

Luxembourg, 16 June 2023

Environmental and Social Data Sheet

Overview

Project Name:	AFFORDABLE HOUSING GREEN BOND
Project Number:	2022-0925
Country:	France
Project Description:	The operation concerns the purchase by EIB of green bonds issued by the promoter to finance green investments in affordable housing as per the promoter's Green Financing Framework (GFF).
EIA required:	Some of the underlying schemes may 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 proposed operation consists in the purchase by EIB of green bonds issued by the promoter, the proceeds of which will finance affordable housing within sustainable buildings classified as green eligible assets as per the promoter's Green Financing Framework (GFF). The EIB financing will support the construction and renovation of low-carbon affordable housing for middle income households. All the affordable housing will be located in the Paris Metropolitan region (Île-de-France).

The promoter is a real estate subsidiary of Action Logement Immobilier (SASU - Société par Actions Simplifiée Unipersonnelle), which is 100% publicly owned. Action Logement Immobilier implements the Action Logement Group's real estate strategy and owns the shares of all the real estate subsidiaries.

The operation is deemed aligned to a low carbon and resilient pathway, consistent with the Paris Agreement goals and principles as defined in the Climate Bank Roadmap (CBR). All new buildings should have an energy consumption as defined by the French standard RE 2020 for Nearly Zero Energy Buildings. All renovated buildings are expected to significantly reduce the building's Primary Energy Demand (PED). In addition, most of the projects should achieve better energy performance than the threshold required by the local regulation. Hence, the proceeds of the green bonds will finance projects that are expected to follow the principles of the EU taxonomy for sustainable finance and should contribute to the Bank's Climate Action and Environmental Suitability objectives.

The promoter has provided evidence to the Bank that their GFF was assessed by a Second Party Opinion (SPO). The SPO assessed the alignment of the promoter's asset selection process and company policies for the nominated use of proceeds project categories, with the relevant requirements of the EU Taxonomy, based on information provided by the promoter and on a best-effort basis.

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.



Luxembourg, 16 June 2023

For all projects financed with the proceeds of the bonds, the promoter will be required to ensure compliance with relevant EU Directives and with the EIB Environmental and Social Standards (E&S): EIA Directive 2014/52/EU, amending Directive 2011/92/EU, SEA Directive 2001/42/EC, Habitats Directive 92/43/EEC, Birds Directive 2009/147/EC and Energy Performance of Buildings Directive 2018/844/EU amending Directive 2010/31/EU.

In cases where an EIA would be required, the competent authority ensures that the EIA reports are accessible to the public. The promoter will be required to retain appropriate records to provide evidence that the schemes are in line with the Bank E&S standards as well as the relevant EU legislation. As per the promoter GFF undertakings, a yearly reporting is expected, including an environmental and social impact report.

The project environmental impact at the construction stages will be short and reversible, at a level that is deemed acceptable. Potential negative effects (such as dust and noise during construction, groundwater, and air quality) will be alleviated by adequate mitigation measures together with the enforcement of good construction practices and standards.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty is in scope but screened out of the PATH framework, given it is not considered highly emitting.

Social Assessment

The promoter's strategic objectives include the construction of 70,000 housing units in ten years' time. This is to help to mitigate the current deficit of the intermediate housing sector in Paris region which is estimated between 160,000 and 280,000 units. This operation is aiming at supporting this ambitious objective and includes around 860 households to be built or renovated in a period of six years (2023-2028). It will provide support to an under-funded sector and to a first-time issuer of green bonds in the affordable housing sector.

Dwellings will be rented at a price that should be in average 16% below the rents charged in the open market for comparable housing in supply-constrained areas. The operation is focusing on young households that are unable to obtain housing at market conditions in specific supply-constrained areas. These groups are ineligible for social housing, but they cannot get suitable housing on the open market because rents are too high, and they are forced to live very far away from their place of work. With rents that are capped below market rents, intermediate housing will help young working people to get decent housing, increases the social mixture in those supply-constrained areas, reinforces the employment-housing link and reduces commuting time, hence the GHG related emissions.

In principle, no relocation of tenants is foreseen for the projects. However, if relocations might be needed, the promoter has confirmed that all existing tenants will be offered with solutions to relocate in equivalent units within the existing portfolio.

Public Consultation and Stakeholder Engagement

The provision of appropriate housing is ensured through the existence of a comprehensive national, regional and local framework supporting this operation. The public consultation is part of the building permitting, the EIA processes and the relevant approvals, which are monitored by the promoter as required by national and local regulations.



Luxembourg, 16 June 2023

Other Environmental and Social Aspects

The promoter undertakes to monitor and report each year on the environmental and social impacts of the assets financed by the green financing instruments with a social purpose for each category of eligible assets, based on output and/or impact indicators.

Each year, or in the event of a material change in allocation, an independent third party (SPO) appointed by the promoter will audit the green financing instrument allocation report. The independent third party will verify that the green financing instruments comply with the criteria set out in the framework, including the environmental and social impacts (outputs and indicators).

Conclusions and Recommendations

The overall environmental and social impact of the operation is expected to be positive, with improvements linked to energy efficiency. The operation is expected to increase the capacity of Paris region to respond to housing needs, increases the social mixture in supply-constrained areas, reinforces the employment-housing link thus reducing the commuting time and its related emissions.

The operation is considered acceptable for the Bank for the following reasons:

- whenever applicable, the promoter undertakes to comply with the requirements of the environmental impact studies (EIA studies or/and others) and environmental permits;
- for all projects financed with the bonds that require an EIA, the promoter will ensure that EIA is accessible to the public;
- all projects financed with the bonds should be in line with EIB Climate Bank Roadmap (CBR) criteria;
- yearly reporting is foreseen and audited by an independent third party (SPO).

The promoter is experienced and able to manage the environmental and social risks of this operation. Therefore, given the nature of the operation and the procedures concerning EIA and nature protection put in place by the competent authorities in Paris region, subject to the compliance of the above-mentioned points, the operation is acceptable for EIB financing in environmental and social terms.