



Environmental and Social Review Summary

National Beverage Company (NBC) Expansion

This Environmental and Social Review Summary (ESRS) is prepared by MIGA staff and disclosed prior to the date on which MIGA's Board of Directors considers the proposed issuance of a Contract of Guarantee. Its purpose is to enhance the transparency of MIGA's activities. This document should not be construed as presuming the outcome of the decision by MIGA's Board of Directors. Board dates are estimates only.

Any documentation that is attached to this ESRS has been prepared by the project sponsor, and authorization has been given for public release. MIGA has reviewed the attached documentation as provided by the applicant, and considers it of adequate quality to be released to the public, but does not endorse the content.

Country: Gaza

Sector: Manufacturing

Project Enterprise: National Beverage Corporation

Environmental Category: B

Date ESRS Disclosed: April 1, 2014

Status: Due Diligence

A. Project Description

The National Beverage Company of the West Bank and Gaza (“NBC”) is seeking to expand its current operations in Gaza, and has requested West Bank and Gaza Investment Guarantee Trust Fund (“WBGTF”) cover for their investments in the expansion. The expansion entails the addition of a bottling facility for beverages dedicated to serve the Gaza domestic market (hereafter referred to as, “the Project”). The WBGTF is currently supporting the NBC Gaza branch retail activity in the amount of US \$2.5 million.

The current operations include a distribution warehouse in the Gaza Industrial Estate (GIE) and a delivery truck fleet. The NBC Gaza branch receives products from NBC's existing bottling facility in Ramallah, West Bank, and distributes and sells the products directly to approximately 5,000 retailers across Gaza Strip such as supermarkets, restaurants, and grocery stores. The expansion will entail the establishment of a bottling facility in the GIE. The project will be completed over a three year span involving three phases. Each phase will entail the addition of a new production line (returnable bottle (RB), polyethylene terephthalate (PET) and cans). The company has the Coca Cola franchise, thus the new facility will be bottling and distributing carbonated soft drinks in RB, PET and cans forms, in addition to juices and water in PETs.

The GIE was established in 1999 near the Carni Terminal in the Gaza Strip. There are currently 24 firms operating in the GIE, which has its own standby power plant (not currently in use), telecommunications, and electricity, water, sewage and waste disposal from the grid. Security services are provided by the zone. The NBC Gaza branch leases a 1,190 m2 warehouse and a 1,440 m2 plot of land for vehicle parking within the GIE.

B. Environmental and Social Categorization

The project is categorized B under MIGA's Policy on Environmental and Social Sustainability. Potential impacts are limited, few in number, generally site specific, largely reversible, and readily addressed through mitigation measures. Key environmental and social issues include wastewater discharge, solid and hazardous waste generation, air emissions, energy consumption, and occupational health, safety and security.

C. Applicable Standards

While all Performance Standards (2013) are applicable to this Project, due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following Performance Standards:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts
- PS2: Labor and Working Conditions
- PS3: Resource Efficiency and Pollution Prevention
- PS4: Community Health, Safety and Security

Performance Standards 5, 6, 7, and 8 do not apply to this project as the project is located in an existing industrial estate, therefore, there will be no involuntary resettlement or livelihood impacts and biodiversity, natural resources, indigenous peoples and cultural heritage will not be directly affected.

D. Key Documents and Scope of MIGA Review

The following documents were reviewed by MIGA:

- Environmental Impact Assessment (February 2014), including:
 - NBC Environmental Statement;
 - Identification of Environmental Aspects and Evaluation of Associated Impacts;
 - Ozone Protection Procedure;
 - Wastewater Management Procedure;
 - Solid Waste Management Procedure; and
 - Environmental Risk Assessment.
- NBC ISO 14001 certificate (2012);
- NBC ISO 22000 certificate (2012);
- NBC Corporate Social Responsibility Statement;
- The Coca-Cola Company Environmental Policy; and
- The Coca-Cola Company Occupational Health and Safety Policy.

MIGA's review of this Project also comprised a site visit in September 2013 and meetings, phone calls and email exchanges with NBC.

E. Key Issues and Mitigation

PS1: Assessment and Management of Environmental and Social Risks and Impacts

Environmental and Social Assessment: Though the Government of Palestine does not require an Environmental Impact Assessment (EIA) for the Gaza Plant, an EIA was completed in February 2014. The EIA identifies the potential impacts associated with the Gaza Plant, and provides measures to avoid, minimize and / or mitigate identified impacts. The scope of the EIA includes: water efficiency, wastewater discharge, solid and hazardous waste generation and management, energy efficiency, chemical and hazardous materials use and air emissions. The EIA also outlines NBC's Environmental Management System (EMS). Occupational health, safety and security is not covered in the EIA, but is covered by the Coca Cola Operational Requirements (KORE System), which are implemented by NBC (see below).

