

**Olsztyn Waste Management PPP (the Project)
Draft Environmental and Social Action (“ESAP”)**

General: This ESAP is intended to be implemented by MPEC Olsztyn (the Company) and further by SPV which will be established to build and then operate the RDF fired power plant in Olsztyn.

Specific: The term "BREF" refers to Best Available Techniques Reference Document for Waste Incineration (2006)
The term "Draft BREF" refers to working draft of Best Available Techniques Reference Document for Waste Incineration (2017)
The term "the Bank" 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 SPV

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	Status
PR1	Assessment and Management of Environmental and Social Impacts and Issues						
1.1	<p>Submit an environmental and social report to the EBRD on the environmental and social performance of the Project and the status of the implementation of this ESAP.</p> <p>The annual reports should contain as a minimum:</p> <ul style="list-style-type: none"> Information on the matters which in this ESAP require "Report to the Bank" Information about the audits undertaken by the environmental authorities, their results and actions taken to eliminate identified shortcomings if any Information about total emission of air pollutants including greenhouse gases and generated wastes 	EBRD reporting requirement	EBRD PR 1	Company's own resources	<p>During construction and first two years of operations:</p> <p>Environmental and social report and ESAP progress update to the Lenders every six months.</p> <p>Following completion of 2 years of operations Annual environmental and social report and ESAP progress update to the</p>	<p>Construction and 2 years of operations – 6 monthly E&S reports</p> <p>Operations – annual reports</p> <p>Environmental and social reports (template to be provided by the EBRD) and ESAP progress updates received.</p> <p>Reports and progress against this ESAP satisfactory to the EBRD.</p>	

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	<ul style="list-style-type: none"> Information about any predicted or introduced legislative changes which may affect the project. Information about any legal claims against the Project 				EBRD within 60 days of Company year-end for the duration of EBRD financing of the Project.		
1.2	Procure and contract Lenders E&S advisor for the period of construction and 3 first years of operations. Lenders advisor with periodically (see point 1.1.) carry out audits of operations with national and EBRD environmental and social requirements and prepare relevant reports.	Independent review of the project progress and E&S performance	EBRD Requirement	External consultancy firm	Construction and 3 first years of operations.	Report to Lenders	
1.3	Develop and implement an Environmental and Social Policy for the SPV. Fully develop the environmental and social management system (ESMS) and associated procedures, provisions and resources to ensure appropriate mitigation, management, monitoring and reporting of environmental and social issues associated with the Project during the construction, operation and closure phases. The ESMS should be aligned with international best practice such as ISO 14001, and SA 8000 for social management system.	Structured approach to environmental and social management	EBRD Requirement	Own resources, external consultancy firm	Development and implementation within one year of SPV establishment Maintain during lifetime of the facility	Report to Lenders	
1.4	For the SPV develop and implement an occupational health and safety management system (HSMS) and associ-	Structured approach to H&S management	EBRD Requirement	Own resources, external	Development and implementation within one	Report to Lenders	

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	<p>ated procedures, provisions and resources (or integrate the HSMS into the ESMS) to ensure appropriate mitigation, management, monitoring and reporting of occupational health and safety issues associated with the Project during the construction, operation and closure phases. The HSMS should be aligned with international best practice such as OHSAS 18001.</p> <p>The system should at minimum address:</p> <ul style="list-style-type: none"> • Occupational Health and Safety Plan • Identification of potential hazards • H&S monitoring • Training • Medical examinations • Accidents, near misses and occupational diseases • Emergency preparedness and response 			consultancy firm	year of SPV establishment Maintain during lifetime of the facility		
1.5	<p>Reference ESAP and ESMS requirements in the Tender documents and Contractual documentation with the EPC.</p> <p>Request development of the ESMS by the EPC covering at minimum:</p> <ul style="list-style-type: none"> • Traffic management during construction; • Community H&S; 	Secure that the contractors will adopt the best industry practice in terms of environment, H&S and social management	EBRD Requirement. Good practice	Own resources, external consultancy firm	Prior to signing the contract for execution of construction works	A set of respective contractual clauses. Report to the bank.	

