



International Finance Corporation
2121 Pennsylvania Avenue NW
Washington, D. C. 20433
Attention: IFC CES Department Director

**Environmental and Social Review Summary (ESRS) [and Environmental and Social Action Plan (ESAP)]
for the VCT II (VCT II) ("the Project") of Visakha Container Terminal Pvt. Ltd.**

We hereby confirm that we have reviewed the Environmental and Social Review Summary and the Environmental and Social Action Plan document(s) delivered to us on 10 Mar 2019 in relation to the Project. Please take this letter to confirm that:

- ◆ We approve the text of the ESRS and ESAP;
- ◆ We have no objection to the release of the ESRS and ESAP to IFC's Board of Directors;
- ◆ We have no objection to the ESRS and ESAP being made available to interested parties (including the general public) through its placement in IFC's Disclosure Portal, and appropriate World Bank Group country offices; and
- ◆ We understand that if the ESRS or ESAP needs to be updated to reflect the final understanding of environmental and social issues and mitigation measures with IFC, the revised text will be issued to us for prior approval.
- ◆ We also confirm that we have no objection to the public disclosure of the following plans and documents listed at the end of this letter.

Performance Standards on Environmental and Social Sustainability and World Bank Group EHS Guidelines

We confirm that we have received copies of the IFC Performance Standards on Environmental and Social Sustainability dated January 1, 2012 (the Performance Standards), the World Bank Group Environmental Health and Safety General Guidelines 2007 and the World Bank Group Environmental Health and Safety Guidelines for Ports, Harbors, and Terminals, 2017.

We understand that all the Performance Standards are applicable or may become applicable to the Project, and that we will be required to demonstrate adherence to them in due course. We also understand that IFC require compliance with local regulatory requirements and that we will be asked to demonstrate that compliance.

Signed on behalf of: **Visakha Container Terminal Pvt. Ltd.**

By

Please print name next to signature

DY. COO

Title



cc: IFC Corporate Relations Unit (CRU); CESI Lead Environmental & Social Specialist (LESS); and IFCDocs Disclosure Folder

List the project documents that will be disclosed along with the ESRS/ESAP

- 1) Environmental Impact Assessment (EIA) Study for modernization of existing facility and addition of new facility at Vishakhapatnam Port dated July 2015.

Visakha Container Terminal Pvt. Ltd.

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ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY

Project Basic Information

Country India	Region South Asia
Project Number 41434	Project Legal Name VCT II
Client Legal Name VISAKHA CONTAINER TERMINAL PRIVATE LIMITED	Project Business Sector E-BB - Port and Harbor Operations
Owning Department/Division CN4S5 - Regional Industry - INF Asia & Pac/Infrastructure - CSA	Environment Category B - Limited

Project Description

Visakha Container Terminal Private Limited (“VCTPL” or the “Company” or “Terminal”) is a joint venture between International Cargo Terminals & Infrastructure Pvt. Ltd. (formerly known as United Liner Agencies of India (Private) Limited, a J.M. Baxi Group Company) and DP World. VCTPL, since June 2003, operates an all-weather container terminal (the “Terminal 1”) located in the Outer Harbor of existing operational multi cargo port operated by Visakhapatnam Port Trust (“VPT”) on the east coast of India. VPT has in all 18 berths in the inner harbor and seven berths in the outer harbor. VCTPL's existing container terminal is one of the seven berths in the outer harbor. VPT is in the process of modernizing its existing iron ore handling operations, adding new berths/facilities for enhancing cargo handling capacity in the inner harbor, and extending existing container terminal in the outer harbor. The proposed extension of container berth has been awarded as a 30-year concession by VPT to VCTPL to develop, operate & maintain a 395-meter extension of the existing 449m berth/container terminal (“VCT II” or the “Project” or “Terminal 2”). EPC contracts for the project is in the process of being finalized. Construction period is 24 months and is expected to commence from May 2019. IFC is considering extending an A loan to VCTPL to part finance the project.

The project involves: construction of a berth (395 x 34 m); construction of a 22 x 22 m mooring dolphin; reclamation and filling (300 m x 470 m involving about 1 million m³ of fill); construction of 562 m rock bund; construction of heavy and light duty pavement (200 m x 375 m); 476 m storm water drainage system; and buildings including gate complex, workshop, customs, diesel generator (DG) house, fuel station, fire pump room, compound wall, administrative office and labor amenities. The





project will purchase and deploy: three ship to shore - rail mounted gantry/quay cranes (RMQCs); nine eco-rubber tyred gantry cranes (e-RTGC); 24 internal transfer vehicles (ITVs); five reach stackers; and one top lift truck. Terminal 2 will have in all 3108 twenty feet ground slots (TGS) over a 6.58ha (65,800 m2 area). Terminal 2 will have a peak container throughput of 0.75 million TEUs. These facilities are envisaged within the existing outer harbor, no new land acquisition is proposed for the project and no extension of/changes in existing breakwaters is proposed on account of the project. VPT is in the process of making a common access road, which will eventually be used to access its future berths in the proposed outer harbor to outer harbor as and when that is built. This road will also provide access to Terminal 2 site. This common access road is being built by widening an existing road immediately outside and adjoining VCTPL's boundary, which was the main access to the fishing harbor and VPT's port control building. Since VPT's plan for outer harbor to outer harbor is in very early stage of conceptualization, the common access road is considered an associated facility of the project. VPT has, for the common access road, taken back about 13,500 m2 of land it had leased to VCTPL, has taken some land from the Indian Oil tank farm area and has relocated to a nearby place within the fishing harbor area, some fish auction/packing stalls, shops and a canteen that were in the alignment of the common access road.

