

Environmental and Social Review Summary (ESRS) Kuldipsingh Port Expansion Project, Suriname

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1. General Information of the Project and Overview of Scope of IDB Invest's Review

IDB Invest is considering providing a Corporate loan to Kuldipsingh Port Facility N.V. (the "KPF ", or the "Company"), the operator of the main privately owned Port in Paramaribo, Suriname, to fund the expansion of the port's jetty in 180 meters, and the reimbursement to sister companies¹ for expenditures previously made² (the "Project" or the "Operation").

KPF operates a cargo terminal that is mainly used for timber exports, supporting the Oil & Gas industry (offshore) and the import of construction materials. The terminal has an open storage yard for logs and a warehouse for construction materials and products related with gold mining operations. The port's main clients are: i) the Kuldipsingh Group – the port is used to import materials (mostly construction materials for the group); ii) off-shore drilling companies that are exploring oil and gas potential; and iii) gold mining companies.

Due to the travel restrictions imposed by the COVID-19 Pandemic, most of the Environmental and Social Due Diligence ("ESDD") was done remotely. This process included: i) a desk review of relevant E&S information received by the Company; ii) several videoconferences with the KPF's representatives; iii) a first site visit to the Project performed on November 2019 by IDB Invest's Environmental, Social and Governance Division Chief; iv) a second site visit³ performed on August, 2020 by an E&S consultant based in Paramaribo and followed-up by video conference by the IDB Invest; v) virtual and in-person interviews with some of the port's employees; and vi) the revision of the Project's Environmental Assessment Report (EAR)⁴.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according with IDB Invest's Environmental and Social Sustainability Policy since it will likely generate, among others, the following impacts: i) increase of health and safety risks due to the construction of the additional 180 meters of the jetty and the execution of other civil works; ii) environmental impacts due to hazardous chemicals storage

¹ Kuldipsingh Readymix, Kuldipsingh Handelmij, Kuldipsingh Infra and Kuldipsingh Equipment.

² The purchase of land and land development, as well as construction of additional offices and warehouses for lease to clients.

³ The site visit also included a real-time drone tour of the port's facilities.

⁴ See Environmental Assessment of Kuldipsingh Port Facility, N.V. Paramaribo, Suriname, NET GAIN, September 2020 published in this website.

and bulk transfer of fuel during the port operations, iii) increased traffic of vehicles and trucks that will result in dust and noise impacts; iv) medium to long term impacts to the water quality of Suriname River due to discharges of untreated stormwater and maintenance dredge works performed in front of the port, and v) indirect and cumulative impacts that could result from the construction and operation of a Waste Management Plant (WMP), which is not part of IDBI's loan, that will be installed by the Company to serve the offshore Oil & Gas clients.

These impacts are deemed to be of medium intensity and can be mitigated via measures that are available and feasible to implement in the context of the proposed operation. The Performance Standards (PS) applicable by the Project are: i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; and iv) PS4: Community Health, Safety, and Security.

3. Environmental and Social Context

KPF, one of 11 companies in the Kuldipsingh Group (the "Group"), is located in the center of the Wanica district of Paramaribo city, about 700 m upstream from the country's main port (public facility) in the Suriname river. The port, established in June 2015, has a full operating license, and is certified by the International Ship and Port Facility Security Code.

The Project, a brownfield expansion of this existing port facility, is situated on an industrial area where other companies (including "Staatsolie", the main state-owned refinery) have been in operation for many years. The port expansion will not require the relocation or the economic displacement of families, as the land for the port facility is privately owned by the Group. The recent oil discovery in the shore of Suriname have yielded to an important increase in the services the port provides to these companies.

KPF employs directly 20 persons distributed among administrative areas and the Operations Department. For each vessel that moors at the facility between 20 and 80 stevedores are employed. Stevedores are employed as non-contractual (casual) laborers who are paid on a bi-weekly basis.

