

## 1. Scope of Environmental Review

Headquartered in the city of São Paulo, Brazil, Centro de Imagem Diagnósticos S.A (commercially known as Alliar) was incorporated in 1992 and is engaged in the provision of diagnostic medicine services, including: (i) imaging diagnosis and chart-based diagnosis; (ii) nuclear medicine and (iii) clinical tests, outsourced to AFIP, a contracted laboratory. Alliar currently has 120 units throughout the country.

The Environmental and Social Due Diligence (ESDD) mission took place from October 2-4 in São Paulo and included the visit to two of Alliar's clinics (operating units). IDB Invest team met with i) members of Alliar's quality team, human resources, environmental and health & safety, and ii) indirect employees (AFIP and from cleaning company). The ESDD included the review of environmental, health and safety (EHS) documents presented by the company.

## 2. Environmental and Social Categorization and Rationale

The project has been classified in category B in accordance with IDB Invest's Environmental and Social Sustainability Policy because it could produce certain effects that may be avoided or mitigated by following generally recognized performance standards, guidelines, or design criteria.

Key E&S issues and risks associated with the project include: (i) functionality of the company's E&S management and monitoring systems, (ii) Labor and Occupational Health and Safety issues related to exposure to biohazards and hazardous agents (radiation and magnetic waves), (iii) generation of radioactive and chemical waste, and (iv) life and fire safety.

As a result of the ESDD, it can be concluded that this operation will have impacts that will be managed in accordance with the following Performance Standards: (i) PS-1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS-2: Labor and Working Conditions; (iii) PS-3: Resource Efficiency and Pollution Prevention; and (iv) PS-4: Community Health, Safety, and Security.

No land acquisition, conversion of habitats or physical or economical displacement are expected as part of the project, therefore, PS-5 "Land Acquisition and Involuntary Resettlement" and PS-6 are not expected to be encountered during this project. PS-7, Indigenous Peoples is not relevant as there are no Indigenous People affected by Alliar's operations while PS-8, Cultural Heritage will not be triggered either, as no cultural heritage or archeological sites are affected by the company. If these Performance Standards become applicable, Alliar will immediately inform IDB Invest.

## 3. Environmental and Social Context

The company has a presence in 44 cities located in the states of Minas Gerais, Mato Grosso do Sul, Bahia, Espírito Santo, São Paulo, Rio de Janeiro, Parana, Pará, Rio Grande do Norte and Paraíba. The clinics operate under different brands (20 in total) depending on the state they are located.

Deployment of clinics providing nuclear medicine services are ruled by CNEN - Conselho Nacional de Energia Nuclear (Brazilian Nuclear Agency), which approves the equipment to be installed in operating units.

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

### 4.1 Assessment and Management of Environmental and Social Risks

#### 4.1.a E&S Assessment and Management System

Alliar manages its environmental and social aspects seeking compliance with national and local laws and regulations. SIGA, its Quality Management System, consists in a series of policies, procedures and monitoring tools focused primarily on complying with local law and meeting customer requirements. Though it covers certain environmental and labor aspects, the management system lacks some elements to be PS-1 compliant.

Alliar will implement an integrated ESMS covering Environmental, Social, Health and Safety (ESHS) at a corporate level and consistent with PS-1 requirements.

#### 4.1.b Policy

Alliar will develop a corporate policy defining the group's overarching declaration of their ESHS objectives and principles that will direct its activities. The policy will be applicable to all activities, assets, employees and contractors. It will reflect Alliar's approach towards sustainability and to the proactive management of risks and impacts. It will include specific objectives regarding ESHS performance, and it will aim for continuous improvement. The new overarching policy will be endorsed by the CEO and will be communicated to all employees (direct and indirect), contractors and major suppliers.

#### 4.1.c Identification of Risks and Impacts

Occupational Health and Safety (OHS) risks are documented in the PPRA (Portuguese acronym for Environmental Risk Prevention Program) and the PCMSO (Portuguese acronym for Occupational Health Medical Control Program). Identified OHS risks include accidents (cuts with sharps), biological (exposure to virus and bacteria), chemical, ergonomic, and physical (exposure to radiation). Each operating unit prepares its own PPRA and PCMSO and updates it once a year. Environmental risks are identified at a corporate level and documented in the Environmental Management Directive. Environmental risks identified include resource efficiency (water, energy, paper) and solid waste generation.

