



Luxembourg, 20.10.2022

Environmental and Social Data Sheet

Overview

Project Name:	<i>SBI CLIMATE ACTION FL</i>
Project Number:	<i>2021-0639</i>
Country:	<i>India</i>
Project Description:	<i>The operation consists of a framework loan to support climate action investments in India. The facility will finance Renewable Energy (RE) generation projects (mostly rooftop PV, utility scale solar PV and on-shore wind), and potentially other climate-eligible energy or transport projects.</i>
EIA required:	To be defined on a case-by-case basis
Project included in Carbon Footprint Exercise ¹ :	no

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

Environmental and Social Assessment

Environmental Assessment

The operation will consist of a Framework Loan (FL) to the State Bank of India (SBI, the Financial Intermediary), which will on-lend the funds to the promoters of several Renewable Energy (RE) generation projects (mostly rooftop PV, utility scale solar PV and on-shore wind), and potentially other climate-eligible energy or transport projects.

As usual with FL operations, the underlying sub-projects, as well as their environmental and social impacts, are not fully known at this stage. The Bank’s eligibility criteria and procedures for FL operations will apply. For all allocations ex-ante approval by the Bank will be required prior to authorising the on-lending of funds to final beneficiaries. The Bank’s requirements regarding eligibility, including environmental and social requirements, will be incorporated in the finance contract.

Concerning the regulatory context, the main principles of social and environmental assessment practice enshrined in EU legislation, such as screening, scoping, independent review, public participation, disclosure and monitoring, are present in Indian legislation. Prior to approving allocation requests submitted by the financial intermediary, the Bank will confirm that individual schemes comply with the Bank’s environmental and social requirements and that an adequate environmental and social assessment has been carried out.

Onshore wind and Solar PV projects are not required to conduct ESIA processes. However, the Bank has defined a set of criteria, based on which the promoter is required to either conduct a full ESIA or a Rapid Environmental and Social Assessment (REA). The Bank services will ensure the assessment is carried out by the Financial Intermediary or with local consultants. According to these

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.



Luxembourg, 20.10.2022

criteria, any project that fulfils at least one of the following criteria will be required by the Bank to conduct a full ESIA: (i) total project area of 100 ha or more, (ii) including a high voltage connection line of more than 15km, (iii) proximity to protected habitat where significant negative impacts cannot be excluded, (iv) physical or economic resettlement, or (v) no satisfactory REA or risk factors identified in the REA.

The Financial Intermediary will be required to provide confirmation that none of the schemes submitted for part-financing by the Bank have a significant negative impact on any site of nature conservation importance, including sites protected under national legislation and international agreements to which India has subscribed.

Social Assessment, where applicable

India has not subscribed to all International Labour Organisation (ILO) Conventions; in particular ILO Conventions 87 (Freedom of Association), 98 (Collective Bargaining), 135 (Workers Representatives), 138 (Minimum Age) and 182 (Worst Forms of Child Labour) are not ratified.

The financial intermediary will need to carry out a social assessment and a management plan to mitigate social impacts. In addition, sub-projects will comply with national law and ILO Core Labour Standards that have not been ratified by the Government of India, in accordance with the Bank's Environmental and Social Standards.

Public Consultation and Stakeholder Engagement

The Bank will verify for each allocation that adequate public consultations and disclosures have taken place and appropriate grievance redress mechanisms are in place. The Financial Intermediary will ensure that land acquisition and potential resettlement processes follow the Bank's Environmental and Social Standards and that the recommendations of the ESIA are correctly implemented.

Other Environmental and Social Aspects

The Financial Intermediary's capacity to implement the projects in compliance with the EIB's Environmental and Social Standards is deemed satisfactory. Compliance with the Bank's standards will be assessed for each individual allocation at a later stage.

All investments and subsequent projects have to comply with the Bank's requirements, including applicable provisions of the relevant labour standard of the Bank, particularly Standard 8 – Labour Standards. Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The FI will be required to undertake reasonable efforts to mitigate risks of forced labour in the supply chain. This will include enhanced due diligence practically achievable, also guided by the FI's human rights commitment, and aiming to ensure that appropriate contractual provisions are passed on to contractors/suppliers for each of the investments and projects. The Bank will assess this as part of the allocation process.

Conclusions and Recommendations

The schemes under this operation are expected to have limited social and environmental effects. Despite the lack of legal obligations under Indian law to conduct ESIA processes for most solar PV and onshore wind plants, the Bank will require adequate environmental and social assessments and has defined strict criteria which trigger the requirement to conduct a full ESIA for projects to be financed under this operation. The social and environmental impacts and mitigation measures will



Luxembourg, 20.10.2022

be assessed individually by the Financial Intermediary and will be reviewed by the Bank as part of the ex-ante approval process. The Financial Intermediary's capacity to assess environmental and social impacts is deemed satisfactory. All schemes financed by the Bank will be required to be compliant with national legislation and with the Bank's environmental and social standards. The Financial Intermediary will be required to provide all information necessary to the Bank's satisfaction in order to confirm compliance with the Bank's eligibility criteria.

Under these conditions, it is considered that the due diligence procedures carried out for individual schemes will appropriately address environmental and social issues and ensure that the schemes to be financed under this loan meet the Bank's requirements. The Bank's environmental and social requirements go beyond Indian legal requirements. From previous operations, the Bank has already supported SBI in developing appropriate Terms of Reference for the required ESIA's and will closely follow compliance with environmental and social standards. Due to the Bank's involvement, the Promoters will agree to conduct environmental and social assessments for the projects in line with the Bank's requirements. This goes beyond the requirements of Indian law and is expected to substantially improve the environmental and social risk profile of the project.