

## Environmental and Social Review Summary (ESRS) Torrecom Corporate Loan - REGIONAL

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

This transaction (the "IDB Invest Loan" or the "Project") consists in a multi-borrower senior secured loan to Torrecom Partners LP and its operating subsidiaries in Latin America ("Torrecom" or the "Company"). The funds will be used to support the Company's expansion investment plan for 2022 to 2024 in Latin America<sup>1</sup> and refinance its existing debt incurred in Mexico, Guatemala, and Panama. The IDB Invest Loan will complement the regional credit facility of up to US\$70 million, which is expected to be co-financed by Proparco<sup>2</sup> and DEG<sup>3</sup>.

The environmental and social due diligence ("ESDD") involved an in-person field appraisal to the Company's facilities (country office and selected telecommunication towers sites) in El Salvador; online meetings with its Human Resources, occupational and industrial safety, sustainability, procurement, and operations staff associated to the Project; and the revision of the following information: (i) environmental management policies, plans, manuals, and procedures; (ii) human resources ("HR") policies; (iii) occupational health and safety ("OHS") programs; (iv) hazardous, non-hazardous, and special-management waste management procedures; (v) procedure for monitoring and reviewing the environmental conditions during construction and maintenance operations (for example, air emissions, noise and effluents); and (vi) emergency response plans.

### 2 Environmental and Social Categorization and Rationale

The Project has been classified as Category B according to IDB Invest Environmental and Social Sustainability Policy ("ESSP"), since its environmental and social ("E&S"), and OHS impacts and risks are, in general, reversible and mitigable with the measures available using current technologies. These impacts and risks, deemed to be moderate to low, include: (i) OHS risks; (ii) air pollutant emissions; (iii) solid (hazardous and non-hazardous) waste generation; and (iv) use of the resources, mainly energy.

Owing to its different locations, the Project is subject to natural hazards, such as earthquakes, storms, droughts, and hurricanes, as well as social unrest threats, such as vandalism, and protests or demonstrations. However, the associated risks to these hazards are deemed to be moderate to low.

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

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<sup>1</sup> Specifically, Mexico, Guatemala, El Salvador, Panama, Colombia, Ecuador, Peru, Chile, and Paraguay.

<sup>2</sup> Proparco is a subsidiary of the Agence Française de Développement (AFD) focused on private sector development.

<sup>3</sup> The German Development Finance Institution

and Security; PS5, Land Acquisition and Involuntary Resettlement; and PS6, Biodiversity Conservation and Sustainable Management of Living Natural Resources.

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

Torrecom, provides passive cell phone tower infrastructures (TowerCo) and its scope of services includes: (i) the conception, construction, and operation and maintenance (“O&M”) of telecommunication towers (“towers”) and associated auxiliar infrastructure (access roads, power lines, perimetral structural fences, etc.); and (ii) the leasing of these facilities to operators in Latin America and the Caribbean. Torrecom main clients are Mobile Network Operators (“MNO”) such as Claro (América Móvil), Tigo (Millicom), and Telefonica or Digicel.

In 2021 Torrecom acquired a portfolio of 215 towers from SkyTower Tesco in El Salvador. Currently, the Company owns 1,275 towers which are distributed throughout Latin America (approximately 85% located in Nicaragua, El Salvador, Guatemala, and Mexico; and the other 15% between Panama, Peru, Chile, and Paraguay).

Torrecom develops different tower infrastructures depending on the available area, structural factors, and need for height or range, among others. These towers can be located at ground level or on building terraces. However, each site requires a lease agreement or a constructure permit if the property is owned.

Each tower, according to the local regulation of the country it is located, has its building permit, land use license, civil aeronautics approval or aviation permit, environmental license, permit form the local telecommunication regulator, neighborhood consent or community resolution, archeological monitoring plan, etc.

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

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

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

Torrecom has been developing an Environmental and Social Management System (“ESMS”) to comply with PS1 and the requirements of local E&S legislation in each country Torrecom builds towers. Although, the ESMS must be complemented with supporting documents for identifying, managing risks and natural hazards, and communicating procedures with the different stakeholders; as well as adopted and communicated to all the levels of the Company.

Once adopted, the ESMS will be periodically reviewed<sup>4</sup> to enhance or update its components based on the applicable E&S and OHS requirements.

