



## Environmental and Social Data Sheet

### Overview

Project Name:	IBERDROLA GREEN ENERGY FRAMEWORK LOAN ITALY
Project Number:	20220244
Country:	Italy
Project Description:	Framework loan to support over the next 3 years apart of an investment pipeline into small-scale renewable energy projects (mainly solar photovoltaic). The projects are at geographically dispersed locations throughout Italy, with ~70% located within EU Less Developed regions.
EIA required:	yes
Project included in Carbon Footprint Exercise <sup>1</sup> :	no
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

### Environmental and Social Assessment

The project concerns a sub-operation from a part of a larger investment programme of the promoter to an existing Programme Loan (PL). The sub-operation to the PL is designed as a Framework Loan (FL). Aiming at a high impact to local and regional economies, there will be multiple allocations to the FL from a part of an investment programme, mainly for the financing of small to medium-scale solar PV and onshore wind plants. Based on the pipeline of PV and onshore wind plants presented by the promoter, the project is expected to support a solar PV capacity of up to 375 MWp and an onshore wind capacity of up to 26 MW. The pipeline of potential allocations is well defined and may include up to 25 solar PV plants and 3 onshore wind farms. The promoter is a large Spanish utility, globally active in renewable energies, and well known to the Bank from recent operations in the RE sector. The promoter's capacity to successfully develop and implement the projects is considered good, based on its proven ability to source, execute and manage this type of investments. The small-scale solar PV and onshore wind investments considered for this project are at geographically dispersed locations throughout Italy, with ~70% being located within EU Less Developed regions.

#### Environmental Assessment

PV plants fall under Annex II of the EIA Directive 2011/92/EU (as amended by Directive 2014/52/EU) according to which Member States shall determine whether the installation should be subject to a mandatory EIA assessment based on defined criteria.

Impacts on the environment from PV plants are like to stem from include noise, dust and increased traffic during the construction phase and to visual and land use impacts during operation. These impacts are unlikely to cause any significant negative residual effects to the environment

According to recently revised national environmental legislation, which aims at facilitating and accelerating the approval procedures, PV farms with a nominal capacity exceeding 10 MW are subject to a mandatory EIA, without a screening procedure. Under certain conditions (location, voltage level of network connection, nominal capacity) PV plants could even follow a simplified authorisation procedure. The revised legislation might cause a transitional adaptation period, depending on when the request for an authorisation had been introduced.

<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.



The Bank will request from the promoter the competent authority's decisions to this matter as well as the authority's decision concerning the need for an appropriate assessment of potential impacts on the integrity of Natura 2000 sites.

Other sub-schemes than PV plants but within the investment programme of the promoter are likely to also fall under Annex II of the Environmental Impact Assessment (EIA) Directive 2011/92/EU which means that they can be subject to an EIA on a case by case basis decision or defined criteria set by the competent authority.

It is proposed that final Environmental Impact Studies satisfactory to the Bank, including Non-Technical Summaries, are presented to the Bank prior to that funds are allocated to any of the schemes that has been screened in for an EIA procedure. Additionally, for each sub-scheme that may have an impact on a nature conservation site, written confirmation from the competent nature conservation authority, or an equivalent confirmation satisfactory to the Bank, that the mentioned sub-scheme does not have a significant negative impact on any site of nature conservation importance should be presented, as a condition prior to that funds are allocated to any such scheme. Schemes with significant negative impacts on areas with high biodiversity value, nature conservation areas, including migration routes shall not be eligible.

The promoter will have to ensure the application of the Bank's environmental policy: as part of their standard due diligence work, the promoter will screen environmental and social aspects of its projects, including for compliance with relevant national and EU environmental and social legislation.

#### **EIB Paris Alignment for Counterparties (PATH) Framework**

The counterparty Iberdrola S.A. being a corporate and the head of group for its different subsidiaries, is in scope of the PATH framework, has a decarbonisation plan that has been assessed by and is aligned with the SBTi scenario (1.5°C by 2030) and these plans are public. The counterparty is deemed to meet the requirements of the PATH framework. No further action is required from the counterparty.

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

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The promoter has a Policy on Respect for Human Rights rejecting the use of any form of forced or compulsory labour.

The Bank's finance contract will require the promoter to undertake to 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. For this purpose, the promoter undertakes to make reasonable efforts to carry out appropriate due diligence throughout its supply chain, with the aim of avoiding the use of forced labour in the supply chains of the solar panels that will be used for this project.

#### **Other Environmental and Social Aspects**

All schemes under this operation undergo a due diligence by the promoter, including an environmental and social appraisal. In this context, the promoter will verify and respect the relevant EU Directives and national laws for each scheme. The promoter's business unit for renewable energy operations is certified according to OHSAS 18001, ISO 9001, ISO 14001 and ISO 45001.



## Conclusions and Recommendations

Having reviewed both, the project selection processes and the project due diligence processes of the promoter, and in view of the conditions proposed, the project, i.e. the Framework Loan, is considered acceptable for Bank financing from a social and environmental point of view.

On the basis of the above, the Bank will require the following environmental and social disbursement conditions and undertakings in its finance contract:

- The borrower 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, and the Non-Technical Summary of the EIA having been made available to the public.
- The borrower shall store and maintain updated the relevant documents (including environmental studies related to the EIA, the Non-Technical Summaries of the EIAs, and Nature/Biodiversity Assessments or equivalent documents supporting the compliance with the EU Habitats and Birds Directives and the absence of significant impact – Form A or equivalents) to be provided to the Bank upon request. In case the EIB requires such documentation, the borrower shall provide all documents requested promptly.
- The schemes should comply with the Bank E&S Standards. In particular, the borrower 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. For this purpose, the borrower undertakes to make reasonable efforts to carry out appropriate due diligence throughout its supply chain, with the aim of avoiding the use of forced labour in the supply chains of the solar panels that will be used for this project. The Bank will assess this before the allocation of funds to Solar PV projects.
- For schemes subject to an EIA, the borrower should deliver the environmental documents to the Bank before the funds are allocated to any of such schemes (EIA studies, Non Technical Summary, environmental consent).
- For schemes subject to a screening decision and screened out from the EIA process, the borrower should deliver such decision from the competent authority together with the related documents and studies, prior to the Bank's approval of the allocation.
- Whenever applicable, the borrower undertakes to fulfil the requirements of the environmental impact studies (EIA studies or others) and Environmental Permits.
- For schemes that may have an impact on a nature conservation site, the borrower 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. Schemes with significant negative impacts on a nature conservation site shall not be eligible.
- The borrower warrants and represents to the Bank that it is in compliance with, and conform their operating procedures to, the borrower's Code of Ethics and Human Rights Policy as they stand on the date of this Contract, in particular with/to the principles and guidelines set out in Section E of the Code of Ethics aimed at eliminating all kinds or forms of forced or compulsory labour. The above-mentioned Code of Ethics and Human Rights Policy are publicly available;