



Luxembourg, 26.10.2022

Environmental and Social Data Sheet

Overview

Project Name:	SANTANDER RISK SHARING EUROPEAN CLIMATE ACTION
Project Number:	20220045
Country:	Spain, other EU countries
Project Description:	Risk sharing operation allowing the Financial Intermediary to finance new eligible renewable energy projects (solar PV, onshore & offshore wind and potentially other renewable energy & energy efficiency projects).
EIA required:	Some schemes may require an EIA under the relevant legislation.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The operation consists of a portfolio of new renewable energy schemes (onshore & offshore wind and solar PV and potentially other renewable energy & energy efficiency projects) financed by Santander (the Financial Intermediary, FI), located in Spain and potentially in other EU countries, in return for an EIB risk sharing in an existing portfolio of Santander.

The operation will contribute to EU energy objectives by supporting investments in new renewable energy generation capacity. The investments will generate environmental benefits in terms of reduction of air pollutants and GHG emissions, ultimately helping to mitigate climate change.

Some of the schemes may fall under Annex I of the Environmental Impact Assessment (EIA) Directive (Directive 204/52/EU amending the EIA Directive 2011/92/EU), requiring full EIA process. However, most of them are expected to fall under the Annex II of the abovementioned Directive, being subject to a screening decision by the competent authority based on Annex III of the same. Most of the individual schemes to be financed are likely to have limited negative residual environmental impacts and are expected to be mitigated appropriately. For projects that require an ESIA, the FI shall provide the Bank with a copy of the ESIA study, and/or officially publish the website link where the ESIA is located. If a project is screened out, then, according to the EIA Directive, this should also be made public, stating the reasons for not requiring such an assessment.

The FI will be required to verify that none of the schemes has a significant adverse impact on any site forming part of the EU Natura 2000 network (falling under Habitats Directive 92/43/EEC or Birds Directive 2009/147/EC). Schemes with significant negative impacts on

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.



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areas with high biodiversity value, nature conservation areas, including bird migration routes, shall not be eligible.

EIB Paris Alignment for Counterparties (PATH) Framework

The FI is in scope and screened in for the EIB PATH framework. Since 2017, Santander supports the Task force on Climate related Financial Disclosures (“TCFD”), structuring and basing its Climate Finance report on the TCFD’s recommendations and framework for disclosure. The latest 2021 Climate Finance report² details Santander’s progress across the four pillars of the TCFD: Strategy, Governance, Risk Management, and Metrics and Targets.

Social Assessment

All investments and subsequent projects need to comply with the Bank’s requirements, including applicable provisions of the Standard 8 – Labour Standards of the EIB’s Environmental and Social Sustainability Framework. The FI will be required to undertake reasonable efforts to mitigate risks of forced labour in the supply chain. This will include, on a best effort basis, enhanced due diligence practically achievable, and also guided by the FI’s human rights commitment, ensuring that appropriate contractual provisions are passed on to contractors/suppliers for each of the investments and projects.

Other Environmental and Social Aspects

The FI uses the Equator Principles to address environmental and social issues in project finance activities and is used to following / complying with E&S and H&S (Health and Safety) standards of other International Financial Institutions and European export credit agencies.

The FI has substantial experience in non-recourse financing of renewable energy projects. The FI has adequate capacity and systems in place to assess and manage E&S risks related to the operation. The FI is currently upgrading its Environmental and Social Governance (ESG) processes with the ambition to implement best practices. The model is also in the process of being implemented and embedded in the organisational structure across all business units. The upgraded model will ensure a state of the art Environmental and Social Management System (ESMS) with dedicated ESG related responsibilities.

All new schemes under this operation will undergo due diligence by the FI, including appraisal and monitoring of environmental and social aspects. The promoters of the underlying projects will be required to have an HSE policy in place and to comply with the relevant laws. Most of the schemes under this operation are expected to be operations with a project cost above 50 MEUR and subject to EIB ex ante due diligence and approval on Environmental and social matters.

Conclusions and Recommendations

The FI’s E&S policies and management capacity to comply with EIB requirements have been assessed and found to be adequate and commensurate with the E&S risk of the underlying projects. It is considered that the procedures carried out for individual investments, verified by the FI as well as by the EIB, will appropriately address environmental and social issues and ensure that the investments to be part-financed under this operation meet the Bank’s requirements.

² <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual-de-sostenibilidad/2020/ias-2020-climate-finance-2020-21-en.pdf>



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Conditions will be included in the legal documentation to ensure compliance of all schemes in the “new portfolio” with the relevant EU Directives and the Bank’s environmental and social requirements.

For each scheme that may have an impact on a nature conservation site, the Financial Intermediary shall obtain confirmation from the competent nature conservation authority, or an equivalent assessment satisfactory to the Bank, that the scheme does not have a significant negative impact on any site of nature conservation importance.

The FI shall not commit any EIB funds against schemes that require an EIA or biodiversity assessment according to EU and national law without, prior to commitment, receiving consent from the competent authority.

The Financial Intermediary shall undertake reasonable efforts in case of concern to mitigate against the risk of forced labour in the solar PV supply chain. This will include enhanced due diligence where practically achievable and ensuring that relevant obligations are passed on in supplier contracts.

Any inclusion of a scheme into the “new portfolio” will further be subject to pre-approval including the screening of the environmental and social aspects by the Bank’s Services. Schemes can be excluded from the “new portfolio” by the Bank’s Services at any time if new information makes this necessary.

In view of the above findings and conditions, the operation is considered satisfactory from an environmental and social compliance perspective.