The project area has a tropical humid forest climate with mean annual air temperature at Paramaribo of 27° C and annual maximum precipitation of 2,177 mm. Suriname experiences two wet and two dry seasons with the long-wet season from May to July.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks

4.1. a E&S Assessment and Management System

For the Port expansion Project, and as required by the national legislation for construction, a construction permit was requested by KPF at the Ministry of Transport, Communications and Tourism which was granted afterwards. However, as per IDB Invest request, the Company prepared

an Environmental Assessment for the Project. In addition, the Company developed in 2019, an ESIA for the WMP.

KPF possesses ISO 9001:2015 and ISO 14001:2015 (both received April 5, 2019) and ISO 45001:2018 (June 15, 2019) certifications.

KPF does not have a formal Environmental and Social Management System (ESMS); although, the Company has developed numerous plans, programs, and procedures addressing a wide range of risks associated with the Port operations including the management of hazardous cargo. Therefore, the Company will develop an integrated ESMS applicable to Port construction and operation activities, that will identify the required personnel, their responsibilities, an estimated operational budget, and a management and tracking system to ensure continuous improvement.

4.1. b Policy

KPF has a “Health, Safety, Environmental, and Quality Policy Statement”, where health, safety, and environment are listed as one of 5 core values⁵ of KPF. This statement will be updated and converted into an environmental and social policy.

4.1.c Identification of Risks and Impacts

KPF has adopted a risk-based assessment matrix and applied it for main port activities, such as: i) bulk transfer of fuel; ii) general activities; iii) handling and storage of chemicals; iv) handling and storage of waste; v) loading and unloading of vehicles-goods; vi) loading and unloading of vessels; and vi) loss of control of vehicles. The risk-based assessment forms are numbered, dated, and signed as approved by the General Manager.

KPF performed an environmental impact assessment (in form of a matrix) for the jetty expansion portion of the Project. Such assessment identified the nuisance due to pile driving as the only high impact, while the increased use of water, the increase in the generation of process wastewater, and some mobility restrictions for the local communities due to traffic, as moderate impacts.

The Company will enhance the risk-based assessment matrix to include impacts and risks produced by activities to be undertaken by clients, contractors, and primary suppliers in the project site.

4.1. d Cumulative impact analysis

KPF will assess the incremental impacts of the future Waste Management Plant that will focus on: i) gas emissions; ii) wastewater production; and iii) safely disposal of incinerated ash.

4.1. e Management Programs

The Company has in place procedures for: i) confined space entry; ii) crew change; iii) discharging and transport of ammonium nitrate; iv) fatigue management; v) incident investigation; vi) lifting;

⁵ Other core values include collaboration and empowerment, excellence, customer focus, and sustainability

and vii) permit to work system (PWS)⁶ which presents procedures for non-routine or potentially hazardous work performed by employees or contractors. Notwithstanding, the Company does not require a job hazards analysis (JHA) nor approval of a work permit prior to engaging in its daily operations. This requirement is currently been applied only for specific Oil & Gas client's operations. Therefore, as part of the PWS, the project will: i) perform and disseminate to all the workers a JHA for every major port activity and ii) develop and implement a Contract's HSE Management Program and integrate it into the ESMS.

4.1. f Organizational Capacity and Competency

KPF has a single supervisor in charge of all Environmental, Health, Safety and Quality (EHS-Q) responsibilities for the port, who reports directly to General Manager. However, this position is not showed on the current organizational chart of the Company. Therefore, the Company will officially designate a person to be in charge of the port's ESMS issues and will allocate the necessary resources needed to fulfill this task.

4.1. g Emergency Preparedness and Response

KPF has adopted an Emergency Management and Response Plan (EMRP). However, this instrument does not include construction emergency scenarios that could result as the Project execution works nor emergency response plans associated with the handling and storage of hazardous chemicals.

Therefore, KPF will update its EMRP by identifying: i) areas prone to accidents and emergency situations; ii) communities and individuals that may result impacted as a consequence of an emergency situation; iii) response procedures; iv) equipment and resources needed in an emergency; v) people in charge of managing emergency situations; vi) responsibilities of the people in charge of the emergencies; vi) communication channels, including those with potentially affected communities; and v) training to ensure effective response.

