

Environmental and Social Review Summary (ESRS) Jamaica Public Service Company Limited – JAMAICA

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

Jamaica Public Service Company Limited ("JPS", the "Client", or the "Company") is an integrated electric utility company and the licensed sole distributor of electricity in Jamaica. It is engaged with the generation, transmission, and distribution ("T&D") of electricity, and with purchasing power from several Independent Power Producers ("IPPs"). JPS is the largest supplier of electricity to the grid with an installed capacity of approximately 630 MW holding a whole-island license for T&D. The Company owns and operates 4 power stations, 9 hydroelectric plants, 1 wind farm, and over 14,000 kms of T&D lines which includes 51 substations. The Company has several offices and operational infrastructure located across the country. Daily service is provided to over 683,000 customers with a net generation of 4,356 GWh.

The present operation (the "Project") aims at supporting JPS' 2-year capital expenditures (CapEX), which include investments on (i) distribution losses prevention and reduction, (ii) T&D infrastructure, (iii) innovation and technology, and (iv) energy efficiency, among other corporate uses. The Project will support the Company's efforts to reduce energy losses, improve the system's overall efficiency and reduce the carbon footprint of the grid.

The Environmental and Social Due Diligence ("ESDD") carried out via virtual meetings with the Client, included the review of the Company's environmental management system, permits and licenses, policies and procedures on environmental health and safety, waste management, emergency response, gender, human resources, along with Code of Conduct and Greenhouse Gas ("GHG") emissions.

2 Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according with IDB Invest's Environmental and Social Sustainability Policy, since it is likely to generate the following impacts: i) waste generation; ii) noise emissions; iii) air and dust emissions; iv) effluent emissions; v) health and safety risks; and vi) community disturbance, among others. These impacts are deemed to be of medium-low intensity, which can be managed through standard risk and impact mitigation measures and management plans.

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

Jamaica lies in the hurricane belt of the Atlantic Ocean and, as a result, is prone to frequent hurricanes and tropical storms which can often result in significant infrastructural damage. The Atlantic hurricane season runs from June to November. August, September, and October are typically the most active months for the island. Associated rainfalls can also potentially affect existing infrastructure due to floods, landslides, and coastal storm surge.

Since Jamaica is near the northern boundary of the Caribbean Plate which interacts with the North American Plate therefore, it is also prone to moderate seismic activity.

Project interventions at this time are limited to existing installations and networks distributed across the country and will not involve new greenfield projects. Nevertheless, it is recognised that the Company may pursue future greenfield projects outside of Project interventions.

3.2 Contextual risks

According to studies by the IDB¹ as a small, open economy with a narrow production base, Jamaica is vulnerable to external shocks, including from natural disasters and climate change, and is one of the most tourism-dependent economies in the world². The country's productivity has also been in decline for decades and remains below levels that which prevailed prior to independence. Research in 2017 puts Jamaica near the bottom of 20 Caribbean and Latin American countries ("LAC") studied as it relates to labor costs and wages. For many, particularly the most vulnerable populations, access to quality basic services is lacking, including quality healthcare, education, vocational training, safe drinking water, and electricity.

Jamaica's cost of living is considered one of the highest in the region with an inflation rate ranked as the third highest. For many, the current price of housing, utilities and food items continue to affect quality of life and the ability to live comfortably³. Despite a 20% decrease in murders and other major crimes for the first quarter of the 2023, the country has been ranked tenth on the global list of countries with the highest rates of crime, and, according to the 2023 World Population

¹ Jamaica Country Strategy (2022-2026); IDB publication - Measuring the Cost of Salaried Labour in Latin America and the Caribbean.

² (Mooney et al. 2020)

³ Up to mid-2022, the Country experienced one of the highest levels of price rise increase - Sources: Economic Survey of Latin America and the Caribbean 2022; Statistical Institute of Jamaica (STATIN)

Review, has a crime index⁴ of 67.42 crimes. Corruption, high unemployment, and violent crime, especially homicides and rapes of women and girls, are therefore widely perceived as some of the country's most pressing problems.

For the energy sector, steps are ongoing to transition to renewable energy options specifically relating solar, wind and hydro, which together account for 14% of the generating capacity in Jamaica. In recent years a significant shift has occurred in the country's fuel diversity with less reliance on heavy fuel oil ("HFO") and automotive diesel oil ("ADO"). Increasingly liquified natural gas (LNG) has become Jamaica's primary fuel source accounting for 67% of the fuel used for electricity generation in 2022. This shift has not only improved the environmental impact of the country's electricity generating units, it has also provided relatively more stable impact on electricity prices for consumers. Notwithstanding, the relatively higher costs associated of fossil sources are further compounded by fluctuations in foreign exchange market (mainly between the US dollar ("USD") and local Jamaican ("JMD") currency) as well as recent global supply chain disruptions.

