

Polimery Police Project (the Project)
Draft Environmental and Social Action Plan (“ESAP”)

Note: The term “Lenders” refers to European Bank for Reconstruction and Development and other lenders as appropriate. If not otherwise clearly indicated, the term “own resources” refers to resources of the Company and EPC Contractor

No.	Action	Environmental & Social Risks (Liability/Benefits)	Requirement (Legislative, EBRD PR, Best Practice)	Resources, Investment Needs, Responsibility	Timetable	Target and Evaluation Criteria for Successful Implementation
0.	Corporate Environmental and Social Governance					
0.1.	Attached as Annex is the Grupa Azoty ESAP. The Company will implement these corporate requirement of the Majority shareholder and develop best practice and Environmental and Social Governance standards to reflect best industry practices.	Implementation of best practice	Existing loan agreements with Majority shareholder and best practice	internal	Ongoing	Continuation of implementation of corporate ESG Polices and ESAP action agreed with EBRD
PR1	Assessment and Management of Environmental and Social Impacts and Issues					
1.1	In Project designing and construction strictly follow provisions of the Environmental Decision No. WONS-OŚ.4211.9.2015.AT.26 changed with the decision No. WONS-OŚ.420.49.2018.AW.26. Develop Project Organization Plan which shall include a need for supervision and monitoring of the environmental decision implementation.	Compliance with the legal obligations imposed by the Environmental Decision	Legal requirement Good practice	Own resources, external consultants. Management time.	During the Project execution	Report to Lenders.
1.2	Develop and implement an Environmental and Social Policy	Optimization of environmental management	EBRD PR1	Own resources, external consultants.	Before commencement of	Develop and implement an ESMS which shall be

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	and based on this Policy develop, implement and maintain an Environmental, Social and H&S Management System (ESMS) which will also address a need for responsible company governance and full implementation EBRD PRs	through a formalized system.	Voluntary and best practice	Management time.	the construction works. Certification of the ESMS in 2 years of the facility operations.	compliant as a minimum with ISO14001 and ISO 45000 or equivalent. Report to the Lenders
1.3	Develop an Environmental and Social Management Plan that will implement all Project requirements including those resulting from Polish and EU law and EBRD Performance Requirements	Structured approach to management of environmental and social issues during construction and operation of the facility.	EBRD PR 1	Own resources, external consultants. Management time	Before commencement of the construction works.	Environmental and Social Management Plan for the construction period and operation prior the ESMS has been developed. Relevant procedures of the ESMS. Report to Lenders.
1.4	Appoint the environmental supervision advisor to undertake regular supervision of the construction works in order to make sure that such are conducted in line with the provisions of the environmental decision and good industry practice and that the environmental risks are mitigated and properly managed.	Control over environmental risks that may arise during construction works.	EBRD PR 1 Good practice	Own resources, external consultants. Management time	During the construction works.	Record of construction works inspections. Report to Lenders.

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1.5	Develop a supply chain management plan for the operational stage of the Project. Given the transport of the gaseous substances by ships is regulated by international rules, e.g. these delivered by SIGTTO and valid equivalent regulations in respect to this substance the plan may be limited to periodical control of certificates for shipment validity.	Limitation of a risk, that suppliers of the raw materials, including vessel operators, act without appropriate environmental awareness.	EBRD PR 1 Best Practice	Own resources Management time	Before the facility is operational	Supply Chain Management Plan implemented into the ESMS. Report to Lenders
PR2	Labor and Working Conditions					
2.1	As part of the ESMS develop a Human Resources Policy which principles should be applicable to own resources as well as contractors and sub-contractors.	Securing that the highest international standards and national law are followed and applicable to all own and external workers involved.	EBRD PR 2	Own resources, external consultants. Management time	Before commencement of the construction works	Respective procedures of the ESMS. Report to Lenders.
2.2	Undertake regular labor audits.	Securing that the labor standards are respected.	EBRD PR 2 Good practice	Own resources/external consultants. Management time.	Continuously, at least on annual basis	Labor audits register. Report to the Lenders.
2.3	If an external security agency is hired to safeguard the facility, develop and agree with such an agency a standard of practice and behavior for the security personnel in terms of	Securing that the security personnel's labor rights are respected and that the personnel is properly trained	EBRD PR 2	Own resources/external consultants. Management time.	Before hiring the security agency	Documented standard for security personnel. Report to the Lenders

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	hiring, rules of conduct, training, equipping and monitoring of such personnel.					
2.4	Develop a grievance mechanism for own employees.	Securing, that the employees can submit they grievances or concerns and such are processed in a structured way.	EBRD PR 2	Own resources Management time	By the financial closure.	Internal Grievance Mechanism, ultimately included into the ESMS. Report to Lenders

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PR3	Resource Efficiency and Pollution Prevention and Control					
3.1	<p>Design and operate the plant in full compliance of EU BAT Conclusions and EU Industrial Emission Directive (IED)</p> <p>Fully implement the requirements of Seveso III Directive</p> <p>Undertake supervision of the designing works to secure that the facility will be fully compliant with the national and European environmental law, in particular BREF, Industrial Emissions Directive, BAT Conclusions for Large Volume Organic Chemicals and environmental decision.</p> <p>Within 1 year of commissioning undertake a commissioning internal audit to verify compliance among others with permits, EU BAT and Seveso III requirements</p>	<p>Design and construction of the facility fully compliant with the binding law, meeting the optimization criteria in terms of environmental emissions and performance.</p>	<p>EBRD PR 3 IED Seveso III BREF BAT Conclusions National environmental law Environmental Decision Good practice</p>	<p>Designing companies. Costs included in project CAPEX Management time.</p>	<p>During the designing works.</p>	<p>Construction permit, integrated permit being granted. Report to Lenders.</p>

