



Environmental and Social Assessment for EBRD  
EPS RESTRUCTURING, SERBIA

# EPS Restructuring Project

## Environmental and Social Action Plan (ESAP)

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Prepared for:

**European Bank for Reconstruction  
and Development (EBRD),**

Environment and Sustainability  
Department,  
One Exchange Square,  
London, EC2A 2JN, UK

*Sitz der Gesellschaft:*

**Neu-Isenburg**  
Siemensstrasse 9  
D-63263 Neu-Isenburg  
Tel.: +49 (0) 61 02/206-0  
Fax.: +49 (0) 61 02/206-202  
E-Mail: [germany@erm.com](mailto:germany@erm.com)  
<http://www.erm.com>

*Geschäftsführer*  
Ian Bailey  
Martin Gundert  
Claudio Bertora

*Amtsgericht Offenbach*  
HRB 42108

*USt-IdNr. (VAT ID No.)*  
DE248679829

*Bankverbindungen*  
*Please remit to*  
Commerzbank, Neu-Isenburg  
SWIFT: COBADEFF 504  
IBAN DE24 5004 0000 0407 8788 00

Deutsche Bank, Darmstadt  
SWIFT: DEUTDEFF 508  
IBAN DE12 5087 0005 0210 0840 00

Mitglied der  
Environmental Resources  
Management Group

PROJECT NO. 0299289

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ERM GmbH

Neu-Isenburg, 24 July 2015

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Raimund Vogelsberger  
*Project Director*

\_\_\_\_\_  
Arne Gresing  
*Principal Consultant*

## *TABLE OF CONTENTS*

<i>1</i>	<i>INTRODUCTION</i>	<i>3</i>
<i>2</i>	<i>METHODOLOGY</i>	<i>5</i>
<i>3</i>	<i>ENVIRONMENTAL AND SOCIAL ACTION PLAN TABLE</i>	<i>6</i>
<i>4</i>	<i>ANNEX 1 TO THE ENVIRONMENTAL AND SOCIAL ACTION PLAN</i>	<i>36</i>

## 1 INTRODUCTION

ERM was contracted by the European Bank for Reconstruction and Development (“EBRD” or the “Bank”) to conduct a corporate environmental and social assessment of the Serbian company, Public Enterprise Elektroprivreda Srbije (EPS).

EBRD is considering providing up to EUR 200 million in sovereign guaranteed loans to EPS, the incumbent electricity utility in Serbia. The EBRD investment will be conditional upon an agreed plan for the restructuring of EPS. This reform package sets clear milestone for restructuring and reorganization for the purpose of clear legal, organizational and financial division between activities that are of general interest and market energy activities, as well as the change of legal form into joint-stock company, in order to ensure full compliance of Serbian energy sector with EU directives. The loan proceeds will be used to restructure and refinance short to medium-term financial debt which EPS has entered into on an emergency basis with commercial banks in order to alleviate the critical cash situation created by the unprecedented and catastrophic floods in Serbia in 2014 (the “Project”).

Electric Power Industry of Serbia (EPS) has been operating as a public enterprise with current 13 subsidiary companies. EPS is currently under reorganization and the several subsidiary companies was merged as of 1<sup>st</sup> of July, 2015, to form two new companies (NewCo’s), including a company comprising the headquarters and all production sites, a distribution company, and a supplier company for energy.

At the moment of preparing ERM report, the organization of two new companies was not finally agreed. It is understood by ERM that after the merger there will be two separate new companies with several sites. ERM assumed that, there would be corporate functions with responsibilities for all two NewCo’s. ERM therefore refers in the ESAP to corporate, NewCo or site level as applicable.

The Project is categorised “B” in accordance with the EBRD Environmental and Social Policy (2014). Due to the general corporate finance nature of the proposed project and the EPS’s multi-site operations, a corporate environmental and social due diligence (ESDD) of the EPS’s current environmental and social management systems, operations and assets/facilities is required. This Environmental and Social Action Plan (ESAP) is part of the ESDD.

ERM understands that this ESAP will form part of the EBRD’s loan agreement with EPS. Therefore, this ESAP is submitted as a standalone document as part of the overall ESDD for the EBRD.

## *LIMITATIONS OF THE ESAP*

This ESAP has been prepared in accordance with the terms of the Contract agreed with EBRD, with the generally accepted environmental consulting practices and for the intended purposes stated in the Contract. The conclusions and recommendations made in this ESAP are based on information provided by EBRD and EPS, which we believe to be accurate. ERM has not carried out any independent verification of the information, and the reliability and completeness of the data in this ESAP corresponds, therefore, to the reliability and completeness of the information made available originally for the assessment.

ERM confirms that this ESAP has been prepared with all reasonable skill, care and diligence and in conformity with the professional standards as may be expected from a competent and qualified Environmental and Social Consultant having experience in providing services for projects with similar scope of work, complexity, issues and scale.

The conclusions and recommendations presented in this document should not be considered as a strict procedure for action, unless otherwise indicated in the document. ERM does not give any guarantees, explicit or implied, including any guarantees relating to commercial use or suitability of individual facts for specific purposes. Furthermore, the information contained in this document may not be interpreted as legal advice.

