

Luxembourg, 12th July 2023**Public**

Environmental and Social Data Sheet¹

Overview

Project Name:	SOLARIA EUROPEAN PV GREEN LOAN	
Project Number:	2022-0763	
Country:	Spain, Italy and Portugal	
Project Description:	The project will finance a solar photovoltaic (PV) portfolio developed by Solaria with a total expected capacity of up to 5.6 GW. The pipeline is located in Spain (4.85 GW), Italy (385 MW) and Portugal (375 MW).	
EIA required:	Yes, some of the underlying schemes may require an EIA	
Invest EU sustainability proofing required		yes
Project included in Carbon Footprint Exercise ² :		yes
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")		

Environmental and Social Assessment

The present operation concerns an Investment Programme (IP) over the period 2023-2028. The IP is expected to finance a large number of utility-scale solar PV in Spain, Italy and Portugal including the ancillary infrastructure for the interconnection to the grid, for a total capacity of ca. 5.6 GWp. All projects are estimated to be below 100 MWp, except for four plants located in Spain and Portugal with capacities in the 100-200MWp range.

Environmental Assessment

Due to their technical characteristics, most of the investments are expected to fall under Annex II of Directive 2014/52/EU amending (Environmental Impact Assessment) EIA Directive 2011/92/EU, leaving it to the national competent authority to determine according to Annex III of the said Directive whether an environmental impact assessment is required. Some transmission lines could fall under Annex I. In response to today's energy security and climate crisis, several Member States, including Spain, Portugal and Italy are revising national legislation to speed up the energy transition by facilitating and simplifying permitting procedures. Some of the plants under this operation will benefit from such simplifying procedures.

In Portugal, solar PV plants with more than 50 MW, or more than 20 MW if located inside sensitive areas ("Rede Nacional de Areas Protegidas" (RNAP) and Natura 2000 sites), were subject to a mandatory EIA, including public consultation. Transmission lines equal or above

¹ The information contained in the document reflects the requirement related to the environmental, social and climate information to be provided to Investment Committee as required by the Invest EU Regulation and it represents the equivalent of the information required in the template of the InvestEU sustainability proofing summary

² 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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100 kV and equal or above 10km were also subject to a mandatory EIA. Decree-Law no. 11/2023 substantially reduced the situations of mandatory EIA, however, the possibility of case-by-case analysis is maintained. Specifically, case by case examination (EIA screening process) are now carried out in the case of solar projects when the area occupied by the panels and inverters is less than 100 ha, and facilities intended for the transport of electricity up to 20 km and 110 KV, and automatically screened out under certain thresholds. Similarly **in Spain**, ground-mounted solar PV occupying more than 100ha are automatically screened in for EIA process (“evaluación ambiental ordinaria”). Projects occupying more than 10ha in a protected area are also automatically screened in unless the new criteria introduced in the Royal Decree-Law 6/2022 are met. Other solar PV plants are subject to a screening decision (“evaluación ambiental simplificada”) if occupying more than 10ha (PV plants occupying less than 10ha would be screened out automatically, unless they would affect directly or indirectly a Natura 2000 site). The Royal Decree-Law 6/2022 introduced a new environmental permit (IDAA) which will have to be issued within two months for projects meeting specific criteria and which would correspond to a screening decision. For solar PV projects, these criteria include, inter alia, capacities below 150 MW, located in low or moderate sensitivity zones according to the environmental zoning policy published by the Ministry, and should not include transmission lines with voltages of 220 kV or higher and over 15 km long. **In Italy**, according to recently revised national legislation (Law no. 32/2022), solar PV projects meeting specific criteria, inter alia, capacities below 20 MW and not located in protected areas, are automatically screened out of EIA process. The revised legislation might cause a transitional adaptation period, depending on when the request for an authorisation had been introduced. The regionally transposed legislations may foresee thresholds that are more stringent. Given their characteristics, the promoter indicates that the majority of the schemes of the programme falls under the criteria established under the national EIA legislations for case by case examination or mandatory EIA.

The solar PV plants and ancillary facilities are expected to generate limited impacts during both construction and operation phases. Solar PV plants, taking also into account cumulative impacts, entail negative impacts on fauna, landscape the runoff characteristics of the drainage basin and soil. During the construction phase, main impacts are associated with the presence of machinery, vehicles, construction workers, and the erection of the solar PV related infrastructure. The impacts relate to increase of GHG emissions, dust and noise due to construction related activities, increased wildfire risk, as well as increased traffic in the surrounding areas, soil erosion due to the loss of vegetal cover, visual impacts due to the construction operations and loss or fragmentation of habitats. During the operation phase, the main impacts are related to loss and fragmentation of habitats, barrier effect, visual impacts and collision risk (for the transmission lines).

Specific mitigation measures required for implementation during construction and operation phases, vary per plant but overall include: (i) prevention for dust and noise emissions, protection of soil, groundwater and conservation of protected trees and vegetation; (ii) in relation to the risk of collision for the transmission lines, the mitigation measures are based on enhanced visibility of conductors; (iii) use of specific fences to guarantee fauna permeability, mitigating barrier effects; (iv) habitat conditioning (e.g. nesting aids) of certain bird and bat species; (v) implementation of fauna monitoring programmes; (vi) reuse of soil layers for restoration activities; (vii) Implementation of restoration and revegetation plans; (viii) landscape integration plans, etc.

