

## Public Information Summary

<b>Host Country</b>	Bulgaria
<b>Name of Borrower and Guaranteed Party</b>	Borrower: Bulgartransgaz EAD (Bulgaria) Guaranteed Party: Citibank N.A. (United States)
<b>Project Description</b>	The Project is the expansion of the Borrower’s Chiren underground gas storage facility (“UGS”) in Bulgaria from a current active gas volume of 550 million cubic meters (“mcm”) to 1 billion cubic meters (“bcm”) (the “Project”). The Project will support energy security by providing Bulgaria and other European countries with additional storage capacity and greater flexibility as to when and from where to source gas as the region seeks to diversify its gas supply away from Russia.
<b>Proposed DFC Loan/Guarantee</b>	Up to USD 309,956,537.64; 9-year door-to-door tenor
<b>All-Source Funding Total</b>	EUR 330,323,131
<b>Policy Review</b>	
<b>Developmental Objectives</b>	The Project is expected to have a positive impact in Bulgaria and its neighboring countries by helping to address disruptions in the gas supply chain caused by Russia halting gas exports to Bulgaria and surrounding economies. More specifically, the Project will nearly double the gas storage capacity of the existing UGS in Bulgaria, which will be used as hub for both gas imports for domestic consumption as well as gas exports throughout the region via interconnection with Romania, Serbia, North Macedonia, Greece, and Turkey. As a result of increasing Bulgaria’s gas storage capacity, the Project will positively impact industrial, commercial, and residential gas end-customers in Bulgaria and throughout the region by providing a stable supply of a critical input for the region’s economic growth and energy security.
<b>Environment and Social Assessment</b>	<p><b>SCREENING:</b> The Project has been screened as Category A because it involves the expansion and operation of a major gas storage, processing, and transportation system that has potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible, or unprecedented, in particular, due to potential impacts to local infrastructure and the potential for accidental releases of methane.</p> <p><b>APPLICABLE STANDARDS:</b> The Project is subject to DFC’s 2020 Environmental and Social Policy and Procedures (“ESPP”). Under DFC’s ESPP, the Borrower is required to comply with applicable national laws and regulations related to environmental and social performance. In addition, DFC’s preliminary environmental and social due diligence indicates that the Project will have impacts that must be</p>

managed in a manner consistent with the following of the International Finance Corporation's ("IFC") 2012 Performance Standards ("PS"):

PS 1 Assessment and Management of Environmental and Social Risks and Impacts;  
PS 2 Labor and Working Conditions;  
PS 3 Resource Efficiency and Pollution Prevention;  
PS 4 Community Health, Safety, and Security;  
PS 5 Land Acquisition and Involuntary Resettlement; and  
PS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources.

Based on the information currently available, no indigenous peoples and cultural heritage sites have been identified at or near the Project sites. Therefore, PS 7 (Indigenous Peoples), and 8 (Cultural Heritage) are not triggered at this time.

IFC's Environmental Health and Safety (EHS) Guidelines applicable to the Project include: General EHS (2007), Gas Distribution Systems (2007), and Crude Oil and Petroleum Product Terminals (2007).

The Project's greenhouse gas (carbon dioxide equivalent) emissions (for both Scope 1 and Scope 2) have been estimated to be less than 90,000 tons of carbon dioxide equivalent (CO<sub>2eq</sub>) per year.

**ESIA Disclosure:** The Project's ESIA was disclosed on DFC's Website on August 15, 2023 and the comment period ended on October 14, 2023. No comment was received during the ESIA disclosure period.

**Environmental and Social Risks and Mitigation:** The major environmental and social risks associated with the Project include: life and fire safety; the potential for volatile organic compounds ("VOCs") (including methane) releases beyond the Project fence-line (including pipeline right-of-way) limits; small quantities of effluent discharges and hazardous and solid wastes disposal; occupational health and safety risks associated with the handling of hazardous materials (including methane); labor management and potential risks to community health, safety, and security.

The Project has an environmental and social management system (ESMS) which is being augmented to achieve consistency with the requirements of PS 1. The Project has put in place procedures to address both occupational and community safety risks associated with the accidental release of methane and other VOCs, fire, and explosion. The gas processing, storage, and transportation infrastructure will be developed in compliance with the Bulgarian regulations (that have been

deemed by the DFC's independent consultant to be equivalent of the European Union's) which will ensure both worker and community safety. The Project has yet to finalize a number of key environmental and social plans and will be required to do so as a condition of DFC financing.

