

## Borets: Environmental and Social Action Plan (ESAP)

### BORETS project, Russia

**Date: November 12, 2009**

|   | Corrective Actions Required                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Timetable Milestones/Events                                                                                                                                                                                                                                                                                                    | Deliverables                                                                                                                                                                                                                                                                                                     |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <b>Management Systems</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |
| 1 | Develop and implement an Environmental, Social, Health and Safety (ESHS) Management System starting from Head Office in compliance with IFC's PS1; International Standard ISO 14001:2004; and OHSAS 18001. Certify the Integrated ESHS system at Head Office level.                                                                                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>(a) Prepare a plan for ESHS Management System implementation at Head Office and a roll out plan for individual facilities by the end of February 2010.</li> <li>(b) Certification to be obtained at Head Office level by the end of 2011.</li> </ul>                                    | <ul style="list-style-type: none"> <li>(a) Copy of the plan approved by Company's top management.</li> <li>(b) Copy of certificate issued by internationally recognized certification body.</li> </ul>                                                                                                           |
| 2 | <p>Start an ESHS Management System development process from the following:</p> <ul style="list-style-type: none"> <li>(a) Management representative(s) and key ESHS personnel to attend relevant courses: e.g. EMS Lead Auditor Training Course (5 days); OHSAS Lead Auditor course (5 days)</li> <li>(b) Define the Borets's Environmental, Social, Health and Safety Policy including a commitment to continual improvement, prevention of pollution and a commitment to comply with Russian legislation and IFC Performance Standards;</li> <li>(c) Develop a corporate procedure on identification of environmental aspects and</li> </ul> | <ul style="list-style-type: none"> <li>(a) Book the courses by the end of February 2010 with the target to train the staff in the second quarter of 2010.</li> <li>(b) Prepare the Borets ESHS Policy in the second quarter of 2010.</li> <li>(c) Prepare the draft of the procedure in the second quarter of 2010.</li> </ul> | <ul style="list-style-type: none"> <li>(a) Evidence of the training courses booked and training certificates.</li> <li>(b) Copy of the Borets's ESHS Policy (should be communicated to all company's personnel and available to public).</li> <li>(c) Copy of the procedure on environmental aspects.</li> </ul> |

|                                   | Corrective Actions Required                                                                                                                                                                                                                                                                                                                                                                         | Timetable Milestones/Events                                                                               | Deliverables                                                                                                                                                                |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                   | defining of its significance;<br><br>(d) Develop a corporate procedure on hazard identification and assessment of Health and Safety Risks, including Life and Fire Safety.                                                                                                                                                                                                                          | (d) Prepare the draft of the procedure in the second quarter of 2010.                                     | (d) Copy of the procedure on health and safety risks.                                                                                                                       |
| 3                                 | Continue the necessary training and implementation of a formalized ESHS Management System at Head office and individual facilities.                                                                                                                                                                                                                                                                 | According to the approved plan's schedule.                                                                | Report to IFC on the progress of implementation in the Annual Monitoring Report.                                                                                            |
| <b>Community Engagement</b>       |                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                           |                                                                                                                                                                             |
| 4                                 | Borets to develop and implement a corporate wide community engagement plan. The plan should include mechanisms for communicating environmental and social aspects of current operations to local communities and procedures for receiving, documenting and responding to concerns from any external interested parties relating to the project.                                                     | Prepare the draft Plan by June 2010.<br><br>Implement the Plan according to the approved Plan's schedule. | Draft Community Engagement Plan for IFC's review.<br><br>Report to IFC on the progress of implementation in the 2010 Annual Monitoring Report.                              |
| <b>Plant/operational upgrades</b> |                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                           |                                                                                                                                                                             |
| 5                                 | (a) Commence regular monitoring of air emission levels at point sources of significant process emissions (to include foundries, blending, sintering, metal shaping, surface preparation and finishing).<br><br>(b) Identify air emissions sources not meeting IFC guideline values specified in EHS Guidelines for Foundries; and Metal, Plastic, Rubber Products Manufacturing. For those identify | (a) June 2010.<br><br>(b) Prepare air emissions improvement/closure plan by the end of 2010.              | (a, c) Present monitoring data of air emission levels at point sources (mg/m3) to IFC in the the Annual Monitoring Report<br><br>(b) Air emissions improvement/closure plan |

