

1. Overview of Scope of IIC E&S Review As part of the process of evaluating a possible non-sovereign-guaranteed corporate loan to Altán to partially finance the development of the “Project” mentioned above, the Inter-American Investment Corporation (IIC), member of the IDBG, carried out an Environmental and Social Due Diligence (ESDD) which included a visit to Altán’s offices (February 2017), where an IIC E&S staff met with the COO key persons responsible for E&S aspects, including the E&S compliance team of Altán’s owner’s engineer (ICA Fluor). The ESDD was also based on a review of technical information and documentation prepared by Altán as part of its business plans. In addition, the IIC reviewed the E&S related material disclosed prepared by IFC, who is investing in the Project. The IIC reviewed the Project's environmental, social, cultural and occupational health and safety (OSH) information, and evaluated the Project's compliance with the IIC's Sustainability Policy (which include the IDB Environment and Safeguards Compliance Policy, other IDB safeguard policies and sector guidelines, the Performance Standards (PS) on Environmental and Social Sustainability of the International Finance Corporation (IFC), and the World Bank Group/IFC Environmental Health and Safety (EHS) Guidelines (including both General EHS guidelines and Industry Sector EHS Guidelines).

2. Environmental and Social Categorization and Rationale According to the IIC’s Environmental and Social Sustainability Policy, the Project has been classified as a Category B operation since its potential environmental and social impacts and risks are, in general terms, limited to the project site, largely reversible and can be mitigated via measures that are readily available and feasible to implement in the context of the operation. Since the majority of the towers (approximately 80%) need for the project would have already been constructed and therefore the impacts related to construction of new towers is deemed to be low, the key E&S issues associated with the Project are anticipated to be related to those typical of telecommunications infrastructure construction, and underground and above-ground cabling. These include potential terrestrial habitat alteration (primarily during construction), avian collisions, visual impacts, production of hazardous materials and waste and those related with labor and working conditions (including employees’ and contractor workers’ occupational health and safety). The performance standards (PS) likely applicable to the transaction associated with the investment include:

- Performance Standard 1: Assessment & Management of Environmental & Social Risks and Impacts
- Performance Standard 2: Labor and Working Conditions

3. Environmental and Social Context The Project, located throughout Mexico, consists of setting up 14,000-16,000 radio sites over the next 10 years to provide a minimum population coverage of 92.2% (the “Target Coverage”). The PPP (Private Public Partnership) Agreement is a 20-year term concession, renewable for an additional 20 years. It was awarded to the Consortium based on the highest offered Target Coverage above the pre-established minimum population coverage of 85% (the “Minimum Coverage”). The Project will involve providing an open and accessible network to the majority of the Mexican population by 2021, with a focus on rural areas: cities with population of less than 10,000 inhabitants and the 111 “pueblos mágicos” (magical towns) as defined by the Government (Secretary of Tourism-Sectur). The concession establishes that for each 100 urban areas to be covered, 15 must be rural populations.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts Altán has recently contracted a renowned international environmental firm to undertake the E&S screening of existing telecommunications sites, underground fiber, and above-ground fiber to be used by the Project. The firm will develop procedures to ensure that all existing sites, assets, and operations are reviewed against compliance with PSs.

a) E&S Assessment and Management System Altán has recently developed E&S policies and procedures, covering all of the elements required under applicable Performance Standards, which they will implement for all operations and new projects. As indicated in the attached E & S Action Plan #2, Altán will be required to implement the E&S management system.

b) Policies The policies and procedures will be made available to and implemented by the company’s management and workers. The company will ensure that contractors are well informed of and required to implement the relevant policies and procedures. In order to facilitate this, Altán plans to organize training on the performance standards

in collaboration with the international environmental consulting firm retained to assist with the project. All of Altán's agreements with providers will have specific clauses on E&S and health and safety requirements (IFC standards). The company will also ensure that policies are communicated to other key stakeholders, including local communities potentially affected by company's business activities.

c) Identification of Risks and Impacts The company will not undertake a particular activity if it is not expected to comply with the IFC Performance Standards. Altán's E&S management policies and procedures will cover topics including solid waste management, emergency preparedness and response, energy efficiency, worker health and safety, contractor management and supply chain management, environmental assessment for obtaining permits, security management, land acquisition, biodiversity conservation, and cultural heritage, among others. The management policies and procedures will be required to fully align with applicable IFC PSs.

d) Management Programs As part of its E&S management procedures, Altán will review E&S risks before undertaking activity on any part of its network. Such E&S review will be commensurate with the level of social and environmental risks and impacts in the relevant operations. Altán'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 Mexico, but also with IFC's Performance Standards and Environmental, Health and Safety Guidelines for Telecommunications.

e) Organizational Capacity and Competency Altán is required to appoint a competent officer to be responsible for E&S management (as per the attached E&S Action Plan item #1). For Altán's operations, the company expects to use in-house management, while outsourcing the construction, operation and maintenance activities to qualified companies that are committed to implementing Altán's E&S requirements. The E&S compliance function will be carried out by the owner's engineer, ICA Fluor, which has extensive experience overseeing E&S aspects in projects. They are also certified in international standards, such as ISO 14001 (Environmental Management Systems) and OHSAS 180001 in Occupational Health and Safety Management Systems.

