

## Environmental and Social Data Sheet

### Overview

Project Name:	<i>ENEL ITALIA CLIMATE ACTION FL</i>
Project Number:	<i>2021-0517</i>
Country:	<i>Italy</i>
Project Description:	<i>Framework loan to support small to medium sized renewable energy and energy efficiency schemes to be developed by Enel group in Italy over the next three years.</i>
EIA required:	<i>Some sub-projects may require an EIA under the relevant legislation</i>
Project included in Carbon Footprint Exercise <sup>1</sup> :	yes

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

### Environmental and Social Assessment

#### Environmental Assessment

The operation consists of a Framework Loan (FL) to support small/medium-scale renewable energy (RE) and energy efficiency (EE) projects in Italy. RE investments are expected to be mostly onshore wind farms, and some solar PV projects. EE investments shall consist of improvement to the energy performance of the buildings through deep energy renovations including, among others, the following measures: building shell insulation, improvement of HVAC (heat, ventilation and air conditioning) systems, building management systems, etc.

The operation will contribute to EU energy and climate objectives by supporting investments in new renewable energy generation capacity as well as the implementation of the EU Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED). The investments will generate environmental benefits in terms of reduction of air pollutants and GHG emissions, ultimately helping to mitigate climate change.

The project is fully aligned to the goals and principles of the Paris Agreement as set out in the Bank's Climate Bank Roadmap and the Energy Lending Policy.

---

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

Luxembourg, 25/10/2021

### ***Renewable Energy projects***

Onshore wind and solar PV plants fall under Annex II of EIA Directive 2014/52/EU, amending Directive 2011/92/EU, requiring the environmental authority to screen the projects and determine if they are subject to Environmental Impact Assessment based on Annex III. In the case of the interconnection lines, some might be included in Annex I of the above-mentioned directive, thus requiring full EIAs to be performed; while others would fall under Annex II, requiring screening.

In Italy, the construction of the types of projects to be financed by this operation requires the project to be granted a Framework Authorisation called Autorizzazione Unica (AU). The Environmental Impact decision is part of the administrative AU required by the national regulation. The AU is a single authorisation which must be filed with the provincial authority where the renewable energy project is located, demonstrating that the work will be undertaken in compliance with existing zoning laws and plans, and with safety, health and environmental protection regulations. Supporting documentation must also be provided. Should any of the conditions required for the approval of the AU be missing, the provincial authority must notify the applicant that the application will be suspended and inserted into a separate list. The applicant may deliver the missing documents to the provincial authority and a further evaluation will be undertaken later. In the case where an EIA is needed, the AU process is suspended until the completion of the EIA study.

All investments shall comply with the relevant EU Environmental Directives (e.g. EIA Directive 2014/52/EU, Habitats 92/43/EEC, and Birds Directive 2009/147/EC amending 79/409/EEC) and EIB's Environmental and Social Standards (where applicable).

Under the allocation procedures, all underlying sub-projects will be reviewed by the EIB, either ex-post or ex-ante, depending on the investment cost, including the review of the environmental documentation. Only projects that receive environmental authorisations (where applicable), an opinion from the Competent Authority of no negative impact on any Natura 2000 site (where applicable), as well as licences (including building permits), and which are in compliance with relevant EU Environmental Directives and EIB E&S Standards (where applicable), are eligible for EIB financing.

With regard to schemes subject to the requirements of the Habitats Directive 92/43/EEC and/or Birds Directive 2009/147/EC, the Promoter will be required to verify that none of the schemes have a significant adverse impact on any site of nature conservation importance. The promoter will be required to obtain and provide to the Bank the written confirmation to this effect from the competent authority, or an equivalent confirmation satisfactory to the Bank. Schemes having a significant adverse impact on any site of nature conservation importance will not be eligible under this operation.

The Bank will assess EIAs and all permitting documentation (including screening decisions) when reviewing the documentation for the allocations, including the compliance with applicable EU Directives. Whenever an EIA process is required, the environmental impact study (EIS) and the nontechnical summary of the EIS report will be provided in copy to the Bank prior to the Bank's approval of the allocation, and will be published by the Bank.

### ***Energy Efficiency projects***

The proposed EE projects will adhere to the Italian thermal regulations for residential buildings, and the criteria for Italy renovation incentive schemes as established in the Italian building codes transposing the Energy Performance Building Directive.

Luxembourg, 25/10/2021

The energy efficiency measures will contribute to reducing energy consumption and subsequent running costs for the tenants. The works are expected to lead to an average decrease in energy consumption of refurbished buildings of over 60% of the original consumption.

