

Public Information Summary

Host Country

Moldova

Name of Counterparties

ERU Europe GmbH (Austria) and ERU Aurora LLC (Moldova)

Project Description

The sale of electricity by the Insureds to one or more Moldovan state-owned entities in the energy sector, pursuant to standardized European electricity supply contracts.

DFC Product Type

Political Risk Insurance

DFC Insured Amount

\$50,000,000

Total Project Costs

Up to \$200,000,000

U.S. Involvement

ERU Management Services LLC

Insurance Specific**Private Insurer Participation**

N/A

Investment Type

Service Contract

Foreign Enterprise

N/A

Policy Review**U.S. Economic Impact**

There is no expected potential negative impact associated with this Project.

Developmental Objectives

Moldova's energy sector relies heavily on imports of gas to produce electricity. The vast majority of electricity consumed in Moldova was until recently produced by a single gas-powered electricity generation facility in the Russia-aligned separatist region of Transnistria, which was entirely supplied by Russian gas imports. This dependency on a single source of electricity generation increases the country's vulnerability to electricity-supply disruptions.

In response to these challenges, the Project will enable the Insureds to participate in Electricity Tenders. The Project is expected to offer competitive bids for electricity purchases and potentially delivery services in Moldova, and by extension, demonstrate the effectiveness of competition in the market. As a result of these purchases, the Project is expected to provide to Moldova 1,000 GWh of electricity annually, equivalent to 31% of Moldova's total electricity consumption, diversifying the supply of electricity and increasing the country's resilience to gas supply disruptions. Given the Project's characteristics, it is categorized as Impactful per DFC's Impact Quotient.

Environment and Social Assessment

SCREENING: The Project has been reviewed in light of DFC's categorical prohibitions and was determined to be categorically eligible. The capitalization of the project facility is screened as a Category C activity for the purposes of environmental and social (E&S) assessment, given ERU's role as a trader rather than a generator/transmitter of electricity.

APPLICABLE STANDARDS: Under DFC's ESPP, ERU Europe and ERU Aurora (the "Insureds") are required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's 2012 Performance Standard ("PS") 1 and 2.

A virtual due diligence assessment indicates that because the Project involves the establishment of a trading facility, significant adverse impacts with respect to resource conservation and pollution prevention, community health and safety, biodiversity, land acquisition and

resettlement, indigenous peoples, and cultural heritage are not anticipated. Therefore, PSs 3, 4, 5, 6, 7, and 8 are not triggered at this time.

ENVIRONMENTAL AND SOCIAL RISKS AND MITIGATION MEASURES: As the Insureds are electricity traders, the key environmental and social risks relate mainly to their ability to identify, manage and monitor E&S risks and impacts associated with contracting with the electricity transmission and distribution (T&D) companies. The Insureds have an Environmental and Social Management System (ESMS) Framework currently under development. Before any additional T&D contracts are signed, the Insureds will be required to ensure staff and resources including training are sufficient for the implementation of the final E&S Policies and Procedures for the full scope of the Project.

The Insureds will be required to develop an external grievance mechanism, and to update its existing internal grievance mechanism to allow for anonymous grievances.