4.1. h Monitoring and Review

The Project lacks a monitoring system to evaluate the effectiveness of the management programs, as well as compliance with any related legal and/or contractual obligations and regulatory requirements. Therefore, KPF will: i) establish an HSE monitoring program to be implemented and overseen by the appropriate level in the organization; and ii) develop and regularly update a legal regulatory requirements and contractual obligations matrix.

4.1. i Stakeholder Engagement

KPF has not yet developed a formal stakeholder engagement plan.

⁶ The permit to work system is intended to cover the following activities: a) bunkering; b) hot work; c) confined space entry; d) bulk transfer; e) electrical work; f) high voltage work; g) excavation and penetration; h) working at heights or over the side; i) abrasive blasting and spray painting; and j) general work permit for any other non-routine potential hazardous work.

As part Environmental and Social Impact Assessment (ESIA) process for the future WMP, a public meeting was held, followed by focus group meetings. In August 2020, KPF performed a virtual⁷ public consultation (PC) to inform the community about the Project, analyze its possible impacts and the way they are to be managed, and capture any concerns about it from the community. The invitations were sent by e-mails addressed to community leaders and through a public announcement published in Dutch in a local newspaper⁸.

The Company will perform a second PC event, once the mobility restrictions adopted by the government to control the COVID-19 pandemic are lifted.

4.1. j External Communication and Grievance Mechanisms

KPF has not yet developed a formal external communication procedure nor an external grievance mechanism. Thus, the Company will develop and a procedure for external communications and will conceive and adopt a grievance mechanism to receive and facilitate resolution of communities' concerns and grievances.

4.2 Labor and Working Conditions

4.2. a Working Conditions and Management of Worker Relationships

KPF does not have a HR department; this functions are currently undertaken by the Port Facility Security Officer (PFSSO), who oversees HR administrative aspects in addition to her functions, and by the Operations Manager (OP) who reports directly to General Manager and oversees 66 people (16 direct and 50 indirect, including stevedores). The OP is also responsible for the Health and Safety issues during working hours; and is supported by 2 foremen and 1 supervisor when he is not present at port.

The port has 36 security officers, contracted through the sister company Kuldipsingh Valex N.V., who work in a roster of 3 daily shifts of 8 hours each.

Normal workdays are from Monday to Saturday although, in some cases, this schedule may vary according to the port's needs. There are two work shifts on the port: from 7.00 am to 19.00 pm and second shift from 19:00 pm to 6.00 am (each with one-hour break).

The Project has not yet developed a HR Policy and its corresponding procedures. Even though, all direct workers have signed individual contracts that: i) establish the salary; ii) describe the worker's functions; iii) has specific provisions regarding social insurance; iv) fix the holidays; and v) describe all additional benefits to be provided according with local labor law. Stevedores do not have individual contracts; they are hired on an hourly basis according to the port's operation needs. However, the Company has included 40 of stevedores its accident insurance policy.

⁷ Due to the mobility restrictions adopted by the government to control the COVID-19 pandemic.

⁸ *De Ware Tijd* (DTW), July 29, 2020, pg. A11.

Since it requires a lot of physical work, mostly men work at the port because. Women mostly perform administrative work. No discrimination nor forced or child labor was evidenced during the ESDD.

KPS does not have a formal grievance mechanism. Employees address their complaints directly to managers. There are no anonymous complaint boxes on the premises.

Given the latter, the Project will develop and implement: i) a human resources policy and corresponding procedures⁹; ii) code of conduct, applicable to all direct, indirect and third parties' employees; and iii) a formal internal grievance mechanism.

4.2. b Occupational Health and Safety

Stevedores are being trained according to the vessel they will be working with. During every shift change a toolbox meeting¹⁰ is held and registered in a toolbox book log.

Even though it does not have a resident doctor onsite, KPF does have its own internal medical team. There are also first aid responders on site to be called in case of an emergency. Should the magnitude of the emergency surpass the installed capacities the police will be notified, and an external paramedic ambulance will be called to the site¹¹.

