

## Environmental and Social Data Sheet

### Overview

Project Name:	NIBULON
Project Number:	2016-0178
Country:	Ukraine
Project Description:	The operation consists of a multi-scheme investment by the promoter consisting in the expansion and modernization of the promoter's logistics infrastructure, and is expected to remove existing bottlenecks related to transportation and storage, reduce the transportation costs, as well as increase the volume of agricultural traded commodities. The project purpose is mainly to finance: (i) the construction of river and in-land terminals with grain elevators, (ii) the upgrading of a transshipment terminal, (iii) the modernization of their shipyard, and (iv) the construction of tugboats and barges for transportation of cereals by inland waterways.
EIA required:	Multi-scheme investment projects, EIA requ. vary
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

Within the EU some sub-schemes of the project would, by virtue of their technical characteristics, fall under the scope of Annex I or II of EIA Directive 2011/92/EU.

It is expected that certain sub-components of the project, such as the grain terminals, will have to undergo individual Environmental Impact Assessments (EIA) under the Ukrainian legislation. The terminals are developed in compliance with national regulatory requirements and international standards for emissions abatement, and the air and water emissions are expected to be within the limits set by international and European standards. The generated waste is neither significant, nor of dangerous nature and the corresponding and appropriate disposal mechanisms have been established. The main emissions expected for the terminals are the emissions to the air (mainly dust from the grain handling), waste and waste water. At the terminals, the protocols for unloading trucks and controlling the dust are appropriate and are focused on both safety and dust controls. The dust control equipment reduces dust concentration from 6,000 mg/Nm<sup>3</sup> at the inlet to 20 mg/Nm<sup>3</sup>, level prescribed by international standards, and lower than the Ukrainian one. The crop dust collected is added back to the crop load in such a manner as to prevent the risk of dust explosions. All points of transfer within the terminal are equipped with filters ensuring the prescribed emission limit.

Sewage water does not contain any chemical components. For the treatment of domestic water, the company uses biological treatment. The biological treatment method includes an ultrafiltration membrane bioreactor. The rainwater sewage system directs rain wastewater to a precipitation tank and then to a separator to remove possible oil products. Nibulon uses environmentally friendly and non-toxic absorbents in order to oxidize oil products contained in used water.

Nibulon's chemical-technological laboratory constantly monitors the environment condition where their branches operate. The laboratory is permitted to monitor atmospheric air by 31 indices, aquatic environment by 40 indices, and soil and bottom sediment by 17 indices.

<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

Luxembourg, 13 December 2016

According to the Ukrainian environmental legislation an operation permit with the corresponding emission limits for the proposed facilities has to be issued before commissioning. See undertaking below.

The project will support the reconstruction of a shipyard to be utilized for the construction of self-non-propelled vessels and tugboats, to be used on the in-land waterways. This will allow for modal shift from road transport to waterways.

Vessels: the construction of the project vessels does not require an Environmental Impact Assessment (EIA) under the Directive 2011/92/EU. The project is expected to contribute and have a positive impact on emissions reduction and efficiency gains of the promoter's fleet.

The shipyard is well established and holds all environmental certifications required under the Ukraine law for the construction of these types of vessels.

The vessel components overall residual risks are expected to be positive and manageable and thus acceptable for EIB financing.

No nature conservation area is expected to be affected by the project.

### **Social Assessment, where applicable**

The social and occupational health framework in Ukraine is developing and the government has ratified the ILO Core Labour Standards.

There will be positive social outcomes of the project, such as i) new employment created in the local communities, in rural regions of Ukraine, as well as ii) relocation of a number of Nibulon's employees in the local communities.

Ukrainian agriculture is dominated by men, nevertheless, Nibulon promotes gender equality and employs circa 35% women across the organization, including at management level.

Nibulon has signed a Collective Agreement with its employees, and, as part of it, all the employees are provided with payments and benefits varying with the respective work intensity. Nibulon's policy in the labour protection field is built upon the principles of life and health priority to the company's production results, and there were consequently no major accidents in the last five years. The company has put in place emergency response plans for hazardous facilities. Annually, the company organizes and conducts medical examinations of its employees working in hazardous conditions, persons under 21 years old and drivers. In order to provide medical assistance in time in case of accidents, the company opened a "Health Protection Point" working on a 24-hour basis at their transshipment terminal.

The company created in 2009 a Corporate and Social Responsibility Department and put in place appropriate policies and procedures. Since 2011 the Promoter has compiled a yearly Social Report, publicly available. Nibulon is actively involved in various social programs at community level, within their area of operations.

No involuntary resettlement of population is expected as the result of the project.

### **Public Consultation and Stakeholder Engagement**

Public consultations will be carried out as part of the EIA process. Conditions included below.

### **Other Environmental and Social Aspects**

Within Nibulon's overall environmental policy, a separate Department for Environment Protection was created, the purpose of which is to control, regulate, and implement the environment protection principles in every production process, as well as represent the company in other organizations and regulatory bodies related to the environment. The Department is manned with engineers-ecologist by specialty, as well as engineers-specialists of agricultural, construction, and shipbuilding industries, economists and chemical-technicians for the laboratories.

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Based on the three steps process for the assessment of the climate change mitigation and adaptation impacts of the projects, it was estimated that this project will have the following effects:

- Storage units – grains and oilseeds elevators. This is a main component of the project, and it will address food waste reduction. It is also driven by the need to adapt to expected climate change impacts (raising temperatures and rainfall water decrease) by introducing modern technologies in grain storage and treatment, and increasing the overall capacity, thus reducing the food waste and increasing resilience to expected weather conditions. The portion of the project cost dedicated to constructing storage units is considered part as climate change adaptation as well as part as resource efficiency (climate change mitigation).
- In-land waterways vessels. The project will support the reconstruction of a shipyard to be utilized for the construction of self-non-propelled vessels and tugboats, to be used on the in-land waterways. This will allow for modal shift from road transport to waterways and is considered climate mitigation (sustainable transport).

## Conclusions and Recommendations

The following conditions need to be satisfied by the promoter:

- For any of the project's components screened in for an EIA by the competent authority, an EIA must be provided to the Bank prior to the construction start, along with the confirmation that all mitigation measures will be implemented. In addition, the Bank will receive the minutes of the public hearing session and the newspaper and/or internet notifications carried out in the context of the environmental permitting (EIA) procedure, showing that the project has undergone satisfactory public consultation.
- Nibulon has to submit to the Bank the operating permit(s) for the individual components of the project before the start of their operations.

Considering all the measures put in place by Nibulon, their track record, as well as their policies and procedures and the above mentioned conditions, the project is acceptable for EIB financing in E&S terms.