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1. **Policy, legal, and administrative framework**

In order to obtain all social, environmental and legal requirements, Jafara is organized in a way that we have separated Administrative department, duties of this department are coordination and collaboration with all government institutions (Labor office, Food Monitoring Centre, Foreign Investment Committee, Tax Office, Food Quality Control and etc.).

To our knowledge and according to our legal counsel there is no legal regulation in Libya regarding social and environmental treaty.

Our main target is to develop our self on Libyan market as company incorporated and subject to Libyan law with high level of social and environmental awareness. Libya has not signed any social and environmental treaty, as related regulations are treated based on Libyan laws and standards.

Jafara possess all necessary legal permits (work permit, custom permit, all our raw materials are certificated by Food Monitoring Centre) Food Monitoring Center is the fundamental and core legislative, and its certificate has to be obtained in order for the consumable material to be released and further used for production. The tests include sampling examination, country of origin, weight, quantity and other specifications.

Agencies Jafara is dealing with are multiple governmentally verified; samples of finished juice and water samples are tested for quality its key parameters and compliance with Libyan regulation, waste water undergoes agency testing as well.

- **FOOD Monitoring board**: Chemical, microbiology testing of raw material and finished goods.
- **Water committee board**: Testing of water specification.

2. **Project description**

Jafara net surface is 36,500 m², we are located in Suwany road near Tripoli International airport.

1. Production hall 3,370 m²
2. Warehouse 4,435 m²
3. Head quarter 456 m²
4. Restaurant 465 m²
5. Accommodation for workers 351 m²

At moment the company owns two water sources, capacities of sources are 40m³ per hour. We are connected to electricity network and as backup we are using generators. During maintenance of our equipment, vehicle and generators all grease, used spare parts collected on a specific location and dispatched and destroyed by local companies.

Jafara imports fruit juice concentrate from Italy, Pakistan and North Africa, adds water and packages the fruit juice under its own brand ready for distribution in Libya. Our main supplier for juice production is Italy, where no child labour issues are ever recorded.

Libya Plastic is the bottle main provider.

We are planning to install a new water line of capacity 12,000 pcs. per hour.
For production of juices we are using Tetrapak roll and Tetrapak is our main supplier. In following table you can find list of our main suppliers:

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Country of origin</th>
<th>Raw material</th>
<th>Child labor issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>TETRAPAK</td>
<td>Sweden</td>
<td>Roll for juices</td>
<td>No</td>
</tr>
<tr>
<td>ItalFruta</td>
<td>Italy</td>
<td>Concentrate</td>
<td>No</td>
</tr>
<tr>
<td>Incala Gricola</td>
<td>Italy</td>
<td>Concentrate</td>
<td>No</td>
</tr>
<tr>
<td>Cantina Brusa</td>
<td>Italy</td>
<td>Concentrate</td>
<td>No</td>
</tr>
<tr>
<td>Libyan Plast</td>
<td>Libya</td>
<td>Performs</td>
<td>No</td>
</tr>
<tr>
<td>Libyan state owned company</td>
<td>Libya</td>
<td>Plastic industry</td>
<td></td>
</tr>
<tr>
<td>Libyan state owned company</td>
<td>Libya</td>
<td>packaging</td>
<td></td>
</tr>
</tbody>
</table>

According to contract between AfricaInvest and Inter MIMS, we are planning to install a new water line. The water line is second hand and will be imported from Bosnia and Herzegovina. The capacity of new water line is 12,000 pcs. per hour. The water line was used in Bosnia and Herzegovina so it is in line of EU standards. It will be installed in existing facilities, so there will not be any additional construction.

Jafara factory is located on Suwany road Jafaramunicipality, near Tripoli International airport.

Jafara’s main distribution channels are wholesalers, supermarkets and own distribution, where wholesalers use their own transportation means, and factory own distribution rely on our vehicles, driven by our employees that are licensed categorically and abide to local traffic regulations and safety standards.

50% of our total sales are wholesalers, they pick up our goods in factory with their own trucks. 40% of our total sales are our own distribution, we have 4 VOLVO trucks and 11 FOTONS, daily maintaining and small repairs we do it in our mechanical store. Services such as changing of grease, liquid, brakes, filters are provides by authorized service stores. All our drivers are licensed with B, C and D category and they are Jafara employees. Drivers respecting traffic regulation and there is no special Jafara guidelines.

No rivers are located nearby.

Last statistics available provides for 233 inhabitants per square km in the region and the population within 1 km radius should be around 450 thousand inhabitants in the Jafara area.