There is no corporate level procedure to identify ESHS risks and impacts in a standardized way. Alliar will develop an ESMS procedure for the identification and review of risks and impacts in an integrated fashion, which shall consider the proactive engagement of employees, contractors and external experts (as needed). Alliar will produce an integrated risk and impacts matrix to be reviewed and updated any time there are external changes (such as new laws or regulations) or a significant change to operations, and in any case, at least once a year based on the most updated environmental, health and safety and social monitoring data.

#### 4.1.d Management Programs

Each operating unit develops and implements management programs and procedures to mitigate the following identified risks: i) emergency response; ii) OHS (through the PPRA and PCMSO); and iii) solid waste generation. There are no specific procedures to address resource efficiency risks as described under the Environmental Management Directive.

Alliar will develop corporate ESMS procedures to address ESHS risks which shall be aligned with Brazilian requirements, IFC Performance Standards and WBG EHS Guidelines. Management programs will include action plans (activity, key performance indicators - KPI, deadlines, person responsible, operating procedures) to be routinely reviewed and progress verified in order to ensure that appropriate adjustments and ESMS improvements are made according to monitored data.

#### 4.1.e Organizational Capacity and Competency

EHS aspects are managed at a subsidiary level by operational managers reporting to Alliar's Human Resource (HR) Director. Each operating unit has at least one person in charge of identifying and managing EHS risks. Alliar will appoint an ESMS Leader, at a corporate level to support subsidiaries in the implementation of the management system and related programs. The company will also create an ESMS team with knowledgeable professionals from environment, health and safety, operations, procurement and HR, to take responsibility for the ESMS implementation.

The company provides a basic induction and annual EHS training for all workers covering OHS risks (biological, chemical and radiation), utilization of Personal Protection Equipment (PPE) and waste management. Alliar will prepare and institutionalize a management system procedure addressing a detailed training for the ESMS team and for all employees and contractors to ensure understanding of ESMS goals, including radioactive protection and correct waste segregation. The training program shall contemplate the elements included in paragraph GN76 of IFC's Performance Standard Guidance Notes.

#### 4.1.f Emergency Preparedness and Response

Emergency Response Plans (ERP) are prepared at an operating units' level following local jurisdiction requirements. They also have emergency brigades (trained by local fire department) that perform periodic emergency drills. Alliar will develop and submit for IDB Invest review a corporate level ERP considering all emergency scenarios (fire, spills, earthquakes, radiation accidents) in accordance with Brazilian regulations and IFC Performance Standard requirements.

Alliar operates in several states of Brazil, each of which has its own life & fire safety (L&FS) regulation. As a result, L&FS protections in buildings vary according to local jurisdiction requirements. The company will develop a standard L&FS Master Plan applicable to new and renovated buildings, in accordance to local fire department regulations, the L&FS section of the WBG General EHS Guidelines, and in accordance with Brazil federal accepted L&FS standard or an internationally accepted standard such as NFPA. All new buildings and existing buildings programmed for renovation during the life of the IDB Invest loan will be designed, constructed, and operated in full compliance with those guidelines.

#### 4.1.g Monitoring and Review

Alliar conducts monthly monitoring of its Quality Management System through internal auditors, while regional directors review the results of the audit on a quarterly basis. Through SIGA, Alliar monitors some relevant environmental aspects (such as energy efficiency programs, waste management, ergonomic risks and PPE utilization).

The company will implement a procedure to track its ESHS performance through various mechanisms, such as including internal inspections and audits in comparison to a set of KPIs. The procedure shall provide the ESMS Leader to monitor and measure results at least once per month to evaluate the efficiency of the proposed mitigation measures, assess compliance with ESHS requirements, and verify the effectiveness of the ESMS processes allowing the identification of potential deviations. It will also provide senior management to regularly meet with the ESMS team to monitor KPI's and to evaluate the effectiveness of the ESMS.