f) Emergency Preparedness and Response Altán will ensure that there are adequate emergency preparedness and response plans in place to address any potential risk scenarios that could be caused by potential hazards, including natural hazards (heavy rainfall, storm activity, seismic activity) or manmade threats to ensure the safety of the general public in the Project area. Altán shall ensure that staff and contractors are appropriately trained on emergency situation management.

g) Monitoring and Review Altán is committed to use best practices in the management of its supply chain, and the company will include E&S terms in its agreements with suppliers, in addition to its contractors. Altán, with the help of ICA Fluor, will supervise, monitor, and report on E&S risks and impacts of all operations for the duration of the company's involvement. The company will report to IIC on compliance with the Performance Standards and EHS sectoral guidelines for Telecommunications.

h) Stakeholder Engagement Under IIC's investment, Altán will also develop and implement procedures for public disclosure, as per the E&S Action Plan item #3 described below. Altán recognizes the importance of stakeholder engagement, and is committed to comply with the requirements of IFC Performance Standard 1 on disclosure and stakeholder engagement. Under IIC's investment, Altán will develop and implement procedures for prior disclosure of any significant construction or maintenance activity (as per the E&S Action Plan item #4). For activities involving potentially more significant risks and impacts, Altán will schedule information sessions with local community members according to criteria consistent with good international practice, which will be defined in the company's stakeholder engagement procedures, to address any grievances expressed by local community members.

4.2 Labor and Working Conditions

a) Working Conditions and Management of Worker Relationships Altán will establish and implement human resources policies and procedures in line with requirements of PS2. The company will implement policies and procedures to ensure that all employees and contractor's workers have a safe and healthy work environment that there is fair treatment, non-discrimination, freedom of association (right to unionize) and equal opportunity. Altán will not only ensure that its workforce is protected but that its contractors' workforce is protected.

b) Occupational Health and Safety Altán will ensure that its contractors carry out

appropriate occupational, health and safety training for their workers (particularly regarding electrical safety, optical fiber safety, elevated and overhead work, fall protection, and motor vehicle safety). In addition, it will ensure that workers associated with the Project are provided with adequate personal protection equipment (PPE). This is particularly relevant for contractors working with the fiber optic cables, as well as for those working at elevation for construction, maintenance or operation activities. Typical prevention and control measures for working at height include: implementation of a fall protection program that comprises training in climbing techniques and use of fall protection measures; installation of fixtures on tower components to facilitate the use of fall protection systems; use of well-maintained safety belts, amongst others. Altán's procedures will require that adequate measures for life and fire safety be implemented at the company's offices, operational sites, and switching center.

4.3 Other issues Potential issues related to land acquisition or resettlement, biodiversity conservation and natural habitats, indigenous peoples and cultural heritage will be assessed by Altán once site specific information becomes available throughout the life of the project. At that time, the company will take the necessary measures to ensure that the project is carried out in compliance with the relevant performance standards on those issues. At this time, there is no site-specific information available. It is anticipated that for the first two years of the project, Altán will rely significantly on the acquisition/lease of existing infrastructure (towers, etc.) thereby minimizing the level of expected E&S impacts, particularly at the early stages of the project development.

5. Local Access of Project Documentation Stephan A. Paul Altán Redes | Finance Manager Dakota 95, 4th and 5th Floors Col. Nápoles, Del. Benito Juárez C.P. 03810, Ciudad de México, México Direct: +52 (55) 5061 7048 Email: stephan.paul@altanredes.com Website: www.Altánredes.com

6. Environmental and Social Action Plan Altán will implement the Environmental and Social Action Plan (ESAP) below to ensure compliance with the IIC's environmental and social requirements. It will also submit annual progress reports to the IIC on the implementation of the ESAP.

Action Item Due Date PS1 Assessment & Management of Environmental & Social Risks and Impacts At least one competent person will be nominated to be the Environmental and Social (E&S) officer for Altán. Completed Altán will develop documentation of E&S gap analysis of existing assets, assessing in particular any fuel leaks, management of environmentally/socially sensitive sites, and resolution of any issues raised by local community members. Completed Based on the above gap analysis, Altán will develop an action plan for any needed corrective action. Completed Altán will implement E&S policies and procedures developed for the Project in order to ensure that applicable Performance Standards are applied to all operations and new project components. These include: solid waste management, emergency preparedness and response, energy efficiency, worker health and safety, contractor management and supply chain management, environmental assessment for obtaining permits, security management, land acquisition, biodiversity conservation, cultural heritage, and review of risks before undertaking any activity, commensurate with the level of E&S risks and impacts in the relevant operations. Ongoing throughout life of the Project Altán will implement policies and procedures developed for the Project on how it will conduct prior disclosure and community engagement in relation to any significant construction or maintenance activity, including by posting signs at sites at least 3 days prior to the start of such activity, and by consulting with local authorities and local community members. Ongoing throughout life of the Project PS2 Labor and Working Conditions Altán will implement policies and procedures developed for the Project to cover all employees and contractor's workers consistent with PS2, providing for: a) training of contractors' workers on environmental, health and safety issues; b) provision of protective clothing and equipment to employees and to contractors' workers; c) deployment of appropriate measures for life and fire safety at the consortium's offices, operational sites, and switching centers; and d) fair treatment, non-discrimination, freedom of association (right to unionize), equal opportunity, avoidance of child labor and forced labor, and other terms of employment and working conditions as required by PS2. Ongoing throughout life of the Project