



EPS PROJECT EPS LIQUIDITY SUPPORT Non-Technical Summary

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Project № _____



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1. Key EPS Information

The founder of Public enterprise "Electric Power Industry of Serbia" Belgrade ("EPS", or the "Company") is the Republic of Serbia, while the founding rights are exercised by the Government of the Republic of Serbia. Bodies of Javno preduzece "Elektroprivreda Srbije" Beograd are the Supervisory Board and the Director. The Supervisory Board and the Director are appointed by the Government of the Republic of Serbia. EPS has seven executive directors appointed by the Director.

EPS is the sole founder of one subsidy and three public companies in Kosovo and Metohija. As of June 1999, EPS has been unable to operate its capacities in Kosovo and Metohija.

Mission

Secure supply of electricity to customers, under the most favourable market conditions, with continuous service quality improvements, while promoting environmental awareness and increasing community well-being.

Vision

Socially responsible, market-oriented and profitable company, competitive on the European market, with a significant regional influence, recognized as a reliable partner to national and international companies.

Goals:

- reliable electricity generation and supply of the customers with electricity in accordance with the delivery terms;
- organizational, technical-technological and economic-financial promotion;
- implementation of environmental protection program and energy efficiency increase that will comply with national regulations and expected EU standards;
- corporatization of EPS, while preserving and strengthening company integrity, gradual ownership transformation and strategic partnership on certain development projects;
- participation in internal and regional electricity markets and establishing an influential regional position.

Business activity

Electricity supply and electricity trade are main EPS activities. EPS also performs the activities of electricity generation, along with heat and power generation in combined processes, as well as lignite mining activities. According to estimated capital value and the number of employees (including the employees in Kosovo and Metohija), Javno preduzece "Elektroprivreda Srbije" Beograd is the largest company in the country.

Coal production

EPS produces coal in Kolubara and Kostolac coal basins. The coal produced in Kolubara coal basin provides for approximately 45% of electricity generation in EPS, while the coal from Kostolac mines provides for approximately 20% more of electricity generation. Maximum annual coal production in EPS was achieved in 2011, amounting to 40.3 million tons, while mean coal production is approximately 37 million tons. Kolubara coal basin produces an average of about 29 million tons of coal, while the 2021 production was significantly lower - 26.5 million tons. Kostolac coal basin produces an average of about 9 million tons of coal.