Management Program and Monitoring:

NBC has in place the relevant ISO certifications (14001, 9001 and 22001), and the existing Ramallah facility has OSHAS 18001 certification. NBC has indicated that it intends to apply for OSHAS 18001 certification of the Gaza facility. NBC also implements the Coca-Cola Environmental System (KORE System), and applies Coca Cola standards when they are more stringent than the local standards.

The Coca Cola Environmental Policy and Occupational Health and Safety Policy in force at NBC addresses water stewardship, climate protection, sustainable packaging, risk assessment and management, employee training, incident management and crisis resolution, stakeholder engagement, and workplace health and safety. NBC also has its own Environmental Policy, endorsed by management.

NBC has a quality assurance department in addition to an internal audit department, and has Incident Management and Crisis Response procedures in place. These procedures enable NBC management to be alerted to environmental and social problems, for example suspected health concerns regarding products, and respond appropriately. There is a safety committee that meets regularly.

The EIA outlines monitoring and reporting requirements, including providing specific procedures for Ozone Protection, Wastewater Handling, Hazardous Waste Handling, Waste Management and Spill Prevention, Containment and Control.

Organizational Capacity and Training:

The NBC Gaza facility will have an Environment and Safety Team (EST), similar to the team at the Ramallah facility, which is managed by an Environmental Coordinator. The EST will be subdivided into three sections – water section, solid waste section and energy section. Employees generally are appropriately trained and qualified for their assigned tasks. All employees are trained in awareness and implementation of the KORE System. EST members are provided with more in-depth training on the KORE System and local environmental laws.

Through its experience with its Ramallah facility, NBC has the technical capability, depth of staff and experience in West Bank and Gaza to be able to adequately manage environmental and social aspects of the expansion Project. In both 2012 and 2013, NBC's Ramallah facility was recognized by Coca-Cola as among the best bottlers from an environmental and social sustainability perspective.

Reporting

EMS records include environmental data (including, *inter alia*, water consumption, water reuse, wastewater quality, solid waste generation and energy use), environmental reports and internal audits. EMS records are communicated internally with all staff, and, as appropriate, externally with key stakeholders, including Government, consumers, contractors and the general public. An annual monitoring report will be provided to MIGA.

PS2: Labor and Working Conditions

It is anticipated that the expansion project will employ approximately 150 local people, including 3 managers, 20 professional / technical staff, 20 administrative staff and 107 semi-skilled and unskilled workers. While female participation in the workforce is relatively low in Palestine, NBC actively encourages female employees.

NBC follows the labor law of the Palestinian territories, which protects labor rights and includes provisions on the right to organize and strike, procedures for collective bargaining, anti-discrimination, requirements to hire certain numbers of disabled workers, protection against wrongful termination, mandatory provision of weekly rest hours and annual leave, minimum wage, safe work environments, and various other procedural and substantive protections for workers. The employment of children below the age of 18 is prohibited (consistent with the requirements of Performance Standard 2). There are mechanisms in place through which grievances can be submitted, anonymously or otherwise. Safety drills in case of fire or war are conducted. In addition to employee benefits required under the labor law, NBC provides employees with a provident (pension) fund, health insurance and severance package of one month for each year. There is a \$200,000 company-wide budget for training across all themes, including the EMS and OHS.

NBC has a comprehensive Safety and Loss Prevention program in place at all of its facilities, which will be implemented at the Gaza Plant. The program is comprised of 21 individual procedures and 18 forms. As indicated above, the NBC Gaza Plant intends to become OSHSAS 18001 certified. NBC also implements the Coca-Cola Company's Occupational Health and Safety Policy.

PS3: Resource Efficiency and Pollution Prevention

Impacts of the existing distribution and delivery operation include air emissions associated with the use of diesel fuel in the 10 delivery trucks. The trucks used by the Gaza branch are all maintained regularly by a third party, off site. The expansion of the operation to a manufacturing bottling facility will result in the generation of air emissions, solid waste and wastewater.

