

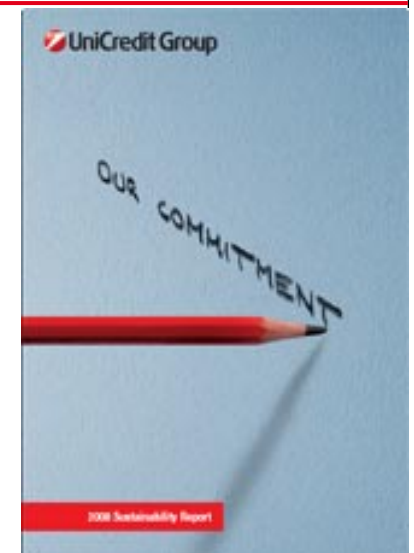
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## Applying CSR Principles to Projects in Russia From Financing Decision to Finalization – Pulkova

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## The Pulkova Project - Public Private Partnership



- Purpose: build, expand, finance and operate the Pulkovo airport facilities (with the exception of cargo terminal and business aviation) under the terms of a Public Private Partnership agreement signed with the City of St Petersburg and Pulkovo Airport Company on 30 October 2009 for a period of 30 years.
- Funding: Bank funding to finance the construction of a new terminal as well as the refurbishment of the existing infrastructure of the airport facilities at St. Petersburg airport.
- Operator: Fraport AG will support the Project Company as the Lead Operator and will make available its expertise as required by the Project Company by entering into an airport operator and technical support agreement.
- The Client: Northern Capital Gateway, a Project Company indirectly owned by VTB Capital, Fraport AG Frankfurt Airport Services Worldwide and the Copelouzos Group.
- Project Cost: EUR 1.2 billion.

## Environmental & Social Risk Assessment



- **Categorisation and process**

The Project is categorised as B in accordance with IFC Categorization Scheme

- **Environmental & Social Due Diligence by Lenders** included: (i) the Scoping of the environmental and social issues, (ii) Environmental & Social Due Diligence Report and (iii) Environmental & Social Action Plan
- Main issues identified in local EIA: waste and run off water treatment, solid waste treatment, noise, sanitary protection zone.
- **Gaps identified:**
- Pulkovo airport started operations in the 1930s; as such it has significant potential for groundwater and soil contamination by hydrocarbons, solvents and other hazardous substances; needs to be assessed as it may entail considerable liabilities to the Project Company and to the Bank.
- Workforce-related risks, with potential retrenchments associated with the Project Company workforce optimising efforts
- Environmental issues typically associated with airports: noise, de-icing, greenhouse gases, air pollution
- Permitting-related risks, particularly in respect of the Sanitary Protection Zone
- Potential for local opposition, as the Project is based on a significant expansion of the airport with the traffic expected to increase two-fold over the next 10 years.

## Lenders Requirements and outcomes



### ■ Requirements:

- (i) Stakeholder Engagement and Public Consultation, additional public consultation meetings in different areas of St. Peterburg required by Lenders
- (ii) Additional Soil & Groundwater investigations required by Lenders
- (iii) Energy Efficiency Audit

### ■ Outcomes

- The public consultation exercise demonstrated significant interest in the Project and its architectural and technical characteristics from residents of St Petersburg in general and neighbouring areas in particular. Main concerns are potential disruption to flights during construction, workforce evolution potentially associated with the Project, noise and air pollution (these latter being of specific concern to the residents of Krasnoselsky and Kirovsky districts, who request potential optimisation of approach routes to be investigated by the relevant authorities).
- EBRD has arranged a review of the energy performance of the envisaged new terminal in relation to applicable international benchmarks. This audit has been funded by the Netherlands under the existing Energy Audit Framework for an amount of approximately EUR 54,000.

# Elements of Environmental & Social Action Plan



**SCHEDULE 7  
ENVIRONMENTAL AND SOCIAL ACTION PLAN**

The Borrower commits to the actions as specified below, within the specified deadlines, and declares that the resources specified below have been allocated.

ISSUE	PROPOSED ACTIONS	TARGET COMPLETION DATE
1. Social and Environmental Assessment and Management System	1.1 Prepare a documented company Environmental Policy	Effective Date or such other date as is agreed with the Intercreditor Agent
	1.2 Comply with lender requirements, including EBRD's Environmental Policy (2003), IFC's Performance Standards and the Equator Principles	Effective Date or such other date as is agreed with the Intercreditor Agent and throughout construction and operation
	1.3 Implement an environmental management system capable of gaining certification to ISO14001:2004.	Twelve (12) months after Effective Date

## Elements of Environmental & Social Action Plan



- Environmental & Social Management System according to ISO 14001 (& IFC)
- Occupational Health & Safety Management System in accordance with IFC and OSHAS 18001
- Construction and Operations Environmental Management Plan (IFC)
- Implementation of an ongoing Stakeholder Engagement Plan and grievance procedures for community and workers (IFC)
- Develop Policies like Human Resource Policy to meet IFC Standards and promote equal opportunity
- Sanitary Protection Zones Study
- Baseline environmental Survey to identify potential contamination at Site and ring-fence project against any legacy issues and develop a clean up plan with city
- Hazardous Materials Inventory, Inventory of refrigerant gases, Hazardous Substances Management Plan
- Audit of all Hazardous Substances Storage Areas to implement upgrade plan
- Action Plan for compliance with international food waste disposal measures
- Air Monitoring Programme
- Identify sources of greenhouse gas, Calculate Emission Levels
- Drainage and Waste & Runoff water treatment master plan and upgrades

