



To: Mr. Mikhail Matveev, Movement to defend Khimki Forest
and Ms Pippa Gallop, CEE Bankwatch Network

Copy to: Georg Kell and Anita Househam of Global Compact New York
and Conrad Eckenschwiller of Global Compact France

Rueil-Malmaison, August 26th 2011

Re: Moscow-Saint Petersburg motorway project

Dear Ms Gallop and Mr. Matveev,

We wish herewith to respond to your letter to the Global Compact Office dated 20 June 2011, and to again assure you of VINCI's environmental and societal commitment.

Our Group has made a commitment to all its stakeholders that it will carry out its projects all over the world with constant attention to minimising their environmental impact and safeguarding Human Rights.

The section of the Moscow - Saint Petersburg motorway between Km 15 and Km 58 is covered by these commitments. For this reason, VINCI constantly strives to optimise the implementation of this project and advocates a respectful and open dialogue with the stakeholders. The Group therefore cannot condone the many acts of violence and attacks that have sown confusion and done nothing to promote constructive dialogue.

As we explain in detail below, our goal today is to work to conserve the Khimki Forest and to develop the Greater Moscow urban area while maintaining serene, respectful and transparent relations with the various project stakeholders.

Reminder of the project context

The Km 15 - 58 section of the motorway between Moscow and Saint Petersburg is the first motorway project in Russia that takes on board both European technical requirements and European safety standards. The project, designed to address saturation of the M10 artery, is being carried out as a Public Private Partnership (PPP) in which North-West Concession Company (NWCC) operates as the concession company in charge of financing and construction and then operation and maintenance of the motorway on land for which management has been entrusted to it.

This major project has considerable socio-economic and political impact for Russia at local, federal and international level. The concession motorway is the first of its kind in Russia and represents a major change and a strong commitment to modernisation. This first PPP also sets concession standards for Russia and more particularly for toll motorways in that country. It also illustrates the Russian Federation's determination to ensure the success of a long-term partnership with the concession company.

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This project goes back to 1971. The land for the route was reserved in that year and then purchased by the Federal government the same year with a view to the construction of the motorway between Moscow and Saint Petersburg. The choice of route is the exclusive decision of the concession grantor and the concession company has no say whatsoever in this decision. Only the Russian authorities have contractual and legal responsibility for land use issues (notably choice of route, acquisition of land, forest clearance, displacement of utility networks, etc.), for which they are fully and comprehensively responsible.

In compliance with the contract signed, no member of the NWCC consortium was involved in the project during this first preliminary phase. Works under the responsibility of NWCC start only after the land has been made available by the concession granting authority and the building permit has been issued. For the time being, the preparation of the site set aside for the motorway, under the responsibility of the Russian State represented by the state-owned AVTODOR Company, is still under way, and although the process of transferring the first land to NWCC has begun, it has not yet been completed.

The project and its route were defined 40 years ago and with or without VINCI they will continue. Building on this fact, VINCI intends to work to ensure that the project goes forward under good conditions and environmental standards. We obviously gave thought to re-visiting the route and also to the many suggested alternative routes, but in all these cases, assuming the current route could be changed, such a change would delay the project by three or even four years, which cannot be considered, given the current state of deterioration of the Khimki Forest. Expert reports have indeed stated that without urgent action the forest would be doomed in the short term. Our objective is to conserve it.

Clarification on the representations made by Emmanuel Quidet, President of the Franco-Russian Chamber of Commerce and Industry

We wish to clarify the point concerning the representations made by Emmanuel Quidet in September 2010 regarding the resumption of works following their suspension by the Russian government.

Mr. Quidet is President of an organization, whose one of the main missions is to develop French investments in Russia. He wrote a letter to the President not at the request or on behalf of VINCI but on his own initiative, because he thought that a political decision to stop the implementation of a contract signed on behalf of the Russian Federation with a French investor was bad for the image of Russia as a safe haven for Foreign investments.

VINCI not only did not request him to write the letter but had a totally different position, which figured in various public statements or was voiced several times in different meetings. We declared that we fully trusted the President and all authorities of the Russian Federation and were available to participate in the concertation and to enrich it thanks to our international experience of handling social and environmental concerns in large infrastructure projects.

Compliance with our commitments regarding the environment and Human Rights

NWCC applies an environmental and social management system that is compliant with international standards, in particular ISO 14001, as is the case everywhere VINCI operates.

