

## Public Information Summary

<b>Host Country</b>	South Africa
<b>Name of Borrower</b>	Tetra4 Proprietary Limited
<b>Project Description</b>	Second phase development and commercialization of a helium and natural gas field including the construction of a new helium liquefaction and liquefied natural gas plant in Welkom, South Africa.
<b>Proposed DFC Loan</b>	Up to \$535,000,000. Tenor of no more than 12 years from first disbursement.
<b>All-Source Funding Total</b>	\$1,167,195,213
<b>Policy Review</b>	
<b>Developmental Objectives</b>	The Project is expected to have a positive development impact in South Africa by addressing the global need for helium supply while supporting climate mitigation in the local transportation and industrial sectors and providing general economic benefits to the country. The Project will represent the first major helium production facility in sub-Saharan Africa, creating jobs and generating income for local suppliers to the facility. The Project will also provide Liquefied Natural Gas (LNG) to replace diesel fuel in the South African trucking sector as well as other high-emissions fuel sources in the industrial and manufacturing sectors.
<b>Environment and Social Assessment</b>	<p><b>Environmental and Social Screening</b>  The Project has been reviewed against DFC’s categorical prohibitions and determined to be eligible. The Project has been screened as Category A because it has the potential for significant, adverse environmental and social impacts on the areas surrounding the gas production wells and the gas processing plant. The Project involves the development of a commercial-scale helium and liquefied natural gas (LNG) field and the associated production and distribution infrastructure all of which have potential impacts that can be mitigated to acceptable levels through the implementation of internationally accepted safety and environmental management practices.</p> <p><b>ESIA Disclosure:</b> The Project ESIA was disclosed by DFC on February 9, 2023, and the comment period closed on April 11, 2023. Comments were received from a local advocacy group. The Corporation’s responses to these comments will be included in the presentation of the Project to the Board and on DFC’s public website – see Annex E.</p> <p><b>Environmental and Social Standards:</b> DFC’s environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following</p>

International Finance Corporation's (IFC) 2012 Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS 2: Labor and Working Conditions;
- PS 3: Resource Efficiency and Pollution Prevention;
- PS 4: Community Health, Safety, and Security;
- PS 5: Land Acquisition and Involuntary Resettlement;
- PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and
- PS 8: Cultural Heritage.

Indigenous Peoples were not identified in the social area of influence (AOI); therefore PS 7 is not triggered at this time.

The World Bank Group's (WBG) Guidelines applicable to the Project identified under PS 3 include: (1) General Guidelines (April 30, 2007), (2) Onshore Oil and Gas Development (2007), (3) Gas Distribution Systems (2007), (4) Liquefied Natural Gas Facilities (April 11, 2017), and (5) Crude Oil and Petroleum Product Terminals (2007). In addition, the following international standards and guidelines also apply National Fire Protection Association (NFPA) Codes 59A (Standard for the Production, Storage, and Handling of Liquefied Natural Gas [2016] and 704 Standard System for the Identification of Hazards of Materials for Emergency Response at Liquefied Natural Gas Facilities, and the U.S. 49 Code of Federal Regulations Part 193 for Liquefied Natural Gas Facilities: Federal Safety Standards (CAS Registration Number 74-82-8) or their international equivalent. EBRD/IFC's Guidance Note on the Workers Accommodation is also applicable.

Scope 1 GHG emissions will be 51,000 tCO<sub>2</sub>eq/year and Scope 2 GHG emissions will be 280,000 tCO<sub>2</sub>eq/year. Total GHG emissions (both Scope 1 and Scope 2) will be 331,000 tCO<sub>2</sub>eq/year.

The Project will drill wells and there will be a significant expansion of production facilities. Electricity will be sourced from the local grid. Backup electricity will be produced by generators that will be fueled by natural gas. Ambient air quality in the Project area complies with the local regulations.

**Environmental and Social Risks and Mitigation:** The major risks are associated with the potential for accidental releases of methane (the primary component of natural gas) from process upsets resulting in fire and explosion, but such risks have been determined to be at acceptable levels at the Project fence-line because of the moderate gas pressure

(with a maximum pressure of 275 bars). In addition, there are also potential impacts and risks commonly associated with hazardous materials management, solid and hazardous waste management, occupational health and safety, and community health, safety, and security. Other key environmental impacts include impacts on soil, surface water, groundwater, vegetation, and fauna present in the area (including reptiles, amphibians, birds, and mammals). Key social risks include impacts related to land access and potential economic displacement; impacts due to in-migration and overall labor management; and potential impacts related to cultural heritage.

