

Environmental and Social Completion Sheet (ESCS)

Overview

Project Name:	MHP AGRI-FOOD
Project Number:	2012-0184
Country:	Ukraine
Project Description:	The project involves the construction and operation of an integrated chicken fodder production complex with an annual output capacity of 1,300,000 t/year. The project will integrate oil seed crushing and grain and sunflower storage with the fodder production. The total capacity of the new grain elevators will be 400,000 m ³ .

Summary of Environmental and Social Assessment at Completion

EIB notes the following key Environmental and Social outcomes at Project Completion:

Within the EU, the project would have fallen, by virtue of its technical characteristics, under the scope of Annex II of EIA Directive 2011/92/EU leaving it to the Competent Authority to determine whether a full EIA would be required based on Annex III criteria. The sunflower crushing plant uses only thermo-mechanical procedures for the sunflower oil extraction and does not include any chemical extraction and energy intense distillation.

An Environmental Impact Study (EIS) for the project was compiled in 2010 as required under the Ukrainian legislation. Based on this EIS, the Ukrainian Authorities granted the "ecological permit" in 2010, which is a condition for the issuance of the construction permit. The project incorporates best available techniques (BAT) for emissions abatement.

In 2015, the promoter engaged in an agreement with a certified laboratory (external to the promoter) that will periodically monitor air quality within and around the project site. The monitored substances include NO_x, CO, PM10 and SO₂. Results from comprehensive assessments carried out in 2015 show generally alignment with WHO ambient air quality guidelines in and around the plant in terms of NO_x, CO and dust. In the particular case of SO₂, the reported ambient air quality measures in and around the plant and at the borders of the residential areas exceed the WHO guidelines. Given the BAT compliance of the plant, this is rather attributable to other sources in the neighbourhood rather than the promoter's plant whose emissions of this pollutant are modes and within international BAT standards. Examples of other polluting plants are a 45-year-old coal fired power station and an asphalt (bitumen) plant within 8 to 10 km of the plant.

The waste water generated is neither significant nor of hazardous nature and the corresponding and appropriate disposal mechanisms have been established.

The social and occupational health framework in Ukraine is developing and the Government has ratified the ILO Core Labour Standards. The Promoter has a documented CSR/OHS (Corporate Social Responsibility/Occupational Health) policy and it has appointed a Corporate

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and Social Responsibility (CSR) managers responsible for implementing the CSR/OHS policy. It is monitoring exposure of workforce exposure to main pollutant generated at the plant (e.g. dust) and devises correction measures where applicable/necessary to align with the maximum exposure limits as established in international guidelines.

It has to be noted that several issues related to the Promoter's social and environmental practices have surfaced since the disbursement of the EIB loan. Concerns have been brought to the attention of EIB by NGOs and relate mainly to access to information, public consultation, overall MHP performance with regard to the implementation of the grievance mechanism and the stakeholder engagement plan (SEP). These grievances concerned MHP operations as whole and not specifically the EIB financed investments. The EIB finance contract relates and constraints EIB and promoter obligations to the specific project financed by the EIB. Nevertheless, the EIB's services have taken these allegations seriously and, within the possibilities and limitations given by the contractual framework, are liaising with the promoter and other IFIs which are involved in the funding of MHP to help address the reported issues through an overhaul of the CSR standards and procedures and their implementation in the organisation.

EIB notes the following key Environmental and Social aspects that will continue to be monitored during operation:

- The Bank will continue to follow the dialogue concerning land tenure rights.
- MHP has initiated an external multi-phased review of the company activities on stakeholder engagement and has dedicated staff to enhance its performance in the implementation of its Stakeholder engagement plans.
- The Bank's services have engaged in dialogue with NGOs as well as with other IFIs to better understand the nature of the environmental and social concerns and coordinate approaches.
- Continued monitoring of the plants emissions to the environment and analysis of the ambient air quality in and around the project plant

Summary opinion of Environmental and Social aspects at completion:

Based on reports from the promoter, site visits by the EIB team, information on public domains and information received from the stakeholders during construction, EIB is of the opinion that the Project has been largely implemented in line with EIB Environmental and Social Standards, applicable at the time of appraisal. Social issues related to land tenure rights, stakeholder engagement, access to information and grievance mechanism will be followed, as noted above.