

DRAFT Initial Environmental Examination Report (including Environmental and Social Compliance Audit Report)

Project Number: 53115-001
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REG: Asia–Pacific Remote Broadband Internet Satellite Project

Prepared by Enso Advisory Pte. Ltd.

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Initial Environmental Examination Report (including Environmental & Social Corporate and Compliance Audit

Draft Report

Kacific Broadband Satellites International Limited

Prepared by Enso Advisory Pte. Ltd. for Kacific Broadband Satellites International Limited and Asian Development Bank (ADB).



Enso



EXECUTIVE SUMMARY

Introduction

Kacific Broadband Satellites International Limited ("Kacific" or "the Client") appointed Enso Advisory Pte. Ltd. ("Enso") to undertake an independent Environmental and Social Audit ("the Audit") in support of proposed financing by Asian Development Bank ("ADB").

Kacific is a Singapore-based holding company established in 2013 to develop a wholesale broadband internet offering via High Throughput Satellites ("HTS") utilising Ka-band technology, targeting for its first project 140 million people in the Pacific Islands, New Zealand, Indonesia, the Philippines, Papua New Guinea, Malaysia, Nepal, Bhutan, Myanmar and Bangladesh (the "Project"). The satellite (JSAT-18) is due to be launched in H2 2019.

Due to commercial confidentiality some information has been redacted in this version which is to be publicly disclosed, including not releasing site location and layout drawings and site visit photographs.

Further details on the key components of the Project are set out below:

- Boeing Satellite Systems International, Inc. ("Boeing") were commissioned in early 2017 to manufacture the satellite that will be used for the Project. The satellite is under development at Boeing manufacturing facility in California, United States. The satellite manufacture is nearing completion;
- Space Exploration Technologies Corporation ("SpaceX") is providing launch services for the satellite. SpaceX is an American aerospace manufacturer and space transport services company which was established in 2002. The satellite is being launched on a dedicated SpaceX Falcon-9 rocket, which has become a work horse of the industry and has successfully completed more than 60 missions. SpaceX has successfully completed 66 launches into space on its Falcon 9 family of launch vehicles since 2010 with three failures (one on ground and one partial, and one total loss in flight, no fatalities are reportedly associated with any of these failures). Its latest version of its Falcon 9, and the same that will launch K-1, is currently being certified to carry astronauts. The launch of the satellite will take place in the United States at Cape Canaveral; and
- Sky Perfect JSAT Corporation ("JSAT"), is a leading Japanese satellite operator who will be responsible for managing the JCSAT-18 satellite in terms of tracking, telemetry services and control (TT&C), command, monitoring and other related services through its existing JSAT control centre in Yokohama, Japan. It will also be responsible for the operations, maintenance and management of the satellite under an operations, management and maintenance (O&MM) agreement. Kacific has entered into an agreement with JSAT on a condominium satellite basis [REDACTED] (the "Condosat Agreement") The satellite will be to be stationed at orbital slot 150° East. JSAT has successfully launched 30 satellites and currently has 18 satellites in operation with a further five planned over the next three years.

SpaceX and JSAT facilities are essential to the operations of the Project but are not exclusively dependent on the Project. Hence, these facilities do not fall within the definition of associated facilities under ADB Safeguard Policy Statement (SPS). The impacts related to satellite launching were still assessed based on desk-top review and identified the potential impacts on wastes, air and GHG emissions, and health and safety concern. SpaceX launching facility is located in Cape Canaveral, Florida, and follows a Range Safety Program which ensures that hazards and risks associated with range operations from launches are controlled and mitigated. It is also bound to comply with National legislative requirements, including the National Environmental Policy Act (NEPA). Whilst the probability of launch failure is unknown, extensive discussion on potential scenarios during launch failure, and impacts to natural environment, and the

community have been undertaken by relevant federal agencies. The environmental assessment for SpaceX Launch License is posted in the Federal Aviation Authority website.

In total, there will be five teleport locations for the Project that are summarised below.

Table E-1 Summary of the Teleport Locations

Country	Details
Australia	One teleport location in south eastern Australia: [REDACTED] Broken Hill, NSW 2880, Australia
Indonesia	Two teleport locations in/near Surabaya on Java Island. These locations are under consideration and have not been confirmed at the time of reporting.
Philippines	Two locations on Luzon Island (pending contract finalisation): <ul style="list-style-type: none"> • Near Subic Bay; and • Near Clark International Airport.

The Australian teleport site will host one gateway site while the Indonesian and Philippines teleports would be operating two gateway sites each. For the Indonesia and Philippines, one gateway will be the primary site and the second gateway would be defined as a diversity site. This is required to provide high uplink availability to the system. Kacific is in discussions to enter into operations agreements with gateway operators in these three countries who will provide space within existing teleports for installation of Project equipment and once installed, on-site support services for the Project equipment.

Once the Indonesian site locations have been finalised, they will be visited and this report updated accordingly.

The Project will use existing teleport locations and include the installation of equipment within existing footprints, based on the information available. To install equipment for the Project, installation work will be undertaken by third party vendors. Contracts with Kratos Communications Limited ("Kratos") and Newtec Cy N.V. ("Newtec") have been signed for the construction work at the teleports and installation of the hub network respectively. Further details on the scopes of work for these two companies is below.

Kratos has been appointed on a turnkey basis to broadly install the 9m antennae required at each location (including civil works to install a concrete slab of approximately 7m length x 7m width x 0.8m depth). Newtec will be responsible for the installation and testing of the electronic equipment to support the linkage with the satellite.

The teleports are one of the key components from an E&S perspective (on earth) associated with the Project as there will be a construction phase of new antennae for the project and ongoing operation and maintenance over their lifespan. As noted above, these are anticipated to all be developed within the footprint of existing teleport farms (or other communications sites e.g. telephone exchange or mobile telephone base station). For the Indonesian sites these may require additional cables to be installed, this will reportedly use existing rights of way if required e.g. stringing along existing electricity poles or by burial in a 30cm wide one metre deep trench, rather than any land acquisition/new rights of way.

Approach

The overall objective of the Audit was to independently review and assess the Environmental, Social and Health & Safety status of the Project against the Applicable Standards, commensurate with the extent of

the nature and scale of the risks (acknowledging the relationship and leverage with third parties supplying services for the Project) to identify any significant gaps against the Applicable Standards and develop a detailed time-bound Corrective Action Plan (CAP) to assist the Project in aligning with the Applicable Standards.

The focus of the Audit has been on understanding any significant issues in relation to the Project (commensurate with its nature and scale) and any issues that may present a concern to ADB in terms of notable non-compliance against the Applicable Standards or E&S reputational risk (as far as can be reasonably foreseen). Key relevant national laws and regulations (for the teleport sites only) relating to environment, health and safety, relocation of affected persons (if any), Indigenous Peoples (only where each of these apply), labour and gender issues have been included. Further details are below relating to i) Kacific itself, ii) the teleport site visits and iii) third parties supplying services to the Project, recognising in each case the potential extent of information available and relationship with the Project.

A staged approach has been used to carry out the Audit that is further described in the main report.

Environmental & Social (E&S) Safeguards

The reference framework of standards ("Applicable Standards" or "Safeguards") for the Audit are:

- Relevant E&S laws and regulations in the jurisdictions of operation, fully in force at the time of authorisation of this Proposal;
- ADB Safeguard Policy Statement (SPS 2009);
- IFC Performance Standards (2012);
- World Bank Group General Environmental, Health and Safety (EHS) Guidelines (2007);
- ADB Social Protection Strategy (2001);
- ADB Gender and Development Policy (1998);
- Public Communication Policy (PCP) (2011); and
- International Labor Organization (ILO) Core Labor Standards Conventions.

The focus in the Audit has been on assessing those issues that may present the most significant areas for non-compliance or present an obvious E&S reputational risk issue. To support this approach, the followings sections provides information on compliance risk ratings used.

Main Environmental & Social Risks and Categorisation

To-date Kacific have not had a direct driver for the development of an ESMS at the company level, as such one has not yet been developed. Instead, E&S management is less formalised. In light of the Project development there are some aspects that warrant more formal management of E&S aspects, particular in relation to the construction and operation of teleport sites (recognising that these will be undertaken by a number of parties). As such, there is a need to ensure that there is a considered and systematic approach to managing E&S matters that will also ensure that the E&S requirements (legal and voluntary) are integrated into these operations. This is considered best achieved through ESMPs (that also considers in a systematic manner risks and impacts) associated with the construction and operation of the teleports. Whilst there will be some commonality, ESMPs should be tailored to each teleport location. In tandem with this there is a need to develop a straightforward framework at Kacific to oversee this with responsibilities assigned to ensure this is implemented.

Some items have also been identified at the Subic site that warrant some follow-up and will likely be of benefit to the Subic site operations to manage their E&S risks.

Summary of Compliance Rankings

A summary of the compliance rankings (including their definitions) from the main report is provided below to illustrate the risk profile identified.

Table E-2 Summary of Compliance Risk Ranking (Kacifac, Subic Bay Site Visited and Australian Site Desktop Review)

Definition	Compliance Risk Level	Number
No significant issues identified with respect to alignment with E&S Safeguards, or an item that appears to be not applicable and as such does not have an identified compliance risk.	None Identified	25
Item of non-alignment with E&S Safeguards, however, is unlikely to create a material E&S impact, although should be rectified as a compliance matter.	Low	22
Item of non-alignment with E&S Safeguards and is required to have additional documentation, improved management measures or allocation of responsibilities to reduce the risk, and if left unaddressed has the potential to escalate to a high-risk issue. Item with potentially limited E&S risk/impacts that are few in number, generally site specific, largely reversible and are likely to be able to be managed through mitigation measures.	Medium	9
Clear significant item of non-alignment with E&S Safeguards that has the potential (or has already) to lead to a significant adverse E&S impact(s). Has the potential (or has already) to lead to adverse media and/or NGO attention. Has the potential to trigger legal action, may lead to a major environmental incident, or may result in fatalities/serious injuries or have irreversible E&S impacts (e.g. clearance of natural forests). May require significant expenditure (>USD500k) to address the gap and align with the E&S Safeguards.	High	0
Total		56

Transaction Categorisation

As part of the Audit there is a need to provide an opinion on the categorisation of the proposed transaction based on the ADB SPS.

Based on the work to-date it is considered that the proposed transaction with is classified as follows:

Table E-3 Proposed Transaction Categorisation Opinion

Safeguard Requirement	Category	Rationale
Environment	B	One of the existing teleport sites is located within the Subic Bay Forest Reserve, in where construction activities is anticipated to cause temporary disturbance (e.g. noise, light) in this area. The project is classified as category B on environment based on the most sensitive component of the project, which is the Subic teleport site. Other teleport sites are not anticipated to have adverse environmental impacts from the construction of the satellite, its launch, construction of the teleports and ongoing operations are expected to be minimal and in most cases mitigation measures can be designed and implemented.
Involuntary Resettlement	C	Based on the type and nature of the operations and their development (and are reasonably anticipated) it is considered that Category C is appropriate at this time. The operations of the Teleports will have a ground footprint, however, these are being located within existing, established, teleport farms. Land expropriation and involuntary resettlement are indicated not to have been issues to-date in the operations or anticipated to be an issue relating to the Project.
Indigenous Peoples	C	Based on the type and nature of operations (and are reasonably anticipated) it is considered that Category C is appropriate at this time. Given the nature of the operations there are unlikely to be indigenous peoples, or direct negative impacts on indigenous peoples, or anticipated to be an issue relating to the use of proceeds.

Corrective Action Plan Summary

Below is the Corrective Action Plan (CAP) for the Project, based on the work carried out to-date.

Table E-4 Corrective Action Plan

Ref	Corrective Action	Deliverable	Responsibility	Timeline	Indicative Budget/Resources
Kacific					
1	Develop a policy for Kacific's approach to managing E&S aspects, this should be up to one page and signed by the CEO and set the overall intent and tone on the management of E&S aspects.	Policy	Kacific	Prior to construction commencing of the first teleport	Management time.
2	Develop a straightforward framework and process for the oversight and management of relevant E&S aspects of the Project, particularly in relation to the construction and operation of the teleports. This should include monitoring and reporting of E&S aspects of the Project (and support onward reporting to ADB).	E&S Process and Framework	Kacific	Prior to construction commencing of the first teleport	Minor costs
3	For each teleport develop an Environmental & Social Management Plan for the construction and operational phases. These should consider in a systematic manner the risks and impacts associated with each teleport and provide an interface with third parties who will provide services (and may have existing management systems. This should also capture relevant labour & working conditions components.	ESMP for each teleport site	Kacific	For each teleport the ESMP for each phase i.e. construction and operation, should be developed and agreed before the relevant phases commence	Likely Minor costs for each ESMP
Subic Site					
4	For the ESMP to be developed, ensure that there is consideration of biodiversity (although based on the information available there are unlikely to be significant impacts. This should consider noise, light, hours of work and ensuring no clearance of trees.	As with ESMP development above.	Kacific	As with ESMP development above.	As with ESMP development above.

Ref	Corrective Action	Deliverable	Responsibility	Timeline	Indicative Budget/Resources
5	In relation to occupational health & safety there is a need to formalise management of this aspect to meet local requirements (and the Applicable Standards). This relevant for their own operations and for Kacific's Project i.e., contractors who will work at the site for the construction of the relevant Project components and the maintenance of Kacific's equipment on-site (it is understood that this will be provided by the teleport operator).	H&S Management		Prior to construction commencing (for components relevant to the Project).	Management time if completed in-house for documentation/processes and training.
Clark Site					
6	For the ESMP to be developed, ensure that there is consideration of community impacts (including traffic, access and noise).	As with ESMP development above.	Kacific	As with ESMP development above.	As with ESMP development above.
Indonesia Sites					
7	Undertake Audits of the two teleports and develop and agree a corrective action plan to address any identified gaps against the Applicable Standards which will be carried out.	Agreed Corrective Action Plan for the Indonesia sites	Kacific	After completion of agreements on the Indonesia sites.	Costs for the actions required cannot be estimated at this time.
Recommendations – Subic Site					
8	Consider, as a risk reduction measure, requesting the formal testing of the UST at the Subic site. Ideally this unit is likely best replaced in due course with a new unit which maybe better placed above ground with appropriate secondary containment.	Evidence of raising this with the Subic site management	Kacific	Timing for discussion	Minor costs (for one-off testing, replacement is likely to be significantly more).
9	Consider the requesting of an asbestos survey and development of a management register (should asbestos be identified).	Evidence of raising this with the Subic site management	Kacific	Timing for discussion	Minor costs for the survey. Register of management measures dependant on the results of the survey.

