

1. Overview of Scope of IIC E&S Review

IDB Invest environmental and social officers, during the first half of 2019, held conference calls and exchanged documentation with representatives from Aliv. The objectives of the calls were to assess current environmental and social performance, to identify gaps, and to develop the Environmental and Social Action Plan found at the end of this summary.

2. Environmental and Social Categorization and Rationale

For direct investments, IDB Invest categorizes operations as A, B or C based on type, sector, scale and likely magnitude and significance of potential environmental and social risks and impacts of the investment. The category indicates the appropriate extent of environmental and social impact assessment, information disclosure and stakeholder engagement required. This project has been categorized as B, as it has potential moderate environmental and social impacts and risks that are generally limited to the project sites, largely reversible and can be mitigated via measures that are readily available and feasible to implement in the context of the investment.

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

While all Performance Standards are applicable to this investment, IDB Invest's environmental and social due diligence found that the investment involves risk and potential impacts which must be managed in a manner consistent with the following Performance Standards:

PS1 – Assessment and Management of Environmental and Social Risks and Impacts

PS2 - Labor and working conditions

PS3 - Resource Efficiency and Pollution Prevention

PS4 – Community Health, Safety and Security

PS6 – Biodiversity Conservation

PS8 – Cultural Heritage

PS5 (Land Acquisition and Involuntary Resettlement) does not apply because Aliv leases the locations on which it places its communications equipment or co-locates the equipment on existing towers. PS7 (Indigenous Peoples) does not apply because no indigenous peoples will be affected by the project.

Because Aliv's major network infrastructure is already almost entirely built, construction activity under this investment will be minimal. Key environmental and social risks of the investment include the following: (i) worker health and safety risks primarily during work at heights or work with electricity; (ii) risks of pollution related to storage of generator fuel at tower sites and disposal of used batteries; (iii) community-related risks related to generator noise, visual impacts, and the company's use of security personnel; and (iv) risks to sensitive habitats or species.

3.1. Assessment and Management of Environmental and Social Risks and Impacts

Aliv does not currently have a formal environmental and social management system (ESMS). Nevertheless, the company does already have in place several of the key components that would form such a system. The following paragraphs provide some examples of these components.

Aliv has several health & safety and labor related policies. These include an equal employment opportunity policy, a policy on workplace harassment, and an “Open Door Policy” which provides that workers can take grievances directly to senior management. Aliv’s labor policies are documented within the company’s detailed Employee Handbook. The Handbook covers the gambit of employer-employee relationship topics—such as compensation, benefits, working hours and overtime rules. Regarding occupational health and safety, the Handbook includes a section on safety rules when operating machinery and tools. This section specifies that Aliv will subsidize or provide free of charge all necessary personal protective equipment.

Occupational health and safety is given further attention in Aliv’s stand-alone Environment, Health & Safety (EHS) Policy. This policy serves as a general EHS plan for work conducted in the field. It includes a requirement for workers on work sites to undergo regular safety briefings—including site-specific risk assessments—prior to starting any new job. It also includes requirements for workers to use appropriate personal protective equipment. Very basic emergency response procedures are also included.

In addition, the EHS Policy includes specific worker requirements and procedures for the key health and safety risks most likely to be encountered at Aliv’s field sites. For example, the Policy addresses risks related to the following activities: (i) driving vehicles; (ii) working at height; (iii) working with heavy and light machinery and tools; and (iv) working with electricity. The policy also includes basic fire safety rules and procedures.

Aliv also addresses fire safety risks by conducting regular fire drills. The drills are observed and analyzed by a Fire Safety Coordinator from the local fire department, who provides a written report to Aliv management after each drill. The most recent drill for which IDB Invest received such a report was conducted in July of 2018. The report indicated an overall satisfactory level of performance but pointed out some aspects that should be improved (e.g., ensuring the alarm is audible throughout the premises, and improving the speed of the evacuation). Aliv has all of its fire extinguishers inspected regularly and certified by a private fire inspection service.

Public consultation on new communication equipment sites is carried out through “town meetings” and overseen by the regulatory authorities as part of the permitting process. These meetings are only required for sites located in residential areas (as determined by the Department of Public Works). Such sites comprise only approximately five percent of Aliv’s sites, with the rest being located in commercial areas.

