

Luxembourg, 04.07.2023

Environmental and Social Data Sheet

Overview

Project Name:	HYPO VORARLBERG ENHANCED SUPPORT FOR EE III
Project Number:	2022-0753
Country:	Austria
Project Description:	Loan substitute operation in the form of a guarantee covering the mezzanine tranche of a granular SME portfolio originated by Hypo Vorarlberg, aimed at supporting the financing of new loans targeting the construction of new highly energy efficient buildings and energy efficiency investments in existing buildings.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no
Intermediated lending is not part of the Bank's CO ₂ footprint.	

Environmental and Social Assessment

The operation is related to the thermal refurbishments and construction of new highly energy efficient buildings in built-up urban areas in Austria, particularly in the region of Vorarlberg during the period 2023-2026.

Environmental Assessment

Energy consumption for heating purposes in the buildings targeted by this project will be reduced while the use of renewable energies will be increased. The project is in line with the Bank's priority lending objectives for energy efficiency (EE) and renewable energy (RE) and supports the Climate Action objective (100%). The operation would contribute to EU energy objectives and energy efficiency projects and support the implementation of the EU Energy Performance of Buildings Directive 2010/31/EU (EPBD).

Schemes allocated to the portfolio will satisfy the EIB's eligibility criteria for EE refurbishment of buildings or new construction of highly energy efficient buildings. The energy performance of the new buildings financed under this operation will exceed the minimum requirements of the Austrian legislation.

Temporary inconveniences due to construction works (dust, noise) will be mitigated through appropriate site organisation and construction management. Asbestos risk will be assessed and mitigated by the Promoters in line with regulatory requirements. Due to the nature of the investment, very limited environmental impacts are expected. However, the cumulative impact of sub-projects could generate significant environmental benefits in terms of reduction of air pollutants and GHG emissions. The expected primary energy savings compared to the baseline are estimated to be 250 MWh/annum for the whole operation.

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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Given their scale, location in built-up urban areas and nature, the sub-projects of this operation are not expected to require an EIA and will be required to comply with the Energy Performance of Buildings Directive as transposed by the national legislations. The capacity of the FI to carry out environmental assessment of projects in line with the Bank's requirements and the national legislation has been appraised and is deemed satisfactory.

Social Assessment, where applicable

The Project is expected to improve the living conditions of the tenants in the modernised buildings through better indoor air quality and the renewal of the facades. The attractiveness of these buildings will increase.

Where rented property is modernised, the refurbishment may also lead to an increase in rent limited by legal regulations and by the competitive rental market environment. The rent increase will be partially offset through the heating cost reductions, which are borne by the tenants.

The construction of highly energy efficient buildings and building refurbishments generate local economic activity and contribute to employment generation.

The investments will generate social benefits, in terms of supporting better health through improving indoor air quality and supporting employment generation.

Conclusions and Recommendations

The Bank has assessed the capacity of the FI to on-lend to targeted eligible EE projects. The FI has systems, processes and procedures in place and adequate resources to implement its E&S policy and procedures, which are deemed to be acceptable in order to manage Environmental, Climate and Social (ECS) risks related to this operation.

The following loan disbursement conditions and undertakings will be included in the FI's legal documentation:

- Upon request, after completion of works, the Borrower shall submit to the Bank Building Energy Performance Certificates issued in line with the EU Directive 2010/31/EU demonstrating the performance level of the new buildings.
- If, exceptionally, a sub-project falls under Annex II of the EIA Directive, the Bank will require the FI to act according to the provisions of the Directive as transposed into national law. Should the relevant competent authority screen in a scheme, the FI shall deliver to the Bank the Environmental Impact Study and relevant Authorisation for publication.

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