

European Bank for Reconstruction
and Development

**Kolubara Environmental Upgrade
Project**

**Environmental and Social Action
Plan**

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1 Introduction

The European Bank for Reconstruction and Development (EBRD) is considering financing an Environmental Improvement Project at Kolubara Mining Basin.

This proposed investment of EBRD funds is for the improvement of open cast mine operation technology and introduction of the coal quality management system providing an energy resource of uniform quality for more efficient power plant operation.

Arup has been appointed by EBRD to review the existing documentation and the existing project activities, to compare their scope and content with the environmental and social requirements of EBRD Environmental and Social Policy and Performance Requirements (2008). As necessary, measures are to be identified for achieving compliance with the EBRD Environmental and Social Policy (2008), through an Environment and Social Action Plan (ESAP) to be implemented as part of the loan agreement.

The project is categorised as a Category A project according to EBRD categorisation. It therefore it requires an Environmental and Social Impact Assessment (ESIA), a Stakeholder Engagement Plan (SEP), and a Non-Technical Summary (NTS). These all need to be prepared to the satisfaction of EBRD.

2 Methodology

An Environmental and Social Due Diligence exercise has been undertaken, including an Audit and document review to assess the environmental and social issues associated with proposed project. An assessment of the proposals against compliance with the EBRD Performance Requirements (PR) has been undertaken, the results of which are presented as a GAP Analysis Report.

Based on the findings of these initial investigations this ESAP has been developed. It details mitigation measures to prevent, reduce or minimise environmental and social impacts of the Project, and measures to improve the current environmental and social management systems and operational performance towards compliance with the EBRD's Environmental and Social PRs throughout the lifetime of the project.

With respect to health and safety, a number of the recommendations build on the work currently being undertaken to develop capacity for occupational health and safety management in EPS, and are specifically included here for reference to this project.

3 Environmental and Social Action Plan Table

The following environmental and social actions are required to fulfil the requirements of the EBRD's Environment and Social Policy (2008), within the timescale indicated. An estimate of the resources in terms of personnel time has been provided where relevant, and external costs have been estimated where possible; this is provided for information purposes only. Responsibility for discharging the actions will lie with EPS, although it is recognised that EPS' subsidiary companies, including RB Kolubara will be instrumental in delivering the actions.

No	Action	Environmental Risks/Benefits	EBRD PR / legislative requirement / Best Practice	Investment Needs/ Resources/ Responsibility	Timetable Action to be completed by the End of Year	Target and Evaluation Criteria for Successful Implementation
1	Prepare an Inception Report for Field C [as per the Inception Report for Tamnava West]. This will include an Environmental Protection Plan, Environmental Action Plan and a budget. The report should include the proposed mitigation measures (including those set out in the EIA), procedures for environmental monitoring and restoration strategy, connected with RB Kolubara's Environmental Management System.	Organisation Capacity and Commitment / Managing Contractors/ Non employee workers. Risk of damage to environmental (including to habitat and unanticipated cultural heritage finds) features of non-implementation of appropriate measures at the correct time. The same approach will be applied for Field C and Tamnava West Field, reducing the risk of confusion during implementation	PR 1 The report will ensure that the best environmental practice is achieved throughout the development and that all sensitive environmental and residential receptors are protected as far as possible.	Own resources. Project leader, supported by environmental manager. Staff and Management time. Specialist input from an ecologist, cultural heritage and nature conservation expert may be required depending upon in house capability.	The report to be prepared within 3 months of signing of Loan agreement.	The Inception Report including Environmental Protection Plan, an Environmental Action Plan and a budget realisation of detailed Environmental Action Plan for the construction and operational phases of Field C.

