

№	Question	Answer
1.	<p>We thank you for your response number 5 in the 4th Q&amp;A dated 20 August 2018 in relation to the calculation of the Airport Charges where you indicated that “The cost of equity has to be determined in accordance with the methodology enclosed as Attachment No.1 to the Ordinance on the charges for using the airports for public use and for air navigation services in the Republic of Bulgaria and the ICAO documents referred therein.”</p> <p>As per 1.6 and 1.7 on page 23 of the ordinance, we understand that both external crediting (principal repayment, interest and other upfront costs related to the financing) and the cost of capital relating to regulated activities can be included as cost elements. Furthermore, we understand that the cost of capital shall be calculated for each period using the method specified in the current version of ICAO’s Policies on Charges for Airports and Air Navigation Services - Doc 9082 and ICAO’s Airport Economics Manual - Doc 9562, Chapter VI, paragraph 4.42 and Appendix 3, excluding the amount of external financing costs under para. 1.6 from the calculation indicators.</p> <p>Accordingly, could you please confirm that for each period, cost of capital under 1.7 will be calculated as the WACC as per paragraph 4.42 and Appendix 3 of ICAO Doc 9562 multiplied by total assets related to regulated activities at the beginning of such period, minus the cost of interest and upfront fees already included under 1.6.</p>	Yes, your understanding is correct.
2.	Reference is made to the Minimum Technical Requirements (Schedule 5 of the Tender Documentation and Appendix 18 of the Draft Concession Agreement): Please confirm our understanding that it is at the discretion of the Bidders to propose the phasing and timing concerning the realization of the Minimum Technical Requirements in case no specific triggers (e.g. specific dates or capacity indicators) are provided in the documentation.	Your understanding is correct. As long as there are no set deadlines in Appendix 18 of the Concession Agreement and Schedule 5 of the Tender Documents (as it is explicitly required that Terminal 3 is constructed within 10 years of the Concession Commencement Date), each Bidder has to propose and justify their own approach to the phasing of the airport development.
3.	In Appendix 5 to the Tender Documentation (p. A.6.e) it is stated that "All technical measures at the Airport need to be targeted at achieving climate neutral operations of all operations of all companies and operators at the airport by 2036 with 15% compensations for buy-ins and by 2050 without compensation buy-ins."	<p>1. Statutory Grounds:</p> <p>I. For the detailed stipulations given in the statement regarding climate neutral operations of Airports there is no direct statutory reference for the times and values given either in the EU or the ICAO regulations.</p>

<p>In relation to this requirements and for the avoidance of doubt please clarify and provide detailed information about:</p> <ol style="list-style-type: none"> <li>1. The statutory and other grounds for the abovementioned technical requirements and specified timelines;</li> <li>2. The means and measures (legal and factual) which the Concessionaire may and is expected to implement in order to ensure that all companies and operators at the airport (including third non-related parties) will achieve climate neutral operations in sites at the airport, as provided for in the requirement;</li> <li>3. Please also provide exhaustive and detailed explanation about the exact meaning and scope of the used term "compensation buy-ins".</li> </ol>	<p>II. The given requirements are linked to and derived from the following EU policies, regulations, and industry standards and commitments:</p> <ul style="list-style-type: none"> <li>i. UN – UNFCCC: Paris Climate Agreement</li> <li>ii. EU Climate Change Policy: Reducing emissions from aviation</li> <li>iii. EU Non-financial reporting Directive Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups Text with EEA relevance</li> <li>iv. Aviation Industry Commitment: IATA Policy on Climate Change: Three targets and four pillars IATA recognizes the need to address the global challenge of climate change and adopted a set of ambitious targets to mitigate CO2 emissions from air transport: <ul style="list-style-type: none"> <li>v.- An average improvement in fuel efficiency of 1.5% per year from 2009 to 2020</li> <li>- A cap on net aviation CO2 emissions from 2020 (carbon-neutral growth)</li> <li>- A reduction in net aviation CO2 emissions of 50% by 2050, relative to 2005 levels A multi-faceted approach: the four-pillar strategy IATA is determined to be part of the solution but insists that, in order to achieve these targets, a strong commitment is required from all stakeholders working together through the four pillars of the aviation industry strategy: <ul style="list-style-type: none"> <li>- Improved technology, including the deployment of sustainable low-carbon fuels</li> </ul> </li> </ul> </li> </ul>
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		<ul style="list-style-type: none"> <li>- More efficient aircraft operations</li> <li>- Infrastructure improvements, including modernized air traffic management systems</li> <li>- A single global market-based measure, to fill the remaining emissions gap</li> </ul> <p>i. Aviation Industry Commitment: ACI Airport Carbon Accreditation</p> <p>i. Sofia Airport is a participant in the ACI ACA, currently at Level 1 MAPPING. Carbon Emissions Neutrality is achieved once Level 3+ is attained. Currently in summer 2018 this highest level 3+ is achieved by 46 airports globally, 37 airports in Europe, 6 airports in Asia-Pacific, 1 airport in North America, 1 airport in Latin-America &amp; Caribbean, 1 airport in Africa.</p> <p>I. The requirement as stated in the tender documents reflects the achievement levels and qualities of climate neutrality that are necessary to be attained at Sofia Airport to be a company of good standing and good faith within the framework of global climate protection and its aviation component.</p> <p>V. It is expressly formulated to cover all aspects of climate neutrality, and therefore is not limited to Carbon Emissions Neutrality alone. It is expected that the Concessionaire will have to follow any future developments regarding climate neutrality and identifiable and mitigatable climate impact effects and processes accordingly.</p> <p>2. The decisions how to achieve climate neutrality by means and measures, as well as the instruments of management, measurement, control, verification and validation that are needed to identify, define, implement and uphold suitable means and measures are part of the Concessionaire's obligation of operating and upkeeping and improving the Sofia Airport.</p>
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It is the express obligation of the Concessionaire to install and uphold a company and airport wide sustainable operations and management system(OMS). Such OMS must be self-improving and learning and implementing the Plan-Do-Check-Act cycle on all matters of climate neutrality or aspects thereof.