We want to conduct the project under the best possible conditions and to this end we are introducing a variety of actions aimed at:

- Minimising the environmental impact of the project,
- Unite around the project consultation and forest rehabilitation,
- Safeguarding Human Rights.

Minimising the environmental impact of the project

Our objective is to avoid, minimise it to the extent possible and ultimately offset environmental impact.

Very early on, in the technical studies phase, NWCC called on an independent consultant of international repute (the ERM consultancy) to perform a project audit meeting the requirements of international financial institutions.

On the basis of environmental and social studies, an environmental and social action plan was developed, which includes a whole set of measures aimed at preventing, minimizing, mitigating or compensating of adverse environmental impacts during construction and operation of the highway.

This set of actions consists of 3 main blocks:

- The Concessionaire plans to build up, develop and implement a system of social and environmental management as a part of the block "The system of environmental and social management", taking into account the possibility of its subsequent certification in accordance with international standards.
- As part of the block "Actions to avoid, minimize and mitigate the impact on and outside the Khimki Forest" a large set of actions, including enhancing of the protection status of the Khimki Park, as well as giving special status to its most valuable parts, planting around 144 hectares to Dmitrovsky Forestry as a compensation measure, construction of wildlife crossings on the migration routes of large animals and small fauna, and hanging bird-houses and nest boxes for preservation of biodiversity within the highway area, is planned.
- As part of the block "Mitigation of adverse environmental and social impacts: emissions, waste waters and waste generation" a number of actions will be performed, including monitoring of concentrations of major pollutants in the air; application of the best technical means and technologies for treating of rain- and melt- waters excluding contamination of surface and groundwater; carrying out of land reclamation upon completion of the construction works.

Thus we hereby reaffirm our ecological commitments based on the audit carried out in accordance with the requirements of the international financial institutions. This information was published, during the three-month public enquiry period between February and April 2010, in the space specially set aside for these exchanges and opened at the municipal library in the town of Khimki. Documents disclosed were as follows:

- Additional environmental and social analysis of alternatives for projected motorway;
- Report on Assessment of Biodiversity in the corridor (ROW in the zone of influence) of the projected motorway;
- Additional studies to assess the environmental impacts (land allotment and zone of influence) of the projected motorway;
- Plan for environmental and social activities;
- Plan for stakeholders' engagement.

Unfortunately, the liaison office was closed by the management of the library after its visiting by a group of persons that had not observed the operation conditions of the library.

We also call attention to the fact that the Ministry of Transport and the Concession Grantor have undertaken to plant 500 hectares of forests to compensate for the hectares affected by the construction of this first section of the motorway and are considering a possible further reduction in the area of impact in the forest; and that no infrastructure other than the motorway itself may be built in the forest - this would also further

reduce the area to be cleared, which has already been brought down from the 144 hectares originally planned to 100 hectares following optimisation of the design of motorway structures by NWCC.

NWCC has undertaken to invest nearly 3 billion roubles (XXX euros) to cover these measures, which have already been included in the Concession Contract, and has also commissioned a special study on the Khimki Forest "oak grove" from the Forestry Institute of the Academy of Sciences in Moscow.

NWCC intends to take these measures under a policy of consultations with the various stakeholders concerned as part of the ongoing constructive dialogue that is crucial to any major infrastructure project.

Unite around the project consultation and forest rehabilitation

As soon as the NWCC consortium assumes contractual responsibility for the management of the project, it will, in accordance with VINCI's sustainable development policy, embark on an exchange of views with the project stakeholders (local residents, associations, administrations, civil society, etc.).

With this in mind, NWCC has signed a contract with "Pur Projet", which specialises in environmental compensation. This will make it possible to unite around the initiatives supported directly by local associations aimed at protecting and enhancing the Khimki Forest as a whole, in association with the motorway project.