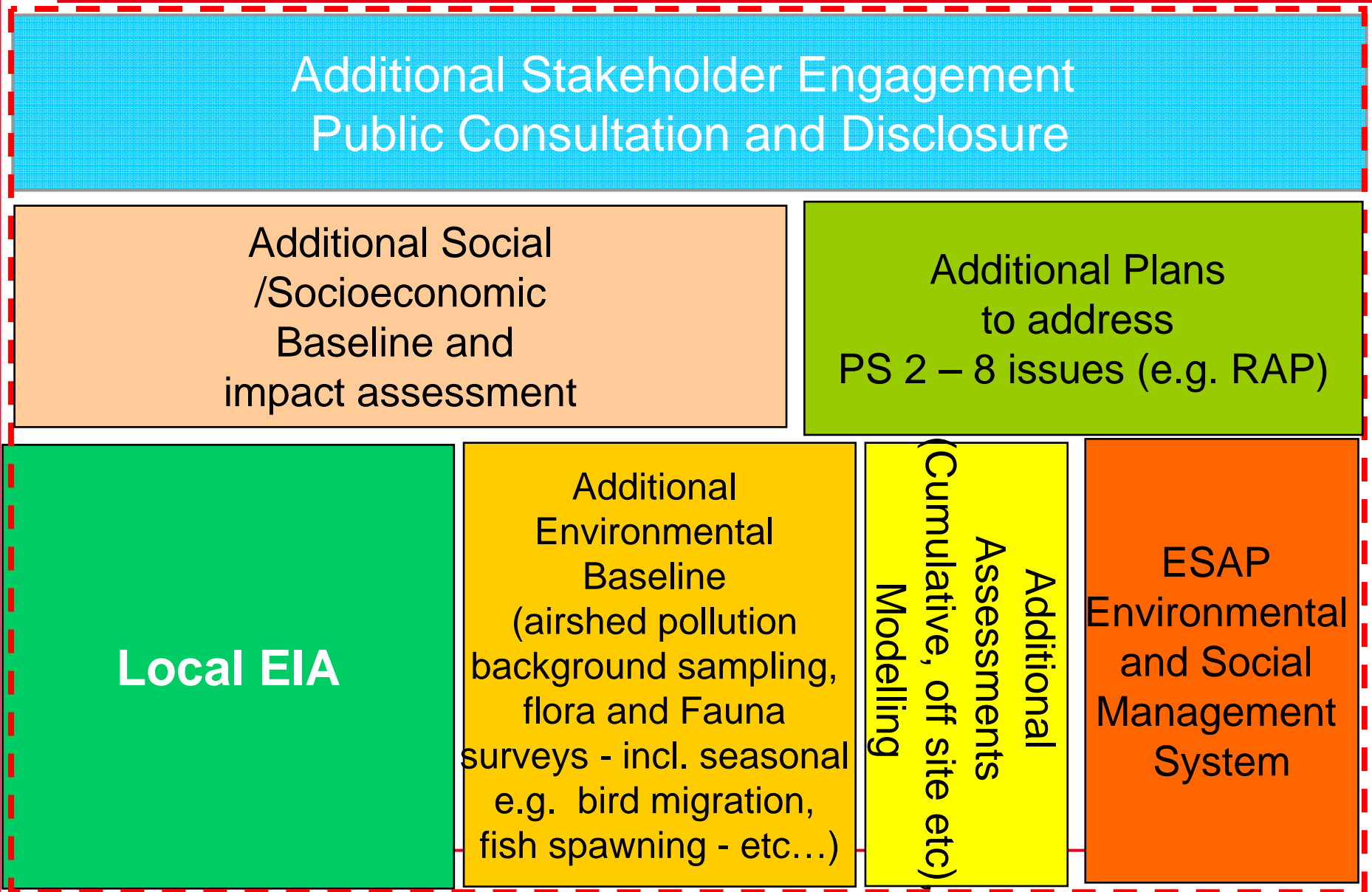
## Elements of Environmental & Social Action Plan

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- Management programme based on noise modelling and propose minimization strategies, phasing out of aircrafts with excessive noise upon negotiations with airlines
  - Waste mangement, spill prevention and liquidation plan, emergency preparedness and response plan and life and fire safety and evacuation plan
  - archeological survey of project area and chance find procedure
  
  - The ESAP was a schedule to the Loan Documentation
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# Typical relationship of mandatory local EIA and additional Performance Standards elements

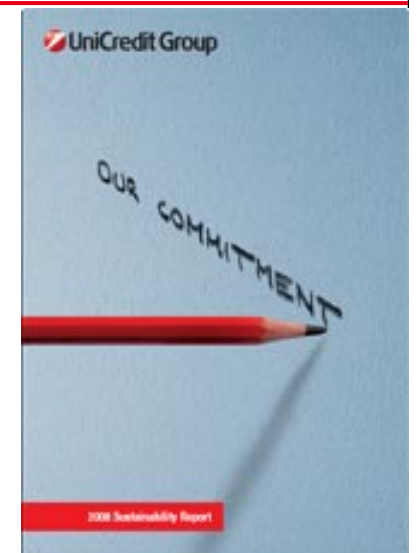




THANK YOU !

Karen Wendt

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## List of frequently used Abbreviations

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- EP – Equator Principles
  - EPFI – a finance Institution that has adopted the EP
  - EIA – Environmental Impact Assessment
  - ESIA – Environmental and Social Impact Assessment
  - ESAP – Environmental and Social Action Plan
  - ESMS – Environmental and Social Management System
  - EHS – Environmental Health and Safety
  - IFC – International Finance Corporation
  - ILO – International Labour Organisation
  - Natura2000 – EU Nature Conservation Programme
  - OECD - Organisation for Economic Co-operation and Development
  - PS – Environmental and Social Performance Standards of the IFC for Project Finance
  - PCDP – Public Consultation and Disclosure Plan
  - TOR – Terms of Reference
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