These factors make service providers susceptible to high fuel and operational costs in the context of a depreciation of the JMD, which increases the overall cost of living for the average citizen.

Linked to continuing high levels of crime and violence and the growing threat and creativity from criminals⁵, the country suffers from high incidences of utility theft (electricity and water). The prevalence of this activity in some areas of the country, at times, interfere with both the infrastructure and the service to legal paying customers.

4 Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks

The Company does not yet have an Environmental and Social Management System ("ESMS") to guide business activities in the assessment and management of environmental and social ("E&S") risks and impacts. However, in accordance with local requirements, the JPS has valid environmental permits issued by the National Environmental Planning Agency ("NEPA") covering various E&S aspects linked to its operations (e.g., air emissions, effluent discharge, facilities expansion, hazardous waste, vegetation maintenance). Since such permits establish compliance conditions, including monitoring and reporting, the Client will update its permit register to ensure that all the requirements established in the licenses and permits are regularly monitored and complied with.

⁴ Calculated by dividing the total number of reported crimes of any kind, by the total population, then multiplying the result by 100,000.

⁵ Such as People who attempt to impersonate service providers, and cybercriminals that employ innovative techniques to disrupt IT operations or gain access to personal or business data.

4.1.a E&S Assessment and Management System

Even though still disaggregated and not sufficient to constitute an ESMS, the Company's corporate structure has in place some elements of such system: management programs, emergency preparedness and response procedures, grievance procedures, stakeholder engagement plans, along with ISO 9001⁶ and ISO 17025⁷, which are audited annually for compliance. Therefore, the Client will articulate the current elements and will add the missing ones to develop a formal ESMS.

4.1.b Policy

The Company previously had a standalone Environmental Policy, which was subsequently subsumed as part of their Occupational Health, Safety and Environmental (OHSE) Policy (March 2022). The document states that JPS aims *to promote an accident-free organization operating in an environmentally sound manner*. The Company has also started a process of developing a Corporate Social Responsibility Policy and is currently guided by ISO 26000⁸ through its Outreach Policy and Procedures whereby, some commitments include to: i) invest in community affairs and civic function; ii) promote programs and causes for youth development in an effort to have sustainable educational improvement; iii) support the national agenda for sustainable development; iv) respect the general population in all dealings and activities; v) invest in the care and preservation of the environment through programs and public awareness initiatives; vi) respect the culture and heritage of the Jamaican people; and vii) ensure that all key stakeholders are informed of any project activities in their area.

However, as part of its ESMS, the Client will prepare and adopt a stand-alone Environmental and Social (E&S) policy.

4.1.c Identification of Risks and Impacts

This process is currently conducted using a multi-team approach aligned with the local regulations. However, as part of its ESMS, the Client will outline and maintain a process for identifying E&S risks and impacts linked to its activities (including all its offices and associated facilities⁹), and consistent with good international industry practice and local requirements. This will include an impact identification matrix.

⁶ The International Standardization Organization ("ISO") 9000 family is a set of five quality management systems standards that help organizations ensure they meet customer and other stakeholder needs within statutory and regulatory requirements related to a product or service.

⁷ ISO 17025 is the international standard that sets out the general requirements for the competent, impartial, and consistent operation of laboratories.

⁸ ISO 26000 is defined as the international standard developed to help organizations effectively assess and address social responsibilities that are relevant and significant to their mission and vision; operations and processes; customers, employees, communities, and other stakeholders; and environmental impact.

⁹ Associated facilities, which are facilities that are not funded as part of the project and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable. These may include railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.

4.1.c.i Direct and indirect impacts and risks

Alongside daily operations, Project activities linked to works needed to upgrade or expand some of the Client's infrastructure may potentially generate the following impacts and risks: i) dust emissions; ii) solid (including hazardous) waste; iii) noise emissions; iv) effluents; v) temporary interruption of energy provision; vi) damage to street and road infrastructure; and vii) health and safety risks to workers, among others. Indirect impacts may potentially include network disruptions, traffic disturbance and temporary access restriction to households and businesses.

4.1.c. ii Analysis of alternatives

The proposed interventions will be carried out on existing Company installations and infrastructure. Therefore, no alternative assessment was carried out. Should any new infrastructure be financed with funds provided by the Project, an alternative assessment will be prepared.

4.1.c.iii Cumulative impact analysis

Since primary interventions identified thus far will be undertaken across the Client's existing installations and networks distribution, no cumulative impact assessment was carried out.

