

Environmental and Social Review Summary (ESRS) Expanding Affordable Internet in Mexico – MEXICO

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1. Transaction Overview

The purpose of this transaction is to fund the expansion of the optic fiber network (the “Project”) belonging to Islim Telco S.A.P.I. de C.V. (the “Company”), also trading as Netwey.

The environmental and social due diligence (“ESDD”) of the Project included: i) the evaluation of the technical, environmental, health, safety and social documentation submitted by Netwey; ii) meetings with Company delegates, including senior management; and iii) a visit to the Company’s customer service center (“CSC”) located in Mexico City.

2. Scope of the Environmental and Social Review of IDB Invest

The environmental and social assessment of the Project consisted in a desk review of the Client’s environmental and social performance over time, focused on their compliance with the following 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 Classification and Rationale

In compliance with IDB Invest’s Environmental and Social Sustainability Policy, the Transaction has been classified as Category C, as the activities to be financed will generate nil or immaterial environmental or social adverse risks and impacts, such as: (i) potential consequences on its indirect workers’ occupational health and safety (“OHS”) issues; (ii) generation of waste; and (iii) potential safety risks for the communities during the installation and maintenance of the Company’s infrastructure.

Pursuant to the IDB Group Paris Alignment Implementation Approach, the Project is aligned with the Paris Agreement.

4. General Characteristics of the Project’s Site

Founded in 2018, Netwey is a provider that offers fixed and wireless Internet services to low-income households. With over 1,500 km of fiber built, the Company is currently based in 27 Mexican states and plans to expand its optic fiber network to the rest of the country.

Netwey uses the existing network infrastructure of the Federal Electricity Commission. Most of the activities performed by the Company (including the marketing of services, CSC, assembly and maintenance of optic fiber networks) are outsourced to other companies.

5. Environmental and Social Risks

5.1 Assessment and management of environmental and social risks and impacts

Environmental and Social Management System (“ESMS”). Netwey is developing its ESMS.

Policy. Although the Company does not have a policy per se, its Code of Ethics addresses the values, principles, objectives and goals that guide its activities and the management of environmental, social, labor and OHS performance. This document, which is distributed to the Company’s employees, has not been widely disseminated outside the Company yet.

Identification of risk and impacts. As part of the contractor management system, Netwey will require contractors to assess the impacts, hazards and risks (including those related to OHS) of the activities they will perform, and to record them in the appropriate risk matrices.

Management programs. The Company is developing a manual to manage risks in its supply chain.

Organization capacity and competency. The administration and finance department, in coordination with the Human Resources manager, is responsible for guaranteeing that contractors meet the requirement to submit an ESMS for the projects.

Emergency preparedness and response. The Company will develop an emergency preparedness and response corporate plan, including protocols to manage extreme climate events that may damage its infrastructure and the communities.

Monitoring and evaluation. As part of the contractor management system, Netwey will document adequate compliance with OHS standards, including the proper use of personal protective equipment (“PPE”) and the applicable legal regulations on occupational safety and health for the risks of the transaction. Additionally, the Company will develop a procedure to frequently monitor and review the management programs for fulfillment of the goals set forth in its Code of Ethics.

Stakeholders and external grievance mechanism. While external stakeholders can submit their complaints by telephone to Netwey’s CSC, a formal mechanism for handling requests, grievances, claims and suggestions (“RGCS”) has not yet been developed. In this regard, the Company will develop and adopt a RGCS mechanism, which also contains other means for people with reading and writing difficulties to submit their complaints and in their local language.

5.2 Labor and working conditions

Netwey’s direct personnel are 10 people, 3 of whom are women. In marketing the services, CSC, assembly and maintenance of optic fiber networks, the Client has subcontracted approximately 1,230 personnel, 41% of whom are women. The working hours and compensation (including overtime) follow the provisions of Mexican legislation. All workers have a written contract which describes their rights and obligations, according to what is provided for in the local laws.

Human resources policies and procedures. While the Code of Ethics establishes the Company’s principles that guide human resource management, including the observance of labor laws, the commitment to

workers' OHS, non-discrimination, equal opportunity, and the rejection of workplace and sexual harassment, it is not yet explicit on the prohibition of child and forced labor. The Company will also develop a Code of Ethics for its subcontractors containing these matters.

Internal grievance mechanism. Although Netwey has mechanisms for its employees to file complaints, these do not admit anonymous complaints, nor have they been disclosed to all the Company's indirect employees.

Occupational health and safety ("OHS"). Since the workers who install and maintain Netwey's infrastructure are exposed to certain OHS-related risks (work at heights, work with electrical hazards, and road safety, among others), contracts with subcontractors will require the latter to develop and adopt protocols to manage these critical risks.

5.3 Resource efficiency and pollution prevention

Netwey does not require large amounts of water or energy, nor does it use significant quantities of hazardous materials. However, given that the operation of certain equipment units requires the use of backup power systems consisting of a combination of batteries and gasoline-powered electric generators and that some of the maintenance activities may also generate electronic waste (batteries and modems), the contracts with subcontractors will include the obligation for the latter to develop and implement procedures for the handling, storage, transportation and management of hazardous materials and waste.

5.4 Community health and safety

Netwey outsources unarmed personnel to manage physical security risks. Considering that the Company's infrastructure is geographically dispersed, deployment and maintenance activities require frequent use of ground transportation, which increases the risk of collisions. In this regard, Netwey's contracts with its suppliers and contractor will include road safety requirements, such as the obligation to carry a full first aid kit, a fire extinguisher and road equipment, as well as requirements for contractors to comply with all legal obligations to prevent accidents.

6. Additional Information

For questions about the Project, please contact Islim Telco S.A.P.I. de C.V

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For questions and comments to IDB Invest, please contact:

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In addition, and as a last resort, affected communities can access the IIC Independent Consultation and Investigation Mechanism (ICIM) as follows:

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