

The project is considered category II according to the IIC's environmental and labor review procedure because in general it does not result in direct or indirect environmental impacts.

The project's impact on the environment is minimal and is primarily related to aesthetics. The small dimensions of the "colibri" payphones and of their booths makes their visual impact much less than that of previous generations of payphones. In addition, the majority of the phones will be installed in urban areas.

**Worker health & safety:** The electric connection to be made during installation of the payphones is relatively simple and involves a low voltage line. The ladders and tools used are made of materials that do not conduct electricity. Workers required to climb telephone poles are duly equipped with gloves, non-slip footwear, harnesses and other necessary equipment. The indoor air quality, temperature and ventilation at the project's repair shop and warehouse, where booths are stored is good. In addition, a fire prevention system is in place in the warehouse, repair shop and offices.

The company trains its staff and health and safety inspectors who go out in the field to ensure that the appropriate precautions are being taken to protect the well being of the workers. All of the project's employees are covered by the caja costarricense del seguro social (Costa Rican social security) and the company's worker risk insurance policy. Workers that are injured or become ill on the job have free access to the seguro social's clinics and hospitals. In addition, the project sponsor provides workers with first aid supplies on site in case of minor injuries. The company follows Costa Rica's Reglamento General de Seguridad e Higiene del Trabajo (general health and safety regulation) developed by the Costa Rican Consejo de Salud Ocupacional.

**Labor:** Costa Rica is a signatory to the UN and ILO conventions on child labor, as well as the core standards for worker rights. Labor issues in Costa Rica are governed by the Código de Trabajo (work code). Article 343 of the Código de Trabajo specifies that workers have the right to unionize. The salaries of workers installing telephone booths are higher than Costa Rica's minimum wage. Additionally, the company has a production based incentive plan that has been agreed to by the workers and which can result in up to a 50% salary increase.

**Monitoring and annual reporting:** The project sponsor will develop an environmental management plan (EMP) that will include a monitoring and reporting program to ensure that the project is in compliance with national laws and IIC's guidelines regarding environment, health and safety and labor issues. The EMP will also include an environmental management system that describes who will be responsible for monitoring the project's compliance with environmental and labor related laws.