3. Baseline data

3.7 hectares is total project site. Elevation 81 m. The warm season lasts from June 4 to September 26 with an average daily high temperature above 32°C. The hottest day of the year is August 19, with an average high of 36°C and low of 23°C. The cold season lasts from November 27 to March 11 with an average daily high temperature below 21°C. The coldest day of the year is January 25, with an average low of 7°C and high of 17°C. Over the course of the year typical wind speeds vary from 0 m/s to 8 m/s (calm to fresh breeze), rarely exceeding 12 m/s (strong breeze). The highest average wind speed of 5 m/s (gentle breeze) occurs around May 22, at which time the average daily maximum wind speed is 8 m/s (fresh breeze). The lowest average wind speed of 3 m/s (light breeze) occurs around November 4, at which time the average daily maximum wind speed is 6 m/s (moderate breeze).
No additional land acquisition is anticipated for the expansion of the new water line.

4. Social and Environmental impacts

4.1) PS 1: Social and Environmental Assessment and Management System

A Social and Environmental Management System (SEMS) is not established in the company as a specific procedure. We are trying to apply most of the regulations in order to improve quality of life of our workers and at the same time social and environmental awareness of the company. It should be pointed out that the management of the company is predominantly sourced from the Mother company, which is a company operating under Bosnian environmental standards, which are rapidly coming into line with EU regulations.

A Social and Environmental Management Plan exists.

The Administration department is responsible for social management including awareness and safety and its continuous improvement, whereas Quality control maintains and manages environmental awareness within the company. By the end of 2012 we plan to establish the ISO 9001 certificate. All the relevant permits have been received for the site and the construction.

4.2) PS 2: Labour and working Conditions

A critical point control and monitoring system will be implemented prior to the HACCP certification.

In order to fulfil all requirements for ISO certificate we start with following procedure:

1. Start to prepare company for ISO certificate, establishing new organizational structure, defining working places and in same time defining the duties and tasks.
2. Analysing existing documentation and time required, defining control points and gaps.
3. Till end of year we will prepare project plan for all departments.
4. We already established some procedure, procedure for production, quality control of raw materials and finished goods, procedure for purchasing of goods, planning of production, financial reporting and sales reporting, maintaining of equipment according to specification of vendors.
5. Know our main goal is to training our staff in next 6 months.
6. Improvement of existing documentation and archiving.
7. Finalising above mentioned steps company will finished most of requirements for ISO 9001 certificate.

Jafara’s main goal is providing training for its staff in the upcoming six months safety and security awareness oriented. Currently we do not have formalized training plans for our employees. We received the report prepared by the external agency regarding the safety and security in the company. We took the decision to sign a contract with an external company that will provide us with training of our staff in case of emergency by the end of 2012.

All the premises are equipped with fire extinguishers. Nevertheless, fire safety of the central warehouse deserves an upgrade: no fire doors, no fire alarms, no smoke detectors, no sprinklers, lack of staff training, no emergency / evacuation plan. In order to improve safety and fire system in company we are in contact with local company who provide this kind of service. According to their first impression we start establishing several things, such as:

Jafara Co.for Food Industries
1. Hydrant network is set in, in all production and warehouse halls. Water source for this network is separated from other users, it has own water pumps and tanks.
2. Fire exits are planned but because of maintaining of floors are still not marked.

Child labor issues are strictly regulated.

A grievance mechanism is in place which includes a book registering all data such as the date, the name and a description of the problem. The complaints are then submitted to the info desk on a daily basis. According to nature of problem, complaint report transferred to equivalent department. Monthly departments submit to GM their reports, and together we define solution for each complaint.

By the 1st of April all workers signed new contracts.

During three shift of production, we are providing food for our workers (breakfast, lunch and dinner). We also have workers who are trained to apply first aid in the event of an emergency.

4.3) PS 3 Pollution Prevention and Abatement

Liquid waste from bathrooms and kitchens is collected and discharged into the public sewage treatment plant, whereas waste water from production is collected planned to be recycled for factory gardening.

Solid waste like bottles, cartons and labels are dispatched by local company to municipally regulated dumps.

We possess underground network pipeline system for collecting the waste water from the production process. Those pipelines are connected to the underground concrete basins, capacity of 100m3. With water pump (pump capacity is 15m3 per hour) we are pumping water from the basins to degassing. Degassing is for extracting bad smell from the waste water.

After finishing the process of degassing the water is treated by sand filter. The dimension of filter is 6m*3m*1.5m. There are three different layers with different dimension of granules. Dimension of granules are 0.5mm up to 30mm.