Generally, the assessment is based on information provided during the site visits, interviews with EPS management and external stakeholders, and documents provided by EBRD and EPS (key documents, see section 2). The duration of the site visits and the engagement with EPS Management was limited to 3 days, and therefore, only high level interviews and short visits to facilities were performed. Interviews with external stakeholders (residents of local villages in the proximity of the Kolubara mine) and with the NGO's were also conducted within two days. The total of 12 interviews with affected households does not reflect a representative portion of the total village inhabitants, and thus the responses may not reflect the overall sentiment or factual situation of the community. None of the information provided by the interviewed households or the NGO's could be verified by ERM during the ESA.

ERM has prepared this ESAP based on the findings of the Corporate Environmental and Social Due Diligence (see ESDD Report as part of the assignment). The ESDD included a site visit taking into account the input from EPS and EBRD and a document review of the provided documents to assess the environmental and social issues associated with the project. An environmental and social assessment against compliance with the EBRD Performance Requirements (EBRD PRs) has been undertaken, the results of which are presented within the ESDD Report. The ESAP table in Chapter 3 (Table 1) has been developed based on the previous findings, and the information and documents provided.

The reviewed key documents provided by EBRD and EPS include:

- The “Green Book” of the Electrical Power Industry of Serbia (2009) – EPS’s current environmental strategy until 2017
- The “White Book” of the Electrical Power Industry of Serbia (2011) – EPS’s current strategy at reducing the impact of heat and power generation on climate change until 2020
- Environmental audit on Locations and facilities of the Public Enterprise “Electric Power Industry of Serbia” (2011) – A study commissioned by EPS and conducted by *Tekon and Dekonta*
- Improvement of efficiency and productivity of JP EPS (2015) - A report commissioned by EPS and conducted by *The Boston Consulting Group (BCG)*
- Electric Power Industry of Serbia 2013 Environmental Report

*ENVIRONMENTAL AND SOCIAL ACTION PLAN TABLE*

The following ESAP (Table 1) has been prepared to:

- identify corporate policies, management systems, procedures and practices against the EBRD's PRs;
- improve E&S management, performance and monitoring in accordance with good international industry practice;
- prioritise areas related to the Company's existing operations that may require additional environmental and social impacts and risks; and
- provide a framework and timetable for the adoption of a corporate environmental and social strategy.

Recommendations with regard to implementation responsibilities and timelines for each of the identified actions are included in this ESAP based on the information provided by EPS and EBRD.

**Table 1: Environmental and Social Action Plan Table**

PR 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
<b>PR1</b>	<b>Assessment and Management of Environmental and Social Impacts and Issues</b>						
1.1	Compile a final report regarding the action plan related to the 2011. <i>TEKON</i> Audit with related summary of measures taken to close all actions.	Optimisation of the management of the environmental, social and health & safety aspects at the EPS sites.	EBRD PR, Best Practice	Own resources: EHS Department	Q1/Q2 2016	Final report regarding the action plan in the 2011 <i>TEKON</i> Audit.	Completed with <i>TEKON</i> Audit 2014.
1.2	Develop and implement an action plan regarding the observations made during the update of the 2011. <i>TEKON</i> Audit in 2015. with responsibilities and due dates.	Optimisation of the management of the environmental, social and health & safety aspects at the EPS sites.	EBRD PR	Own resources: EHS Department	Q2 2016	Action plan is established.	Completed with <i>TEKON</i> Audit 2014.
1.3	Merge the requirements from this ESAP into the action plan from the environmental assessment of 2015. Define overall responsibility for the management and execution of the action plan after the merger.	Optimisation of the management of the environmental, social and health & safety aspects at the EPS sites.	EBRD PR	Own resources: EHS Department	Q4 2016	Extended action plan is established.	Completed



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1.4	Establish a procedure for regular review and evaluation whether adequate number of staff is available to complete the ongoing development of the corporate Q/EHS manual.	Consistency of the already existing certified integrated management systems at NewCo level after the merger.	EBRD PR	Own resources: Department of Integrated Management Systems (IMS) in cooperation with the Department of Human Resources	Q3 2024	Procedure for review and evaluation of the corporate integrated management system is drafted and integrated into the Q/HES manual.	Partially implemented Currently ongoing is the Project of aligning PE EPS management system (HQ and Branches) processes and documents, in accordance with the requirements of the new editions of ISO 9001 and ISO 14001, and with the aim of preparing a new unified and integrated management system. Currently, the phase of implementation of IMS corporate rules in the branches for management systems according to the requirements of ISO 9001 and ISO 14001 is underway. The beginning of harmonization between the Management and Branches according to the requirements of ISO 45001 is planned in 2023, and the completion in 2024.

