European Investment Bank

Luxembourg, 12th July 2023

Environmental and Social Data Sheet

Overview

Project Name:	*PROJECT NEPTUNE - OFFSHORE WIND FARMS POLAND*
Project Number:	*2021-0720*
Country:	*POLAND*
Project Description:	*Design, implementation and operation of 2 (two) very large-scale, fixed-bottom offshore windfarms (Baltica 2, Baltica 3) with a total capacity of up to 2.5 GW. Baltica 2 (1.5 GW) and Baltica 3 (1 GW) are both located in the Baltic Sea, inside the the Polish Economic Exclusive Zone.)*
EIA required:	yes
Invest EU sustainability proofing required	yes
Project included in Carbon Footprint Exercise:	yes

Environmental and Social Assessment

The project forms part of the national ambition to develop significant offshore wind capacity to be located in the national Exclusive Economic Zone of the Baltic Sea. Such capacity is deemed to be a key element in the national energy transition, contribute to the strengthening of the country's energy security, and help tackle air pollution.

The project concerns two very large–scale, fixed-bottom offshore offshore wind farms - Baltica 2 and Baltica 3 - with a total nominal capacity of 2.5 GW (Baltica 2: 1.5 GW; Baltica 3: 1.0 GW). Both offshore wind farms will be located in the Polish Economic Exclusive Zone of the Baltic Sea. Distance to shore is 25 to 40 km north of the municipalities Łeba. It will comprise the development, construction and operation of both wind farms. The project's scope will include electrical equipment, such as internal array cabling, long export cables, several large-scale onshore and offshore transformer stations, and associated maritime and civil works. The wind farms will be connected to the onshore high voltage network.

Environmental Assessment

Wind farms adhere to the national legislation having transposed Annex II of Directive 2014/52/EU amending Directive 2011/92/EU, thereby leaving it to the competent authority to determine if an Environmental Impact Assessment (EIA) is mandatory. Given the project size, the competent authority required an EIA to be conducted in a combined form for both offshore wind farms; and a separate EIA for the connection infrastructure. The splitting of EIA for technologically related projects, is exceptionally possible, when it concerns large infrastructural projects, for which one common EIA is considered impractical. Splitting into smaller EIA parts and separate procedures is allowed, provided that the cumulative impacts in each of the partial EIA reports are thoroughly examined. The cumulative impacts of both, the wind farms and the connection infrastructure, and additionally the cumulative impacts by existing and planned other offshore projects were analysed.

The EIA studies are based on an "envelope concept" of the project. This means that in the case of the evaluation of a chosen parameter and the possibility of applying different technical solutions, the environmental impact assessment has been carried out for the solution, which is potentially most burdensome to the environment. An approval was granted by the competent authorities on the understanding that a smaller spatial impact and less impactful technologies selected through the final design process would also be acceptable in environmental terms.

The project received permits for the construction and use of artificial islands, structures and devices in Polish maritime areas (Location Decisions) in 2012 allowing for development of the

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offshore wind farms with a total capacity of 2550 MW. The permits are valid for 30 years (until 2042), with the possibility of extending for another 20 years.

The environmental decisions were issued by the competent authorities for the offshore wind farms in 2020 and for the energy transmission infrastructure in 2022, respectively. The proceedings commenced in 2017 (wind farms) and 2021 (connecting infrastructure) with submission of an application including the underlying environmental studies. As a part of the procedure, the required approvals and opinions were obtained from consulting authorities. Public participation was ensured including the possibility of reviewing the EIA documentation and submitting comments within the legally guarantee period.

The environmental studies of the EIA have in view of the competent authorities satisfactorily assessed potential impacts by the project on the sea floor (sediment), water quality, fish populations, marine mammals and benthos organisms. Similarly, residual impacts on human environment and landscape caused by visual obstruction from installing vertical structures in an otherwise horizontally undisturbed environment were part of such assessment.

