

Environmental and Social Review Summary (ESRS) John Fernandes – GUYANA

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

John Fernandes Ltd. (“JFL” or the “Company”) is a family owned and operated shipping company in Guyana. Although in business previously, the Company was formally registered in 1959 by the founder and first chairman, John Fernandes, Sr. JFL’s services include: i) pier operation (quayside access, cargo handling, and open yard and covered storage); ii) stevedore contracting (unloading and loading of cargo); iii) shipping agencies (quotations and cargo clearance services); iv) cargo storage, cargo terminal, and warehousing (open and covered storage); and v) cargo transportation and equipment rental (heavy machine operations). JFL has a port facility on the east bank of the Demerara River less than 1.5 km from the Atlantic Ocean (the “Facility”) and an off-port terminal approximately 2.5 km from the city center (the “Annex”) in Georgetown, Guyana.

JFL’s current operations are restricted to ships equipped with cranes to unload containers. The present operation will finance the acquisition and installation of a new mobile crane to increase the Facility’s cargo handling capacity (the “Project”).

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according to IDB Invest’s Environmental and Social Sustainability Policy, since it will likely generate, among others, the following impacts: i) hazardous waste; ii) traffic; iii) occupational health and safety impacts; iv) water contamination; v) noise emissions; and vi) air emissions. These impacts are deemed to be of medium intensity and are generally limited to the Project site, are largely reversible, and can be mitigated via measures that are readily available and feasible to implement in the context of the operation.

The Performance Standards (“PS”) 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

3.1 General Characteristics of the Project’s Site

The Facility is located along the east bank of the Demerara River within an urbanized area of Georgetown. It is surrounded by commercial buildings, and access is gained through a busy commercial street.

diligence is to identify actual and potential human rights impacts, act upon the findings, track responses, and communicate how the impacts are being addressed to external stakeholders.

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

4.1 Assessment and Management of Environmental and Social Risks

JFL has an Operation Permit⁵ issued by the Guyanese Environmental Protection Agency (“EPA”) to store fuel at the Facility. The permit establishes conditions on the following topics: i) operation; ii) water quality; iii) noise management; iv) waste management; v) hazardous waste/materials management; vi) compliance monitoring and reporting; and vii) institutional authority/liabilities. JFL demonstrates compliance with these requirements via submission of an annual report to the EPA, the most recent of which is dated February 2022.

JFL also has a Consumer Installation License and a Storage License⁶ for the Facility issued by the Guyana Energy Agency.

4.1.a E&S Assessment and Management System

JFL has a Health, Safety, and Environment (“HSE”) Management System certified compliant with International Organization for Standardization (“ISO”) 9001:2015 (Quality Management System).

JFL’s HSE Management System is described in the Company’s Health, Safety & Environment Manual. The majority of the manual describes the Company’s HSE management programs, but it also includes sections on: i) HSE Policy; ii) risk assessment procedures and job safety analysis; iii) organizational structure and roles and responsibilities; iv) emergency response procedures; and v) audits, inspections, and incident investigations.

JFL will incorporate social elements (i.e., stakeholder engagement, grievance management, and reporting) into its HSE Management System and HSE Manual.

4.1.b Policy

JFL has a Quality, Health, Safety and Environment Policy dated January 2022 and signed by the Company’s Chief Executive Officer. The policy reaffirms the Company’s commitment to ensure a safe environment for its workers, prevent pollution, and minimize environmental impacts.

4.1.c Identification of Risks and Impacts

4.1.c.i Direct and indirect impacts and risks

The Guyanese EPA did not require JFL to conduct an Environmental and Social Impact Assessment (“ESIA”) for the Project, as it will take place within an existing facility. JFL’s HSE Management System,

⁵ Reference No. 20150811-JFLSP.

⁶ License No. CI/0003 of 2022.

however, includes procedures for hazard identification (“HAZID”), risk assessment, and risk reduction. It also comprises procedures for conducting a job safety analysis (“JSA”) for each task to be performed, which consists of the following steps: i) identifying the task and each step within this task; ii) identifying persons at risk; iii) identifying potential hazards and accidents for the task; and iv) conducting the JSA for the task utilizing a JSA worksheet. The JSA worksheet must be completed before the task can be undertaken.