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<sup>4</sup> Applying the Environmental and Social Management System, Implementation Manual – General; IFC; version 2.1; November 2015. Environmental and Social Management System Toolkit – General; IFC; version 1.2; November 2015.

#### 4.1.b Policies

Torrecom has a comprehensive Environmental and Social Management System Policy (the “ESMS Policy”) to encourage and ensure the implementation of certain environmental and social sustainability principles in its daily and long-term endeavors. This policy encompasses three aspects: (i) the environmental, that covers regulatory compliance, energy consumption, waste management, and protection of sensitive and protected areas; (ii) the social, which includes community impacts and external queries such as public health, safety and security, gender equality, impacts on indigenous peoples and cultural heritage; and (iii) the labor, that covers the compliance with labor standards and working conditions including occupational health and safety (“OHS”).

This ESMS Policy is disclosed throughout the Company through different channels: (i) publication in visible places; (ii) management meetings with their staff, (iii) training; and (iv) its web page<sup>5</sup>.

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

##### 4.1.c.i Direct and indirect impacts and risks

As part of the environmental permitting, Torrecom has a series of impact matrices to identify environmental, social, and hazardous aspects through which, based on the regulations and norms that apply to the processes and activities of each site (project-by-project basis), the risks and significant impacts on the environment and the safety and health of the workers and the affected communities (if any) are evaluated.

However, the Company will develop and adopt an overarching environmental and social impact identification matrix linked to its ESMS, which will establish the guidelines for the identification of impacts for each project’s phase (construction, O&M, and dismantling) and based on a risk assessment, determine the operational controls or corrective actions, and the mitigation measures and monitoring mechanisms, including the definition of key performance indicators (“KPIs”) to manage them.

Also, as a result of this evaluation, the Company will promote good practices focused on proper waste management, decreased emissions, water, and energy saving, and awareness among collaborators and suppliers about the use of resources to help minimize the environmental impact and prevent pollution.

##### 4.1.c.ii Gender Risk

Latin America is highly unequal gender-wise; the gender gap is defined as the differential and unequal access to work, education, economic and 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 inadequate social response. It leads to gender discrimination, unequal access to public services, education differences, salary and labor inequality, and lower political participation rates.

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<sup>5</sup> <https://torrecom.com/rse/>

Gender-based violence and harassment (“GBVH”) is also a major problem in Latin America and the Caribbean, which accounts for the highest rate worldwide. Brazil, Mexico, Argentina, Peru, El Salvador, and Bolivia hold 81% of the cases worldwide<sup>6</sup>.

Nevertheless, given the type of activity and business, together with the fact that the Project sites are located mainly in urban areas, gender risk is estimated to be low and can be mitigated by applying the principles in the Code of Ethics and Business Conduct, and the equity and equality practices of the Company.

#### 4.1.c.iii Exposure to Climate Change

In general, the Project infrastructure is moderately exposed to the physical risks and hazards derived from climate change: (i) based on a global climate model, it is highly exposed to draughts and moderately exposed to changes in the rainfall patterns, hurricanes, and earthquakes; and (ii) it is highly exposed to draughts, which may increase moderately in an RCP 8.5<sup>7</sup> climate change scenario.

Torrecom performs structural and geotechnical studies to build its towers with sufficient structural resistance to withstand strong winds and hurricanes. However, the Company will develop and adopt a Climate Change Risk Assessment procedure covering physical risks, to prioritize adaptation action for towers where appropriate (including hurricanes and wildfire during construction and maintenance activities). Also, based on the results of this risk assessment, it will revise the measures proposed in the Emergency and Recovery Plan to validate the climate change exposure risk expected for each site or sites in a specific region.

#### 4.1.d Management Program

For its existing operations, Torrecom has adequate mitigation and management measures that are contained in its operating processes and OHS plans. Nonetheless, for the construction and improvements works to the Project towers (new and existing), the Company will prepare a specific Environmental Management Plan (“EMP”), with detailed operating controls<sup>8</sup> and measures to eliminate, transfer, or mitigate each significant risk or impact that has been detected.

