

**Environmental and Social Review Summary (ESRS)**  
**Colombia Móvil SBLC - COLOMBIA**

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**1. General Information of the Project and scope of IDB INVEST's E&S Review**

The transaction consists in a term standby letter of credit ("SBLC") in favor of a Colombian banking institution to counterguarantee Colombia Móvil's ("Tigo" or the "Company") obligations under a bank guarantee that such institution will issue in favor of the Ministry of Information Technology and Communications ("MinTIC") and the Single Information Technology and Communications Fund ("FonTIC") in order to cover Tigo's annual payment obligations under the assignment of 40 MHz of band spectrum of 700 MHz and performance obligations related to the deployment of the 4G LTE network for 805 municipalities over five years (the "Project").

The Project's E&S due diligence (ESDD) consisted in assessing the technical, environmental, health, safety and social documentation submitted by Tigo. To such end and considering the mobility restrictions imposed by the COVID-19 pandemic, such assessment included telephone calls with the Company's sustainability, human resources and occupational health and safety (OHS) management teams to understand the potential risks and impacts related to Tigo's operations.

Under IDB Invest's E&S Sustainability Policy, the Project was categorized as a category B Project since it could give rise to low to medium intensity risks and impacts, which are reversible, limited and manageable applying well-known sector plans and procedures. Some of these are: (i) potential repercussions on the OHS of its workers; (ii) generation of hazardous and nonhazardous solid waste; and (iii) potential safety risks for the local communities owing to the traffic of vehicles and possible exposure to electromagnetic fields.

The Performance Standards ("PS") triggered by the Project are: (i) PS 1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS 2: Labor and Working Conditions; (iii) PS 3: Resource Efficiency and Pollution Prevention; and (iv) PS 4: Community Health, Safety, and Security.

**2. Environmental and Social Context**

Tigo renders integrated communication services with a share covering 70% of urban population and is present in 767 municipalities in Colombia.

The Company is exposed to potential social protests which could escalate to violence levels giving rise to serious human rights violations<sup>1</sup>.

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

#### **3.1 Assessment and Management of E&S Risks and Impacts**

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

Tigo's Environmental and Social Management System (ESMS) consists in a series of policies, manuals and procedures to evaluate, support and comply with the requirements for maintaining the different certifications that it holds including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and OSHAS 18001:2007.

##### **3.1.b Policies**

Tigo's Sustainability Policy covers a series of guidelines aimed at minimizing the risks associated with economic, social and environmental issues. Such policy is supplemented by a Code of Ethics (CoE) which encompasses E&S issues, such as labor and working conditions, the efficiency in the use of resources and prevention of pollution, and community health, safety and security.

The Sustainability Policy and the CoE are annually reviewed by Tigo's Board and any applicable change is communicated to all workers, as well as the stakeholders through the Company's web page.

##### **3.1.c Identification of Risk and Impacts**

Tigo's comprehensive risk management involves all the areas and processes in which it has identified any risks. This entails identifying environmental, social and labor risks by using assessment matrixes. Thus, control measures, monitoring frequency and the area in charge of execution are established for each identified risk. The matrixes are updated when new processes are defined, current processes are modified or when there has been a change in the facilities (where other hazards or changes in the assessed variables are identified).

In addition, Tigo's contractors complete a Contractors E&S Plan (CE&SP), an E&S planning tool designed by Tigo for the identification of E&S and OHS risks and impacts related to contracts with third-parties. The risks covered in the CE&SP include, among others, those related to the efficient use of resources (water, electricity), soil and air quality pollution, waste and effluent management, interventions with impact on flora and fauna, and potential impacts on the community.

Contractors also fill out a Hazards Identification, OHS Risks Evaluation and Assessment matrix related to their activities and establish the control measures necessary to manage such risks.

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<sup>1</sup> <https://www.hchr.org.co/index.php/informes-y-documentos/informes-anuales/9136-informe-delalto-comisionado-de-las-naciones-unidas-para-los-derechos-humanos-sobre-la-situacion-de-derechos-humanos-en-colombia-durante-elano2019>.

However, Tigo will update its construction contracts in order to ensure that its contractors meet the management plans drafted in the CE&SP in addition to current environmental regulations.

Tigo's comprehensive risk management is regularly reviewed biannually or when organizational or legal changes take place, or when internal recommendations have taken place as a result of the ongoing improvement process.