Ref	Corrective Action	Deliverable	Responsibility	Timeline	Indicative Budget/Resources
Recommendation – Australia Site					
10	In addition to the ESMP to be developed, relation to occupational health & safety there is a need to formalise management of this aspect to meet Australian requirements (and the Applicable Standards). This relevant for their own operations and for Kacific's Project i.e., contractors who will work at the site for the construction of the relevant Project components and the maintenance of Kacific's equipment on-site (it is understood that this will be provided by the teleport operator).	H&S Management		Timing for discussion	Management time if completed in-house for documentation processes and training.

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1. PROJECT DESCRIPTION

1.1. Background

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Information on the teleports is provided below.

1.3. Teleports

In total, there will be five teleport locations for the Project that are summarised below.

Table 1-1 Summary of the Teleport Locations

Country	Details
Australia	One teleport location in south eastern Australia: [REDACTED] Broken Hill, NSW 2880, Australia
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Once the Indonesia site locations have been finalised, they will be visited and a corrective action plan developed.

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The teleports are one of the key components from an E&S perspective (on earth) associated with the Project as there will be a construction phase of new antennae for the Project and ongoing operation and maintenance over their lifespan. As noted above, these are anticipated to all be developed within the footprint of existing teleport farms to enable the use of the existing installed infrastructure and services

that the antennae will require. For the Indonesia sites, if there are not existing suitable interconnects, then the installation of these will be required, this reportedly use existing rights of way e.g. stringing along existing electricity poles, rather than any land acquisition/new rights of way.

2. POLICY, LEGAL AND INSTUTUTIONAL REQUIREMENTS

2.1. Outline of the Impact Assessment Regulatory Framework

2.1.1. Australia

Australia's main national environment law is the Environment Protection and Biodiversity Conservation Act 1999 or EPBC Act. This legislation is designed to protect and manage matters that are nationally significant. The nine matters of national environmental significance (MNES) are:

- World heritage properties;
- National heritage places;
- Wetlands of international importance (often known as "Ramsar" wetlands after the international treaty under which such wetlands are listed);
- Nationally threatened species and ecological communities;
- Migratory species;
- Commonwealth marine areas;
- Great Barrier Reef Marine Park;
- Nuclear actions (including uranium mining); and
- A water resource, in relation to coal seam gas development and large coal mining development.

Whilst all levels of government regulate activities to protect the environment, the federal government's role is specifically focused on protecting these matters. In addition, there is also important responsibility placed at the State level (and in the case of the Australian teleport location, this is the State of New South Wales or NSW). In NSW the Environmental Planning and Assessment Amendment Act 2017 No 60 superseded the Environmental Planning and Assessment Act 1979. Key amendments included:

- Enhancement of community participation;
- Promotion of strategic planning;
- Increase probity and accountability in decision-making; and
- Promote simpler, faster processes for all participants.

In NSW the Department of Planning and Environment oversees state level impact assessment. An EIA is required for State significant activities, categorised as either State significant development (SSD) or State significant infrastructure (SSI). The reasons for an activity to be classified as SSD or SSI include if it is over a certain size, located in a sensitive environmental area or will exceed a specific capital investment value. Examples of activities that might be SSD or SSI include mining operations, energy generating facilities, rail and road infrastructure, water storage and treatment plants, and certain industrial developments. No impact assessment is understood to be required to install the antennae planned as part of Kacific's project.

2.1.2. Indonesia

The EIA system in Indonesia which is known as *Analisis Mengenai Dampak Lingkungan*, or AMDAL, was established in 1982 and it has been amended several times and the last amendment is Government Regulation No. 27/2012 regarding Environmental Permission is the derivative of the Laws No. 32/2009 regarding Environmental Protection and Management.

The screening process is regulated by State Minister of Environment Regulation No.05/2012. Indonesia applies one direct screening process. This process will determine whether the project requires an EIA (or not). If an EIA is not required, an activity may still require another environment permit called UKL/UPL (*Upaya Pengelolaan Lingkungan Hidup/Upaya Pemantauan Lingkungan Hidup* or Environment Management Effort/Environment Monitoring Effort).

If an EIA is required then according to Government Regulation No.27 of 2012 the proponent must prepare ANDAL *Analisis Dampak Lingkungan Hidup* (Environment Impact Analysis) document which makes an assessment of the significance of the impacts of a project. The RKL *Rencana Pengelolaan Lingkungan Hidup* (Environment Impact Mitigation and Management) contains preventive actions and management measures and the RPL *Rencana Pemantauan Lingkungan Hidup* (Environment Impact Monitoring) document is used to monitor and observe the environment changes as result of impact from the activity.

The decision making relating to the environmental permit depends on the nature and extent of the activity and maybe by at the Ministry level, Provincial level or Regency level. The RKL/RPL forms the basis of the monitoring effort during the lifetime of the activity. No impact assessment is understood to be required to install the antennae planned as part of Kacific's project.

2.1.3. Philippines

The Philippine Environmental Impact Statement (EIS) system provides the legal and procedural framework for conducting Environmental Impact Assessments (EIAs) for activities likely to have significant environmental impacts. The Philippines formally established the EIS System in 1978 through Presidential Decree (PD) 1586 that designated Department of Environment and Natural Resources (DENR) Environmental Management Bureau (EMB) and DENR Regional Offices as implementing agencies. The EIS system was designed to safeguard the Philippine environment and natural resources in the face of growing industrialization and urbanization. Since that time there have been regulatory updates including DENR Administrative Order (DAO) DAO 2000-05 that highlights the importance of public participation and social acceptability in the environmental review process.

The EIS system requires completion of an EIA and preparation of an EIS report for any environmentally critical project (ECP) or any project located in an environmentally critical area (ECA). DENR determines whether a proposal is an ECP or will be implemented in an ECA; if either or both of these conditions are applicable then the proposal is required to secure an Environmental Compliance Certificate (ECC). For ECPs, the EIS System requires preparation of an EIS because these projects will most likely have high risk or negative environmental impacts. ECPs may include major resource extractive projects, major infrastructure projects, major industrial development projects, etc.

ECAs are areas that are ecologically, socially, or geologically sensitive; many coastal habitats such as mangroves, coral reefs, and municipal waters are classified as ECAs. For activities in ECAs, the EIS system requires an initial environmental examination (IEE) that includes a project description, and may require an EIS. After a thorough review of the project plans and EIA documents submitted by the project proponent, the project will be issued an ECC by DENR.

After an activity's ECC has been granted, the Environmental Management Plan (EMP) is implemented, in particular, the initiation of environmental monitoring. The primary purpose of monitoring is to ensure compliance with the conditions set in the ECC and the EMP. The EMP guides the implementation of the

activity to ensure environmental soundness in all the relevant phases. Monitoring is usually initiated before construction starts and continues through construction and operation. It helps document the actual impacts and provides the opportunity for determining compliance and identifies needed corrective measures. No impact assessment is understood to be required to install the antennae planned as part of Kacific's project.

2.2. ADB Safeguard Requirements

The ADB Safeguard Requirements (SR) 1 applies to the project. The SR1 on Environmental Safeguards is relevant to the project as it requires use of a screening process for each project to determine the appropriate extent and type of environmental assessment. Apart from environmental requirements, such as conducting environmental assessment, preparing mitigation measures and applying pollution prevention and control techniques, the SR1 partially covers social requirements to carry out consultation with affected people, ensure timely information disclosure and provide workers with safe and healthy working conditions. ADB's Safeguard Policy Statement (SPS 2009) provides the basis for this Project's environmental and social compliance audit for existing facility and the IEE for the expansion activities.

2.3. Project Categorisation

As part of the Audit there is a need to provide an opinion on the categorisation of the proposed transaction based on the ADB SPS.

The categorisation below is based on the information available to-date, noting that further information will be provided. Although it is noted that it is considered unlikely given the nature and extent of the Project that this will change substantially.

Table 2-2 Proposed Transaction Categorisation

Safeguard Requirement	Category	Rationale
Environment	B	One of the existing teleport sites is located within the Subic Bay Forest Reserve, in where construction activities is anticipated to cause temporary disturbance (e.g. noise, light) in this area. The project is classified as category B on environment based on the most sensitive component of the project, which is the Subic teleport site. Other teleport sites are not anticipated to have adverse environmental impacts environmental impacts from the construction of the satellite, its launch, construction of the teleports and ongoing operations are expected to be minimal and in most cases mitigation measures can be designed and implemented.
Involuntary Resettlement	C	Based on the type and nature of the operations and their development (and are reasonably anticipated) it is considered that Category C is appropriate at this time. The operations of the Teleports will have a ground footprint, however, these are being located within existing, established, teleport farms. Land expropriation and involuntary resettlement are indicated not to have been issues to-date in the operations or anticipated to be an issue relating to the Project.

Safeguard Requirement	Category	Rationale
Indigenous Peoples	C	Based on the type and nature of operations (and are reasonably anticipated) it is considered that Category C is appropriate at this time. Given the nature of the operations there are unlikely to be indigenous peoples, or direct negative impacts on indigenous peoples, or anticipated to be an issue relating to the use of proceeds.

3. SCOPE AND METHODOLOGY

3.1. Objectives

The overall objective of the Audit was to independently review and assess the Environmental, Social and Health & Safety status of the Project against the Applicable Standards, commensurate with the extent of the nature and scale of the risks (acknowledging the relationship and leverage with third parties supplying services for the Project) to identify any significant gaps against the Applicable Standards and develop a detailed time-bound Corrective Action Plan (CAP) to assist the Project in aligning with the Applicable Standards.

3.2. Scope

The focus of the Audit has been on understanding any significant issues in relation to the Project (commensurate with its nature and scale) and any issues that may present a concern to ADB in terms of notable non-compliance against the Applicable Standards or E&S reputational risk (as far as can be reasonably foreseen). Key relevant national laws and regulations (for the teleport sites only) relating to environment, health and safety, relocation of affected persons (if any), Indigenous Peoples (only where each of these apply), labour and gender issues have been included. Further details are below relating to i) Kacific itself, ii) the teleport site visits and iii) third parties supplying services to the Project, recognising in each case the potential extent of information available and relationship with the Project.

In relation to Kacific itself:

- Evaluating the adequacy of Kacific's E&S management system, including E&S team's capacity, and determine whether responsibilities, obligations, and mechanisms for E&S management, monitoring, training, public relations, and health and safety throughout the Project, commensurate with the scale of the E&S risks and impacts of the Project.
- Review of Project related contracts between contractors/sub-contractors and Kacific to determine E&S requirements and adequacy of E&S provisions;
- Review Kacific's environment and/or sustainability policy (or reporting on these issues) and other related initiatives; prior and during construction and operations and to the provisions thereof, as commensurate with the environmental and social impacts of the Project;
- On gender, consider (i) human resource policies including an analysis of staff information disaggregated by male-female at Kacific, (ii) staff gender policies and programs that promote non-discrimination to women during recruitment and promotion, equal work for equal pay, provisions and orientation activities on sexual harassment, (iii) measures that promote welfare and opportunities for women engaged in the Kacific, and (iv) explore and discuss with Kacific proposed gender measures to further promote gender mainstreaming in the Project;

- On labour and working conditions, review the human resources policy of Kacific, and where possible, its contractors and subcontractors and assess if this includes compliance with applicable national labour laws and ILO Core Labour Standards including the following: payment of mandated wages including at least minimum wages to unskilled workers; pay insurance and other benefits, work hours and that overtime work are voluntarily rendered and are all in accordance with local laws, workers are able to freely organise and confirm that there are no child or forced labour or any form of discrimination;
- The process by which Kacific conducts land due diligence during land procurement, including mechanisms for calculating the purchase/lease price of land and other assets affected relating to the Project and where possible assess whether these have been conducted on a "willing lessor-willing lessee" terms, and to determine the degree of impacts (if any) in terms of scope of physical and economic displacement and vulnerability of affected persons;
- Kacific's process and record keeping of the consultation and grievance process with and the information provided to affected landowners/lessor, affected ethnic groups/indigenous peoples (if any), relevant NGOs, relevant government offices, and other stakeholders;
- Kacific's process for identifying stakeholder groups and assessing adequacy of stakeholder engagement activities. Describe current concerns/issues by stakeholders (as far as possible) and measures/actions by the Client in relation to the Project; and
- In relation to Ethnic Minorities (Indigenous Peoples) review the process by which Kacific gathers information on the ethnic composition and assess whether any of these groups fall under ADB SPS (2009) for the teleports. The Audit will assess the impacts of Kacific business activities to ethnic minorities (if any) and recommend measures to mitigate adverse impacts and/or promote a culturally sensitive approach to enhance beneficial impacts to ethnic minorities in relation to the Project.

In relation to the Teleports (three operators), conduct a review of the past and current performance of existing facilities where Kacific teleports will be co-located, including:

- As far as possible, their compliance with national E&S rules, regulations and permits held such as the local environmental assessment report (or consideration if there will be an impact assessment required for the Project) and any impact assessments already completed to understand if the relevant Project elements are included, nature of the baseline data, and environmental assessment, considering all potential direct and indirect impacts and risks of the Project, on physical, biological (including impacts on biodiversity), occupational health and safety, labour, socioeconomic (community health and safety, and cultural heritage);
- Stakeholder engagement undertaken and availability of a community grievance mechanism;
- Existing EHS&S monitoring and reporting program and documentation of retained at each site;
- Whether there has (or is likely to be) any involuntary land acquisition or if there are identifiable legacy issues associated with the sites, as far as possible;
- Identification of any impacts to indigenous peoples (if any); and
- Visits to the Indonesian and Philippines sites and the Australian site reviewed on a desktop basis.

In relation to third parties supplying services, namely Boeing Satellite Systems, JSAT and SpaceX, a desktop review of the relevant operations of these entities, commensurate with, and proportional to, the potential impacts and issues related to the Project, and consider the commercial relationship with the Project. Note that procurement of third party database searches, contact with regulators/local authorities is excluded. Record the historical safety launch performance of SpaceX. his review of the third party suppliers has been high level and limited to identification of any significant issues.

