

## ENVIRONMENTAL AND SOCIAL STRATEGY<sup>1</sup>

- 1.1 The Facility under consideration consists mainly of refinancing a series of current short-term financial obligations of *Movistar*. While it might involve some financing for capital expenditures (i.e. purchase of equipment like routers, modems, computers and minor construction if any), these are expected to have minimal environmental and social impacts. The operational phase of capital expenditures is not expected to have negative impacts, other than those that can effectively mitigated by appropriate standard mitigation practices. Therefore, as per IDB's OP 703 Environment and Safeguards Compliance Policy, the Project team proposes that the proposed operation be classified as a Category C operation.
- 1.2 The principal environmental and social risks of the proposed operation are related to existing environmental, social, health, safety and/or labor regulatory non-compliance or liabilities associated with *Movistar's* operations related to inadequate waste management (typically related to disposal practices for batteries and handsets), high level of noise from back-up generators or inadequate location or construction of towers.
- 1.3 As part of the due diligence review, the Bank will assess *Movistar's* existing operations and facilities in order to identify any existing environmental, social, health and safety, or labor regulatory non-compliance or liabilities as well as any potential impacts from the expansion of the network. In addition the Bank will assess *Movistar's* environmental, health and safety procedures and plans and if necessary, will assist the Company in the development of an environmental, health and safety management system.

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<sup>1</sup> The ESS has been prepared based upon a preliminary review of the proposed Project. The Project team has not yet conducted a complete review relevant Project-related documents, nor discussed findings of with the Company or with its environmental consultants.