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2	Develop a programme for implementing the mitigation measures described in Section 8 and monitoring requirement described in Section 9 of the EIAs for Field C and Tamnava West, and the any other mitigation measures specified in the Inception Reports (including Environmental Protection Plan and Environmental Action Plan) during the construction and operational phases of Field C and Tamnava West Lignite Mine. In particular the programme should recognise the need for the collection of data in advance of works (such as the registers of all fauna and flora species) and for the restoration and reclamation of the site upon phased completion of mining activities. The programme should assign roles and responsibilities to EPS/RB Kolubara staff, consultants and sub-contractors as appropriate, and indicate how the programme will be managed and delivered.	Organisation Capacity and Commitment / Managing Contractors/ Non employee workers. Ensures that mitigation measures are delivered at the appropriate time.	PR 1 The programme will help ensure that best environmental practice is achieved throughout the development and that all sensitive environmental and residential receptors are protected as far as possible.	Own resources. Project leader, supported by environmental manager. Staff and Management time. Some consultant advice may be required with respect to the timings of seasonally dependent ecological surveys needed for the development of the Register of Flora and Fauna Species.	Programme to be prepared within 3 months of signing of Loan agreement.	The programme including the mitigation actions set out in the Inception Report and EIA and detailing when each action will commence and conclude. The 3-monthly reports are to indicate that all planned actions have been started and completed, and which will commence within the next 3 monthly period.
3	Implement the programmed mitigation measures (described in Section 8 and monitoring requirement described in Section 9 of the EIAs and in the Inception Report) at the appropriate times in the project lifecycle. This includes the advanced surveys required and the phased restoration of the mine upon completion of activities in a particular area.	Unmitigated environmental impact would be in breach of requirements in permission for the scheme to go ahead.	PR1 Consenting documents/ compliance with environmental legislation	Own resources. environmental manager. Physical costs of mitigation measures, such as noise barriers and sub-consultancy support as	Mitigation measures and monitoring to be implemented in accordance with programme.	Report 3-monthly the actions implemented in the last 3 months and the actions to be implemented in the next 3 months. The reports are to indicate the mitigation measures that have been completed.

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				necessary.		
4	<p>Implement the Stakeholder Engagement Plan, to ensure all consultation / complaints are documented, monitored and dealt with promptly and transparently. The SEP will include an improved grievance procedure that is simple and easily available (including forms), and contain clauses on confidentiality, non-retribution, time-scale, right of appeal, right to be accompanied and record keeping and will be in accordance with the provisions of Serbian Law.</p> <p>Provide training as necessary for staff involved in the management of the grievance mechanism</p>	<p>Best Practice. Reduced risk of stakeholder grievances being overlooked and resulting in project delay or reputational protest.</p> <p>Legal compliance.</p>	<p>PR 2 &10 Information disclosure and Stakeholder Engagement, Stakeholder Engagement Plan.</p>	<p>Own resources. SEP Team Manager, supported by SEP Team and legal department.</p>	<p>To be implemented within 1 month of signing of Loan Agreement.</p>	<p>The SEP will be implemented and evaluated by:</p> <ul style="list-style-type: none"> • A completed Register of Stakeholders; • Records of stakeholder engagement activities, including minutes of meetings held being uploaded onto EPS and RB Kolubara websites; • Copy of SEP on the EPS and RB Kolubara websites; • A record of a 6 monthly review and update of SEP as necessary on EPS and RB Kolubara websites; • New SEPs being prepared for other projects developed by EPS during the lifetime of the loan; • An established and readily accessible grievance management system; • Records of training provided to staff in managing grievances;

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						<ul style="list-style-type: none"> Record of all grievances and related follow-up (number of resolved grievances compared to number of unresolved grievances). The relocation of the cemetery (planned for 2012) is implemented on the basis of agreements reached with the affected stakeholders (as well as in accordance with Serbian law); Register of compensation agreements;
5	Appoint community-liaison officers to liaise with local communities and assist stakeholders in raising verbal or written grievance.. Provide other means of feedback to stakeholders, including bulletin boards and boxes for suggestions.	Best Practice / Compliance with EBRD requirement / reduce risk of stakeholders feeling ignored and ensure company / project is proactive in informing public rather than being reactive and exposed to	PR 1, 5 & 10	Own resources. SEP Team Manager supported by Legal department	To be implemented by within 1 month of signing of loan agreement.	Updated organisation charts to indicate these positions. Copies of job descriptions. Provision of measures, feedback and actions to be monitored through SEP as updated on the websites.
6	Make information about the project, its operation and programme available to staff via a company newsletter, e-mail updates, regular meetings, and via notice boards.	Best Practice / Compliance with EBRD requirement	PR 1 & 10	Own resources. SEP Team Manager supported by SEP Team and Legal department.	To be implemented within 6 months of signing of loan agreement.	Records of an annual company newsletter, a 6-monthly staff meeting and 3-monthly email updates. An employee grievance mechanism.