PR 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
1.5	Complete the ongoing development of the tailored corporate Q/EHS manual and management procedures.	Consistency of the already existing certified integrated management systems at NewCo level after the merger.	EBRD PR	Own resources: Corporate IM team with support from new founded Q/EHS management system department on NewCo level.	Q 3 2024	Corporate Q/EHS manual and management procedures are updated.	<p>Opened</p> <p>Currently ongoing is the Project of aligning PE EPS management system (HQ and Branches) processes and documents, in accordance with the requirements of the new editions of ISO 9001 and ISO 14001, and with the aim of preparing a new unified and integrated management system.</p> <p>Currently, the phase of implementation of IMS corporate rules in the branches for management systems according to the requirements of ISO 9001 and ISO 14001 is underway. The beginning of harmonization between the Management and Branches according to the requirements of ISO 45001 is planned in 2023, and the completion in 2024.</p>

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1.6	Establish new Q/EHS management system departments on corporate and NewCo level with clearly defined roles and responsibilities.	Consistency of the already existing certified integrated management systems at NewCo level after the merger.	EBRD PR	Own sources: Corporate and site level IM teams.	Q3 2024	Q/EHS management system departments on corporate and NewCo level are formally established with assigned staff and budget.	<p>Opened</p> <p>Q/EHS management system at branch level already exists.</p> <p>Consistency of the existing certified integrated management systems at corporate level are maintained by IMS teams from the branches with the coordination of the Corporate IMS Department.</p> <p>Currently ongoing is the Project of aligning PE EPS management system (HQ and Branches) processes and documents, in accordance with the requirements of the new editions of ISO 9001 and ISO 14001, and with the aim of preparing a new unified and integrated management system.</p> <p>Currently, the phase of implementation of IMS corporate rules in the</p>

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							branches for management systems according to the requirements of ISO 9001 and ISO 14001 is underway. The beginning of harmonization between the Management and Branches according to the requirements of ISO 45001 is planned in 2023, and the completion in 2024.
1.7	Implement the new developed corporate Q/EHS management system at NewCo level with matrix certification for all sites.	Consistency of the already existing certified integrated management systems at NewCo level after the merger.	EBRD PR	Own sources: Corporate IM team.	After Q2 2023 Continuous - permanent activity	Q/EHS certifications are achieved in line with ISO 9001, ISO 14001 and OHSAS 18001 standards for the two NewCo's.	Ongoing Q/EHS management system at branch level already exists. Activities regarding the maintenance and harmonization of the existing certified integrated management system at the corporate level will continue (IMS teams in branches with the coordination of the Corporate IMS Department). Updated certificate table is available.

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							<p>Currently ongoing is the Project of aligning PE EPS management system (HQ and Branches) processes and documents, in accordance with the requirements of the new editions of ISO 9001 and ISO 14001, and with the aim of preparing a new unified and integrated management system.</p> <p>Currently, the phase of implementation of IMS corporate rules in the branches for management systems according to the requirements of ISO 9001 and ISO 14001 is underway. The beginning of harmonization between the Management and Branches according to the requirements of ISO 45001 is planned in 2023, and the completion in 2024.</p>

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1.8	Develop and implement an Environmental and Social Monitoring and Management Plan (ESMP).	Optimisation of the management of the environmental, social and health & safety aspects of the restructuring project.	EBRD PR	Own sources: Corporate EHS department.	Q 4 2024	ESMP is drafted.	Opened The elaborated Action Plan for the period 2016-2025 has been drafted, and the approved Action Plan is being implemented and further developed through the activities planned in the PE EPS Three-Year Business Programme.
1.9	Establish a robust EHS department on corporate level.		EBRD PR	Own sources: EPS management.	Q 4 2024		Ongoing EHS Department has not been formed yet.
1.10	Assess whether additional aspects due to the restructuring project (e.g. employment conditions and potential retrenchment measures, and reorganization of EHS departments on corporate, NewCo and site level) should be added into the annual environmental report provided to EBRD.	Optimisation of the management of the environmental, social and health & safety aspects of the restructuring project.	EBRD PR	Own sources: Corporate EHS department.	Q2 2016 Continuousl y - permanent activity	Annual environmental report.	Completed

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	Add identified aspects into the annual environmental report provided to EBRD.						
1.11	Assess the future organisation, responsibilities, skills and capacities of the several EHS departments on corporate, NewCo and site levels and establish a procedure for regular review whether suitable qualifications, capabilities and capacities for the management of environmental, social and health & safety issues are available on all levels for adequate managing of environmental and social performances.	Compliance and consistency regarding the adequate handling of all relevant EHS issues at the two NewCo's and suitable qualifications, capabilities and capacities for the management of environmental, social and health & safety issues after the merger.	EBRD PR	Own sources: EPS management.	Q 4 2024	Regular assessment report; Drafted procedure for regular review of suitable qualifications, capabilities and capacities of the EHS departments.	EHS Department has not been formed yet.
1.12	Develop and implement a Corporate Environmental & Social (E&S) Strategy in line with the short, medium and long term priority issues as mentioned in the ESDD report (Section 7) to reflect impacts from latest	Optimisation of the management of the environmental, social and health & safety aspects of the restructuring project.	EBRD PR	Own sources: EPS management.	Q 4 2018	E&S Strategy, developed targets, procedure for regular evaluation and review.	Completed PE EPS Long-Term Business Strategy and Development Plan (LTBSDP) for the period 2018-2027 sets forth the basic aspects of E&S Strategy.

