

## Environmental and Social Review Summary (ESRS) 12165-01 WINECO 2 – HAITI

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

The Inter-American Investment Corporation (“IDB Invest”) is considering providing a long-term loan to the West Indies Energy Company (“WINECO” or the “Company”), that will be used to i) refinance WINECO’s existing loan with IDB Invest; and ii) expand the Company’s fuel unloading and storage capacity through (a) the construction of an additional 12.5 meter pier, (b) the improvement of the jetty infrastructure to accommodate larger vessels and to speed up discharge into the storage tanks and (c) the construction of two additional 4,000,000 gallon fuel storage tanks and their associated facilities located in Port-au-Prince, (the “Project”).

WINECO is a liquid terminal that provides intake from vessels, storage and distribution by trucks or pipeline of bulk liquids ranging from petroleum products to industrial chemicals and edible cooking oils. The Company is the largest petroleum and liquid bulk storage and handling facility in Haiti, with a storage capacity of approximately 1 million barrels, spread over 20 tanks located adjacent to the port facilities owned by Terminal Varreux S.A., (“TEVASA”), a related company.

The Environmental and Social Due Diligence (“ESDD”) process included the review of relevant environmental, health, safety and social information such as: i) the Project’s Environmental and Social Impact Assessment<sup>1</sup> (“ESIA”); ii) the environmental follow-up studies for the existing storage facilities<sup>2</sup>; iii) the Company’s Environmental and Social Management System<sup>3</sup>; and iv) WINECO’s Social Responsibility commitments and efforts.

Due to the travel restrictions imposed by the COVID-19 Pandemic, the ESDD was based on: i) a desk review of information received by the Company; ii) several videoconferences with the Company’s representatives; and iii) the last Environmental and Social (“E&S”) supervision site visit performed in January 2020 by IDB Invest.

### 2 Environmental and Social Categorization and Rationale

The Project has been classified as a Category B (High-Risk) operation according with IDB Invest’s Environmental and Social Sustainability Policy since it will likely generate, among others, the following impacts: i) health and safety risks for workers during the construction of the additional 12.5 meter pier and the assembly of two the additional 4,000,000 gallon fuel storage tanks and their associated pipelines; ii)

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<sup>1</sup> Étude d’Impact Environnemental et Social du Projet de Construction et de Mise en Exploitation du Quai de Wineco S.A., Terminal De Varreux, Fondation Trait d’Union, November 2019, published in this website.

<sup>2</sup> Environmental Follow up Varreux’s Oil Terminal – Port-au-Prince - Physic and Geochemistry Analysis Report, June 2019

<sup>3</sup> Environmental and Social Management System Manual, WINECO, August 2020

environmental and safety conditions of the current fuel storage tanks area; and iii) corporate and community gender risks. These impacts are deemed to be of medium to high intensity.

The Performance Standards (“PSs”) triggered 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**

The Project, a brownfield expansion of the Company’s existing facilities, is located in the municipality of Cité Soleil, Port-au-Prince, Haiti. The bay of Port-au-Prince is integrated into the Gulf of La Gonâve which is protected from the open sea by the island of the same name. The Project adjoins to the west by the Gulf of La Gonâve; to the east, by Boulevard La Saline, which separates it from the old Haitian American Sugar Company, S.A. (“HASCO”) site; to the north, by the Cité Soleil slum and the ocean; and to the south, by the Fort Dimanche slum.

Port-au-Prince has a tropical climate all year round with average temperatures of 26.7 °C. The rainy season takes place from April to June and from October to November. Several watercourses and runoff drainage channels flow from the city into the bay without any prior treatment.

The Project’s Direct Area of Influence (“DAI”) is moderately exposed to natural hazards such as tsunamis, earthquakes, and storm surges, and a highly exposed to hurricane force winds and droughts<sup>4</sup>.

There are three communities<sup>5</sup>, all belonging to Cité Soleil, that surround the Project. Their inhabitants live in extreme poverty conditions with a high unemployment level (around 75%), almost inexistent basic public services and the highest levels of insecurity in the country<sup>6</sup>. The coastal waters of Cité Soleil are the sailing routes of artisan fishermen and modest merchants.

WINECO directly employs 90 persons<sup>7</sup> distributed among engineering, operation, maintenance, and administrative areas. In addition, around 40 workers are employed through the contractor<sup>8</sup> for the tanks’ construction.

