

Classification: This is a category III project according to the IIC's environmental and labor review procedure because specific impacts may result that can be avoided or mitigated by adhering to generally recognized performance standards, guidelines, and design criteria. During project evaluation, the following potential environmental and labor issues were analyzed: liquid effluent and solid waste management, worker health and safety, and labor issues.

Liquid effluent and solid waste management: Wastewater from the offices and other facilities enters the city sewer system. The company's operations generate wire scrap. A good deal of electrical and electronic material is kept for use as spare parts; if not usable for this purpose, it is sold to specialized recyclers. Nevertheless, the company should ensure the proper handling and disposal of construction debris such as gravel, rubble, earth, and refuse, in order to prevent negative impacts on the countryside and the environment.

Occupational Health and Safety: The company follows industrial safety policies equivalent to those used by Comisión Federal de Electricidad (CFE) and Compañía de Luz y Fuerza del Centro (LyF), which are the government agencies that supply electricity in Mexico. The industrial safety measures are followed for building and maintaining the company's telecommunications transmission lines, especially because the company uses poles owned by the government agencies CFE and LyF. These measures chiefly concern the use of insulating material in equipment and uniforms, protective eyewear, specialized tools, appropriate handling of conductive material near energized lines, signs and lights to keep vehicles and pedestrians away from work areas, and careful grid design to ensure structural strength and proper grounding in the event of lightning strikes, among others. The company's warehouses and receiving and control facilities have fire prevention and firefighting equipment as required by the relevant municipal authorities. The company also has insurance and firefighting equipment recommended by the insurance companies.

There is an employee and technician training program geared toward providing technicians with the knowledge and the skills they need to operate and maintain the company's grid nationwide. Training ranges from basic English classes to practice in the field. It includes audiovisual material on how to install services in homes, how to climb and work on poles safely, how to properly maintain bidirectional data grids, foreign certification for certain technical and administrative employees, instructor training to consolidate knowledge acquired overseas, certification by suppliers such as CISCO concerning knowledge and use of supplier training courses, among others.

Labor Considerations: Mexico is a signatory of many International Labour Organization (ILO) conventions, such as those protecting workers' rights and barring child labor; these conventions are reflected in applicable Mexican laws and regulations. The company meets domestic and international standards and complies with Secretaría del Trabajo (Mexico's Labor Department) standards. Workers are free to join unions; there are collective labor agreements based on geographic area with the two main Mexican television industry unions, known as SITATYR and STIRT. Both are part of the Confederación de Trabajadores de México (CTM). Labor union relations are considered good and constructive. The company provides its employees with a salary and benefits package that includes: paid vacation, vacation bonus, Christmas bonus averaging 30 days' pay, savings fund, social security, and life insurance. Nonunion contract employees also have major medical insurance and participate in the Mexican government retirement and housing programs.

Oversight and Compliance: The IIC will require the company to submit an environmental management plan acceptable to the IIC. The plan must include (1) a description of planned improvements to the system for handling solid waste; (2) a schedule for implementing environmental and safety measures; and (3) the components that are subject to yearly oversight. Throughout the project, the IIC will ensure compliance with its own environmental and labor review policies, review the verification reports that the Company submits each year, and make regular field visits as part of

the project supervision process.