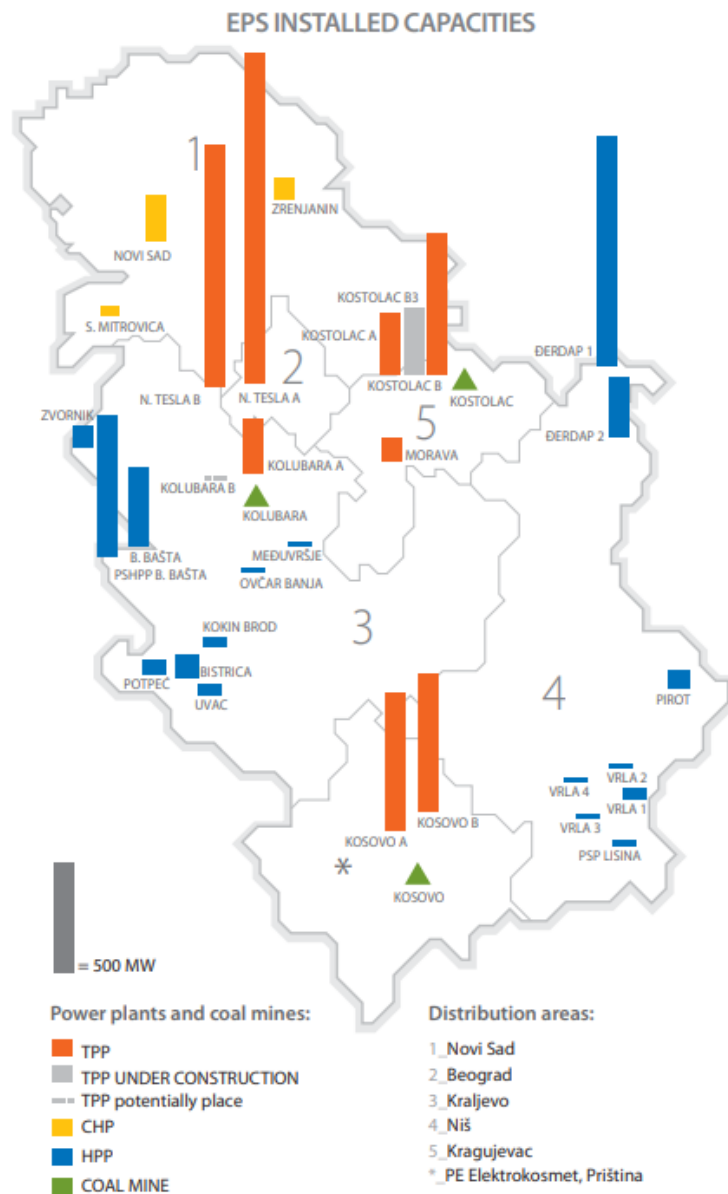
Electricity Generation

EPS is the mainstay of the Serbian power system. In 2021, it generated 33,834 GWh of electricity. Its power plants have a total capacity of 7,391 MW. Some 65% of electricity in Serbia is produced in 6 coal-fired thermal power plants, while about 35% comes from 16

hydropower plants. Maximum annual generation of power plants operated by EPS, from 1990 to date, was achieved in 2013 - 37,433 GWh of electricity.

In 2021, electricity generation was at the level of 33,834 GWh. Some 70% of electricity in Serbia is generated by thermal power plants and combined heat and power plants, while some 30% comes from large and small hydropower plants. Starting from 2003 to date, EPS management made a series of essential decisions that created conditions to revitalise and modernise its generation capacities. This was aimed at increasing electricity generation and ensuring regular and stable supply to all customers from power plants operated by EPS. Each of these projects included environmental improvements and introduction of the state-of-the-art technologies to reduce negative environmental impacts around EPS power plants.

Photo 1 shows generation capacities of PE EPS



2. Context

In line with its commitment to join the European Union, Serbia signed the Sofia Declaration on the Green Agenda for the Western Balkans in December 2020. Through this, Serbia accepted to adapt its climate policy, formulate climate and energy goals in accordance with the EU transition plans until 2030, transpose EU climate regulations, align with the EU Adaptation Strategy to Climate Change, more intensively develop ways to reduce GHG emissions and ensure a green transformation of the energy sector by utilising carbon-neutral technologies. In order to realize the Green Agenda, intensive efforts are made to adapt the national strategic, legislative and regulatory framework.

Drafts of the two most important national strategic documents for the energy sector have been prepared:

- Integrated National Energy and Climate Plan of the Republic of Serbia (INECP) up to 2030 with projections up to 2050 (to ensure consistency with long-term relevant policy objectives at the level of the EU, UNFCCC and the Energy Community); and
- Energy Development Strategy of the Republic of Serbia up to 2040 with projections up to 2050.

Drafts of these documents establish energy transition guidelines, making the energy sector green, development of new infrastructure, greater RES use and energy efficiency increase. INECP will establish national energy and climate goals for 2030, based on the projections of these goals included in the revised Low-Carbon Development Strategy.

Draft Integrated National Energy and Climate Plan (INECP) for a period until 2030 is under the public consultation. It is expected that INECP will be adopted at the beginning of 2023. This Plan targets 46.4% share of renewable energy sources in the country's electricity generation by 2030, 35.9% share of renewable energy sources in total energy consumption and 40.4% reduction in greenhouse gases emissions, compared to 1990 levels. PE EPS considered the possibilities for decarbonizing its production portfolio. After the adoption of the INECP, PE EPS will adapt its operational plans to the established national goals. PE EPS will put effort to start TFCO reporting from 2024.