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	restructuring plans. Develop and set relevant targets as part of the E&S Strategy and implement a procedure for regular evaluation and target review.						Corporate Environmental & Social (E&S) Strategy presented in the LTBSDP is in line with the short, medium and long term priority issues as stated in the ESDD Report (Section 7), affects the latest restructuring plans and shall be implemented in accordance with the LTBSDP, along with the 2016-2025 Action Plan. The LTBSDP for the period 2019-2029 is currently being prepared. The Procedure "Quality Objectives - Drafting, Adopting, Implementation Control and Reassessment" was adopted at the IMS Board session dated 28 September 2018.
<b>PR2</b>	<b>Labour and Working Conditions</b>						
2.1	Implement the existing human resources policies in line with Serbian and	Compliance and consistency of the human	EBRD PR; International Labour	Own resources: HR department	Q2 2016	Human resources policies at NewCo level.	Completed Human resources policy at the corporate and



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	European legal requirements at NewCo level after completion of the merger.	resources policy after the merger.	Standards (ILS) issued by International Labour Organisation (ILO)				branch level already exists.
2.2	Implement the existing policy that no child and forced labour is employed in line with Serbian and European legal requirements at NewCo level after completion of the merger.	Compliance and consistency of the child and forced labour policy after the merger.	EBRD PR; ILO	Own resources: HR department	Q2 2016	Child and forced labour policy at NewCo level.	Completed Child and forced labour policy at the corporate and branch level already exists.  In accordance with the Labor law ("Official Gazette of RS", no. 24/2005, 61/2005, 54/2009, 32/2013 and 75/2014) it is forbidden to employ persons younger than 15. There is no forced labor.
2.3	Implement a procedure to include a formal paragraph into each contract with subcontractors (for construction activities or any other services) requiring the subcontractor to comply with all applicable Serbian	Optimisation of the management of forced labour issues.	EBRD PR; ILO	Own resources: EPS management	Q2 2016	Formal paragraph within each contract. Procedure regarding child and forced labour related to supply chain issues,	Completed Forced labour in the Republic of Serbia is prohibited by Article 26, paragraph 3 of the Constitution of the Republic of Serbia. The

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	<p>laws and regulations, especially regarding Labour laws and working conditions, including an obligation that no forced labour is allowed to be used for the provision of services to EPS.</p> <p>The procedure should also include a process to check in detail all contracted labour force regarding compliance with requirements set in the relevant contracts.</p>					<p>including process to process to regularly check the contract details of subcontractors.</p>	<p>employment can be established with a person at least 15 years old under the conditions set down in Articles. 24 and 25 of the Labour Law ("Official Gazette of RS" no. 24/2005, 61/2005, 54/2009, 32/2013 and 75/2014.), and the issue of protection of young people is governed by the peremptory norms in a separate section 3 of the above mentioned law.</p> <p>In September 2016 EBRD was sent the Model Contract for the Public Procurement with addendum on safety at work and conditions on which EBRD insists (employment status of persons under 18, prohibition of forced labour).</p>

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2.4	Implement the existing policy that unions are not restricted in their scope of action at NewCo level after completion of the merger.	Compliance and consistency of the union's management policy after the merger.	EBRD PR; ILO	Own resources: HR Department	Q2 2016	Unions management policy at corporate and NewCo level.	Completed There is a freedom of Union association in EPS Group. Unions are not restricted in their scope of action at NewCo level after completion of the merger. Union's management policy at NewCo level will be established according to the Union's Program.
2.5	In case of future retrenchment requirements, develop a retrenchment program in close coordination with the trade unions and the government. Implement a procedure in line with the existing human resources policies that future unification of employee contracts is performed in line with the Serbian legal requirements and employees are well informed about the potential	Implementation of a retrenchment program in order to minimise the impact to employees as much as possible. Optimisation of the information of employees in case of any retrenchment requirements.	EBRD PR	Own resources: HR Department	Q4 2019	Retrenchment program.	Completed Reducing the number of employees is planned by ABP (Annual business plan) which is accepted by the Government of the Republic of Serbia. Union organizations participated in defining ways to reduce the number of employees. All Employment Contracts are compliant with the Labour law ("Official Gazette of RS", no. 24/2005, 61/2005, 54/2009, 32/2013 and

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	changes and future adjustments of contracts.						75/2014.). Amendments to the contract in terms of the rights and obligations may be made only by changing The Separate Collective Agreement or general Acts, about which the employees are being informed immediately upon their adoption.Reducing of number of employees was carried out according to the Plan of financial consolidation, by the end of 2019.
2.6	Implement a procedure that the existing internal grievance mechanism for own workers is continued at NewCo level after completion of the merger.	Compliance and consistency of the internal grievance mechanism after the merger.	EBRD PR	Own resources: HR Department	Q2 2016	Internal objections mechanism at NewCo level.	Completed Internal objections mechanisms on branch level already exist. There are clearly defined processes in accordance with Labor law ("Official Gazette of RS", no. 24/2005, 61/2005, 54/2009, 32/2013 and 75/2014) and the Law on Whistle-blower Protection