4.1.c.ii Analysis of alternatives

The Project is designed to improve operations within the existing Facility. As a result, no alternatives analysis was conducted.

4.1.c.iii Cumulative impact analysis

The Project will be confined to the existing Facility. As a result, no material cumulative impacts are anticipated.

4.1.c.iv Gender risks

The socio-economic profile of Guyana highlights the vulnerabilities of both men and women. Women are at greater risk, however, because of their lower social and economic status, lower rates of participation in the workforce, higher rates of unemployment, lower wages, and increased responsibilities for domestic work and care of children, the sick, the elderly, and the disabled.

The rate of poverty is higher among women and, since approximately 28% of households are headed by females, these families are at even greater risk. It should be noted that Amerindian women in rural areas are even more vulnerable than Afro- or Indo-Guyanese women.

Guyana’s Household Income and Expenditure Survey indicates that public sector salaries are very low, and it classifies public sector workers as living in absolute poverty⁷. Significantly, almost two thirds of public sector employees are women who work predominantly in the service sector, particularly in education and health. Thus, despite generally high levels of education and professional status, they have relatively low incomes. In addition, while the public sector reform process has resulted in limited salary increases for employees, many public sector jobs have been at risk since the reform was accompanied by cuts in the public sector workforce – a high proportion of which were women.

Although the impact of disasters cuts across national, racial, ethnic, socio-economic, and sex and gender boundaries, their impact on women is generally greater than on men. Cultural norms generally exclude women from formal planning and decision making in their communities. Women usually do not have the flexible resources that could facilitate their recovery from disasters. In addition, women’s position in the family puts a greater burden of work (e.g., household work, caring

⁷ Source: World Bank.

for the young and elderly) on them, which often reduces their ability to find safe shelter during disasters.

Despite their political, economic, and social subordinate positions, women are often more active in voluntary and informal community activities for disaster risk reduction. It is therefore important that women be recognized as important agents of change who can make a vital contribution to planning and managing disaster risks.

4.1.c.v Gender Programs

JFL's Human Rights Policy states that the Company is committed to ensuring that workers enjoy a work environment that is free of discrimination, harassment, intimidation, or coercion relating directly or indirectly to protected attributes, including sex and gender identity.

As the Facility receives crews from abroad that stay in the country for a few days before returning to their vessels, there are risks of sexual exploitation of women and children, as well as the spread of sexually transmitted diseases ("STDs") among the Guyanese population. To reduce this risk, JFL will prepare communication materials to raise awareness about these issues.

4.1.c.vi Climate change exposure

The maritime transport and logistics sector is sensitive to sea level rise and extreme temperatures, which may represent a material risk for the Project. Other risk factors are related to flooding (moderate exposure) that may put at risk port facilities, infrastructure, equipment, and cargo. Indirect impacts related to heat waves and increased temperatures include higher energy consumption for cooling and occupational health and safety issues during extreme temperatures.

Given its exposure profile to natural hazards and the sensitivity of the sector, the Project is classified as moderately exposed to physical climate-related hazards.

4.1.d Management Programs

JFL's HSE Manual describes the Company's occupational health and safety plans and procedures (see below), as well as its chemical storage and disposal procedures. In addition, the Company has a Waste Management Plan and an Emergency Response Plan.

4.1.e Organizational Capacity and Competency

JFL has an HSE Manager, a Chief of Security, and a Human Resources Manager that report directly to the Project Management Team. The HSE Supervisor and Safety Officers report to the HSE Manager. The Security Administrative Officer, Security Supervisors, and Security Guards report to the Chief of Security, and the Assistant Human Resources Manager and Personnel Officer report to the Human Resources Manager. The HSE Manual describes the HSE roles and responsibilities of the HSE Manager, Human Resources Department, and general personnel.

4.1.f Emergency Preparedness and Response

JFL has an Emergency Response Plan that includes sections on i) general roles and responsibilities; ii) communication; iii) levels of response; iv) organizational structure and responsibilities during an emergency; v) establishment and function of an Emergency Operation Center⁸; vi) emergency contact information (internal and external); and vii) a list of emergency equipment. It also includes specific procedures for responding to the following types of emergencies: i) personnel injuries; ii) bomb threats; iii) fires; iv) oil and chemical spills; and v) minor security breaches.