The existing Terminal 1 has a quay length of 449 meters and a draught of 16.5 meters alongside. The terminal is spread over 164,400 m2 and has 2412 TGS over a 7.5 ha (75000 m2 area). Further, Terminal 1 is equipped with modern container handling equipment, including six RMQCs, ten RTGCs, five reach stackers (leased), one fork lift and 30 ITVs. Moreover, Terminal 1 also has 360 reefer plug points, three 1250 kVA DGs for backup power, weigh bridge, round the clock VHF communication, facilities for supply of fresh water to ships, two full rake length railway siding, truck movement and parking areas, and IT infrastructure providing computerized environment for all of the terminal activities. A 6-acre area has been provided by VPT within the port premises to stack empty containers as part of the VCT-II project.

The company has a container freight station (CFS) on a 28 acre land leased from VPT located about 12 km from Terminal 1. The CFS has leased 5 reach stackers, 4 hydra cranes, 1 empty handler reach stacker and 40 external transport vehicles (ETVs) for transporting containers from CFS to the Terminal 1. The CFS has 795 ground slots with 4 high stacking. Container stuffing undertaken at the CFS mostly involves ferro chrome, paper, quick lime and agri commodities.

VCTPL receives about 30 full rake container trains per month and 600 container trucks everyday by road directly from industries and CFSs. Post project, when Terminal 2 becomes operational, container train traffic is expected to increase to about 60 trains per month and road container inflow is expected to increase to about 1200 trucks per day. VCTPL has set up a pre-gate truck parking area in a common service facility of 8.5 acre set up by VPT. This pre-gate is 6 km from the Terminal 1 main gate. The registration formalities of each truck and biometric details of the driver is completed in the pre-gate area. Trucks are called by VCTPL's security at the terminal's main entry gate in small batches of 10 trucks at a time to allow smooth flow of traffic on the main road outside the terminal main gate. The container throughput from Terminal 1 is about 40,000 TEUs per month and 27 vessels arrive every month. Once Terminal 2 becomes operational, it is expected that vessel traffic will increase to about 40 vessels a month.





Like in case of Terminal 1, in Terminal 2 also, the operations will primarily involve: (i) loading/unloading of containers from ships/vessels and the associated operations; (ii) loading/unloading of containers to/from road transport vehicles/trucks and container railway trains; (iii) receipt and dispatch of containers in the terminal area; (iv) storage of containers; (v) container survey activities; (vi) maintenance of equipment; and (vii) other activities such as office/administrative functions. VCTPL is responsible for only shore side activities as mentioned above. All marine side activities including berthing & securing of vessel, bunkering, vessel waste management and interaction with master of vessel is undertaken by VPT. VCTPL can currently handle 0.55 million TEUs of container and, with completion of the expansion project, an additional 0.75] million TEU container can be handled.

Overview of IFC's Scope of Review

While the A Loan is to VCTPL, the use of proceeds is defined to be used for the project. Accordingly, IFC's review consisted of appraising technical, environmental and social information submitted by VCTPL including:

- Environmental Impact Assessment (EIA) Study for modernization of existing facility and addition of new facility at Vishakhapatnam Port dated July 2015. This EIA covers all the developments proposed by VPT at the time including the project.
- the Integrated Quality, Environment, Occupational Health and Safety (QEHS) Management System (IMS) Manual; Security Management System Manual, sample monthly safety and environment report; sample audit reports; sample ambient air quality, ambient noise levels, and effluent and water quality monitoring/test reports; sample safety committee meeting reports; sample mock drill reports; Human Resources (HR) Manual; certified standing orders; muster and wage registers for contract workers; security personnel procedures and other relevant information provided by the company.

The review also included a discussion with the technical management professionals including the Chief of Operations, Head of Engineering, Head of Human Resources and Head of Health, Safety, Environment & Training (HSE) at VCTPL. Further, the review included two visits to the existing operational VCTPL terminal in May 2018 and March 2019. IFC had in 2010 committed a loan with VCTPL (IFC Project # 29847), which was never drawn down by the company. VCTPL's E&S performance was satisfactory under this previous project.

Identified Applicable Performance Standards

- ☒ PS1: Assessment and Management of Environmental and Social Risks and Impacts
- ☒ PS2: Labor and Working Conditions
- ☒ PS3: Resource Efficiency and Pollution Prevention
- ☒ PS4: Community Health, Safety and Security





- ☒ PS5: Land Acquisition and Involuntary Resettlement
- ☒ PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- ☒ PS7: Indigenous Peoples
- ☒ PS8: Cultural Heritage

The project facilities will be located within the premises of the existing operational outer harbor of VPT and adjoining the existing operational VCTPL terminal, no land acquisition is planned for the project, all construction activities and operations will be undertaken within the existing operational outer harbor of VPT, and while no dredging is envisaged for the project at this stage, if any dredging occurs in future, dredge spoil will be disposed at designated offshore disposal site that is currently being used by VPT for disposal of capital and maintenance dredging waste. Hence involuntary resettlement (PS5), biodiversity impacts (PS6), impacts on Indigenous Peoples (PS7) or cultural property (PS8) are not expected on account of the project and its operations.