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							("Official Gazette of RS", no. 128/2014). All employees are informed.
<b>PR3</b>	<b>Resource Efficiency and Pollution Prevention Control</b>						
3.1	Implement a procedure that existing resource efficiency and pollution controls at site level are continued at NewCo level in line with the Serbian legal requirements after completion of the merger.	Compliance and consistency of resource efficiency and pollution control measures after the merger.	EBRD PR	Own resources: EHS departments on corporate, NewCo and site levels	Q4 2016	Procedure for management of existing resource efficiency and pollution controls at corporate and NewCo level.	Completed
3.2	Establish a responsible person or related team on corporate level for the coordination and management of all scheduled projects at relevant thermal power plants for reduction of air emissions in line with BAT and BREF requirements.  Establish adequate milestones for the implementation of improvement measures by end of 2017.	Compliance and consistency regarding the implementation of required reduction of air emissions in line with BAT and BREF requirements by 2017.	EBRD PR; Industrial Emission Directive (IED) 2010/75/EU	Own resources: EHS Department on corporate level	Q 4 2023	Designated responsible person on corporate level for air emission projects. Improvement program with milestones until 2017.	On progress Responsible person – Mrs Milena Djakonovic.  For implemetaion of each specific project aiming to reduce air emmissions ( for example FGD) a separate team is formed, and a project maganer is appointed.  The Government of Serbia adopted the Natonal Emission Reduction Plan

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							<p>(NERP) in January this year. The NERP defines the measures to get the values of TP emission reduced to levels from Industrial Emissions Directive. These measures, among other, call for the use of the best available technologies (BAT) in order to reduce air pollution.</p> <p>Within the process of drafting the IPPC permits applications, the Program of Measures for alignment of TPPs operation with the best available technologies for Large combustion plants (BAT and BREF) is being developed. The draft Program of Measures will also define the deadlines for compliance with the BAT and BREF. The draft Program is to be updated in line with EPS current</p>

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							plans. The IPPC law sets the end 2024 as the deadline for obtaining the IPPC permit. The deadline for completion of the IPPC Permit application including the Program of Measures is the end of 2023.
3.3	<p><b>3.3. a</b></p> <p>Establish a responsible person or related team on corporate level for the preparation of all relevant documentation for calculation and monitoring of future CO<sub>2</sub> emissions with regard to the upcoming CO<sub>2</sub> emission trading requirements by 2021.and to identify opportunities to increase energy efficiency in generation.</p> <p>Establish adequate milestones for CO<sub>2</sub> monitoring.</p>	Compliance and consistency regarding the implementation of adequate documentation and monitoring requirements regarding CO <sub>2</sub> emission trading requirements by 2021.after the merger.	EBRD PR; Transposing Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community	Own resources: EHS Department on corporate level	Q4 2023 The timeframe is conditioned by the date of entering the bylaw regulation related to monitoring and reporting of GHG emissions into force.	Designated responsible person on corporate level for greenhouse gas emission trading. CO <sub>2</sub> monitoring program with milestones until 2021.	<p>Opened</p> <p>Responsible person – Mr Dragan Vukotic.</p> <p>The deadlines for monitoring shall be defined through a legal decision; and are still pending.</p> <p>Although the Law on Climatic Changes was adopted in March 2021, all required bylaw acts concerning monitoring and reporting have not been prepared, i.e., published yet.</p> <p>We expect that the Rulebook on monitoring and reporting on GHG</p>

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							<p>will be published in the first quarter of 2023, and following this the legal deadlines for issuing the Permission for GHG emissions will start to run. The Permission will, among the other things, provide deadlines related to monitoring and reporting on GHG emissions.</p> <p>The project of introducing the system for monitoring and reporting on CO<sub>2</sub> emissions-MRV system and will enable good collection of data for reporting purposes to EU ETS is completed.</p>
	<p><b>3.3. b</b>                      Define targets for the improvement of energy efficiency and annually review implemented improvement measures.</p>					<p>Targets for improvement of energy efficiency.                      Annual report regarding assessment and evaluation of implemented</p>	<p>Completed                      For energy efficiency issues the responsibility lies with PE EPS Energy Managers (EM), who were appointed by PE EPS CEO's decision from 16 June 2017, and EPS</p>



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						improvement measures for energy efficiency	department for energy efficiency and environmental protection in electricity generation with the function of electricity generation. EM submit reports on primary energy consumption to the Ministry of mining and energy, as per the Law on efficient use of energy.
3.4	<p>Establish a responsible person for the continuity of the implementation of the software for waste management as scheduled.</p> <p>Establish adequate capabilities and capacities on corporate level to coordinate, maintain, assess and evaluate the figures provided by the new data base system.</p> <p>Implement a procedure for regular information flow back to site levels from</p>	<p>Consistency regarding the implementation of the software for waste management and assessment and evaluation of the figures provided by the new data base system on corporate level in order to seek opportunities for further improvement.</p>	<p>EBRD PR;                      Best practice;                      Serbian waste management regulations</p>	<p>Own resources:                      EHS Department on corporate level</p>	<p>Q 3 2018                      Continuous - permanent activity</p>	<p>Designated responsible person on corporate level for waste management.</p> <p>Team for the implementation of waste management software.</p> <p>Procedure for regular information flow back to site levels from evaluation</p>	<p>Completed</p> <p>A new version of software has been implemented, followed by trainings for employees to be using the software, and the software is updated on a regular basis.</p> <p>Responsible persons - Mrs Vesna Zivkovic and Mrs Anica Jeremic.</p>

