



Luxembourg, 26.10.2022

Environmental and Social Data Sheet

Overview

Project Name:	RED ELECTRICA GREEN FINANCE FRAMEWORK
Project Number:	20220197
Country:	Spain
Project Description:	The operation concerns the purchase of Green Bonds and /or Green Hybrid Bonds to finance the development, modernisation and digitalisation of Spain's electricity transmission network.
EIA required:	Most of the underlying schemes require an EIA
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 EIB's participation consists of the purchase of publicly offered bonds issued by different entities of the Red Eléctrica Corporación S.A. (REC) group. Red Eléctrica de España S.A.U. ("Red Eléctrica", "the Promoter") is a partly state-owned and public limited Spanish entity which owns and operates the national electricity grid in Spain. The proceeds of the green bond will be used to finance investments in Spain contributing to the Bank's "Climate Action" and/or "Environmental Sustainability" objectives (CA&ES). In this specific operation, the bonds will be issued under the Red Eléctrica Group's "Green Finance Framework", which sets out the applicable eligibility criteria, selection of use of proceeds projects, and reporting processes. The Green Finance Framework was presented in 2019 and updated in September 2021, and received a second party opinion indicating that the Framework is aligned with the four core components of the Green Bond Principles 2021 and with the applicable Technical Screening Criteria and Do No Significant Harm (DNSH) criteria of the EU Taxonomy. The operation supports overall EU renewable energy objectives by meeting national commitments with respect to greenhouse gas emission reduction. The projects to be financed under this green bond are expected to be electricity transmission and distribution infrastructure or equipment.

The EIB environmental and social due diligence focused on the promoter's capacity to implement the programme in line with the EIB Environmental and Social Standards and requirements as applied to capital market transactions.

All projects under this operation are expected to be in line with EIB Climate Action and Environmental Sustainability (CA&ES) requirements, and with limited negative environmental impacts, when properly mitigated.

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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Due to their technical characteristics, most of the investments are expected to fall under Annex I of Directive 2014/52/EU amending EIA Directive 2011/92/EU, requiring an environmental impact assessment to be performed.

For all projects financed with the proceeds of the bond, the Promoter will be required to ensure compliance with relevant EU Directives and with EIB Environmental and Social (E&S) Standards. In all cases where an EIA is required, the Spanish competent authorities ensure that the EIA reports are electronically accessible to the public.

The Promoter shall be required to retain appropriate records evidencing the fact that the schemes are in line with the Bank's environmental and social requirements and EU legislation.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty (REC, the Promoter's Head of Group) is in scope and screened out of the PATH framework, because it is not considered high emitting.

Social Assessment

In certain cases projects may require expropriation of the right-of-way of overhead or underground power lines, or the electricity substations sites. Landowners are compensated in accordance with national legislation. In order to ensure compliance with EIB E&S Standard 6, the Promoter will undertake not to allocate EIB funds to projects that entail physical or economic displacement of informal occupants.

All schemes need to comply with EU and national law and the Bank's requirements, including applicable provisions of the relevant labour standard of the Bank. The Promoter employs a Human Rights Management Model which includes a Supplier Code of Conduct with Human Rights requirements (compliance with these is verified by social audits), a due diligence mechanism, and a complaints mechanism. The Promoter maintains an explicit commitment to protect human rights, with special attention to vulnerable groups as reflected in its Code of Ethics and Conduct, and Sustainability Policy.

Public Consultation and Stakeholder Engagement

Most of the projects underlying the operation will be subject to an EIA and to the relevant public and stakeholder consultations.

Other Environmental and Social Aspects

The Promoter assesses environment, climate and social risks through a certified Environmental Management System (EMS) in accordance with ISO 14001 standard, which forms part of its Corporate Management System. The EMS comprises all the activities performed in all its facilities and work centres to assess primarily environmental interactions, but takes into account the impact on social, economic, and ethical dimensions more widely. The responsibility for ECS issues is well defined and involves the highest management responsibilities through the Sustainability Committee of the Board of Directors.

The Promoter has certified its other management systems, i.e. ISO 45001, EFR 1000-1, AENOR, and ISO 20121.



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The Promoter has carried out a climate risk and opportunities assessment lead by its Sustainability Department and Risk Management and Compliance Department. This assessment is renewed every three years.

The Promoter also prepares and makes publicly available its Sustainability Report in accordance with the GRI (Global Reporting Initiative) standards.

Conclusions and Recommendations

The Bank has reviewed the E&S risks associated with the operation as well as the E&S capacity of the Promoter. The promoter's E&S policies and management and its capacity to comply with the EIB's Environmental and Social Standards have been assessed and found to be adequate and commensurate with the E&S risk of the underlying projects.

The operation is considered acceptable for Bank financing from a social and environmental point of view, with the following undertakings:

- None of the projects allocated to EIB financing will entail physical or economic displacement of informal occupants of the project site or right-of-way.
- Whenever applicable, the Promoter undertakes to fulfil the requirements of the environmental impact studies (EIA studies or/and others) and Environmental Permits.
- For all projects financed with the Bond that require an EIA, the Promoter will include a link on its web page to the competent authorities' websites where EIA studies are electronically accessible to the public.
- For projects that may have an impact on a nature conservation site, the promoter shall obtain confirmation from the competent nature conservation authority, or an equivalent confirmation, that the scheme does not have a significant negative impact on any such site. The Promoter shall not use the proceeds of the bond to finance projects with significant negative impacts on a nature conservation site.
- All projects financed by the Bond will be in line with EIB Climate Action and Environmental Sustainability eligibility criteria².

² Cf. [European Investment Bank Climate Action and Environmental Sustainability - List of eligible sectors and eligibility criteria \(eib.org\)](https://www.eib.org/en/press/2021/09/21-09-2021)