

1. Scope of Environmental Review

IDB Invest performed due diligence on the Project from February 18 to 22, 2019. In addition, environmental information was reviewed from different reports, internal documents on DBI's policies and procedures, and staff were interviewed.

2. Environmental and Social Categorization and Rationale

This is a category B project, in accordance with the CII's Environmental and Social Sustainability Policy, as it could have moderate but mitigable environmental and social impacts. The main potential risks associated with the project are related to: (i) management of the environmental and social aspects and monitoring systems; (ii) management of labor and adequate working conditions, occupational health and safety ("OHS") programs; (iii) food safety; (iv) fire and life safety; (v) relationship with the community; (vi) sustainability of the supply chain; and (vii) procedures for security forces.

As a result of the Environmental and Social Due Diligence, it can be concluded that this operation will have impacts that will be managed in accordance with the Performance Standards.

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

PS5: Land Acquisition and Involuntary Resettlement, PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources, PS 7: Indigenous Peoples, and PS 8: Cultural Heritage are not currently applicable. If these PSs become applicable, DBI will immediately inform IDB Invest.

3. Environmental and Social Context

DBI's main activity is the production and commercialization of bakery goods. After only a few years in operation, the Company has been recognized for producing healthy and preservative free products across Guyana. It bakes between four and five thousand pieces of 26 different products, which are supplied to close to 700 customers distributed in four of the largest administrative regions of Guyana with routes covering Linden, Georgetown, East Bank and East Coast Demerara, West Coast and West Bank Demerara.

DBI site in Land of Canaan is in an industrial area approximately 26.7km away from the capital city. The site also has a Certificate of Sanitary Fitness for operation granted by the Office of the Senior Environmental Health Officer. The Central Housing & Planning Authority granted the Construction Permit for the expansion in 2018. If another line of business different to a bakery is established in the site or the business is not established in two years, the company will have to re-apply for the permit. This new facility is critical as it will allow DBI to increase its production capacity, gain economies of scale, cost savings with technological improvements to speed up processing time, standardize the quality of its products, and develop new products. This site is surrounded by other industries such as a gas station, and a manufacturer of building materials. New DBI site in Georgetown is at the corner of Church St and New Garden St in front of a cricket field and close to several religious congregations.

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

4.1 Assessment and Management of Environmental and Social Risks and Impacts

The company has no Environmental and Social Management System nor Environmental and Social Policy. DBI identifies, analyzes and assess the potential risks and impacts related to its business activities covering Occupational Health and Safety (OHS) only. The company needs to include additional procedures to manage all Environmental and Social (E&S) issues. Several people within the organization oversee different activities related to E&S matters, but no Environmental and Social Officer has been designated. DBI does not have emergency plans, however, will have to develop one for each location. E&S aspects are not monitored or reviewed beyond OHS; inclusion of all E&S issues will be required. DBI has no stakeholder identification and engagement process. The company has no standardized external communication procedures on E&S matters. Currently the interaction with the community for E&S matters is via the Neighborhood Democratic Council (NDC) or directly with Management. DBI has a mechanism for customer service satisfaction responsible for receiving, addressing and responding complaints received in social media or clients who call the company directly. Although there is an open channel of communication available, the mechanism does not ensure confidentiality and there is no documentation nor standard response format.

The intention of the Company is to become ISO 22000 (food safety management system) and HACCP certified within the next few years.

4.2 Labor and Working Conditions

DBI has 83 direct employees, of which 47 are male and 36 are female. 44% of the employees work in production, 24% in administrative/ security positions, 23% in sales, 7% in maintenance, and 2% are interns. No employees under the age of 18 are hired. The company does not have third party contractors for the operation, though, will have during construction. Transportation and security are corporate services; therefore, all drivers and security personnel are direct employees. The company currently does not have migrant workers.

The company is consistent and complies with national labor law. Salaries and allowances are paid to employees, who also are registered to the national health insurance scheme and an receive an additional accidental insurance. DBI does not have employee associations or trade unions, and its workers have not signed collective agreements. The company does not anticipate retrenchment, in contrast, 25 people are expected to be hired in the next few years.

For human resources management, the company has an Ethics Policy and an Employee Handbook which represents DBI's HR Policy and includes among others non-discrimination and non-harassment aspects, and an internal grievance mechanism. The handbook is shared with every new employee during induction. The HR policy and the grievance mechanism should be updated in accordance with PS2 and communicated to the staff.