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	evaluation and assessment of waste figures.					and assessment of waste management.	
3.5	Establish a responsible person for the ongoing search of alternatives for the future reuse / recycling of fly ash.	Reduction of waste amounts generated by EPS.	Best practice	Own resources: EHS Department on corporate level	Q4 2018	Designated responsible person on corporate level for waste management.	Completed Responsible persons - Mrs Vesna Zivkovic and Mrs Suncica Jovanovic.
3.6	Establish adequate capabilities and capacities on corporate, NewCo and site level for the scheduled implementation of software systems for overall air emission control and wastewater management. Establish adequate capabilities and capacities on corporate level for future coordination, management and evaluation of the figures on air emissions and wastewater provided by the new data base systems in the future.	Improvement of the coordination and management of air emissions and wastewater. Warranty for corporate review after the merger of applicable threshold values for air emissions and wastewater.	EBRD PR	Own resources: EHS Department on corporate level	Q4 2025	Designated responsible person on corporate level for air emission and wastewater management. Team for the implementation of air emission and wastewater management software. Procedure for regular information flow back to site levels from evaluation and assessment of	Opened Responsible persons - Mrs Milena Djakonovic and Mrs Suncica Jovanovic. It is expected that in the forthcoming period adequate possibilities and capacities for the implementation of a software system for overall control of emissions into the air will be established at the corporate level and the level of NewCo. Adequate possibilities and capacities at the corporate level will also be

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						air emission and wastewater management.	established for future coordination, management and evaluation of the parameters on air emissions and wastewater that will provide the new data base system monitoring in the future. Adequate capabilities and capacities for wastewater management will also be established, after the completion of construction of wastewater treatment plant which is expected by the end of 2025.
<b>PR4</b>	<b>Health and Safety</b>						
4.1	Establish health & safety departments on corporate and NewCo level for ongoing coordination and management of health and safety risks at NewCo level.	Compliance and consistency regarding the management of health & safety issues after the merger.	EBRD PR	Own resources: EPS management	Q4 2024	EHS departments on corporate and NewCo levels.	Health & Safety Division at the corporate level and H&S organizational units at the branch level already exist.  Upon forming EHS Department, a new organization of this

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							function will be established.
4.2	Establish a proceeding for evaluation whether the number and qualification of available H&S staff at site, NewCo and corporate level is adequate for the management of relevant H&S issues. If observed to be necessary, the number of H&S needs to be increased or further training to be provided.	Compliance and consistency regarding the management of health & safety issues after the merger.	EBRD PR	Own resources: EHS Department on corporate level. If observed to be required new H&S staff to be hired or internally transferred to relevant corporate, NewCo or site levels.	Upon completion of the corporativisation process in the company Continuous activity	Procedure for regular evaluation of adequate capabilities and capacities of H&S staff on all levels.	Ongoing Activities related to regular evaluation of the number and qualification of employees are established.
4.3	Establish a responsible person for coordination and management for the ongoing roll-out of the recently initiated H&S training provided by <i>Lafarge</i> to all EPS sites.  Implement a procedure for adequate documentation and efficiency control of the training. Establish adequate number of corporate H&S staff to be available for efficiency control of the	Overall increase of awareness regarding H&S issues at EPS sites. Reduction of and accident rates.	EBRD PR; Best Practice	Own resources: EHS Department on corporate level.	Continuous activity	Designated responsible person for the ongoing roll-out of the recently initiated H&S training provided by <i>Lafarge</i> .	Opened  It is not possible to finalize the Project with Lafarge as originally planned, due to time schedule and staff rotation.  EBRD has provided technical support via the consultant from MANAGEMENT FORCE Group.  Within the study tour to plants in Greece in

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	<p>external training and evaluation of potential need for further aspects or employees to be included in the training.</p> <p>Establish an internal training program for all employees regarding H&amp;S issues following the completion of the training of trainers program.</p>						<p>November 2018, a series of OHS trainings were held for employees within OHS, coal production and electricity generation departments. In-house training programs are currently being developed, which shall, in addition to legal obligations, include the knowledge and experience gained from the trainings with Lafarge and MANAGEMENT FORCE Group.</p> <p>The person in charge of coordination and management of the current development of recent OHS training provided by MANAGEMENT FORCE Group for all EPS locations is Nenad Grujić.</p> <p>Trainings in health and safety issues, as required by national legislation are performed regularly.</p>