The Project has an environmental and social management system to achieve consistency with the requirements of the IFC's 2012 Performance Standards. The Project has put in place procedures which are consistent with the internationally accepted good practices to address both occupational and community safety risks associated with the accidental release of methane and other Volatile Organic Compounds (VOCs), fire, and explosion. The LNG distribution infrastructure will be developed in compliance with the South African regulations which will ensure both occupational and community safety. In addition, the Project will properly manage the limited impacts on biodiversity through the implementation of its EMS system and adherence to the EMPR to ensure conformance with PS6.

The Project is expected to follow internationally recognized best practices in process safety and properly manage hazardous materials including methane. The Project will implement a comprehensive Environmental Management Program (EMP) which will address: process safety; accidental gas releases, fire and explosion; petroleum resource management; air emissions; wastewater treatment and sewage discharges; solid and hazardous waste disposal; emergency management; occupational health and safety; spill response; monitoring; and stakeholder engagement.

The nearest residential community is located approximately 2 kilometers or more from the Project LNG plant. Air dispersion modeling of a potentially harmful vapor cloud resulting from an accidental methane release indicates that hazardous concentrations of methane will be limited to less than a 553 meters radius around the point of release, which is expected to be within the Project fence-line. Therefore, all residences will be outside of the Project's impact zone. To further mitigate this unique safety risk, an emergency response plan will be in effect which includes evacuation of on-site personnel. In the event of a fire or an explosion, minor damage (such as broken glass windows) may be expected to buildings and facilities within the Project fence-line and some injuries may occur to facility personnel. A detailed

hazard analysis was undertaken by an independent expert to identify opportunities to reduce the potential for accidental release of methane and other VOC's, fire, and explosion.

The Project facility will properly treat its small quantities of process wastewaters which will then be recycled. Sewage will be discharged to well-managed septic tanks. Process emissions of VOCs will comply with the recommended air emission levels in the IFC's Guidelines. Spent catalysts will be sent to the original manufacturer for metal recovery and subsequent disposal of residues as hazardous wastes. Oily wastes will be sent to licensed hazardous waste management facilities. Other process residues will be disposed at licensed facilities to prevent environmental releases.

Solid wastes will be disposed in a manner which prevents environmental releases. Drilling muds will also be disposed at authorized disposal sites which have been designed to prevent environmental releases of any contaminants that may be present. The Project will follow acceptable industrial safety provisions. Past waste disposal practices did not result in any contamination of onsite soil, water courses , and sediments.

Standard industry practices will be followed to ensure that OHS impacts are properly managed in conformance with both the local regulations and IFC Guidelines. Training will be provided to all workers on standard operating procedures to ensure their safety. Personal protective equipment will also be provided to all workers. Tetra4's current OHS record is consistent with the industry benchmarks.

Regarding community, health, safety and security, the Project will develop and implement a Community Health, Safety, and Security Plan to ensure compliance with PS 4. A buffer zone has been established to ensure community safety and security and a perimeter fence has been established.

With respect to social risks, the project will be required to assess residual impacts to livelihoods due to land use changes and develop required compensation and management plans. The environmental and social management system includes plans for addressing impacts related to in-migration, overall labor management, and potential impacts related to cultural heritage.

On cumulative impacts, the Project operator has developed a plan to manage cumulative impacts. Some of the major cumulative impacts are related to biodiversity management, infrastructure impacts management, and social impacts management. The Environmental & Social

	<p>Management Plan, and Community Impacts Management Plans have been designed to address the identified cumulative impacts. Other cumulative impacts related to the increase in road traffic are being addressed in the traffic management plan designed to specifically address this issue.</p> <p><b>Community Consultations:</b> Initial stakeholder engagement was carried out by the Project operator, starting in 2021-2022. Public hearings were held in association with the ESIA development and disclosure during 2022-2023. These public hearings were attended by representatives of the potentially impacted communities and local authorities.</p> <p>The Project's community relations team is continuing to coordinate its stakeholder engagement strategy and approach. The Project has in place a stakeholder engagement plan and grievance redressal procedures in alignment with the IFC 2012 Performance Standards.</p> <p><b><u>Site Visit:</u></b> DFC E&amp;S staff undertook an environmental and social due diligence site visit from October 24 through 25, 2022.</p>
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