Pur Projet is a community forestry carbon consultant specialized in the development of community forestry carbon sequestration projects and development projects (fair trade, organic, community based development programs, etc.). By its contract with NWCC, Pur Projet will:

1. Develop a Program on mitigation of adverse impact on forest areas in course of construction and operation of Moscow – Saint-Petersburg highway on km 15-58 section for the purposes of its implementation, especially the development of potential variants of such Program and the attraction of the participation of various Russian and international organizations in the Program.
The Program on mitigation of adverse impact on forest areas shall be based on the analysis of state of forest areas affected by the implementation of project (relief, landscape, soils, hydrology, habitats and biodiversity, landscape and visual impact, air quality, noise impact, light exposure) and shall be agreed upon with NWCC, the Grantor AVTODOR and the stakeholders (at least with one of the Russian non-commercial non-governmental organizations).
2. Interact with stakeholders to adjust the above Program and its implementation. That is to say the organization and holding of series of meetings / round tables or conferences with stakeholders for the purposes of presenting the Program on mitigation of adverse impact on forest areas, the agreement of actions with stakeholders within the framework of the Program to achieve the mutually acceptable decisions, with the following stakeholders:
 - Non-governmental organizations: Russian environmental organizations, international environmental organizations and ecological public-scientific and scientific organizations;
 - State and administrative institutions: Ministry of Natural Resources and Environmental Protection, Federal Forestry Agency, Municipalities of Khimki and Solnechnogorsk districts, Department of Natural Resources Management and Environmental Protection of Moscow and Moscow region and State Company "Russian Highways";
 - Residents of areas adjacent to the highway.

Safeguarding Human Rights

In accordance with its policy, VINCI makes a point of promoting and complying with the protection of Human Rights everywhere it operates. Our commitment to the UN Global Compact prompts us to constantly innovate in addressing this issue in all the countries in which there is an existing risk of Human Rights violations.

VINCI is reinforcing its analytical and risk control tools with respect to fundamental Human Rights.

A self-assessment tool has already been introduced to enable the Group's companies to assess their performance in terms of Human Rights compliance in particular. Each Group company endeavours, within its own sphere of influence, to eliminate the use of child labour and forced labour, to guarantee the fundamental rights of migrant workers, to comply with freedom of association and free collective bargaining, to prevent violation of Human Rights and complicity in their violation, etc. Each company regularly assesses its own performance and systematically implements action plans.

VINCI also undertakes to provide information on its website, www.vinci.com, Sustainable Development rubric. A chapter on VINCI's Human Rights policy, strategy and tools will be published.

Prior to the signature of the Concession Contract, NWCC could only take note of and comply with the decisions of the Russian Concession Granting Authorities, considering that it could not interfere in the decision-making of the government of the Russian Federation. In strict compliance with the contract signed, NWCC did not involve itself in the project during this preliminary phase.

Since the beginning of the project, NWCC has conducted a number of specific actions regarding Human Rights, as for example:

- Evguenia Chirikova's parental rights

When the issue related to Evguenia Chirikova's parental rights on her children arose in February 2011, we (Vincent Cabanne, NWCC Deputy General Manager) called the Grantor (Sergey Kelbach, AVTODOR Vice-President) to express our concern and requesting clarification on Russian Authorities position on this. The answer was clear: AVTODOR is not involved, and any accusation that such subject was being manipulated / organized by AVTODOR or the Russian Authorities was a lie.

- Against provocation & violence

During a meeting at NWCC offices, just after the start of trees cutting by the Grantor in 2010, we (Vincent Cabanne, Anton Stadnikov) advised the Grantor (Mr. Juravlov, responsible for land plots preparation on Grantor's side) to take all necessary measures to prevent violence and avoid provocation.

- Violent Acts public condemnation

We participated to the Human Rights Council to the Russian Federation President Meeting on May 23rd, 2011. We there clearly condemned any violent act. Vincent Cabanne, NWCC Deputy General Manager declared: "NWCC is conducting its activity in Russia within a strictly legal framework. We firmly condemn all forms of violence and harassment against individuals and we regret the acts of violence that have taken place. These events have no connection with our company and must be prosecuted as crimes."

In conclusion, I confirm that the project covering the Km 15 - 58 section of the motorway between Moscow and Saint Petersburg will be carried out using state of the art technologies and in accordance with our environmental and social commitments, as are all projects on which VINCI works.

NWCC is very attentive to this commitment.



We have already optimised the project, notably by reducing the surface area in which trees will be cleared, and by ensuring that the zones considered to have specific environmental value will be conserved.

NWCC advocates open and respectful dialogue with all stakeholders. We consider this rule of governance to be of vital importance in the conduct of major infrastructure projects.

We trust that we have answered your questions about this project, which is crucial to the modernisation of western Russia.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Mougin", with a horizontal line underneath.

Franck MOUGIN

Executive Vice-President Human Resources and Corporate Social Responsibility
VINCI Executive Committee Member