3.3. Methodology

A staged approach was taken for the Audit which is further detailed below:

Task 1 – Assessment Inception

A kick-off call was held between Kacific, ADB and Enso to discuss the Audit and next steps. Shortly after the call an Information Request List (IRL) was provided.

Kacific supported the arrangement of the visit to the Subic site and provided documents that were available.

A meeting was also held on the 17 April 2019 between Kacific and Enso to gather further information on the Project and discuss next steps.

Task 2: Document Review

Under Task 2 a review of available information and publicly available resources was undertaken to assess further the components of the Project. An IRL was provided and available documents provided based on this were reviewed.

Note that at the time of writing, given the compressed timescales, some documents had not yet been received. Where this is the case, this is noted in the report. A list of documents reviewed (and requested, pending receipt) is provided in *Annex C*.

Task 3: Site Visits

The overall purpose of this Task was to visit available teleport locations to understand the Project development, as these will be the key new components on Earth developed for the Project. One location was possible to access (near Subic Bay in the Philippines) and a drive by of another site in near Clark Airport in the Philippines. The Indonesia locations have not been visited yet as site selection is still ongoing (and it is anticipated they will be visited and a corrective action plan developed and agreed with Kacific). A final site in Broken hill, Australia was screened on a desktop basis only. Site locations map are included in *Annex A*.

The Subic site visit included:

- A brief introductory meeting to understand the nature of the site and any ongoing activities;
- An accompanied tour of the site; and
- A review of documentation available on-site, for example, health & safety assessments, permits, plans, etc.

Task 4: Reporting

Following on from the completion of Tasks 1 to 3 above, this report was produced to document the Audit including the findings with recommendations, as appropriate, for additional work to support the Project in aligning with the E&S Safeguards in the form of a Corrective Action Plan (CAP).

3.4. Environmental & Social (E&S) Safeguards

The reference framework of standards ("Applicable Standards" or "Safeguards") for the Audit are:

- Relevant E&S laws and regulations in the jurisdictions of operation, fully in force at the time of authorisation of this Proposal;
- ADB Safeguard Policy Statement (SPS 2009);
- IFC Performance Standards (2012);
- World Bank Group General Environmental, Health and Safety (EHS) Guidelines (2007);
- ADB Social Protection Strategy (2001);
- ADB Gender and Development Policy (1998);
- Public Communication Policy (PCP) (2011); and
- International Labor Organization (ILO) Core Labor Standards Conventions.

The focus in the Audit has been on assessing those issues that may present the most significant areas for non-compliance, or present an obvious E&S reputational risk issue. To support this approach, the followings sections provides information on compliance risk ratings used.

3.5. Compliance Risk Ranking

In order to assist with setting out the context of non-compliances identified, a colour-coded risk ranking has been provided for the findings. The criteria for each of these is provided in the table below. The risk rankings consider the potential risks and impacts reasonably associated with the components under review.

Table 3-1 Compliance Risk Ranking

Definition	Compliance Risk Level
No significant issues identified with respect to alignment with E&S Safeguards, or an item that appears to be not applicable and as such does not have an identified compliance risk.	None identified
Item of non-alignment with E&S Safeguards, however, it is unlikely to create a material E&S impact, although should be rectified as a compliance matter.	Low
Item of non-alignment with E&S Safeguards and is required to have additional documentation, improved management measures or allocation of responsibilities to reduce the risk, and if left unaddressed has the potential to escalate to a high risk issue. Item with potentially limited E&S risk/impacts that are few in number, generally site specific, largely reversible and are likely to be able to be managed through mitigation measures.	Medium

Definition	Compliance Risk Level
<p>Clear significant item of non-alignment with E&S Safeguards that has the potential (or has already) to lead to a significant adverse E&S impact(s).</p> <p>Has the potential (or has already) to lead to adverse media and/or NGO attention.</p> <p>Has the potential to trigger legal action, may lead to a major environmental incident, or may result in fatalities/serious injuries or have irreversible E&S impacts (e.g. clearance of natural forests).</p> <p>May require significant expenditure (>USD500k) to address the gap and align with the E&S Safeguards.</p>	High

4. COMPLIANCE STATUS

4.1. Kacific E&S Management

This section is structured in terms of a review in Table 3-1 below, which is focussed on the key components of an ESMS. In Section 3.2 some further commentary is provided on other environmental and social topics at the corporate level. Section 4.2 has been broken out of the ESMS review (although in an ESMS it is recognised that these topics would be governed and incorporated into an ESMS).

In the approach of the Corporate ESMS Audit the following personnel were interviewed:

- Mr. Guillaume de Saint-Bon, General Manager; and
- Mr. Mark Wong, CFO.

A summary of the documents reviewed is included in Annex C.

4.2. Assessment of Kacific ESMS and Policies

In the Table below are the summary findings from the Corporate ESMS audit.

Note that in the sections below regarding ADB's Safeguard Principles/Requirements are an abbreviated inclusion of the requirements in view of space constraints, as such the full documents should be referred to. Note that references to the IFC Performance Standards (2012) have been included below, however, given ADB's involvement at this stage precedence has been given to ADB requirements. No attempt to compare and contrast ADB SPS and IFC Performance Standards has been undertaken.

Table 4-1 Assessment of Corporate ESMS and Policies

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary Findings	Risk Ranking	Corrective action
1	Environmental & Social Policies				
	Ensuring that E&S Safeguard requirements are incorporated into the ESMS including to comply with ADB SPS and host-country environmental & social laws and regulations (including those laws implementing host country obligations under international law).	ADB Safeguard Policy Statement, V. Safeguard Policy Statement IFC Performance Standard 1	Kacific is a recently started company (it is understood that whilst establishment was in 2013, ramping up in operations occurred in 2017). Work to-date has been largely managerial in nature, as such there has not been a need for the development of a formal Environmental & Social Management System (ESMS) or the development of any policies.		Prepare an overarching policy that supports the alignment with managing environmental & social aspects of the Project in line with the Applicable Standards. This should be up to one page in length and signed by the CEO.
2	Screening, Categorisation and Review				
	Ensuring that policy requirements are implemented throughout the lifecycle of projects including screening of projects, categorisation (according to the ADB SPS), impact assessment and development of management and mitigation programs. This is in order to manage and address all relevant social and environmental risks and impacts of its business and operations, in particular the issues identified in Safeguard Requirements 1 to 3. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks.	ADB Safeguard Policy Statement, V. ADB SPS, H. General Corporate Finance, 17 (i) (ii) ADB SPS, Requirements 1 to 3 ADB Prohibited Investment Activities List IFC Performance Standard 1	As noted above there have not been any procedures or mechanism developed to date for E&S management. The key area of risk relates to third parties operating on Kacific's behalf, particularly with the construction of antennae at the teleports sites. Accordingly, it is recommended that there is a procedure developed that provides oversight to third parties operating on its behalf with respect to environmental, health and safety, and social performance, human resource policy and practices and its gender responsiveness and its compliance with the national labour laws and the international core labour standards. For the construction work at the teleports it is recommended that an Environmental & Social Management Plan (ESMP) is developed and implemented. This will allow a process of risk screening relevant to each location and development of management actions to be undertaken which can interface with third parties and their existing procedures etc. (where available). There are no policies around land acquisition and indigenous peoples, however, these aspects are not		In order to manage the risks associated with third parties operating on Kacific's behalf it is recommended that there is a mechanism or process to oversee this and ensure that Kacific's requirements (including that which is relevant from the Applicable Standards) is applied in the construction and operation of the Project (where appropriate), with oversight from Kacific and reporting to Kacific. In additions ESMPs should be developed for each teleport to cover the construction and operational phases which can interface with third parties and their existing procedures etc. (where available). These should be appropriate to the nature and scale of the risks.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
			<p>considered to be relevant, given the approach taken on the use of existing teleports and siting equipment within existing footprints.</p> <p>Currently there are no stakeholder engagement plans or grievance mechanisms for the Project, and given the nature and scale of this are not considered warranted.</p>		
3	Organisational Structure and Staffing				
	Ensure that there is sufficient institutional or organisational arrangements to effectively implement the ESMS. Including providing training and capacity development as required.	<p>ADB Safeguard Policy Statement, V.</p> <p>ADB SPS, Environmental Safeguards, 4.</p> <p>ADB SPS, Environmental Safeguards, 3.</p> <p>IFC Performance Standard 1</p>	In relation to the above recommendation, there will need to be Kacific staff designated for this aspect to ensure successful implementation and oversight.		In order to effectively establish and implement the CAP there will this will need designation of Kacific staff to oversee this aspect.
4	Training Requirements				
	Organise training to strengthen the capacity to manage environmental and social risks as part of the implementation of the ESMS.	ADB Safeguard Policy Statement, V.	In relation to the above recommendation, there may need to be some support and training to the Kacific staff designated for this aspect, to enable delivery.		If required, support and training should be provided to Kacific staff appointed to oversee E&S aspects.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
5	Monitoring and Reporting Implement E&S Safeguards and to prepare periodic monitoring reports on the performance of their implementation including: <ul style="list-style-type: none">• Establish and maintain procedures to monitor the progress of implementation of safeguard plans;• Verify the compliance with safeguard measures and their progress toward intended outcomes;• Document and disclose monitoring results and identify necessary corrective and preventive actions in the periodic monitoring reports;• Follow up on these actions to ensure progress toward the desired outcomes;• Retain qualified and experienced external experts or qualified NGOs to verify monitoring information for projects with significant impacts and risks;• Use independent advisory panels to monitor project implementation for highly complex and sensitive projects; and Submit periodic monitoring reports on safeguard measures as agreed with ADB.	ADB SPS, B. Policy Delivery Process, 57. Monitoring and Reporting IFC Performance Standard 1	Currently, it is understood that there are no formal reporting requirements, however, these can be incorporated into the ESMP and mechanism to oversee its implementation. In due course, Kacific will likely be required to report to ADB on key E&S aspects.		It is recommended that simple metrics for components of the Project to e.g. accident and incident rates and any aspects that are required to be reported to ADB.

4.3. Kacific Corporate Environmental & Social Topics Review

In addition to a review of the ESMS in above a review of selected topics at Kacific corporate level is included in Table 4-2 below.

Note that in the sections below regarding ADB's Safeguard Principles/Requirements are an abbreviated inclusion of the requirements in view of space constraints, as such the full documents should be referred to. Note that references to the IFC Performance Standards (2012) have been included below, however, given ADB's involvement at this stage precedence has been given to ADB requirements. No attempt to compare and contrast ADB SPS and IFC Performance Standards has been undertaken.

Table 4-2 Kacific Corporate Environmental & Social Topics Review

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Pollution Prevention and Abatement				
	Apply pollution prevention and control technologies and practices consistent with international good practices as reflected in internationally recognised standards such as the World Bank Group's Environmental, Health and Safety Guidelines. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gases emissions, waste generation, and release of hazardous materials from their production, transportation, handling, and storage. Avoid the use of hazardous materials subject to international bans or phaseouts. Purchase, use, and manage pesticides based on integrated pest management approaches and reduce reliance on synthetic chemical pesticides.	ADB Safeguard Requirement 1: Environment IFC Performance Standard 3	For Kacific, the operations are relatively limited with around 25 management professionals mainly working in Singapore. As would be expected there are limited significant pollutive impacts directly from these operations. In the development of the teleport sites, there will be some environmental aspects to be addressed, for example, dust, fuels, wastes generated etc. These aspects and the appropriate mitigation measures can be captured in the ESMPs for teleport sites.		Inclusion of relevant aspects, impacts and mitigation measures in the ESMPs related to pollution prevention and abatement.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
3	Health & Safety There is an importance of providing safe and healthy working conditions to prevent accidents, injuries and disease. It asserts on the establishment of emergency preparedness and response measures to avoid or minimize risks to health and safety of individuals and communities. Social Protection Strategy. The strategy recommends the project proponent provides a safe and healthy working environment for its employees as well as its contractors/ subcontractors to comply with the national labour laws and take measures to comply with the core labour standards. It stresses on accounting for risks inherent to the project activities by identifying hazards, providing preventive and protective measures and trainings to staff, documenting near miss incidents and accidents and an Emergency Response Plan (ERP) to handle potential emergencies. The ADB SPS mandate that the identified Occupational Health and Safety issues must be identified, assessed, and addressed in an EIA for proposed projects.	Safeguard Requirement 1: Environment Social Protection Strategy IFC Performance Standard 2	As noted above, currently the operations are limited to managerial roles currently, with generally not significant H&S risks. However, under the Project there will be third parties that are undertaking works on behalf of Kacific i.e. construction of the antennae at teleports and maintenance of this units. As such there is a need to have assurance and oversight of H&S management during these works. This is likely best placed in terms of ensuring there are mechanisms in place to ensure H&S oversight, e.g. contractual, ensuring third parties have in place systems of work, an Environmental & Social Management Plan for construction at the teleport locations, reporting up to Kacific and assurance review where required.		Develop mechanisms to ensure that work undertaken by third parties on behalf of Kacific includes the assessment and management of H&S aspects, with reporting to Kacific as required (this should be both during construction and in the operational phases). This can be incorporated into the ESMP for the teleport sites to capture management of health & safety aspects for the construction and operation of the teleports.
8	Gender and Development The Gender & Development Policy recognises the need to improve the status of women and to promote their potential role in development practices. The strategy of the policy is based on the consideration of social justice and gender equity that investment in women is vital to achieving economic efficiency and growth. The key elements of the policy relates to the following:	Gender & Development Policy 1998	There are not any formal policies and programs that promote non-discrimination to women during recruitment and promotion, equal work for equal pay, measures that promote welfare and opportunities for women engaged by Kacific, etc. Although there is likely limited scope given the nature and scale of the operations to significantly impact on this area. As good practice a gender and development policy inclusion could be developed, and maybe best captured in the policy section further above.		See <i>Environmental & Social Policies</i> above

