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Environmental and Social Data Sheet

Overview

Project Name: *ENEL LATAM - BRAZIL DISTRIBUTION*
 Project Number: *2021-0751*
 Country: *Brazil*
 Project Description: *First allocation under the Enel Energy Efficiency & Renewables FL for Brazil*

EIA required: no

Project included in Carbon Footprint Exercise¹: yes
 (details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The Programme is a typical electricity distribution expansion and modernisation investment programme. The investment comprises the construction or replacement of LV and MV overhead lines up to a max of 34.5 kV, the development of new electricity distribution facilities, including new metering substations and transformers, as well as other operations of refurbishment, reconstruction or modernisation of existing facilities. The investments are located mainly in urban or sub-urban areas of Sao Paulo.

The majority of the interventions are focused on improving metering devices, installation of cables spacer, re-connector and trip-saver that if located in the EU, would fall neither under Annex I nor under Annex II of the EIA Directive. The remaining components do not require an EIA following Brazilian regulation based on National legislation Resolução Conama nº 1 of 23/01/1986 and the State legislation Resolução Sima nº 29, of 29/04/2020 due to the fact that they are extensions of a previous existing network and the voltage is below the threshold of 69 kV.

The Promoter's environmental policies require that an ESMP (Environmental and Social Management Plan) are carried out in accordance with the applicable legislation and in accordance with the ISO 14001 standard. The ESMP includes elements such as: identification of relevant environmental aspects/impacts and risks, authorizations requirements, waste management, emissions mitigation plan, noise mitigation plan and how the Contractor and its subcontractors will comply with all environmental requirements for all environmental aspects.

The investment is part of a wider framework loan where the Promoter committed to exclude components with significant, negative environmental and/or social impacts or requiring physical

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.



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resettlement and/or with impact on indigenous people. The schemes under the programme do not require any physical or economic resettlements.

The Programme envisages the installation of spacer cable systems and re-closers that ensure the resolution of temporary faults, such as lightning, windblown tree branches or wires, as they will shut off before permanent damage occurs to the lines. These investments mitigate the effects of tree branches touching energized lines that will result in tripping of protections and temporary faults and therefore enhance the resilience of the distribution network against climate events.

During construction, impacts are expected to relate to dust, noise, vibration, traffic disruption and vegetation clearance. Environmental impacts during operation will concern electromagnetic fields (EMF), noise disturbance and other impacts. When relevant, appropriate mitigation measures will be implemented to minimise impacts. This includes measures to contain the effect of noise during operation, specific maintenance procedures to minimise potential leakage of SF6 and use of insulated conductors and covered conductors or spacer cable systems for LV and MV network when appropriate. In densely populated areas, particular attention will be paid to contain the effect of noise, vibration and traffic disruption during construction works. Regarding the schemes relating to works in substations, contamination from oil leakage of transformers is mitigated through the appropriate design of bunds.

The Promoter has appropriate guidelines for disposal of obsolete equipment and waste management.

For what concerns the Paris Agreement counterparty alignment, the Bank's PATH procedure is not applicable to this operation given that the FL was approved by the Board in 2021.

The Programme has been assessed for its Paris alignment and it is considered to be aligned both against low carbon and resilience goals in line with the policies set out in the Climate Bank Roadmap and with the EIB's Energy Lending Policy.

EIB Carbon Footprint Exercise

The Programme will contribute to avoid emissions for 237 kt CO₂-eq/yr achieved with the reduction of network losses and energy recovered with regularisation. The baseline emission is equal to 8373 kt CO₂-eq/yr.

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

The Programme does not entail any involuntary resettlement. The regularisation actions to reduce the illegal connections and reduce the possibility of frauds on metering devices are part of the investment and are focused to reduce clandestine connections and generate new customers. The presence of a social tariff support the social impacts on regularisation of the users.

The regularisation provides a series of benefits to the users that are important such as: numbering of housing, presence of mail box and ability to receive a bill. The presence of an



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electricity bill is the first necessary step to regularise their position. With such document, they can open a bank account or request the regularisation in front of local authorities. Women who are the family responsible can receive financial benefits with the registration in the “Cadastro Único (Cadúnico)” in accordance with the Bolsa Família Program (PBF)/Auxílio Brasil.

The Promoter in the area of the Programme is active with a series on Corporate Social Responsibility Programmes (CSR) that focus on the risks of electricity, pedagogical project that serves children in situations of social vulnerability, low-income families or improving living condition of women. This is achieved through the Promoter’s work with several non-governmental organizations that enables the financial autonomy of social vulnerable women.

The CSRs programme even includes actions to improve energy efficiency such as the replacement of equipment such as refrigerators, lamps and old electric showers for more efficient ones in vulnerable communities.

The Promoter is part of a group that has in place mandatory policies such as:

- Ethical compliance - Code of ethics: In 2002, Enel adopted its Code of Ethics, which expresses the commitments and ethical responsibilities. It follows in conducting business, by regulating and harmonising corporate conduct according to standards based on the utmost transparency and integrity towards all stakeholders.
- Policy on Human Rights is present in order to enact the United Nations Guidelines on Business and Human Rights, which sets out the commitments and responsibilities in regard to human rights entered into by employees of Enel SpA and of its subsidiaries, and promotes respect of the Policy by contractors, suppliers and commercial partners in its business relations.

Public Consultation and Stakeholder Engagement

As part of the standard practices of an experienced distribution system operator, customer relations and public relation officers would deal with complaints and grievances. The Promoter performed public consultations with local users and stakeholders directly or via social entities with a particular focus in the areas where clandestine connections have to be normalised.

Other Environmental and Social Aspects

The Promoter possesses quality certification focused on environmental or energy efficiency matters such as: ISO 9001 international standard that specifies requirements for a quality management system, ISO 14001 to set out the requirements for an environmental management system and to help organizations improve their environmental performance through more efficient use of resources and reduction of waste. ISO 45001 is an international standard for health and safety at work developed by national and international standards committees independent of government and ISO 50001 is an energy management system standard to improve the energy efficiency practices.

The Promoter has in place a programme to promote gender equality across five pillars: female leadership & talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies. Enel, the parent company has been confirmed for the third consecutive year in the Bloomberg Gender-Equality Index (GEI).



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Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the promoter, including its organisation, processes, and procedures, and deemed them to be good. Based on the information available, the programme is expected to have minor negative residual impacts and is thus acceptable for Bank financing from an environmental and social perspective.

The Promoter undertakes to implement the Project in accordance with the EIB's Environmental and Social Standards and in compliance with the national environmental legislation. The Promoter undertakes not to allocate the Bank's funds to any components of the Programme that require an ESMP before has this been sent for review to the satisfaction of the Bank.

Furthermore, the Programme does not entail components with significant, negative environmental and/or social impacts or requiring physical resettlement and/or impact on indigenous people in accordance with undertakings committed to under the Framework Loan 2020-0823. The Promoter undertakes not to allocate funds from the EIB loan to components related to the connection of generation sources that emit above 100 g/CO₂ per kWh.