

Luxembourg, 15 September 2017: MC Meeting

Environmental and Social Data Sheet

Overview

Project Name:	FOOD INDUSTRY CAPACITY EXPANSION
Project Number:	2016-0578
Country:	Bulgaria
Project Description:	<p>The project consists of the construction of a new edible oil processing plant located in Beloslav, Bulgaria. The premise will process predominantly sunflower seeds, and will have the technical capacity to crush rapeseeds and soya beans as well.</p> <p>The project will contain at the final stage of its implementation (i) a grain elevator and edible oil storage facilities, with respective total storage capacity of 105,000 m³ and 20,000 m³ (ii) a vegetable oil extraction facility (iii) ancillary equipment to operate the plant</p>
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The project concerns investment in a new facility for edible oil production and grain silos in Beloslav, Bulgaria. All project components fall under Annex II of EIA Directive 2014/52/EU (amending 2011/92/EU) and therefore, are subject to a case by case determination on the need for an assessment that should be carried out by the relevant competent authority.

The project is located in an area at distance from any urban or populated zones. The plant will be connected to the railway network, which will lower significantly the inbound and outbound truck traffic intensity. The plant will be connected to the local electricity grid and municipal water supply network.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

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Grain elevator and oil storage facilities

The Regional Inspectorate of Environment and Water at Varna issued on the 23rd February 2015 the screening decision BA-8/EO/2015, which stated that no EIA was required for the implementation of the grain elevator and oil storage unit.

The elevator is developed in compliance with national regulatory requirements and the EU standards for emissions abatement. The generated waste is neither significant, nor of dangerous nature and the corresponding and appropriate disposal mechanisms have been established.

The main emissions from the silos operations are expected to be emissions to the air (dust). Dust abatement aeration units (that include filters, central vacuum, cyclones, etc.) will reduce significantly dust emissions and prevent risk of dust explosion and are considered best available technology (BAT). Waste bunkers will collect residues and dust that will be used as feedstock for bioenergy plants or animals feeding.

The building permit for the grain elevator with silos was granted on the 2nd of May 2017 by the Beloslav municipality, Varna district.

Vegetable oil extraction facility

While the final plant design will allow a maximum crushing capacity of 1,500 tpd of sunflower seeds, the foreseen investments for the industrial part of the project are split in 2 Phases:

- **Phase I** will have a crushing capacity limited to 680 tpd of sunflower seeds
- **Phase II** will debottleneck the throughput level with subsequent addition of equipment that will allow the plant to produce at full crushing capacity (e.g. 1,500 tpd of sunflower seeds)

Following the Bulgarian permitting procedure, the Promoter has submitted the relevant project documentation to the local competent authorities for **Phase I**. The Regional Inspectorate of Environment and Water at Varna issued on the 30th of December 2016 the screening decision BA 157-PR/2016, which stated that no EIA was required at **Phase I** of the project.

This second EIA screening out decision has taken into account the outcomes of the determination concluded in the first EIA decision (BA-8/EO/2015 - issued for the grain elevator unit). No likely cumulative effects on the environment were reported. This statement was confirmed by an official information issued by the Regional Inspectorate of Environment and Water at Varna, on the 28th of July 2017 (N°26-00-5809/24).

The building permit for the processing facility (including the waste water treatment plant) was granted the 6th of June 2017 by the Beloslav municipality, Varna district.

The equipment to be employed in the project is compliant with the Best Available Techniques (BAT) as determined by the relevant BAT Reference document (BREF) on food industry. Adoption of abatement technologies will be applied to reduce dust and VOCs (Volatile Organic Compounds, mainly originated by the use of oil-extraction solvent such as hexane) emissions.

The edible oil storage area foresees 3 containments areas (respectively 4,000 m³, 2,000 m³ and 2,000 m³).

Process heat will be supplied by an on-site biomass steam boiler, that will combust process wastes (mostly hulls).

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The operation of the plant and the biomass boiler are subject to an environmental permit. Local environmental authorities will monitor compliance of the process plant with legal emission thresholds and other environmental requirements on a yearly basis.