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	<p><i>Gender Sensitivity:</i> Focuses on how the operations of the project proponent will affect women and men, and to take into account women's needs and perspectives in planning its operations.</p> <p><i>Gender Analysis:</i> Focuses on the systematic assessment of the impact of a project on men and women, and on the economic and social relationship between them.</p> <p><i>Gender Planning:</i> Focuses on specific strategies that aim to bring about equal opportunities for men and women.</p> <p><i>Gender Mainstreaming:</i> Focuses on the consideration of gender issues in all aspects of the project proponent's operations, accompanied by efforts to encourage women's participation in the decision-making process in development activities.</p> <p><i>Agenda Setting:</i> Focuses on the formulation of strategies to reduce gender disparities and in developing plans and targets for women's and girls' education, health, legal rights, employment, and income-earning opportunities.</p>				
9	Labour and Social Protection				
	<p>The ADB's SPS requires incorporation of social dimensions, such as core labour standards and gender issues, which are included in ADB's Social Protection Strategy. This also requires compliance with applicable labour laws in relation to projects by:</p> <ul style="list-style-type: none"> Carrying out activities consistent with the intent of ensuring legally permissible equal opportunity, fair treatment and non-discrimination in relation to 	<p>Social Protection Strategy (2001)</p> <p>ADB Gender and Development Policy (1998)</p> <p>Public Communication Policy (PCP) (2011)</p>	<p>Kacific is still a relatively recently formed company and focused on management level employees. As such there is not a formal HR system or process, although this is not considered a significant issue at this stage. There is however a need to capture the essence of the relevant Applicable Standards and this is likely best included in the policy noted further above.</p>		See <i>Environmental & Social Policies</i> above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	<p>recruitment and hiring, compensation, working conditions and terms of employment for its workers (including prohibiting any form of discrimination against women during hiring and providing equal work for equal pay for men and women engaged by the client/borrower; and</p> <ul style="list-style-type: none"> • Not restricting its workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and • Engaging contractors and other providers of goods and services: who do not employ child labour or forced labour; who have appropriate management systems that will allow them to operate in a manner which is consistent with the intent of (a) ensuring legally permissible equal opportunity and fair treatment and non-discrimination for their workers and (b) not restricting their workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and (c) whose subcontracts contain provisions, which are consistent with the two preceding paragraphs above. 	IFC Performance Standard 2			

4.4. Track Record for Environmental & Social Management

Based on discussion with Kacific, there have not been any significant E&S matters associated with the operations of Kacific to-date, or issues with E&S related regulators.

4.5. Corporate Social Responsibility (CSR) Policy

There is not currently a specific CSR Policy for Kacific, which is not unexpected given its relatively recent formation and Project focus at this time. The wider benefits of the Project i.e. helping to provide access to the internet by people in remote and unserved areas should of course be noted.

4.6. Reputational Risk Review

A reputational risk review was undertaken through a search conducted in English on the internet to understand if there are any readily available negative coverage by the media or non-governmental organisations relating to Kacific. No significant E&S issues have been identified through this brief review exercise.

4.7. Summary of Areas of Concern

The main area of concern in relation to the E&S Safeguards is the need to ensure that third parties working on behalf of Kacific, e.g. during the construction of the antennae at the teleport sites are sufficiently managing E&S aspects effectively. Given that the construction work is not substantial in its nature or timescale this should be relatively straightforward to address, with oversight from Kacific and development of an Environmental & Social management Plan.

5. Philippines Teleport Sites

As part of the Audit one teleport location in the Philippines was visited and another had a drive-by visit (no access was possible in the timelines available). The location accessed is known as [REDACTED] Subic and is located approximately 3.5km south of Subic Bay Freeport Zone. The locations are provided in Annex A.

5.1. Clark Teleport Site

Due to the swift timescales of the Audit holidays in the Philippines and ongoing negotiations for use of this location access was not possible to arrange. However, in order to understand the context of this location a visit to the nearby area was undertaken as part of the Audit. The Clark site is located around 4km west of the Clarke International Airport.

The site is understood to have been part of the former US Air Force base until the early 1990s. Under the Project the intention is to construct an unmanned remote facility on the property as the current building and infrastructure on this site are unsuitable for the Project. The site is owned by Clark Development Corporation and the existing lessee has a 25 year lease that started in 1995 and will reportedly be renewed before it expires in 2020.

The property is in an area of mixed land uses with commercial and residential in the vicinity. To the north is a fuel product terminal operated by Philippine Coastal Storage & Pipeline Corporation (PCSPC) that is connected to another terminal at Subic Bay by an underground pipeline. This facility is understood to be part of the former US Airforce Base at Clarke. The uses of land immediately to the west and east of the Clark site are not known (they were not accessed) however aerial imagery indicates residential housing within 50m of the anticipated site boundary. During the visit the site was accessed to the south where there are nearby residences. A brief discussion was held by ADB staff with nearby residences and they indicated they had no issues with the site. A site location map is provided in Annex A.

Whilst the site was not accessed, in common with the Subic site below, there is a recommendation to develop and implement an Environmental & Social Management Plan for the construction and operation of this facility that also considers community related aspects e.g. noise and traffic.

5.2. Subic Teleport Site

The site is an existing teleport farm that was established around 20 years ago and was formerly part of the US Navy Subic Bay facility as part of a larger ammunition storage facility. The address is: [REDACTED] the Philippines. The site is leased from Subic Bay Municipal Authority and reportedly has an area of 7,864 square metres. Site location and site layout maps are provided in Annex A. The site is operated by [REDACTED] The site provides tracking, telemetry, control services, satellite operations, customer technical assistance, and managed services to a variety of providers

The site area includes:

- One main two storey office building that houses offices, operational areas and ancillaries, e.g. Uninterruptable Power Supply units;
- [REDACTED] area with antennae installed consisting of [REDACTED] large antennae (with a diameter of over 4.5m) and [REDACTED] smaller antennae (with a diameter of under 4.5m);
- Former ammunition bunkers and shipping containers for dry equipment storage;
- Generator room installed with [REDACTED] back-up generators (rated at 400KW and 1,400KW);
- Ancillary areas for storage of wastes and equipment.
- Housing (separated for male and female staff);
- External access roads and parking laid to asphalt; and
- Guardhouse at the road access point.

The site is [REDACTED] security controlled and security is available on-site 24 hours a day. The site is operational 24 hours a day, [REDACTED] (around 70% are locally employed). Cleaning/housekeeping is outsourced to a third party contractor. There are around 85 employed at the site

For the installation of the Project equipment at the site it is understood that there is no need to install additional UPS, generators or install additional optic fibres to connect to the internet; there is sufficient redundancy in the existing facilities.

5.2.1. Audit and Site investigation Procedures

A visit to the Site was undertaken on the 22nd April 2019. The visit included:

- An opening introductory meeting to gain an overview of the operations;
- A detailed tour of the site walkover, including the area that it is anticipated that the Kacific antennae will be installed; and
- Discussions with Site representatives on E&S topics and review of the documentation available on-site.

The site visit was also accompanied by personnel from ADB.

The following key personnel were part of the interviews at the Subic site:

[REDACTED]

[REDACTED]

The documents provided are listed in Annex C.

5.2.2. Summary of National, Local and Other Applicable Laws

This section provides an overview of the legislative context relevant to the Subic (and Clark) site. It does not purport to be a legal register or detailed legal review.

Key Relevant National Pieces of Legislation

- *Presidential Decree No. 1586, 1978. Establishing an Environmental Impact Statement System, Including Other Environmental Management Related Measures and for Other Purposes:* This decree covers the environmental policy; environmental impact statement system; lead agencies for governing environmental protection; presidential proclamation of environmentally critical areas and projects; environmentally non-critical projects; defines administrators to the environmental impact statement system; financial assistance; and violation rules.
- *Presidential Proclamation No. 2146, 1986:* Defines environmentally critical areas and types of projects that are to be considered as environmentally critical (within the scope of the environmental impact statement system, *Presidential Decree No. 1586*).
- *Presidential Decree No. 1151, 1977 Philippine Environmental Policy:* defines the Philippines environmental policy and goals.
- *Presidential Decree No. 1152, Philippine Environment Code:* governs standards for pollution control (air quality, noise, water, land use, fisheries and aquatic resources, wildlife, forestry and soil, flood control, energy development, minerals and waste management).
- *Presidential Decree No. 442, Labor Code of the Philippines:* a decree instituting a labour code consolidating labour and social laws to afford protection to labour, promote employment and human resource development.
- *Republic Act 11058 Strengthening Compliance with Occupational Safety and Health Standards, 2018,* supporting safe and healthy workplaces and limiting hazards in the workplace.

- Department of Environment and Natural Resources (DENR), Administrative Order No. 2003-30 (2003), *Implementing Rules and Regulations for the Philippine Environmental Impact Statement System*. Subsidiary legislation which may need to be considered include:

- Memorandum Circular No. 01, *Series of 2005: EIS System Procedural Manual*; and
- Memorandum Circular No. 21, *Series of 2003: Guidelines on the Availment of the Reduction of Penalties for Projects Found Operating Without Environmental Compliance Certificate in Violation of the Philippine EIS System (Presidential Decree No. 1586)*.
- DENR Administrative Order No. 2017-15 (2017), *Guidelines on Public Participation under the Philippine Environment Impact Statement System*: defines the basic policy, objectives, and scope of public participation in the environmental impact statement system.
- DENR Administrative Order No. 2016-08 (2016), *Water Quality Guidelines and General Effluent Standards*: defines water body types and standards for their use and disposal.
- National Pollution Control Commission's Memorandum Circular No. 1980-002, *Noise Standards*: defines the noise standards for various activities.
- *Indigenous Peoples Rights Act, 1997*: the legislation that recognizes and promotes all the rights of indigenous cultural communities.
- National Commission of Indigenous Peoples, Administrative Order No. 4 2012 (2012), *Revised Omnibus Rules on Delineation and Recognition of Ancestral Domains and Ancestral Lands*: defines how ancestral domains and lands are defined and certified.
- *Urban Development and Housing Act, no. 7279, 1992*: an act to provide for a comprehensive and continuing urban development and housing program and establish the mechanism for its implementation.

The main relevant regulatory bodies are:

- Subic Bay Metropolitan Authority (SBMA);
- Department of Labor and Employment (DOLE); and
- Department of Environment and Natural Resources (DENR).

Relevant International Laws Ratified by the Philippines:

- Montreal Protocol on Substances that Deplete the Ozone Layer;
- ILO Forced Labour Convention, 1930;
- ILO Freedom of Association and Protection of the Right to Organise Convention, 1948;
- ILO Right to Organise and Collective Bargaining Convention, 1949;
- ILO Equal Remuneration Convention, 1951;
- ILO Abolition of Forced Labour Convention, 1957;

- ILO Discrimination (Employment and Occupation) Convention, 1958;
- ILO Minimum Age Convention, 1973; and
- ILO Worst Forms of Child Labour Convention, 1999.

5.2.3. Summary of Environmental & Social Permits

The Subic site holds a Certificate of Non Coverage (CNC) issued by SBMA () on the 3 April 2017. The CNC is issued due to the operations not being covered by the Philippine Environmental Impact Assessment System.

The site holds two Permits to Operate (PTO) issued by SBMA for the 1,400kW generator set (Ref.:) valid until 27 April 2019) and one for the 400kW generator set (Ref.:) valid until 27 April 2019). These were shortly to be renewed by the site along with the business permit for the site.

5.2.4. E&S Management Systems

The site has not developed any formal written documentation for the management of environmental and health & safety aspects of the operations.

5.2.5. Environmental & Social Track Record

Based on discussion with the site representatives there have not been any significant issues raised with regards to E&S matters by regulators. There are no available public databases in Philippines that contain E&S matters on companies that may be consulted to assess if there are any pending or open issues.

5.2.6. Findings

Note that in the sections below regarding ADB's Safeguard Principles/Requirements are an abbreviated inclusion of the requirements in view of space constraints, as such the full documents should be referred to. Note that references to the IFC Performance Standards (2012) have been included below, however, given ADB's involvement at this stage precedence has been given to ADB requirements. No attempt to compare and contrast ADB SPS and IFC Performance Standards has been undertaken.

Table 5-1 Compliance review: ADB Safeguard Requirement 1 – Environment

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Environmental Assessment Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks. Conduct an environmental assessment for each proposed project to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental media, health and safety, vulnerable groups, and gender issues), and physical cultural resources in the context of the project's area of influence. Assess potential transboundary and global impacts, including climate change. Use strategic environmental assessment where appropriate. Examine alternatives to the project's location, design, technology, and components and their potential environmental and social impacts and document the rationale for selecting the particular alternative proposed. Also consider the no project alternative.	Environmental Safeguard, Policy Principles 1, 2 and 3 IFC Performance Standard 1	<p>The Subic site is understood to have been operation at the current location for around 20 years. Previously the operation held an Environmental Compliance Certificate (ECC) for the operations, however, this was replaced by a Certificate of Non Coverage (CNC) issued by SBMA () on the 3 April 2017. The CNC is issued due to the operations not being covered by the Philippine Environmental Impact Assessment System.</p> <p>For the Project and the construction of the antennae no impact assessment is considered to be required to meet local requirements.</p> <p>No activities under the ADB Prohibited Investment Activities List have been identified at the site.</p>		None required.
2	Environmental Planning and Management Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts by means of environmental planning and management. Prepare an environmental management plan (EMP) that includes the proposed mitigation measures, environmental monitoring and reporting	Environmental Safeguard, Policy Principle 4 IFC Performance Standard 1	It is understood that no formal Environmental and Social Management System (ESMS) has been developed for the site, and most practice based. There are not any known legal requirements in the Philippines for the development of		Development of an environmental and social management plan (ESMP) for the construction and operational phases that has oversight from Kacific, as the Project owner). This will support meeting local regulatory requirements relevant to the

