

Public Information Summary

Host Countries	Czech Republic, Bulgaria, and Georgia
Guaranteed Party	ENERGO-PRO a.s. (“EP”)
Project Description	The DFC Guaranty will facilitate the refinancing of certain EP existing debt. EP will also invest EUR 300 million in hydro power plant rehabilitation and electricity distribution assets in the Republic of Bulgaria and Georgia over the next several years.
Proposed DFC Guaranty	A twelve-year investment guaranty of up to \$545 million
All-Source Funding Total	Up to \$874 million
Policy Review	
Developmental Objectives	The Project will enable increased generation and improved reliability of renewable energy sources in Georgia and Bulgaria, offsetting reliance on energy imports from Russia. In Bulgaria, the Project will support grid expansion and upgrades to enable the connection of wind, solar, and biomass generators, increasing the capacity of renewable energy sources on the grid by an anticipated 471 MW. In Georgia, the Project will be focused on rehabilitation and maintenance of existing hydropower resources as well as grid upgrades, which are expected to reduce technical losses and the frequency and duration of power outages.
Environment and Social Assessment	<p>Screening: This Project has been reviewed against DFC’s categorical prohibitions and determined to be categorically eligible. CAPEX investments in the operation of existing hydropower plants and electricity distribution assets are screened as Category B under DFC’s environmental and social guidelines because impacts are site specific and can be mitigated with implementation of appropriate environmental and social controls. The primary environmental and social risks are related to worker health and safety, community health and safety, contractor labor management, including contracted workers, and labor relations. The Project is subject to an assessment of climate resiliency.</p> <p>Applicable Standards: DFC’s environmental and social due diligence indicates the Project will have impacts that must be managed in a manner consistent with the following 2012 International Finance Corporation’s (IFC) Performance Standards (PS):</p>

- 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; and
- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

The Project does not involve any significant adverse impacts with respect to land acquisition and resettlement, indigenous peoples, and cultural heritage; therefore PS 5, 7, 8 and are not triggered at this time.

In addition to the Performance Standards listed above, the following are applicable to the Project: 1) World Bank Group (WBG) EHS General Guidelines (2007); 2) WBG EHS Guidelines for Electric Power Transmission and Distribution (2007); 3) WBG Good Practice Note (GPN): Environmental Flows for Hydropower Projects (2018); 4) WBG GPN: EHS Approaches for Hydropower Projects (2018); and 5) WBG GPN: Dam Safety (2020).

Environmental and Social Risks and Mitigation. The Project has environmental and social policies and procedures at the corporate level and environmental management systems at the country-level that address national requirements. The Project recently established a Head of Sustainability at the corporate level with responsibility to establish and track corporate commitments towards the Sustainability Development Goals and other impact metrics. Since the environment and social risks of the Project occur at the asset level, DFC will require the Sponsor to define in corporate policy the role and responsibility of the Head of Sustainability in managing E&S risks together with asset managers and onsite managers for its hydropower facilities and distribution assets in Bulgaria and Georgia. The Sponsor will be required to update its existing corporate environmental and social policy and procedures including country level environmental management systems in Bulgaria and Georgia to incorporate the IFC Performance Standards and the WBG general and sector specific EHS guidelines as conditions subsequent to the DFC Agreement. The Project will also be required to update its labor management to align with IFC Performance Standard 2, including a contractor management plan; extend a grievance mechanism to contracted workers; and ensure workers understand their rights under local law. In addition, the Project will also be required to update its overall ESMS to address its approach to land use.

As part of its due diligence process, DFC required the Sponsor to commission a baseline audit of its corporate policies and procedures for managing E&S risks. Key findings indicate the Project's assets

(hydropower generation and distribution) in Bulgaria and Georgia have a repeated high fatality rate amongst workers (primarily fall from height and electrocution) and in some circumstances amongst community members (contact with energized facilities).

As condition subsequent to the DFC Agreement, DFC will require the Sponsor to engage a Qualified Expert in Bulgaria and in Georgia to evaluate the high rate of fatality, work-related injuries, and impacts to community safety. DFC will review and provide concurrence on the Terms of Reference for the Qualified Experts. The Qualified Experts will perform root cause analysis on the high incidence rates and will incorporate the “National Fire Protection Association (NFPA) 70E – Standard for Electrical Safety in the Workplace” and/or EU equivalent into the country level environmental, health and safety management systems. The NFPA standard and its related handbook with step-by-step instructions for how to implement the standard addresses safety related to work practices, safety related maintenance requirements, safety requirements for special equipment, and installation safety requirements. The Qualified Experts TOR shall include follow-up audits on implementation of NFPA 70E and/or EU equivalent in the Bulgaria and Georgia hydropower generation and electricity distribution assets on a biannual basis for the duration of the DFC Agreement in addition to other corrective actions identified in the root cause analysis.