



CABLE BAHAMAS LTD. REPORT TO JSE – MARLENE STREET-FORREST, MANAGING DIRECTOR

Re: Listed Companies Timely Disclosure of COVID-19 Impact on Business Operations

Cable Bahamas Ltd., (CBL) responds to the request of the Jamaica Stock Exchange (JSE) pursuant to a Memorandum/Notice of the 30th April 2020 based on JSE Main Market Rule, Addendum 8 – Section D – Developments to be Disclosed and JSE Junior Market Rule Appendix 2 –Part 5—Section D and having regard to the definition of “Material Information” contained in said Rules.

CBL responds to the required information as follows:

1. Changes to strategic goals as a consequence of COVID-19.

The impact of COVID-19 provided us with the avenue to accelerate segments of our business strategy such as; electronic banking and e-learning. From a customer perspective we have been able to have customers engage in the paying of bills via a number of electronic\mobile applications. Plans to engage the government in further e-commerce opportunities were also fast tracked. One such initiative was The Bahamas Learning Channel which provided a virtual learning environment for children now at home. From an operational and network perspective we have been compelled to adapt\modify and rollout new policies and procedures to work remotely while sustaining services to customers.

2. Review and update to Committee mandates due to COVID-19.

The Cable Bahamas Ltd. Board of Directors will hold their next quarterly meeting on May 14th 2020. The Chairman has been involved with the CEO and Executive team with the decision making related to the Company’s adaptations to the Government of the Bahamas’ Covid19 Emergency Powers Orders, inclusive of Curfews and Lockdowns.

An agenda item will be the Company’s adjustments to the new circumstances centering on its viability in the face of Covid19 restrictions, although under the Orders, telecommunications is an exempted business within limits. Board committees will, in due course, make changes to their mandates after a complete review of the status, the requirements and lessons learnt.

3. Changes to contingency plans, including redundancy built in for key employees.

One of the major changes to our contingency plans was the deployment of staff to work remotely. Approximately 400 persons were required to work remotely. Subsequently, we had to ensure that staff were provided with the right equipment\solutions required for access to all of the

necessary tools, systems and assets, technology where applicable and for collaboration to support virtually connecting staff. These included: boosting broadband connectivity, intranet access, videoconferencing, internal social networks etc.

4. Areas of risks exposures, examples include information privacy and cybersecurity.

Cybersecurity remains mission critical to the organization. We were forced to quickly adopt work-from-home protocols. Cybercriminals around the world are undoubtedly capitalizing on the COVID-19 crisis. Emerging threats have ranged from malicious COVID-19 themed email and social engineering campaigns, increased ransomware attacks, and to exploitation of vulnerabilities on devices being used outside the normal office environment. The cybersecurity practices that were applicable prior to the COVID-19 are still in effect. As we continue to enforce basic good cyber policies, the following are some proactive measures that were employed to address some of the inherent cybersecurity risks due to the novel Coronavirus.

Strengthen Remote Access Management

- Virtual private network (VPN) capabilities have been scaled to accommodate all employees of CBL and ALIV as opposed to only a subset of employees prior to COVID-19. The VPN is designed to provide a secure connection between remote users and the company network.
- Two-factor authentication for VPN access was implemented to add another layer of security to the login process.

Implement IT Acceptable Use Policy

- The IT Acceptable use policy was published and communicated to all REV and ALIV employees to articulate the requirements and expectations for the appropriate use of corporate applications, hardware, and other IT resources.

Increased Security Awareness Training

- Training on heightened awareness and adherence to good cyber-hygiene practices are delivered regularly through the KnowBe4 online training platform, regular security awareness tips via email and the company WhatsApp groups as well as simulated phishing exercises. Staff are encouraged to be more vigilant and cautious
 - COVID-19 related scams, phishing and malware campaigns at large
 - Best practices for telecommuting securely
 - Best practices for using video conferencing tools e.g. Zoom
- Targeted training were also provided on the following topics based on the unique responsibilities of the staff in the related roles.
 - *Safe Credit Card Handling Training*
 - For staff that have access to customer credit card information
 - *Privileged User Security Training*
 - role privileged users play in an organization and the various privileged user responsibilities designed to protect your organization from cybersecurity threats.

Strengthen Endpoint Protection

- *Patch Management*
 - Continuous auditing of operating system and software vulnerabilities are employed. To ensure that security flaws and bugs are corrected in a timely manner, automatic updates and security scans are applied. Updates are also rolled out remotely across corporate devices.
- *Managed Detection and Response Services*
 - We have implemented 24x7 managed detection and response to provide remote monitoring of corporate workstations and servers to identify threats early and reduce the consequences of a breach.

5. The need to preserve cash considering the potential uncertainties facing the business as the impact of the COVID-19 continues to unfold.