Following is an initial incomplete listing of instruments, management systems, aviation industry programs, and standards that are being used by airport companies to identify and achieve targets as well as record, validate and certify achievements related to climate change and sustainability overall.

i. Airport Council International:

ACI Carbon Accreditation Program - <https://airportcarbonaccreditation.org>

ACERT – Airport Carbon and Emissions Reporting Tool

i. IASA International Association for Sustainable Aviation e.V.:

IASA Certified Sustainability Program - <https://www.iasaev.org/en/certification/>

i. EMAS – Eco-Management and Audit Scheme - [http://ec.europa.eu/environment/emas/index\\_en.htm](http://ec.europa.eu/environment/emas/index_en.htm)

according: REGULATION (EC) No 1221/2009 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2009 on the voluntary participation by organizations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC

v. Global Reporting Initiative (GRI):

- GRI Standards

- G4 Sector Disclosures – Airport Operations

- <https://www.globalreporting.org/Pages/default.aspx>

v. Project Oriented Certification Programs:

- vi. - DGNB (D) – Building Development - <https://www.dgnb.de/en/>
- BREEAM (UK) – Building Development - <https://www.breeam.com/>
- LEED (US) – Building Development - <https://new.usgbc.org/leed>
- Envision (US) – Infrastructure Development - <https://sustainableinfrastructure.org/>

i. ISO Standards:

ISO 14064 Parts 1, 2 and 3:

ISO 14064-1 Part 1: Specification with guidance at the organizational level- for Quantification and Reporting of Greenhouse Gas Emissions and Removals, provides principles and requirements for quantifying and reporting an organization's carbon footprint.

ISO 14064-2 Part 2: Specification with Guidance at the Project Level- for Quantification, Monitoring and Reporting of Greenhouse Gas Emission Reductions or Removal Enhancements, provides principles and requirements for quantification, monitoring and reporting activities that create GHG reductions or removals.

ISO 14064-3 Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions- provides principles, requirements, and guidance for individuals conducting or managing verification or validation of organizational carbon inventory reports or project-level assertions.

ISO 26000:

ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. This means acting in an ethical and transparent way that contributes to the health and welfare of society.

ISO (EN) Management Systems Standards (Certification possible) related to climate neutrality:

ISO 9001 ff – Quality Management System  
ISO 14001 ff – Environmental Management System  
ISO 50001 ff – Energy Management System

The Concessionaire can use the above instruments, schemes, programs, certifications and any other suitable instruments, schemes, programs, certifications not listed here in the development of his OMS on all matters of climate neutrality achievement.

The Concessionaire is obliged to implement a verifiable and valid table OMS to attain and upkeep climate neutrality.

It is the responsibility of the Concessionaire to determine which instruments, schemes, programs and certifications are to be used within the OMS to achieve verification and validation of any means and measures implemented and used, and how the suitability of the OMS as well as the suitability of means and measures implemented is to be determined.

The Concessionaire has to develop an initial OMS program of schemes, instruments and certifications and present it to the overseeing authorities for approval of suitability.

This OMS has to be refined and developed as appropriate over the concession period. OMS changes and developments have to be presented to the overseeing authority and agreed at the time.

Certifications obtained by independent audits conducted by certified auditors for the various schemes that are implemented in the OMS program shall be obtained and upheld for the duration of the Concession Period within the stipulated auditing and certification processes and periods of each such scheme implemented.