In April 2021, a set of new laws was adopted in the field of energy (OG RS № 40/2021) - Amendments to the Energy Law, Energy Efficiency and Rational Use of Energy Law, RES Use Law, while accompanying by-laws are in the pipeline.

In order to adapt EPS operations to the energy transition conditions, it is essential to determine the conditions for an economically and socially sustainable energy transition. EPS is involved in the preparation of the document *Just Transition Diagnostics: Serbia*, prepared by Serbian Government in cooperation with EBRD, mainly referring to social acceptability of restructuring measures, transition to new technologies and processes, as well as gradual decommissioning of coal-fired thermal power plants as transition measures to low carbon emissions. The action plan will aim to address effects of transition on workers and communities via measures on green economy transition, human capital development (including worker re-skilling), and regional economic diversification.

Serbia was one of the Western Balkan countries that adopted the Declaration on Energy Security and Green Transition, at the Berlin summit in November 2022. Berlin Declaration emphasizes the commitment of the countries of the region to improving cooperation in the process of transformation of energy sectors and the European Green Deal.

In order to decarbonize the energy sector, in the absence of a complete regulatory and strategic framework in Serbia, considering ways of adapting to the fight against climate change while maintaining production structures and levels that would ensure security of supply, energy transition and sustainable operations of the company, EPS has established a development

concept based on the increasing participation of renewable energy sources. This concept implies intensive development of projects utilising green technologies, such as renewable energy projects - wind, solar, gas-fired power plants, adaptation of EPS projects for the use of the remaining hydropower potential of Serbia and examining any other possibilities for long-term provision of sufficient energy amounts.

3. Environmental and Social Aspects and Impact

The key power resource of Serbia is coal, primarily low calorific value lignite, used to generate electricity. For this reason, EPS generation portfolio is dominated by thermal power plants, also having the highest environmental impact, primarily on air. Adverse effects are reflected in sulphur dioxide, nitrogen oxides and dust emissions, together with carbon dioxide.

The key environmental impact aspects include:

- Emissions of substances affecting air, water and soil quality;
- Waste and chemicals management;
- Noise.

Environmental protection is one of the priorities of EPS operations and an integral part of the company's governance strategy. Environmental protection action plan reflects EPS perception regarding the necessary investments, pertaining estimated costs, and planned timelines for their achievement. It is based on the best information, currently available, and follows the strategic direction delineated by Serbia's commitment to join the European Union and strategic documents defined at the state level.

In the past, EPS has had substantial environmental investments aimed at reducing the environmental impact of its thermal power plants. Projects were implemented to reduce air, water, soil pollution, etc.

In period 2002-2021, EPS invested about EUR 700 million into environmental protection. Considerable part of these funds was provided by the European Commission and other international financial institutions, while the Company also partially provided the necessary funds.

Investments reducing negative air, water and soil impacts around EPS power plants, were aimed at complying with the local and EU legislation, together with binding international agreements and conventions.

In line with obligations set in the Cooperation Agreement between the PE "Electric Power Industry of Serbia" and the European Bank for Reconstruction and Development (EBRD), every year, PE EPS evaluates the environmental protection and presents the evaluation results through a formalized report model titled as "PE EPS Environmental Report for (year of evaluation)". The Environmental Report is submitted to EBRD and to departments in charge in the Republic of Serbia. It is published on the PE EPS official web site (web link: [PE EPS Environmental Report 2021.pdf](#)) and in this way a state of the environment in PE EPS is presented transparently, starting with water emissions, air and soil emissions; then taken and planned activities for improving the environmental conditions, as well as the cooperation achieved between PE EPS and stakeholders regarding environmental protection. The Report also includes data on occupational health and safety).