Environmental Social Categorization and Rationale

The project involves development of additional new facilities within the premises of an existing operational port; key risks and impacts will therefore be limited within immediate port area and the project is not expected to result in any new significant long-term impacts. Accordingly, this is a Category B project because a limited number of specific environmental and social impacts may result which can be avoided or mitigated by adhering to generally recognized performance standards, guidelines or design criteria. Further, it is possible to readily design and implement engineering and management measures to mitigate the limited risks and adverse impacts.

Environmental and Social Mitigation Measures

PS1: Assessment and Management of Environmental and Social Risks and Impacts:

For Disclosure:

Environmental and Social Assessment and Management System-Policy

VCTPL has put in place an integrated quality, environment, health and safety management system (IMS), certified to ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 standards respectively. VCTPL has also implemented a security management system (SMS) certified to ISO 28000:2007 standards and complies with ISPS level 1 requirements. VCTPL has also implemented an information security management system (ISMS) certified to ISO 27001:2013 standards. VCTPL will extend its existing IMS, SMS and ISPS requirements to the project also. The company has a QHSE Policy, Security Policy, Code of Conduct Policy and Sexual Harassment Prevention Policy. VCTPL will, as mentioned at ESAP # 1, upgrade its QHSE Policy to align it with the provisions of IFC Performance Standards (IFC PSs, 2012). This will include a commitment to appropriately incorporate, in the IMS,





IFC PS provisions; and the applicable provisions of the World Bank Group (WBG) Environment, Health and Safety (EHS) General Guidelines, 2007 and the WBG EHS Guidelines for Ports, Harbors and Terminals, 2017. VCTPL will, as part of IMS, put in place procedures to periodically review the QHSE Policy and the IMS to ensure that it addresses the risks, impacts and opportunities that the terminal may be exposed to in line with the evolving port operations.

Identification of Risks and Impacts

VPT, in accordance with the regulatory requirements, carried out an environmental impact assessment (EIA) in July 2015. The EIA covered all of the developments in outer and inner harbor that VPT was considering at that time. Accordingly, this common EIA also covered risks and impacts linked to the project. Radioactive tracer studies were commissioned by VPT in 2010 to select the site for disposal of capital and maintenance dredging that is carried out in the outer and inner harbor. The EIA includes baseline conditions at VPT including meteorology, ambient air quality, land use pattern, marine water quality, sediment characteristics, terrestrial and marine ecology/biodiversity and socio-economic condition in the study area. The EIA delineated a number of measures to minimize, mitigate and monitor impacts associated with construction and operation phases of the project. Further, the company has, as part of the process for development and implementation of the IMS, undertaken a comprehensive assessment of environmental, occupational health and safety (EHS) risks and impacts from its operations, and has put in place operational control procedures to mitigate the identified significant risks and impacts. The fish auction stalls, shops and the canteen that were relocated (for widening the existing road into the common access road) were on land owned by VPT. VPT has relocated them to a nearby area within the fishing harbor and on land that belongs to VPT. While the widened common access road in the fishing harbor area is an associated facility for the project, the widening and the associated relocation of fish auction/packing stalls, shops and canteens were undertaken by VPT and was outside VCTPL's remit.

Management Programs

To implement and operate the project in a manner consistent with the IFC Performance Standards, VCTPL will implement the mitigation measures detailed in the environment management plan (EMP) provided in the EIA, the IMS, additional measures delineated here-below and in the environment and social action plan (ESAP). Further, VCTPL will, as mentioned at ESAP # 2, contractually require the EPC contractor develop and implement a construction phase EHS Management Plan aligned with the EIA and EMP, IFC Performance Standards, the IMS, and relevant provisions of WBG EHS Guidelines. As required, the construction EHS Management Plan will develop contractor's implementation procedures relevant to the following among other aspects: occupational health and safety; construction labor influx and labor camp (if required); emergency planning and response; handling, storage and use of hazardous materials; handling, storage and disposal of hazardous and other wastes; emissions and discharges to air and marine environment; water consumption; waste water treatment and disposal; quarrying and management of borrow areas (if required); ambient noise; community health, safety and security; transportation of construction material; dredging, transport of dredged material and disposal (if required); increase in vessel (barges) and vehicular traffic;





construction material storage/stockpiling at site; concrete mixing, pouring and casting at site; local hiring; EHS organization; EHS training; roles and responsibility allocation; monitoring and reporting program; non conformity and incident reporting, investigation and corrective action; and budgetary allocation for the EHS plan implementation.

Further, VCTPL's IMS for operations includes procedures: for ensuring compliance with applicable legal, regulatory and other requirements; vessel waste management; operation, cleaning and repairs of terminal equipment, containers and vessels; hazardous cargos and hazardous materials; occupational health and safety; emergency response plans (including for fire, chemical spills and mishaps, accidental release of petroleum products/oil spills, and medical emergencies and exacerbation during cyclones/storms); monitoring and reporting; emissions to air; water and wastewater; solid, hazardous and other waste; marine environment; storm drainage and contaminated runoff management; compliance requirements for contractors; EHS training of employees and contract workers; recording, investigation and reporting of EHS incidents; role and responsibility allocation; periodic monitoring, assessment and reporting of EHS performance; internal and external communication on EHS aspects; internal and external audits and implementation of corrective action; management review of the management system; and periodic reporting of social, environmental, occupational health and safety performance to the company's management and other stakeholders.

