**Initial Project Summary – Ijen Geothermal Project**

Name of Project: Blawan Ijen Geothermal Project

Name of Applicant: - PT. Medco Cahaya Geothermal (MCG)

Project Location: Blawan Ijen, Bondowoso East Java, Indonesia

Project Description:The Project involves development of a 110 MW geothermal project located at Blawan Ijen, Bondowoso East Java in Indonesia. This Project will be developed in stages, referred to herein as units. Unit 1 will include production and injection wells, and associated ancillary facilities, to support a 34 MW powerhouse. The Project plans to expand to 110 MW capacity with a future Unit 2. At this time, however, the Project is only seeking financing for Unit 1.

The key components of Unit 1 include the following:

- Operation facilities including power plant, separator and brine pump, vent station (rock muffler), base camp, office, and car park;
- Drilling and exploration facilities including four well pad areas, including 6 production wells, 2 injection wells, and one backup injection well), logistics yard, and explosives bunker;
- Access roads (within the Project site); and
- 150 kV transmission line ("TL") and 83 towers (approximately 28.3 km).

The site has already been cleared at the well drilling pads.

The overall anticipated workforce during construction is estimated to be 450 workers. During operation, there will only be approximately 69 workers as the power plant will be automated.

The proposed main Project area is located in a designated production area within a forest that has been permitted by the local government for use by the Project. The land use conditions along the proposed TL route can be described as a mix of forestry and agricultural areas, with the nearest residential area and public facilities approximately 100 m away.

Environmental and Social Categorization and Rationale: The Project has been reviewed against DFC's categorical prohibitions and determined to be categorically eligible. The Project is screened as Category A because it involves greenfield development of an energy-generating infrastructure project located near a protected area, which may result in economic displacement and potential impacts to Indigenous Peoples and critical habitat.

The Project is located within the Kawah Warang (Wurung) Park which is a tourism hiking area known for scenic views and a number of crater features such as Kawah Wurung and Kawah Ilalang, which are adjacent to the Project's access road and TL respectively. Kawah Ijen is a composite volcano and hosts the largest natural acidic lake in the world. This crater is a popular tourism site and is located within the Kawah Ijen Crater Park.

There are two Key Biodiversity Areas (KBAs) / Important Bird Areas located within 1 km of the Project: Gunung Raung to the north and Gunung Ijen to the south-west. A trigger species of these KBAs is the Javan Hawk-eagle (Nisaetus bartelsi) listed as Endangered on the IUCN Red List.

The land required for the Project site was acquired by MCG in accordance with government regulation. There is no economic displacement anticipated within the power plant site, but approximately 250 landowners as well as other land users will be economically displaced as a result of the transmission line.

Approximately 18 households that will be affected by land acquisition for the transmission line identify as Osing. The Government of Indonesia formally recognizes the Osing People as an Indigenous group. These households are anticipated to be affected by economic displacement only. There is no anticipated physical displacement nor direct impacts to cultural heritage or collective attachment to the Project.

Environmental and Social Standards: DFC's preliminary environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards:

- 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;
- PS 6: Biodiversity Conservation and Sustainable Management of Living Resources; and
- PS 7: Indigenous Peoples
- PS 8: Cultural Heritage

The ESIA identified no Cultural Heritage within the Project footprint, but some areas of cultural heritage importance within 1km of Project works, so PS 8 is triggered. The potential for impacts to these sites will be further evaluated during due diligence. In addition to the Performance Standards listed above, the IFC's Environmental, Health, and Safety (EHS) General Guidelines (April 30, 2007), IFC's EHS Guidelines for Geothermal Power Generation (2007); and IFC's EHS Guidelines for Electrical Power Transmission and Distribution (2007) are applicable to the Project.

Location of Local Access to Project Information: The Project ESIA and Non-Technical Summary will be available for review at:

| **Location** | **Address** |
|---|---|
| Kantor Desa Kalianyar<br>(Kalianyar Village Office) | Plalangan I, Kalianyar,<br>Kecamatan Ijen,<br>Kabupaten Bondowoso, Jawa Timur 68288 |
| Kantor Desa Bulusari<br>(Bulusari Village Office) | Jl.Bulusari No.1, Dusun krajan, RT03 RW01,<br>Desa Bulusari, Kecamatan Kalipuro |

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| | Kabupaten Banyuwangi, Jawa Timur, 68455 |
| Kantor Desa Pesucen<br>(Pesucen Village Office) | Jl.Mahoni No.1, Dusun Krajan RT01 RW02,<br>Desa Pesucen, Kecamatan Kalipuro<br>Kabupaten Banyuwangi, Jawa Timur, 68455 |
| Kantor Desa Grogol<br>(Grogol Village Office) | Jl.Akasia No.102, Dusun Krajan, RT01<br>RW01,<br>Desa Grogol, Kecamatan Giri<br>Kabupaten Banyuwangi, Jawa Timur, 68425 |
| Kantor Kelurahan Giri (Giri Village Office) | Jl.Moh. Husni Thamrin No.266,<br>Kelurahan Giri, Kecamatan Giri<br>Kabupaten Banyuwangi, Jawa Timur 68423 |