According to the above mentioned Report, total annual carbon dioxide emissions in 2020 were 28.6 million tons per annum, while in 2021 the emissions were 25.8 million tons per annum.

3.1 Air

Reducing air by implementing priority environmental projects during 2003-2022, air protection has been significantly improved:

- reduced particulate matter emission to the required level in accordance with the Large Combustion Plant Directive LCP (Directive 2001/80/EC) up to 50 mg/Nm³.
- annual air particles emission reduced six times compared to the period prior to the investment projects;
- reduced air pollution in the vicinity of Obrenovac, Kostolac and surrounding settlements

Reconstruction of electrostatic precipitators on 14 units in thermal power plants was performed in order to reduce the emission of particulate matter into the air, which made their operation compliant with legal requirements regarding the particulate matter emission limit value. Particulate matter emission of 66,626 t per year according to the data from the EPS 2003 Environmental Report decreased to 7,474 t per year according to the data from the EPS 2021 Environmental Report. After the construction of the desulfurization system is completed, the need for possible additional measures to reduce particulate matter emission will be considered, taking into account the fact that wet desulfurization systems further reduce particulate matter emission, as well as the need to reduce the content of mercury and heavy metals, chlorides and fluorides.

In order to reduce sulphur dioxide (SO₂) emission, flue gas desulfurization plants are installed in thermal power plants of EPS. A flue gas desulfurization plant using a wet process was built at the Kostolac B TPP site. The final activities on the implementation of the flue gas desulfurization system construction project at the Nikola Tesla A TPP site (units A3-A6) are underway. The FGD project has been initiated at the Nikola Tesla B TPP site, where after the construction of this plant, SO₂ emissions are expected to be about 15 times lower than the current ones, given that the plant will immediately operate at 130 mg/Nm³. It is necessary to build a flue gas desulphurization system at the Nikola Tesla A TPP site (units A1 and A2).

At the beginning of the application of the new, stricter limit values for NO_x emission, it is necessary to apply primary measures in EPS' TPPs (installation of modern "low-NO_x" burners and reconstruction of coal mills), and in some cases also secondary measures in order to reduce nitrogen oxide emission in compliance with the legal restrictions. Burner reconstructions were carried out on units A3, A4 and A5 in the Nikola Tesla A TPP in order to reduce the nitrogen oxides emission and increase the power of the unit (unit A4). Also, primary measures to reduce nitrogen oxides emission were also introduced at unit B1 in Kostolac B TPP, while primary and secondary measures were introduced at unit B2 in Kostolac B TPP. In Nikola Tesla TPP (unit B1), a primary system for the reduction of nitrogen oxides is installed. Further, Basic Design for the reduction of nitrogen oxides by secondary measures was prepared and submitted to the Republic Audit Commission for review for TENT A (units A3-A6). It is also planned to complete the introduction of primary and secondary measures on all those units where this has not been done yet.

All thermal power plants with a heat output greater than 50 MW_{th} must continuously measure the air emission of sulphur dioxide, nitrogen oxides, particulate matter and carbon monoxide.

EPS contributes to the fight against climate change, primarily through projects of system technological improvement, applying energy efficiency measures, as well as through increasing renewable energy sources generation capacities. Additionally, the project establishing SO₂ emission monitoring and reporting system in EPS - MRV system according to the requirements of the European legislation regarding the EU ETS was completed.

In order to prepare EPS for the implementation of the MRV system for SO₂ emission reporting in 2022, two laboratories were accredited in TEKOB and TENT B (HAGIPS) for coal testing according to the SRPS ISO 17025/2017 standard.

3.2 Soil and Water

EPS plants' operation affects the quality of ground and surface water. The reduction of the negative impact of the thermal power plants' operation is carried out by implementing a series of activities, such as the construction of a waste water treatment system and the modification of the system for the collection, transport and disposal of ash. The construction of the waste water treatment plant was completed in TENT A and Kostolac B TPP. In the coming period, it is planned to build such a facility in Nikola Tesla B TPP, Đerdap HPP, Drinsko-Limske HPPs, Vreoci HP and Panonske CHP.