4.1.g Monitoring and Review

Under its Operating Permit, JFL is required to conduct air, noise, and water quality monitoring and to report the results to the EPA in an annual report. The most recent report, which is dated February 2022, shows the results of 59 air and noise samples from seven sampling points in January 2022. No CO or SO₂ emissions were detected in any of the samples, and there were no noise exceedances. Two water samples were taken from different locations in 2022, neither of which had any exceedances.

HSE Safety Officers conduct weekly safety walkthroughs and inspections, and the Management Team conducts monthly inspections. Non-conformities are identified, documented, and investigated by the HSE Department. If necessary, corrective actions are developed and implemented to resolve them. Audits are conducted by the HSE Department in collaboration with the Management Team to review the effectiveness of the corrective actions.

4.1.h Stakeholder Engagement

The main Project stakeholders include: i) the Guyanese EPA; ii) the Guyanese Maritime Administration Department (“MARAD”); iii) the Sea and River Defense Board (“SEA”); iv) the Municipality of Georgetown; and v) neighboring communities. JFL will develop and implement a Stakeholder Engagement Plan, to include: i) a summary of previous stakeholder engagement activities; ii) identification and analysis of Company stakeholders; and iii) a description of the Company’s stakeholder engagement programs.

4.1.i External Communication and Grievance Mechanisms

Although JFL’s Human Rights Policy states that it is committed to addressing the grievances of affected individuals and communities, the Company does not have yet any written procedures for doing so. JFL will therefore develop a Community Grievance Mechanism to describe the procedures for receiving, responding to, assessing, and addressing community grievances, including expected times for each step of the procedure.

⁸ A central area for decision makers and response team personnel to gather critical information, the location of which is determined by the Chief of Security in the event of an emergency.

4.2 Labor and Working Conditions

JFL has 684 employees, 77 (11%) of which are women. The employees fall into the following job categories: i) senior management (20 men, 2 women); ii) supervisory/middle management/junior management (70 men, 9 women); iii) professional/technical (350 men, 66 women); iv) skilled (48 men); v) semi-skilled (28 men); and vi) basic skilled/unskilled (168 men).

4.2.a Working Conditions and Management of Worker Relationships

4.2.a.i Human resources policies and procedures

JFL's Human Rights Policy includes sections on: i) labor rights; ii) whistleblowing; iii) discrimination; iv) privacy; v) human rights due diligence; vi) grievance mechanisms; vii) governance and oversight; and viii) development and review. JFL also has a Code of Conduct & Anti-Corruption Policy and an Alcohol and Drug Policy.

4.2.a.ii Working conditions and terms of employment

JFL's Human Rights Policy states that the Company is committed to providing fair wages and employment agreements to its workers, that work hours do not exceed the maximum limit set by relevant legislation, and that workers have access to fair procedures and remedies. JFL will develop an Employee Manual, however, that describes the Company's terms of employment, including policies and procedures on: i) employment contracts; ii) worker rights; iii) payroll; iv) employee benefits; v) paid and unpaid leave; and vi) termination.

4.2.a.iii Workers' organizations

JFL's Human Rights Policy states that workers have the right to form and join trade unions for the protection of their interests. The policy includes trade union activity as an attribute protected against discrimination. None of JFL employees, however, are currently members of unions.

4.2.a.iv Non-discrimination and equal opportunity

JFL's Human Rights Policy states that the Company is committed to ensuring that workers experience fair and equal treatment and access to opportunity, and to enjoy a work environment that is free of discrimination, harassment, intimidation, or coercion. The policy states that the Company does not condone discrimination on the basis of protected attributes, including: i) race; ii) religion; iii) national or ethnic origin; iv) citizenship status; v) political opinion; vi) age; vii) marital or relationship status; viii) care responsibilities; ix) sex; x) sexual orientation; xi) gender identify; xii) intersex status; xiii) pregnancy; xiv) parental status; xv) breastfeeding; xvi) disability; xvii) veteran status; and xviii) trade union activity. The policy states that the Company expects its business partners, clients, and suppliers to align with this policy.

4.2.a.v Retrenchment

The new crane will be installed by JFL's existing employees, with the assistance of the crane supplier. As a result, no retrenchment is anticipated.