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	<ul style="list-style-type: none"> • Air quality management; • Noise management; • Hazardous substances management and ground and water resources protection; • Waste and waste water management; • Emergency response • Construction workforce Management Plan (to include working conditions, wages, working time, access to grievance mechanism) • Subcontractors management; • Project communications and grievance management. <p>Define rules of monitoring and reporting of contractor's environmental performance.</p>						
1.6	<p>At operational stage ESMS should include procedures addressing all environmental and social issues related to the facility operations. Among others, the system should include the following Management Plans:</p> <ul style="list-style-type: none"> • Environmental and Social Management System- Framework • Air Quality Management Plan • Noise and Vibration Management Plan • Community Health and Safety Plan • Contractor Management Plan 	<p>Optimisation of environmental management through a formalised system. Fulfilment of the BREF requirements and readiness for compliance with Draft BREF upon its adoption by the European Commission</p>	<p>EBRD PR1 Voluntary and best practice</p>	<p>Own resources, external consultants. Management time. Assign SPV management representative for EMS</p>	<p>Certification of the ESMS in 2 years of the facility operations.</p>	<p>Develop and implement an ESMS Attain ISO 14001 or equivalent certification The ESMS may be developed as an integrated system with H&S management system. Report to the Bank</p>	

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	<ul style="list-style-type: none"> • Emergency Response Plan • Hazardous Materials Management Plan • Supply Chain Management Plan • Waste Management Plan • Waste Water Management Plan • Human Resource Management Plan • Employees Grievance Mechanism • Security Management Plan • Updated Stakeholder Engagement Plan • External Grievance Mechanism • Labor Management Plan • Other than Normal Operation Management Plan • Other as relevant to address environmental and social issues. 			implementation and maintenance			
1.7	Inform the potential private partners of the SPV about obligations resulting from this ESAP	Making the future public partner of the SPV aware of the Bank's requirements and the Company commitment.	Good practice	Own resources of MPEC Management time.	At the earliest convenient time	Notice letter to potential private partners. Inclusion of relevant ESAP provisions in contractual documentation.	

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1.8	As part of the ESMS develop procedures to monitor environmental and social performance of the alternative fuel suppliers as well as the issues related to waste and fuel transportation	Structured approach to environmental and social performance of the fuel suppliers	EBRD PR 1	Own resources/external consultants. Management time. Assign a responsible employee of the SPV	By the end of the construction works.	Respective procedures of the ESMS. Report to the Bank.	
PR2	Labour and Working Conditions						
2.1	Develop, implement and maintain a Human Resources Policy and Labor Management Plan which will apply to SPV and contractors and subcontractors of the construction works. The plan, among others shall address, despite of the nationality of workers the following issues: <ul style="list-style-type: none"> • fair treatment; • non-discrimination and equal opportunities for all workers; • establishing, maintaining and improving a sound worker-management relationship; • compliance with applicable national labour and employment laws; 	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. Assign a responsible person.	Before commencement of the construction works	Respective procedures of the ESMS. Report to the Bank.	

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	<ul style="list-style-type: none"> protecting and promoting the safety and health of workers, especially by promoting safe and healthy working conditions; preventing the use of forced labour and child labour (as defined by the ILO and Polish legislation). 						
2.2	<p>Establish a formal Employee Grievance Mechanism (EGM) for all direct and contractor employees and provide them information on channels for internal communication and raising grievances. The workers should be informed of the complaint procedure at the time of hire in their local language. As a best practice, options of anonymous grievance mechanism should also be established to encourage concerns to be raised freely.</p> <ul style="list-style-type: none"> Register, track and resolve the Complaints in line with the formal EGM at all facilities. Establish and check key performance indicators (metrics) for such tasks as addressing worker grievances (for example, how long it takes to fix a problem and if the same complaint is received repeatedly). Establish feedback mechanism and procedure regarding the complaints 						

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	<p>(for example, how long it takes to provide response to complainant, which channel will be used)</p> <ul style="list-style-type: none"> Complainants should be consulted about the functioning of the grievance mechanisms and their input solicited for improvements. 						
2.3	<p>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 hiring, rules of conduct, training, equipping and monitoring of such personnel.</p>	<p>Securing that the security personnel's labor rights are respected and that the personnel is properly trained</p>	EBRD PR 2	<p>Own resources/external consultants. Management time. H&S officer of SPV or Senior Manager responsible for management of the security forces/contractor.</p>	Before hiring the security agency	<p>Documented standard for security personnel. Report to the Bank</p>	