VCTPL has included IFC Performance Standards 2006 and WBG EHS Guidelines 2007 in the legal register of its existing IMS. The company will, as mentioned at ESAP # 3, incorporate IFC Performance Standard 2012 provisions into the IMS and particularly it will: (a) include a requirement of meeting IFC Performance Standards 2012, WBG EHS Guidelines for Ports, Harbors and Terminals 2017 and ESAP into the Legal Register /Legal and Other Requirements of IMS; (b) upgrade its Standard Operating Procedures, Work Instructions and Operational Control Procedures to incorporate changes made in the legal register/legal register; (c) put in place procedures and maintain documentation to ensure appropriate disposal of all vessel waste by the vessel companies or their agents; (d) implement a stakeholder engagement and community grievance redress procedure in accordance with IFC Performance Standard provisions; (e) upgrade the security personnel procedure in accordance with IFC Performance Standard provisions; and (f) a contractor management plan with detailed procedures to monitor, audit and document contractor compliance with national requirements, the EIA, ESAP, EHS Plan and applicable IFC Performance Standard provisions.

Organizational Capacity and Competency

The company's EHS and Social (EHSS) organization is headed by the Deputy Chief Operations Officer supported by Head QHSE and Head Human Resources (HR). EHS department has a qualified in-house environment professional, four safety professionals at terminal, two safety professionals at the CFS, three HR professionals. Security department has five in-house security officers, and 40 outsourced staff for security. Ten-member teams of staff trained in fire and rescue are deployed in each shift and about 80 persons have been trained in first aid. The company is implementing engagement programs for safe and efficient operation of 26 key equipment and activities. Each of the 26 engagement programs has a designated champion who is required to enable compliance with the





operational safety and efficiency requirements. VCTPL will additionally deploy an environment professional and a safety professional for the project during construction stage and will suitably enhance its EHS organization for the operation stage. The EPC contractor will be required to deploy an EHSS organization comprised of at least one dedicated environment professional, safety professionals and human resource professionals. VCTPL has a structured EHS training program involving more than 1300 person-hours of EHS training per year for staff and contract workers in addition to EHS training at induction for all staff. VCTPL will, as part of ESAP # 2, require the EPC contractor to implement an EHS training program for the construction workers including induction training, daily tool box talk, training on emergency response and construction safety.

Monitoring and Review

VCTPL undertakes monitoring of equipment emissions, ambient air quality, ambient noise, illumination, drinking water quality, treated grey waste water quality, treated industrial effluent quality, hazardous wastes generated and disposed, vessel waste received and disposed, other solid waste generated and disposed, training and drills, energy and water consumption and CO2 emissions. Occupational health and safety (OHS) lead and lag indicators including lost time incidents (LTI), first aid cases, property damages, near miss/dangerous occurrence, hazardous conditions are monitored. The company will, as mentioned at ESAP # 3, expand the monitoring program to also monitor marine water physical and biological parameters, sediment characteristics, wastewater generation, wastewater reuse, stakeholder engagement, employee and community grievances and redress, and community development initiatives. Safety walks are undertaken by all departmental heads led by the terminal head every week. Monthly departmental and terminal level EHS committee meetings are conducted and follow up actions closed out. There are bi-annual internal and annual third party surveillance audits of the IMS by the certifiers. Additionally, DP World also carries out annual audit of the IMS. Findings from the monitoring program and from the audits inform the annual IMS review process and EHS performance information is shared with the Board every quarter.

VCTPL will as part of ESAP # 2, require quarterly third party audit during the project construction phase, commencing within three months of start of construction. Further, as part of the EHS Management Plan required under at ESAP # 2, VCTPL will require the EPC contractor to develop a comprehensive monitoring program taking into account the identified risks and impacts related to construction activities, regulatory monitoring requirements, IFC Performance Standard requirements and applicable provisions of relevant WBG EHS Guidelines and the parameters that VCTPL monitors as part of its IMS.

PS2: Labor and Working Conditions:

For Disclosure:

Human Resources Policies and Procedures





VCTPL has 280 employees and 420 contract workers including those deployed at the CFS. The number of employees and contract workers is expected to increase on account of the project to about 370 and 580 respectively. Further, during construction, it is expected that about 300 contract workers will be deployed. No labor accommodation is expected to be set up during the construction period as most workers will be from local areas and/or will stay in rented accommodation. In any case, as part of the EHS Plan mentioned at ESAP # 2, the EPC contractor will be required to delineate standards for labor camp that meets IFC Performance Standard requirements just in case labor camp has to be setup during construction.

The company has a HR Policy and Procedures manual which addresses: recruitment; salary and benefits; performance management and career progression; working hours and leaves; separation; and other employee welfare measures. Further, the company has in place Certified Standing Orders, which details the labor working conditions including: employee categories; appointment; leave rules and procedures; working hours & attendance; termination, resignation and retirement; misconduct and disciplinary process; and grievance redress. VCTPL's HR Policies and the Certified Standing Orders will be applicable to and extended to the project also.

Working Conditions and Terms of Employment

The HR Policy and Procedures are available on VCTPL's intranet and the Certified Standing Orders has been made available to each worker. Further, training on HR Policies and Standing Orders is part of the company's induction training program. Terms of employment is also conveyed in the appointment letter which VCTPL provides to each employee.