All above treatment is physical. After physical treatment we apply chemical treatment, as follows:

Collecting water in other basins capacity of 100m3, we are dosage the Cl and Aluminum Sulphate. Our supplier delivers to us “Just on Time” necessary quantities of those chemicals. Because of this kind of delivery we do not store chemicals on site. If we have any left over the supplier will dispose of them.

Monthly our technical department inspects concrete basins in case that the basins need cleaning. An external company absorbs sludge form basins.

The plant has a laboratory for the control of the manufacturing operation, with two rooms, one for physical-chemical analyses and the other for microbiological analyses. A specific room is devoted to storing samples of production (manufacturing lots) (trackability).

All our inputs are form EU and we have copies of all necessary documentation, as certificate of origin and ingredient composition labels. In addition each delivery of raw material is controlled by the Libyan Food Monitoring Centre.

In terms of storage conditions, the company has secured warehouse with strict control of access. The cold room access is prohibited except for the technical staff.
In case that we have some materials that we have to destroy, our Quality Control provides information how mentioned goods have to be destroyed. Next step is destroying of goods by our self or engaged the local company to do that for us.

We are connected to local electricity network. As a backup we are using three generators with total power of 1.5 MW. Generators are protected by fence, and according to our internal procedure, only workers of technical department access to generators. Jafara possess underground tanks for fuel, but at moment we are not using them. Tanks are empty. Jafara used these tanks during war in Libya to storage fuel. But because the fact that fuel in Libya is very cheap, storage of fuel in this case is increasing of a cost which is not profitable.

Generators are for production of electricity and they working like engine, so leaking in this case are not applicable. Generator is set on concrete foundation surrounded with retaining concrete wall dimensions of retaining wall are 200mm*250mm. In case of leaking all fuel or oil will retain in surrounding basin.

The company possesses all necessary Government issued permits for using of water sources. Capacity of our water sources are 40 m3 per hour. We are currently submitting to local authorities request for excavation of new water.

Our distribution and transportation department possess 4 VOLVO trucks and 11 FOTONS. Daily maintenance and small repairs such as changing the bulbs for headlights, batteries, changing of tiers, diagnostic of failures are done in our mechanical store. Services as changing of grease, liquid, brakes, filters are provided by authorized service stores off site. All vehicles are re-fuelled off site from gas stations.

Machinery is powered electrically resulting in no air emissions.

The site is designed according to European standards regulating appropriate water treatment and waste water management, water effluents are collected on demand by the municipality to be directly discharged into the public sewage treatment plant.

4.4) PS 4: Community Health Safety and Security

Weekly we arrange visits of students to our factory. During these meetings we try to teach them and to transfer them our know-how. Also our park is visited by pupils. Jafara possess two green areas in front of HQ building, total net surfaces of those areas are 6000 m2.

In future we plan to build up playground for young children.

We are supporting hospitals, schools and kinder gardens by supplying them with juices and water on a monthly bases. Monthly we are spending in range of 700 EUR up to 2.000 EUR. After the war in Libya we supported the travel costs of 80 wounded Libyan citizens to Bosnia and we finances visa for them.

There is complaint book for our customers and for local stakeholders.

We have 4 unarmed guards on the main gate. Their supervisor is an ex soldier and the others are not trained. Security staff is employed by the company.

All Jafara drivers are licenced and obey traffic regulation.

4.5) PS 5: Land Acquisition and Involuntary Resettlement

No extra land is being acquired as we will acquire a new line to be installed in the existing factory and using the existing facilities.
4.6) PS 6: Biodiversity Conservation and Sustainable Natural Resources Management
N/A

4.7) PS 7: Indigenous Peoples
N/A

4.8) PS 8: Cultural heritage
N/A

5. Management Program
The E&S independent auditor will be making a follow up visit in September 2012 as part of the monitoring of the action plan. Frequency of the audit is yearly.

6. Findings and Areas of Concern following the audit of 2011
Fire safety of the central warehouse deserves an upgrade: no fire doors, no fire alarms, no smoke detectors, no sprinklers, lack of staff training, no emergency / evacuation plan

The general layout of the factory needs to be reviewed: cross-flows between the various premises, conditions of access and movement of staff and visitors inside the factory, no clean and dirty areas formally identified, no moving forward principle implemented between these two zones, concrete floor badly damaged, lighting devices not protected.

7. Corrective Action Plan
• Monitor (i.e. on a yearly basis) the quality of the effluents (CDO, BDO5, pH, MS)
• For trackability purposes, the quality management system should also store samples of production inputs (packaging, chemicals, raw and treated water) and not only of manufacturing lots.
• Review fire safety system of the plant (warehouses and factory)
• Build a retention basin around the boilers to prevent accidental pollution due to fuel leakage