



Luxembourg, 21.09.2022

Environmental and Social Data Sheet

Overview

Project Name:	<i>BANCO ESTADO ECOVIVIENDA - ENERGY MBIL</i>
Project Number:	<i>2022-0161</i>
Country:	<i>Chile</i>
Project Description:	<i>Loan to Chile's public bank BancoEstado to finance mortgages for the acquisition of new housing units with improved energy efficiency standards.</i>
EIA required:	no
Project included in Carbon Footprint Exercise:	no

Environmental and Social Assessment

Environmental Assessment

The proposed operation is a Multi-Beneficiary Intermediated Loan (MBIL) programme of EUR 200 million to Chile's public bank BancoEstado for financing mortgages for new housing units with improved energy efficiency (EE) standards.

EE standards will be verified using the Chilean energy rating system for homes named CEV for its acronym in Spanish "*Calificación Energética de Viviendas*". This operation will finance only units rated C or better, which are expected to perform significantly better than the current construction standard, which is represented by the letter E.

Environmental Legislation & Institutions

In 2010, the enactment of Law No. 19,300 - the Environmental Law (*Ley de Bases Generales del Medio Ambiente - LBGMA*) - was a substantial milestone in national environmental legislation. It established the Ministry of Environment (MMA, for its acronym in Spanish), the Council of Ministers for Sustainability, an inspectorate (*Superintendencia de Medioambiente*) and the environmental assessment agency (*Servicio de Evaluación Ambiental - SEA*).

The main function of the SEA is to administer the Environmental Impact Assessment System (SEIA for its acronym in Spanish - *Sistema de Evaluación de Impacto Ambiental*).

The SEIA is an environmental management instrument that allows the authority to determine before the execution of a project if the project:

- Complies with current environmental legislation
- Takes responsibility for potentially significant environmental impacts

For projects/activities listed in Article 10 of the LBGMA, the Promoter must submit to the authority - via the SEIA - either an Environmental Impact Statement (DIA for its acronym in Spanish) or an Environmental Impact Assessment (EIA).

If the project or activity generates or presents at least one of the effects, characteristics or circumstances indicated in Article 11 of the LBGMA, the Promoter must submit an EIA to the SEIA. Otherwise, the Promoter should submit a DIA via the SEIA.



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All documentation about a project EIA/DIA assessment is publicly available under <https://www.sea.gob.cl/> and on <https://www.bcn.cl/leychile/navegar?idNorma=30667>.

The Evaluation Commission of the respective region, or the executive director of the SEA, depending on the project characteristics, after evaluating the EIA or the DIA issues the Environmental Qualification Resolution (RCA). The RCA establishes if the project presented has been approved or rejected.

This RCA needs to be provided to the corresponding municipality in order for the municipality to grant the certificate of works (*recepción municipal*).

Although not a likely scenario given the nature of the investments, any investment requiring an EIA will be excluded from this operation. All projects will be developed in urban areas.

At the construction stage, the project implementation may lead to increased noise and vibration levels and may affect the quality of air. The project impacts at the construction stage will be reversible and temporary at a level that is deemed acceptable.

Overall, the projects to be financed are expected to generate positive environmental benefits linked to the reduction of energy consumption, reduction of energy poverty and increased thermal comfort.

The decrease in energy consumption will be translated into a decrease in kerosene, natural gas and biomass consumption, which are the main fuel sources used for heating and hot water generation at the household level.

This in turn will:

- Reduction of local pollution (MP2.5) linked to lower use of biomass;
- Reduction of GHG emissions linked to the use of fossil fuels

The project is expected to generate final energy savings of 7 GWh/year and a reduction of GHG emissions (CO₂-equivalent) of approximately 1,800 tons/year.

Therefore, the project will contribute to resource efficiency, sustainable use and management of natural resources and climate change mitigation.

Given the expected EE levels, the operation is considered to be Paris aligned and qualifies as 100% Climate Action in accordance with Climate Mitigation Action criteria under Energy Efficiency for buildings.

EIB Paris Alignment for Counterparties (PATH) Framework

BancoEstado's screened in for low carbon and screened out for resilience.

BancoEstado's climate-related framework and public disclosures do not currently meet the PATH requirements. Banco Estado is working on implementing the TCFD recommendations across the organisation and it has agreed to develop TCFD-aligned reporting within a reasonable timeframe following loan signature, which is in line with the requirements of the PATH framework, allowing flexibility in timing for counterparties located outside EU. The loan documentation will include appropriate contractual obligations.

Banco Estado's strategy includes climate change considerations. The bank is currently working on revising its risk management framework to include climate-related risks and on enhancing its climate-related public disclosures, in line with the requirements of the banking regulator in Chile (CMF).



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Social Assessment

This operation aims to finance new housing units with better EE characteristics for low/middle-income households. Improved EE standards will allow a reduction on energy related expenses of the targeted population that on average spends disproportionately more on housing related items, including energy. Therefore, an increase in disposable income for low/middle income households is expected.

Indigenous communities are not expected to be impacted as projects will be developed in urban areas only.

Public Consultation and Stakeholder Engagement

Public Consultation is ensured by the current legislation. The SEA has created the platform Citizen Participation and Indigenous Consultation, which is dedicated to ensure citizen can participate in the projects submitted to the SEIA.

Conclusions and Recommendations

The following conditions will be applied to the Promoter to the satisfaction of the EIB and to be included in the legal documentation:

- *The intermediary will ensure projects comply with the relevant applicable environmental legislation and with the relevant EIB E&S Standards. The intermediary will enhance its Environmental and Social Management System (ESMS) and its indicators in order to ensure consistency with EIB E&S Standards.*
- *Although not a likely scenario given the nature of the investments, any investment requiring an EIA will be excluded from this operation.*
- *Although not a likely scenario given the location of the investments, any investment in rural areas will be excluded from this operation.*
- *The intermediary will provide to the EIB, DIAs and RCA for all sub-projects financed under this operation.*

Subject to the conditions mentioned above, the operation is considered acceptable for the EIB in environmental and social terms.