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	requirements, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Key considerations for EMP preparation include mitigation of potential adverse impacts to the level of no significant harm to third parties, and the polluter pays principle.		<p>an ESMS, however there are requirements to manage certain aspects, which are detailed further in sections below.</p> <p>For the installation of equipment at the site, it is recommended that an environmental and social management plan (ESMP) is developed and implemented (with oversight from Kacific, as the Project owner). This will support meeting local regulatory requirements relevant to the construction and operation of the Project-related facilities and incorporate other elements of the Safeguards as needed. This should systematically consider the relevant aspects and impacts and develop management and mitigation measures, scaled to the nature of the project at the site.</p>		<p>construction and operation of the Project-related facilities and incorporate other elements of the Safeguards as needed. This should systematically consider the relevant aspects and impacts and develop management and mitigation measures, scaled to the nature of the Project at the site.</p>
3	Consultation and Participation				
	<p>Carry out meaningful consultation with affected people and facilitate their informed participation. Ensure women's participation in consultation. Involve stakeholders, including affected people and concerned nongovernment organizations, early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and taken into account. Continue consultations with stakeholders throughout project implementation as necessary to address issues related to environmental assessment. Establish a grievance redress mechanism to receive and facilitate resolution of the affected people's concerns and grievances regarding the project's environmental performance.</p>	<p>Environmental Safeguard, Policy Principle 5</p> <p>Performance Standard 1</p>	<p>Given the nature and location of the site there has been limited consultation and participation with stakeholders, including neighbouring operations (the site indicated they had little or no contact with neighbours). This is not considered a significant risk for the context of the site. The main off-site impact associated with the site is considered to be traffic associated with workers going to and from the operation, and for the Project transport of goods and materials.</p> <p>The public road to access the site is considered to be well-sized for the type of transport likely associated with the site operations and the construction of the Project at this teleport.</p> <p>It is not considered that there would be great benefit or relevance in embarking on a consultation exercise with local communities.</p>		None required.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
4 Information Disclosure					
	Disclose a draft environmental assessment (including the EMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. Disclose the final environmental assessment, and its updates if any, to affected people and other stakeholders.	Environmental Safeguard, Policy Principle 6 Performance Standard 1	Given the nature and location of the Site there has been limited information disclosure, and is not considered to be particularly relevant for this type of operation or for the Project components to be developed at this site.		None required.
5 Monitoring & Reporting					
	Implement the EMP and monitor its effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports.	Environmental Safeguard, Policy Principle 7 IFC Performance Standard 1	<p>It is understood that currently there is little in the way of required E&S monitoring and reporting (other than that to meet local requirements, such as air emission monitoring noted further below). As the site holds a CNC they are exempted from submitting self-monitoring reports (SMR) to SBMA.</p> <p>The site reported that there had not been any significant environmental, social, health & safety issues in the past three years and there had not been any significant issues noted by regulators.</p> <p>As part of the ESMP there will be a need to monitor/report certain components to Kacific (who in turn will likely be required to report to ADB), such as accident and incident statistics, installation progress etc.</p>		As part of the ESMP development, incorporate monitoring and reporting of E&S aspects, e.g. accident and incidents.
6 Biodiversity Conservation and Sustainable Natural Resources Management					
	Do not implement project activities in areas of critical habitats, unless (i) there are no measurable adverse impacts on the critical habitat that could impair its ability to function, (ii) there is no reduction in the population of any recognized endangered or critically endangered species, and (iii) any lesser impacts are mitigated. If a project is located within a legally protected area, implement	Environmental Safeguard, Policy Principle 8 IFC Performance Standard 6	Based on available public information, the site is located within the Bataan Natural Park and Subic Bay Forest Reserve which covers an area of 48,103 hectares and		The ESMP should recognise the need to minimise impacts off-site which may impact on biodiversity, e.g. minimise noise through switching off of machinery when not being used, etc.

Ref ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
<p>additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no significant conversion or degradation, unless (i) alternatives are not available, (ii) the overall benefits from the project substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources.</p>		<p>includes areas of the Subic Bay Freeport Zone.¹ Based on information available, the lowlands around Subic Bay are now predominantly agricultural land and human settlements. The lower slopes of the mountains to the south east of the site are covered by grasslands and croplands and secondary growth. Old growth forest is mainly confined to the steep slopes and gullies at higher altitudes located further east and south east of the site. The area of the site was formerly an ammunition storage area used by the US Navy as part of the Subic Bay Naval Base before being relinquished at sometime around 1993. The main road heading southwards from Subic Bay is located around 150m east of the site. Due to its location site is required to apply for a permit to cut or trim trees from SBMA. It was reported that no cutting or trimming of trees is anticipated to be required for the Project.</p>		
		<p>It is noted that the installation of the antennae (and associated equipment) will be within the existing footprint of the established site and forms a minimal addition in terms of space required in the existing teleport farm. The duration of the installation will be under four months and heavy works will mainly be limited to the civil works associated with the 7mx7mx0.8m concrete slab and erection of the antennae (the remainder of the works is more related to electronic installation, calibration, etc.). During the works there will be around 5 to 10 additional people. It is noted that the installation site will be around 80m from a public road that appeared to be well used. During operation, there will be minimal physical maintenance required, likely limited to washing of the antennae when required.</p>		
		<p>On the basis of this, whilst the site is located in a designated area, given the nature and extent of the Project's construction and operational phases, the direct impacts on biodiversity at the site are not considered to be significant.</p>		

¹ Online portal of the World Database on Protected Areas (WDPA) and BirdLife International (2019) Important Bird Areas factsheet: Bataan Natural Park and Subic Bay Forest Reserve. Downloaded from <http://www.birdlife.org> on 27/04/2019.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
7	Pollution Prevention and Abatement				
a	<p><i>Pollution Prevention, Resource Conservation</i></p> <p>Apply pollution prevention and control technologies and practices consistent with international good practices as reflected in internationally recognized standards such as the World Bank Group's Environmental, Health and Safety Guidelines. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gases emissions, waste generation, and release of hazardous materials from their production, transportation, handling, and storage. Avoid the use of hazardous materials subject to international bans or phaseouts.</p>	<p>Environmental Safeguard, Policy Principle 9</p> <p>IFC Performance Standard 3</p>	<p>Based on observations on-site the main emissions from the site operations are from sanitary and domestic wastewater (which is believed to be discharged to an on-site septic tank although site management did not have the details at the time of the site visit). Water is supplied from the piped municipal supply.</p> <p>Electricity is supplied from the national grid with two back-up generators located on-site. These are located internally and consist of a 1,400kW unit and 400kW unit. These are tested on a regular basis, and site management reported that they are more than sufficient to meet the energy needs of the site in the event of a power outage.</p> <p>Emission testing for the generator units was last undertaken on the 2 April 2018 by a third party (BSI), and it was found that the emissions measured met the requirements of the local emission limits. The testing for 2019 has reportedly been conducted, however, has not been reported yet.</p> <p>The site has designated one of the engineers on-site as the Pollution Control Officer (PCO).</p> <p>Rainwater from the buildings and hardstanding drains to stormwater drains for discharge off-site.</p> <p>It is noted for the ESMP there will likely be some pollution prevention and abatement requirements that should be captured.</p>		None required. It is noted for the ESMP there will likely be some pollution prevention and abatement requirements that should be captured.
b	<p><i>Wastes</i></p>	<p>Environmental Safeguard, Policy Principle 9</p> <p>IFC Performance Standard 3</p>	<p>The site reportedly produces limited volumes of waste, which is in line with the type of operations undertaken. Hazardous wastes include used oil (from the generators), used paint tins and used fluorescent light tubes. These were stored within a shipping container on-site, however were not stored and labelled in accordance with the requirements of R.A. 6969</p>		Under the ESMP for the Project, ensure that the management of wastes are appropriately included, for storage, labelling and disposal.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
			<p>Toxic Substances and Hazardous & Nuclear Wastes Control Act of 1990.</p> <p>Some other waste electronic equipment, racking etc. was stored on-site outside pending disposal to SBMA. This was relatively poorly stored on open areas, although was indicated to be temporary, although it is likely of limited concern with respect to soil and groundwater impacts.</p> <p>Based on discussions with the site general waste is collected by SBMA, no waste collection documentation is provided, which is not considered to be an issue. Hazardous wastes have been collected in the past by licensed waste collectors, and samples of transfer documentation were available. This is not collected and provided to SBMA for disposal.</p> <p>For the installation of the Project, there will not be substantial volumes of waste generated. Main components are likely to be excavated soil, packaging and general waste. These will however need to be appropriately disposed of.</p>		
c	Hazardous Materials	<p>Environmental Safeguard, Policy Principle 9</p> <p>IFC Performance Standard 3</p>	<p>During the site visit it was understood that the most significant volume of hazardous material stored on-site was diesel for the back-up generators. This was stored in:</p> <ul style="list-style-type: none"> One 20,000 litre underground storage tank (UST) of unknown construction; and One 3,000 litre steel above ground day tank (bunded). <p>The UST is reportedly regularly dipped and no loss of containment has been encountered, however this is a unit that is circa 20 years old and is not known to have had any integrity testing. No significant staining was noted near the fill port. It presents a potential concern from a soil and groundwater perspective. The site had not considered this</p>		<p>Consider, as a risk reduction measure, requesting the formal testing of the UST at the site. Ideally this unit is likely best replaced in due course with a new unit which maybe better placed above ground with appropriate secondary containment.</p> <p>Consider the requesting of an asbestos survey and development of a management plan and register (should asbestos be identified).</p>

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
			<p>an issue, however, recognised the potential benefits in understanding this risk.</p> <p>The site is understood to have been constructed prior to 2000, as such is prior to the controls on the use and management of asbestos under DAO 2000-02 Chemical Control Order for Asbestos. Potential asbestos containing materials were identified during the tour in the form of ceiling tiles and floor tiles. Consideration should be given to performing an asbestos survey and where asbestos is identified developing a register and management plan.</p>		
d	<i>Pesticide Use and Management</i>	<p>Environmental Safeguard, Policy Principle 9</p> <p>IFC Performance Standard 3</p>	<p>Based on discussions at the site there is no significant use, storage or application of pesticides. No pesticide use was observed during the Site visit. No significant use of pesticides is considered to be needed for the Project.</p>		None required.
e	<i>Greenhouse Gas Emissions</i>	<p>Environmental Safeguard, Policy Principle 9</p> <p>IFC Performance Standard 3</p>	<p>The site has two emergency generator sets on-site as noted above that emissions vent to atmosphere. No GHG reporting is required for these units.</p> <p>The site has air conditioning units that for the office areas and cooling of equipment. Based on discussions and inspection of units these are charged with R22, R401A and R134 refrigerant gases. The Philippines has ratified the Montreal Protocol, as such there is a phase out requirement for R22 production completely by 2030, however, currently this gases is still currently permissible for use in the Philippines.</p> <p>In rooms containing electronic that need swift extinguishing of a fire should one occur, then ceiling mounted waterless suppression units are available that are charged with HFC-227ea (which is a fire suppression agent was the first non-ozone-depleting replacement for halon).</p>		None required.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
8	Health & Safety				
a	<p><i>Worker Health & Safety</i> Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease.</p> <p>Under the Social Protection Strategy it recommends the project proponent to provide safe and healthy working environment for its employees as well as its contractors/ subcontractors and comply with the national labour laws and take measures to comply with the core labour standards. The ADB SPS mandate that the identified Occupational health and safety issues must be identified, assessed, and addressed in an EIA for proposed projects.</p>	<p>Environmental Safeguard, Policy Principle 10</p> <p>Social Protection Strategy</p> <p>IFC Performance Standard 2</p>	<p><i>Health & Safety (H&S)</i></p> <p>There is currently no formal documented management of health & safety at the site. However, one of the engineers has been nominated as a Safety Officer for the site (with an additional supporting three staff). No documentation was available in relation to H&S at the site, e.g. permit to work, standard operating procedures, etc.</p> <p>There have reportedly not been any accident or incidents in the past three years at the site. (The last incident was apparently 5 or 6 years ago and related to a snake bite, from which the injured person made a full recovery.)</p> <p>Workers are reportedly provided with a physical medical examination on an annual basis by a third party. HR reported that no work-related issues had been identified, issues identified were mainly lifestyle related, e.g. obesity, hypertension, etc.</p> <p>During the site visit no significant work was ongoing and no significant health & safety risks were observed. Nonetheless, in order to meet requirements of the Republic Act 11058 Strengthening Compliance with Occupational Safety and Health Standards, 2018 further actions need to be undertaken for the Project. This includes developing an Occupational Safety and Health (OSH) Program to manage these aspects. This can be included under the ESMP, although it is understood that the Subic site should develop this for its own operations (rather than this only applying to the project).</p> <p><i>Life & Fire Safety</i></p> <p>The site has installed a fire alarm system that incorporates, 67 smoke alarms, 18 heat detectors, eight fire alarm bells and eight manual alarm points. This is inspected and tested on an annual basis by a third party (the last inspection was.</p>		<p>There is a need at the site to formalise the process of health & safety management to meet local requirements (and the Applicable Standards). This is relevant both for contractors who will work at the site for the construction of the relevant Project components and the maintenance of Kacific's equipment on-site (it is understood that this will be provided by the teleport operator).</p>

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
			<p>on 19 April 2018, with another inspection scheduled for 2019). Fire extinguishers were noted to be installed around the facility and are reportedly routinely inspected (although records were not available). Random extinguishers were viewed during the site walkover and no issues with pressure were noted on the gauges viewed.</p> <p>SBMA reportedly conducts an annual visit to view the fire safety of the site and has not reported any significant issues (the last visit was on the 24 April 2018 and noted that the site complied with the relevant requirements and recommended this issuance of a Fire Safety Inspection Certificate). Note that a detailed fire inspection review was not undertaken as part of the Audit.</p>		
b	<i>Community Health & Safety</i> Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize, adverse impacts and risks to the health and safety of local communities.	Environmental Safeguard, Policy Principle 10 IFC Performance Standard 4	The site is located within a relatively rural area. There are other business ventures within a 2km radius of the site. The nearest group of dwellings appear to be around 2km south of the site. Given the context and observations on-site community health & safety is not considered to be an issue. The antennae will be transported as a unit to be assembled, as such over-sized loads being routed on roads through communities is not considered to be an issue. Reportedly the site have not received any complaints relating to noise or other items relating to the operations.		None required.
9	Physical Cultural Resources Conserve physical cultural resources and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts during environmental assessment. Provide for the use of "chance find" procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation.	Environmental Safeguard, Policy Principle 11 IFC Performance Standard 8	The Site were unaware of any nearby cultural resources. Based on a review on historical aerial imagery dating back to 2002 there did not appear to be any obvious features of tangible cultural heritage. At this stage impacts on physical cultural resources is not considered to be an issue.		None required.

