

The individual CKC operations are compliant with the local regulations, although they fall short of international best practices in several areas, such as solid waste, waste water management, storage of hazardous materials and fire safety. However, the existing environmental impacts related to the subsidiaries are minor in nature and most of them can be easily corrected by the implementation of standard practices and/or some minor investments. As this project has specific impacts that can be avoided or mitigated by adhering to generally recognized performance standards, guidelines, and design criteria this project is classified as a category III project according to the IIC's environmental and labor review procedure. In relation to the Project, some of the capital investments will help mitigate environmental impacts. In Vensur, the investments for the closed conveyor belt system include a new dust collector system. In addition, Vensur is allocating an estimated US\$240,000 in the first year for developing an environmental and health program (i.e. development of procedures, training, etc). Surmac is proposing to allocate funds to environmental, health and safety management to better comply with the requirements from Caterpillar for its concessionaires. In BEM the capital investment will replace old and poorly maintained equipment, which will reduce work-related hazards to employees. The renovations of the kitchen of the Krasnapolsky Hotel include a better fire fighting system. It should be noted that Suriname is signatory to the Montreal Protocol, which requires, among other things, the phase out of Chlorofluorocarbons (CFCs), which are ozone depleting substances. As such, Alginco, the subsidiary commercializing air conditioning equipment from Carrier is working with the Suriname's environmental agency to phase out Freon 12 by 2008. The IIC/Bank has identified a series of specific issues related to each subsidiary, which are being included into an Environmental, Health and Safety Action Plan (Action Plan). In addition to correcting the identified issues, the Action Plan will require CKC to develop a corporate Environmental, Health and Safety Management System (EHSMS). The corporate EHSMS will consider the specific needs of each of the eleven subsidiaries. Among the principal objectives of the EHSMS will be to strengthen the management of environmental and health and safety aspects, systematize actions to implement and monitor environmental, social and health and safety practices at the subsidiaries, including contingency and fire fighting provisions and train employees on environmental, health and safety related matters. Oversight and Compliance: The IIC and IDB will require CKC to implement an Environmental, Health and Safety Management System for the management of CKC and its 11 subsidiaries as well as an Environmental, Health and Safety Action Plan to address the deficiencies identified during the IIC/Bank's due diligence and to develop and implement an EHSMS. The EHSMS will incorporate the basic elements of this type of system including the definition of a policy; the identification of elements that produce an impact on the environment or pose health and safety risks; the identification of applicable environmental legislation in Suriname, regulations, best practices and/or IDB and IIC recommendations; the development of manuals and procedures; the creation of a team responsible within CKC and its subsidiaries to implement the EHSMS; and training, periodic audits/inspection and reporting. The Environmental, Health and Safety Action Plan will include the actions to address specific issues identified in the IIC/Bank's environmental and social due diligence. This Action Plan will include actions to address the lack of secondary containment in existing fuel storage tanks, replace or refurbish liquid effluent management systems, improve waste management practices, upgrade faulty electrical connections, etc. The Action Plan will also require CKC to contract for a Life and Fire Safety review of the Krasnapolsky Hotel building by a suitably qualified professional acceptable to IIC and IDB. The findings and recommendations of the review will be used as the basis to establish the scope of work of a specific plan to upgrade fire fighting provisions, systems and/or procedures in form and substance acceptable to the IIC and IDB. The IDB and IIC will require CKC to assign staff and resources to implement the EHSMS to control, mitigate, supervise and monitor the environmental related aspects of the operation of its subsidiaries. CKC will submit routine Environmental and Social Compliance Reports, which will be used to assess compliance with IIC/IDB policies and specific requirements for this operation. The Bank will contract an external independent environmental consultant to assist the IIC/Bank in monitoring the Project during the life of the IIC

/Bank's loan. Information Disclosure and Public Participation: An Environmental, Health and Safety Report prepared by CKC was made available to the public in Suriname on December 4, 2006. The Environmental, Health and Safety Report present the level of compliance and performance of relevant CKC subsidiaries. This report was also made available at the IDB headquarters in Washington DC and in the country office in Suriname. CKC has positive interactions with neighbors and Governments. There is a strong working relationship between CKC, the Moravian Church, the Moravian Foundation and a number of local NGOs (in particular, the NGO 'Foundation Projects Protestant-Christian Education Suriname). However, CKC does not possess a formal Community Engagement Program and due to the principles of the Moravian Church, they do not publicize actions supporting the community. The Moravian Foundation (established in 1968) works independently, overseeing projects sponsored by capital received from the CKC Holding Company. The projects are far ranging in scope and geographical location, and include schools, boarding schools and universities, senior citizen homes, education centers and medical units and hospitals. In addition to supporting the Moravian Foundation, CKC's individual operating subsidiaries are also involved in other community related programs. For example, Alginco supplies those considered "most in need" with cooling installations. They also maintain these free of charge. Surmac has sponsored the establishment of an orphanage, and Incom the free distribution of medical products to communities in need.