#### 3.1.d Management Programs

Tigo's ESMS procedures include the following aspects, among others: (i) OHS for direct and indirect workers; (ii) waste management; (iii) efficient use of resources; (iv) emergency preparedness and response; and (v) traffic safety. Tigo will update its ESMS so that its management programs are compliant with the national regulatory requirements as well as with the Performance Standards, General Environmental, Health and Safety (EHS) Standards of the World Bank Group and EHS Guidelines for telecommunications.

#### 3.1.e Organizational Capacity and Competency

Tigo has established an organizational structure defining roles, responsibilities and the authority to implement the ESMS. Organically, the ESMS is the responsibility of the Comprehensive Risk Management team, which provides support to the Sustainability, OHS, and Labor Relations and Communications teams in identifying and managing environmental, social, labor and community risks.

#### 3.1.f Emergency Preparedness and Response

The Emergency Prevention, Preparedness and Response Plan includes a methodology to assess vulnerabilities and determine risk levels. The emergency scenarios covered in the plan include fires, explosions (due to electrical discharges), equipment failures and natural events (seismic movements, atmospheric events). The Plan sets forth the creation of brigades and the execution of drills involving personnel from different Company locations. Based on the results of the latter, each location documents any necessary corrective actions in order to improve risk conditions.

The Plan is disseminated within the Company through meetings and informative videos as well as an orientation protocol for visitors.

#### 3.1.g Stakeholder Engagement

Tigo's E&S Guide, to be strictly complied with by its contractors, establishes a series of procedures to prevent, minimize, control and compensate for any potential impacts that its infrastructure projects may have on the neighboring communities. The Guide establishes the steps to be followed in identifying E&S risks and impacts and preparing the Contractor's E&S Plan to address the main risks and disseminating it to the communities affected by the Project.

The socialization process starts with exploratory visits to the area of influence of the projects to characterize the social and economic context of the communities and map the stakeholders

through interviews. Subsequently, contractors prepare a criticality matrix establishing the roadmap to be followed based on the risks identified. Two socialization meetings are then held: one of them of an educational nature to communicate the importance of the project to be developed and the other one focused on the technical aspects to discuss the type of project to be installed.

Contractors should hold meetings with the communities at the onset of the works, during the works execution period—if necessary, to take care of concerns as the works progress—and upon the work completion.

### 3.1.h External Communication and Grievance Mechanisms

The affected communities wishing to submit grievances and claims may do so anonymously through Tigo's Ethical Channels, which consist in a telephone line, e-mail, in person or through a form available on the website.

However, as part of its ESMS, Tigo will develop and adopt a procedure allowing the affected communities to contact the Company (anonymously or openly) to make inquiries, state concerns or file formal claims. This procedure shall: (i) assign an employee or team to record any grievances and work with the relevant personnel and external stakeholders to look into them, determine the necessary measures and report on the results; (ii) establish guidelines to record, analyze, categorize, investigate and assess resolution alternatives indicating the maximum term to provide answers; and (iii) indicate the way in which the grievance mechanism will be disseminated so that communities know where to go and who to turn to if necessary. In addition, Tigo will update the Contractor's E&S Plan template to incorporate clauses requiring its contractors to implement the grievance mechanism.

### 3.1.i Monitoring and Review

The monitoring, supervision and audit activities are an integral part of the ESMS assessment. Periodically, the top management and the Audit Committee (in direct contact with the Chairperson's Office) review the effectiveness of the activities carried out to manage the key risks identified.

Tigo has in place a periodic internal E&S audit program. Likewise, the Company also conducts regular monitoring through external experts as part of their annual recertification process. The ESMS is reviewed at least once a year based on process modifications and audit results.

### 3.1.j On-going Reporting to Affected Communities

Through the annual Management and Sustainability Report available on the website, Tigo provides information on the progress of its E&S and labor commitments. The report includes aspects such as benefit programs and labor statistics, waste management, calculation and initiatives to reduce its carbon footprint.

### 3.2 Labor and Working Conditions

#### 3.2.a Working Conditions and Management of Worker Relationships

Tigo's has 4,562 employees, out of which 800 are outsourced. About 41% of the workforce is made up by women.

##### 3.2.a.i Human Resources Policies and Procedures

The Code of Ethics (CoE), applicable to the management, employees, suppliers and partners of the Company equally expressly declares Tigo's commitment to: i) granting fair working conditions as established by local laws and agreements with the International Labor Organization (ILO); ii) guaranteeing its employees' health and safety; and iii) ensuring human rights, as defined in the United Nations Guiding Principles on Business and Human Rights and the International Bill of Human Rights, Declaration on the Rights of the Child and Business Principles. The CoE is reviewed on an annual basis and any changes are advised to all collaborators as well as to the rest of the stakeholders through Tigo's website.

