

Environmental and Social Data Sheet

Overview

Project Name: KEFLAVIK AIRPORT EXTENSION
 Project Number: 2014-0408
 Country: Iceland

Project Description: The project concerns the expansion and upgrade of Keflavik International Airport (KEF) in order to cater for future growth in traffic and to improve passenger service standards. The airport, which is the main gateway to Iceland, handled 6.8 million passengers in 2016.

The project will provide additional terminal, airside and landside capacity and will improve the level of service offered by the existing facilities, which are operating above capacity during peak periods. It includes the extension of the South terminal, the upgrade of the Baggage Handling System (BHS), the rehabilitation of both runways and the construction of additional taxiways and Rapid Exit Taxiways (RETs), new remote stands, the relocation of the main access road, the upgrade of the Flight Data Processor System (FDPS) and other various associated investments.

EIA required: no

Project included in Carbon Footprint Exercise¹: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

Skipulagsstofnun, the Icelandic National Planning Agency, is the state authority, under the Ministry for the Environment and Natural Resources, responsible for the administration and implementation of the Planning Act, the Environmental Impact Assessment Act (EIA) and the Strategic Environmental Assessment Act (SEA).

The 2015-2040 Masterplan for KEF, developed under the guidance of Skipulagsstofnun, followed the EU strategic assessment model in accordance with the Directive 2001/42/EC. The document focused largely on a phased development of the airport and incorporated a Land Use Plan, which proposed land use development areas outside the current airport

¹ 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 CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

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boundaries, and introduced an Environmental Plan, which analysed the environmental situation of the airport at that time and of the various alternatives considered for future development and evaluated environmental aspects such as noise, preservation of the quality of water, waste management, conservation of air quality, biodiversity and bird strike prevention.

Project components are broadly aligned with the provisions of the Masterplan and fall largely under Annex II of the Directive 2014/52/EU amending the EIA Directive 2011/92/EU. The latest version of the Directive is incorporated into the European Economic Area (EEA) Agreement by a Joint Committee Decision (JCD) from 30th April 2015 and transposed to the Icelandic EIA Act since 15th May 2017.

Under the Icelandic EIA Act, the following project components are deemed subject to a screening decision by the competent environmental authority: extension and upgrade of the South terminal; additional taxiways and rapid exit taxiways; new remote stands; additional de-icing platform; new service road; new long-term car park; and relocation of the main access road.

The competent authorities have signalled that these components are to be screened-out, but formal decisions have not been granted yet. The reception of these will, therefore, be a prerequisite from the Bank for disbursement against these components.

Regardless of whether project components are subject to an EIA or not, Isavia has developed or will develop Environmental and Social Management Plans (ESMPs) for all project components incorporating all the necessary mitigation measures for all the impacts caused during construction in accordance with the provisions of the Icelandic Legislation.

Regarding operation, Isavia offers airport services under the terms of the environmental operating permit granted by the local public health inspectorate of Reykjanes that is currently being renewed as it limits operation to 50,000 aircraft movements per year (ATM) which were already exceeded in 2016. It addresses key environmental impacts through a range of environmental monitoring and mitigation strategies, the outcomes of which are reported to the local environmental authority. This includes monitoring of noise, air emissions and water quality to obtain detailed data on the airport's environmental impact and to provide a baseline for future action.

The main potential environmental impact of the project is an increased level of noise associated with future aircraft operations. The Environmental Plan includes a Noise Exposure Plan that compares noise levels for years 2015 and 2040, modelled using an Integrated Noise Model (INM) developed by the Federal Aviation Administration (FAA) in the USA. According to these calculations, noise levels within the municipality of Reykjanesbær to the east of the airport are and will be within the legal noise limits for areas close to an already operating airport² both in 2015 and for the traffic mix forecast for 2040. Project components will increase the airport's capacity below the 2040 horizon; therefore associated noise increase should also be in line with legislation in place. KEF has had a noise monitoring system in place since May 2017 and plans to make real time noise monitoring data publicly available.

The future increase in the number of aircraft movements thanks to the project might increase emissions and decrease air quality. Main mitigation measures to avoid this include minimising emissions from aircraft taxiing and ground service vehicles by reducing travel distances within the airport, increase the use of electric vehicles and ground service equipment, using material

² Icelandic Regulation 724/2008 sets noise limits for air traffic.

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coatings with catalytic properties to reduce NOX and VOC, prohibiting the use of power-back to push back from gates and encouraging single-engine taxiing.

The landscape surrounding KEF consists of a great flat lava plateau influenced by surface erosion from wind and rain. Vegetation species are low and the distribution is sparse. The area surrounding the airport does not present valuable breeding or feeding localities for mammals or bird species. Ground breeding birds such as the golden plover and wheatear occur in the area, but the abundance in the area is relatively sparse. The area does not present important habitats for bird species due to the lack of trees and scrubs. The coastline within 10 km from the Airport is flat and does not contain bird cliffs. Moreover, the peninsula does not contain areas protected according to the Natural Conservation Act. It is not expected that the project will have any significant impact on any protected area, however, the Competent Authority will be required to confirm that.

No other significant negative environmental effect has been identified in relation to the construction and operation of the project.

Public Consultation and Stakeholder Engagement

The 2015-2030 Masterplan was first presented to stakeholders in the Spring of 2015, followed by a comprehensive consultation process. The resulting revised document was presented at a public meeting on the 13th of October 2015 and has been published since then in Isavia's webpage.

For the project components where an EIA process has not been undertaken yet, the requisite level of public consultation will need to be carried out in accordance to the EIA Directive and relevant national law.

Other Environmental and Social Aspects

Keflavik Airport is working towards obtaining ISO 14001 Certification.

It is also a member of: - the ACI Airport Carbon Accreditation, being level 1 (Mapping) accredited³; - the UN Global Compact; and - the Global Reporting Initiative.

Conclusions and Recommendations

Given the above, the following environmental conditions and undertakings are to be applied:

CONDITIONS

- Prior to first disbursement, the Promoter shall submit to the Bank a copy of the opinion of the competent authorities confirming that the project does not impact significantly on any protected sites (Form A or equivalent).
- Prior to disbursement against the relevant project components, the Promoter shall submit to the Bank the provision of satisfactory evidence of environmental and development consent for the project from the relevant competent authorities. This includes screening-out decisions for all project components falling under Appendices B or C of the Icelandic EIA Act and deemed not subject to an EIA procedure. These components are: Extension and upgrade of the South terminal; additional taxiways and rapid exit taxiways; new remote stands; additional de-icing platform; new service

³ *Airport Carbon Accreditation* recognises and accredits the efforts of airports to manage and reduce their carbon emissions. There are four levels of certification: 'Mapping', 'Reduction', 'Optimisation' & 'Neutrality'. Further reference can be found in <http://www.airportcarbonaccreditation.org/>.

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road; new long-term car park; and relocation of the main access road and represent approximately 60% of the total project cost.

- Prior to first disbursement, the Promoter shall provide a copy of the renewed environmental operating permit. It shall also provide a copy of the relevant environmental monitoring plan associated with the airport operation.

UNDERTAKINGS

- The Promoter shall ensure that an adequate ESMP, defined according to the relevant environmental authorisations, is implemented and monitored during the construction of the project, and will notify the bank of any unexpected environmental impact or incident during the construction of any component.

Based on the above considerations, the project is acceptable for EIB financing. The overall residual impacts are considered to be minor and manageable.