Workers' Organization

While there are no workers organizations at VCTPL, there is no restriction to form unions or to a collective bargaining system. The certified standing order is a tripartite process between labor authorities, representatives of workers and company management.

Non-discrimination and Equal Opportunity

VCTPL as part of its HR Policies and Procedures adheres to non-discrimination and equal opportunity policy.

Retrenchment

The project will result in expansion of VCTPL's operations, requiring it to employ more workers and the company has no plans for retrenchment.

Grievance Mechanism

VCTPL has processes for direct engagement of employees, and formal complaints process with





confidentiality protection and non retribution under Sexual Harassment Prevention Policy and the Code of Conduct. VCTPL will, as mentioned at ESAP # 4, develop, communicate and establish formal employee grievance mechanisms in line with IFC Performance Standard provisions. In particular, the grievance mechanism will strengthen the complaints process by detailing it to clarify the various channels through which the complaint can be filed, laying down time bound steps for redress of the complaints and provisions for appeal to a higher authority in the event the complainant feels the concerns have not been resolved. The grievance mechanism will be accessible to all workers including contract workers engaged in terminal operation and maintenance. The grievance process will enable employees to raise anonymous complaints and will have provisions for protection of confidentiality and non- retribution. VCTPL will maintain grievance records and will monitor redress of grievances. For the EPC contractor and their sub-contractors in the project construction phase, VCTPL will ensure that access to a formal grievance mechanism is available to all contracted workers.

Protecting the Work Force

VCTPL has formal policies and procedures in place to ensure prevention of child and forced labor on their premises including procedures to monitor contractor compliance.

Occupational Health and Safety

The company has, as part of the OHSAS 18001 certified OHSMS, undertaken hazard and risk assessment for each key activity. Based on the outcome of the hazard and risk assessment, the company has developed safe operational procedures. The company has in place an EHS committee comprised of both workers and management staff, which meets every month. Mock drills are conducted including jointly with VPT, opportunities for improvement identified and corrective measures implemented. A weekly safety inspection program is in place in addition to internal and external QHSE audit process. Use of personal protective equipment (PPE), safety signage, work permit system, medical checkup program, vehicle speed and movement plan on the terminal are adequately implemented. VCTPL has a safety training program to ensure that all employees and contract workers are properly trained in the relevant hazards, fire and other safety procedures and emergency response. Truck drivers entering the terminal are provided induction on safe procedures to be followed. Accident, incident and near misses including those involving contract workers are identified, reported, investigated and corrective action implemented. The company has a program in place to recognize employees who demonstrate exemplary safety conduct. The company will, as mentioned at ESAP # 5, further strengthen use of PPE by contract workers at the CFS; and train drivers of the external transport vehicles engaged at the CFS on defensive driving and handling transport emergencies. There have been no lost time incidents at VCTPL terminal in the last 3 years. First aid cases and near misses are duly reported. Further, the company will, as part of the EHS Plan mentioned at ESAP # 2, require the EPC/construction contractor to develop and submit for approval a detailed occupational health and safety plan consistent with GIIP and contractually require the EPC contractor and their sub contractors to abide by this plan.

Workers Engaged by Third Parties





VCTPL requires its contractors to adhere to all applicable labor laws and has implemented a formal contract labor management system (CLMS) for oversight of contractor compliance with labor laws. The CLMS includes formal procedures to check: contractor documentation; site activities through inspections; and direct feedback from workers to obtain assurance on compliance with labor laws. Head of HR convenes a monthly meeting with contractors to provide feedback on identified deviations and to follow up and close out corrective actions. VCTPL will extend the CLMS processes to the project during its operation phase. During construction phase, the company will also implement the CLMS to cover the EPC contractor and their sub contractors' compliance to with labor laws. EPC contractor and sub contractor performance will be assessed as part of the quarterly third party audit and will cover among other aspects, the following: compliance of the contractor and its subcontractors with applicable statutory requirements and IFC PSs; implementation of grievance mechanism; protection of the work force, including engagement of migrant workers, if any, on substantially equivalent terms as non-migrant workers performing same work.

PS3: Resource Efficiency and Pollution Prevention:

For Disclosure:

Pollution prevention and abatement aspects of relevance for VCTPL operations, and therefore for the operations of Terminal 2, include: management of emissions to air from terminal equipment and transport vehicles; management of discharges on land or surface water including storm water, sewage, spills and other terminal waste; ship support operations including reception and disposal of vessel waste (e.g. garbage, bilge, other oily or hazardous waste or ballast); handling and storage of dangerous cargoes; management of increased vehicular emissions due to traffic to the terminal on neighboring community; and emergency response planning and preparedness. There is no capital dredging required on account of the project nor is any maintenance dredging undertaken/required for terminal operations. The IMS has delineated a number of mitigation measures to minimize impacts associated with the terminal operations, which will be adhered to in the project's operations as well.

Pollution Prevention and Control during Construction

In light of the fact that a 16.5 m draft is available alongside the proposed berth for the project and a 20 m draft is available in the turning basin, no dredging is proposed for the project. Though no dredging is required nor planned, in case if any dredging is undertaken as discussed in the EIA, it will be limited in scale, cutter-suction dredgers will be used, silt curtains provided, marine water quality monitoring program implemented and dredge spoil will be disposed at an authorized offshore location which is currently being used by VPT for its capital and maintenance dredge spoil disposal. Container yard will be developed by filling with rocks that were excavated for another project, are lying at a nearby location (Lowa garden) and will be barged to the site. The 1 million m³ of rocks required for filling will be brought by barge to the project site. 125 thousand m³ of river sand will be purchased for filling on top of the rocks. VCTPL will perform water quality monitoring of suspended solids,





turbidity and benthic community before, during and after reclamation activity.