Waste water from the hydraulic transport of ash and slag in thermal power plants applying the old "thin" slurry (1:10) transport technology is discharged indirectly or directly into water in the form of overflow and drainage water. With thick slurry transport of ash and water (1:1), which is applied in TENT B and Kostolac B TPP, there is no discharge of overflow and drainage waters into the recipient, but these waters are accumulated in the winter period, and in the summer, they are used for ash landfill wetting. The reconstruction, i.e. the introduction of new technology for the collection, transport and disposal of ash, was also realized at the Kostolac A TPP and Kolubara TPP sites (unit A5). Currently, the Project is also being implemented at TENT A.

Waste water quality control in thermal power plants and their impact on water recipients and groundwater is performed at least four to 12 times a year by accredited laboratories. Also, regular control of the impact of ash and slag landfills on the quality of groundwater is carried out by testing the quality of water in piezometers and village wells located in the vicinity of the landfills.

During 2022, the updating of the Feasibility Study with the Basic Design for the reconstruction of existing and construction of new facilities for the implementation of remediation measures and the cessation of exploitation of the ash and slag landfill *Srednje kostolačko ostrvo* was completed.

3.3 Waste Management

From an organizational point of view, EPS has a good system set up for the waste management (procedures, records, temporary storage, disposal). The integration of the Company resulted in the consolidation of significant material, financial and human resources for waste management, and their optimization is underway.

Facilities for temporary waste storage were built at the locations of Nikola Tesla B TPP, Nikola Tesla A TPP, Kolubara A TPP and Đerdap HPP, and in the coming period, the construction of a temporary waste storage at Kostolac A TPP and Kostolac B TPP is planned.

A significant issue in this field that has not been resolved is the floating waste that is collected at hydro power plants. Although floating waste is not a direct result of EPS' operation, nor is the Company responsible for it, this waste can cause problems in the operation of power plants. A particularly big issue is the large amount of floating waste at the landfill in the Đerdap hydro power plant.

Waste is temporarily stored at the company's location and handed over in line with the requirements established by the Waste Management Act, prescribing sampling and laboratory testing of waste by an authorized legal entity, which, based on this, issues a test report with a finding as to whether the waste is classified as non-hazardous or hazardous waste, together with the finding on the index number of waste from the local waste register aligned with the relevant EU directive. Based on the above report, waste is handed over to an authorized

person possessing a waste management permit issued by the competent state authority for the same waste index number as determined in the above waste testing report.

Furthermore, waste management procedures were established in accordance with the requirements of the ISO 14001 standard, and the Waste Management Plan was developed in accordance with the Waste Management Act. An annual report is being made on the amount of waste generated by the activities of the branch. As already mentioned, floating debris is not a consequence of the hydro power plant operation. However, due to the way hydro power plants operate, floating debris is being retained in the reservoir and upstream. Therefore, branches also manage this type of waste. Instructions for dealing with floating sediment on spillways at Djerdap HPP have been provided. In accordance with the aforementioned instructions, floating debris quantities are generated at the Davidovac landfill and the landfill near the Prahovo borrow pit.

3.4 Resettlement

For extending open cast mines and creating conditions for further coal exploitation, several projects of land acquisition and resettlement are being implemented. There is a Resettlement Action Plan for each project, in accordance with Corporate Resettlement Framework, which was developed in cooperation with EBRD and adopted in 2017. The implementation of action plans for three settlements within the Kolubara mining basin is ongoing. The representatives of local communities to be relocated as well as local governments, are actively involved in development and implementation of these plans. The meetings are held regularly for avoiding any misunderstanding and delay in the process. PE EPS will start regular monitoring and reporting on post resettlement situation of the affected population.

