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### IMC Ukraine

#### Environmental & Social Review Summary

This Environmental and Social Review Summary(ESRS) is prepared and distributed in advance of the IFC Board of Directors' consideration of the proposed transaction. Its purpose is to enhance the transparency of IFC's activities, and this document should not be construed as a presumption of the Board of Directors' decision. Board dates are estimates only. Any documentation which is attached to this ESRS has been prepared by the project sponsor and authorization has been given for public release. IFC has reviewed this document and considers that it is of adequate quality to be released to the public but does not endorse the content.

<b>Project number</b>	31711	<b>Date ESRS disclosed</b>	November 15, 2013
<b>Country</b>	Ukraine	<b>Last Updated Date</b>	January 23, 2015
<b>Region</b>	Europe and Central Asia	<b>Previous Events</b>	Invested: January 15, 2013 Signed: December 19, 2013 Approved: December 2013
<b>Sector</b>	A-AG - Diversified Edible Agricultural Crops Production		
<b>Department</b>	Gbl Ind, Manufact, Agribus & Services		
<b>Company name</b>	INDUSTRIAL MILK COMPANY S.A.		
<b>Environmental category:</b>	B		
<b>Status</b>	Active		

[View Summary of Investment Information \(SII\), click here](#)

Overview	E & S Project Categorization and Applicable Standards	E & S Risks /Impacts and Mitigation	Stakeholder/Engagements	BCS	E & S Action Plans	Client's Documents
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#### Project Description

The proposed investment is to assist Industrial Milk Company (the "Company" or "IMC"), a large-scale primary agricultural producer operating in Central and Northern Ukraine, in expanding the scope of its agricultural operations.

IMC is a large scale producer of agricultural crops and to a lesser extent raw milk and beef with operations in Northern and Central Ukraine. IMC currently has 120,000 ha land bank in Poltava, Chernihiv and Sumy regions of Ukraine and has a target to manage 185,000 ha by 2015 and expand within the existing regions as well as in a few new regions. IMC is planning to invest in other neighboring countries in the long term. The Company's crop portfolio includes corn, sunflower, soybean, wheat, fodder crops, sugar beet, rye and potato. IMC is also Ukrainian's TOP10 industrial milk producer by volume. There is no meat processing in place. IMC has approximately 9,000 heads of cattle. Company has storage facilities for grain, oils and potato as well. Company's vehicle park includes more than 500 agricultural vehicles. Every region has a few number of mechanical maintenance workshops for equipment maintenance. There are 5 fuel storage facilities. IMC acquires a sugar processing plant recently and planning to renew and operate it.

IMC consists of 14 companies with in 3 regions. Chernihiv region consists of 2 clusters; Chernihiv and Nosivka Clusters. There are 14 subsidiaries under IMC's management and ownership under 4 clusters in 3 regions.

IMC's investment program involves: (i) expansion of agricultural land, (ii) expansion of storage capacity, (iii) further modernization and purchase of supporting farm machinery and infrastructure, and (iv) increase in working capital. No new investment is considered in dairy section.

There are no Indigenous Peoples in the project vicinity, thus PS7: Indigenous Peoples does not apply. While issues relating to PS8: Cultural Heritage are considered unlikely, the Company will develop a formal chance find protocol providing appropriate protection in the event of unexpected discovery of items of cultural heritage.

#### Overview of IFC's Scope of Review

The scope of review was to evaluate Industrial Milk Company's (IMC) compliance with IFC's Performance Standards (PS) including assessment of IMC's management capacity and environmental, social, health and safety performance in relation to IFC Performance Standards, national (Ukrainian) regulatory requirements and the World Bank Group (WBG) General Environmental Health and Safety (EHS) Guideline, as well as the sector-specific EHS Guideline for Annual Crop Production, EHS Guideline for Sugar Manufacturing and EHS Guideline for Dairy Processing. The review relied on documents and reports made available by IMC, and observations during the site visit. In addition, meetings and interviews with the key staff (management, health, safety and environmental, human resources,) were conducted, and relevant documents demonstrating the Company's management capacity to provide adequate oversight of environmental, social, health and safety performance in conducting its business were discussed. During the appraisal IFC visited IMC's head quarter in Kyiv and its farm lands and subsidiaries including Chernihiv Milk Company LLC and Mlybor PJSC (silos, dairy, workshop, fuel storage site in Rudka and potato warehouse) in Chernihiv Region.

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