Construction materials (aggregate, stone, concrete piles, cement, steel sheets etc) are expected to be transported to site by road. The potential environmental impacts from construction activities are expected to be standard impacts in most construction projects and include point source emissions and fugitive dusts, soil erosion and sediment loading increases, noise, waste management, spills of hazardous and other material during transport and construction, water usage, emissions from construction equipment, vehicle traffic disruptions. VCTPL will contractually require their EPC contractor to, as part of the EHS Plan mentioned at ESAP # 2, control these to acceptable levels through application of standard construction environmental controls and mitigation measures identified in the EIA, and consistent with IFC PSs and applicable WBG EHS Guidelines. Some of the specific mitigation measures to be applied include: installation of sediment traps to reduce sediment in runoffs from the construction areas; collection, storage and disposal of liquid and solid wastes generated during construction through authorized treatment and disposal facilities; implement measures to minimize risk of spill and overflow during transportation; cleaning of paved roads; provision of water sprays and wheel washing to control dust on roads and stockpiles; and covered transport of construction materials in trucks.

Resource Efficiency

VCTPL plans to deploy eco-RTG's in the Project/Terminal 2, which are more fuel efficient as compared to conventional RTGs. The company monitors fuel consumption, implements programs to reduce specific fuel consumption. The company has reduced energy consumption per TEU throughput from 19.10 in 2016 to 17.07 in 2018. Similarly, VCTPL has reduced water consumption per TEU from 0.027 liters in 2016 to 0.026 in 2018. The company will, as part of the project, implement measures to improve energy and water efficiency during operation.

Greenhouse Gases

Primary source of electricity is the grid but 3 x 1250 kVA diesel generators (DG) are in place as backup power. The project will have kVA DG sets as backup power which will operate less than 500 hours per year. VCTPL consumes about 1200 kL of diesel per annum and stores 25 kL of diesel in over ground storage within secondary containment. The company has in place procedures to quantify greenhouse gas (CO₂e) emissions and is implementing measures to reduce its CO₂ emissions. In this context, VCTPL has installed roof top solar panels and is generating 2000 kWh of solar energy per month, is planning to purchase 300,000 kWh of solar power per month and has reduced CO₂ emission per TEU from 24.62 tCO₂ in 2016 to 24.02 tCO₂ in 2018. The company will install eco-RTGs in the Project and will implement additional measures to reduce fuel consumption, CO₂ emissions and increase use of renewable energy in its energy consumption mix. While the current CO₂ emission is 23 kg/teu, it is expected to change to 15kg/teu with Terminal 2 operating at capacity.

Air Emissions and Ambient Air Quality





As indicated above, an average of 26 vessels/ships visit the terminal per month and the terminal handles on an average 600 trucks per day. In addition 30 internal transport vehicles (ITVs) are operated within the terminal 24 hours per day. With the project, number of trucks will increase to 800 per day in the near term to a peak of about 1200 trucks per day at full capacity. With Terminal 2, number of vessels visiting VCTPL is expected to increase to 40 vessels a month. Additionally, 24 ITVs will be operated 24 hours in Terminal 2. The terminal has parking space for 20 trucks/trailers with an average dwell time of 30 minutes and Terminal 2 will have parking space for 30 trucks with an average dwell time of 40 minutes. The DG set emissions (particulate matter, sulfur dioxide, oxides of nitrogen) will meet national standards. Ambient levels of Suspended Particulate Matter, Respirable Suspended Particulate Matter (PM₁₀), PM_{2.5}, SO₂, NO_x, as measured by VPT at four selected locations in the harbor area, were within national standards. While significant incremental impact on ambient conditions is not expected on account of the project, the company will strengthen and continue to implement procedures to ensure that: (a) all equipment operated by the terminal and in the project are properly maintained and their emissions are within national standards; (b) trucks entering the terminal premises have appropriate pollution control certificates; and (c) truck dwell time (particularly engine idling time) is minimized.

Noise

In light of the fact that there is a fishing harbor adjoining the VCTPL and the project site on the North boundary and a busy 2 lane road immediately adjoining the terminal on West boundary, baseline noise levels in and around the terminal and project site are relatively high but meet the commercial/industrial noise standards. It is expected that a cumulative increment of 3 dB(A) will result on account of the project at about 650 m from the project site. In light of the site location and the fact that the nearest residential units are more than 1 km from the project site, material increment in ambient noise at sensitive receptors is not expected.