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	<p>Establish a formal mechanism for employees to raise grievances with management and ensure that issues raised by employees are addressed within a specified time period</p> <p>Ensure feedback provided is treated confidentially where confidentiality is requested / necessary.</p>					All employees to have up to date knowledge of the project and grievance mechanism.
7	<p>Develop and implement a Human Resources Policy that is in compliance with EBRD policy (and PR2) and produce a ‘signposting’ HR document summarising key points and directing staff to where they can get more detailed information. The policy should include:</p> <ul style="list-style-type: none"> • Principles of non-discrimination and equal opportunities • Prohibition of forced labour • Prohibition of child labour • Rights of non-employee Workers • Principles for Contractor management 	Ensure that working conditions and standards are applied.	PR 2 Labour & Working Conditions, the Supply Chain. Best Practice.	Own resources. Human Resources Manager and Legal department.	End 2011	<p>Provide a copy of the HR policy and of the ‘signposting’ document.</p> <p>Provision of supply chain procedures defining required standards for the supply chain, and how this will be implemented within management systems i.e. what criteria and how will suppliers be checked.</p>
8	<p>Ensure that contractors and subcontractors implement environmental, health, safety and social requirement in line with Serbian legislation and relevant EBRD Performance Requirements.</p> <p>This will require contractors and sub-contractors to:</p>	Risks to reputation, cost savings.	PR 2 Labour & Working Conditions, the Supply Chain. Best Practice.	Own resources. RB Kolubara IMS Manager, supported by IMS Department, Environmental Department,	Prior to purchase of equipment subject to loan.	Details of the information requested from contractors and sub-contractors, together of records of the information gathered in response.

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	<ul style="list-style-type: none"> • have or be working towards developing an EMS or, for smaller companies, that they have a procedure for identifying and managing environmental risk; • implement health and safety and fire protection measures; • disclose any environmental and H&S incidents they have had in the last three years; • implement policies that eliminate risk of child labour, forced labour and general labour violations. 			Health & Safety and Fire Protection Department and Purchasing Department.		
9	Prepare an Industrial Waste Management Plan (WMP) for Field C to satisfy the requirements of EU Waste Framework Directive and Serbian waste legislation. The plan should describe industrial waste management procedures with an action plan, as well as remediation activities for contaminated soil in the case of hazards.	Risks of a compliance failure and resulting cost penalties, and legal liabilities. The same approach will be followed for Field C as for Tamnava West, reducing the risk of confusion during implementation.	PR 3	Own resources. RB Kolubara Environment Manager supported by the Environment Department.	Prior to operation of Field C.	Industrial Waste Management Plan for Field C. The Contaminated Soil Action Plan will also be developed in the case of hazards. Records of compliant waste management should be maintained, with no non-compliances for both fields C and Tamnava West
10	Risk assessments are to be prepared regarding the use and management of hazardous materials.	Potential impact to employees and environmental receptors.	PR 3 To ensure that best environmental practice is achieved throughout	RB Kolubara H&S Manager, supported by Environment Department and H&S	Procedures to be implemented in EMS	Clear procedures within the EMS requiring risk assessments to be undertaken.

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			the development and that all sensitive environmental and residential receptors are protected as far as possible.	Department and external resources.	within 6 months of signing of loan agreement.	Records of assessments and evidence of compliance to be maintained.
11	Prepare a Health and Safety (H&S) Risk Assessment for possible hazards and risks to the community from this project.	Reduced risk of injuries to those in the community.	PR 4 (7)	H&S Manager supported by the H&S team. External resources are required: public health organisations although it is not envisaged that costs will be incurred from these external resources	Within 6 months of signing of loan agreement.	3 or 4 page Documented Risk Assessment (along lines of international best practice) of possible hazards and risks to the community from this project and this equipment.
12	Develop suitable emergency preparedness and response procedures in accordance with OHSAS 18001 clause 4.4.7.	Improved safety performance and improvements in the Safety Management System.	PR 4 (18-22)	Own resources. H&S Manager, supported by the H&S Department	Within 12 months of signing of loan agreement.	Documented emergency procedures that fully meet the requirements of the OHSAS clause 4.4.7.
13	Kolubara to organise employees re-training to improve safe behaviour and prevent fatalities due to non-observance of the	Improved safe behaviours to reduce risk of injuries to	PR 2 (13)	H&S Manager supported by the H&S	Within 12 months of signing of	% of staff involved in safe behaviour programmes, as per training. Implementation

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	existing H&S rules and measures.	employees.		Department and Republic mining inspection.	loan agreement.	to be monitored annually through management system audits.
14	Kolubara to further review the recent reports from the Mining Inspectors to identify <u>root causes</u> of the immediate cause of death.	Understanding root causes highlights <u>specific</u> hazards and risks to be avoided.	PR 2 (13)	Kolubara General Manager supported by the H&S Department.	Within 3 months of signing of loan agreement.	Identify specific actions to improve safety and develop a plan to implement them. Implementation to be monitored annually through management system audits.
15	Develop a lesson learned procedure for fatalities, accidents and near-misses. Following any such incidents, increase monitoring to assess the effectiveness of corrective actions.	Ensuring regular review and update creates safer workplace and reduces risk of injuries to employees.	PR 2 (13)	Own resources. H&S Manager supported by the H&S Department	Within 12 months of signing of loan agreement.	Lessons learned procedure. A documented list of actions to be implemented and evidence of actions taken, as a result of incidents. Evidence of safety inspections being carried out to monitor those actions. Mandatory amendments of the Risk Assessment Act related to fatalities based on legal regulations. Implementation to be monitored annually through management system audits.
16	Adopt a hierarchy of controls (as per OHSAS 18001 clause 4.3.1)	Control measures that avoid or eliminate risk as a priority over those	PR 2 (13)	Own resources. RB Kolubara IMS Manager	Within 12 months of signing of	Revised Risk Assessment which puts priority on the elimination of risks.