#### 4.1.h Stakeholder Engagement

Alliar has its own channel of communication with the broad public that can be accessed through internet <https://www.cdb.com.br/contacts/new> and by telephone at +55 (11) 4765 0355. The channel, however, is mostly targeted towards client satisfaction and does not keep track on potential

grievances raised by stakeholders.

Alliar will develop a corporate level procedure addressing community engagement, including a mechanism for receiving, addressing and resolving community grievances and complaints. The procedure content shall be guided by IFC Stakeholder Engagement Good Practice Handbook<sup>[1]</sup>. The Company will assign and train a main responsible staff person to take care of the external grievance mechanism.

## 4.2 Labor and Working Conditions

### 4.2.a Working Conditions and Management of Worker Relationships

Alliar complies with labor laws of Brazil. The company employs approximately 5,578 people across the country, out of which 4,123 are women. In compliance to local law, the Alliar also employs 119 people with special needs.

#### 4.2.a.i Human Resources Policies and Procedures

Alliar manages workers and adheres to Brazil labor law. The company will develop a Human Resource (HR) Policy document to add all PS-2 principles. The new HR policy will be communicated to all direct and indirect employees.

#### 4.2.a.ii Working Conditions and Terms of Employment

In addition to the benefits required by national law, Alliar provides the following benefits to its employees in order to retain and motivate its employees: i) health and dental plans; ii) life insurance and iii) food and transportation vouchers. The minimum wage paid by Alliar is R\$1,140, higher than the national minimum wage of R\$998. Alliar has pending lawsuits due to labor issues. The Company will semiannually report the status of any pending labor processes to date, as well as that of others that may arise in the future.

#### 4.2.a.iii Workers' Organizations

Alliar follows freedom of association, a right that is guaranteed by Brazilian labor law and required under PS-2. The company respects collective bargaining agreements with 450 unions across the country. Collective Agreements are renewed every year.

#### 4.2.a.iv Non-discrimination and Equal Opportunity

Alliar's Code of Ethics states that there will be no discrimination among employees, regardless of sex, religion, race or physically challenged.

#### 4.2.a.v Retrenchment

Alliar does not anticipate any retrenchment in the future. However, if such becomes necessary, the company will develop a retrenchment plan following the national labor law and PS-2. Any retrenchment plan will be shared with IDB Invest for approval.

#### 4.2.a.vi Grievance Mechanism

The Ethics Channel is a mechanism available to all employees (direct and indirect) whereby some job-related complains (discrimination, sexual harassment) can be raised anonymously. The Ethic's Channel, available through telephone or through Alliar's website, is administrated by a third-party

provider. Grievances are monitored at a subsidiary level by an Ethics Committee composed by the brand director, and representative from RH and operations.

Alliar will develop a Grievance Mechanism (GM) procedure to indicate the process for receiving grievances (grievance boxes, face to face, email, telephone line, etc.), and the steps and timeline for evaluating and managing grievances. The process will describe how the corporate GM will address claims, proposals and grievances by means such as the Ethics Channel. Grievance boxes are located at Alliar's clinics. It shall also contemplate the frequency and the corporate level person responsible for monitoring and responding to grievances. The new Labor Grievance Mechanism procedure will be communicated to all employees (direct and indirect) during induction training and on a periodic basis.

#### 4.2.b Protecting the Workforce

There is no evidence of forced and/or harmful child labor at the Alliar's operations. Alliar provides internship opportunities to 16-18 minors, that are allowed to work up to 18 hours per week as long as they continue attending to school. The company will develop a corporate ESMS procedure for its internship programs, which shall be consistent with the elements included in paragraphs GN61-66 of IFC's Performance Standard 2 Guidance Notes.

#### 4.2.c Occupational Health and Safety

Alliar complies with Brazil's health and safety laws and regulations.

Workers are trained on OHS risks and PPE utilization at the time of induction and at least once per year. Over the past 12 months, the company has reported a total of 49 lost time accidents, resulting in a total of 267 days of disability. None of them resulted in a fatality. Most of the accidents consisted in cuts with sharps (some of these as a result of poor waste segregation) and falls. The company will reinforce training (repeatedly, throughout the year) to all employees (direct and indirect) so they are competent to carry out their duties and responsibilities safely.

