

Grand Bahama Utility Company (GBUC) is the distributor of water and operates a waste water facility in Grand Bahama. The environmental and social due diligence for the GBUC Smart Meter Investment Program was carried out in the month of October through desk review of pertinent documentation and interviews with the client. The client will install approximately 11,000 smart meters as part of an overall plan to increase smart water technology, with the aim of converting all customers to smart meter technology eventually. This project is categorized as a Category C, given that it is likely to result in very limited or no adverse environmental or social impacts or risks. The main risk is derived from the installation process of the smart meters, which is a simple process of switching out the existing meters for smart meters and setting up the IT architecture. Performance Standards triggered are PS1 (Assessment and Management of Environmental and Social Risks and Impacts); PS2 (Labor and Working Conditions); PS3 (Resource Efficiency and Pollution Prevention) as well as PS4 ("Community Health, Safety and Security"). The loan proceeds will be dedicated to acquisition and installation of smart water meters and associated technology and tools e.g. cloud data storage and management. Hence, no associated pipe replacement and/or rehabilitation activities are envisaged, nor are there water/effluent treatment and/or abstraction investments necessary. Conversely, installation of water efficient technology is expected to improve resource use and economies of scale.

a. E&S Assessment and Management System GBUC has in place an adequate environmental and social management system (ESMS) comprised of the Health, Safety and Environment Policy (approved in 2011), application of a Building and Sanitary Code, and a series of procedures and guidelines addressing the various issues as outlined in the following paragraphs. GBUC, as part of the Grand Bahama Port Authority Limited Group of Companies (GBPA), follows the environmental standards and principles of GBPA and also participates in the Grand Bahama Port Authority Environmental Group which was founded in 2006 with the aim to effectively manage, conserve and protect the natural environment of the area governed by the GBPA.

b. Identification of Risks and Impacts The proposed operation presents very limited and low risks. Essentially, existing traditional water meters are being replaced by smart meters through a short and simple plumbing process and are complemented by the set-up of an IT infrastructure that will capture the data from the smart meters. The installation process will be carried out by a third-party contractor and GBUC will be required to present the contractor's company name and installation procedure to IDB Invest prior to first disbursement.

c. Organizational Capacity and Competency GBUC has an adequate integration of environmental, social and safety issues in its corporate structure. The GBPA Director for Building and Development Services oversees all issues pertaining to the environment in which the GBPA Group of Companies, including GBUC, operate and reports directly to the President of the GBPA. Managers for Human Resources and Security, Safety and Facilities are in charge of those respective areas as they relate to labor issues and worker safety, as well as safety for surrounding communities where applicable.

d. Emergency Preparedness and Response GBUC has in place a comprehensive Emergency Preparedness and Response Plan which covers various emergency events including fire, severe weather, other natural disaster, medical emergency, bomb threats and civil disturbances. The plan appropriately covers both planning for such emergencies (preparation and readiness) and reacting to such events (crisis control).

e. Stakeholder Engagement Stakeholder engagement in the context of this operation is based on the usual supplier-client relationship between GBUC and its water users. The installation of the smart meters is a 10-minute process approximately and does not have any impact on the clients except for a short service interruption. All service connections will be made outside of the customers' boundaries, thus, eliminating the need to access private properties.

f. External Communication and Grievance Mechanisms GBUC has in place an Environmental Complaints Policy together with an Environmental and Public Complaint Form which describes the mechanism to receive and resolve inquiries from community members. The mechanism is adequate. In addition, GBUC and GBPA use innovative technology to receive reports by citizens on any issues such as litter, potential hazards, building violations and other, through the App "Freeport report" which generates a report directly to the GBPA. GBUC furthermore is setting up an additional channel of direct and immediate feedback and assistance to

its customers through the Casengo customer services app. Labor and Working Conditions a. Working Conditions and Management of Worker Relationships Working conditions and the management of worker relationship is laid out in the detailed Industrial Agreement between the GBPA Group companies and the GBPA workers union signed in 2014. Via the Industrial Agreement, the GBPA Group commits to non-discrimination and equal opportunity. It includes all relevant human resources policies and procedures, working conditions and terms of employment as well as the right to join worker's organizations. This Agreement also includes an adequate grievance procedure for the resolution of internal complaints or inquiries. b. Workplace safety As per GBUC's health, safety and environment policy, safety regulations are to follow OSHAS standards. GBUC has in place an Employee Safety Training Program which covers first aid, evacuation and in-place sheltering and ergonomics, among other issues. The company has so far trained 150 employees and will continue to run this training program on a bi-annual basis. The company furthermore has in place a procedure for the investigation of accidents and a related "safety violation citation form". Resource Efficiency and Pollution Prevention Smart meter technology is generally recognized for its potential to lead to water resource savings, however this will depend on how the technology is applied and used. It provides, for example, the potential to reduce leak losses as they allow the utility to detect leaks at the customer level. It can also be used to limit watering for outdoor use on certain days or certain hours and to identify customer usage inefficiencies. For the smart meter program, no permits related to solid waste disposal are required. In terms of waste water, GBUC is also the owner/operator of the Chesapeake waste water sewage plant. Operation and monitoring follow the regulatory framework for operation of that plant. Community Health, Safety and Security Information on the third-party contractor carrying out the smart meter installations is still pending. While this process is considered to be a very low risk plumbing procedure, GBUC will be required to submit to IDB Invest the contractor information and installation procedure prior to carrying out the installation works. Environmental and Social Action Plan Issue: Smart Meter Installation: Contractor information and safety measures for installation Action Item: Provide to IDB Invest the contractor information and procedure for the installation of smart meters Delivery date: Before the start of the smart meter installation