|   | Corrective Actions Required                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Timetable Milestones/Events                                                                                                                                                                                   | Deliverables                                                                                                                                                                   |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <p>measures to achieve IFC guideline values within an appropriate timetable or indicate a planned closure date within three years.</p> <p>(c) Implement air emissions improvement / closure plan.</p>                                                                                                                                                                                                                                                                                                      | (c) According to the improvement/closure plan's schedule                                                                                                                                                      |                                                                                                                                                                                |
| 6 | <p>(a) Finalize the authorization of a buffer zone around Krasnodar plant to exclude residential area.</p> <p>(b) In case of negative opinion of the Regulators, develop and apply technically and financially feasible control technologies and practices to further improve the ambient air quality in the residential area and/or prove it by the representative monitoring data as prescribed by sanitary regulations. Once achieved, resubmit the documents to get the opinion of the Regulators.</p> | <p>(a) Upon receiving of opinion from the regulator (up to 6 months upon submission of documents).</p> <p>(b) Prepare the Action Plan within 3 months upon receiving of negative opinion from regulators.</p> | <p>(a) Opinion of sanitary regulators; New SPZ design book.</p> <p>(b) The Action Plan on ambient air quality improvement and / or commencing of 1 year monitoring program</p> |
| 7 | To carry out investigation of structural integrity of underground storage tank at Lemaz. As well, to investigate sources of potential contamination of soil and ensure that surface runoff from those areas is adequately managed to protect the water quality of the river Don.                                                                                                                                                                                                                           | <p>(a) Investigation of potential sources of soil and groundwater contamination by April 2010.</p> <p>(b) Corrective Action Plan (CAP) by June. 2010</p> <p>(c) According to the CAP's schedule.</p>          | <p>(a) Investigation Report.</p> <p>(b) Corrective Action Plan.</p> <p>(c) Report to IFC on the progress of implementation in the Annual Monitoring Report.</p>                |
| 8 | The use of asbestos at Lemaz should be phased out.                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2011                                                                                                                                                                                                          | Report to IFC on the progress of implementation in the Annual Monitoring Report.                                                                                               |
| 9 | (a) Commence fire hardware and Life and Fire Safety (L&FS) review at Lysva and other                                                                                                                                                                                                                                                                                                                                                                                                                       | (a) The review to be carried out at all plants and be finalized by the end of                                                                                                                                 | (a) Present a company-wide Corrective Action Plan on                                                                                                                           |

|    | Corrective Actions Required                                                                                                                                                                                                                                                                                                                                                                                           | Timetable Milestones/Events                                                                                                                                                                                                                  | Deliverables                                                                                                                 |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|    | <p>manufacturing plants in accordance with a corporate procedure on hazard identification (see 2(e)).</p> <p>(b) Implement the improvement plans at each Site to address the identified deficiencies.</p>                                                                                                                                                                                                             | <p>December 2010.</p> <p>(b) According to the improvement plan's schedule but no later than September 2011.</p>                                                                                                                              | <p>L&amp;FS;</p> <p>(b) Report to IFC on the progress of implementation in the Annual Monitoring Report</p>                  |
|    | <b>Labor and working conditions</b>                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                              |                                                                                                                              |
| 10 | Commence regular monitoring of workplace air quality and develop an upgrade plan to ensure that workplace air quality at Borets' operations is consistent with local and/or international exposure guidelines, whichever is more stringent. This plan should at minimum include the installation of dust exhaust system at Kineshma plant and VOC extraction systems at Lysva's paint and lacquer impregnation shops. | <p>(a) Prepare an implementation plan by June 2010.</p> <p>(b) Implementation to be carried out in parallel at all plants and to be finalized by 2010 for the paint and dust exhaust systems and September 2011 for the lacquer systems.</p> | <p>Implementation Plan</p> <p>Present monitoring data of workplace air quality to IFC in the Annual Monitoring Reports</p>   |
| 11 | <p>(a) As the priority, present workplace air quality monitoring at the lead melting shop at Kurgan cable plant and determine the need for controls.</p> <p>(b) Implement the Corrective Action Plan (CAP), if needed.</p>                                                                                                                                                                                            | <p>(a) Contract with the licensed company by the end of February 2010. Present measurement data to IFC with the Corrective Action Plan, if needed, within 1 month upon receiving the data.</p> <p>(b) According to the CAP's schedule</p>    | <p>(a) Monitoring data + CAP</p> <p>(b) Report to IFC on the progress of implementation in the Annual Monitoring report.</p> |
| 12 | Develop, communicate and institute a company-wide grievance procedure for employees, involving an appropriate level of management and addressing concerns promptly, using an understandable and transparent process that provides feedback to those concerned, without any retribution.                                                                                                                               | Develop and implement a procedure by May 2010                                                                                                                                                                                                | Copy of the procedure                                                                                                        |