#### 4.1.e Organizational Capacity and Competency

Torrecom has an organizational structure specifically dedicated to E&S and OHS aspects. In each country, the Company has staff responsible for the environmental and social responsibility areas, whose main objectives are ensuring compliance with the countries environmental, social and OHS legislation and

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<sup>6</sup> <https://www.statista.com/statistics/827170/number-femicide-victims-latin-america-by-country/>

<sup>7</sup> Representative Concentration Pathway (RCP) is a greenhouse gas (GHG) (not emissions) concentration pathway adopted by the IPCC. The pathways describe the different future climate scenarios, all of which are deemed possible depending on the volume of the GHG issued in the coming years. RCPs, originally RCP 2.6, RCP 4.5, RCP 6 and RCP 8.5, are labelled based on a potential range of radiative forcing values in the year 2100 (2.6, 4.5, 6 and 8.5 W/m<sup>2</sup>, respectively).

<sup>8</sup> These include: (i) preventive controls, focused on eliminating or reducing the frequency, probability and severity of the negative impacts or risks, supported by preventive and predictive maintenance programs for equipment and machinery, as well as by ongoing training programs for employees and drill programs; and (ii) technical and operating recommendations, which are based on the national OHS and environmental regulations in each country in which the Project operates.

encouraging a sustainable business model that is environmentally friendly and committed to preventing pollution. Additionally, a group of managers, including the general manager in headquarter, is responsible of supervising the compliance of all applicable regulations in each country where the Company operates.

The Company has specific manuals (documents) that establish roles and responsibilities on E&S and OHS matters for each person of the organization. However, the Company will update these documents to add that the roles and responsibilities of the Compliance Officer and the Country Managers, related to E&S and OHS matters.

#### 4.1.f Emergency Preparedness and Response

Torrecom complies with the OHS regulations of each country where it operates. The Company has an Emergency and Recovery Plan for hurricane emergencies, that establishes: (i) whom to contact, within the Company, should this hazard materialize; (ii) the exposure and risk levels for each tower; and (iii) activities to be carried out during and after the emergency. The plan has also a risk assessment for the different office buildings, which establishes: (i) the steps to follow in case of a fire emergency, a traffic accident and work accidents; (ii) the organization structure to respond to such emergency; and (iii) the necessary tools and supplies to be used in this event.

Nevertheless, Torrecom will implement Emergency Response Plans (“ERPs”) for each country where it operates, that will: (i) set out preventive, mitigation and relief actions to safeguard the physical integrity of employees, visitors, suppliers, and people or clients in each site; (ii) contain measures to address the most probable risk scenarios threatening the towers; (iii) define community communication and coordination mechanisms to handle any emergency situation that may arise; and (iv) include a set of specific procedures to coordinate, warn, mobilize, and respond to the occurrence or imminent occurrence of sudden events such as natural hazards (earthquakes, hurricanes, tropical storms, floods, subsidence, etc.), human conflicts (mainly vandalism) and technological hazards (fires, explosions, fuel leaks, hazardous product spills, and worker and supplier accidents).

The specific updated ERPs will focus, in terms of the suitability and effectiveness, on the following aspects: (i) response procedures; (ii) response teams; (iii) contacts, communication systems, and protocols; (iv) procedures for interaction with local and regional authorities on health; (v) permanent response facilities and equipment (e.g. first aid stations, fire extinguishers, alarm systems); (vi) evacuation routes and meeting points; (vii) training exercises, and drills that include other stakeholders; (viii) simulations for climate risk assessments resulting scenarios; (ix) training program; (x) root cause analyses and procedures for each major accident or fatality; and (xi) corrective actions needed to minimize the risk of recurrence.

#### 4.1.g Monitoring and Evaluation

One of Torrecom’s goals and commitment is to comply with all the environmental regulations required by the national legislation. In this regard, in the ESMS and as a way of preventing sanctions, the Company has arranged for environmental audits to check that the applicable legal requirements are complied with at each tower. Also, if a non-conformity is detected, the Company will undertake the necessary corrective actions to close them.

Torrecom will prepare a consolidated annual report on the status of compliance with all the E&S and OHS policies and measures applicable to the Project, including the progress of the ESMS actions regarding the KPIs established, as well as the status of compliance with IDB Invest's Environmental and Social Sustainability Policy. Through these internal or external audits, the Company will define specific measures to reduce impacts and improve efficiency, and document and report progress and new procedures, and other certifications, as applicable.