Since the COVID- 19 pandemic emergency, the following have been in place: i) body temperature is checked at the entrance of the port (if a person has a fever, the entry to the port is denied); ii) mouth and nose covering are mandatory; iii) frequent hand sanitation is strongly encouraged; iv) hand sanitizers have been placed in strategic places, including at the entrance of the Head Office and outside the lunch area; v) toolbox meetings have been restricted to small groups; and vi) access to soap hand washing areas have been provided near the docking areas.

So far, KPF reports no positive COVID-19 cases on the port. The port does not test for covid-19 as this is being done by the Bureau for Public Health (BOG).

The Company reported 2 accidents¹² in 2019 (both with lost time) related during lifting operations in the vessels. Hastiness and mutual communication happen to be the main source of accidents. To prevent further accidents in this activity, KPF has certified lifting equipment (vessel cranes) in place that is inspected every 6 to 12 months, depending on the equipment. In Suriname there are no companies that can provide training on vessel cranes, so KPF trains its own personnel.

In terms of fire response, there are fire extinguishers at several locations at the port, such as: Operations Office up and downstairs (CO₂); Office of the General Manager (CO₂); entrance to the port (powder extinguisher); security post (CO₂); at the warehouse (CO₂); and in the closed storage

⁹ Such policy and procedures will tailor-made for the port, will be consistent with PS2 requirements, and will be national law and International labor Organization (ILO) conventions ratified by Suriname.

¹⁰ With information regarding the personal protection equipment (PPE) needed for the activities and vessels to be served, the equipment to be used, the procedures to be applied, etc.

¹¹ KPF has hired an "on call" service to attend the emergency situations.

¹² Small feet injuries.

warehouse and in the maintenance area (foam). Employees are being trained to work with the fire extinguishers. The port has no firefighter brigade, hence, in case of a big fire, the nearest located town city fire brigade is to be called.

Even though worker's perception is that they work on a safe place, they also think there is room for improvement in terms of training and on providing more open operational areas (such pedestrian paths). Every worker is free to report unsafe conditions on the work floor to the Head Operations, HSE-Q supervisor or even the Manager.

There is no kitchen for the employees on the premise, they bring their own meals and have lunch at an open area at the main office. No smoking is allowed in the port other than in a designated area. All employees have access to drinking water. Water dispensers are placed at the lunch area, at the Office of Operations and at Security area. Cool boxes with water and ice are transported to the jetty for the workers.

To fully align with PS2 and good international industry practices, the Project will: i) a develop and implement an Occupational Health and Safety (OHS) Program (applicable to workers, contractors, suppliers, clients and visitors) that will identify, evaluate and manage potential hazards to workers associated with main port activities; ii) provide preventive and protective measures to handle hazardous substances, including their modification, substitution, or elimination; iii) provide lifting operations safety, hazardous materials handling and waste management training to workers; iv) document and report occupational accidents, diseases, and incidents; and v) update of KPF's Emergency Management & Response Plan accordingly.

4.3 Resource Efficiency and Pollution Prevention

4.3. a Resource Efficiency

No information of energy consumption was available during the ESDD. The Project will prepare and Energy Management Reduction Program aiming at reducing the port's average energy consumption.

4.3. b Greenhouse Gases

KPF is not a significant generator of greenhouse gases (GHG). Notwithstanding, main source of GHG emissions are related to equipment used at the port such as cranes, loaders, and forklifts; truck traffic in and out of the facility; and from vessels running main engines or generators while docked at the port. The Company will present an annual inventory of GHG.