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4.4	<p>Establish a procedure to regularly request information from the public health institute and other authorized institutions regarding the results of ambient air monitoring in the proximity of mining sites and power plants.</p> <p>Establish a responsible person for follow-up on the trends of the results from ambient air monitoring and regular evaluation of the performance of dust mitigation measures and prevention measures of self-ignition of coal.</p>	<p>Evaluation by EPS of the performance of implemented dust mitigation measures and prevention measures of self-ignition of coal, and to become aware of elevated levels which may result in higher number of complaints from stakeholders.</p> <p>Mitigation of environmental impacts from EPS activities to the surrounding.</p>	EBRD PR; Best Practice	Own resources: EHS Department on corporate level.	Q1 2017	Procedure for information request regarding ambient air monitoring by the authorities.	<p>Completed</p> <p>Responsible person - Mrs Milena Djakonovic.</p> <p>The Protocol on Mutual Cooperation, regarding the results of ambient air monitoring in the proximity of mining sites and power plants, between PE EPS and Serbian Environment Protection Agency was signed 28.2.2017.</p>
4.5	Implement a process to share good EHS practice across the company.	Knowledge sharing, overall improvement of H&S awareness	Best Practice	Own resources: EHS Departments on site, NewCo and corporate level.	Continuous activity	Procedure for EHS knowledge sharing	<p>Ongoing</p> <p>PE EPS is an active member of the "GOOD PRACTICE CLUB", in which experience concerning OHS is being exchanged with a significant number of domestic and international companies.</p>

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<b>PR5</b>	<b>Land Acquisition, Involuntary Resettlement and Economic Displacement</b>						
5.1	Prepare a Resettlement Framework that includes provisions for land acquisition and resettlement planning for all EPS activities. This Resettlement Framework shall set the basis for any site specific Resettlement Action Plan (RAP) that might be needed. It shall include provisions that Serbian - and EBRD requirements regarding resettlement are adhered to and that a transparent and reproducible process for payment of adequate compensation to affected people is implemented.	Optimisation of resettlement and compensation management.	EBRD PR; Law on Expropriation ("Official Gazette of the FRY", no. 16/2001 - decision SUS and "Official Gazette of the RS", no.20/2009 and 55/2013 - Constitution of the Republic of Serbia decision)	Own resources: EHS Departments on corporate level and site level.	Q1 2017	Resettlement Framework prepared and implemented for all EPS activities. Site specific RAPs prepared for all sites involving resettlement.	Completed Document "The Corporate Resettlement Framework of PE EPS" has been prepared and agreed with EBRD. The document was adopted by the Supervisory Board of PE EPS on March 6, 2017.
5.2	Establish clear roles, responsibilities, and authority as well as designate specific personnel on corporate, NewCo and site level for the implementation and monitoring of the	Enhance the management of resettlement	EBRD PR	Own resources: EHS Department on corporate level.	Q1 2017	There is a sub-team at the corporate EHS Department responsible for Resettlement Framework implementation.	Completed By the Rulebook on Amending the Rulebook on the Organization and Systematization of Jobs in PE EPS no. 12.01.17623/32-16 dated 12.8.2016, in the

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	Resettlement Framework and the EPS land acquisition and resettlement activities in general. Ensure that there are sufficient resources for resettlement management.					There are an appropriate number of trained persons at site level for the management of resettlement.	Department for Legal Affairs, within the Division for Property Affairs/Office for Expropriation, the jobs related to the application of Framework at the corporate level are added.
5.3	Conduct monitoring on a regular basis to assess if the Resettlement Framework and the site specific RAPs are implemented and to understand the post-resettlement situation.	Optimisation of the resettlement process and post-resettlement mentoring.	EBRD PR	Own resources: EHS Department on corporate level.	Continuous - permanent activity	Procedure for a transparent and reproducible resettlement process. Annual assessment report regarding the performance of the resettlement process and post-resettlement mentoring.	Opened Implementation of the planned dynamics of expropriation is regularly monitored in order to comply with the planned schedule of mining activities. Meetings with authorized representatives of settlements are being held from time to time.
5.4	Implement the Corporate SEP, site specific SEPs and grievance procedure to enhance a continuous dialog with the local community regarding resettlement issues, especially at the	Optimisation of the resettlement and compensation processes to a more transparent and reproducible process. Adequate response to all community or stakeholder	EBRD PR	Own resources: EHS Departments on corporate level and site level.	Q3 2018	Procedure for continuous dialog with the local community regarding resettlement issues.	Completed All branches have stakeholders cooperation plans, and the documentation is publicly available at the website.



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	Kolubara mine (refer also to PR 10).	complaints in an open and pro-active way. Manage reputational risks.					The dialogue with the local community on issues of displacement is covered by the Corporate Resettlement Framework of PE EPS. In addition, EBRD engaged a consultant for PE EPS needs in order to improve communication with stakeholders. The project is ongoing.
<b>PR6 Biodiversity and Living Natural Resources</b>							
	Implement a procedure for continuation of the established procedures for management of biodiversity aspects and living natural resources after the merger. Establish a responsible person on corporate level for coordination, management and adequate documentation of the established mitigation measures related to biodiversity aspects and	Optimisation of the management of biodiversity aspects and living natural resources related to EPS activities.	EBRD PR, The Convention on Biological Diversity(CBD)	Own resources: EHS Department on corporate level.	Q4 2024	Procedure for continuation of the established procedures for management of biodiversity aspects and living natural resources. Responsible person on corporate level for management of biodiversity aspects and living natural resources.	Ongoing Responsible persons- Mr Vladimir Radonjic and Mr Vojin Tadic, PhD. Since the owner of the process should be EHS Department, the procedure cannot be completed nor implemented before that Department has been formed. The adequate preparation of the above mentioned