## **4 Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures**

### **4.1 Assessment and Management of Environmental and Social Risks**

#### **4.1.1 E&S Assessment and Management System**

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<sup>4</sup> “Physical and Transition Climate Risk Screening Report – WINECO 2 (12165-01)”, IDB Invest, 21st Aug 2020.

<sup>5</sup> Bélécourt, Brooklyn and Boston.

<sup>6</sup> The National Network for the Defense of Human Rights (RNDDH as per acronym in French), reported in August 2020 at least 111 people killed, 48 missing and 20 others injured in Cité Soleil between June 1 and July 28, 2020, by armed gangs fighting over territories.

<sup>7</sup> 9% of women and 91% of men

<sup>8</sup> Economic Construction Maritime S.A. (ECCOMAR), contact@eccomarhaiti.com

For the expansion project, WINECO, as per requirement of the national legislation, has prepared an ESIA<sup>9</sup>, that includes two main components: i) construction of a new quay and related works; and ii) installation of pipes and other accessories allowing the transfer of petroleum products from tankers to the WINECO's tanks on land. Due to the restrictions of the COVID-19 pandemic, the ESIA, has not yet been submitted to the Ministry of the Environment for its consideration and, thus, an Environmental License ("EL") has not yet been obtained for the Project.

So far WINECO has been granted the following authorizations: i) a construction permit for the jetty expansion and the two additional storage tanks; and ii) an International Ship and Port Facility Security ("ISPS") certificate for Terminal Varreux. In addition, after the tanks will be commissioned, an American Petroleum Institute ("API") certificate: "Tanks and firefighting system" will be obtained for each one.

WINECO has also developed a formal Environmental and Social Management System ("ESMS") which includes the general plans and programs to address the associated risks for the Port operation. Nevertheless, the Company will complement this ESMS by developing specific procedures for the Port's construction and operation activities and identifying the required personnel for such activities as well as their responsibilities, the estimated operational budget, and a management and tracking system to ensure continuous improvement.

#### 4.1.2 Policy

As complement to the ESMS, WINECO has adopted the following policies<sup>10</sup>, all of them applicable to all the Company's operations, activities, and facilities: i) Environmental, Social, Health and Safety Policy; ii) Human Resources Policy; and iii) Security Policy. As stated in the Company's ESMS Manual, these policies are: i) communicated to employees throughout the entire organization at all levels, including contractor and subcontractor employees and stakeholders; and ii) periodically reviewed, at least every three years or when there are significant changes to the organizational structure, activities, operations, processes, or company requirements.

#### 4.1.3 Identification of Risks and Impacts

WINECO has developed ongoing procedures for the identification and assessment of E&S risks in relation to its activities<sup>11</sup> and for the identification and assessment of the Company's compliance with its environmental and social obligations. These processes allow for the identification of hazards under: i) normal operating conditions, ii) abnormal operation conditions (e.g., maintenance), and iii) potential emergency situations (e.g., fires and explosions).

To ensure that all E&S hazards are appropriately identified, and the impacts and risks are adequately assessed, WINECO will regularly conduct yearly reviews of the Company's hazards and risks. These reviews will also be done whenever a significant change in the way the Company undertakes its activities occurs.

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<sup>9</sup> Articles 56, 58 and 59 of the Environmental Management Decree of January 26, 2006.

<sup>10</sup> Section 2 of WINECO's ESMS Manual.

<sup>11</sup> Section 3.1 and 3.2 of WINECO's ESMS Manual.

As part of the obligations under the existing IDB Invest loan, WINECO submits annual environmental and social compliance reports. Notwithstanding and in addition to this requirement, WINECO will regularly assess its compliance through periodical internal and external audits <sup>12</sup>.

#### 4.1.4 Management Programs

The Company has developed and adopted a Permit to Work (“PWS”) system which presents procedures for non-routine or potentially hazardous works performed by employees or contractors. The PWS is currently being implemented on daily operation and construction activities.

As part of its ESMS, WINECO has also prepared the following plans and programs: i) Air Quality Management Plan; ii) Noise and Vibration Management Plan; iii) Solid Waste Management Plan; iv) Hazardous Materials Management Plan; v) Effluents Management Plan; vi) Occupational Health and Safety Management Plan; vii) Community Health and Safety Management Plan; viii) Spill Prevention, Control and Countermeasures Plan; ix) Contractor Management Plan<sup>13</sup>; x) Management of Change (“MOC”) Plan; and xi) Incident Investigation, Nonconformity, Corrective Action, and Preventive Action Plan.

These plans and procedures will be implemented and monitored during the construction and operation activities.

