

Project E&S Disclosure Summary

Project name:	Oslomej Solar PV Project
Country:	North Macedonia
Sector:	Renewable energy generation (Solar PV)
Partner Institution:	OSM Solar DOOEL
GGF investment:	EUR 25.7 million
Signed:	February 2024
E&S Category:	Category B

Project summary: Provision of financing for OSM Solar DOOEL, a special purpose vehicle (SPV) registered in North Macedonia for the realisation of Oslomej Solar PV Project. The EUR 25.7m senior secured loan funds a portion of the costs needed for the construction and operations of the 50MW solar plant in Oslomej, Kičevo Municipality, North Macedonia. The project sponsor is Renalfa IPP, an Austrian-based developer and independent power producer, which is a joint venture between Renalfa Solarpro Group GmbH and the French investment group RGreen Invest.

The GGF loan covers up to 55% of the project costs. The Project is one of the largest solar power plants in North Macedonia and is built on the site of a former coal mine in Oslomej. The Solar PV Plant supports a larger effort for the former mine site remediation, diversify energy sources and contribute to the green energy transition of the country, as well as to offer redeployment and reskilling opportunities in the wider regional labor market to retrain the local workforce.

Oslomej Solar PV Project was also supported by GGF's Technical Assistance Facility, which supported the Project in adhering to best international practices from an environmental, social, and technical perspective.

E&S summary: The Project site is owned by the Macedonian public electricity utility company ESM. The rights to utilise the land were transferred to the Project under a public private partnership between ESM and the Project. The Project has not led to any physical displacement of communities and no economic displacement has occurred. An environmental study for the project has been prepared by an external consultant in accordance with North Macedonian law. The environmental study did not identify significant adverse environmental impacts associated with the Project construction and operation. The Project affected area has low to very low terrestrial biodiversity value as a result of the historical land use, and the close by aquatic habitats River Temnica and the man-made lake Oslomej were anticipated to be tolerant of any potential disturbance (due to past coal mining impacts). The environmental permit was issued in December 2022 and the water permit in February 2023 by the responsible authorities and in June



2023, the final construction permit for the entire Project was granted. These allowed the Project to start construction.

The Fund's Advisor was first approached by the Project sponsors in March 2023, whereas the Fund's due diligence only kicked off in summer 2023 when construction was already ongoing. The Fund's Advisor commissioned an independent third-party consultant to act as the Lender's E&S Advisor and to conduct the Environmental and Social Due Diligence (ESDD) between August and November 2023, which included site visits and several meetings with the Project sponsors and the EPC and O&M contractor. The ESDD consisted of assessing the Project's documentation, existing management plans, project design and on-site construction progress against the IFC Environmental and Social Performance Standards and applicable national legislation. Due diligence was also undertaken in relation to human rights risks in the solar PV supply chain. Overall, E&S risks associated with the Project were concluded to be site-specific, mostly temporary and could be readily identified and addressed through mitigation measures, governed by the sponsor's ESMS and the Project's E&S management plans. Therefore, the Project was assigned the E&S category B in accordance with the GGF E&S Policy.

Based on ESDD insights and taking into account the Fund's E&S requirements, an E&S Action Plan (ESAP) was developed and legally stipulated in the loan agreement, requiring the Project to undertake additional environmental analysis and implement E&S management measures beyond what was required by local legislation. The ESAP includes the requirements to update the E&S management plans as well as contracts with the EPC and O&M contractors, to carry out supplementary E&S studies and to implement additional on-site measures (such as for waste management, surface water and drainage management) to align the project with the Fund's and international E&S standards.

Labour policies and health, safety and environment policies and on-site measures have been produced and agreed between the Lender and the Project. A grievance mechanism for workers is available, including for employees of contractors. Relevant E&S management capacity has been established at the level of the Project sponsors and the EPC and O&M contractor. A Project grievance mechanism, a stakeholder engagement plan and a community health & safety plan are in place and a Community Liaison Officer was appointed.

Further, to address pollution issues due to past coal mining activities on the Project site, the agreed ESAP includes requirements to take soil samples to determine toxicity levels, chemical analysis of on-site wastewater and surface water runoff and analysis of water chemistry of the two water bodies, as well as to carry out biodiversity surveys in 2024 of the river and the lake to determine if the Project's operation may contribute to water pollution and adverse biodiversity impacts to these adjacent water bodies. Depending on the results, a



biodiversity management plan in line with IFC PS6 and additional surface water management measures would need to be implemented.

As for mitigating the potentially adverse ecosystem impacts and to address on-site erosion risk, the Project is already required to implement a water drainage system with sediment traps to ensure run-off water is not emptied unfiltered into the lake, as well as to implement soil stabilization measures, including the introduction of suitable on-site vegetation.

A physical climate risk screening and hydrological assessment was conducted, concluding that the Project is not exposed to material physical climate risks.

Enhanced supply chain due diligence has been conducted by the Fund's Advisor for the solar components of the project. The sponsors and the solar PV manufacturer have appropriate supply chain management systems, policies and procedures in place to manage human rights risks associated with the panel supply, including clear human rights commitments and supplier code of conduct. The Project has included the appropriate human rights related supplier provisions under the EPC contract. The Facility Agreement between the Fund and the Project also includes similar provisions.

The work undertaken to date demonstrates that the Project meets the IFC Performance Standards, World Bank Group EHS guidelines and ILO Fundamental Conventions. The Project has already successfully addressed the majority of the agreed ESAP items, while the implementation of an effective water drainage and sediment control system and biodiversity management related measures are ongoing, both are expected to be addressed by the end of Q1 2025. The Lender's E&S Advisor performs periodic monitoring of the project during the operational phase to confirm appropriate E&S performance and implementation of the pending ESAP item.

External links to project sponsor's E&S documents: <https://www.renalfaipp.com/#projects>
<https://www.renalfaipp.com/sustainability>

For further information, enquiries, or complaints: <https://www.ggf.lu/complaints>

GGF's Environmental and Social Policy is available here: [ggf.lu/publications](https://www.ggf.lu/publications)
