

The IIC E&S team conducted a due diligence at the client's office during the week of August 8-12, 2016. This included interviews with client's officers as well as document review on site.

Identified Applicable Performance Standards

While all Performance Standards are applicable to this investment, IIC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards:

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts

PS 2 - Labor and Working Conditions

PS 3 - Resource Efficiency and Pollution Prevention

If IIC's investment proceeds, IIC will periodically review the project's ongoing compliance with the Performance Standards

PS4, PS5, PS6, PS7 and PS8 are not considered applicable given that electromagnetic fields generated by antennas are fully well managed and no armed security guards are used in the project; any new purchased sites are expected to involve a willing buyer willing seller transaction; no operations are expected to affect biodiversity conservation or any substantial management of living natural resources and the location of any new tower site is expected to undergo a screening process to identify whether the site is located in an ecologically sensitive area and, as needed, develop relevant mitigation measures; no Indigenous Peoples are expected to be affected; and no important cultural heritage is expected to be impacted.

Environmental and Social Categorization and Rationale

The key E&S issues associated with the project are in the potential impacts of construction of telecommunications infrastructure; labor and working conditions (including employees' and contractor workers' occupational health and safety); and pollution prevention and abatement.

As E&S risks and impacts are expected to be limited, site-specific, and relatively few in number, and it is possible to avoid or mitigate any limited adverse impacts that might result, the proposed investment has been classified as a Category B project according to IIC's Environmental and Social Sustainability Policy. Moving forward, for the gaps found Telecom Personal will be asked to develop and implement new policies and procedures regarding public disclosure, community engagement, and human resources management, structured under an integrated management system.

Environmental and Social Mitigation Measures

IIC's appraisal considered the environmental and social management planning process and documentation for the project and gaps, if any, between these and IIC's requirements. Where necessary, corrective measures, intended to close these gaps within a reasonable period of time, are summarized in the paragraphs that follow and (if applicable) in an agreed Environmental and Social Action Plan (ESAP). Through the implementation of these measures, the project is expected to be designed and operated in accordance with Performance Standards objectives.

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

It is expected that the Company will develop and implement an E&S management system that includes a qualified officer overseeing the management of E&S risks and impacts of its operations, and a set of E&S policies and procedures is made available to the company's workers.

Personal's E&S management system provides for legal permitting of sites, managing any electromagnetic impacts of Personal's towers, site inspections, measures to ensure workers' use of personal protective equipment, procedures for waste management, and emergency preparedness and response. It also provides for training of company workers (including contractors) on occupational health and safety matters, including work at heights, accident prevention, fire and electrical safety, and management of any spills of fuel or other chemicals.

The Company will screen for risks in any new infrastructure, such as towers or access roads. The company will initially map potential sites according to transmission needs, and consider the best potential sites in each searched area.

Personal engages contractors to perform core functions with safety risks in civil works including work at heights, work in confined spaces, electrical work, and tower maintenance. In the terms of agreements with core contractors and suppliers, Personal requires compliance with the Company's procedures for such types of contractors and suppliers. To ensure compliance, documented audits across multiple parameters are undertaken by a Personal officer with designated responsibility for E&S issues. When poor performance is identified, correction actions are requested and suspension could be applicable; and when regular performance is identified, improvements are required as needed.

The Company's quality management system has been certified to meet the requirements of ISO 9001:2008. The Company has publicly disclosed an annual sustainability report since 2008. Personal will also report to IIC on compliance with the Performance Standards.

Under IIC's investment, Company's E&S review will ensure that the project and the company's operations comply not only with applicable social and environmental laws and regulations of Argentina, but also with IFC's Performance Standards and relevant World Bank Group Environmental, Health and Safety (EHS) Guidelines.

PS 2: Labor and Working Conditions

The Company employs approximately 4800 workers in Argentina directly, and expects to employ about the same number through the end of 2016. The number of workers, employed indirectly through agents and contractors totals about 12,600.

Personal has developed and implemented a set of human resources policies and procedures consistent with IFC Performance Standard 2. They promulgate a reasonable limit on working hours; and they promote the fair treatment, non-discrimination, and equal opportunity of its employees, regardless of race, gender, religion, nationality, language, age, sexual orientation, civil status, handicapped status, or socio-economic status.

The Company provides for freedom of association (the right to unionize) of its workers, and several Argentinian unions have Personal workers as members. The Company has procedures in place to ensure that grievances of workers, including contractor workers, are generally resolved within 30 days, with measures to ensure confidentiality and a channel for appeal.

Personal's policies and procedures require the deployment of appropriate measures for life and fire safety at the Company's offices, operational sites, and switching centers. They ensure that both the company's own employees and those employed by contracted firms performing work related to core functions of Personal are provided a safe and healthy work environment, including appropriate training, protective clothing and equipment.

PS 3: Resource Efficiency and Pollution Prevention

At Personal sites, construction will inevitably generate some waste materials and, during operations, there will be a need for properly disposing of items such as waste oil and used batteries. For these purposes, the Company has policies and procedures for waste management consistent with Section 1 of World Bank Group EHS Guidelines for Telecommunications.

The Company is committed to reduce its use of natural resources over time, including through reuse and recycling. Notably, The Company collects used batteries for reuse or recycling and recycles paper and cardboard.

Personal sites generally use power from the electric grid, with backup power provided by batteries wherever possible, thereby limiting the use of fuel tanks, generators, and associated noise and potential fuel leaks.

Only about 7% of Company's 4,100 base stations/telecommunications towers use diesel generators for backup power. Almost all fuel tanks connected to those generators have a capacity between 400-500 liters, while core network equipment requires only one site to have a principal fuel tank of 2,500 liters with a secondary tank of 1,000 liters, and another site with a principal fuel tank of 1,400 liters and a secondary tank of 200 liters.

The Company has policies and procedures to provide for secondary containment around all fuel tanks - with a minimum 110% capacity of the tanks' volume - and policies/procedures for handling any fuel spill, consistent with Section 1 of World Bank Group EHS Guidelines for Telecommunications.

Personal includes terms in its agreements with contractors that cover pollution prevention and abatement. Personal monitors compliance with terms in its agreements with contractors, and seeks improvement in the event that non-compliance is identified.