#### 4.1.5 Organizational Capacity and Competency

The Company has an organizational structure with a designated person responsible of the Health, Safety and Environmental (“HSE”) & Engineering matters, reporting directly to the General Director who is coordinating and leading the implementation and follow up of the ESMS throughout the Company. This position will be supported by a HSE Coordinator and a Community Relations Coordinator.

#### 4.1.6 Emergency Preparedness and Response

WINECO has developed and implemented an Emergency Preparedness and Response Plan<sup>14</sup> to: i) provide guidance regarding response to accidental and emergency situations identified during the hazard identification and risk assessment; and ii) prevent and mitigate any harm to WINECO’s employees and contractors, as well as to local communities that could potentially be affected by the construction, operation, and decommissioning of the Project. To complement this plan, the Project will perform periodic assessments and drills to ensure that all instructions, conditions and activities laid out in the plan are kept up to date.

#### 4.1.7 Monitoring and Review

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<sup>12</sup> Section 9.2 and 4.5 of WINECO’s ESMS Manual.

<sup>13</sup> To ensure that contractors comply with the requirements defined in WINECO’s E&S policies.

<sup>14</sup> This plan defines specific activities, responsibilities, equipment, resources, and communications to prepare and respond during emergencies.

WINECO has developed monitoring processes<sup>15</sup> to track the implementation and the effectiveness of the Project's management plans and corresponding mitigation measures, either executed by WINECO or by its contractors. To continually improve its E&S performance, the Company will: i) periodically perform internal inspections; ii) define Key Performance Indicators ("KPIs"); and iii) undertake E&S audits.

#### 4.1.8 Stakeholder Engagement

The project has developed a Stakeholder Engagement Plan ("SEP") that includes ongoing reporting procedures, channels and timelines for the different stakeholders. The SEP will be implemented to ensure necessary consultation and communication with the community, including the communication of the Emergency Preparedness and Response Plan.

A Public Consultation ("PC") event to inform the community about the Project, analyze its possible impacts and the way they are to be managed, and capture if any concerns about the proposed actions was foreseen. However, due to the restrictions of the COVID-19 pandemic, this process was postponed, but will be performed once the mobility restrictions adopted by the government to control the COVID-19 pandemic are lifted.

#### 4.1.9 External Communication and Grievance Mechanisms

WINECO has a procedure for external communications and an external grievance mechanism, which defines the means to receive and register communications from the public, screen and assess issues raised, and determine how to address these issues, including by providing appropriate feedback, tracking, and documenting responses. WINECO's external grievance mechanism will be publicized to communities and other affected parties so they can submit inquiries, concerns, complaints and claims and have them resolved quickly and effectively.

### 4.2 Labor and Working Conditions

#### 4.2.1.1 Human Resources Policies and Procedures

WINECO has currently a written Human Resources ("HR") Policy that describes the salaries, benefits, working hours, sick and maternity leaves, overtime hours, among other items. As part of such policy, all employees of WINECO are also required adhere to the Company's Code of Ethics and Conduct.

#### 4.2.1.2 Workers' Organizations

Currently, there are no unions operating at the Project. However, the Company respects the free right of employees to form or join a union, guaranteeing them no retaliations, intimidations or harassment. Should employees desire to legally join or form a union, WINECO intends to establish a constructive dialogue with its freely elected representatives and consider any of their proposals.

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<sup>15</sup> The process aims at ensuring compliance with legal requirements, contractual obligations, and additional E&S commitments made by the Company.

#### 4.2.1.3 Non-discrimination and Equal Opportunity

WINECO prohibits discrimination in its recruitment, training, assignments, qualifications, classifications, promotions, transfers or renewals of contracts processes because of origin, gender, moral, sexual orientation, gender identity, age, family situation or pregnancy, genetic characteristics, socioeconomic situation, belonging, true or supposed, ethnicity, nation, race, political opinions, union activities, religious beliefs, physical appearance, family names, place of residence, state of health, or the workers' ability to express themselves in a language other than French or Creole. Any employee of the company who is found to have engaged in discriminatory acts are be subject to the sanctions listed in the HR policy.

WINECO is also committed to promoting gender equality and to ensure equality of opportunity and outcomes for all staff, which are expected to use language and behavior that: i) promotes equal power relations between women and men; ii) avoids harmful gender stereotypes; and iii) promotes respect for women. Notwithstanding, WINECO will work to ensure all staff feel respected, safe, and valued in the workplace, and will take proactive measures to prevent and eliminate gender discrimination and provide equal opportunities for all staff.