The Project is anticipated to require 1,100 workers across multiple phases and intends to hire locally to the extent possible. BTG has in place HR documents in line with Bulgarian labor legislation that is harmonized with EU legislation and ILO standards. The Project will be required to develop a Contractor Management Plan as part of its overall ESMS.

The Project is expected to follow internationally recognized best practices in gas processing safety and properly manage hazardous materials including methane. The Project will implement a comprehensive ESMP which will address: process safety; accidental gas releases, fire and explosion; gas storage management; air emissions; wastewater treatment and sewage discharges; solid and hazardous waste disposal; emergency management; occupational health and safety; spill response; monitoring; and stakeholder engagement.

The nearest residential community is located approximately 1 kilometer or greater from the Project gas processing plant and storage facilities. It should be noted that there are two sections of the gas transportation pipeline where the distance to nearest receptors is less than 1 km and therefore, the gas pipeline will be adequately buried along such sections to reduce the community safety risks to acceptable levels. Air dispersion modeling of a potentially harmful vapor cloud resulting from an accidental methane release at gas processing and storage facilities indicates that hazardous concentrations of methane will be limited to less than a 600 meters radius around the point of release, which is expected to be within the Project fence-line. Similarly, all residences near the gas pipeline will be outside the Project's impact zone. Therefore, all residences will be outside of the Project's impact zone for all the three components of Project facilities. To further mitigate this unique safety risk, an emergency response plan will be in effect which includes evacuation of on-site personnel. In the event of a fire or an explosion, minor damage may be expected to buildings and facilities within the Project fence-line and some injuries may occur to facility personnel. A detailed hazard analysis was undertaken by an independent expert to identify opportunities to reduce the potential risks associated with the accidental release of methane and other VOCs, fire, and explosion.

The Project facilities will properly treat small quantities of process wastewaters. Mixed wastewater streams (process, cooling, sanitary, and rain) will be discharged into surface water bodies in full compliance with the integrated permit conditions.

Process emissions of VOCs will comply with the recommended air emission levels in the IFC's Guidelines. Small quantities of hazardous wastes will be sent to the facilities, licensed to manage hazardous wastes.

Solid wastes will be disposed in a manner which prevents environmental releases. The Project will follow acceptable industrial safety provisions. Past waste management practices did not result in any significant contamination of onsite or off-site soil, water courses, and sediments.

Standard industry practices will be followed to ensure that OHS impacts are properly managed in conformance with both the state and EU regulations and IFC Guidelines. Training will be provided to all workers on standard operating procedures to ensure their safety. Personal protective equipment will also be provided to all workers. BTG's current OHS record is consistent with the industry benchmarks.

Community Health, Safety, and Security Impacts. The Project will develop and implement a Community Health, Safety, and Security Plan to ensure compliance with PS 4. A buffer zone has been established to ensure community safety and security and a perimeter fence has been established.

The Project will make use of a private, armed security contractor for construction and operation. A Security Management Plan needs to be developed to manage any risks posed by security arrangements in alignment with IFC PS 4.

Land Acquisition. No physical displacement is envisaged while 911 different landowners will experience limited economic displacement due to the establishment of easement rights along the interconnecting pipeline route. The Project has developed a draft Land Acquisition and Livelihood Restoration Plan that is under review.

Biodiversity. Based on informational available to date, the key potential risk from a biodiversity perspective is due to the new interconnecting

	<p>gas pipeline passing through agricultural land within the eastern part of a 435 km<sup>2</sup> Natura 2000 site classified as a Special Protected Area (SPA) under the EU Birds Directive. An additional potential risk for aquatic ecosystems and/or riverine vegetation might be represented by the crossing of the Ogosta river during the interconnecting pipeline construction. Detailed design of the pipeline and the river crossing are currently under finalization. The screening EIA procedure for the wells has been completed and the screening decision confirms that no significant impacts on biodiversity are expected. The Borrower will be required to develop and submit a Biodiversity Management Plan that complies with PS 6.</p>
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