Water Usage and Wastewater Treatment

VCTPL sources grid water from the municipality and consumes about 25 m³/day of water of which 10 m³/day is for domestic purposes and the balance is for horticultural use. This is expected to increase to 35 m³/day of water of which 15 m³/day for domestic purposes after the project. Drinking water is tested by the company for conformance to national potable water standards. The primary liquid effluent generated on the terminal is domestic waste water/sewage, which is treated through septic tank and soak pit; however in Terminal 2, a sewage treatment plant will be setup and the treated sewage water will meet WBG EHS Guideline limits. Septic tank sillage is periodically transported and disposed of in the municipal sewage treatment plant by authorized municipal contractors. Canteen waste water generation is 1.2 m³/day, which is treated in a grey water treatment facility and discharged into the sea. There is a program in place to periodically test canteen waste water for conformance to permitted standards. Total Suspended Solids (TSS) and COD exceed WBG EHS Guideline values and Total Nitrogen (N) and Total Phosphorous (P) are not monitored. VCTPL will, as part of the IMS upgrade mentioned at ESAP # 3, upgrade treatment facilities to meet WBG EHS Guideline limits on TSS and





COD and commence monitoring Total N and Total P in the treated waste water, and as required, implement procedures or upgrade treatment facilities to meet WBG EHS Guideline values on these parameters. The company has put in place facilities to ensure that storm water runoff free of contamination is collected in open drains with sediment traps and discharged directly to the bay and the same will be provided for in Terminal 2 as well. The company has put in place facilities to ensure that surface runoff from maintenance areas or areas where spills of chemicals might occur and cause contamination, is separately collected and pre-treated in oil/water separators, tested for conformance to applicable national surface water discharge standards prior to discharge to sea. Similar facilities will be provided at Terminal 2 as well.

Solid Waste and Vessel Waste Management

Domestic waste/garbage generated on the terminal is collected by authorized municipal contractors and disposed of at municipal bins or approved government-operated waste facilities. Ship/vessel generated waste is collected by authorized entities directly from the vessel and removed to an offsite location for treatment and disposal. VPT provides port reception facilities through authorized collection contractors for waste oil and garbage and includes a 100 ton capacity masonry tank for temporary storage of oily water] in accordance with applicable MARPOL requirements. The company has in place procedures and maintains documentation to ensure that appropriate authorized entities collect all vessel waste for disposal. VCTPL will also, as part of ESAP# 3 on IMS upgrade, put in place appropriate oversight procedures to: ensure (to the extent possible) that vessels do not discharge oily bilges, sludge, water containing oily mixtures and ballast into the marine environment while at the terminal; conduct inspections regularly to ensure that vessel operators comply with all laws and regulations; and report any incidents of non compliance with applicable requirements, including unauthorized discharges into the marine environment, to VPT. These same procedures will be adhered to in Terminal 2 as well.

Hazardous Materials and Hazardous Waste

Some of the containerized cargo handled at the terminal is hazardous under the International Maritime Organization's (IMO) Dangerous Goods Code. This material could include flammable gases, poisons, flammable liquids, corrosives, reactive and spontaneously combustible substances, oxidizing substances, etc. The terminal handles all dangerous goods other than class I (explosives) and VII (radioactive material). Further, the terminal accepts class II (flammable gases) and III (flammable liquids) dangerous goods only under direct delivery procedure. Dangerous cargo is stored by material class, taking into account material compatibility, in a designated area separated from rest of the container storage yard and with good access to containment resources and emergency response equipment. The majority of containers with dangerous cargoes are handled as full containers, and the inventory monitored continuously. Similar facilities and procedures will be developed and implemented at Terminal 2.

While vessel/ship bunkering is not undertaken at the terminal, if required, VPT does facilitate bunkering for vessels through barges. VCTPL requires the vessel to ensure that all safety and spill





prevention measures are in place during bunkering of the vessel and supervises the bunkering operation. The company has procedures and facilities in place to: segregate and store hazardous wastes under secondary containment; and to dispose these off authorized hazardous waste treatment and disposal facility.

Areas where fuels, other hazardous materials and hazardous wastes are stored at Terminal 2 will be constructed with secondary containment structures to contain and prevent any leaks from being released to the environment. The company will construct appropriately located and contained area for placing leaky containers. Further, the company will ensure that equipment and vehicle maintenance areas are appropriately paved and have provisions for spill containment. Waste oils and other hazardous wastes generated, including in the company and contractor equipment/vehicle maintenance areas, are and will continue to be periodically collected by government-authorized contractor for recycling or disposal in authorized hazardous waste facilities.

VCTPL is responsible for coordinating the planning and response to hazardous materials accidents and emergencies at the terminal, and has put in place emergency action plans consistent with international maritime conventions (MARPOL 73/78). The company also coordinates its emergency response activities with those of VPT authorities who are responsible for marine/sea side emergency response. With regard to the landside terminal operations, VCTPL has procedures, trained personnel, and equipment in place for responding to emergencies, including fire, chemical spills and mishaps, accidental release of petroleum or other chemical products, and medical emergencies.

PS4: Community Health, Safety and Security:

For Disclosure:

VCTPL has constructed infrastructure and uses equipment that meet good industry practices. The same standards will be used in Terminal 2 as well.

Community Health and Safety

It is expected that Terminal 2 operation will result in doubling of the truck traffic to the terminal. The terminal is located on a two lane road that connects to the national highway. However, the company has an appropriate traffic management plan to manage the increase in truck traffic to the terminal and to minimize risk to communities that are in the vicinity. For traffic management, VCTPL has set up a pre-gate where truck registration and documentation formalities are completed, trucks remain in the pre-gate area till they are called to the terminal main gate, trucks are called from pre-gate to the terminal main gate in small batches, and time taken at the main gate to complete the formalities are minimized, hence dwell time on the main 2 lane road for each truck is less. VPT is also planning construction of an elevated direct access road from the nearby highway to the port premises. Once this elevated access road is constructed, risks due to increased traffic to the terminal on the two lane main





road will be mitigated. Further, VCTPL will, as mentioned at ESAP # 5, implement a training program for ETV drivers on defensive driving and transport emergency management.