Physical and Transition Climate Risk Screening Report (CRR)¹³ performed by IDB Invest indicates that *"at the project site, there is a moderate potential exposure to acute natural hazards such as riverine flooding and tsunamis. There is a high potential exposure to chronic natural hazards such as droughts and heat waves (with climate change) and a moderate to high potential exposure to sea level rise."* Overall, the climate change transition risk to this project is low (in the short-term) and potentially

¹³ "Physical and Transition Climate Risk Screening Report – Kuldipsingh Port Expansion Project, Suriname (13062-01)", IDBI, August 2020.

moderate (in the long-term), given that most mitigation initiatives are still in development in the country. KPF asserts that the jetty is built to prevent flooding.

4.3. c Water Consumption

The port has a potable water storage on its premises (connected via an underground pipe to the main road). The water is currently moved with tanks to the jetty to supply water to moored vessels, but in the future an underground pipeline will be used for that purpose.

Monthly average consumption at the port reported in 2019-2020 is of 900 liters. Periodically and as a routine, KPF sends water samples to the Suriname Water Supply Company (Surinaamsche Waterleiding Maatschappij) to be tested for E. coli.

KPF will prepare a water monitoring and management plan that will include: i) the identification of major water needs (port's needs and vessels' needs); ii) water use goals; iii) tracking and performance evaluation indicators against the water goals; and iv) water conservation practices applicable for all employees.

4.3. d Pollution Prevention

The WTP's ESIA identified airborne dust as a potential air quality impact from port operations. This was confirmed via interviews with KPF staff, who also indicated that the facility uses watering trucks and a vacuum sweeper to control dust on port property as well as on its access roads.

Given the situation with dust and particulate at the port and the potential increase of their emissions during construction, KPF will prepare and adopt: i) an ambient air monitoring program; and ii) an air quality management plan.

KPF has detailed procedures to transfer fuel from the contractor's shore-based storage tank to a moored vessel, including the staging of spill kits. However, vessels are also bunkered from barge owned by Staatsolie¹⁴ while moored at the port facility. Even though from a contractual standpoint, spill prevention, control, and countermeasures, including spill response and cleanup, seem to be the sole responsibility of Staatsolie, if a spill occurs during bunkering and it is not controlled adequately it might generate an externality for the port. Therefore, the Project will verify and approve Staatsolie's spill prevention, control, countermeasures, response, and cleanup and define roles and responsibilities in case of such situations occurs.

4.3. e Wastes

After going through sedimentation chambers, stormwater from the site is discharged without treatment either directly to the Suriname River or to municipal ditches that also discharge it to the river with no treatment. Therefore, the Project will prepare a Stormwater Management Plan that will include: i) a baseline sampling to determine stormwater effluents comply with the applicable

¹⁴ Staatsolie Maatschappij Suriname N.V. is state-owned company that explores, drills, produces, refines, markets, sells and transports petroleum and products refined from it.

standards¹⁵; ii) a water quality monitoring program; and iii) a set of corrective actions should the quality of the stormwater effluent's exceed the applicable standards.

Domestic effluents from the bathrooms and kitchen are being collected in a septic tank which is periodically pumped by a contractor.

Domestic solid waste is transported to the open landfill Ornamibo. Hazardous wastes (bins for waste oil, oil filters and air filters) are being separated, stored temporarily, and transported to the main maintenance department of Kuldipsingh Equipment. Hereafter an authorized transport contractor will deliver it to SOL¹⁶ company which exports it to foreign countries for recycling.

KPF will develop and adopt a Solid Waste Management Plan which will include the following elements: i) identification of waste streams and how they are currently managed; ii) identification of waste reduction reuse, and recycling measures; and iii) final waste treatment and disposal.

4.3. f Hazardous Materials Management

During the ESDD, three hazardous chemicals: i) quicklime; ii) sodium cyanide; and iii) ammonium nitrate were found stored in KPF's warehouse. Quantities handled by vessel, date, numbers of containers (e.g. bags) and tonnage was recorded.

The site visit identified that: i) the warehouse has safety signs; ii) Material Safety Data Sheets (MSDS) are available at the office and the storage area; iii) a shower area with a douche including eye wash faucet is available across the storage area; iv) no liquids are stored in this areas; and v) the use of PPE (that is provided by KPF) is mandatory, both for direct and indirect employees. However, it was also noted that the warehouse floor is not paved and that several bags of caustic soda placed directly on the floor were damaged and presented leaks.

