

Public

Environmental and Social Data Sheet

Overview

| | |
|--|--|
| Project Name: | BONI MEAT PRODUCTION |
| Project Number: | 2020-0180 |
| Country: | Bulgaria |
| Project Description: | The project proposal consists of financing (i) a greenfield pig rearing facility (ii) the refurbishment of another pig rearing facility (iii) biosecurity investments on animal rearing facilities (iv) the refurbishment of a pig slaughterhouse (v) a greenfield rendering facility (vi) 2 grain silos & (vii) solar panels. |
| EIA required: | yes |
| Project included in Carbon Footprint Exercise ¹ : | yes |
| (details for projects included are provided in section: "EIB Carbon Footprint Exercise") | |

Environmental and Social Assessment

Environmental Assessment

The project consists of an investment programme in Bulgaria with the following components:

- The refurbishment of a pig rearing facility near Levski with capacity of 2 500 sows. The promoter did receive the EIA decision for the refurbishment of a pig rearing facility in the Levski Municipality on 29 September 2017, as well as the integrated environmental permit on 29 April 2020 (N° 585-H0/2020).
- The construction of a greenfield pig rearing facility near Lovech with capacity of 3 500 sows, that will fall under Annex I of the EIA Directive 2014/52/EU (amending 2011/92/EU) and under the Industrial emission directive (IED) 2010/75/EU. Therefore, the bank is expecting to receive the EIA decision, the building and the integrated environmental permits.
- The construction of a new grain storage in two locations near Pordim and near Brestak. Based on their technical characteristics, these investments would not fall under the provisions of Annex I nor II of the EIA Directives (nor their transposition into MS law), nor IED (2010/75 EU) are required for those investments.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.

Luxembourg, 24 November 2020

- The refurbishment of the pig slaughterhouse in Targovishte that falls under Annex II of the EIA Directive 2014/52/EU (amending 2011/92/EU). No EIA is required as the competent authority issued a screen-out decision (№ ШУ-29-ПР/2019). According to this decision, the activity does not fall under the IED Directives (2010/75 EU). As the site will be slightly extended, the promoter did receive a building permit on 1 October 2019 (PC-01-68).
- The construction of new rendering facility in Lovesh that falls under Annex II of the EIA Directive 2014/52/EU (amending 2011/92/EU) and will be subject to a determination (screening) made by the competent authority to determine whether an EIA is required or not. The bank is therefore expecting to receive the screening-out decision or the EIA report before the start of the project.
- The implementation of renewable energy & biosecurity measures that are not requiring EIA due to small-scaled investments located in multiple sites. However, some building permits have to be issued, where applicable. The promoter did already receive a number of them.

EIB Carbon Footprint Exercise

The estimated carbon emission savings generated by the project are 35.4 k tonnes of CO₂ equivalent per year.

National consumption of pork meat has remained relatively stable in the last years; however, the consumption of fresh pork meat has increased and is still growing. Bulgaria is a net importer of pork meat (2/3 of it needs) while at the same time it is a net exporter of grains. National pigmeat production will therefore substitute imports. Without the project (baseline scenario), the country will still import pork meat to fulfil its growing needs.

The project will hence have the direct effect of reducing: (i) meat imports; (ii) non-organic fertilizer inputs (due to more slurry disposal aligned with EU acquis); (iii) export of grains (consumed as one of the main compound feed by pigs). All this will lead to a directly attributable reduction in the GHG emissions / kg of meat produced compared to other EU pig production countries.

Absolute and relative emissions are related to (i) life cycle emissions of raw materials needed for the feed production; (ii) pig enteric fermentation and manure management, as well as (iii) energy consumed postfarm, use for processing and transport of livestock goods after they leave the farm gate. Bulgaria's carbon emission factors are lower than those of other pig producing countries such as Spain, Germany and France that rely more on grain, and in particular on soybean. The primary source of proteins of the promoter's feed recipes comes from local sunflower meal rather than soybean meal, as well as locally produced wheat. Finally, energy farm and postfarm emissions are net of the renewable energy generated by the 9.8MW peak to be installed.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Other Environmental and Social Aspects

The promoter applies quality assurance procedures for all its integrated activities, from own pig rearing to the slaughterhouse facilities. Boni's operations are subject to regular internal and official audits that are carried out on site, record keeping and reporting principles. Procedures are based on requirements by EU acquis on animal production and welfare

Luxembourg, 24 November 2020

(Directive 120/2008 EC and [for the refurbished slaughterhouse operations] Regulation 1099/2009 EC and European Food Safety Authority (EFSA) recommendation). The Promoter will extend the certifications and audits to all new greenfield components, including the refurbished slaughterhouse and upstream animal rearing operations according to the applicable EU welfare standards and aligned with the latest EFSA recommendations. With regards to the food hygiene standards, the promoter is an IFS-Food certified company. All facilities of the promoter follow HACCP protocol but are not certified as such.

Conclusions and Recommendations

Disbursement conditions

Before disbursing the relevant tranches, the promoter shall provide to the bank the EIA report(s) and the EIA decisions, approved by the relevant authority for the Pig rearing facilities and the rendering unit.

Undertaking

The promoter shall:

- inform the Bank about any change/modification/extension of the project that could trigger an EIA-IED permitting process, following EIA directive 2014/52/EU, amending 2011/92/EU and IED directive 2010/75/EU and submit the relevant assessment reports and permits to the satisfaction of the Bank before the start of the construction.
- Provide the bank with :
 - o the integrated environmental permit for the pig rearing facilities in Lovech.
 - o the operating permits for the grain silos, the refurbishment of the slaughterhouse as well as for the rendering facility.
- Submit to the Bank official animal welfare and hygiene audit reports and certifications aligned with the applicable EU standards for all new greenfield components, including the refurbished slaughterhouse and upstream animal rearing operations.
- Implement and obtain IFS certification or any other similar and recognized international certification schemes acceptable for the Bank and provide evidence of such certification to the Bank within a reasonable time for the refurbished slaughterhouse and the rendering unit.
- Ensure that the imported proteins of the feed formula are not associated with unsustainable expansion of agricultural activity into land that had the status of high carbon stock and high biodiversity areas (i.e. primary and secondary forest, peatlands, wetlands, and natural grasslands) on January 1st 2008 or thereafter. The promoter shall provide the Bank annually with a recognized certification subject to a transparent, credible chain of custody, ensuring fully the sustainability and traceability.

Subject to the above-mentioned contractual conditions, the project is acceptable for EIB financing in environmental and social terms.