It also provides workers with medical and psychological services, conducts pre-employment and periodic medical examinations, and offers vaccination campaigns for employees and their families.

The Company maintains up-to-date accident records, reporting in the last 12 months: five vehicle collisions; 20 lost-time accidents; a total of 866 days of disability; a lost-time accident frequency rate of 13.87, and a severity rate of 600.80, both of which exceed the average for the telecommunications sector (NAICS code 517) in the United States; and a lost-time injury frequency rate (LTIFR) of 6.43 in 2023. To date, there have been no recorded workplace fatalities since the commencement of operations.

#### 4.2.d Provisions for People with Disabilities

The Company does not discriminate against employees on the basis of disability and adheres to regulations concerning disability inclusion.

#### 4.2.e Workers Engaged by Third Parties

The Company does not engage contractors for the construction or maintenance of its infrastructure.

#### 4.2.f Supply Chain

Although the Company does not have a formal sustainable procurement policy, its sourcing procedure incorporates responsible practices in supplier management, including evaluation and selection criteria based on quality and compliance, and the request for information on environmental, social and governance aspects through the use of questionnaires. These tools allow for the identification of suppliers' level of maturity in sustainability issues, the detection of areas for improvement, and the encouragement of progressive compliance with sustainable standards throughout the supply chain.

### 4.3 Resource Efficiency and Pollution Prevention

#### 4.3.a Resource Efficiency

To mitigate energy consumption from the national electrical grid, the Company has installed 164 solar panels at its offices, which produced a total of 116.73 MWh in 2024.

##### 4.3.a.i Greenhouse Gases

The emissions produced by the Company are associated with fossil fuel consumption from its vehicle fleet and are measured annually with the assistance of an external consultant according to GRESB criteria.<sup>3</sup> In 2024, the Company reported a total of 3,727.71 tCO<sub>2</sub>e (3,321.95 tCO<sub>2</sub>e in Scope 1 and 405.76 tCO<sub>2</sub>e in Scope 2).

##### 4.3.a.ii Water Consumption

The water source for the Company's operations—primarily offices and warehouses—comes mostly from the public utility. Water consumption is limited to essential activities within administrative buildings, such as the use of toilets, sinks, and dispensers.

#### 4.3.b Pollution Prevention

##### 4.3.b.i Waste

IENTC has a Solid and Hazardous Waste Management Plan that outlines guidelines for the proper disposal of waste and the implementation of viable alternatives for identifying the quantity and type of waste that can be reused. The Plan describes the characteristics of temporary solid waste storage facilities, as well as the selection of duly authorized managers for final disposal.

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<sup>3</sup> GRESB (Global Real Estate Sustainability Benchmark) is an organization that establishes a global sustainability standard for the real estate and infrastructure industries, providing investors with a tool to assess and compare the performance of real estate companies in terms of environmental, social, and governance (ESG) criteria.



Recyclable solid waste (cardboard and paper, glass, plastic, scrap metal, wood) is managed through authorized companies. Non-recyclable waste (biodegradable, ordinary, and inert) is disposed of in a landfill operated by the municipal administration. Hazardous waste (hydrocarbon-impregnated, batteries, used oils, corrosive products, etc.) and special waste (appliances, computer equipment, furniture, power tools, tires) are handled by management companies recognized by the Ministry of Environment and Natural Resources.<sup>4</sup> Burned oil (from kitchens and engines) is managed by an authorized company and reused for energy generation.

#### 4.3.b.ii Hazardous Materials Management

The Company's activities do not involve the handling or storage of significant quantities of hazardous materials.

### 4.4 Community Health, Safety and Security

#### 4.4.a Community Health and Safety

The infrastructure utilized by IENTC (repeater and cabling towers) is geographically dispersed, which necessitates frequent ground transportation for maintenance activities, thereby generating a risk of vehicle collision. To protect its workers and the communities from potential accidents, the Company will develop and implement a Safe Mobility Program that regulates vehicle use, including guidelines on maintenance, safety, and responsible driving.

#### 4.4.b Security Personnel

The Group subcontracts unarmed personnel to provide security at its facilities.

### 4.5 Land Acquisition and Involuntary Resettlement

The Project does not foresee the acquisition of land, nor will it cause the relocation of people.

### 4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Project does not involve the construction of new towers and infrastructure and, consequently, will not have any material impact on biodiversity and living natural resources.

### 4.7 Indigenous Peoples

The Project will not affect any Indigenous peoples.

### 4.8 Cultural Heritage

The Project does not involve the construction of new towers or infrastructure and, consequently, will not affect cultural heritage.

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<sup>4</sup> [Secretaría de Medio Ambiente y Recursos Naturales | Gobierno | gob.mx](http://Secretaría de Medio Ambiente y Recursos Naturales | Gobierno | gob.mx)

## **5. Local Access of Project Documentation**

The documentation relating to the Project can be accessed at the following link: [IENTC Telecomunicaciones](#).