The environmental and social due diligence has followed the investment programme lending approach according to the EIB's procedures and standards. The due diligence focuses on the promoter's capacity and capability to implement the programme in line with the EIB environmental and social standards and requirements. The Bank reviewed two Environmental Impact Assessment (EIA) reports conducted by the promoter for two solar PV plants and associated infrastructure -Garofa cluster (ca. 745 MWp) and Alcarrás cluster (ca. 150 MWp)- under this programme and found them to be satisfactory. The promoter's work quality in regard to EIA Reports is deemed good.



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Climate Assessment

The project is expected to contribute to climate change mitigation and pollution prevention and control. The project has been assessed for Paris alignment and is considered to be aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap and the Bank's Energy Lending Policy. Residual risks from physical climate hazards are deemed low.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty, Solaria Energia y Medio Ambiente SA, the Head of Group, is in scope and screened out of the PATH framework, because it is neither considered high emitting nor highly vulnerable to physical climate change.

EIB Carbon Footprint Exercise

In accordance with the Bank's current Carbon Footprint methodology, it is calculated that based on the avoidance of electricity generation from a combination of existing and new power plants in Spain, Portugal and Italy (combined margin for intermittent generation), the total relative effect of the project is a net reduction in CO₂ equivalent emissions by ca. 3066.6 kt CO₂e/yr.

For the annual accounting purposes, if the project is included in EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Social Assessment

The schemes to be implemented under the programme will require for the installation of the projects' components the acquisition, lease or easements of land. The promoter is engaging with the landowners to secure voluntary agreements for the lands required by all project infrastructures. If a voluntary agreement cannot be reached, the promoter intends to require expropriation, in line with respective national legislation. It is expected that the implementation of the schemes under this programme will not lead to involuntary physical or economic displacement or resettlement.

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 promoter has reinforced its assessment process on supply chain sustainability, including on key aspects like forced labour and ethical practices. The project shall also comply with the EIB Environmental and Social Standards, which foresee a zero tolerance for the use of forced labour. The promoter shall make reasonable effort to assess and address the labour risks associated with the solar PV panels used in the project, including throughout the supply chain, as required by the EIB E&S Standards. A corresponding loan condition is proposed.

Public Consultation and Stakeholder Engagement

Public consultations are carried out under the EIA process, as required by the EIA Directive, and as transposed into the respective national and regional laws. The promoter has not developed further stakeholder engagement activities. The Promoter has a direct channel of contact on sustainability matters (greenmatters@solariaenergia.com). The Promoter has also a communication channel (canalcompliance@solariaenergia.com) to which both employees



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and third parties can address any kind of complaint, claim or inform any breach. This channel can also be used to raise any doubt, questions or make any suggestion on ethics, compliance and Environmental Social and Governance matters (ESG). The promoter has reported no complaint so far for the project.

Other Environmental and Social Aspects

The environmental capacity of the promoter is deemed to be adequate. It has the experience and the capacity to appropriately manage this project. The promoter is known to the Bank from previous operations and has experience in the construction and operation of solar PV plants in Spain, Portugal and Italy.

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the promoter, including its organisation, processes and procedures, and considers them to be satisfactory. Based on the information available and with appropriate conditions and monitoring, the programme is expected to be acceptable in environmental and social terms for the Bank's financing:

- The promoter undertakes to ensure that programme schemes that may have an effect on a Natura 2000 site will undergo an analysis (or screening) to determine whether the scheme requires an Appropriate Assessment. When an Appropriate Assessment has been deemed necessary, the promoter will ensure that such assessment is carried out in line with Article 6(3) of the Habitats Directive.
- Schemes with significant negative impacts on a nature conservation site shall not be eligible.
- The promoter undertakes not to allocate the Bank's funds to programme schemes that require an Environmental Impact Assessment (EIA) until the EIA and/or the biodiversity assessment have been finalised and approved or endorsed by the relevant competent authorities. For schemes requiring an EIA and/or an Appropriate Assessment (AA), an electronic copy of the EIA/AA reports must be sent to the Bank as soon as each scheme is approved by the competent authority.
- The promoter shall store and keep up to date all documents relevant for the programme supporting the compliance with the provisions of EU environmental legislation, including Habitats and Birds Directives, permits and environmental and social approvals and, where required, social studies, and shall promptly upon request deliver such documents to the EIB
- The promoter undertakes to make reasonable efforts to carry out appropriate due diligence throughout its supply chains, 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 outcome will be reported to and reviewed by the Bank.

Following the environmental, climate and social screening of the Project against the InvestEU sustainability proofing requirements, the programme is expected to have minor environmental residual impacts. The social impacts of the project are expected to be low. Legal compliance will be verified for each scheme prior to disbursement. No further sustainability proofing is required.