4.1.c.iv Gender risks

Data from the most recent gender assessment conducted for Jamaica (World Bank, 2023¹⁰) notes that while there has been made significant progress in gender equality, equal access to economic opportunity continues to be an elusive goal due to a variety of factors affecting both genders. Overall, labor force participation of women remains significantly lower than men, and despite a decrease in the unemployment gender gap since 1996, data up to 2019 shows that Jamaican women were: i) more likely to be unemployed than the average women in LAC and upper middle income (UMI) countries; and ii) remain unemployed longer than men who are also more likely to find employment during economic upturn.

Women in urban areas make up a larger share of private sector and government workers. However, they remain underrepresented in science, technology, engineering, and mathematics ("STEM") and Information and Communications Technology ("ICT") fields (considered key areas for digital economy development). Average salaries are also 19% lower for women than for men in most sectors, and occupations with gender gap in salaries widens as the level of education rises. Linked to these patterns, brain drain has been a consequence with many educated women unable to find good quality jobs migrating in search of better opportunities.

On a more positive side, Jamaican women are well represented in decision making in the private sector, and though they predominate in lower-ranking positions, the country ranks high (regionally

¹⁰ [World Bank Jamaica Gender Assessment](#)

and globally) with greater representation of women (59%) in middle management posts. Literacy rates are also higher among Jamaican women than men which contradicts the pattern observed in other LAC and UMI countries.

As it relates to critical socio-economic exigencies affecting gender dynamics, the World Bank report notes that the country has one of the highest intentional homicide rates for men in the world, which also disproportionately impacts more men than women. Boys from low-income urban settings often drop out of school because getting a degree is not necessarily considered a guarantee for future employment. As such, incentives for young men to move from secondary to tertiary schooling are low. Some of these factors have contributed to pervasive crime issues within the country which has impacted various aspects of the private sector, such as increased bank fraud, lottery scamming, cybercrimes, along with high rates of electricity theft especially in inner city communities. Regarding domestic relations, approximately 25% of Jamaican women have experienced physical violence from a male partner and nearly half (47%) have experienced controlling behaviors. The report notes that the higher a woman's education, the less likely she was to experience intimate partner physical violence ("IPV"). Additionally, high-school girls in some parts of the country regard violence as a major concern. Cases of sexual violence are noted to possibly go unreported due to fear or because victims do not realize such experiences constitute sexual abuse.

Sex trafficking of Jamaican women and children, including boys, reportedly occurs on streets and in nightclubs, bars, massage parlors, hotels, and private homes, including in resort towns. Local observers believe sex trafficking operations have become more clandestine because of the pandemic with traffickers increasingly using social media platforms and false job offers to recruit victims.

4.1.c.v Gender Programs

The Company's Code of Ethics and Business Conduct highlights JPS as an equal opportunity employer which seeks to ensure fair and equitable treatment, and protect all employees against areas such as harassment, intimidation or discrimination based on disability, gender, skin color, age, religion, national origin, pregnancy, and marital status. The policy applies and has been made available to third-party contractors and all employees.

The Company's Diversity Policy outlines commitments to ensure the fair and consistent treatment of all employees, and is applicable but not limited to, policies on recruitment and selection, compensation, promotions, etc. The only difference in how men and women are treated is regarding the legal age of retirement, which is guided by the Company's Trust Deed, Pension Rules and the Jamaica Pensions and Superannuation Act.

The People Operations Division is responsible for addressing employee safety and security concerns. Women security personnel often form part of the security team deployed to JPS locations by its third-party security service providers.

JPS's Code of Ethics and Business Conduct statement on sexual harassment, along with a standalone policy document is applicable to all its employees as well as to third-party contractors and sub-contractors. There have been no reports of sexual exploitation and abuse or gender-based violence ("GBV") cases within the Company in last 5 years. However, JPS will adopt specific provisions regarding zero tolerance towards sexual exploitation of minors and GBV.

Even though the Company does not have lactation rooms, it makes appropriate arrangements to accommodate lactating mothers and provides maternity leave in line with the Maternity Leave Act (1979)¹¹. While Jamaica has now formally implemented paternity leave (January 2023), this has not been yet adopted by the Company. However, in the meantime, it provides several leave options which male employees can take advantage of to access paternity related time-off.

4.1.c.vi Climate change exposure

Being in the Atlantic Hurricane belt, Jamaica is heavily exposed to both tropical storms and hurricanes from June to November (peak activity often observed between August to October). Though the country has been spared any direct passage of hurricanes in recent years, hazard risk from the impacts of the changing climate has increased the intensity and frequency of not only rain and storm events experienced by the island, but also droughts. This has resulted in more catastrophic occurrences impacting critical social infrastructure (e.g., road and energy networks) due to flooding, landslides, storm surge events along the coast, and reduced seasonal rainfall which affect water supply. Heatwaves are also now more frequent which can subsequently stress the supply grid due to increased electricity use.