3.5 Stakeholder Engagement

The Company has a clearly defined plan and organizational setup for stakeholder engagement activities. The Company prepared a corporate Stakeholder Engagement Plan, and Plans were also prepared for each subsidiary as well as for larger investment projects. These plans are regularly updated and are available on the Company's website.

Stakeholder engagement through consultations and data disclosure is a key element of cooperation between EPS and the public, necessary for successful operations and implementation of projects related to or having potential environmental and social impact.

EPS is committed to the following stakeholder engagement activities which are in line with national legislation, internal procedures and international best practice:

- Identification of people or communities that could be affected by its activities and projects, as well as other interested parties;
- Meaningful consultation with affected or other interested parties on environmental and social issues that could potentially affect/interest them;
- Disclosure of appropriate information and appropriate notification about this disclosure at a time when stakeholder views can still influence the development of the activity/project;
- Stakeholder consultation during all activity/project stages, and starting as early as possible during project planning and preparation;
- Operation of a procedure by which people can submit comments and complaints (Submission Management System – Grievance Mechanism);
- Maintenance of a constructive relationship with stakeholders on an ongoing basis through meaningful engagement during the implementation of projects and activities; and

- Undertaking special measures to engage with vulnerable groups¹ when applicable.

In addition, the Company has developed a grievance mechanism. Submissions can be made in any of the following ways:

- Directly to the stakeholders engagement unit, in writing to the address publicly disclosed for such purpose, (spp@eps.rs; The Stakeholders Engagement unit, 13rd Balkanska Street, zipcode 11000, Belgrade)
- Through the EPS website,
- Through any EPS field office (the registry counter),
- In submission boxes, for larger investment projects.

A written response to general submissions will be provided within 30 days of submission. During this time, the EPS employee processing the submission may contact the person who submitted it for any necessary clarifications or for additionally needed information.

If a response cannot be provided within 30 days, EPS will inform the person who made the submission about this within 7 days of receiving the submission and will set a longer response period, but not longer than 40 days.

The stakeholders engagement unit will provide a summary and analyses of all submissions in annual Stakeholder Engagement Reports. Names and identifiable information on persons who made the submission will not be included in reports, to fully preserve their privacy.

For particularly complex activities or projects, EPS provides a dedicated submission management system. The contact and other details about such a system are widely announced to communities and individuals impacted by these activities or projects and are described in dedicated activity/project SEPs. If submissions are expected to be particularly complex and numerous, EPS may decide to set up submission management committees, which will consider submissions in the second instance and may have among its members local authority, community or other relevant representatives.

If the activities/projects include the use of contractors and subcontractors, they will be required to handle all submissions in compliance with the EPS established submission management system and EPS will monitor their performance.

The Stakeholders engagement unit prepares annual Stakeholder Engagement Reports. Such reports also have a separate section on submission management at the level of EPS. The reports are available on the Company's website, on the following link: [PE EPS Annual Report 2021 - final.pdf](#).

4. Occupational Health and Safety

In 2019, selected EPS's employees attended the OHS training in Greece, organized by EBRD. They subsequently passed on the acquired knowledge and experience to their co-workers, with the aim to reduce the number of accidents. The employees on OHS job positions perform controls on a daily basis related to preventive measures application and education of the employees. At each change in technology of operational process, as well as other aspects which may affect OHS, the Risk Assessment Act for such jobs is amended. EPS provides

¹ As defined by the EBRD E&S Policy (2014), vulnerable groups refer to people who, by virtue of gender identity, sexual orientation, religion, ethnicity, age, disability, economic disadvantage or social status may be more adversely affected by project impacts than others and who may be limited in their ability to claim or take advantage of project benefits. Vulnerable individuals and/or groups may also include, but not be limited to, people living below the poverty line, the landless, the elderly, women and children-headed households, refugees, internally displaced people, ethnic minorities, natural resource dependent communities or other displaced persons who may not be protected through national legislation and/or international law.

proper protection equipment for its employees thus reducing the possibility of injury. Modern equipment preventing falls from the height was procured and professional training of employees for safe work at height and depth was carried out. The ultimate goal is to raise awareness regarding the importance of OHS issues in order to prevent future unwanted accidents.