The entire project construction work will be within the existing outer harbor area and adjoining the existing terminal premises and influx of labor is not expected on account of the project construction and operation. VCTPL will, as part of the EHS Management plan mentioned at ESAP # 2, require the contractor to maximize local hiring of workers, implement a worker health checkup program, provide onsite basic medical facilities, and ensure access to hospital facilities for medical emergencies. Further, VCTPL will, as part of the EHS Management Plan mentioned at ESAP # 2, require the EPC contractor to adopt good EHS practices during construction, train equipment operators and drivers in safe driving techniques; develop a materials movement plan to ensure that vehicle movement during construction has minimal impact on daily life patterns of nearby communities; provide speed controls and alarms; deploy traffic marshals and undertake appropriate measures to reduce fugitive emissions from storage and transport of construction and waste material.

Emergency Preparedness and Response

VCTPL has prepared an emergency response plan (ERP), which includes measures to address onsite and offsite emergencies including for spills, fires, gas leak, explosion, industrial accident, personnel/equipment in water among others. The ERP defines the emergency response organization, responsibility allocation and procedures for communication, response, reporting, debriefing, training, handling media and system review. The company has communicated and linked the ERP to the VPT and district/local emergency authorities; undertakes drills on emergency response; participates in drill conducted by VPT and/or district/local government emergency authorities; and continually improves the ERP based on outcome of the drills.

Security Personnel

Through an outsourcing agency VCTPL has deployed 40 security personnel which is expected to increase to 55 post the project. VCTPL does not employ armed guards and has implemented a formal security management system certified to ISO 28000 and compliant with ISPS code. VCTPL has carried out a formal threat and security risk assessment, identified 33 security risk scenarios and developed response plans for each scenario. Further, detailed standard operating procedures have been developed that security personnel are required to adhere to and security incidents are recorded, investigated and corrective action implemented. Appropriate security awareness training is provided also to all employees and contract workers. Past records of security personnel are screened and there is a process in place to take disciplinary action against security personnel who violate standard operating procedures. The company will, as mentioned at ESAP # 6, further upgrade its security personnel procedure to ensure that: security personnel are trained in avoidance of human rights violations; and there is a grievance mechanism for aggrieved members of community or employees in the event of a violation of the code for security personnel.





PS5: Land Acquisition and Involuntary Resettlement:

For Disclosure:

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources:

For Disclosure:

PS7: Indigenous Peoples:

For Disclosure:

PS8: Cultural Heritage:

For Disclosure:

Stakeholder Engagement:

Stakeholder Engagement Plan

VCTPL, as part of the IMS, has in place procedures for receiving and responding to external communication. However, the procedure makes limited commitment to share ambient air quality status with the public and emergency response plan with relevant interested parties. The company will expand the mandate of this external communication procedure and, as mentioned at ESAP # 7, develop and implement a stakeholder engagement plan (SEP) in compliance with IFC Performance Standards.

VCTPL will, as part of the SEP mentioned at ESAP # 7, undertake: delineation of stakeholder profile, identification of key concerns, expectations, impact and influence, and risk rating of various stakeholder groups. The SEP will include details on engagement strategy, information disclosure, monitoring, reporting and guidance on maintaining records of stakeholder consultations. The SEP will





be developed to ensure ongoing community engagement for current operations and for the project construction and operation.

Consultation

A public hearing, organized by the regulatory authorities for the projects proposed by VPT, was undertaken to meet regulatory requirements on April 10, 2015 for the set of projects being developed, which included also the VCTPL terminal extension project. VCTPL will, as part of the SEP, develop procedures for ongoing consultation with stakeholders that meets IFC Performance Standards provisions.

Grievance Mechanisms

VCTPL will, as part of the SEP, also put in place a formal procedure to: (a) receive concerns and grievances from members of affected communities; (b) communicate to affected communities the channels/means for lodging concerns/grievances; (c) redress the grievances in a time bound manner; (d) upon redress communicate the decision to the aggrieved person/community; (e) provide a mechanism to appeal against a redress decision in a higher committee if the aggrieved persons/community is not satisfied by the redress proposed in the first instance; (f) document grievances received and redressed; and (g) analyze grievance related data to identify patterns and undertake systemic improvements as needed.

Information Disclosure and Ongoing Reporting to Affected Communities

VCTPL will disclose this ESRS and ESAP through its website and will keep a copy available at the terminal main gate. Further, as part of the SEP mentioned at ESAP # 7, VCTPL will assess the information needs of each stakeholder group and disclose relevant information through most appropriate channels to each stakeholder group including where relevant updates on the ESAP implementation if required. The requirement for stakeholder consultation and ongoing reporting if the project is effecting them will be incorporated in the SEP for the project construction stage as well as for ongoing terminal operation, and will include procedures to (i) alert the community before commencing major work during construction and maintenance that may have potential for community impact; (ii) inform the community about the construction schedule, time duration and activities where such activities are likely to affect neighboring communities; and (iii) provide contact information of VCTPL project team and contractor's representative respectively.

Broad Community Support:

Broad Community Support: Not Applicable

Local Access of Project Documentation:





The EIA in English is disclosed with this ESRS. The company will make available for public review, this ESRS and ESAP in a culturally acceptable manner and in the local language through its website and will keep a copy available at the terminal main gate.