According to reports from the Office of Disaster Preparedness and Emergency Management ("ODPEM"), between 2002-2012 the country experienced 7 named storm events, 3 major hurricanes, and several flood events, which roughly produced U\$800 million (JMD 118.7 billion) in losses, of which infrastructural damage accounted for just less than half of the losses.

Attention is also being given to the impact of climate change on coastal areas since continued coastal development is likely to exacerbate risk to life and property (including social infrastructure such as energy distribution networks) from sea-level rise and storms.

Given the latter, the Project has a high exposure to physical climate-related hazards.

4.1.d Management Programs

The Company has several management plans and procedures to guide the various aspects of daily operation: occupational health and safety, hazardous materials and waste, air quality, water and wastewater, vegetation, scrap metal, solid waste, spill control etc. These plans are managed and updated periodically across several departments with oversight by the People Operations Division.

¹¹ An act to provide for the right of female workers to be granted maternity leave by their employers and to be paid maternity pay in some cases, and for matters incidental to or connected with the purposes aforesaid

4.1.e Organizational Capacity and Competency

The Company's E&S organizational structure is adequately staffed and resourced. Its Senior Vice President for Generation and OHSE oversees corporate leadership and resources management of the Company's OHSE Policy and Program. This is supported by an OHSE Director who has direct oversight of the policy. The OSHE department is currently staffed with 11 positions, which include a primary focal point EHS officer supported by several other OSHE managers, officers, and coordinators. There are also EHS coordinators and officers assigned to other departments.

4.1.f Emergency Preparedness and Response

There are several documents and procedures addressing various aspects of emergency preparedness and response ("EPR") within the Company's portfolio. This includes emergency evacuation plans and drill reports for some offices, a Business Continuity Plan ("BCP"), and expansion permits requiring site specific EPR plans.

The Company's 5-year business plan ("BP") also refers to a Comprehensive Disaster Management Program. To ensure that EPR processes are consolidated and appropriate to respond to emergency situations associated with its operations, the Client will prepare as part of its ESMS, a comprehensive EPR plan capturing existing procedures, in addition to further specified response measures to cover all regional offices and categories of operating facilities. This plan will explicitly outline critical hazards, especially those associated with climate change such as hurricane and flooding, the process for the identification of communities or individuals that may be impacted, details of the equipment and resources needed to manage emergencies, designation of responsibilities, communication, collaboration with relevant third parties, contractor responsibilities, and periodic training to ensure effective response.

4.1.g Monitoring and Review

The Company's OHSE Policy reaffirms its corporate and social responsibility to monitor, measure and review OHSE objectives to support the business strategic direction. The President and CEO has the overall responsibility and accountability for the OHSE Policy and reviews its overall compliance and effectiveness. This is followed by the Senior Vice President of Generation and OHSE who is responsible for direct corporate leadership of the policy, and subsequently, the OHSE Director with direct oversight of the policy including its preparation, effective implementation, and revisions. The OHSE Director also reports on the Company's OHSE and related regulatory performance. In this regard, the OHSE division is responsible and accountable for tracking regulatory developments and recommending policies and programs to identify opportunities for continuous improvement, along with periodic review of existing policies, procedures, and processes.

4.1.h Stakeholder Engagement

There is reference to a Stakeholder Engagement Plan and Strategy within the Company's 5-year BP aimed at building awareness and understanding of the Company's operations, policies, and

procedures, as well as the general environmental factors that affect the energy sector. It also identifies main stakeholder groups, along with several initiatives which have been implemented to improve customer service such as the upgrade of a Customer Information System (“CIS”) which has enhanced operational efficiency and customer satisfaction; the introduction of Customer Advisory Councils which help to provide an effective feedback loop for the Company; and more channels for communicating with customers (e.g., traditional media, social media, a mobile app, 24-hr online customer service, text messages and emails). To support these initiatives, the Company has a dedicated Customer Services Division staffed with a Manager for Community Renewal, a Community Relations Officer and a Manager for Community and Stakeholder Relations.

The Company’s Outreach Policy and Procedures (guided by ISO 2600) also references stakeholder engagement through commitments to ensure that all key stakeholders are informed of any project or involvement in activities in their area.

Given the latter, the Client will prepare, as a part of its ESMS, a standalone Stakeholder Engagement Plan (“SEP”), which will also include a revision of the Outreach Policy and Procedures to assess key performance indicators (“KPIs”) and measure the impact level of the Company’s projects.