Temporary nuisance due to construction works (dust, noise) shall be mitigated through appropriate site organisation and construction management. Due to the nature of the investment, very limited environmental impacts are expected. However, the cumulative impact of sub-projects could generate significant environmental benefits in terms of reduction of air pollutants and GHG emissions.

Given the scale and nature of the projects an EIA (Environmental Impact Assessment), as defined under the EIA Directive 2014/52/EU, amending the 2011/92/EU, is normally not required.

### **EIB Carbon Footprint Exercise**

In accordance with the Bank's current Carbon Footprint methodology it is calculated that based on primary energy savings from EE projects and on the avoidance of electricity generation from a combination of existing and new power plants in Italy (combined margin for intermittent generation), the total relative effect of the project (based on the initial pipeline of schemes presented by the promoter) is a net emissions savings of 66900 tonnes of CO<sub>2</sub> equivalent per year.

The project boundaries considered are the perimeter of the plants and buildings, in line with the Bank's methodology for these types of projects. Baseline emissions calculations consider ex-ante energy consumption in buildings and country's energy mix.

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.

### **Social Assessment, where applicable**

Both RE and EE investments will generate social benefits, in terms of supporting better health through improving indoor air quality and supporting employment generation.

For RE projects, it might be necessary to expropriate certain parcels of land through a declaration of public utility of the project. The Italian legislation on expropriation contains adequate provisions to guarantee the respect of landowners' rights. A specific assessment on this will be performed during the appraisal of the individual allocations.

### **Public Consultation and Stakeholder Engagement**

Schemes subject to the EIA process will undergo public consultation, in line with EU and national legislation.

Luxembourg, 25/10/2021

## Other Environmental and Social Aspects

The promoter is an international organisation well-known to the Bank, and has an adequate Environmental and Social (E&S) management system in place and suitable capacity to implement the projects. This includes suitable capacity to carry out an environmental assessment of projects in line with the Bank's requirements and the national legislation.

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The promoter has a Human Rights Policy in place, including due diligence mechanisms, rejecting the use of any form of forced or compulsory labour. The promoter has reinforced its assessment process on supply chain sustainability, including on key aspects like forced labour and ethical practices. The promoter shall ensure that the supply chain of the solar PV panels used in the project is compliant with the applicable provisions of the relevant labour standard of the Bank, and avoids the use of forced labour. The Bank will assess this as part of the allocation process.

The promoter shows good Paris Alignment according to TPI (<https://www.transitionpathwayinitiative.org/sectors/electricity-utilities>), being ranked among the top Electricity Utilities with a Carbon Performance 'Below 2 Degrees' by 2050 and 'Level 4' on the Strategic Assessment of Management Quality. The promoter is also in the 'A List' under the Climate Change category as per Carbon Disclosure Project (<https://www.cdp.net/en/companies/companies-scores>).

## Conclusions and Recommendations

The renewable energy investments targeted by the operation are expected to have limited social and environmental impacts, if all mitigation measures are implemented. The overall environmental and social impact of the energy efficiency projects is expected to be positive. For the schemes falling under Annex II of EIA Directive 2014/52/EU, amending Directive 2011/92/EU, the Bank will require the promoter to act according to the provisions of the aforementioned Directive as transposed into national law.

All investments shall comply with the relevant EU Environmental Directives (e.g. EIA Directive 2014/52/EU, Habitats 92/43/EEC, and Birds Directive 2009/147/EC amending 79/409/EEC) and EIB's Environmental and Social Standards (where applicable).

Should the relevant competent authority screen in a scheme, the promoter shall deliver to the Bank the Non-Technical Summary (NTS) of the EIAs and the Environmental Impact Study (EIS) before the Bank funds are allocated.

For schemes subject to a screening decision and screened out from the EIA process, the Promoter should deliver such decision from the competent authority together with the related documents and studies, before the Bank funds are allocated. For schemes that may have an impact on a nature conservation site, the promoter shall obtain confirmation from the competent nature conservation authority, or an equivalent confirmation satisfactory to the Bank, that the scheme does not have a significant negative impact on any such site. Such confirmation should be delivered to the Bank before the funds are allocated.

The legal documentation to be concluded between the Promoter and the Bank shall include an obligation on the Promoter to ensure that all projects comply with national and European legislation (where applicable), as well as the Bank's Environmental and Social Standards.



Luxembourg, 25/10/2021

The Promoter is considered capable to select schemes complying with the Bank's specific procedures and eligibility criteria, in particular regarding the environmental and social aspects.

Under these conditions, the operation is deemed satisfactory from an environmental and social compliance perspective.