Table 5-2 Safeguard Requirements 2: Involuntary Resettlement

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Screening				
	Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks	Involuntary Resettlement, Policy Principle 1 IFC Performance Standard 5	The site is understood to be rented from SBMA and was established around 20 years ago in the current footprint. At some point previously, the site was formerly part of an ammunition storage facility for the US Naval Base at Subic. Site management were unaware of any issues relating to Involuntary Resettlement. No land will be acquired for the Project, it will occupy the existing footprint of the operational site. As such, at this stage impacts on Involuntary Resettlement have been screened out.		None required.
2	Consultation and Participation				
	Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and	Involuntary Resettlement, Policy Principle 2	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.				
3	Livelihood Restoration				
	Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.	Involuntary Resettlement, Policy Principle 3	See above.	See above.	See above.
4	Assistance				
	Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.	Involuntary Resettlement, Policy Principle 4	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
5	Vulnerable Groups				
	Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.	Involuntary Resettlement, Policy Principle 5	See above.	See above.	See above.
6	Negotiated Settlement				
	Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.	Involuntary Resettlement, Policy Principle 6	See above.	See above.	See above.
7	Land Rights				
	Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of nonland assets.	Involuntary Resettlement, Policy Principle 7	See above.	See above.	See above.
8	Resettlement Plan				
	Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.	Involuntary Resettlement, Policy Principle 8	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
9	Disclosure				
	Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.	Involuntary Resettlement, Policy Principle 9	See above.	See above.	See above.
10	Involuntary Resettlement				
	Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.	Safeguard Requirement 2: Involuntary Resettlement, section 10	See above.	See above.	See above.
11	Implementation				
	Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.	Safeguard Requirement 2: Involuntary Resettlement, section 11	See above.	See above.	See above.
12	Monitoring and Reporting				
	Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.	Safeguard Requirement 2: Involuntary Resettlement, section 12	See above.	See above.	See above.

Table 5-3 Safeguard Requirements 3: Indigenous Peoples

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Screening				
	Screen early on to determine (i) whether Indigenous Peoples are present in, or have collective attachment to, the project area; and (ii) whether project impacts on Indigenous Peoples (IPs) are likely.	Indigenous Peoples, Policy Principle 1 IFC Performance Standard 7	<p>The Subic site is located in an area that was historically part of the former United States Subic Bay Naval Base. In the site area there are no IPs located on-site or are known to be in the area near the site.</p> <p>According to SBMA mapping² a Certificate of Ancestral Domain Title (CADT) Land (4,555.93 hectares) occupies a large area of existing developments, as well as open grassland and Aeta settlements, which also accommodates mixed land uses including conservation and preservation zones for the Pastolan Ayta. This is located approximately 4.4km to the north east (at its closest point) to the site. The SBMA has entered into an agreement with the Pastolan Ayta to earn revenue for the use of their land by Subic Bay Freeport investors through remittances from the SBMA.</p> <p>Furthermore, the Magbukun Ayta tribe of Sitio Kanawan in Morong, Bataan received approval in 2018 on their claim for ancestral domain over approximately 12,000 hectares of land straddling parts of Morong town and the Subic Bay Freeport Zone.³ The Magbukuns are formulating a joint management agreement with the SBMA for the development of Ayta lands covered by the Subic Freeport, similar to that noted above. The extent of the area has not been identified i.e. whether the site is part of this area noted above. In any case, the negotiations are with the SBMA for revenue sharing for the use of the land.</p> <p>Based on public information and based on discussions with the site management, whilst the Project is unlikely to impact on IPs there are noted to be ongoing discussion with SBMA for revenue sharing. There are no known indigenous people at, or in the vicinity of the site and at this stage no further action is considered to be warranted for this Safeguard.</p>		None required.

² <http://invest.mysubicbay.com.ph/major-districts>

³ <http://www.sbma.com/news/2018/06/22/ayta-tribe-gets-title-over-ancestral-land-in-subic-freeport>

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
2 Social Impact Assessment					
	Undertake a culturally appropriate and gender-sensitive social impact assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples. Give full consideration to options the affected Indigenous Peoples prefer in relation to the provision of project benefits and the design of mitigation measures. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate and gender and intergenerationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on Indigenous Peoples.	Indigenous Peoples, Policy Principle 2	See above.	See above.	See above.
3 Consultation and Participation					
	Undertake meaningful consultations with affected Indigenous Peoples communities and concerned Indigenous Peoples organizations to solicit their participation (i) in designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; and (ii) in tailoring project benefits for affected Indigenous Peoples communities in a culturally appropriate manner. To enhance Indigenous Peoples' active participation, projects affecting them will provide for culturally appropriate and gender inclusive capacity development. Establish a culturally appropriate and gender inclusive grievance mechanism to receive and facilitate resolution of the Indigenous Peoples' concerns.	Indigenous Peoples, Policy Principle 3	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
4	Consent				
	<p>Ascertain the consent of affected Indigenous Peoples communities to the following project activities: (i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples. For the purposes of policy application, the consent of affected Indigenous Peoples communities refers to a collective expression by the affected Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for such project activities. Broad community support may exist even if some individuals or groups object to the project activities.</p>	Indigenous Peoples, Policy Principle 4	See above.	See above.	See above.
5	Access				
	<p>Avoid, to the maximum extent possible, any restricted access to and physical displacement from protected areas and natural resources. Where avoidance is not possible, ensure that the affected Indigenous Peoples communities participate in the design, implementation, and monitoring and evaluation of management arrangements for such areas and natural resources and that their benefits are equitably shared.</p>	Indigenous Peoples, Policy Principle 5	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
6	Indigenous Peoples Plan				
	Prepare an Indigenous Peoples plan (IPP) that is based on the social impact assessment with the assistance of qualified and experienced experts and that draw on indigenous knowledge and participation by the affected Indigenous Peoples communities. The IPP includes a framework for continued consultation with the affected Indigenous Peoples communities during project implementation; specifies measures to ensure that Indigenous Peoples receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.	Indigenous Peoples, Policy Principle 6	See above.	See above.	See above.
7	Information Disclosure				
	Disclose a draft IPP, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected Indigenous Peoples communities and other stakeholders. The final IPP and its updates will also be disclosed to the affected Indigenous Peoples communities and other stakeholders.	Indigenous Peoples, Policy Principle 7	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
8	Land Rights				
	Prepare an action plan for legal recognition of customary rights to lands and territories or ancestral domains when the project involves (i) activities that are contingent on establishing legally recognized rights to lands and territories that indigenous Peoples have traditionally owned or customarily used or occupied, or (ii) involuntary acquisition of such lands.	Indigenous Peoples, Policy Principle 8	See above.	See above.	See above.
9	Monitoring and Reporting				
	Monitor implementation of the IPP using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPP's objective and desired outcome have been achieved, taking into account the baseline conditions and the results of IPP monitoring. Disclose monitoring reports.	Indigenous Peoples, Policy Principle 9	See above.	See above.	See above.

Table 5-4 Labour and Working Conditions

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Child Labour				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	ADB's Social Protection Strategy (2001) IFC Performance Standard 2.	<p>During the visit to the site no observations of the potential use of child labour were noted. HR at the Site reported that documents are reviewed as part of the employment process which ensures that no one under the age of 18 is employed. Given the nature of the operations, the use of child labour is unlikely.</p> <p>It is noted that the Philippines has ratified International Labour Organisation (ILO) conventions Minimum Age Convention, 1973 (No. 138) and Worst Forms of Child Labour Convention, 1999 (No. 182). Based on discussions on-site, the operations seek to comply with local requirements, although a formal child labour policy has not been formulated. Overall, given the nature of the operations on-site the risk of child labour being used is considered to be low.</p>		For the Project development, it should be ensured that aspects relating to labour & working conditions are appropriately managed. This is likely to be through contractual means, i.e. meeting the requirements of the laws of the Philippines. This may also be incorporated into the ESMP.
2	Forced Labour				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	ADB's Social Protection Strategy (2001) IFC Performance Standard 2.	<p>During the visit to the Site no observations of the potential use of forced labour were noted. Additionally, the Philippines has ratified ILO convention C105 - Abolition of Forced Labour Convention, 1957.</p> <p>It is understood that Kacific's terms and conditions with contractors developing the Project include anti-slavery obligations.</p>		See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
3	Payment of Wages				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001)	<p>All workers reportedly have contracts and are provided with orientation when they commence work. There are dedicated Human Resources personnel at the site. An Employment Handbook is reportedly available that includes information relating to employment such as working hours, responsibilities, leave, benefits etc.</p> <p>There are both salaried employees and workers eligible for overtime. HR indicated there were no issues relating to payment of wages.</p>		See above.
4	Working Hours and Overtime				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001)	<p>The site operates on a 24 hour basis on a three shift pattern for employees needing to ensure technical uptime of the site operations. Other staff e.g. administration operate on a one shift pattern from 8am to 5pm. A copy of the Employee Handbook has been requested.</p> <p>Based on discussions with HR on-site over-time is on a voluntary basis. Employees are aware of overtime rates and its calculation.</p>		See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
5	Non-Discrimination and Equal Opportunity				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001)	<p>Whilst there is not a formal non-discrimination policy it is noted that the Philippines have ratified the ILO convention relating to Non-Discrimination. HR indicated there were no issues in relation to this topic.</p> <p>No issues regarding non-discrimination and equal opportunity were identified.</p>		See above.
6	Freedom of Association				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001)	It is understood from discussions on-site that there are no unionised staff on-site. It is noted that the Philippines have ratified ILO conventions relating to Freedom of Association and Collective Bargaining.		See above.
8	Supply Chain Management				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a)	Social Protection Strategy (2001)	The site has limited demand in terms of supply chain given the nature of the operations other than purchase of consumables, e.g. electricity and fuel.		None required.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.				
9	Gender				
	<p>The policy recognises the need to improve the status of women and to promote their potential role in development practices. The strategy of the policy is based on the consideration of social justice and gender equity that investment in women is vital to achieving economic efficiency and growth. The key elements of the policy relates to the following:</p> <p><i>Gender Sensitivity:</i> Focuses on how the operations of the project proponent will affect women and men, and to take into account women's needs and perspectives in planning its operations.</p> <p><i>Gender Analysis:</i> Focuses on the systematic assessment of the impact of a project on men and women, and on the economic and social relationship between them.</p> <p><i>Gender Planning:</i> Focuses on specific strategies that aim to bring about equal opportunities for men and women.</p> <p><i>Gender Mainstreaming:</i> Focuses on the consideration of gender issues in all aspects of the project proponent's operations, accompanied by efforts to encourage women's participation in the decision-making process in development activities.</p>	Gender and Development Policy (1998).	Based on information provided by the site and observations, the majority of the workers are male. Given the nature of the operations and number of employees, gender is not considered to be a significant issue at the site.	None required.	

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	Agenda Setting: Focuses on the formulation of strategies to reduce gender disparities and in developing plans and targets for women's and girls' education, health, legal rights, employment, and income-earning opportunities.				

5.3. Corporate Social Responsibility Activities

Currently the Site does not have an active Corporate Social Responsibility programs at a site level.

5.4. Positive Socio-Economic Benefits of the Site

Given the nature and location of the site there are relatively limited direct socio-economic benefits of scale to the local population, aside from employment of local people.

6. Australian Teleport Site

As noted above, one teleport location will be in Australia at an existing teleport farm in Broken Hill, New South Wales that is understood to be operated by [REDACTED]. The location of this is presented in *Annex A*. The address is [REDACTED], Broken Hill, NSW 2880, Australia and is less than one hectare in size.

The site is an existing teleport farm that was originally constructed in 2003 by [REDACTED] [REDACTED] acquired the site at some point between 2004 and 2006. The site is understood to be owned by [REDACTED] (consisting of two parcels of land).

The site area includes:

- One main single storey office building [REDACTED];
- Open area with existing antennae; and
- External paved areas for access and parking.

The site is accessed by [REDACTED] entrance that is normally locked, and the site is surrounded by [REDACTED] fencing. The site is operational 24 hours a day [REDACTED]

For the installation of the Project equipment at the site it is understood that there is no need to install additional UPS, generators or install additional optic fibres to connect to the internet; there is sufficient redundancy in the existing facilities.

6.1.1. Desktop Review

Given the nature and extent of the operations in Australia, the review was undertaken on a desktop basis with information supplied by Kacific.

The documents provided are listed in *Annex C*.

6.1.2. Summary of National, Local and Other Applicable Laws

This section provides an overview of the legislative context relevant to the Australian site. It does not purport to be a legal register or detailed legal review.

Key Relevant Pieces of Legislation include

- *Protection of the Environment Operations Act 1997* is for the protection, restoration and enhancement of the quality of the NSW environment, and repealed and consolidated a number of existing Acts to rationalise, simplify and strengthen the regulatory framework for environmental protection in NSW;
- *Waste Avoidance and Resource Recovery Act 2001*, promotes waste avoidance and resource recovery to achieve a continual reduction in waste generation. The Act provides for the development of a state-wide Waste Strategy and introduces a scheme to promote extended producer responsibility for the life-cycle of a product;
- *National Parks and Wildlife Regulation 2009* which provides for the management of Aboriginal land and objects and makes administrative arrangements for Boards and Advisory Committee;
- *Fair Work Act 2009* which governs employment law in New South Wales;
- *The Work Health and Safety Act 2011* sets out the framework to ensure the health, safety and welfare of persons while they are working;
- *Workers Compensation Act 1987* provides for the compensation and rehabilitation of workers in respect of work related illnesses or injuries; and
- *Anti-Discrimination Act 1977* promotes equality of opportunity between all persons. It makes unlawful any racial, sexual and other types of discrimination in certain circumstances and allows for an aggrieved employee to make a complaint.

The main relevant regulatory bodies include:

- New South Wales Environment Protection Agency;
- New South Wales Office of Environment & Heritage; and
- SafeWork, New South Wales.

Relevant International Laws Ratified by Australia:

- Montreal Protocol on Substances that Deplete the Ozone Layer;
- ILO Forced Labour Convention, 1930;
- ILO Freedom of Association and Protection of the Right to Organise Convention, 1948;
- ILO Right to Organise and Collective Bargaining Convention, 1949;
- ILO Equal Remuneration Convention, 1951;
- ILO Abolition of Forced Labour Convention, 1957;

- ILO Discrimination (Employment and Occupation) Convention, 1958;
- ILO Minimum Age Convention, 1973; and
- ILO Worst Forms of Child Labour Convention, 1999.