##### 3.2.a.ii Working Conditions and Terms of Employment

In the CoE, Tigo declares its commitment to recognizing a fair payment to its collaborators as well as observing and meeting current labor regulations. The specific rights of workers are included in the labor contracts and the Internal Work Rules (IWR). Through the IWR, Tigo advises its workers any information related to their labor rights, such as working hours, breaks, days off, overtime agreements, vacation, disciplinary practices and causes for termination of employment.

The Company will report the status of the pending labor processes to date and others to be generated in the future biannually.

##### 3.2.a.iii Worker Organizations

Tigo meets the principle of freedom of association of its employees without fear of retaliation or reprisal. About 40% of the workforce is enrolled in one of the eleven trade unions that the workers are entitled to join. There are collective bargaining agreements in place with four of the unions. Such agreements are renewed every three years. The arbitration awards <sup>2</sup> related to the other seven unions are renewed on an annual basis.

##### 3.2.a.iv Non-discrimination and Equal Opportunity

Tigo is an employer offering equal opportunity to its workers without discrimination based on race, color, gender, age, nationality, ethnical origin, religion, belief, sexual orientation, marital status, disability, political views or any other issue of this nature.

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<sup>2</sup> The arbitration awards are decisions rendered by an arbitrator at an arbitration tribunal resolving on a class labor dispute between one or more parties.

### 3.2.a.v Retrenchment

Tigo does not anticipate any retrenchment in the future. However, if necessary, the Company will develop a retrenchment plan.

### 3.2.a.vi Grievance mechanism

Tigo workers may submit grievances through various channels depending on their nature: i) an internal channel under the responsibility of Human Resources for work-related grievances (salaries, benefits); ii) the mechanisms <sup>3</sup> in the CoE that may capture anonymous claims; iii) the Coexistence Committee, made up by Company and employee representatives in charge of reviewing discrimination or work harassment cases; and iv) the Safety and Health Committee, formed by two managers and six collaborators of Tigo, in charge of reviewing health and occupational safety grievances.

Tigo will amend its CoE to reinforce that using the grievance mechanism does not undermine the workers' right to file court or administrative proceedings under local legislation. The Company will also update its IWR to show the grievance mechanisms available to the workers under the CoE.

### 3.2.b Protecting the Workforce

Tigo does not support, promote or tolerate child labor nor does it accept forced or compulsory labor.

### 3.2.c Occupational Health and Safety

Tigo complies with Colombia's health and safety rules and regulations and with the requirements of Certification OSHAS 18001:2007. Each activity is analyzed for OHS risks using a matrix to identify hazards, assess and evaluate risks, and determine control measures to prevent occupational accidents including providing and replacing the workers' personal protection equipment. The Company trains its employees in OHS during the induction and as part of their annual training plan.

As part of its ESMS, Tigo delivers to each contractor a copy of its OHS Management System Manual, which becomes an integral part of the construction contract. The Manual covers the following areas: (i) identification of potential OHS hazards; (ii) establishment of prevention and protection measures, including the supply and use of PPE; (iii) workers training; (iv) accident report documentation and disclosure; and (v) guidelines to be used in the event of an emergency. The Manual covers the monthly follow-up of high-risk contracts in order to monitor the contractors' OHS requirement compliance.

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<sup>3</sup> Tigo's Ethical Channels receive claims through a dedicated telephone line, e-mail, in person or through a form available on the website; thus, workers may file claims without fear of retaliation or adverse labor consequences for filing a claim or a grievance or making an inquiry. All grievances are reviewed by an Ethics Committee made up by top management members, one employee and an independent person.

Tigo prepares statistics and reports on the occupational accidents involving its direct and indirect employees, with a root cause analysis as well as recommendations and measures to prevent them from happening again. During the past 10 months, the Company has reported a total of 400 accidents (both direct and indirect) giving rise to 8,631 disability days, an LTIFR of 8.90 and an LTISR of 192.10.

During this period the fatality of one indirect worker was reported as a result of an electric shock. The root cause report prepared by the contractor concluded that the accident resulted from unsafe acts by the victim. However, some of the corrective measures implemented by the contractor include: (i) socialization of the lessons learned within the Company; (ii) psychological assistance to the victim's family and friends; (iii) review and adjustment of the procedures for works entailing electric risk exposure; (iv) reinduction of workers exposed to electric risks; and (v) reinforcement of the OHS procedures compliance supervision. However, Tigo will engage in the following activities to supplement its OHS management system:

i) prepare an OHS gap analysis for contractors who have reported serious occupational accidents; (ii) submit the results of the OHS gap analysis and verify whether the measures adopted to eliminate the factors identified as the root causes for the accidents are being implemented by contractors; (iii) update its OHS Management System with key performance indicators (KPI) to monitor the gradual reduction of the number of accidents; and iv) develop and implement a formal procedure to monitor the compliance with OHS aspects by its contractors.

