

SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY

A. Environment and Social Safeguards

1. The project is classified B for environment impact, requiring an initial environmental examination (IEE) covering three project components—a liquid glucose plant, flour mill, and food processing plant—at two proposed sites in Danga in Gorashal District and Olipur in Habiganj District, following the Asian Development Bank (ADB) Safeguard Policy Statement (2009). The project will be implemented under a new and dedicated PRAN company, Sylvan Agriculture Limited (SAL), to be supported by the group's functional departments. ADB's due diligence of the project included a review of the IEE, environmental audit of the corporate environmental and management system, and the environmental performance of ongoing construction at the proposed plant sites.

2. The IEE found the environmental, health, and safety impacts and risks during construction minimal and temporary, mainly related to air and water quality, noise, solid and liquid wastes from construction camps, and occupational health and safety. Key potential impacts and risks during operation are industrial pollution, product contamination, and occupational health and safety risks. Potential industrial pollution includes (i) dust emissions mostly from liquid glucose and flour production; (ii) increased volumes of wastewater with higher levels of significant factors such as acidity, biochemical oxygen demand, ammonia nitrogen, metals, and coliform; and (iii) solid waste including domestic and industrial organic wastes. Product contamination risks are related to food safety issues and potential failure to follow established procedures for processes, equipment, and staff hygiene. Potential occupational health and safety impacts include physical hazards such as exposure to dust, chemicals, noise, heat, and cold. These impacts and risks will be mitigated by appropriate emission control, wastewater treatment, solid waste management, adherence to internationally recognized food safety standards, and occupational health and safety measures. These control, prevention, and mitigation measures are in line with generally recognized standards and good practices, such as the World Bank Group's Environmental Health and Safety Guidelines, and are outlined in the project's environmental management plan. The project company will formally establish a grievance-redress mechanism setting out the time frame and mechanisms for resolving complaints about environmental performance.

3. The PRAN Group is International Organization for Standardization (ISO)-certified for quality and aims to have integrated management system certification covering ISO standards for quality, environmental management systems, and occupational health and safety across all its facilities to fulfill a commitment under previous investments by the International Finance Corporation. The recent corporate audit report of the integrated management system found the group's environmental performance satisfactory. All their sites comply with legal requirements such as clearance and licenses from the regulating agencies. The group has established either (i) procedures for controlling environmental impacts of individual aspects or (ii) an impact list for all sites. Most common aspects include noise, stack emission, process effluent, solid waste including packaging materials, use of chemicals, use of resources, and energy consumption. The company has contingency plans for fire, effluent treatment failure, chemical spillage, and other incidents. Audit findings found some improvements required regarding noise, solid waste management, and health and safety performance. Corrective actions include improving operational controls and monitoring to reduce impacts and risks, training and enhancing the awareness of workers and staff, and practicing contingency plans. With regard to

engagement with stakeholders, the group has good community interaction, and surrounding communities have significant participation in the workforce of individual factories. An established procedure exists for communications from stakeholders and responses to them.

4. The review of the environmental performance on ongoing construction found impacts mainly from civil works and from construction camps, such as on air and water quality and noise, as well as related to occupational and community health and safety. Corrective actions to address these concerns have been identified and incorporated in the IEE, such as environmental quality determinations regarding air, water and noise to ensure that parameters and pollutants are within standards. This also is part of the basis for the IEE and for the provision of appropriate personnel protective equipment and safety awareness training for construction labor and for the enhanced engagement and consultation of the community with regard to community health and safety.

5. The project is category C for involuntary resettlement and indigenous peoples under ADB's Safeguard Policy Statement (2009). Project facilities will be located in Danga, 30 kilometers east of Dhaka, and Olipur, 120 kilometers northeast of Dhaka. As the land is in industrial parks already owned by the group, no land acquisition is required, and the project has no adverse impact on indigenous peoples.

B. Other Social Dimensions

6. Employment opportunities for the local people in Danga and Olipur will increase during plant operation. The PRAN Group will comply with core labor standards to ensure fair, safe, and healthy working conditions when using ADB funds. Some gender benefits are expected, as a large proportion of the workforce in food processing is female, and the project will provide jobs for about 1,000 employees, targeting 30% for women. PRAN sources most of its agricultural raw materials locally from contracted farmers and has already contracted more than 42,000 farmers all over Bangladesh to provide eight different crops. The project is expected to increase the number of contracted farmers by at least 50,000.