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		that reduce risk are more effective.		supported by the IMS Department and H&S Department	loan agreement.	Implementation to be monitored annually through management system audits.
17	Continue to implement the H&S processes for managing contractors. Ensure that the Kolubara H&S Division carry out ad hoc and random safety inspections that include contractors and that these are recorded. All recommendations to be communicated to the contractors.	Safer work practices for contractors conforming to and working within Kolubara's H&S processes.	PR 2 (13)	Own resources. H&S Manager supported by the H&S Department	Within 12 months of signing of loan agreement.	A programme of safety inspections (ad hoc and random) to be developed and evidence of it being implemented to be recorded through management system procedures.
18	Update the H&S policy to include a commitment to prevention of injury and ill health, and to be signed by the current Company Director.	Compliance with OHSAS requirements.	PR 2 (14-15)	Own resources. RB Kolubara General Manager, H&S Manager and IMS Department	Within 12 months of signing of loan agreement.	Updated H&S Policy and all old H&S Policies removed from display.
19	Bureau Veritas Certification Auditor's Report found no reference to H&S objectives. A management program should be developed to include objectives, timescales for achieving them, allocate responsibilities and the necessary financial funds.	Clear H&S objectives / goals lead to good focus on improving H&S with resources targeted appropriately.	PR 2 (14-15)	Own resources. H&S Department Manager	Within 12 months of signing of loan agreement.	A set of H&S objectives / goals with a clear management programme for implementation, including timescales and resources to be formulated and recorded.
20	Management Review which fully meets the requirements of OHSAS 18001 clause 4.6 to be undertaken as a priority within 3 months.	Improved safety performance and improvements in the Safety Management System.	PR 2 (14-15)	Own resources. Kolubara General Manager, and, H&S Department, RB Kolubara IMS Department	Within 3 months of signing of loan agreement.	A Management Review report that fully meets requirements of OHSAS clause 4.6, to be prepared and recorded.

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21	<p>First internal audit based on OHSAS 18001:2007 identified 18 non-conformities. Management to ensure that all findings are actioned and that the close out is recorded.</p> <p>Lack of safety lists, should be reviewed, clarified, actioned and recorded.</p> <p>Improvements are identified in findings of Bureau Veritas Auditor's Report</p>	<p>Improved safety performance and improvements in the Safety Management System.</p>	PR 2 (14-15)	<p>Own resources. RB Kolubara IMS Manager supported by IMS and H&S Departments</p>	<p>Within 12 months of signing of loan agreement..</p>	<p>Evidence of all 18 non-conformities being closed out.</p> <p>Review safety lists implement accordingly.</p> <p>All actions in the Bureau Veritas Auditor's Report to be closed and evidence of the actions taken to be recorded and reviewed through management system procedures.</p>
22	<p>Develop and implement a Resettlement Action Plan for the completion of the remaining resettlement, including land acquisition and economic displacement, for the development of Tamnava West and Field C (to include for the relocation of the cemetery and the remaining 45 households) that sets out clear lines of communication and responsibility for completing the resettlement, and provides a mechanism for EPS (and RB Kolubara as appropriate) to demonstrate the actions they are taking to ensure resettlement is undertaken in accordance with EBRD's PR5. The RAP will detail as a minimum the entitlements of all relevant categories of affected persons, and document all transactions to acquire land rights, the compensation measures (as necessary to restore the livelihoods and standards of affected people or to provide fair compensation) and the relocation assistance to be provided. It will detail the</p>	<p>Best Practice. Reduced risk of objections through proactive management.</p>	PR 5: Land Acquisition, Involuntary Resettlement and Economic Displacement. Legal compliance.	<p>Own Resources. SEP Team Manager, supported by SEP Team and Legal department..</p>	<p>To be prepared and implemented within 6 months of the signing of the loan agreement</p>	<p>A RAP detailing how the requirements of PR5 will be met, including an Entitlements Matrix that sets out the broad types of compensation that people can expect. A 6-monthly report of the actions completed, including details of the compensation measures offered in addition to the legal requirements by EPS.</p>

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	programme and budget for implementing the resettlement, a grievance mechanism and the arrangements for monitoring, evaluation and reporting of the RAP.					