4.1.h. i Disclosure of Information

Per local permit requirements, certain projects executed by the Company require public stakeholder consultations and disclosure. There is public access to the Company’s annual reports, and both the 5-year BP and Outreach Policy refer to various channels for sharing information with stakeholders, but the process of disclosure is not explicit. Therefore, the Client will outline within the SEP, a specific process for information disclosure to stakeholders according to their category, level, and type of interaction and activity being undertaken by the Company. This will also detail the local procedures in cases where projects have high E&S impact.

4.1.h.ii Informed Consultation and Participation

In general, the Company’s Stakeholder Engagement Plan and Strategy referred to within its BP identifies several initiatives which have been implemented to proactively provide customers with information and enable 2-way communication. Also mentioned are the use of the Customer Advisory Councils; quarterly engagement meetings with special interest groups; engagement through its Community Renewal and Foundation groups (with further details outlined in the Company’s Outreach Policy and Procedures), and various channels to facilitate informed consultation and participation (e.g., Company website with chat, radio programs, social media, emails, expos, conferences).

4.1.h.iii Indigenous Peoples

The Project will not generate any impacts to indigenous communities.

4.1.h.iv Private Sector Responsibilities Under Government-Led Stakeholder Engagement

All environmentally permitted projects executed by the Company require public stakeholder consultations and disclosure in collaboration with NEPA.

4.1.i External Communication and Grievance Mechanisms

The Company's 5-year BP describes JPS efforts to address key points of customer dissatisfaction and includes a comprehensive organizational restructuring exercise to ensure more efficient service delivery to customers, and greater accountability across the organization. Notwithstanding ongoing efforts to improve customer service, there is still some customer dissatisfaction with the Company's responsiveness time to resolve queries.

4.1.i.i External communication

The Client has implemented several initiatives to address customer dissatisfaction: the introduction of the Customer Advisory Councils; a customer service platform; more channels for communicating with customers (including dedicated segments in the traditional media, social media, text messages, 24-hr online customer service, emails); and outsourcing the call center to improve service quality. There is also public access to the Company's annual reports and E&S initiatives via its website.

4.1.i.ii Community grievance mechanism

JPS has no specific grievance process outlined for other stakeholder groups other than its customers. Therefore, it will develop and adopt one.

4.1.i.iii Provisions for addressing vulnerable groups' grievances

The grievance mechanism to be developed and adopted by JPS will have provisions to capture and address grievances from vulnerable groups.

4.1.j Ongoing Reporting to Affected Communities

As part of its partnerships with customer interest groups, the Company established in 2018 a framework for ongoing dialogue with consumer advocacy groups through quarterly meetings which are used to capture feedback, as well as share information on the Company's plans and programs. The Company also utilizes various communication channels to report to any communities affected by its operations (e.g., via its website and mobile app, traditional and social media, emails, SMS, newsletters).

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

JPS currently has 1,235 direct employees (373 women) operating in 10 senior divisions, 27 divisions and 154 departments across the island. JPS is guided by and complies with applicable local labor laws regarding relations and terms of employment, along with relevant International Labor Organization (“ILO”) standards.

Given the country’s high attrition rate (particularly in the utility industry), the Company is continuously faced with loss of specialized talent to other companies and countries (especially Canada). To mitigate this situation, JPS has taken the following measures: i) increasing the annual onboarding and training of linemen; ii) implementing a formalized succession planning program; iii) revamping the compensation structure inclusive of recognition and reward system; and iv) launching of a strategic internship program with universities and colleges to ensure a constant supply of talent.

4.2.a.i Human Resources Policies and Procedures

The Company has prescribed Human Resources (“HR”) Policies and Procedures which are managed through the People Operation Department and guided by local laws and applicable ILO standards.

4.2.a.ii Working Conditions and Terms of Employment

Overall, the People Operations division is responsible for addressing employee safety and security concerns. Company procedures are grounded on the applicable local labor laws dealing with employment and working conditions, along with the country’s Labor Relations Code which outlines the process for engaging worker representatives. The Client has a Worker Grievance Mechanism which is available via the company’s intranet as well as in hardcopy, along with a Disciplinary Policy, and Code of Ethics and Business Conduct to guide required or expected behavior of Company employees. The Company tracks the development of new local laws to ensure alignment and implementation accordingly (e.g., the Occupational Health and Safety Act).

4.2.a.iii Workers’ Organizations

The local Labor Relations Code applies to all employers, workers and organizations representing workers determining their conduct with each other, and requires that employers respect the right of workers to belong to a trade union or to take part in the union activities. In line with this, there is an HR officer for Industrial Relations (currently vacant), and the Client has collective bargaining agreements in place.

4.2.a.iv Non-discrimination and Equal Opportunity

The Company's Code of Ethics and Business Conduct highlights JPS as an equal opportunity employer. It seeks to ensure fair and equitable treatment and protect all employees against areas such as harassment, intimidation or discrimination based on disability, gender, skin color, age, religion, national origin, pregnancy, and marital status. The policy is made available to all employees.