#### 4.1.h Stakeholder Engagement

Torrecom will develop and adopt a project-specific Stakeholder Engagement Plan ("SEP"), which will include the following: (i) updated identification of stakeholders (local authorities and surrounding communities and neighbors); (ii) differentiated measures to enable the effective engagement of disadvantaged or vulnerable groups (if any); (iii) a mechanism to ensure that representatives of the affected communities can express their views; (iv) details on how information is disclosed to stakeholders; (v) details on the stakeholder engagement process and how the grievance mechanism can be accessed; (vi) procedures to regularly report on the environmental and social performance of the Company to stakeholders and the general public; and (vii) mechanisms to implement and disclose the management plan to all its staff as part of the annual training plan.

The SEP will also identify the team responsible for its implementation (for instance, the Social Responsibility Department and a team of social advocates) and define the protocols for the following activities: (i) interviews with the authorities and representatives of the stakeholders; (ii) briefings to stakeholders, and (iii) the media and social media management.

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

##### 4.1.i.i External Communication

Torrecom has a generic communication procedure which establishes the methods and the people responsible for setting up the communication processes inside and outside the Company. The communications with the stakeholders are channeled through the Country Manager, which works with the Operations and Technology Managers in the case of quality and environmental issues.

Additionally, Torrecom installs signage at each site that correctly identifies the Company as the entity responsible for the construction and maintenance of the sites. This signage provides contact information to any stakeholder wanting to reach Torrecom.

##### 4.1.i.ii Grievance Mechanism for Affected Communities

Torrecom has a formal mechanism to receive grievances and suggestions from the public in general, in its web page.<sup>9</sup> Nevertheless, the Company will improve its existing system by developing and implementing a Community Grievance and Suggestions Methodological Guide, which will be used to attend to and follow up on complaints and suggestions submitted by people or organizations in the vicinity of the places where it operates. This guide will: (i) establish the need to appoint a local community relations officer, who will

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<sup>9</sup> <https://torrecom.com/contacto/>

attend to and follow up on complaints and suggestions, as well as report semi-annual performance indicators; (ii) set up a methodology to determine how complaints are captured, classified, evaluated, investigated and resolved; (iii) establish the follow-up and closure procedures for each claim; (iv) indicate how the ESMS will be adapted or improved in terms of communication and information disclosure; and (v) determine the communication channels to capture complaints and suggestions from neighboring individuals and organizations.

Communication channels will guarantee anonymity and confidentiality and can include: (i) written media (pre-set forms) to be deposited in mailboxes in the facilities; (ii) calling a dedicated telephone line; and (iii) through personal email or from the Company's web page.

#### 4.1.j Ongoing Reporting to Affected Communities

In its website,<sup>10</sup> Torrecom gives information about its social responsibility and environmental commitment. Also, through its SEP it will furnish the communities and anyone who will require regular reports on the Company's E&S performance.

## 4.2 Labor and Working Conditions

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

At the end of 2021, Torrecom had 70 workers distributed in Mexico, Guatemala, El Salvador, Nicaragua, Panama, Colombia, Peru, Paraguay, Chile, and corporate offices located in Weston, Florida. From these 29 were women, with nine in management positions, including the CEO, the Controller, one Country Manager, two Project Managers, one Permits Manager, one Site Acquisition Manager, one Accounting Manager, and one Legal Manager.

The Company periodically conducts training on: (i) diversity: Inclusion in the Modern Workplace; (ii) harassment & discrimination prevention; and (iii) managing biases.

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

Torrecom has a Code of Ethics and Business Conduct which sets forth the basic principles and conduct guidelines to be observed by workers, suppliers, customers, and any other person. Some of the aspects considered in the Code of Ethics and Business Conduct, are: (i) the general principles and values of the Company; (ii) respect for human rights and main principles at work; (iii) health and safety at work; (iv) harassment and violence; (v) diversity, inclusion and nondiscrimination; (vi) relationships with competitors, customers and suppliers; (vii) conflicts of interest; (viii) money laundering; (ix) bribes and corruption; (x) environmental responsibility; (xi) protection of assets and intellectual property; (xii) truthfulness of information; (xiii) compliance with national and local legislation; (xiv) relationships with communities, shareholders and partners; and (xv) participation in political and civic activities.

