

Environmental Review: Environmental and Labor Issues: According to the IIC Environmental and Social Sustainability Policy this is a Category C project because it is likely to result in very limited or no adverse environmental and social impacts. **Environmental, Social, Health and Safety Management:** OFASA manages the environmental, social, health and safety (ESHS) aspects of its operation in line with its Internal Corporate Policy (“Reglamento Interno” in Spanish). The Policy declares the commitment of the Company to comply with all of the requirements of the Nicaraguan Labor Code. The Policy also states the Company’s commitment to ensure that adequate health and safety conditions are in place for its employees to perform their duties safely. The Human Resources department presents this Policy to all new employees along with an Employee Handbook as part of the new employee induction process. This induction process includes a new employee orientation event offered by the Human Resources department on a monthly basis. Compliance with national labor laws is verified via regular inspections by the Ministry of Labor (MITRAB) and the Nicaraguan Social Security Institute (INSS). **Labor Relations:** As stipulated in the Internal Corporate Policy, the Company is committed to complying with Nicaraguan labor laws and to providing its employees with a respectful, clean, and safe workplace environment. In addition, the Policy outlines the following benefits that OFASA offers to its employees: the Company has set up a fund to provide short-term (less than 90 days), zero-interest, personal loans to its employees; employees are entitled to a 10% discount on the purchase of used fleet vehicles and to a 50% discount on car rentals; and all employees are entitled to up to five days annually of paid training, which can be undertaken during working hours. Other benefits offered by the Company beyond those mentioned in the Policy include a 50% subsidy for Company-provided lunch, and subsidies for eye and dental care for senior employees (to complement the national healthcare system available to all employees). The OFASA workforce is approximately evenly split between males and females, and females occupy top management posts (e.g., Operations Manager). In compliance with the Nicaraguan Labor Code, the Company has no prohibition against employees joining unions; nevertheless, the Company workforce is not unionized. **Solid and Liquid Waste Management:** The principal waste products of the Company are used car tires, and used motor oil and oil filters. Since the Company policy is to swap tires at very conservative intervals, the Company is able to sell most of its used tires (120 per month) to resellers for further use. For disposing of used oil and filters, OFASA has a contract with a local sugar producing company which is licensed to use the oil to fuel its boilers (the sugar company disassembles the filters to extract the remaining oil, and then sells the metal as scrap). **Efficient Use of Resources:** The OFASA headquarters in Managua was designed with energy efficiency as a priority. Rooms are air-conditioned with individual, high-efficiency units so that when rooms are not in use (e.g., in the case of conference rooms), energy is not wasted to cool them. Ceilings and walls include high efficiency insulation, and the fluorescent lighting is controlled in banks to allow for lighting to be managed according to the details of room occupancy, which varies by shift. Other than electricity, the primary resource consumed by the Company is municipally supplied water, which is used principally for washing cars. The IIC is in the process of securing Technical Assistance funds to assist the Company with designing a system to capture and use rainwater instead of municipal water for car washing purposes. **Corporate Social Responsibility:** OFASA contributes to several philanthropic causes. For example, for over ten years the Company has provided transportation to facilitate the fundraising activities of Fundación Teletón, a nonprofit organization that raises funds to support programs that benefit children with disabilities. Recently OFASA has also begun raising money to support Hogar Belén, an orphanage for children with disabilities, by giving customers the option to donate to the cause as part of their rental contracts. As another example, for the past three years OFASA has provided transportation to the doctors who visit Nicaragua with Operation Smile to perform free surgeries to correct cleft lip, cleft palate, and other facial deformities. **Monitoring and Reporting:** OFASA will submit to the IIC a yearly environmental and social monitoring report to demonstrate continued compliance with the IIC Environmental and Social Sustainability Policy and with Nicaraguan environmental laws and regulations.