#### 4.2.1.4 Grievance Mechanism

WINECO receives, registers, tracks, and responds to concerns, suggestions, complaints, and claims from its own and contractor employees through the internal grievance mechanism. This mechanism ensures transparency and engagement between WINECO, its employees, and its contractors by providing an accessible and efficient process to submit claims and concerns, either direct or anonymous. The internal grievance mechanism ensures the same level of integrity and respect to any employee and contractor, and to any type of claim, preventing potential conflicts of interest so claims can be appropriately resolved.

#### 4.2.2 Protecting the Workforce

WINECO adheres to the minimum age provisions included in national labor laws and regulations and international standards. The prohibition of WINECO with respect to child labor is consistent with the standards of the International Labor Organization ("ILO"). In addition, adequate and verifiable mechanisms are used to verify the age of candidates during hiring procedures, such as verification of identity, verification of birth certificate, confirmation of schooling, verification of previous employment, and verification of criminal records. Such prohibition is extended to contractors, subcontractors, and suppliers in the supply chain.

#### 4.2.3 Occupational Health and Safety

Construction and operation activities conducted at the WINECO facility pose the following risks to workers that involve: i) physical hazards (e.g., noise, vibration, electrical, eye hazards, working at heights); ii) chemical hazards (e.g., air quality, fire and explosions, corrosive and reactive chemicals); and iii) special hazard environments (e.g., confined space, lone and isolated workers). The construction contractor has submitted for the Company's approval a HSE Plan aligned with PS2.

As part of the Company's ESMS and with the aim to prevent occupational risks to direct and subcontracted personnel, the Company will develop an Occupational Health and Safety ("OHS") Plan, which will: i) comply with applicable Haitian regulatory requirements; ii) define the procedures for the management of occupational health and safety risks; iii) follow the guidelines of international best practices<sup>16</sup>; iv) define roles and responsibilities for its implementation; v) define training needs; and vi) establish procedures for monitoring the efficiency of mitigation measures, the generation of reports, and the development and implementation of corrective actions.

#### 4.2.4 Workers Engaged by Third Parties

WINECO extends its HR policies and labor performance standards and procedures to all employees that are either contracted directly or through employment agencies. It also supervises contractors and employment and recruitment agencies to verify their adherence to labor rights and laws.

### 4.3 Resource Efficiency and Pollution Prevention

#### 4.3.1 Resource Efficiency

No information of energy or water consumption was available during the ESDD.

The Project will prepare an Energy and Water Management Reduction Program aiming at reducing the Project's average consumption.

#### 4.3.2 Greenhouse Gases

At the Project's site, air does not appear to be polluted (except in tanker loading areas where the hydrocarbon vapors can be unpleasant at times) thanks to a constant breeze that comes from the sea.

WINECO's main source of Greenhouse Gas ("GHG") emissions are related to: i) tanker truck traffic in and out of the facility; and ii) vessels running main engines or generators while docked at the port. The Company will present an annual inventory of GHG.

#### 4.3.3 Pollution Prevention

The Company has developed a Spill Prevention and Control Plan to control the accidental spills of products classified as hazardous. Employees responsible for this activity have received specific training on the procedures to be performed and the associated hazards. Notwithstanding, the Company will: i) develop an annual training plan; ii) as part of the plan's implementation, undertake periodical drills; and iii) constantly verify the availability of appropriate recovery kits.

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<sup>16</sup> 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](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines/ehsguidelines)

A hydrocarbon leak occurred in 2015 in the surroundings of the storage area. In 2019, the Company, with the help of the Faculty of Sciences of the State University of Haiti<sup>17</sup>, assessed the level of pollution of the soil and the underlying aquifer (geophysical investigations, sampling and analysis of samples)<sup>18</sup>. The assessment concludes that *“the water table shows lead levels that exceed acceptable values. The two wells with the highest values (P1 and P3) are in the western part of the Site and this pollution appears to be related to the presence of nearby gas tanks. The various surface measurements made on the soils showed that there was no significant change in pollution levels, at least in the surface, since no in-depth measurements were made. In any event, the pollution observed in the soils of the Varreux Terminal remains well below acceptable thresholds<sup>19</sup>.”*

Therefore, the Company will: i) expand the 2019 follow up analysis report by including a Phase II Environmental Site Assessment Report<sup>20</sup>; ii) develop a remedial action plan<sup>21</sup> for the cleaning-up of the contamination at TEVASA with a timetable and estimated implementation costs; and iii) continue and finalize the assets integrity program of the facilities.