Additionally, in compliance with the Labor Laws in the countries it operates, the Company has an Internal Labor Rulebook ("ILR") that contains rules and conditions related to: the nature of the work; onboarding,

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<sup>10</sup> <https://torrecom.com/rse/>

suspension and dismissal of workers; working hours, breaks and holidays; punctuality, leaves and absences; salary; supplies, tools, materials and equipment; training; safety, health and environmental measures; professional risks; the Company's obligations and prohibitions; workers' rights and obligations; workers' prohibitions; punctuality, attendance and leave noncompliance; sanctions; and, in general, compliance with federal and state labor laws, including regulations and principles as established by the International Labor Organization ("ILO").

Torrecom's Code of Ethics and Business Conduct is supplemented by a Harassment and Discrimination Policy, a Diversity Policy, a Managing Bias Policy, and an Anti-corruption and Bribery Policy.

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

The provisions in the Code of Ethics and Business Conduct, and the ILR dictate: the way and conditions for staff selection and hiring; the working days, hours, and breaks; vacations and leaves; flexible work schemes to promote collaboration and productivity; wages and benefits; employer and employee rights and obligations; behavior and disciplinary measures; asset security; risk prevention; and provisions for workers with disabilities, among other aspects.

To reinforce awareness of these working conditions, the Company requires each employee to comply with the Company's Code of Ethics and Business Conduct and to report any actual, potential, or apparent circumstance that is not aligned with the principles set forth in these documents.

Torrecom recruits, selects, and hires talent through transparent, objective, and confidential processes that guarantee respect for the principles of equality and non-discrimination. Hiring, remuneration, evaluation and promotion are based on the workers' competencies, academic background, professional experience, performance, behavior, attitude, and candidates' level of identification with the Company's values.

#### 4.2.a.iii Worker Organizations

Torrecom, by committing to comply with applicable local legislation in the countries where it operates, recognizes the rights of workers to form and be part of labor organizations, and respects and assumes all responsibilities derived from such legislation, including international conventions and treaties that countries have signed (and ratified) with the ILO.<sup>11</sup> In addition, its Code of Ethics and Business Conduct and ILR recognize the right to freedom of association and collective bargaining.

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

The countries where the Company operates are signatories to several ILO international conventions and treaties relating to workers' rights, including Convention No. 100 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, and Convention No. 111 concerning Discrimination in Respect of Employment and Occupation. The Company, in addition to complying with these provisions and with each country's labor legislation, establishes in its Code of Ethics and Business Conduct and the

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<sup>11</sup> Convention No. 87 concerning Freedom of Association and Protection of the Right to Organize and Convention No. 98 concerning the Right to Organize and Collective Bargaining.



ILR respect for individual diversity and equity, proceeding with fairness, equality, and impartiality, and seeking a positive and inclusive social impact. In addition, the Code of Ethics and Business Conduct sets out a zero tolerance stance against discrimination, harassment, abuse, and workplace harassment, and reaffirms the Company's commitment to promoting an environment in which no applicant, employee, supplier, or contractor is excluded or discriminated against participating in an internal or external selection process based on race, color, age, gender, gender identity, sexual orientation, marital status, ancestry, ethnic or national origin, religion, disability or medical condition (including COVID-19), or any other discriminatory condition.

#### 4.2.a.v Grievance Mechanism

The means of reporting or complaining about any inappropriate conduct, ethically questionable performance, or failure to comply with applicable laws and regulations or Torrecom's policies and Code of Ethics and Business Conduct is in person or through an internal worker grievance mechanism ("WGM") managed and administered by Convercent<sup>12</sup>, an independent company. These practices are reinforced through the Company's Open Door Policy, which seeks to generate a culture of openness to foster an environment of trust and exchange, with open channels of communication so that different points of view can be expressed.

Nevertheless, the Company will prepare a formal Internal Grievance Procedure that: (i) documents internal complaints or grievances from its employees, contractors, and subcontractors, detailing how these complaints or grievances are recorded, investigated, evaluated, and the follow-up and closure or resolution process for such complaint; (ii) provides a culturally appropriate and easily accessible system at any time (e.g., a mailbox or external box with printed or digital forms to register the complaint, grievance, or inquiry); (iii) accepts anonymity and provides confidentiality and protection against retaliation for employees who use it; and (iv) does not prevent, but rather provides access to other applicable legal or administrative remedies, justified by the seriousness of the violation, according to local national labor laws or regulations.