6.1.3. Summary of Environmental & Social Permits

The site reportedly does not hold any environmental permits and approvals and is not required to hold any.

6.1.4. E&S Management Systems

The site is understood not to have developed an ESMS.

6.1.5. Environmental & Social Track Record

Based on the available information there have not been any significant issues raised with regards to E&S matters by regulators.

A search for environmental and health & safety records (including prosecutions) did not return any results relating to [REDACTED].¹

6.1.6. Findings

Note that in the sections below regarding ADB's Safeguard Principles/Requirements are an abbreviated inclusion of the requirements in view of space constraints, as such the full documents should be referred to. Note that references to the IFC Performance Standards (2012) have been included below, however, given ADB's involvement at this stage precedence has been given to ADB requirements. No attempt to compare and contrast ADB SPS and IFC Performance Standards has been undertaken.

¹ <https://www.safework.nsw.gov.au/compliance-and-prosecutions>
<https://www.epa.nsw.gov.au/>

Table 6-1 Compliance review: ADB Safeguard Requirement 1 – Environment

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Environmental Assessment				
	Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks. Conduct an environmental assessment for each proposed project to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental media, health and safety, vulnerable groups, and gender issues), and physical cultural resources in the context of the project's area of influence. Assess potential transboundary and global impacts, including climate change. Use strategic environmental assessment where appropriate. Examine alternatives to the project's location, design, technology, and components and their potential environmental and social impacts and document the rationale for selecting the particular alternative proposed. Also consider the no project alternative.	Environmental Safeguard, Policy Principles 1, 2 and 3 IFC Performance Standard 1	<p>The site is understood to have been in operation in the current location since 2003. No previous impact assessment is understood to have been previously required.</p> <p>For the Project and the construction of the antennae no impact assessment is considered to be required to meet local requirements.</p> <p>No activities under the ADB Prohibited Investment Activities List have been identified at the site.</p>		None required.
2	Environmental Planning and Management				
	Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts by means of environmental planning and management. Prepare an environmental management plan (EMP) that includes the proposed mitigation measures, environmental monitoring and reporting	Environmental Safeguard, Policy Principle 4 IFC Performance Standard 1	<p>A Site Access Request Form was provided for review. This includes requests on contact details, obligations and conduct, and some high-level H&S requirements. It is understood that no formal Environmental and Social Management System (ESMS) has been developed for the site. There is not any known legal requirement for the development of an ESMS.</p>		Development of an environmental and social management plan (ESMP) for the construction and operational phases that has oversight from Kacific, as the Project owner). This will support meeting local regulatory requirements relevant to the

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	requirements, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Key considerations for EMP preparation include mitigation of potential adverse impacts to the level of no significant harm to third parties, and the polluter pays principle.		<p>however there are requirements to manage certain aspects, which are detailed further in sections below.</p> <p>For the installation of equipment at the site, it is recommended that an environmental and social management plan (ESMP) is developed and implemented (with oversight from Kacific, as the Project owner). This will support meeting local regulatory requirements relevant to the construction and operation of the Project-related facilities and incorporate other elements of the Safeguards as needed. This should systematically consider the relevant aspects and impacts and develop management and mitigation measures, scaled to the nature of the project at the site.</p>		construction and operation of the Project-related facilities and incorporate other elements of the Safeguards as needed. This should systematically consider the relevant aspects and impacts and develop management and mitigation measures, scaled to the nature of the Project at the site.
3	Consultation and Participation				
	<p>Carry out meaningful consultation with affected people and facilitate their informed participation. Ensure women's participation in consultation. Involve stakeholders, including affected people and concerned nongovernment organizations, early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and taken into account. Continue consultations with stakeholders throughout project implementation as necessary to address issues related to environmental assessment. Establish a grievance redress mechanism to receive and facilitate resolution of the affected people's concerns and grievances regarding the project's environmental performance.</p>	<p>Environmental Safeguard, Policy Principle 5</p> <p>Performance Standard 1</p>	<p>Given the nature and location of the site there has been limited consultation and participation with stakeholders, including neighbouring operations. This is not considered a significant risk for the context of the site. The main off-site impact associated with the site is considered to be traffic associated with workers going to and from the operation, and for the Project transportation of goods and materials.</p> <p>It is not considered that there would be great benefit or relevance in embarking on a consultation exercise with local communities.</p>		None required.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
4 Information Disclosure					
	Disclose a draft environmental assessment (including the EMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. Disclose the final environmental assessment, and its updates if any, to affected people and other stakeholders.	Environmental Safeguard, Policy Principle 6 Performance Standard 1	Given the nature and location of the Site there has been limited information disclosure, and is not considered to be particularly relevant for this type of operation or for the Project components to be developed at this site.		None required.
5 Monitoring & Reporting					
	Implement the EMP and monitor its effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports.	Environmental Safeguard, Policy Principle 7 IFC Performance Standard 1	It is understood that currently there is little in the way of required E&S monitoring and reporting. The site reported that there had not been any significant environmental, social, health & safety issues in the past three years and there had not been any significant issues noted by regulators. As part of the ESMP there will be a need to monitor/report certain components to Kacific (who in turn will likely be required to report to ADB), such as accident and incident statistics, installation progress etc.		As part of the ESMP development, incorporate monitoring and reporting of E&S aspects, e.g. accident and incidents.
6 Biodiversity Conservation and Sustainable Natural Resources Management					
	Do not implement project activities in areas of critical habitats, unless (i) there are no measurable adverse impacts on the critical habitat that could impair its ability to function, (ii) there is no reduction in the population of any recognized endangered or critically endangered species, and (iii) any lesser impacts are mitigated. If a project is located within a legally protected area, implement additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no significant conversion or degradation, unless (i) alternatives are not available, (ii) the overall benefits from the project	Environmental Safeguard, Policy Principle 8 IFC Performance Standard 6	Based on available public information, the site is not located within any areas of specific biodiversity interest, and is understood to be part of an industrial park area.		None.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources.				
7	Pollution Prevention and Abatement				
a	<p><i>Pollution Prevention, Resource Conservation</i></p> <p>Apply pollution prevention and control technologies and practices consistent with international good practices as reflected in internationally recognized standards such as the World Bank Group's Environmental Health and Safety Guidelines. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gases emissions, waste generation, and release of hazardous materials from their production, transportation, handling, and storage. Avoid the use of hazardous materials subject to international bans or phaseouts.</p>	<p>Environmental Safeguard, Policy Principle 9</p> <p>IFC Performance Standard 3</p>	Based on information available the site is typically unmanured. One back-up generator is located on-site (of an unknown size).		None required. It is noted for the ESMP there will likely be some pollution prevention and abatement requirements that should be captured.
b	<p><i>Wastes</i></p>	<p>Environmental Safeguard, Policy Principle 9</p> <p>IFC Performance Standard 3</p>	For the installation of the Project, there will not be substantial volumes of waste generated. Main components are likely to be excavated soil, packaging and general waste. These will however need to be appropriately disposed of.		Under the ESMP for the Project, ensure that the management of wastes are appropriately included for storage, labelling and disposal.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
c	<i>Hazardous Materials</i>	Environmental Safeguard, Policy Principle 9 IFC Performance Standard 3	Limited information is available at this stage on hazardous materials, however, it is understood that the generator unit contains diesel.		None required.
d	<i>Pesticide Use and Management</i>	Environmental Safeguard, Policy Principle 9 IFC Performance Standard 3	There is understood to be limited/no significant use, storage or application of pesticides. No significant use of pesticides is considered to be needed for the Project.		None required.
e	<i>Greenhouse Gas Emissions</i>	Environmental Safeguard, Policy Principle 9 IFC Performance Standard 3	The site has one emergency generator set on-site with emissions vent to atmosphere. No GHG reporting is required for this units.		None required.
8	Health & Safety				
a	<p><i>Worker Health & Safety</i></p> <p>Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease.</p> <p>Under the Social Protection Strategy it recommends the project proponent to provide safe and healthy working environment for its employees as well as its contractors/ subcontractors and comply with the national labour laws and take measures to comply with the core labour standards. The ADB SPS mandate that the identified Occupational health and safety issues must be identified, assessed, and addressed in an EIA for proposed projects.</p>	<p>Environmental Safeguard, Policy Principle 10</p> <p>Social Protection Strategy</p> <p>IFC Performance Standard 2</p>	<p><i>Health & Safety (H&S)</i></p> <p>No formal documented management of health & safety at the site has been made available, aside from the Site Access request noted previously.</p> <p>There have reportedly not been any accident or incidents in the past three years at the site.</p> <p><i>Life & Fire Safety</i></p> <p>Based on information provided there are evacuation routes shown in the building, which is normally unmanned.</p>		<p>There is a need at the site to formalise the process of health & safety managements (and the Applicable Standards). This is relevant both for contractors who will work at the site for the construction of the relevant Project components and the maintenance of Kacific's equipment on-site (it is understood that this will be provided by the teleoperator).</p>

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
b	<i>Community Health & Safety</i> Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize, adverse impacts and risks to the health and safety of local communities.	Environmental Safeguard, Policy Principle 10 IFC Performance Standard 4	The site is located within a commercial area. There are other business ventures within a 2km radius of the site. The nearest part of Broken Hill is located around 1.3km to the north east of the site. Given the context and information available, community health & safety is not considered to be an issue. The antennae will be transported as a unit to be assembled, as such over-sized loads being routed on roads through communities is not considered to be an issue.		None required.
9	Physical Cultural Resources				
	Conserve physical cultural resources and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts during environmental assessment. Provide for the use of "chance find" procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation.	Environmental Safeguard, Policy Principle 11 IFC Performance Standard 8	The Site were unaware of any nearby cultural resources. Based on a review on historical aerial imagery dating back to 2002 there did not appear to be any obvious features of tangible cultural heritage. At this stage impacts on physical cultural resources is not considered to be an issue.		None required.

Table 6-2 Safeguard Requirements 2: Involuntary Resettlement

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Screening				
	Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks	Involuntary Resettlement, Policy Principle 1 IFC Performance Standard 5	The site is understood to be owned and established in 2003. No issues relating to Involuntary Resettlement were disclosed. No land will be acquired for the Project, it will occupy the existing footprint of the operational site. As such, at this stage impacts on Involuntary Resettlement have been screened out.		None required.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
2	Consultation and Participation				
	<p>Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.</p>	Involuntary Resettlement, Policy Principle 2	See above.	See above.	See above.
3	Livelihood Restoration				
	<p>Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv)</p>	Involuntary Resettlement, Policy Principle 3	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	additional revenues and services through benefit sharing schemes where possible.				
4	Assistance				
	Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.	Involuntary Resettlement, Policy Principle 4	See above.	See above.	See above.
5	Vulnerable Groups				
	Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.	Involuntary Resettlement, Policy Principle 5	See above.	See above.	See above.
6	Negotiated Settlement				
	Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.	Involuntary Resettlement, Policy Principle 6	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
7	Land Rights				
	Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of nonland assets.	Involuntary Resettlement, Policy Principle 7	See above.	See above.	See above.
8	Resettlement Plan				
	Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.	Involuntary Resettlement, Policy Principle 8	See above.	See above.	See above.
9	Disclosure				
	Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.	Involuntary Resettlement, Policy Principle 9	See above.	See above.	See above.
10	Involuntary Resettlement				
	Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.	Safeguard Requirement 2: Involuntary Resettlement, section 10	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
11	Implementation				
	Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.	Safeguard Requirement 2: Involuntary Resettlement, section 11	See above.	See above.	See above.
12	Monitoring and Reporting				
	Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.	Safeguard Requirement 2: Involuntary Resettlement, section 12	See above.	See above.	See above.

Table 6-3 Safeguard Requirements 3: Indigenous Peoples

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Screening				
	Screen early on to determine (i) whether Indigenous Peoples are present in, or have collective attachment to, the project area; and (ii) whether project impacts on Indigenous Peoples (IPs) are likely.	Indigenous Peoples, Policy Principle 1 IFC Performance Standard 7	Broken Hill is understood to be Australia's longest-lived mining city and Wilakali people traditionally occupied the lands around Broken Hill. However, given the size of the Project and the nature of its development within the existing footprint, no significant impacts on indigenous (aboriginal) peoples is expected. As such, at this stage impacts on Indigenous Peoples have been screened out.		None required.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
2	Social Impact Assessment				
	Undertake a culturally appropriate and gender-sensitive social impact assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples. Give full consideration to options the affected Indigenous Peoples prefer in relation to the provision of project benefits and the design of mitigation measures. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate and gender and intergenerationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on Indigenous Peoples.	Indigenous Peoples, Policy Principle 2	See above.	See above.	See above.
3	Consultation and Participation				
	Undertake meaningful consultations with affected Indigenous Peoples communities and concerned Indigenous Peoples organizations to solicit their participation (i) in designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; and (ii) in tailoring project benefits for affected Indigenous Peoples communities in a culturally appropriate manner. To enhance Indigenous Peoples' active participation, projects affecting them will provide for culturally appropriate and gender inclusive capacity development. Establish a culturally appropriate and gender inclusive grievance mechanism to receive and facilitate resolution of the Indigenous Peoples' concerns.	Indigenous Peoples, Policy Principle 3	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
4	Consent				
	<p>Ascertain the consent of affected Indigenous Peoples communities to the following project activities: (i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples. For the purposes of policy application, the consent of affected Indigenous Peoples communities refers to a collective expression by the affected Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for such project activities. Broad community support may exist even if some individuals or groups object to the project activities.</p>	Indigenous Peoples, Policy Principle 4	See above.	See above.	See above.
5	Access				
	<p>Avoid, to the maximum extent possible, any restricted access to and physical displacement from protected areas and natural resources. Where avoidance is not possible, ensure that the affected Indigenous Peoples communities participate in the design, implementation, and monitoring and evaluation of management arrangements for such areas and natural resources and that their benefits are equitably shared.</p>	Indigenous Peoples, Policy Principle 5	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
6	Indigenous Peoples Plan				
	Prepare an Indigenous Peoples plan (IPP) that is based on the social impact assessment with the assistance of qualified and experienced experts and that draw on indigenous knowledge and participation by the affected Indigenous Peoples communities. The IPP includes a framework for continued consultation with the affected Indigenous Peoples communities during project implementation; specifies measures to ensure that Indigenous Peoples receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.	Indigenous Peoples, Policy Principle 6	See above.	See above.	See above.
7	Information Disclosure				
	Disclose a draft IPP, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected Indigenous Peoples communities and other stakeholders. The final IPP and its updates will also be disclosed to the affected Indigenous Peoples communities and other stakeholders.	Indigenous Peoples, Policy Principle 7	See above.	See above.	See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
8	Land Rights				
	Prepare an action plan for legal recognition of customary rights to lands and territories or ancestral domains when the project involves (i) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, or (ii) involuntary acquisition of such lands.	Indigenous Peoples, Policy Principle 8	See above.	See above.	See above.
9	Monitoring and Reporting				
	Monitor implementation of the IPP using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPP's objective and desired outcome have been achieved, taking into account the baseline conditions and the results of IPP monitoring. Disclose monitoring reports.	Indigenous Peoples, Policy Principle 9	See above.	See above.	See above.