JPS's Diversity Policy highlights the Company's commitments to: i) ensure the fair and consistent treatment of employees; ii) meet all relevant ethical and legal standards; iii) eliminate deliberate or unintentional barriers from policies, procedures, and practices so that no one is disadvantaged; iv) provide ways that support dignity and productivity of its workers; v) hire or retain qualified disabled employees, or who belong to groups protected under applicable Human Rights Codes; and vi) provide reasonable accommodation such as modification of job or task, physical workplace, and work hours.

4.2.a.v Retrenchment

At present there are no plans for collective dismissals.

4.2.a.vi Grievance Mechanism

The Company has a Grievance Procedure Policy, which is spearheaded by the People Operations Division. It applies to all employees (permanent, contract and temporary) and enables those with concerns, problems, or complaints about their work, working environment or working relationships to have this dealt with (formally) by JPS. Such policy makes distinction between formal and informal resolution and is available to employees via the company's intranet as well as in hardcopy.

Formal grievances are guided by the separate Employees Grievance Procedure which aims to ensure fair settlement of employee complaints regarding any aspect of the terms and conditions of employment and outlines the role of union delegates. The Client, however, will update the Grievance Procedure Policy to ensure that informal grievances can be addressed with anonymity where there are sensitivities or fear of reprisal.

4.2.b Protecting the Workforce

The Code of Ethics and Business Conduct along with the OHSE Policy (which also applies to contractors and sub-contractors) addresses protection of the workforce and outlines measures as it relates to general health, safety, and security.

4.2.b.i Child Labor

At present, there are no provisions against child labor in the Client's HR Policies or Code of Ethics and Business Conduct. However, the age for recruitment and employment is strictly adhered to in

keeping with local labor laws (minimum age for formal employment is 15 *if the employee has completed secondary education*, otherwise minimum age is 18). The Client will therefore revise its HR Policies and Code of Ethics and Business Conduct to include explicit reference and provisions against child labor consistent with ILO Conventions 138¹² Minimum Work Age. These updates will also apply to contractors, subcontractors and other third parties conducting business with the Company and be communicated as such. The country has also recently fully endorsed the amendment of the ILO's Declaration on the Fundamental Principles and Rights at work (effective June 2022) which should guide these updates.¹³

4.2.b.ii Forced Labor

At present, there are no provisions against forced labor in the Client's HR Policies or Code of Ethics and Business Conduct. The Client will therefore revise its HR Policies and Code of Ethics and Business Conduct to include explicit provisions against forced labor consistent with ILO Conventions 29¹⁴ on Forced Labor, and 182¹⁵ Worst Forms of Child Labor. These updates will apply to contractors, subcontractors and other third parties conducting business with the Company and be communicated as such. The country has also recently fully endorsed the amendment of the ILO's Declaration on the Fundamental Principles and Rights at work (effective June 2022) which should guide these updates.¹⁶

4.2.c Occupational Health and Safety

The OHSE Policy (and to some degree the Code of Ethics and Business Conduct) guides the Company's OHSE Management to ensure compliance with applicable OHS laws and regulations and applies to all employees, third-party contractors, and visitors. Employees are required to comply and familiarize themselves with the policy and any breach can result in disciplinary actions aligned with the Disciplinary Policy. Given that the country is in the process of adopting the Occupational Health and Safety Act (2017) to Protect Employees from Unsafe Work Environments which was not previously a part of the local labor code, this will be subsequently adopted by the Company. Jamaica's recent endorsement of the amendment of the ILO's Declaration on the Fundamental Principles and Rights at Work should also guide this adoption. This will be referenced in the updated HR Policy.

The Company has also initiated a Safety and Health Management System (SHMS) to provide the framework, structure, and systematic approach to prevent or minimize any work-related ill health, injury, or death by managing various safety elements in the workplace.

¹² https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138

¹³ <https://www.ilo.org/declaration/lang-en/index.htm#:~:text=The%20ILO%20Declaration%20on%20Fundamental,our%20social%20and%20economic%20lives>.

¹⁴ https://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_ILO_CODE:C029

¹⁵ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182

¹⁶ <https://www.ilo.org/declaration/lang-en/index.htm#:~:text=The%20ILO%20Declaration%20on%20Fundamental,our%20social%20and%20economic%20lives>

4.2.d Provisions for people with disabilities

The Company's Diversity Policy outlines commitments to ensure that qualified employees disabled through injury or illness, or that belong to groups protected under applicable Human Rights Codes are hired or retained. It also provides details for reasonable accommodation such as modification of job or task, physical workplace, and work hours especially in cases of disability.