#### 4.3.3.1 Wastes

Three types of solid wastes are generated in WINECO’s the day-to-day activities: domestic, industrial, and hazardous. Wastewater includes stormwater and sewage.

The Company follows local regulations for solid waste management, performs on site separation and triage, and using the services of authorized contractors<sup>22</sup> recycles and disposes all wastes (hazardous and non-hazardous) it generates.

WINECO’s sewage is collected and stored in several underground septic tanks. Water from pipelines cleanup (after tanker unloading) and the water from the cleaning of fuel tanks (based on a maintenance schedule) are channeled to designated settling ponds. The authorized contractor collects it in regular basis and disposes it at a government authorized waste management site.

### 4.4 Community Health, Safety and Security

#### 4.4.1 Community Health and Safety

The Project has a Community Relations Policy that states WINECO’s responsibility to conduct business in a way that benefits the communities in which it operates and in society as a whole. As a socially responsible company, its success depends on the skill of its staff, the protection of the natural environment and the value that the Company brings to communities. In addition, WINECO, as part of its ESMS, has outlined a Community Health and Safety Management Plan (“CHSMP”) which will be updated and thereafter adopted

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<sup>17</sup> URGÉO, UNITÉ DE RECHERCHE EN GÉOSCIENCES

<sup>18</sup> Environmental Follow up Varreux’s Oil Terminal – Port-au-Prince - Physic and Geochemistry Analysis Report, June 2019

<sup>19</sup> Thresholds of Canada-wide Petroleum Hydrocarbons Standard (HCP) in the ground.

<sup>20</sup> As per defined on the American Society for Testing and Materials (ASTM) E1903-11 Standard Practice for Environmental Site Assessments: Phase II Environmental Site Assessment Process Guide.

<sup>21</sup> As described in International Finance Corporation’s (“IFC”) Environmental, Health and Safety Standards for Contaminated Land dated April 30, 2007

<sup>22</sup> SANCO S.A. and Haiti Sanitary Maritime SA, these two companies are authorized by the local government to dispose of hazardous materials.

to avoid or minimize the potential community risks and impacts that may result from its activities, focusing on the vulnerable people of Cité Soleil.

The updated CHSMP will establish mechanisms to prevent Project's incidents and accidents that could affect neighboring communities and will respond to changes in: i) the health of affected communities, including exposure to diseases or changes in the availability and quality of water sources; ii) livelihoods and income generation opportunities that may affect community access to social infrastructure; and iii) the security of the affected communities related to emergencies, unplanned events, crime and conflict.

WINECO will also undertake a risk assessment that will consider, among other topics, the following: i) water quality and availability; ii) community exposure to air, noise and water pollution; iii) design and safety of infrastructure and equipment; iv) traffic safety; v) handling, storage and transport of hazardous materials and waste; vi) community exposure to communicable and non-communicable diseases, as well as vector control; vii) security personnel; viii) emergency preparedness and response; and ix) potential public exposure to spills, fires, and explosions.

#### 4.4.2 Security Personnel

WINECO has a Security Policy ("SP") that frames its security operating practices. Such policy contains the following guiding principles: i) good security practices are the responsibility of every employee and contractor; ii) security that is not in conflict with safety, human rights, or proper professional procedures; and iii) security of any WINECO project site or activity is based upon the "Protection-in-Depth" approach that comprises the principles of Deterrence, Detection, Delay, Response, Observation, and Reporting.

Notwithstanding, the Company will: i) ensure that all security personnel (including those hired by its contractors: a) complies with and receives training in relevant national laws and regulations; b) follows good international practices, including the United Nations ("UN") Basic Principles on the Use of Force and Firearms by Law Enforcement Officials and the UN Code of Conduct for Law Enforcement Officials, in the hiring, rules of conduct, training, equipping, and monitoring of security personnel; and c) vets security contractors and ensures that background checks are conducted for all security personnel (including those hired by its contractors); ii) does not sanction the use of force, except when used for preventive and defensive purposes in proportion to the nature and extent of the threat; iii) provides a grievance mechanism for affected communities and for workers to express their concerns about the security arrangements and actions taken by security personnel; and iv) investigates all allegations of abuse by security personnel, and reports unlawful acts to public authorities.

## 5 Local Access of Project Documentation

The documentation relating to the Company can be accessed at the following link: <https://www.westindiesgroup.com/>

## 6 Environmental and Social Action Plan (ESAP)

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