At CBL we manage our cash inflows and outflows very closely on a daily basis under normal working conditions. In light of Covid-19, we took our daily cash review of all inflows and outflows to another level. We reviewed all of our supply chains and immediately began contacting vendors to firstly, ensure that we could continue to get the supplies needed to maintain our business and secondly to request extended payment terms from 30 days to 60 and 90 days. Our content providers are also working with us to help keep programming fees low and aligned with our reduced commercial (hotels) subscribers. We have slowed our payments considerably to only staff, small local vendors and for urgent products and services needed to run our business. Cash and all other forms of payments received from our subscribers are reconciled and logged daily. Customers have many ways to pay, via cash and cheques at our stores, at banks, via online via credit card and at third party payment centers. Our collections process is a joint effort between the Loyalty, Credit and Collections Teams calling customers to remind them of their payment obligations. On March 20, all of our stores were closed due to emergency orders because of Covid-19. We began an aggressive marketing campaign to change customer behavior, directing them towards other methods of payment, at banks, via credit cards and to third party vendors and the response from our customers has been positive as they continue to make contact with us to pay their bills. We saw a slight decline in cash collection at the end of March; however, we saw a marked improvement in April and May looks promising as well. We remain focused on meeting our customers where they are and providing them access to many other payment platforms at their fingertips.

6. COVID-19's potential impact on performance-based incentives as well as applicable vesting and/or termination provisions of existing compensation plans.

Performance based incentives remain intact and are closely monitored by clearly defined KPIs, goals, targets and performance standards. We have not altered or terminated our current compensation plans and continue to offer all benefits and incentives to drive individual and organization performance.

7. The impact of travel restrictions and border closures on your ability to operate and achieve your business goals.

The business continues to operate effectively despite the travel restrictions and border closures. Teams are able to communicate effectively and consistently virtually via the various online video\audio solutions with vendors\suppliers\manufacturers\technology partners to obtain support in real-time if and when required.

8. The anticipation of material adverse impact on your supply chain or the methods used to distribute your products or services.

Proactive measures were taken at the onset of Covid-19 to replenish stock levels on breadbasket items. Additionally, arrangements were made with vendors\suppliers to have stock moved to warehouses in the South Florida area for ease of access and shipping to The Bahamas. Stock levels are monitored\tracked on a daily basis and additional items sourced prior to reaching adjusted minimum levels. The hurricane protocols for the ordering of essential materials\equipment were initiated at this time.

9. COVID-19-related circumstances such as remote work arrangements adversely affecting the company's ability to maintain operations, including financial reporting systems, internal control over financial reporting and disclosure controls and procedures.

As we adapted to changes brought about by COVID-19, we were compelled to reduce the capacity within our offices while providing business continuity for our valued customers.

With the various business tools and solutions, we have been able to monitor, track, measure and review key performance indicators (KPIs) on a consistent basis. This enabled us to be able to adjust\enhance processes\procedures to meet the needs and requirements of both our customers and businesses. Working remotely has realized an increase in productivity.

The Covid-19 impact on CBL's financial reporting systems and internal controls over financial reporting, disclosure controls and procedures are minimal. Over the last few years, we focused heavily on reviewing all of our financial processes and procedures to determine where automation intervention was needed to make us more efficient and effective. We have since automated our Payroll Process, our AP and Procurement processes, our Requisitions and Purchase Orders are now generated and approved electronically, all payments made to vendors, and suppliers are now done electronically. All the internal controls around these processes were reviewed and tested to ensure proper segregation of duties and dual approvals. These procedures stand and are followed whether working during normal operations or working remotely in light of Covid-19.

10. Review of the company's formal business continuity plans and procedures to ensure that they sufficiently address the assessed business risks.

We are reviewing lessons learnt and procedural changes i.e. travel, hours of operation, lockdown periods etc. brought about by COVID-19 to incorporate the requisite modifications within our existing business continuity plans.

11. Changes in human resources caused by COVID-19, which could include restructuring and layoff.

- Approximately 95% of our staff of essential employees have been deployed to work from home in light of government orders during COVID 19. About 30 essential staff cannot work remotely and report into office.
- We have laid off 105 employees and terminated 31 (contract employees)
- Eight (8) employees in lay off status have been contracted to work several projects/initiatives
- We just completed the restructuring process and no further work was needed at this time.

CONCLUSION

In conclusion, it is evident that CBL began taking steps well ahead in order to ensure a smooth transition to the constraints of the nationally imposed Emergency Powers Orders. The Company has been flexible and quick to open new access and ways of doing business to accommodate circumstances and the needs of its customers and employees, particularly increasing its digital outreach and access. CBL has offered its services and expertise to government organizations who were not as nimble in their digital transition and the Company remains poised to successfully meet the new challenges posed by this pandemic with minimal disruption to the business.

Felicity L. Johnson
General Counsel and Company Secretary
May 11, 2020

pc: John Gomez, COO, CBL