#### 4.2.b Protecting the Workforce

Torrecom, in fulfillment of all legal labor obligations of the countries where it operates, respects employee and employer rights and duties, promoting equality and equity in human, civil, political, economic, social, and cultural rights between men and women.

The Code of Ethics and Business Conduct and the ILR require that the Company's employees, directors, and executives, as well as its contractors and suppliers, comply with applicable local laws, standards, and regulations in each country where the Company operates, to guarantee transparency and responsibility in the course of business, the engagement with the community and its responsibility towards the environment.

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<sup>12</sup> <https://app.convercent.com/en-us/Anonymous/IssueIntake/IdentifyOrganization>  
<https://app.convercent.com/en-us/Anonymous/IssueIntake/LandingPage/a5a064fd-2c33-e611-8105-000d3ab03673>

#### 4.2.c Occupational Health and Safety

Torrecom, as required by labor and OHS legislation in the countries where it operates, has a Site Occupational Safety and Hygiene Standards document (serving as an OHS Program) that contains guidelines and actions to safeguard the physical integrity of its employees and to prevent health damage and injuries. The Company also has an OHS Hazard Identification and Risk Assessment Procedure for electric and civil works during construction or maintenance phases, which establishes and maintains a hazard identification mechanism, as well as the need to permanently evaluate risks and determine the legal controls necessary for OHS.

In compliance with the guidelines and recommendations of the local health authorities, as well as from the World Health Organization (WHO) and the Centers for Disease Control and Prevention<sup>13</sup> (CDC), the Company has promoted measures and actions to prevent the spread of COVID-19 among its workers and has developed matrices of sanitary measures for each country in which it operates. Some of these actions and measures include: reducing the number of people at each workspace; putting up sanitary fences; enforcing social distancing; implementing remote work; supporting vulnerable groups; and adopting sanitizing routines. By December 2021, all Torrecom's employees were reported vaccinated.

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

As required by the Code of Ethics and Business Conduct and the ILR, all Company's internal rules, policies, and procedures apply, without exception, to all employees worldwide and to the Company's business partners, including its suppliers, distributors, agents, contractors, and any other workers engaged by third parties that work with or for the Company. The permanence of both own employees and workers engaged by third parties depends on their compliance with the provisions of the Code of Ethics and Business Conduct, as well as with applicable local and national labor laws and regulations in the countries where it operates.

However, Torrecom will update its Contractors and Subcontractors service agreements, to include clause requiring: (i) an evaluation of the contractors' and suppliers' E&S and OHS performance; (ii) an updated site specific ESMP, OHS Program and ERP (as minimal E&S instruments); and (iii) a socialization procedure of the WGM for all personnel involved with the Project.

#### 4.2.e Supply Chain

Through its Code of Ethics and Business Conduct, Torrecom promotes the respect for human rights in its own operations and all throughout its supply chain. In this regard, the Company enforces the compliance with the applicable legal labor regulations, including the prohibition of child labor<sup>14</sup> and forced labor<sup>15</sup>. Moreover, the Company also demands its suppliers to comply all environmental and occupational health and safety laws in the countries where they operate, and all its employees to know and comply with the Code of Ethics and Business Conduct.

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<sup>13</sup> The Centers for Disease Control and Prevention (CDC) is the national public health agency of the United States, under the Department of Health and Human Services.

<sup>14</sup> ILO Convention 138 on minimum age and 182 on worst forms of child labor.

<sup>15</sup> ILO Convention 29 on forced labor and 105 on the abolition of forced labor.

Nevertheless, Torrecom will develop and implement a Sustainable Purchasing Policy to regulate the purchase of goods (materials, equipment, etc.) and the contracting of services. This policy will require suppliers to comply with labor regulations (specifically the prohibition of child and forced labor), OHS, and environmental protection requirements applicable in each country where it operates, and will contain a provision that blocks current or potential suppliers that fail to comply with the Company's principles.

### **4.3 Resource Efficiency and Pollution Prevention**

#### **4.3.a Resource Efficiency**

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

Given the scale of the construction and improvement works, and the fact that the construction sites and materials yards and storage areas will be near to one another (within a 1 km radius), greenhouse gases (GHG) emissions at the Project expansion and construction phase are expected to be under 25,000 tons of CO<sub>2</sub> equivalent per annum (tCO<sub>2</sub>eq/year).