As part of its OHS program, Tigo has implemented a COVID-19 Prevention and Control Program including the safety recommendations and guidelines to be followed by its workers. This plan and its contents are available in the digital platform in which workers may also report on their health. Tigo's ESMS requires that its contractors establish biosafety protocols and report any confirmed COVID-19 case identifying the sanitary barrier.

### 3.2.d Workers Engaged by Third Parties

Tigo has developed a Suppliers Code of Conduct (SCC) applicable to all entities that have a contractual relationship with the Company. The SCC addresses issues such as compliance with local legislation, anti-discrimination practices, provisions to ensure timely salary payments, non-discrimination and equal opportunity, bar on child labor and forced labor, and OHS issues. Tigo's contractors are contractually bound to meet SCC requirements.

## 3.3 Resource Efficiency and Pollution Prevention

### 3.3.a Resource Efficiency

Tigo has in place procedures for the efficient use and reduction of electric power and water use in all its areas. Some of the initiatives adopted by the Company include setting up efficient lighting at its locations (sensor systems), optimizing the A/C systems, replacing and buying efficient telecommunication equipment, implementing alternative sources of electric power (such as solar water heaters) and purchasing low-consumption water-supply and sewage systems.

### 3.3.b Pollution Prevention

Tigo's economic activities entail generating CO<sub>2</sub> emissions mainly resulting from the fuels used for electric support and own vehicles. Tigo measures CO<sub>2</sub> emissions generated directly and indirectly in its operations on an ongoing basis. Likewise, the Company also has in place guidelines to prevent, manage and mitigate the generation of particulate matter, combustion gases and environmental noise during its different activities.

### 3.3.b.i Wastes

The Company seeks to minimize and reduce waste generation; therefore, it implemented post-consumption return plans, obtains raw materials from renewable sources and uses techniques such as reuse and recycling.

The waste generated is segregated and classified as recyclable waste (cardboard, plastic, metal and glass), unusable waste (organic, aluminum foil, carbon paper), special waste (material generated by excavations and demolitions) and hazardous waste.

Hazardous waste includes fluorescent lamps, used oils, burlap or cloths soaked in oils, and oil filters and it is placed in special containers and delivered to companies with the required environmental authorizations. Hazardous waste with a commercial value for the Company (acid lead batteries, waste from electric and electronic devices, transformers, used oils, among others) is returned to be sold once the related environmental requirements are met.

Waste management programs also include managing electric and electronic equipment used in the mobile and landline operations of the telecommunication service rendered by Tigo. The Company collects cellular phones and accessories at the recycling points located in 84 stores around the country. It also collects the waste from the operation (copper wires, coaxial wire and optic fiber), which is delivered for final disposal through auctions to authorized environmental managers.

## 3.4 Community Health and Safety

### 3.4.a Community Health and Safety

Under the E&S Guide, Tigo ensures that the external stakeholders are consulted on the issues related to any potential impacts which could arise from its infrastructure projects.

### 3.4.b Security Personnel

Security functions are provided by specialized firms licensed by the relevant federal authorities which have trained their personnel in human rights issues. The firms are contractually bound to adopt the guidelines described in the SCC, which includes the respect and promotion of human rights as defined in the UN Universal Declaration of Human Rights and the design and implementation of a training plan to disseminate the SCC among its workers.



Tigo will update its contracts with security service providers using the IFC's Good Practice Handbook: Use of Security Forces: Assessing and Managing Risks and Impacts to reflect the PS 4 requirements.

### 3.5 Land Acquisition and Involuntary Resettlement

The Project does not expect to acquire any new sites or cause resettlements.

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

Mobile networks will be expanded using leased towers and infrastructure. Therefore, it will have no material impact on biodiversity or living natural resources.

### 3.7 Indigenous Peoples

The Project will not affect any indigenous peoples.

### 3.8 Cultural Heritage

Mobile networks will be expanded using leased towers and infrastructure and, therefore, the cultural heritage will not be affected.

## 4. Local Access of Project Documentation

The documentation related to the Project is available at:

<https://www.tigo.com.co/nuestra-compania>