Although general procedures to handle, transport and storage for quicklime, sodium cyanide and ammonium nitrate (substances frequently used in the oil and gas industry) have been adopted, they do not include detailed information regarding measures to prevent accidental combustion, explosion, or spills. Moreover, no specific PPE was seen used by the workers who handle these materials. Given the latter and to prevent and manage possible incidents or accidents related to the handling of these materials, the Project will: i) develop a Hazardous Materials Management program (HMMP); ii) prepare and implement an Emergency Response Plans; and iii) develop and implement a Hazardous Materials Training Program for employees, contractors and clients.

4.4 Community Health and Safety

The Project has not yet developed a community health, safety, and security plan. On December 2019 and as part of ISO 14001 and ISO 45001 certification procedures, an audit was performed to

¹⁵ Indicative Values for Treated Sanitary Sewage Discharges are set on page 30, Table 1.3.1 of the IFC's Environmental, Health, and Safety (EHS) Guidelines: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines/ehsguidelines.

¹⁶ The Sol Group is the leading petroleum company in the Caribbean that provides fuels products and services.

KPF activities. Main non-compliances related by such audit included the following: i) no evidence of monthly or weekly internal meetings in 2019 was available; ii) no awareness sessions regarding internal communications were held in the period; iii) no awareness sessions regarding the quality management system had been held; and iv) no evidence of fire drills was provided.

To comply with PS4, the Project will: i) perform an integrated risk analysis of the port operations related to the community; ii) develop a Community, Health and Safety Plan to address potential emergency situations arising from handling and storage of chemicals; and iii) prepare and adopt and Emergency Response Plan to fire and explosions.

A security risk assessment for the port has identified sabotage, terrorism, and vandalism as the major hazards. Drug trafficking has not been identified as a security risk. Procedures for security personnel is in place are documented.

4.5 Biodiversity Conservation and Natural Habitats

The Project does not intersect any Key Biodiversity Areas (KBA). However, according to the International Union for Conservation of Nature's ("IUCN") in the Projects area of influence of one bird species, the great-billed seed finch (*Sporophila Maximiliani*) is in the Endangered Species list; another thirty species of bird, such as: i) the Blackpoll Warbler (*Setophaga striata*), ii) the Olive-sided Flycatcher (*Contopus cooperi*) and iii) the Gray-bellied Hawk (*Accipiter poliogaster*); among others are Near Threatened Species; four species: i) the Guyana kentropyx (*Kentropyx borckian*); ii) the Blood-colored Woodpecker (*Veniliornis sanguineus*); iii) the Arrowhead Piculet (*Picumnus minutissimus*); and iv) the Damselflies (*Heteragrion melanurum*); have been catalogued as Restricted Range Species, and thirteen species such as: i) the Giant anteater (*Myrmecophaga Tridactyla*); ii) the Agami heron (*Agamia agami*); and iii) the Black Curassow (*Crax alector*) among others are considered Vulnerable Species.

According to port's the EA, "...KPF is located within the riparian corridor of the Suriname River that has been historically altered and converted to industrial use. This industrial corridor is bordered by a mix of residential, commercial, and light industrial uses with agricultural land uses farther from the river. There is no riparian vegetation remaining on the KPF facility or on properties immediately adjacent to KPF. A property recently acquired by KPF that is located to the southwest of the log storage yard is vegetated with what appears to be early successional secondary forest...this property represents a fragment of highly modified habitat that is distantly isolated from higher quality habitat and with no corridors linking it to the nearest high-quality habitat. There are no protected areas upland or associated with the Suriname River within the likely area of influence of KPF activities."

5. Local Access of Project Documentation

The documentation relating to the project can be accessed at the following link:
<https://www.kuldipsingh.net/en/bedrijven/port-facility/>.

6. Environmental and Social Action Plan (ESAP)

The Environmental and Social Action Plan for this project (ESAP) is published on this web page.