As part of this investment, IDB Invest will provide consulting support to Aliv to consolidate and expand upon these components to develop a complete ESMS compliant with IDB Invest policies. Specifically, the ESMS will be consistent with IFC Performance Standard 1 and the Environmental, Health and Safety Guidelines for Telecommunications of the International Finance Corporation. The scale of the ESMS will be commensurate with the level of risk of Aliv’s activities, and will include the following elements:

- (i) an overarching policy for Aliv’s operations;
- (ii) processes for identifying and documenting risks and impacts, including screening of new and existing tower sites to determine if they overlap with legally protected areas or other sensitive habitats;
- (iii) a summary of the regulatory context and lists of legal requirements, including those related to environmental permitting;

- (iv) an updated Employee Handbook, including a robust employee grievance mechanism;
- (v) management programs, including a Contractor Management Plan enabling Aliv to compel its principal contractors to meet minimum environmental, health and safety standards required of all IDB Invest investments;
- (vi) a description of the organizational lines of responsibility for implementation of the ESMS;
- (vii) emergency preparedness and response plans, including procedures for continually improving the company's preparedness for fires;
- (viii) procedures for ensuring that generator noise does not exceed the limits established in the IFC General Health and Safety Guidelines;
- (ix) a site security management policy, and a procedure designed to guard against potential human rights infringements by security guards contracted by the company;
- (x) stakeholder engagement processes;
- (xi) a chance-finds procedure;
- (xii) a procedure for documenting and analyzing root-causes of any accidents or near misses and for taking appropriate corrective actions;
- (xiii) monitoring procedures to ensure that contractors perform their work in compliance with the ESMS and in alignment with Contractor Management Plan requirements;
- (xiv) reporting templates and procedures to ensure that any non-conformities are tracked and resolved, and that management and IDB Invest are kept apprised of Aliv's performance in implementing the ESMS.

Aliv will appoint a qualified E&S Manager to oversee the development and implementation of the ESMS.

3.2. Labor and Working Conditions

Labor and working conditions are guided primarily by Aliv's Employee Handbook, which contains all of the company's human resources policies and procedures and terms of employment. It includes a rudimentary worker grievance mechanism, which Aliv will strengthen as part of the development of its new ESMS.

Occupational Health and Safety (OHS) plans are currently limited to the company's EHS Policy. Aliv will incorporate more detailed (OHS) plans and procedures than those currently found in the EHS Policy into its ESMS. The goal will be to identify and mitigate all occupational health and safety risks through a process of continual improvement. Aliv will apply these plans and procedures to its own workers as well as to those of third-party contractors.

3.3 Resource Efficiency and Pollution Prevention

Regarding resource efficiency, Aliv is currently working with an external consultant to identify operational areas where the company can make efficiency gains of all types—including gains in efficient use of energy.

Regarding pollution prevention, the most significant risk of pollution from Aliv's activities stems

from the storage of fuel for the backup generators at communications sites. To mitigate this risk, and in accordance with local regulations, Aliv uses double-walled storage tanks. A secondary pollution risk, also related to the backup generators, is the disposal of the generators' used batteries. Aliv disposes of these batteries at a recycling facility. The company's new ESMS will include a procedure for ensuring that the facilities used for this purpose are duly licensed and that they dispose of the batteries in compliance with local regulations.

To mitigate other sources of pollution related to its sites, Aliv has included in its standard operating procedures (SOPs) a requirement for contractors to leave new sites free of construction wastes. The SOPs also include requirements for Aliv's own supervisors to verify that the sites are left clean.

The Maintenance of tower sites does not involve the use of herbicides; sites are covered with geotextile and any remaining vegetation is controlled manually.

Aliv's commitment to reducing its environmental footprint extends even to its dining facility, where it has done away with the use of disposable plates and cups.

3.4. Community Health, Safety and Security

Aliv's towers and the equipment installed on them are designed to withstand hurricane force winds. In 2015, Aliv's installations remained operational after Category 5 Hurricane Matthew. Each year Aliv crews visit each tower to tighten each nut and bolt securing the equipment to the tower in preparation for the hurricane season.

Aliv will soon be changing warehouses, moving to a new facility that includes an integrated fire suppression (sprinkler) system. Aliv's new ESMS will include training specifically in the maintenance and operation of all of Aliv's fire safety equipment, as well as a schedule and procedure for the carrying out of regular fire drills. The ESMS will also contain procedures for the handling of other emergencies, such as those related to severe weather or workplace accidents.

