

Gorenje #25689, Environmental and Social Action Plan (ESAP), April 2010

| Item | Action | Completion Indicator | Timetable |
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| PS1: Social and Environmental Assessment and Management Systems | | | |
| 1 | Gorenje management is committed to further develop existing EHS systems in Valjevo and to obtain formal certifications for ISO14001 and OHSAS 18001. | <ul style="list-style-type: none"> • The Company will undertake the audit of the existing EHS documentation in Valjevo plant. • The Company has provided to IFC copies of the ISO 14001 and OHSAS 18001 certifications. | <ul style="list-style-type: none"> • Sept 2010 • April 2011 |
| PS2: Labor and Working Conditions | | | |
| 2 | Prepare Retrenchment Policies for each operation compliant with IFC PS2 requirements and national labour laws. | To be submitted to IFC for verification. | June 15 th 2010 |
| 3 | Prepare Retrenchment Plans for each operation in which a retrenchment of 20 or more persons in any given quarter is foreseen. | <p>Submit such Plans to IFC for review.</p> <p>Each Retrenchment Plan shall provide details on, at a minimum: the anticipated magnitude of and justification for the proposed retrenchment(s), retrenchment method and procedures to be used, management arrangements including consultation and grievance mechanism, the legal framework including reference to IFC Performance Standard 2 and country labour regulations, anticipated social impacts involving both retrenched workers and their communities, compensation and assistance to be offered to retrenched workers, the criteria for selecting those to be retrenched, monitoring of the process across the group and financial provision confirming that the full costs of retrenchment have been provided for.</p> | <p>Positive covenant: Retrenchment Plan(s) to be submitted to IFC at least 1 month prior to the commencement of formal retrenchment procedures. These should be updated if rolling retrenchments are required at any given plant(s).</p> <p>Annual Monitoring Report to contain a dedicated section dealing with the status of retrenchment, including magnitude, issues and disputes with employees and unions, and any external coverage.</p> |

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| 4 | Commission an independent labour audit if retrenchment-related concerns are raised by large numbers of employees or labour unions or as a result of observations made during IFC supervision visits. Implement key recommendations (if any), in consultation with IFC. | Terms of Reference and consultant selection to be agreed between IFC and Gorenje if the need for an audit is identified. Draft and final audits to be submitted to IFC for review. | Condition of subsequent disbursements. |
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* - ESAP may be modified to cover the EHS issues that may be identified during the project implementation.