DBI has implemented a Work Health and Safety Policy that includes a series of standards for personnel in order to prevent labor risks. Also, an Occupational Health and Safety Manual has been developed and includes obligations of both Management and other levels of employee, an Inspection Checklist and Accident or Occurrence report in relation to assessment and mitigation of Occupational safety and health risks. The OHS Manual needs to be updated to include provisions on security for drivers. Workers are provided with personal protective equipment (PPE) and its use is mandatory; however, during our visit several workers were not using their PPE. DBI assesses the health status of every worker who joins the company. An annual health fair is available by the company to all its employees and the surrounding community. There have been no fatal accidents at

DBI. The company tracks and reports on occupational accidents and lost days but doesn't track illnesses and hours of absenteeism. The Lost Time Injury Frequency Rate (LTIFR) will be monitored and reported to IDB Invest in the annual report. The LTIFR is the number of lost time injuries per million man-hours worked.

Mandatory training about Food and Health Safety Management is offered by the Guyana National Bureau of Standards (GNBS) to all employees. Every position also has a training plan and in some cases a mentor program until obtaining the correct technical experience. DBI will be required to report on workplace conditions such as air and physical parameters resulting from industrial processes (e.g. dust from bread flour Maximum Threshold Limit for particulate (Inert or Nuisance Dust) is 10 mg/m³, exposure to temperature Maximum Threshold Limit is 25C).

DBI does not have a fire, life and safety plan. No emergency plans or drills are considered. Adequate signage needs to be installed and fire brigades need to be created for each site. For the existing locations, new buildings and expansions DBI shall implement Fire Prevention and Fighting Systems, which shall be prepared by a duly qualified professional, demonstrating that the buildings comply with safety and fire prevention requirements and that safety and fire prevention systems shall be designed and installed using established standards or a performance-based design, following good technical practices.

DBI uses specific checklist for drivers and the company mechanical team to assess the vehicles' mechanical conditions before and after every work day. The Maintenance checklist assesses engine, steering and brake functionality, coolants and pressure gauges, among other mechanical requirements whilst the Vehicle checklist requires that these functionalities be corroborated by the Driver to ensure safety and operational efficiency.

DBI's supply chain comprises 21 suppliers, 18 of which are national and 3 international. The company has purchasing procedures for raw materials; however, it does not verify its primary supply chain on child or forced labor issues.

4.3 Resource Efficiency and Pollution Prevention

The company tracks the consumption of resources and material inputs. Water use is limited to domestic use and cleaning of the production plant, ensuring DBI is not a significant consumer of water, average consumption last year was 176 m³ per month. Effluents in Land of Canaan are discharged in a septic tank that receives periodic maintenance. New site in Georgetown will discharge in the municipal sewage. The power supply source is through the public power grid. The company tracks electricity and fuel consumption, monthly average consumption last year was 6,271 kWh and 8,370L respectively for the existing location. DBI does not measure GHG emissions. Current emissions are linked to burning fuel used for the ovens and the delivery fleet (6 trucks). A potential reduction of carbon footprint by reducing dependence on fossil fuels is being considered through a technical assistance. All vehicles have a Certificate of Fitness which is a valid technical-mechanical inspection document, indicating that vehicle's gas emissions to be among allowed range.

There is no written procedure or plan for the storage, handling, and disposal of solid wastes. Solid waste is collected by municipal garbage collectors. No recycling or special treatment for hazardous waste is performed by the company. DBI will develop a Waste Management Plan including the management of hazardous Materials applicable to all locations.

Pest management is performed by a licensed third party.

DBI holds refrigeration equipment that uses R134A refrigerant. Acquisition of new equipment for refrigeration has to take into consideration the exclusion of refrigerants considered ozone depleting substances or those with high Global Warming Potential (GWP).

4.4 Community Health, Safety and Security

The main risk of the company's activity on neighboring communities is related to incoming and outgoing delivery traffic. DBI does not have procedures for Transportation/Traffic Safety. Currently, the production plant is in an industrial area, hence the risk is low. For the new location in central Georgetown the potential impact on residential neighbors must be taken into account in a Traffic Safety Strategic Plan. Direct impacts to neighbors such as fire, noise, heat, waste management and pest control need be also considered for the new location.

Internal staff provide armed security services. Security employees are required to provide a 'Police Clearance' which usually states if the employee was ever charged or indicted for a criminal offense. Background checks are also carried out with former employers via reference checklist. The company does not have provisions or guidelines on the interaction with employees, clients and neighboring communities, including the appropriate use of force and arms. The company confirmed that there have not been any unlawful and/or abusive acts by security personnel towards employees or nearby communities in the past. DBI will include operating procedures in its ESMS to manage the security forces in accordance with the requirements of PS4.

5. Environmental and Social Action Plan (Please see attached document).

6. Contact Information

For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email requestinformation@idbinvest.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.

For inquiries and comments to IIC, contact: IIC's Communications Group, E-mail: requestinformation@idbinvest.org

For project inquiries, including environmental and social questions related to an IIC investment, please contact the client or the IIC using the contact information provided above. In addition, affected communities have access to the IIC Independent Consultation and Investigation Mechanism.

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