The backup generators that Aliv uses at its sites are "whisper" type generators, fitted with sound attenuating housing to help ensure that noise remains below applicable limits. Furthermore, in accordance with local regulations, the distance from each tower site to the nearest residence is 1.3 times the height of the tower. Since the towers Aliv uses are typically 100 feet tall, they are therefore located at least 130 feet from the nearest residence. This setback distance not only mitigates the risk that damage to a tower could affect a nearby residence, but it also mitigates potential noise impacts to these residences. Nevertheless, as an extra precaution Aliv will include a procedure in its ESMS to ensure that generator noise at new and existing sites does not exceed the limits defined in the IFC General Health and Safety Guidelines.

In residential areas, when required by regulators or to satisfy concerns of local residents, Aliv mitigates the visual impacts of towers by disguising them to look like features of the natural landscape (e.g., trees).

Aliv's headquarters and warehouse are protected by unarmed security guards. On the limited occasions when Aliv requires the services of armed guards, the company contracts off-duty (but uniformed) police officers directly through the police department. As part of its new ESMS, Aliv will include a policy and procedures to ensure that the security personnel the company contracts are properly trained in the principles of human rights and security.

3.5. Land Acquisition and Involuntary Resettlement

Aliv will not purchase any lands with proceeds from this loan. All locations where Aliv places

communications equipment is either leased by the company or, in a small minority of cases, owned by Cable Bahamas.

3.6. Biodiversity Conservation and Natural Habitats

Aliv has an unwritten policy of not installing equipment in protected areas or sensitive habitats. A review of existing tower locations by IDB Invest confirmed that no towers are located in protected areas. Aliv will document this policy in writing as part of the company's new ESMS. The ESMS will also include a procedure to screen new sites for proximity to sensitive natural areas (e.g., wetlands or other bird congregation areas).

The principal risk of telecommunications infrastructure to biodiversity is the risk that birds will collide with tower guy lines. In the case of Aliv, none of the towers are guyed (other than two temporary towers that are soon to be replaced). Another risk to biodiversity from telecommunications projects is the risk that workers could disturb birds nesting on communications towers. Aliv has an unwritten policy of delaying equipment maintenance on towers where sensitive species are nesting (e.g., ospreys) until the nesting period ends. Aliv will codify this policy and include a related procedure within its new ESMS.

3.7. Cultural Heritage

Despite the very limited scope of expected civil works, Aliv will include in its ESMS a chance-finds procedure to protect any cultural artifacts that might be encountered during site clearing or earth moving activities.

4. Environmental and Social Action Plan

Ref #	Action Description	Deliverable/Indicator of Completion	Completion Date
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1	Develop an Environmental and Social Management System (ESMS) consistent with Performance Standard 1 and the Environmental, Health and Safety Guidelines for Telecommunications of the International Finance Corporation	<p>Documented ESMS with the following elements:</p> <ul style="list-style-type: none"> (i) an overarching policy for Aliv's operations; (ii) processes for identifying and documenting risks and impacts, including screening of new and existing tower sites to determine if they overlap with legally protected areas or other sensitive habitats; (iii) a summary of the regulatory context and lists of legal requirements, including those related to environmental permitting; (iv) an updated Employee Handbook, including a robust employee grievance mechanism; (v) management programs, including a Contractor Management Plan enabling Aliv to compel its principal contractors to meet minimum environmental, health and safety standards required of all IDB Invest investments; (vi) a description of the organizational lines of responsibility for implementation of the ESMS; (vii) emergency preparedness and response plans, including procedures for continually improving the company's preparedness for fires; (viii) procedures for ensuring that generator noise does not exceed the limits established in the IFC General Health and Safety Guidelines; (ix) a site security management policy, and a procedure designed to guard against potential human rights infringements by security guards contracted by the company; (x) stakeholder engagement processes; (xi) a chance-finds procedure; (xii) a procedure for documenting and analyzing root-causes of any accidents or near misses, and for taking appropriate corrective actions; (xiii) monitoring procedures to ensure that contractors perform their work in compliance with the ESMS and in alignment with Contractor Management Plan requirements; (xiv) reporting templates and procedures to ensure that any non-conformities are tracked and resolved, and that management and IDB Invest are kept apprised of Aliv's performance in implementing the ESMS. 	Prior to Third Disbursement
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2	Hire a qualified E&S Manager with primary responsibility being to lead the development and implementation of the ESMS	CV, Terms of Reference and copy of signed contract for E&S Manager.	Prior to Second Disbursement
3	Report to IDB Invest on implementation of ESMS	Report describing Aliv's performance in implementing all aspects of the ESMS	Annually from the Effective Date