

1. Scope of Environmental Review

This review encompasses the overall Group OB as well as Ati, due to the interrelatedness of their activities in terms of environmental and social risks and impacts. The review is based on a site visit to the Ati headquarters in San Jose, including structured meetings with managers and *ad hoc* meetings with other employees, and a desk review of supporting documentation.

2. Environmental and Social Categorization and Rationale

According to the IIC Environmental and Social Sustainability Policy, this is a Category B project: potential environmental and social risks and impacts are limited to the project site, largely reversible, and can be mitigated via measures that are readily available and feasible to implement in the context of the operation.

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 risks 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
- PS 2 - Labor and working conditions
- PS 3 - Resource Efficiency and Pollution Prevention
- PS 4 - Community Health, Safety and Security
- PS6 - Biodiversity Conservation

PS4, PS5, PS6, PS7 and PS8 are not considered applicable given that ATI's activities do not: pose a risk to local community health, safety or security; involve land acquisition; affected biodiversity; adversely affect indigenous peoples; or impact cultural heritage.

The main environmental and social issues related to this project are: proper disposal of solid waste, particularly waste composed of used computer hardware; occupational health and safety management; and labor management.

4.1 Assessment and Management of Environmental and Social Risks and Impacts

The Group OB has an overarching environmental policy, to which all of the member companies as well as Ati subscribe. The policy states their commitment to ensuring, via plans and campaigns, that their economic activities produce the least environmental impact possible. Focal areas specifically mentioned in the policy include: using natural resources and energy rationally; contributing to minimizing climate change; strengthening the environmental conscience and culture in company personnel; and serving as a positive example for other companies.

In 2014, Componentes El Orbe obtained ISO 14001 certification. In 2018, this same certification was obtained by Ati. In order to maintain this certification, the company's Services Comptroller (Contraloría de Servicios) conducts scheduled and random internal performance audits and the company is subjected to regular internal and external audits by ISO certified auditors.

Since 2016, the entire Group OB has been enrolled in a national environmental certification program called Blue Flag (Bandera Azul). In 2018 the Group was awarded two stars, and for 2019 it is on track to be awarded three stars. In order to achieve certification, the Group needed to meet a series of targets agreed to between the Group and the program coordinators. These targets included, among others: a 100% recycling rate for toner cartridges; recycling of 100% of all plastic, paper and

aluminum collected on premises; and average electricity consumption lower than 90 kWh per employee per year.

4.2 Labor and Working Conditions

Ati employees are not unionized, though they are free to join labor unions if they so desire. Ati employees have the option to participate in the Group OB's Solidarity Association (Asociación Solidarista). For every two dollars contributed to the association by its members, the Group contributes one dollar.

The company has a well-developed employee grievance mechanism, including documented procedures for Human Resources staff to follow in case of complaints. Workers can lodge complaints via a dedicated telephone line or email, or in person.

The Group offers regular training courses in thematic areas such as teamwork, effective communication, and conflict resolution. Additional benefits offered to staff include: subsidized meals at two nearby restaurants, automatic cost of living salary increases, and the part-time operation of a free, on-site medical clinic.

The main occupational health and safety risks faced by Ati employees relate to potential emergencies, such as fires and earthquakes. The Human Resources department plans and executes regular training events and simulations according to an annual training calendar. These activities are guided by a well formulated document called the General Emergency Plan (Plan General de Emergencias).

Ati recently hired a consultant to perform a health and safety diagnostic, as part of the company's efforts to become certified in the ISO 45001 standard (Occupational Health and Safety Management Systems). Among the risks identified by the consultant, as well as by IDB Invest specialists during the site visit, was the need for an improved fire alert and prevention system (e.g., smoke detectors and sprinklers). The consultant also identified some specific fire risks related to poor wiring and obsolete lighting fixtures. As part of its Environmental and Social Action Plan (ESAP) for this project, the Group OB will take the following actions: (i) hire a specialist in fire prevention and safety to design a complete early alert and suppression system, with special attention paid to the warehouse facility; (ii) implement the consultant's recommendations; and (iii) rectify the electrical deficiencies identified in the consultant's final report; and (iv) ensure that all wiring in Ati's facilities is compliant with applicable codes and regulations.

Another health and safety risk flagged in the health and safety diagnostic relates to the use of chemical solvents by the Novatech department - the small team of technicians responsible for cleaning and refurbishing returned computer equipment. The diagnostic proposed a series of measures for mitigating this risk - including use of the appropriate personal protective equipment (e.g., gloves, protective clothing, and respirators), isolating areas where these chemicals are used, and installing in these areas an improved system of ventilation. Ati will commit, as part of the ESAP for this operation, to implement these measures in the short-term.

Resource Efficiency and Pollution Prevention

Componentes El Orbe has an extensive and detailed service contract with Empresa GEEP Costa Rica for the disposal and recycling of the electronic equipment that is returned to Componentes El Orbe and that cannot be newly rented or sold. The contract specifies that Empresa GEEP must handle this electronic waste in compliance with all national and ratified international legislation (e.g., the Integrated Electronics Waste Management Regulation - Reglamento para la Gestión Integral de los

Residuos Electrónicos, Decreto Ejecutivo Numero 35933). Empresa GEEP is licensed by the Costa Rican Ministry of Health to provide this type of service.

5. Environmental and Social Action Plan

Ref #	Action Description	Deliverable/Indicator of Completion	Completion Date
1	Hire a specialist in fire prevention and safety to design a complete early alert and suppression system, with special attention paid to the warehouse facility.	Final report from fire safety specialist, including designs for an early alert system and a fire suppression system	3 months from Financial Close
2	Implement recommendations from previous action.	Evidence of implementation of specialist's recommendations.	9 months from Financial Close
3	Rectify the electrical risks identified in recent health and safety diagnostic.	Certification from a licensed electrician that the Orbe group's facilities have been inspected and found compliant with applicable electrical codes and general good safety practices.	3 months from Financial Close
4	Limit use of toxic cleaning chemicals to isolated spaces with adequate ventilation.	Photographs of cleaning rooms, and proof of purchase and installation of ventilation equipment.	6 months from Financial Close
5	Ensure workers handling cleaning chemicals are properly protected.	1. Plans and procedures specifically for ensuring that Orbe/Ati equips, trains and monitors workers handling cleaning chemicals in accordance with recommendations from recent health and safety diagnostic. 2. Evidence that Orbe and Ati are implementing these plans as written.	1. 3 months from Financial Close 2. Annually from date of Financial Close

6. Contact Information

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