However, during the Project's operation, Torrecom will prepare an annual GHG emission inventory for each operation in each different country; it will include both direct emissions from fuel consumption (Scope 1) and indirect ones from electricity consumption (Scope 2). The changes in the results regarding the base year (2022) will be reported on an annual basis and the causes for such variation will be explained.

It is worth mentioning that the Company is looking to reduce its emissions by optimizing the use of electrical power and lowering the use of fuel during supervision activities (routes optimization).

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

During the construction and improvement works, water consumption at the Project sites will be kept at minimal, in accordance with the civil works requirements, and will be provided by the Contractor through tank trucks.

For operations, other than the offices, which have a water supply agreement (through the municipal public grid) granted by the relevant municipal authorities, there is no need for this resource in the towers.

##### **4.3.a.iii Energy**

During the construction and improvement works, the power consumption will be insignificant and will be provided by the Contractor through a power generator.

For operations, the MNOs will obtain the electricity from the public grid, under a service agreement with the authorized distributor. The towers structure only consumes power for the operation of the beacon light and small surface light; both receive their electrical power from small solar systems.

#### 4.3.b Pollution Prevention

##### 4.3.b.i Wastes

Torrecom has general waste management contractual clauses during construction and improvement works at each site, for its Contractors and during operation for the MNOs. However, the Company will update these contractual clauses to include the obligation to segregate and environmentally manage hazardous and non-hazardous waste generated during, both construction and operation phases.

During construction activities, portable toilets are installed to collect wastewater generated by workers, which are then treated and disposed of by the service provider.

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

Torrecom will not generate large quantities of hazardous waste or transport it off-site. If any, it will be managed by a solid waste management company (“SWMC”), as set forth in the local regulations to transport hazardous materials and waste.

Also, no significant amounts of electronic waste are generated during the construction, operation, and maintenance of the Project’s sites. The only electronic waste generated is from the changes in led lamps and the beacon light, which in general are changed every 5 to 8 years.

### 4.4 Community Health, Safety and Security

#### 4.4.a Community Health and Safety

The new Project facilities, both the new towers and the improvements to the existing ones, will be designed and built by competent and recognized contractors with proven experience in the construction and operation of this type of works, using to such end international good practices and meeting the applicable local and international construction and safety guidelines, standards, and codes.

Nonetheless, before the closing of construction and after maintenance activities have been performed, Torrecom requires its contractors to provide it with a “Paz y Salvo”, a sort of affidavit that states that all the neighbors of a given site are satisfied and have no complaints with the works performed. Additionally, the Company’s construction department has a compliance checklist to close the construction phase which addresses technical issues of structural safety, lightning hazard safety, and labor compliance issues, among any concern of the surrounding neighbors.

##### 4.4.a.i Infrastructure and Equipment Design and Safety

Torrecom designs and builds the towers in accordance with the provisions and codes of the different regulatory entities<sup>16</sup> in each country where it operates. These include: (i) compliance with technical parameters, in attention to the location and type of structures, guaranteeing the integral safety of

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<sup>16</sup> Among others: Construction Permit from the Municipal Authority; authorization from the Civil Aeronautics Authority and the Security Office of the Fire Department.

the tower and of the equipment that is installed, both on the ground and in the structure itself, protecting people and their property; and (ii) the obligation to inform the nearby neighbors about the results obtained from the radioelectric measurements,<sup>17</sup> the precautionary measures considered for the installation of the tower and about the execution of the good practices that will be maintained during these installations and their operation.

The Company carries out socialization activities with the communities close to the tower projects on the different risks of exposure to electromagnetic fields (“EMF”). Also, it follows strict protocols to limit the public access to towers and good engineering practices of the antenna installers and MNOs, to mitigate the risk of radiofrequency (“RF”) exposure.

#### 4.4.b Security Personnel

Torrecom uses security personnel for exceptional cases, for example when carrying out construction activities in areas with a high crime rate. In this cases, the Company will ensure that the security and surveillance personnel service provider's contracts include the right to: (i) conduct a reasonable background check to make sure the security personnel has no criminal record or has not been previously involved in cases of abuse; (ii) a confirmation that all security personnel working at its facilities is registered with and certified by the competent authority;<sup>18</sup> (iii) verify the details for the training needed on the use of force; (iv) verify any applicable restrictions and procedures in case the personnel carries firearms; and (v) identify the details of environmental training and social awareness aspects, such as human rights, during the onboarding process and the subsequent refresher training sessions.

