

1. Scope of Environmental Review

All construction and maintenance of PTI's infrastructure is done by third party contractors. PTI vets each contractor and has an onboarding process to ensure that all contractors are properly suited to operate in their individual jurisdiction. This review focused on the company's proposed activities in the Caribbean and South America. IDB Invest environmental and social officers held conference calls and exchanged documentation with representatives from PTI 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:

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts

PS 2 - Labor and working conditions

PS 3 - Resource Efficiency and Pollution Prevention

PS4 - Community Health, Safety and Security / PS6 - Biodiversity Conservation

PS5, PS7 and PS8 are not considered applicable given that sites are all expected to have a very small footprint; sites are expected to be leased, and any purchased ones are expected to involve a willing seller; no Indigenous Peoples are expected to be affected; and no important cultural heritage is expected to be impacted (although PTI will develop a Chance Finds Procedure to cover unexpected finds during new site construction).

Key environmental and social risks of this investment include the following: (i) worker health and safety risks during work with cranes, work at heights, and with electrical infrastructure; (ii) risks of pollution related to storage of generator fuel at tower sites and disposal of used batteries; (iii) community-related risks related to perceived impacts from electromagnetic fields or perceived impacts on landscape aesthetics; (iv) risks related to the potential presence of armed security guards; and (v) risks to birds which may strike towers or support wires.

4. Environmental Risk and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

PTI does not currently have a formal environmental and social management system (ESMS), although the company does already have in place several key components that would form such a system. PTI screens the placement of its new towers for potential environmental impacts as part of the permitting process for such towers. This screening is to some degree systematic, given that PTI strictly follows the Foreign Corrupt Practices Act (FCPA) guidelines when purchasing new towers.

The FCPA guidelines direct the company to proceed through all legal and official channels to obtain the permits necessary to construct towers. Part of the permitting process generally includes obtaining environmental permits. Furthermore, PTI requires its principal contractors to have in place health and safety management plans. The company vets these plans as part of the induction process for all new contractors. Before constructing new towers, PTI holds consultative meetings with local communities. Once built, tower sites are posted with the contact information of the company so that any affected parties can register their complaints or concerns. Finally, PTI has a variety of human resources policies, which are summarized in a detailed Employee Handbook presented to all new employees during their induction.

As part of this investment, IDB Invest will provide consulting support to PTI to consolidate and expand upon these components to develop a complete ESMS compliant with IDB Invest policies. The ESMS will be commensurate with the level of risk of PTI's activities, and will include the following elements: (i) an overarching policy for PTI'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 critical habitat for birds; (iii) a summary of the regulatory context and lists of legal requirements, including those related to environmental permitting; (iv) management programs, including a Contractor Management Plan enabling PTI to compel its principal contractors to meet minimum environmental, health and safety standards required of all IDB Invest investments; (v) a description of the organizational lines of responsibility for implementation of the ESMS; (vi) emergency preparedness and response plans; (vii) stakeholder engagement processes; (viii) monitoring, review and reporting mechanisms to ensure that contractors perform their work in compliance with the ESMS and in alignment with Contractor Management Plan requirements, and that management and IDB Invest are kept informed of performance.

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

4.2 Labor and Working Conditions

PTI's current workforce consists of 127 company staff and 10 consultants. Nearly half (48 percent) of the company staff are women.

As mentioned above, PTI has a corporate-level Employee Handbook. The company adapts this handbook to the specific countries in which it operates. The handbook covers the following policies and procedures, among others: (i) PTI's commitment to being an equal-opportunity employer; (ii) PTI's policy on accommodating individuals with disabilities; (iii) PTI's workplace harassment policy; (iv) the company's conflict resolution and complaint procedure; and (v) basic worker safety and security rules and procedures. As part of the development of PTI's ESMS, these policies and procedures will be reviewed and updated, where appropriate, to ensure alignment with the IDB Invest Environmental and Social Sustainability Policy. In addition, the ESMS will include the following measures to ensure safe working conditions for PTI employees and those of principal contractors: (i) procedures for ensuring the delivery and maintenance of appropriate personal protective equipment (PPE) for workers performing risky tasks; (ii) processes for ensuring that workers are trained in the health and safety procedures relevant to the tasks they perform; (iii) tracking indicators and procedures to ensure that the health and safety programs of PTI and principal contractors are effective; (iv) review procedures to improve any deficiencies identified via tracking indicators.

4.3 Resource Efficiency and Pollution Prevention

At new PTI sites, construction will generate some waste materials, and during operations there will be a need for properly disposing of items such as waste oil and used batteries. As part of its ESMS, PTI will establish procedures for waste management, consistent with relevant World Bank Group Environmental, Health and Safety Guidelines.

PTI sites will generally use power from the electrical grid, with backup power provided by batteries wherever possible, thereby limiting the use of fuel tanks, generators, and associated noise and potential for fuel leaks. At existing sites where fuel tanks and generators are used, PTI will, within a reasonable timeframe, ensure that secondary containment structures are in place to mitigate potential impacts from fuel spills. PTI will install secondary containment structures around all fuel tanks at new sites.

PTI will include terms in its agreements with contractors that cover pollution prevention and abatement, and regularly monitor compliance with these terms.

4.4 Community Health, Safety and Security

Some of the tenants renting space on PTI's towers hire armed security guards to protect their equipment. PTI's ESMS will contain a policy and procedures regarding the use of such armed security personnel by the company, its tenants, or its principal contractors. The policy and procedures will be aligned with the Voluntary Principles on Security and Human Rights.

4.5 Land Acquisition and Involuntary Resettlement

Most of the land necessary for PTI to carry out its activities under this investment will be leased or purchased from existing tower owners. In the cases where new towers will be built, land will be leased, or purchased exclusively from willing sellers. No involuntary resettlement will take place.

4.6 Biodiversity Conservation and Natural Habitats

Transmission towers can pose a potentially fatal risk to birds, primarily through collisions. This risk can be significantly reduced through site screening, tower design, and choices regarding tower lighting. PTI is aware of this risk and will incorporate procedures into its ESMS for following the relevant advice in the IFC's Environmental, Health and Safety Guidelines for Telecommunications and, where feasible, the U.S. Fish and Wildlife Services' Recommended Best Practice for Communication Tower Design, Siting, Construction, Operation, Maintenance and Decommissioning. PTI will avoid building new towers in legally protected areas or critical habitats for birds. Examples of such critical habitats include wetlands, communal nesting or roosting sites, other sites where large numbers of birds congregate, and Important Bird Areas as defined by Birdlife International. Towers already in PTI's portfolio that fall within such areas will be assessed for their potential to impact birds on a case-by-case basis, and PTI will implement appropriate mitigation measures (e.g., bird-friendly lighting, visual bird diverters, or changes in tower design) where necessary.

5. Local Access of Project Documentation (*Address where project information can be accessed locally*)

Phoenix Tower International, 999 Yamato Road, Suite 100, Boca Raton, FL 33431 <https://phoenixintl.com/>