5. Integrated Management System

EPS operates as a single business-technical system, regulated under the requirements of international standards, such as the management system standard. Continuously improvement of business methods and operations and applying adequate tools, EPS implements the policies and established goals of integrated management systems in the function of implementation of the Business Policy and goals of the enterprise.

EPS business operation is founded on quality infrastructure, and/or implementation of international standards and application of the requirements of legal and technical regulations, and provides guidelines for timely adaptation of EPS to the market requirements, requirements of competent government bodies, environment and international institutions and thus creating conditions for good business practice.

Over almost two decades, EPS has implemented certified and maintained management systems under the requirements of international ISO standards. In EPS Branches – Kolubara MB, Nikola tesla TPP, Kostolac OCM and TPP, Djerdap HPPs, Drinsko-Limske HPPs and Panonske CHPPs, the following systems, *inter alia*, were implemented, certified and recertified:

- Environmental management system subject to ISO 14001:2015 requirements and
- OHS management system subject to ISO 45001:2018 requirements.

The above system management standards are regularly maintained, which is proved by regular recertification and monitoring checks by a third, independent, party, on an annual basis. This service of the checks by third parties is provided to EPS by certification bodies accredited by accreditation body of the country with signed Multilateral Recognition Agreement (MLA) with IAF (International Accreditation Forum), for the required area of management system, in such manner as defined in international rules of certification, i.e. valid and binding IAF documents. In support of such claim, there are issued valid, internationally accepted certificates which are available on web pages of the branches.

In that way, EPS is creating preconditions for process management in the defined organizational context, with the aim to attain the expected results, set by all relevant stakeholders.

Managing activities and processes within environmental protection and social issues is defined by the Decision on Internal Organization Basis and the Rulebook on Organization and Systematization of Work Positions, as well as by the ISO standard implementation requirements.

Activities of the environmental protection are organized according to lines of business. For each line of business, a specific function is created, managed by the executive director of the subject line, who is responsible for the work of the employees in the Headquarters, as well as for operations of the branches under his/her jurisdiction are performed. Within each function, there is a unit specialized for the operations regarding environmental protection and which plan, monitor, coordinate and supervise operations of the branches in this field.

Within the electricity generation, operations are conducted in the Department for Energy Efficiency and Environmental Protection in Electricity Generation.

Within the coal production, operations are conducted in the Department for Efficiency Improvement and Environmental Protection in Mining.

In this way, since these departments belong to the function in which operations that affect the environment are conducted, they have the possibility and an obligation to be included in all processes within the activities governed by their function, as well as to suggest and monitor preventive and corrective measures within environmental protection.

Medium-term and long-term planning of projects regarding environmental protection is performed in cooperation and under the jurisdiction of the Department for Strategy, Business Development and Regulatory Affairs.

Large investment projects within environmental protection are conducted in the Department for Key Investment Projects.

Specialized teams comprised of the representatives of the abovementioned departments are formed for the preparation of PE EPS consolidated reports on environmental protection. They collect and process all data from branches, and are responsible for parts of the report concerning operations within their functions.

Occupational Health and Safety and social issues are responsibility of the executive director of corporate affairs. In accordance with ISO standards, various procedures within these fields have been developed, such as "Identification, evaluation and review of needs and expectations of stakeholders" as well as Guidelines for cooperation with stakeholders via submissions.

6. Renewable Energy Sources - RES

EPS is adapting its operations to facilitate the fight against climate change, while striving to maintain its generation structure and level ensuring security of supply, energy transition and sustainable operations of the Company. In June 2022, EPS rolled out a development concept, based on the guidelines from the draft Integrated National Energy and Climate Plan of the Republic of Serbia, setting the national energy and climate goals for 2030.