4.2.a.vi Grievance mechanism

JFL's Human Rights Policy indicates that the Company has an internal grievance mechanism, but it does not describe the procedures for receiving, responding to, assessing, and addressing worker grievances. Therefore, JFL will develop a Worker Grievance Mechanism to describe these procedures.

JFL's Human Rights Policy has protections for whistleblowers, including provisions for confidentiality and against retaliation.

4.2.b Protecting the Workforce

4.2.b.i Child labor

JFL's Human Rights Policy prohibits child labor.

4.2.b.ii Forced labor

JFL's Human Rights Policy prohibits modern slavery and commits to employment being freely chosen by its workers.

4.2.c Occupational Health and Safety

JFL's HSE Manual includes sections on: i) HSE communication; ii) safety meetings; iii) safety walkthroughs and inspections; iv) safety inductions; v) training; vi) lifesaving rules; vii) job safety analysis; viii) permit to work; ix) safety hazard observation cards; x) stop work authority; xi) event recording and reporting; xii) classifications for personal work-related injuries; xiii) first aid treatment; xiv) classification of occupational illnesses; xv) motor vehicle accidents; xvi) high potential near miss incidents; xvii) miscellaneous incidents; xviii) automotive accident and risk identification rates; xix) accident severity; xx) incident loss costing; xxi) incident recommendations and follow up; xxii) fatality reviews; xxiii) hazards and near accident investigation, reporting and review; xxiv) loss investigation reports; xxv) full incident investigation reports; xxvi) disciplinary actions; xxvii) equipment and tools; xxviii) personal protective equipment ("PPE") specifications and standards; xxix) engineering controls; xxx) working at heights procedures; xxxi) lifting operations procedures; xxxii) vehicle and driving procedures; and xxxiii) traffic control procedures. The manual includes 25 appendices with additional information and resources on these and other occupational health and safety topics.

JFL maintains detailed registers with the location of every fire extinguisher at the Facility and its Annex. It also keeps a register of accidents and dangerous occurrences. There were seven accidents

in 2021, six of which resulted in lost time and one of which was a fatality (for which a Fatality Review was conducted). There were three lost time accidents in 2022 through the end of June.

4.2.d Provisions for People with Disabilities

JFL's Human Rights Policy prohibits discrimination based on disability. The Company's buildings and facilities have provisions for people with disabilities, such as access ramps and toilets for handicapped people. JFL has two disabled employees.

4.2.e Workers Engaged by Third Parties

While there are no contractors that work at the Facility or the Annex, JFL does utilize 11 of them to provide transportation. All JFL contractors are required to follow the standards in the Company's HSE Manual and to operate formal HSE management systems, including development and implementation of HSE plans.

The installation of the crane (i.e., the Project) will be implemented by JFL's maintenance department, which is composed of direct employees, in collaboration with the crane supplier.

4.2.f Supply Chain

The non-discrimination policies in JFL's Human Rights Policy apply to suppliers. In addition, the policy states that the Company conducts human rights due diligence following the United Nations Guiding Principles on Business and Human Rights, which covers suppliers. JFL's Code of Conduct & Anti-Corruption Policy also includes procedures for the vetting of suppliers.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

JFL consumed 854,171 liters of fuel in the first eight months of 2022, with an average monthly consumption of 106,771 liters. The Company also consumed 680,769 kWh of electricity, with an average monthly consumption of 85,096 kWh.

The Project's greenhouse gas ("GHG") emissions will be confined to the fuel combustion emissions from vehicles and the crane itself, which will be significantly less than 25,000 metric tons of annual CO₂ equivalent emissions.

4.3.a.ii Water Consumption

JFL utilizes municipal water. The Company consumed 8,224 m³ in the first eight months of 2022, with an average monthly consumption of 1,030.5 m³. An increase in water consumption during the Project is not anticipated.

4.3.b Pollution Prevention

4.3.b.i Wastes

JFL's Waste Management Plan describes the Company's procedures for the collection, segregation, transportation, and disposal of solid waste. General solid waste is transported by the Company to a local landfill⁹. Specialized wastes are collected and disposed by authorized third parties. This includes sewage, bilge water, sludge, lead acid batteries, and chemical and/or hazardous materials.

4.3.b.ii Hazardous Materials Management

JFL's HSE Manual includes procedures for the safe storage and disposal of the following hazardous materials: i) explosives; ii) gases; iii) flammable liquids and substances; iv) oxidizing agents; and v) toxic substances.