Further, there were surveys related to the quantity and type of birds using the project area at different times of the year. The impact assessment for birds is comprehensive and supported, detailing the potential barrier impacts and collision risk assessment. Overall, taking all potential impacts into account, moderate impacts on seabirds from noise, light, vessel activity and a barrier effect are concluded during both the construction and operation phases. However, given the nearness of the site of nature conservation Słupsk Bank, which is the overwintering, resting and breeding ground for birds, a 5 km wide migration corridor will be created in the direction of migration of most species of seabirds (northeast - southwest), facilitating their access to these areas. With that mitigation the studies concluded that the project will not lead to the displacement of bird species habitats within the sites of nature conservation.

Considering underwater noise may cause a significant negative impact on protected marine organisms (fish and mammals) in the Natura 2000 site Ostoja Słowińska (PLH220023), a noise reduction system will be implemented during the execution of the works. The fundamental condition determining the selection of specific noise reduction solutions will be not to exceed the temporary threshold values for fish and marine mammals at the boundary of the Natura 2000 site Ostoja Słowińska (PLH220023). Further, the permits require to respect a “banned period” for piling works. It appears that such works are prohibited from November to end of April, each year. Other offshore installation activities such as offshore substation, export cables, turbine installation seem to be allowed to continue throughout the period.

During the construction phase, the project will have impacts on the landscape, including the cultural landscape, due to traffic of vessels, for the construction, transport of structural components, surveys, and supervision. The impacts on the landscape will be short-term, temporary, and will depend on how long an observer can see the construction and the transported components. Hence, the impact is assessed as negligible, although it varies depending on the distance of an observer from the wind farm and the type of the landscape affected.

The studies also investigated potential significant impacts on marine protected areas in the coastal zone including nature conservation sites onshore, such as Przybrzeżne wody Bałtyku (PLB990002, average distance to site 15 km), Ostoja Słowińska (PLH220023, ~25 km), Ławica Słupska (PLC990001, ~5 km), Hoburgs bank och Midsjöbankarna (SE0330308, ~40 km). It was concluded by the competent authorities that the integrity of Natura 2000 sites will not be significantly impacted by the project.

The project contributes to climate change mitigation objectives, including low carbon and resilience goals of the Bank’s relevant policies. With appropriate mitigation measures to be introduced by the promoter, residual risks from physical climate hazards should be mitigated. The project is expected to have minor environmental residual impacts. The social impacts of

the project are expected to be low. The aforementioned indicates compliance with the InvestEU sustainability proofing requirements, hence no further sustainability proofing is required.

EIB Carbon Footprint Exercise

The direct CO2 emissions from an offshore wind farm are deemed negligible. 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 Poland, the total relative effect of the project is a net reduction in CO2 equivalent emissions by approximately ~6060 kt/year. For the annual accounting purposes of the 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.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty does not to meet the requirements of the PATH framework for low carbon aspects. The counterparty has already agreed to develop its decarbonisation plan in line with the requirements of the PATH framework and to publicly announce a new or updated alignment plan within 12 months after signature of the finance contract.

Public Consultation and Stakeholder Engagement

The competent authorities have involved the public by sharing the information on submission of the EIA report together with the information on the possibility to review the EIA report and on the right to submit comments and requests.

Conclusions and Recommendations

The EIA studies describe the potential environmental impacts of the project in a comprehensive and exhaustive manner. They indicate that the project does not cause significant negative impacts on the environment; neither separately nor in conjunction with other projects for which the decisions on environmental conditions have been issued, regardless of the technology used such as e.g. the type of foundation or the size of wind power stations. This also applies to the impact on Natura 2000 Ecological Network sites. The studies conclude that the planned project is in line with the expectations of national and regional policies and strategies, in particular regarding environmental protection (reduction of pollution emissions), sustainable development (the use of renewable energy sources) and energy security (independence from external energy sources) and is in line with the environmental objectives of the binding strategic and planning documents analysed.

Based on the information made available by the promoter, and with appropriate conditions and monitoring, it is concluded that the project is acceptable in environmental and social terms for Bank financing.

Prior to signature, a condition precedent/subsequent/undertaking has to be established, which shall address appropriately the current deficits of the decarbonisation efforts of the sponsors'/promoters' organisations, which the Bank has identified in relation to the EIG Group PATH Framework

Further conditions might emerge as a result of a continued due diligence and would then be proposed prior to financial close.