

Public

Environmental and Social Data Sheet

Overview

Project Name:	EIFFEL BIOGAS FUND
Project Number:	2019-0771
Country:	Regional-EU/EFTA countries
Project Description:	Fund specialized in financing the biomethane sector mainly in France
EIA required:	Multiple investments
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 operation concerns an equity participation of the EIB, amongst other investors, in the Eiffel Biogas Fund (the "Fund"). The Fund aims to invest a minimum of 75 % of its aggregated commitments into biomethane gas production units, as well as transport, distribution or storage equipment related to biomethane.

The fund is targeting mid-size facilities (producing between 50 and 300 Nm³/h, or 0,5 to 3 MW installed capacities per unit), whose primary feedstock consists of agricultural by-products (cattle manure, pig slurry, lignocellulosic biomass, etc.). The biomethane produced will be injected into the grid. Investment in biogas-fired CHPs will also be considered, but on a marginal basis.

The rest of the Fund (25 % maximum) will be used to invest in the production of other renewable gases, such as biohydrogen, as well as ancillary transport, distribution or storage equipment related to those other renewable gases.

Investments will be located mainly in France (at least 60 % of total commitments) and in other EU and EFTA countries. Although the investee companies will be located in the EU, part of their activity, including newly developed subprojects, might be located outside of the EU.

Together with each project promoter (e.g. farmers or developers), the Fund will set up a joint venture (JV), in which it will hold c. 20-40 % ownership with strong governance rights.

The produced biomethane will be injected into the natural gas grid and substitute fossil natural gas. Concerning biogas for mobility, the Fund will also acquire minority interest stakes

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, 11 June 2020

(with strong controlling rights) in developers and/or operators of dedicated biogas filling stations.

The Bank will require Eiffel Biogas Fund to take all the requisite measures, to ensure that the environmental procedures carried out by the final beneficiaries (the investee companies) in which the Fund will invest, will comply with the relevant EU Directives (or their principles for investments outside the EU), the applicable national legislation, as well as with the EIB's environmental and social standards. This requirement will be endorsed by contractual obligation.

The main environmental and social (E&S) risks and impacts of this operation relate to Eiffel Biogas Fund having adequate systems and capacity in place to assess and ensure that the underlying operations at the investee companies are in accordance with applicable EU E&S standards, including compliance with the EIB's List of Excluded Activities, host country laws and regulations and EIB E&S Standards. However, the Fund has a robust environmental and social governance (ESG) in place, and in line with the Bank's requirements, the investment team will be in charge of coordinating and facilitating the integration of the ESG in all investment processes.

EIB Carbon Footprint Exercise

Absolute emissions: At fund level, the GHG level is estimated to amount to **124 kt CO₂ equivalent**. As all feedstock will be renewable (agricultural & food by-products, bio-wastes, etc.) absolute CO₂ emissions from biomethane production itself were considered to be zero. As the by-products from the food industry will not be incinerated, and instead be used as feedstock for biomethane production, the avoided emissions due to the use of this biomass for energy purposes also count as a reduction in GHG emissions. Energy crops cultivation and related emissions as well as carbon capture by soils were considered for this scenario. Finally, the bank took into account expected methane slip (losses) within biomethane production units.

Baseline: without the projects, the bank assumed that primary feedstock, including bio-wastes, will be composted then spread on agricultural fields as organic fertilizers. Food by-products will be sent to incineration facilities and substitute for energy generation from fossil feedstock. Therefore, their emissions value was considered as nil. As those by-products will not be processed in a biomethane plant where they would be transformed into digestate, farmers have to use synthetic N fertilizer (urea), contributing significant direct and indirect GHG emissions from their use and synthesis. In order to be consistent with the absolute emissions scenario, carbon capture by soils was also considered. Finally, as there is no biomethane in the baseline scenario, natural gas emission data have been used instead.

Relative emissions: Based on the Bank's carbon footprint methodology, the relative emissions (difference between absolute emissions and baseline) can therefore be assumed to be **420 kt CO₂ equivalent per year of emissions savings**.

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 mobilised by the EIB finance.

Conclusions and Recommendations

For the purpose of this operation, the legal documentation to be concluded between the Fund and the EIB will comprise, amongst others, the following undertakings:

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- The Fund Manager will adhere to the Bank's applicable environmental and social requirements.
- The Fund Manager shall nominate an Environmental and Social Manager, which shall be an experienced senior officer of the Fund having management responsibility, among other things, for ensuring proper adherence to the Environmental and Social Management procedures and standards.
- The Fund will integrate the EIB E&S standards into its existing E&S procedure and shall not invest in companies, which operate in areas of activities excluded from EIB activity nor in companies, which do not comply with EIB E&S standards.
- The Fund will implement, for each investment, best available techniques to prevent methane's slip from biomethane production units, a monitoring plan and propose mitigation measures when required to lower slips as much as possible.

With these conditions in place, the investment is deemed acceptable for financing from an environmental and social perspective.