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PR3	Resource Efficiency and Pollution Prevention and Control						
3.1	Design the facility in full compliance with the national and European environmental law, in particular BREF, Industrial Emissions Directive, BAT Conclusions for Large Combustion Plants and environmental decision and ready for direct implementation of Draft BREF upon its adoption by the European Commission.	Design and construction of the facility fully compliant with the binding law, meeting the optimization criteria in terms of environmental emissions and performance	EBRD PR 3 IED BREF National environmental law Environmental Decision Good practice	Designing companies (SPV/PPP partner) Costs included in project CAPEX	Before applying for construction permit	Construction permit, integrated permit being granted.	
3.2	SPV to procure and carry out an independent BAT assessment of the detail design prior to applying for construction permit.	Confirmation that the BAT requirements are being met	EBRD requirement	External resources	Before applying for construction permit	Report to Lenders	
3.3	Install at all emission sources a continuous monitoring system (CMS) to control emissions in line with the environmental permit, BREF, IED and BAT Conclusions for Large Combustion Plants as well as to control other parameters necessary for effective and optimized process. Prepare for installation of a continuous mercury monitoring from the grate boiler or install appropriate equipment if Draft BREF is already adopted by the European Commission.	Continuous monitoring of all technical conditions and atmospheric emission allowing for optimization of the facility operations	Legislative EBRD PR 3	External equipment providers. Costs included in project CAPEX Project Director/Manager	Before the facility is operational	CMS installed.	

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3.4	SPV to obtain in due time the Integrated Permit for the facility.	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	
3.5	As part of commissioning audit SPV to procure and carry out independent BAT assessment of the as built facility.	Confirmation that the facility complies with the BAT in force	EBRD requirement	External resources	Within 1 year of operations	Provide independent Bat assessment report to EBRD for review.	
3.6	Develop a set of Key Performance Indicators for easy monitoring of environmental and social performance of the facility. The KPIs shall be related to the facility's productivity and shall cover as a minimum: <ul style="list-style-type: none"> • emission of controlled air pollutants • energy efficiency • water consumption • fuel consumption • auxiliary materials consumption 	Structured approach to	Good Practice. EBRD requirement	Own resources. Management time. SPV to assign a responsible person	Prepare before the facility is operational, maintain during the Project lifetime	KPIs Report to the Bank	

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	<ul style="list-style-type: none"> • 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. 						
PR6	Biodiversity and Living Natural Resources						
6.1	Prior commencement of the construction works undertake a nature screening of the construction site. Based on the screening results prepare, if needed, an action plan to mitigate potentially adverse impact on wild nature during the construction works.	Optimized approach to potentially valuable species or habitats that might not have been identified previously.	EBRD PR 6 Good practice	External consultants. Minor costs as compared to the Project value. Project Director/Manager	Before commencement of the construction works	Identification and protection of valuable species. Report to the Bank	

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PR8	Cultural Heritage						
8.1	Undertake an archaeological investigations at the land plot No. 6/16 and a full archaeological research if needed. Follow the national regulations if any artefacts are identified during the construction works.	Protection of archaeological findings.	Legislative EBRD PR 8	External consultants. Minor costs as compared to the Project value. Project Director/Manager	Before commencement of the construction works and during earthworks	Report to the Cultural Heritage authorities. Report to the Bank.	
PR10	Information Disclosure and Stakeholder Engagement						
10.1	Implement and maintain the Stakeholders Engagement Plan and internal and external grievance procedures. Monitor effectiveness of SEP implementation for the life of Project. The SEP should be revised and updated on a regular basis. The SEP may be integrated into existing company procedures. As part of SEP implementation organise annual meetings with community along with NGOs, including visits to the plant to understand the technology and monitoring regime.	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. The Company and then SPV to assign responsible person.	Ongoing during the Project lifetime Update the SEP on as needed basis but at least annually.	SEP Grievances record Report to the Bank	

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10.2	<p>Develop a project level external communication plan for CSOs/NGOs and Media with the support of a risk communications specialist</p> <p>Maintain access to environmental and social documents of interest to the public</p>	Secure meaningful dialog with the stakeholders	EBRD requirement. Good practice	Own resources and external communication specialist	Continuously	Report to the Lenders	
10.3	Develop and disclose corporate Sustainability Report.	Secure meaningful dialog with the stakeholders	EBRD requirement. Good practice	Own resources and external communication specialist	Disclose the Sustainability Reports on annual basis	Sustainability Reports. Report to the Lenders	
10.4	<p>Maintain a functional external grievance mechanism for the life of the Project.</p> <p>Register of external grievances and the analysis of root causes and actions undertaken in response to the grievances should be reviewed by the SPV senior management on regular basis.</p>	Secure meaningful dialog with the stakeholders	EBRD requirement. Good practice	Own resources and external communication specialist	Continuously	Report to the Lenders	