GIE is grid-connected, so air emissions associated with energy generation will be limited. If grid electricity is unstable, NBC may consider installing a diesel generator on site for back-up power, however, at this stage, there is no plan for a generator. Additionally, air emissions will result from gas boilers and the exhaust from the production of carbon dioxide from natural gas. NBC has an energy section within the Environment Team, which is responsible for collecting relevant energy use data, reporting on energy use and making recommendations for improving energy efficiency. The NBC Ramallah Plant was recently (February 2014) recognized for completing the Coca Cola Company and World Wildlife Fund Top 10 Energy Savings Challenge.

NBC complies with all applicable national laws, however where Coca Cola standards are more strict, NBC complies with Coca Cola standards. All utilities are provided from the grid. Trucks fuel off site. There is a small quantity of diesel fuel stored on site in a tank located in an isolated part of the property with secondary confinement measures in place. The tank is checked regularly for leakage. NBC also has an Ozone Protection Procedure, which guides procurement of refrigeration equipment to ensure that all equipment purchased is free of chlorofluorocarbon (CFCs), hydrochlorofluorocarbons (HCFCs) and halon (the emission of which can lead to stratospheric ozone depletion). The procedure also guides decommissioning and disposal of old equipment with CFCs, HCFCs and halon refrigerants.

As noted above, the GIE is connected to the Gaza strip wastewater, sewage and solid waste management systems. Water is treated on site prior to discharge to the sewer. The requirements for wastewater treatment and monitoring prior to discharge are outlined in the Wastewater Management Procedure. NBC ensures that wastewater meets Coca-Cola standards prior to discharge, which are more stringent than local laws.

As part of the series of the Coca-Cola Group President Sustainability Award, NBC was selected as one of the ten best Coca-Cola Bottlers in Eurasia and Africa. The award recognizes the company's conformity to international production specifications and the standards of the Coca-Cola international for bottling. In addition, NBC was recognized for maintaining quality and safety of the surrounding environment and minimizing consumption of energy and water resources.

Solid waste is managed in accordance with the Solid Waste Management Procedure. The procedure prioritizes eliminating or minimizing waste, and includes specific guidance for minimizing, reusing / recycling and / or disposing of broken wooden pallets, lubrication drums, closures, cartons and papers, oil, concentrate drums, chemical drums, shrink nylon and glass bottles. Most packaging material (e.g. pallets and cartons) is either returned to the supplier for re-use or recycled.

PS4: Community Health, Safety & Security

As the Project is within an existing facility in an industrial zone, there are minimal risks to community health and safety.

To prevent community health impacts associated with NBC products, NBC is ISO 22000 certified. ISO 22000 is a derivative of ISO 9001(Quality Assurance) focusing specifically on food safety. Consumers with complaints regarding the products can make use of a complaint number

that is listed on all products, and NBC has an emergency response procedure that ensures rapid response to consumer complaints to respond to and prevent any product safety issues.

Security Arrangements

Security guards are provided by the industrial estate and are unarmed.

F. Environmental Permitting Process and Community Engagement

As mentioned above, the Project is legally exempt from the requirement of an official EIA Process under Palestinian law. Effluent and waste from the Project are covered under existing permits for wastewater discharge and solid waste disposal held by the developer of GIE.

NBC makes an effort to operate in a transparent manner. It provides reports and information on its website (www.nbc-pal.com), and EMS reports are provided to stakeholders, as appropriate.

G. Environmental and Social Action Plan

Action #	Task Title/Description	Due Date
1.	ESMS. Provide MIGA with recent ISO 14001, ISO 22000 and 9001 certificates	Within 30 days of execution date of the Contract of Guarantee
2.	ESMS. Provide MIGA with copies of internal and / or certification audits of the ESMS.	When audit reports are received
3.	Reporting. Provide MIGA with an Annual Monitoring Report	Annually

H. Availability of Documentation

- [Environmental Impact Assessment \(February 2014\)](#), including:
 - [Identification of Environmental Aspects and Evaluation of Associated Impacts](#);
 - [Ozone Protection Procedure](#);
 - [Wastewater Management Procedure](#);
 - [Solid Waste Management Procedure](#);
 - [Hazardous Waste Handling Procedure](#);
 - [Spill Prevention, Containment and Control Procedure](#)
- [NBC Environmental Policy](#); and
- [NBC Corporate Social Responsibility Statement](#).

The above listed documentation is available electronically as PDF attachments to this ESRS at www.miga.org. It is also available for viewing at the plant site in the Gaza Industrial Estate or by contacting:

- Loay Musleh (lmusleh@nbc-pal.com)