Table 6-4 Labour and Working Conditions

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
1	Child Labour				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	ADB's Social Protection Strategy (2001) IFC Performance Standard 2.	It is noted that Australia has ratified International Labour Organisation (ILO) conventions Minimum Age Convention, 1973 (No. 138) and Worst Forms of Child Labour Convention, 1999 (No. 182). Overall, given the nature of the operations on-site the risk of child labour being used is considered to be low.		For the Project development, it should be ensured that aspects relating to labour & working conditions are appropriately managed. This is likely to be through contractual means, i.e. meeting the requirements of Australian law. This may also be incorporated into the ESMP.
2	Forced Labour				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	ADB's Social Protection Strategy (2001) IFC Performance Standard 2.	Australia has ratified ILO convention C105 - Abolition of Forced Labour Convention, 1957. It is understood that Kacific's terms and conditions with contractors developing the Project include anti-slavery obligations.		See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
3	Payment of Wages				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001)	See above and below.		See above.
4	Working Hours and Overtime				
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001)	The site operates on a 24 hour basis although is normally unmanned. See above.		See above.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
5 Non-Discrimination and Equal Opportunity					
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001)	Whilst there is not a formal non-discrimination policy it is noted that Australia have ratified the ILO convention relating to Non-Discrimination.		See above.
6 Freedom of Association					
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a) freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.	Social Protection Strategy (2001)	It is noted that Australia has ratified ILO conventions relating to Freedom of Association and Collective Bargaining.		See above.
8 Supply Chain Management					
	Appropriate steps should be taken to ensure that procurement of goods and services, contractors, subcontractors, and consultants, comply with the country's labour legislation as well as with the Core Labor Standards. The Core Labour Standards consist of (a)	Social Protection Strategy (2001)	The Project and site have limited demand in terms of supply chain given the nature of the operations other than purchase of consumables, e.g. electricity and fuel.		None required.

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	freedom of association and the effective recognition of the right to collective bargaining, (b) the abolition of all forms of forced or compulsory labour, (c) effective abolition of child labour, and (d) elimination of discrimination in respect of employment and occupation.				
9	Gender				
	<p>The policy recognises the need to improve the status of women and to promote their potential role in development practices. The strategy of the policy is based on the consideration of social justice and gender equity that investment in women is vital to achieving economic efficiency and growth. The key elements of the policy relates to the following:</p> <p><i>Gender Sensitivity:</i> Focuses on how the operations of the project proponent will affect women and men, and to take into account women's needs and perspectives in planning its operations.</p> <p><i>Gender Analysis:</i> Focuses on the systematic assessment of the impact of a project on men and women, and on the economic and social relationship between them.</p> <p><i>Gender Planning:</i> Focuses on specific strategies that aim to bring about equal opportunities for men and women.</p> <p><i>Gender Mainstreaming:</i> Focuses on the consideration of gender issues in all aspects of the project proponent's operations, accompanied by efforts to encourage women's participation in the decision-making process in development activities.</p>	Gender and Development Policy (1998).	Given the nature of the operations and number of employees, gender is not considered to be a significant issue at the site.	None required.	

Ref	ADB's Safeguard Principles/Requirements	Reference	Commentary/ Findings	Risk Ranking	Corrective action
	<p><i>Agenda Setting:</i> Focuses on the formulation of strategies to reduce gender disparities and in developing plans and targets for women's and girls' education, health, legal rights, employment, and income-earning opportunities.</p>				

6.2. Corporate Social Responsibility Activities

Currently the site does not have an active Corporate Social Responsibility programs at a site level.

6.3. Positive Socio-Economic Benefits of the Site

Given the nature and location of the site there are relatively limited direct socio-economic benefits of scale to the local population, aside from employment of local people.

7. PROJECT IMPACT ASSESSMENT

A. Teleports

7.1. Construction Phase

The installation of the antennae (and associated equipment) will be within the existing footprint of the established site and forms a minimal addition in terms of space required in the existing teleport farm. There will be no land clearing required for the project, as there are already allotted cleared spaces for the antennae. The duration of the installation will be under four months and heavy works will mainly be limited to the civil works associated with the approximately 7mx7mx0.8m concrete slab and erection of the antennae (the remainder of the works is more related to electronic installation, calibration, etc.). During the works there will be around 5 to 10 additional people.

Key risks associated with the Project relates mainly to the construction phase (and management of contractors/subcontractors) and health & safety management for the operational phases with services being provided by the teleport operator to ensure safe systems of work are in place. Land acquisition and Indigenous Peoples Safeguards are not considered applicable to the sites.

For the construction phase the key E&S risks are anticipated to include:

- Screening and appointment of contractors/subcontractors to be used. To mitigate this, the contractors/subcontractors who will be chosen should have a good E&S track record;
- Establishing processes to screen, identify, analyse potential risks and impacts and identify mitigation measures, particularly with respect to health & safety during construction. To address this issue, all workers will be provided with Health and safety training prior to commencing work, safety briefing for each day of work and will be provided personal protective equipment;
- Ensure labour & working conditions are in line with the Applicable Standards. The contractor will ensure a safety environment for the workers and maintain records of the benefits throughout the duration of the construction activities;
- Managing wastes generated appropriately. The teleport company will be handling the wastes generated from the construction of the antennae, which is collected and disposed through accredited third party companies.
- Noise, lighting, dust impact on the fauna living with the adjacent forest area. In order to reduce disturbance to fauna in the area, construction activities will only be limited during the daytime.

7.2. Operations Phase

During operation, there will be minimal physical maintenance required, likely limited to washing of the antennae when required. All antennae will be located in existing facilities with small footprint, avoiding land clearing impacts. The wastes generated from the construction activity will be managed by the teleport company, together with the rest of the solid and hazardous wastes generated from the rest of its operations. The contractor (Kratos) will be required to follow the Environmental and Social Management Plan for the project.

B. Satellite Launch

SpaceX and JSAT facilities are essential to the operations of the Project but are not exclusively dependent on the Project. Hence, these facilities do not fall within the definition of associated facilities under ADB SPS. The impacts related to satellite launching were still assessed based on desk-top review and identified the potential impacts on wastes, air and GHG emissions, and health and safety concern. SpaceX launching facility is located in Cape Canaveral, Florida, and follows a Range Safety Program which ensures that hazards and risks associated with range operations from launches are

controlled and mitigated. It is also bound to comply with National legislative requirements, including the National Environmental Policy Act (NEPA).

While the probability of launch failure is unknown, extensive discussion on potential scenarios during launch failure, and impacts to natural environment, and the community have been undertaken by relevant federal agencies. The environmental assessment for SpaceX Launch License is posted in the Federal Aviation Authority website.

8. CORRECTIVE ACTION PLAN

This section collates the corrective actions in a tabular Corrective Action Plan (CAP) with timelines and specific action items. Note that costs Minor costs mean <USD10k. Indicative budgets have been provided based on available information and are provided for indication purposes. The tasks may be able to be completed in more economic ways following more detailed planning and/or other aspects.

Table 8-1 Corrective Action Plan

Ref	Corrective Action	Deliverable	Responsibility	Timeline	Indicative Budget/Resources
Kacific					
1	Develop a policy for Kacific's approach to managing E&S aspects, this should be up to one page and signed by the CEO and set the overall intent and tone on the management of E&S aspects.	Policy	Kacific	Prior to construction commencing of the first teleport	Management time.
2	Develop a straightforward framework and process for the oversight and management of relevant E&S aspects of the Project, particularly in relation to the construction and operation of the teleports. This should include monitoring and reporting of E&S aspects of the Project (and support onward reporting to ADB).	E&S Process and Framework	Kacific	Prior to construction commencing of the first teleport	Minor costs
3	For each teleport develop an Environmental & Social Management Plan for the construction and operational phases. These should consider in a systematic manner the risks and impacts associated with each teleport and provide an interface with third parties who will provide services (and may have existing management systems. This should also capture relevant labour & working conditions components.	ESMP for each teleport site	Kacific	For each teleport the ESMP for each phase i.e. construction and operation, should be developed and agreed before the relevant phases commence	Likely Minor costs for each ESMP

Ref	Corrective Action	Deliverable	Responsibility	Timeline	Indicative Budget/Resources
Subic Site					
4	For the ESMP to be developed, ensure that there is consideration of biodiversity (although based on the information available there are unlikely to be significant impacts. This should consider noise, light, hours of work and ensuring no clearance of trees.	As with ESMP development above.	Kacific	As with ESMP development above.	As with ESMP development above.
5	In relation to occupational health & safety there is a need to formalise management of this aspect to meet local requirements (and the Applicable Standards). This relevant for their own operations and for Kacific's Project i.e., contractors who will work at the site for the construction of the relevant Project components and the maintenance of Kacific's equipment on-site (it is understood that this will be provided by the teleport operator).	H&S Management	██████████	Prior to construction commencing (for components relevant to the Project).	Management time if completed in-house for documentation/processes and training.
Clark Site					
6	For the ESMP to be developed, ensure that there is consideration of community impacts (including traffic, access and noise).	As with ESMP development above.	Kacific	As with ESMP development above.	As with ESMP development above.
Indonesia Sites					
7	Undertake Audits of the two teleports and develop and agree a corrective action plan to address any identified gaps against the Applicable Standards which will be carried out.	Agreed Corrective Action Plan for the Indonesia sites	Kacific	After completion of agreements on the Indonesia sites.	Costs for the actions required cannot be estimated at this time.
Recommendations – Subic Site					
8	Consider, as a risk reduction measure, requesting the formal testing of the UST at the Subic site. Ideally this unit is likely best replaced in due course with a new unit which maybe better placed above ground with appropriate secondary containment.	Evidence of raising this with the Subic site management	Kacific	Timing for discussion	Minor costs (for one-off testing, replacement is likely to be significantly more).
9	Consider the requesting of an asbestos survey and development of a management register (should asbestos be identified).	Evidence of raising this with the Subic site management	Kacific	Timing for discussion	Minor costs for the survey. Register of management measures dependant on the results of the survey.

Ref	Corrective Action	Deliverable	Responsibility	Timeline	Indicative Budget/Resources
Recommendation – Australia Site					
10	In addition to the ESMP to be developed, relation to occupational health & safety there is a need to formalise management of this aspect to meet Australian requirements (and the Applicable Standards). This relevant for their own operations and for Kacific's Project i.e., contractors who will work at the site for the construction of the relevant Project components and the maintenance of Kacific's equipment on-site (it is understood that this will be provided by the teleport operator).	H&S Management		Timing for discussion	Management time if completed in-house for documentation/processes and training.

9. Conclusions

To-date Kacific have not had a direct driver for the development of an ESMS at the company level, as such one has not yet been developed. Instead, E&S management is less formalised. In light of the Project development there are some aspects that warrant more formal management of E&S aspects, particular in relation to the construction and operation of teleport sites (recognising that these will be undertaken by a number of parties). As such, there is a need to ensure that there is a considered and systematic approach to managing E&S matters that will also ensure that the E&S requirements (legal and voluntary) are integrated into these operations. This is considered best achieved through ESMPs (that also considers in a systematic manner risks and impacts) associated with the construction and operation of the teleports. Whilst there will be some commonality, ESMPs should be tailored to each teleport location. In tandem with this there is a need to develop a straightforward framework at Kacific to oversee this with responsibilities assigned to ensure this is implemented.

Some recommended items have also been identified that warrant some follow-up and will likely be of benefit to the relevant site operations to manage their E&S risks.

A CAP has been prepared to assist in addressing these gaps and moving towards alignment with the Applicable Standards.

9.1. Corrective Actions

The overarching conclusion in relation to E&S management is the need to develop and implement an straightforward process to oversee relevant project components and develop ESMPs for the construction and operation of the teleport sites. This provides an opportunity to more systematically manage E&S aspects and also meet the reporting requirements that ADB will require.

10. Limitations

The Audit has been completed through a review of the documents provided to Enso, discussions with relevant personnel at Kacific and the Subic teleport site visited. It is not possible to assure that this has necessarily yielded complete information. Enso has assumed that the information provided to it is correct and can be relied upon in the completion of the Audit. Information provided in this report should not be construed as legal advice in any way, shape or form.

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Annex A – Figures

(Not included in this version due to commercial sensitivity.)

Annex B – Site Visit Photographs

(Not included in this version due to commercial sensitivity.)

Annex C – Documentation

Kacific Documents

Reviewed

- Project Information Memorandum, 5 April 2019

Requested

- Contracts with third party suppliers

Subic Teleport Site

Reviewed

- Certificate of Non-Coverage, issued by SBMA;
- Permit to Operate Air Emission Sources, issued by SBMA;
- BSI emissions testing of generator sets;
- Samples of waste transfer documentation
- Sample tree cutting permit;
- Completion report of fire maintenance, 2018;
- SBMA Fire Inspection Checklist; and
- Chedda General Safety Training Overview, 2016.

Requested

- Presentations shown at the site visit
- Employee Handbook
- Inventory of hazardous materials.

Australia Teleport Site

Reviewed

- Photos from Kacific site visit
- [REDACTED] Teleport Access Application Form
- MLEI Consulting Engineers, Engineering Calculation Report, Satellite Dish - Broken Hill
Reference: 2019-8851
- Written responses to questions posed