4.2.e Workers Engaged by Third Parties

Third party contractors (including sub-contractors) who work with the Company are required to comply with the Code of Ethics and Business Conduct and OSHE Policy which outlines responsibilities to ensure the occupational health and safety of their workers. The OHSE competence of all their employees is a condition of their contractual obligation. These policies and procedures are communicated to contractors.

4.2.f Supply Chain

The Company's Procurement and OSHE Policies serve as the primary points regarding supply chain. However, neither policy currently has provisions to identify or address the risk of child or forced labor along the supply chain. Therefore, the Client will adopt a procedure to evaluate its suppliers and ensure that no child or forced labor has been used along its supply chain. These measures will be communicated to third parties including IPPs.

4.3 Resource Efficiency and Pollution Prevention

The electricity provided by JPS proceed from a combination of renewable and non-renewable sources: steam, diesel, hydroelectric, gas, wind, and solar.

In 2016, JPS converted one of its 120 MW combine cycle plant to liquefied natural gas ("LNG"). Additionally, in 2018, the Company rehabilitated and converted one of its gas turbine units to also utilize LNG.

Jamaica's National Energy Policy has a target of generating 20% of the country's energy requirements from renewable energy sources by 2030. In support of this target the Company commissioned a 6.3 MW hydro plant in 2014 representing the largest hydro-electric development to be implemented within the last six decades.

Notwithstanding, the generation stock remains largely oil based with approximately 67% of electricity generated from HFO and automotive diesel oil ADO representing 40% of petroleum consumption in the country. LNG powers around 140 MW of the installed capacity, now accounting for about 42% of the fuel mix for electricity generation, while renewables (wind, hydro, solar) account for 150 MW, or about 15% of installed capacity. Automotive Diesel or Gasoline (87 or 90octane) is also currently used for most fleet vehicles.

4.3.a Resource Efficiency

End-to-end efficiency is identified as a strategic priority for the Company. With support from the Project, it intends to improve overall Heat Rate and plant performance, along with continued investment in new technologies operating at the lowest production costs. This includes plans for the retirement and replacement of inefficient generation plants with more efficient and reliable generating plants, including merit order compliance. This will be subject to the local procedures related to the Ministerial Schedule and Right of First Refusal (“ROFR”) mandate guided by the OUR.

As outlined in the 5-year BP, the Company continues to grow in non-traditional ways (regulated and non-regulated) such as implementing new utility scale renewable projects, operations, and maintenance services, customized behind-the-meter solutions, electric vehicle (“EV”) penetration, smart energy retail services, and energy management and data services. To this end, the Company is seeking to take advantage of the opportunity to grow its generation capacity using renewable energy as its generation source.

To improve resource efficiency, the Client will perform a corporate internal energy audit (with recommendations to improve energy efficiency) towards developing an Energy Efficiency Program for its facilities.

4.3.a.i Greenhouse Gases

As per permit requirements, the Company must conduct air emissions monitoring and produce emissions reports for its power plants. However, this does not include calculations for GHG emissions which is done separately by the Company for its power plants. The Company also relies on the Forestry Department to calculate the carbon offset from its various planting initiatives. According to the most recent emissions data for the power plants (2021), the Company produces over 25,000 tons of CO₂ equivalent annually.

The Company will: i) prepare a Corporate GHG Monitoring and Management Plan; and ii) submit carbon offset reports.

4.3.a.ii Water Consumption

The Company’s power plants require operational water (e.g., cooling water or process water) which is extracted from wells or seawater and monitored via flow meters. Monthly abstraction reporting is required per local permit and annual extraction data is also captured. Potable water for operational locations is sourced from the municipal utility, and facilities are equipped with water storage tanks to supplement sanitary supply especially during periods of drought. However, there is no formal monitoring of water consumption. As such, the Client will prepare a Water Resources Management Strategy and Plan to monitor, manage and improve water usage.

4.3.b Pollution Prevention

4.3.b.i Wastes

The Company has several waste management plans to address both solid and liquid waste. Specifically, it has adopted a Waste Management Policy and Plan (2010), and Scrap Metal Storage Management Plans for 2 facilities.

Water discharge is subject to regulatory or municipal approval and must meet established standards. Regular sample analysis and reporting is therefore needed.

To improve efficiency and waste management strategies, the Client will prepare site-specific plans and monitoring reports, update its Waste Management Policy and Plan (including a Spill Prevention, Control and Response Plan, proper disposal for vegetation, and cross-reference to supplementary waste management plans), and streamline management plans for all applicable facilities.