#### 4.5 Land Acquisition and Involuntary Resettlement

Torrecom has guidelines for acquiring site rights either by lease (“GLA”), rent (Site Lease Agreement), or property purchase. The site acquisition process is adequately documented.

However, before acquiring land for new towers at ground level or auxiliar infrastructure, the Company will verify that: (i) agreements are negotiated on free-market terms and with the informed involvement of the participants, and (ii) such acquisitions do not cause the physical or economic displacement of people who, although not holding the formal ownership of property, are occupying or exploiting it or such property provides them with access to other resources.

#### 4.6 Biodiversity Conservation and Natural Habitats

The construction of the towers affects relatively small areas (25 m<sup>2</sup> to 300 m<sup>2</sup>). For the selection of these sites, Torrecom avoids declared protected area or of a high biodiversity value. However, after having

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<sup>17</sup> Measure total electric and magnetic field strength levels using your radiofrequency (“RF”) equipment in a test mode. In Panama, the Regulation for the installation, operation and shared use of towers and/or structures that support telecommunication services antennas (Resolution AN No. 2848 Telcom, of August 2009), establishes the maximum exposure limits adopted from international recommendations such as International Commission of Non Ionizing Radiation Protection (“ICNIRP”), World Health Organization (“WHO”) and International Telecommunication Union (“ITU”).

<sup>18</sup> In Mexico, the *Dirección General de Seguridad Privada* (general private security office), from the *Secretaría de Gobernación* (internal affairs office) of the State in which the tower is located.

exhausted the alternative analyses, if the selected site must be located within such area, the Company takes the corresponding steps to obtain the required permits and mitigate and compensate the impacts generated by the construction and operation of the tower and all the related auxiliary infrastructure.

Nonetheless, during the site selection process, before any future acquisition of land for new towers at ground level or auxiliary infrastructure, Torrecom will prefer previously intervened sites whether by agricultural (crops or livestock) or commercial activities, with the following biodiversity characteristics: (i) they should not be located in natural habitats, of critical importance or of significant value to biodiversity; and (ii) they should not affect any ecosystem services<sup>19</sup> of the land directly managed by the Company or regarding which it has considerable influence, or which depend on such services.

#### 4.6.a Supply Chain

All the raw materials used for the construction and maintenance of the towers are provided by local registered and licensed suppliers, and Torrecom makes reasonable efforts to guarantee that they are responsibly sourced in accordance with the Country's laws for the protection of biodiversity.

#### 4.7 Indigenous Peoples

Tower projects are usually located outside of indigenous peoples' communities or areas. Nonetheless, during the site selection processes, specific identification of possible adverse impacts on indigenous communities is carried out.

Where alternatives have been explored and adverse impacts are unavoidable, Torrecom undertakes an informed consultation and participation ("ICP") process with the affected communities. This ICP process includes stakeholder analysis and engagement planning, disclosure of information, consultation, and participation, in a culturally appropriate manner. During the operational activities of the towers, the ICP process continues to ensure that all new impacts on the communities are attended and mitigated or compensated, and to promote the use of the grievance mechanism for any future claim.

#### 4.8 Cultural Heritage

For future construction, Torrecom has developed a procedure through several documents, in case the proposed location of a tower at ground level is in an area where cultural heritage is expected. These documents detail the verification carried out by the Company through its site visits, and the contractual obligations of the construction contractor to notify of any fortuitous finding. These procedures establish the guidelines and definitions of (i) cultural heritage and (ii) chance finds process, and in compliance with the cultural and archeological regulation of each Country, the steps to follow if any archaeological remain is found.

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<sup>19</sup> Ecosystem services are: (i) provisioning services, which are the products that people obtain from ecosystems; (ii) regulatory services, which are the benefits that people obtain from regulating ecosystem processes; (iii) cultural services, which are the non-material benefits that people obtain from ecosystems; and (iv) support services, which are the natural processes that maintain the other services.

## 5 Local Access of Project Documentation

Torrecom offers additional information about its social responsibility and sustainability commitment, at <https://torrecom.com/rse/>.