JFL will update its existing procedures into a Hazardous Materials Management Plan to include: i) a description of the Company's hazardous materials storage requirements, including secondary containment for hazardous liquids; ii) a description of the Company's procedures for the disposal of hazardous waste; and iii) a Plan for Segregation of Containerized Chemicals ("PSCC").

4.3.b.iii Pesticide Use and Management

JFL does not utilize pesticides at the Facility.

4.4 Community Health, Safety, and Security

4.4.a Community Health and Safety

4.4.a.i Infrastructure and equipment design and safety

The most significant community health and safety risks posed by the Project are traffic accidents and fires that could spread to neighboring areas. JFL's HSE Manual includes vehicle and driving procedures designed to mitigate the risk of traffic accidents, including: i) driver training and qualifications; ii) driver performance and monitoring; iii) journey management procedures; and iv) accident reporting and investigation. The manual also includes traffic control procedures to ensure the safety of workers and other pedestrians within and at the entrance to the Facility.

To mitigate the risk of fires, the Facility includes fire alarms, various types of fire extinguishers, and fire hoses in some locations. Workers are trained in firefighting and first aid.

⁹ Haags Bosch Sanitary Landfill in Eccles, East Bank Demerara.

4.4.a.ii Hazardous materials management and safety

JFL's HSE Manual includes procedures for the safe storage and disposal of the following hazardous materials: i) explosives; ii) gases; iii) flammable liquids and substances; iv) oxidizing agents; and v) toxic substances. Since the Facility is surrounded by other industrial facilities, these materials pose no threat to communities outside of emergency situations.

4.4.a.iii Ecosystem services

No material impacts to ecosystem services are anticipated.

4.4.a.iv Community exposure to disease

The Facility is certified under the ISPS Code¹⁰ and has security measures to comply with the associated requirements, including medical emergencies. The Project also has measures in place to control the spread of COVID-19.

As the Facility is visited by cargo vessel crews from all over the world, JFL will prepare leaflets to workers and vessel crewmembers to raise awareness and promote the prevention of sexual exploitation of women and children and the spread of sexually transmitted diseases ("STDs").

4.4.a.v Emergency preparedness and response

JFL's Emergency Response Plan lists the contact details of relevant stakeholders to be involved in the case of emergencies, including the fire department, ambulance service, Guyana Power & Light, and the Georgetown public hospital. This ensures that adequate communication channels are in place to communicate emergencies.

4.4.b Security Personnel

JFL's security measures are described in annexes to its Emergency Response Plan. Security at the Facility is maintained via fencing and gates, exterior lighting, security cameras, access control, and security guards. The latter guards are employed by a Company-operated Security Service that is licensed by the Guyana Police Force. The Security Service works closely with the Guyana Police Force, the Marine Police, and the Guyana Defense Force (Coast Guard). JFL conducts background checks on security sensitive positions, including security personnel. JFL's security guards do not carry firearms.

JFL will update the Company's existing security measures into a Security Management Plan to include a description of policies and procedures on: i) the use of force; and ii) human rights training.

¹⁰ The International Ship and Port Facility Security (ISPS) Code is an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988) on maritime security, including minimum security arrangements for ships, ports, and government agencies. Coming into force in 2004, it prescribes responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to "detect security threats and take preventive measures against security incidents affecting ships or port facilities used in international trade."

4.5 Land Acquisition and Involuntary Resettlement

The Project will not involve any acquisition of land, so no involuntary resettlement is anticipated.

4.6 Biodiversity Conservation and Natural Habitats

The Project will take place within the existing Facility, which is highly modified habitat. In addition, ships are prohibited from discharging ballast water within the Facility. As a result, no material impacts to biodiversity are anticipated.

4.7 Indigenous Peoples

The Project is not located near any indigenous communities and is not anticipated to impact any Indigenous Peoples.

4.8 Cultural Heritage

The Project will not involve any excavations that could impact archaeological resources or the demolition of any buildings or structures that could be historic or have cultural heritage value. As a result, no impacts to cultural heritage are anticipated.

5. Local Access of Project Documentation

Information on JFL's services, facilities, and shipping lines, as well as contact information, can be accessed at the following website: <http://www.jf-ltd.com/>.