4.3.b.ii Hazardous Materials Management

The Company has several management plans to handle hazardous waste. It has an Asbestos and Asbestos Containing Material Management Program (2013), a Hazardous Waste Management Plan for 2 facilities, and a Waste Management Policy and Plan (2010) with a section addressing hazardous waste. To improve efficiency and waste management strategies, the Client will prepare site-specific plans, update its Asbestos and Asbestos Containing Material Management Program and Waste Management Policy and Plan (including a Spill Prevention, Control and Response Plan and cross-reference to supplementary waste management plans), and streamline management plans for all applicable facilities.

4.3.b.iii Pesticide Use and Management

JPS has a Rodent and General Pest Control Services Program, which will be updated along with its Waste Management Policy and Plan to include pesticide use and management.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The project's interventions will not generate significant E&S impacts. However, some of these works may produce small-scale localized impacts such as: i) waste generation; ii) noise emissions; iii) air and dust emissions; iv) effluent emissions; v) health and safety risks; and vi) community disturbance. These impacts, some of which are already linked to daily operations, are currently managed via several policies (e.g., OSHE, Code of Ethics and Business Conduct), site specific and general operational management plans, and local environmental permits and licenses including Factory and

Fire Certifications. In keeping with the local permit requirements for emissions discharge, the Company is also required to maintain a log to capture complaints (written and verbal) regarding air pollution from the permitted facilities.

4.4.a.i Infrastructure and Equipment Design and Safety

Given the country's high susceptibility to hurricanes, the Company's 5-year BP refers to a Comprehensive Disaster Management Program. Adequate PPE is made available to employees, and facilities audits and routine drills at some locations result in reports which reflect deficiencies and recommendations for safety and equipment (e.g., elevators, ventilation, fire extinguishers and hydrants).

The Company, in collaboration with several external agencies, takes measures to improve and test the resilience of the grid and resources leading up to each hurricane season. However, it does not have specific information on infrastructural integrity (including all office buildings) to cope with primary identified hazards (coastal storm surges, floods, and earthquakes). Therefore, the Client will prepare an assessment and management report for its operational infrastructure across all locations (including office buildings) according to the identified primary hazards.

4.4.a.ii Hazardous Materials Management and Safety

Hazardous materials including solid waste and wastewater are currently managed according to the general Waste Management Policy and Plan (2010), site specific Hazardous Material Management Plans, an Asbestos and Asbestos Containing Material Management Program, and Rodent and General Pest Control Services Program. These will be revised by the Client.

4.4.a.iii Ecosystem Services

The Project will not produce any material impact on ecosystem services.

4.4.a.iv Community Exposure to Disease

The existing OHSE Policy and Rodent and General Pest Control Services Program currently guide exposure to disease. Contractors are required to comply with these procedures.

4.4.a.v Emergency Preparedness and Response

The Company is recognized as leading the utility field in the country when it comes to disaster preparedness. In collaboration with several external agencies, it takes measures to improve and test the resilience of the grid and resources leading up to each hurricane season. Given its longstanding history of supporting the Caribbean during disasters, JPS has been approached by the Caribbean Electric Utility Services Corporation ("CARILEC") to train a Caribbean Disaster Support Team that

would be on call during regional disasters. It also utilizes a Digital Mobile Radio network which is hurricane-resistant and designed to connect field personnel across the island during storm events.

4.4.b Security Personnel

The Company currently engages the services of 4 private security contractors and collaborates with police officers to protect its personnel, properties, and assets. Armed security officers are deployed primarily at power generating facilities and the storage facilities. The Company's Code of Ethics and Business Conduct requires compliance by third party contractors, and it conducts Security Risk Assessments.

JPS also has a *Strike Force*, a special task force of technicians and support staff that facilitate the Company's operations in red zones¹⁷, which collaborates with law enforcement. The loss reduction strategy for red zones involves addressing several of the underlying issues which include increasing law enforcement engagement. The unit also provides support, in the form of security and audit capacity, to other units of the business that need to operate in areas where there is a heightened risk of physical harm, damage to property and threats to life.

The Client will submit the Security Risk assessment and provide a grievance mechanism for any affected stakeholder to express concerns about the security arrangements and acts of security personnel.

4.5 Land Acquisition and Involuntary Resettlement

The Project will not require the acquisition of land and will not cause any physical or economic displacement.

4.6 Biodiversity Conservation and Natural Habitats

The Project will generate no material impacts to biodiversity.

4.7 Indigenous Peoples

The Project will not affect any indigenous community, nor will it intersect any indigenous territory.

4.8 Cultural Heritage

The Project will not affect any cultural heritage.

5 Local Access of Project Documentation

The primary documentation relating to the project can be accessed at the following links:

- [Annual reports](#)

¹⁷ "Difficult" communities characterized by high levels of non-technical loss, high numbers of illegal users, restricted operations by the Company, high unemployment, and high levels of violent crimes.