Definition of “compensation buy-ins”:

		<p>“compensation buy-ins” refers to any and all forms of buying certificates of compensation or conducting compensation activities for the reduction of Greenhouse Gas Emissions on and/or with property and installations, that are <b>not</b> physically located and operated on the airport or verifiably located and operated on off airport property owned and controlled by the airport company.</p> <p>“compensation buy-ins” expressly includes also “Emission Units” Certificates of the Carbon Emissions Offsetting Scheme CORSIA as adopted by ICAO, the EU Emissions Trading System (EU ETS) or any other Carbon Emissions Certificates or Green House Gas Certificates trading scheme not given here.</p>
4.	<p>Could you please provide the EBITDA generated by Sofia Airport in 2016/2017? I am reading the airport tender documentation but I did not find this information. I have also checked on the Commercial Registry of the Ministry of Justice – as suggested in the documentation – but did not find the financial statements.</p>	<p>The financial reports of the commercial companies with state participation (under Decree of the Council of Ministers 114/2010) are published on the website of the Ministry of Finance. For the convenience of the Bidders in the tender process for awarding a Concession of Sofia Airport, the annual financial statements and the corresponding EBITDA report are provided in the Electronic section of the Data Room on the project website: <a href="http://www.concession-sof.bg">www.concession-sof.bg</a> - <b>Annexes 1.1.</b></p>
5.	<p>Please confirm instructions for filling Form G (total net worth) – should this form be filled in by each consortium member separately or by the consortium in aggregate?</p>	<p>In accordance with answer 12 of 27/08/2018, Form G should be completed by each member of the consortium individually.</p>
6.	<p>Could we please request that the following physical documents are uploaded to the VDR: 1.2.1; 1.2.2; 1.2.8; 1.6; 1.7; 1.10; 1.11; 1.18; 2.2.5.1; 2.2.5.2; 2.2.5.3; 2.2.5.4; 2.9; 2.16; 7.4.1; 7.4.2; 7.4.3; 7.4.4; 7.4.5; 11.7; 11.8; 11.9; 12.1.2; Statement of expenditure of other state institutions for 2017 - fold 2.9. - answer of question 11 or 17.08.18_Q&amp;A_4?</p>	<p>Documents available for review in the Physical Section of the Data room contain sensitive information and are therefore only available for review on the spot.</p>
7.	<p>Definitions: Acceptable Bank – Remove the word unsecured from the definition. Further the rating for banks is requested to be revised from BBB+ (or better) to BBB- (or better)</p>	<p>We note and will duly consider your request. Please note that the inclusion of such a definition is a standards and justifiable approach to similar transactions. The same applies to the rating of the bank.</p>

<b>8.</b>	Definitions: Applicable Maximum Senior Debt Ratio to be increased from 6 to 10.	We note and will duly consider your request.
<b>9.</b>	Definitions: Direct Agreement – There should be a provision to make small changes in the direct agreement if required by the lenders which does not affect the Grantor Obligations.	We note and will duly consider your request.
<b>10.</b>	Definitions: Financial Close – Please clarify what is effective disbursement of the Senior Debt. Are we referring to the completion of CP’s to the drawdown or actual drawdown.	We note and will duly consider your request.
<b>11.</b>	Definitions: Financing Agreements - Performance Guarantees are excluded from this definitions. Should be included as they will also need security from the Concessionaire for providing the Guarantees. Further these should also include hedging agreements and the working capital facilities. Further, Lenders are not referred in this definition and neither in the Third Party Definition. In such a case, how is the link established between Lenders and the Financing Agreements.	We note and will duly consider your request.
<b>12.</b>	Definitions: Refinancing – Clause a, b and c to be removed and linked to Refinancing Gain definition. Accordingly clause e can be removed.	We note and will duly consider your request.
<b>13.</b>	Definitions: Senior Debt to EBITDA Ratio: This should include only long term financing for capital assets or operating assets. This should exclude working capital, hedge agreements and any performance guarantees.	We note and will duly consider your request.
<b>14.</b>	Definitions: Shareholder Debt - Clause b to be removed as Lenders may ask Initial Shareholders to provide Guarantees for financing under the Financing Agreements which then gets covered under the Shareholder Debt.	We note and will duly consider your request.
<b>15.</b>	Clause 12.1.2 – 25% of the total asset value to be reduced to 20%. Further, equity capitalization should refer to net worth and not just pure equity contribution.	We note and will duly consider your request.
<b>16.</b>	Clause 14.1.2 and 14.1.3 – 30 days to be reduced to 15 days.	We note and will duly consider your request. Please note that making a fair assessment of the merits of the request under 14.1.3. on the part of the Grantor will require time necessary to take into account the views of the other public authorities which are not party to the Concession Agreement.

<b>17.</b>	Clause 15.1.2 – To be removed as this contains lot of subjectivity and can lead to adverse consequences for the Concession. Related clauses like 15.1.5, 15.1.7 etc to be also removed.	We note and will duly consider your request. Please note that the inclusion of such a clause is a standard and justifiable approach to similar transactions.
<b>18.</b>	Clause 15.2 – To be removed and left to the discretion of the Concessionaire.	We note and will duly consider your request. Please note that the inclusion of such a clause is a standard and justifiable approach to similar transactions.