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	living natural resources at relevant production sites. Establish a procedure for regular reporting from relevant sites to corporate level regarding performance of biodiversity aspects and living natural resources issues.					Reporting of key performance indicators from sites to corporate level regarding biodiversity aspects and living natural resources.	procedure is planned in 2023. In order to secure to procedure been applicable , it is necessary to defined the adequately responsibilities, and also harmonised with internal acts.
<b>PR8</b>	<b>Cultural Heritage</b>						
8.1	Implement a procedure for continuation of the established procedures for identification and management of affects to cultural or natural heritage after the merger.	Compliance and consistency regarding cultural heritage related procedures and processes after the merger.	EBRD PR	Own resources: EHS Department on corporate level.	Q 4 2024	Procedure for management of affects to cultural heritage at NewCo level.	Ongoing
<b>PR10</b>	<b>Information Disclosure and Stakeholder Engagement</b>						
10.1	Implement the Corporate Stakeholder Engagement Plan (SEP). This includes the implementation of an effective grievance mechanism at corporate and	Optimisation of EPS's stakeholder engagement activities and grievance management.	EBRD PR	Own resources: EHS Departments on corporate and site level.	Q3 2018	Corporate SEP is implemented. Grievance mechanism is in place.	Completed

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	site level to receive and facilitate resolution of stakeholders' concerns and grievances regarding EPS's environmental and social performance.						
10.2	Prepare and implement site specific SEPs for those EPS sites potentially causing significant environmental and social impacts i.e. the two mine sites (Kolubara and Kostolac) and the planned extensions of the power plant at the Kostolac mine	Improve stakeholder engagement activities with a fit-for-purpose approach for each of the relevant EPS sites.	EBRD PR	Own resources: EHS Departments on corporate level and site level.	Q3 2018	Site-specific SEPs are prepared and being implemented.	Completed
10.3	Establish clear roles, responsibilities, and authority as well as designate specific personnel on corporate, NewCo and site level for the implementation and monitoring of the corporate stakeholder engagement strategy and the SEPs. Designate skilled employees should at site and corporate	Enhance the implementation and management of stakeholder engagement activities.	EBRD PR	Own resources: EHS Department on corporate level.	Q 2 2020	There is a sub-team at the corporate Department responsible for stakeholder engagement and grievance management. Roles are defined and resources allocated on	Completed. The following has been done: Corporate SEP and SEPs for each Branch have been prepared. Further, SEP for the Project for construction of the Kostolac windfarm has been prepared.

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	level for the management of grievance issues, and discover relevant contact details to the public.					NewCo and site level for the implementation and monitoring of the SEP, including designated persons for management of grievance issues.	<p>Trainings for the employees (Link 011) for cooperation with stakeholders have been done.</p> <p>An organizational unit at the management level dealing with cooperation with the stakeholder has been formed.</p> <p>A work group for implementation of the activities foreseen by the Plan for cooperation with stakeholders at branch level has been formed.</p>

**ANNEX 1 TO THE ENVIRONMENTAL AND SOCIAL ACTION PLAN**

Measures related to relocation of the spreader and conveyor belt in Kolubara from Field C to Field D

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<b>PR1</b>	<b>Assessment and Management of Environmental and Social Impacts and Issues</b>						
1.1	Create and adjust the mining plan to ensure the stability overburden dumps in Field C.	Stabilization of the Field C ensuring environmental, social and health&safety aspects are met at EPS sites	EBRD PR, Best Practice	Own resources: Kolubara and EHS Department	May 2017	Mining plan is established	Mining plan is established, implementation of the plan is ongoing.
1.2	Re-cultivation of the dump in the open pit Field C after the conclusion of mining works.	Optimisation of the management of the environmental, social and health&safety aspects at the EPS sites.	EBRD PR Best Practice	Own resources: Kolubara Department	Continuous activity until closing "Field C" open cast mine.	Re-cultivation is finalized	"Field C" OCM exploitation is currently ongoing, and the works on reclamation will be conducted in accordance with the Reclamation Project.
1.3	All stationary measures for noise and dust reduction in the open pit Field C will remain in place.	Optimisation of the management of the environmental, social and health&safety aspects at the EPS sites.	Best Practice	n/a	Q3 2018	Measure remain in place	Completed
1.4	All protection measures against noise and dust to be applied in Field D.	Consistency of the already existing measures after the relocation from Field C to Field D of spreader and conveyor.	EBRD Best Practice	Own resources: Kolubara and EHS Department	Q3 2018	Protection measures implemented in Field D	Completed

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**ERM's Frankfurt Office**

Siemensstrasse 9  
63263 Neu-Isenburg  
Germany

T: +49 6102 206 0  
F: +49 6102 206 202

[www.erm.com/germany](http://www.erm.com/germany)