

**Environmental and Social Review Summary (ESRS)  
Demerara Distillers Limited – TOPCO – Guyana**

**Original Language of the document:** English  
**Revision's cut-off date:** 11.13.2020

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

The proposed financing of up to US\$21 million to Demerara Distillers Limited (DDL or the Company), a publicly held company and one of the main economic groups in Guyana, consists of: (i) a US\$10 million senior loan and a US\$5 million revolving credit line to be funded by IDB Invest; and (ii) a US\$6 million senior loan to be financed with concessional funds administered by IDB Invest (the Loan). The Company will use the Loan to finance: (i) as part of its product diversification strategy, the expansion of its juice production plant Tropical Orchard Products Company (TOPCO), for the production of juices, and a new automated fruit processing line, (ii) a solar PV generation plant (including batteries) for self-consumption, and (iii) working capital needs (the Project).

The environmental and social due diligence (ESDD) was conducted from February 3-7, 2020. The ESDD included the distillery, the proposed juice processing plant, and the existing juice packaging plant. As part of the due diligence, interviews were conducted with key technical personnel responsible for daily operations. A desk review was performed of all environmental and social documents, policies, and Company procedures.

## **2. Environmental and Social Categorization and Rationale**

The Project has been categorized as B because it has potential environmental and/or social impacts and risks that are less adverse than Category A projects and which are generally limited to the project site, largely reversible and can be mitigated via measures that are readily available and feasible to implement in the context of the operation. The main environmental and social issues that are relevant for this sector include: wastewater and solid waste, air emissions, stakeholder engagement and occupational health and safety.

The Performance Standards (PS) related to the Project are:

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety and Security

DDL and TOPCO are located at Plantation Diamond, Guyana. The expansion of the TOPCO facility will be built on company-owned lands adjacent to the existing facility and will require an access road and new pipelines for water distribution.

### **3. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures**

#### **3.1. Assessment and Management of Environmental and Social Risks**

##### **3.1.a E&S Assessment and Management System**

DDL and TOPCO will maintain an Environmental and Social Management System (ESMS) in line with PS1.

##### **3.1.b Policy**

DDL has a Policy for assessing environmental and social impacts and maximizing operational efficiency, and training. DDL and TOPCO will maintain a policy in alignment with PS1.

##### **3.1.c Identification of Risks and Impacts.**

DDL and TOPCO will maintain a procedure for the identification of any potential E&S risks and impacts, in line with local regulations and best practices such as the Environmental Construction Plan and the World Bank Group (WBG) and the General Environmental Health and Safety (EHS) Guidelines for Construction and Decommissioning, Section 4 .

##### **3.1.d Management Programs**

DDL and TOPCO have in place general management programs designed to mitigate E&S risks and impacts. To support the programs, both companies will maintain action plans to integrate best industry practices and specific action plans to manage supply chain risks and impacts.

DDL has International Organization for Standardization (ISO) 9001:2015 certification for the activities to be financed, which cover the manufacturing of carbonated beverages, water, non-carbonated beverages, and juice drinks, among others.

##### **3.1.e Organizational Capacity and Competency**

DDL and TOPCO will maintain personnel to manage Environmental Social Health and Safety (ESHS) issues and implement the ESMS.

##### **3.1.f Emergency Preparedness and Response**

DDL and TOPCO will maintain in place an Emergency Preparedness and Response Plan (EPRP), which is disseminated internally and reviewed on a yearly basis. Emergency drills will involve the nearby communities where applicable.

##### **3.1.g Monitoring and Review**

DDL and TOPCO will maintain bi-annual performance monitoring on the effectiveness of the ESMS and monthly monitoring of E&S issues by the internal audit process. This will ensure continuous review of OHS performance and realignment of DDL's sustainability priorities by adopting Key Performance Indicators (KPIs) to incorporate environmental, OHS and social parameters.

##### **3.1.h Stakeholder Engagement**

DDL and TOPCO will maintain a Stakeholder Engagement Plan. For the communities near the facility and as a part of the ESMS, both companies will have formal procedures in place to address and resolve concerns or complaints raised by stakeholders, as well as emergency communication procedures to contact relevant stakeholders in a case of a potential accident.

### 3.1.i External Communications and Grievance Mechanisms

DDL has in place an external grievance mechanism. The procedure specifies responsibilities and reporting. DDL and TOPCO will maintain their grievance mechanism in compliance with PS1.

## 3.2. Labor and Working Conditions

### 3.2.a Working Conditions and Management of Worker Relationships

DDL has a total of 1,148 workers, of which 254 are female and 894 are male. Of those total number of workers, TOPCO has 42 direct workers, of which 21 are female and 21 are male. Approximately 60 additional workers employed by independent contractors perform construction activities. The construction workforce is all local.

#### Human Resources Policies and Procedures

TOPCO's Human Resource (HR) policies provide the HR framework supplemented by HR procedures following local labor laws. These policies are consistent with the general principles of freedom of association, compensation levels, employment terms, overtime management, privacy, no discrimination, equal employment opportunities, etc.

#### Workers' Organizations

DDL and TOPCO recognize workers' rights and has signed agreements with three Unions.

#### Grievance Mechanism

DDL and TOPCO strive to maintain a good working environment by encouraging open and direct communication between employees and their supervisors. All the grievances are formally recorded, and the facility is committed to every grievance on a fair and equitable basis.

### 3.2.b Protecting the Workforce

#### Child Labor

DDL and TOPCO have in place a Child Labor Policy. No employees under the age of 16 are hired, and only workers above 18 years old can work within the Project site.