Occupational injuries, illnesses and fatalities are reported and documented at a subsidiary level, including events occurred to third party employees. Root cause reports are prepared to document accidents and propose corrective actions. As part of the investment, Alliar will implement a corporate level ESMS procedure indicating that best practices will be implemented by all subsidiaries.

#### 4.2.d Workers Engaged by Third Parties

Alliar shares its clinics with AFIP to which it has outsourced laboratory services, such as blood and urine tests. All AFIP's workers are provided with written contracts and trained regarding OHS risks (biohazards, chemical) and PPE utilization. AFIP's workers also have access to Alliar's Ethics Channel.

### 4.3 Resource Efficiency and Pollution Prevention

#### 4.3.a Resource Efficiency

The company uses water from the public water supply network to cover the basic needs of employees and to clean the facilities. Its annual water consumption is 40,000 m<sup>3</sup>. Electricity is purchased from the grid and the total annual consumption is 10 GWh. Alliar is replacing commercial office lighting with LED fixtures in order to reduce electricity consumption. Alliar is also piloting a program in one of its clinics to dematerialize archives and hence reduce paper consumption.

Alliar will monitor its consumption of electricity, water and paper from its facilities and will identify potential areas of savings, which shall be documented within its corporate ESMS procedures.

#### 4.3.b Pollution Prevention

##### 4.3.b.i Wastes

Each of the operating units, through the PGRSS (Portuguese acronym for the Waste Management Plan), has implemented waste segregation programs to maximize the separation materials.

Non-hazardous waste, such as paper and plastic materials are placed in identified and segregated containers that are later collected and sent to licensed storage facilities. Recyclable waste is separated by these licensed companies.

Infectious waste include waste that has been in contact with anatomical material (e.g. blood, and other body fluids), clothes, dressings, equipment / instruments, and other items that may have been in contact with infectious materials. Infectious waste is packed in white plastic bags labeled with an infectious waste symbology, for later collection, treatment and final disposition by licensed companies. Sharps are stored in yellow boxes that when full, are closed, placed in bags labeled "infectious waste" and temporarily stored in separate containers. Collection and final disposal is made by licensed companies.

Chemical waste, such as acetic acid, formalin and sodium hypochlorite are packed in airtight containers, sent to temporary storages until removed by a specialized company for treatment and final disposition.

Radioactive or radionuclide contaminated waste from clinical analysis laboratories, nuclear medicine and radiotherapy services are stored in 3mm lead bins with airtight closure lids and secured temporarily behind lead shields for degradation until becoming inert. Inert waste is then treated as an infectious waste.

##### 4.3.b.ii Pesticide Use and Management

Rodent control companies hired by Alliar employ Flocoumafen and Brodifacoum, two WHO Class Ia concentrated power formulations used for the control of rats and mice in the clinics. Alliar will prepare a management system procedure to implement pest and rodent management aiming to eliminate the use of WHO Class 1a and 1b chemical formulations in their premises. The company will modify service contracts to require contractors to provide workers and adequate PPE based on MSDS and/or ICSCs for the materials used.

#### 4.4 Community Health, Safety and Security

Alliar will prepare a management system procedure addressing community engagement including a mechanism for receiving, addressing and resolving community grievances and complaints.

Security personnel is hired by third party companies, and none of them are armed. In case that contractors assign armed security, Alliar will develop a formal ESMS procedure for management of security personnel covering their functions, documentation, obligations, prohibitions, duties and code of conduct and management of equipment. Such ESMS procedure shall assess security risks from and to the community and will develop appropriate policies and procedures (e.g., a written code of conduct; training; procedures in the event of any incident, community unrest, community request, or alleged violation, etc.) to ensure effective oversight and accountability for the security personnel in alignment with PS-4 requirements as described in paragraphs 12 - 14.

## 5. Contact information

For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary**), or IDB Invest using the email [divulgacionpublica@iadb.org](mailto:divulgacionpublica@iadb.org). As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.

## 6. Environmental and Social Action Plan (ESAP)



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[1] [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_handbook\\_stakeholderengagement\\_wci\\_1319577185063](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_stakeholderengagement_wci_1319577185063)