At **Phase II**, by expanding the production capacity over 300 tons of finished product per day the installation will reach the thresholds established in the Industrial Emissions Directive (IED, 2010/75/EU) and therefore it will require an IPPC permit. As the project is typified under Annex II of the EIA Directive 2014/52/EU (amending 2011/92/EU), the planned capacity extension will also require a new EIA screening decision by the competent national Authorities. Until the issuance of the integrated environmental permit (EIA-IPPC and all other relevant permits), the plant will have to operate at a capacity below the established thresholds.

Other Environmental and Social Aspects

The new facility will be located at around 2km from the Varna-Beloslav Lake Complex, an important wetland for bird nesting part of the Natura 2000 network (BG 0000191, Varnensko-Beloslavsko) being classified SPA (Special Protected Area) by Council of Ministers Decision No.802/04.12.2007 (promulgated SG 107/2007).

All project components were subject to a screening procedure under the EU Habitats and Birds Directives (92/43/EEC and 2009/147/EC).

According to the decisions BA-8/EO/2015 and BA 157-PR/2016 of the Bulgarian Ministry of Environment and Water, this project is not likely to have any significant negative impact on the protected area and therefore an assessment according to Article 6.3 of the Habitat Directive was not deemed necessary. However, the screening decisions issue conditions to avoid and prevent any adverse effects on the Natura 2000 area that have to be implemented by the Promoter during construction and operation of the project.

Occupational Health and Safety (OHS) norms apply on all storage (grain and oil) and industrial units. The promoter has in place, for their current operating facilities, rigorous emergency response plans and SOPs, especially the ones dedicated to the use of hexane in edible oil extraction units. Moreover, the EIB will ask the Promoter to submit the permits (at **Phase I** and **Phase II**) concerning the use of hexane on-site (independent from any environmental / IPPC permits) through the corresponding contractual undertaking clauses.

The Promoter's current plants (Knezha and Polski Trumbesh) are certified ISSC-EU, ISO / FSSC 22000 and GMP+ (B2-2010 feed). It is expected that the Promoter will swiftly certify its new facility as well.

Public Consultation and Stakeholder Engagement

The grain elevator and oil storage facility's project description was made public on RIOSV's website in 2015 (<http://www.riosv-varna.org/>), during a 14 days period. No objections were submitted to the local authorities.

Public consultations for the processing plant's project occurred at Beloslav and Razdelna municipalities between October and November 2016. An advert was published in the "Pozvanete" newsletter the 26th of October 2016 and official notes were published on the information boards of the two cities, during 14 days. No objections, opinions or proposals were reported by the local municipalities or by the Regional Inspectorate of Environment and Water at Varna.

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EIAs' screening out decisions were made public on RIOSV's website, respectively in 2015 for the decision BA-8/EO/2015 and in 2016 for the decision BA 157-PR/2016.

Conclusions and Recommendations

Disbursement conditions

Phase I DISBURSEMENT

The Promoter has to submit to the Bank:

- Functional, approved and ready to implement design-concept for an on-site waste water treatment facility according to the Environmental Screening Decision and satisfactory to the EIB. The waste water treatment plant has to be designed to handle waste water at full production capacity (e.g. Phase II investments, where the production will be debottlenecked).

Phase II DISBURSEMENT

- The Promoter has to submit to the Bank the outcomes of the screening process carried out under the EIA Directive (EIA directive 2014/52/EU, amending 2011/92/EU), the related IPPC permit (IED directive 2010/75/EU), as well as all other relevant permits before any disbursement of the **Phase II** investment tranche.

Undertakings

The promoter undertakes:

- To submit to the Bank the relevant permits of the project before starting operating **Phase I**
- To submit to the Bank the dedicated permits (**Phase I** and **Phase II**) concerning the use of hexan on-site (independent from any integrated environmental permit)
- To implement and operate the relevant projects in conformity with applicable national and EU environmental legislations