Under this concept, up to 2027, the EPS generation portfolio is expected to include new 66 MW in wind power plants and about 150 MW in solar power plants, as well as the fourth unit of HPP Potpec (12.5 MW). By late 2027, intensive development of investment and spatial planning documentation for RES projects (implying greater RES capacity every year after 2027). By 2035, the total new planned hydropower capacity will be some 900 MW, realized through by implementing Ibar HPPs, Morava HPPs and Bistrica PSHPP projects. Implementation of regional hydropower projects have also been planned, through Gornja Drina HPPs and Komarnica HPP projects.

EPS plans to use the available solar energy potential on its facilities by building several photovoltaic power plants. Kolubara A SPP, ca. 71 MWp, is planned on ash landfills and coal stockyards of TPP Kolubara A, while SE Morava, 45 MWp, at the fly and bottom ash landfill of TPP Morava. Supported by EBRD, as the lead bank, in December 2022, EPS received a WBIF development aid grant² to draft design and investment-technical documentation for both solar power plant projects. At the site previously used for fly and ash disposal from the Kostolac TPP, development of the Srednje Kostolačko Ostrvo (SKO) SPP, 100 MWp, together with the Petka SPP (10 MWp) at the former outside overburden dump of the Cirikovac open cast mine. Construction of other solar power plants on ash landfill cassettes, landfills, and building roofs, with a total capacity of about 1,500 MWp, is also under consideration.

² WBIF- *Western Balkans Investment Framework* encourages socio-economic development and the European Union accession process of the Western Balkans countries.

In addition to the 66 MW Kostolac 1 power plant, already under construction, construction of the Stisko Polje 1 and 2 wind power plants, with a total capacity of up to 1000 MW, is planned.

7. ESAP Summary for EPS Liquidity Support Project

The EPS Liquidity Support Project will have a limited direct impact on social and environmental aspects. Similarly, no significant indirect project impact on these aspects is expected.

During project implementation, the Company will continue aligning its environmental and social management system with the Bank's performance requirements, with the aim of improving results in these areas.

Planned activities are included in a Environmental and Social Action Plan (ESAP) and include the following:

The Company will continue to implement an integrated Quality and Environmental, Health and Safety (Q/EHS) management system. Completion of the ongoing development of the tailored corporate Q/EHS manual and management procedures is expected by end of 2024. Furthermore, a strong EHS sector will be formed at the corporate level and procedures will be prepared for regular verification of staff competence and capacity in the areas of environmental and social management, and occupational safety and health aspects on all levels.

For large installed hydropower capacities, the Company will carry out a high level physical climate risk assessment around the hazards of floods and water stress/droughts.

In the area of resource efficiency and pollution prevention control, the team for the coordination and management of scheduled projects at relevant thermal power plants to reduce air emissions in line with EU BAT and BREF requirements will continue to work, as well as the team tasked with preparing relevant documentation for calculation and monitoring of future CO₂ emissions with regard to upcoming CO₂ emissions trading requirements.

The Company will also continue to work on identifying opportunities to increase energy efficiency in energy generation as well as in other aspects of its business.

Implementation of software systems for overall air emission control and wastewater management will continue, as well as establishing adequate capabilities and capacities on corporate level for future coordination, management and evaluation of the figures on air emissions and wastewater provided by the new data base systems in the future.

Occupational health and safety will remain the focus of EPS activities. A procedure will be established to review the number and required skills of the OSH staff. If observed to be necessary, the number of OHS staff will be increased and/or further training provided. Implementation of a process to share good EHS practice across the company will continue.

The company will regularly monitor the implementation of the Corporate Resettlement Framework as well as the implementation of site-specific Resettlement Plans, to understand the post-resettlement situation.

One of the ESAP activities will involve the implementation of biodiversity management procedures.