### 3.2.c Occupational Health and Safety

Employees are provided with required Personal Protection Equipment (PPE). Both companies will keep track and report on occupational accidents and lost days. DDL and TOPCO have a Safety Policy which describes the companies' commitment to providing a safe working environment for its employees. Training on technical aspects is imparted to staff. Both companies provide health insurance in addition to governmental social security. Medical staff are available for the employees.

TOPCO has "safety as a core value" approach for occupational health and safety. The focus is to further develop the safety culture with the aim to reduce exposure to hazards through safety leadership. The facility has a mandatory health and safety committee that covers all employees working. OHS management is implemented through a set of safety tools and methods, including systematic inspections, walk through/observation, peer-to-peer behavior check, etc.

### 3.3. Resource Efficiency and Pollution Prevention

#### 3.3.a Resource Efficiency

##### Greenhouse Gases

The power supply source for DDL and TOPCO is self-generated in a central power station using a combination of diesel and Liquefied Natural Gas (LNG). DDL emissions of NO<sub>x</sub> and SO<sub>x</sub> are below WBG General EHS Guidelines levels. Both companies will maintain compliance with air emissions parameters of the WBG General EHS Guidelines.

After a detailed energy study, up to 3.25MW installed capacity will be integrated for solar photovoltaic (PV) generation, including batteries to store up to 1.25MW to reduce fossil fuel consumption resulting in the reduction of GHG emissions.

##### Water Consumption

The source of water for the current operations are two underground artesian wells, both owned by DDL, and with lifetime concessions. In the TOPCO plant, the water taken from the well passes through a water purification system and then a sterilization process. Water pipelines will be extended for the expansion. Before water is used in processing, full quality checks inclusive of physio-chemical, microbiological and organoleptic testing are conducted. For potable water, DDL and TOPCO will maintain testing in compliance with national and food safety standards.

#### 3.3.b Pollution Prevention

As part of the current process at the TOPCO plant, monthly testing occurs for wastewater on pH, Biological Oxygen Demand (BOD), Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and twice yearly testing is conducted for additional parameters which include temperature, oil and grease, Total Dissolved Solids (TDS), total Nickel (Ni) and total Phosphorus (P). Residual water from the TOPCO plant will be processed in a new Wastewater Treatment Plant (WWTP). For wastewater discharges, both companies will observe the parameters of effluents in the International Finance Corporation (IFC) Guidelines for Food and Beverage Processing.

##### Wastes

Solid waste is stored in a garbage compactor and is collected on site for disposal. Bulk waste generated by the processing of fruits is compacted for disposal. Any waste deemed as hazardous is stored in dedicated bins for removal by a specialized waste disposal service and disposed of in accordance with the local EPA's guidance. Both companies will maintain a Waste Management Plan including the management of hazardous materials as required in PS3.

##### Materials Management

DDL and TOPCO are currently using best practices by ensuring that the refrigerants they use are not classified as ozone depleting substances. Both companies will maintain the limitation to acquire new equipment that uses refrigerants subject to international bans, phaseouts or with high potential for global warming.

DDL and TOPCO will maintain the implementation of ammonia safety management and apply it in alignment with international standards such as the International Institute of Ammonia Refrigeration (IIAR).

#### Pesticide Use and Management

Pest control is undertaken by a licensed service and an Integrated Pest Management Program is adopted. DDL and TOPCO will maintain its Program in accordance with PS3.

### **3.4 Community Health, Safety and Security**

#### **3.4.a Community Health and Safety**

For the communities near the facility and as a part of the environmental management system, both companies will have formal procedures in place to address and resolve concerns or complaints raised by stakeholders, as well as emergency communication procedures to contact relevant stakeholders in a case of a potential accident. Emergency drills will also involve the nearby communities where applicable.

DDL owns a transportation fleet for distribution and will maintain a Driver and Traffic Safety Program according to the principles described in the WBG General EHS Guidelines, Section 3.4 Traffic Safety.

#### Emergency Preparedness and Response

Both companies will update their EPRP including a comprehensive Spill Response Plan and ammonia system management, following international best practices.

The new buildings and expansions included engineered designs with fire extinguishers, smoke detectors, fire hoses, sirens, and emergency switches. TOPCO will maintain a Life and Fire Safety (L&FS) Plan designed using international standards such as the NFPA.

#### **3.4.b Security Personnel**

DDL and TOPCO have implemented a procedure of Security Standard Orders that provides the guidelines for the security service. Both companies will maintain its operating procedures to manage security forces as part of its ESMS, aligned with PS4.

### **3.5. Land Acquisition and Involuntary Resettlement**

PS 5 is not applicable, as the land for the project is owned by the Company.

### **3.6. Biodiversity Conservation and Sustainable Management of Living Natural Resources**

There are no protected or key biodiversity areas within the Project area.

#### Supply Chain

TOPCO is enlarging their supplier base of local fresh fruit to meet future demand of raw materials for the newly expanded operations. Farming communities are usually visited to inform farmers of processing seasonal fruit sourcing requirements, both on quality and volumes. TOPCO also facilitates sessions where farmers meet with agricultural agency representatives to explore opportunities for technical and financial assistance. An analysis of existing suppliers was performed using a Geographic Information System (GIS) assessment tool which confirmed their locations/operations outside sensitive environmental areas (International Union for Conservation of Nature, IUCN designated biodiversity areas).

**3.7. Indigenous People**

PS 7 is not applicable since there are no indigenous peoples in the areas where the operations are located.

**3.8. Cultural Heritage**

PS 8 is not applicable since no presence of cultural heritage has been reported in the areas where the operations are located.

**4. Local Access to Project Documentation**

Information related to DDL can be accessed at the following links:

<https://www.demeraradistillers.com/>

<https://theeldoradorum.com/our-environmental-commitment>