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3.2	Install at all emission sources a continuous monitoring system (CMS) for parameters necessary for effective and optimized process control. Prepare the sources for emission measurements in line with the legal requirements either in a continuous or periodical manner.	Continuous monitoring of all technical conditions allowing for optimization of the facility operations. Ability for emission monitoring in line with the legal requirements.	Legislative EBRD PR 3	External equipment providers. Costs included in project CAPEX Management time	Before the facility is operational	CMS installed. Report to Lenders
3.3	Develop a recycling strategy and circular economy strategy for the Project. As part of this prepare recycling strategy and targets as part of circular economy. Work with industry associations to implement base practice such as European strategy for plastics in circular economy	Plastics use has a material impact on environment, through production (carbon) and impact on pollutions. The Company needs to manage risks and produce life cycle to ensure it can be part of the sustainable solutions	EBRD EU Best practice	Internal and external	Develop strategy prior to commencement and publish and implement as part of operations	Publish strategy on plastics in circular economy and recycling in line with EU best practice
3.4	Obtain in due time the Integrated Permit for the facility. Publish the summary of permit in non technical language as part of CSR or annual non financial reporting	Achievement of compliance with legal requirements.	Legal	Own resources/external consultants. Minor costs as compared to the Project value Project Director/Manager	Apply for the permit at least 5 months before planned date of commissioning. Obtain the permit before the facility is fully operational.	Integrated Permit Report to Lenders
3.5	Develop a set of Key Performance Indicators for easy monitoring of environmental	Structured approach to management and supervision of environmental	Good Practice.	Own resources. Management time.	Prepare before the facility is operational,	KPIs Report to Lenders

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	<p>and social performance of the facility. The KPIs shall be related to the facility's productivity and shall cover as a minimum:</p> <ul style="list-style-type: none"> • emission of controlled air pollutants • energy efficiency • water consumption • raw materials consumption • auxiliary materials consumption • generated wastes • breakdowns (number, duration, reasons) • internal and external grievances (number, reason, how these were addressed) • accidents at work • other than normal operations • near misses • others, as relevant. 	and social performance of the facility.	EBRD requirement		maintain during the Project lifetime	
3.6	<p>Calculate CO₂ emissions in line with the national methodology and with the EBRD Methodology for Greenhouse Gas Emissions.</p> <p>Report climate related information as part of non financial reporting and CSR</p>	Assessment of the Project carbon footprint.	EBRD PR 3 Legislative	Own resources, external consultants. Management time.	During the operational phase of the Project.	CO ₂ emission reports. Report to authorities and Lenders on annual basis.

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3.7	Develop and maintain a detailed water balance. As the “continuous improvement” principle of the ESMS identify opportunities for continuous improvement of water use efficiency; Benchmark operations to available industry standards of water use efficiency.	Optimization of water use.	EBRD PR 3 Best practice	Own resources. Management time.	During the operational phase of the Project.	Water consumption reports. Report to authorities and Lenders on annual basis.
PR4	Health and Safety					
4.1	Develop and implement a H&S Policy and based on this Policy develop, implement and maintain the ESMS	Optimization of the H&S matters through a formalized system.	EBRD PR 4 Best practice	Own resources, external consultants. Management time.	As in 1.2	As in 1.2
4.2	Implement the requirements of Seveso III including emergency planning Undertake HAZOP assessments	Reduce risk of incident and accidents	EBRD and EU law	Own resources, external consultants. Management time.	As part of design and ongoing	
4.3	Report on any industry incidents and accidents	Ensure good public communications	Best practice	Own	Ongoing	
PR 6	Biodiversity					
6.1	Implement all requirements of N2000 Assessment and liaise all construction with relevant Competent Authorities	Limit construction impacts and ensure no net loss approach during construction of port near the N2000 area	EBRD PR 6 EU and Polish law	Own	Ongoing	

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6.2	During construction phase undertake biodiversity monitoring and assessment and, if required, develop a Biodiversity Action Plan (BAP) based on the studies to limit impacts on N2000 sites (notably near the port) and ensure best practices are implemented	Ensure no impact on protected areas.	EBRD PR 6	External experts	Action plan within a month of identified adverse impact	
PR10	Information Disclosure and Stakeholder Engagement					
10.1	Implement and maintain the Stakeholders Engagement Plan and internal and external grievance procedures.	Structured approach to information disclosure, dialogue with internal and external stakeholders and authorities and processing of grievances.	EBRD PR 10 Good practice.	Own resources. Management time.	Ongoing during the Project lifetime Update the SEP on as needed basis but at least annually.	SEP Grievances record Report to Lenders
10.2	Inform the Lenders about the Project progress and environmental and social performance in a form of annual reports. The annual reports should contain as a minimum: <ul style="list-style-type: none"> • Information on the matters which in this ESAP require “Report to Lenders” • Information about the audits undertaken by the environmental authorities, their results and actions taken to eliminate identified shortcomings if any 	Fulfilment of the obligation for informing the Lenders.	EBRD PR 10	Own resources/external consultants Management time	Annually, by the end of March for the previous year. First report in 2021.	Annual reports to Lenders.

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	<ul style="list-style-type: none"> • Information about total emission of air pollutants including greenhouse gases and generated wastes • Information about any predicted or introduced legislative changes which may affect the project. • Information about any legal claims against the Project 					
10.3	Contribute in CSR reporting of the Azoty Group.	Contribution in the overall Group corporate and social responsibility.	Best Practice.	Own resources. Management time	During the Project lifetime	Corporate CSR reports.