

Luxembourg, 08.12.2023

Environmental and Social Data Sheet

Overview

Project Name:	<i>LBP RAILWAY PAN-EUROPEAN</i>
Project Number:	<i>2022-0915</i>
Country:	<i>Regional – Europe / EFTA/ UK: France (~60%), Germany (~25%), Poland (~10%), Other EU countries (~5%). (Indicative estimates)</i>
Project Description:	<i>The project aims at supporting investments in sustainable railway (Modernization, rehabilitation and railway development investments projects) and urban mobility in France and across Europe</i>
EIA required:	Some schemes may require an EIA under the relevant legislation.
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

The project is structured as a Framework Loan (“FL”) to the Financial Intermediary (FI), La Banque Postale (LBP), to support both public and private promoters’ investments in sustainable mobility: railway and urban transport, including last mile logistics. The investments will primarily focus on acquisition/renewal and upgrade of rolling stock and mobile assets compliant with the EIB Climate Bank Roadmap (e.g. railway vehicles, buses, coaches, trams, metros, etc.), associated and related infrastructure needs (charging infrastructure, depots, software and IT systems, etc.) as well as transport infrastructure (railway lines, Bus Rapid Transit (BRT), tramways lines, etc.). The largest share of the investments is expected to be deployed in France, Germany and Poland and the remaining in other countries in EU and EFTA.

The promoters and/or final beneficiaries of the project will be leasing companies, public transport authorities, transport operators, and any private entities from SMEs to larger entities operating in the land transport industry.

Environmental Assessment

The Environmental Impact Assessment (EIA) requirements for the schemes included in the project may vary.

The acquisition of mobile assets, vehicles, rolling stock, software and IT systems for rolling stock or vehicles operation, the upgrade or overhaul of rolling stock do not fall within the scope of the EIA Directive 2011/92/EC amended by Directive 2014/52/EU (the EIA Directive). Therefore, no EIA will be required for these types of schemes. However, the need for an Environmental Impact Assessment (EIA) may vary depending on the characteristics of the associated facilities and for the railway or urban mobility infrastructure schemes and the potential modifications of existing depots.

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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Hydrogen production and storage facilities may also have to comply with the SEVESO III Directive (Directive 2012/18/EU) if storage capacity is above the lower-tier threshold of 5 tonnes, and the Bank will verify compliance at the time of allocation of such schemes.

Given the focus of the operation is on mobile assets, impacts on Natura 2000 sites or other protected sites are expected to be minimal or even absent.

LBP has adopted the Equator principles since 2019 incorporating environmental and social assessment and categorisation procedures. Beside this, LBP is also a signatory of the Principles for Responsible Investment (2009), the Principles for Responsible Banking (2019), Collective Commitment to Climate Action (2019) and the Principles For Responsible Banking - Health and Financial Inclusion (2021).

E&S aspects are well integrated in the FI's financing decision process, whereby they are reviewed in tandem with other financing aspects. The FI applies a comprehensive ESG policy, including reporting and monitoring. It has in place policies and procedures, included in its environmental and social management framework, to assess environmental and social (E&S) risks in the operations it finances, and has a dedicated team to assess and monitor E&S matters. The Bank has assessed the FI and deems it to have adequate capacity and internal processes to ensure compliance with the Bank's E&S requirements.

LBP's environmental and social framework is fully aligned with the UNEP FI's Principles for Positive Impact Finance (PPIF) and its Assessment Framework as well as with the International Capital Market Association (ICMA) Green Bond Principles, Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). This Framework has been reviewed by second party (Vigeo Eiris) who published its opinion confirming these alignments.

The capacity of the FI is considered to be satisfactory.

Overall, the project is expected to have a positive environmental impact. The renewal and improvement of vehicle fleets including the deployment of zero tailpipe-emissions technology will contribute to reduced pollution and noise, as well as low-carbon transport and will allow an increase in energy efficiency. In addition, foreseen schemes will have the capacity to improve the quality and attractiveness of public transport services, helping thus to reduce reliance on private cars and the associated negative environmental externalities in terms of reduction of noise, GHG emissions and pollution.

The project has been assessed by the Bank's services for Paris alignment in accordance with the policies set out in the Climate Bank Roadmap. The project consists of the acquisition of low and zero direct emission vehicles, as well as modernisation of related public transport infrastructure that meet the Substantial Contribution criteria under the EU Taxonomy and therefore, it is considered to be aligned with the low carbon goal. The climate risk of the project is assessed as low and, therefore, it is considered to be aligned with the resilience goal.

The operation is fully aligned with the goals and principles of the Paris Agreement as set out in the Bank's Climate Bank Roadmap and the Transport Lending Policy.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty is a FI in-scope and screened into the PATH framework. The counterparty discloses climate-related matters based on the Task Force on Climate-related Financial Disclosures (TCFD) in its non-financial report issued for the first time in 2023, including information in relation to transition and physical climate risk. Therefore, the FI already meets the requirements of the EIB PATH framework with its existing alignment plans.

Social Assessment



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Potential infrastructure construction activities are expected to be carried out in all cases within the existing right-of-way and facilities owned by the final beneficiaries and/or on the existing road network, therefore no expropriation or resettlement is foreseen within the project.

All the project components will be delivered in accordance with the relevant requirements for accessibility of persons with reduced mobility. The project generates good social benefits, improving safety, comfort and better access for persons with reduced mobility as the new rolling stock often replace age expired units that did not comply with the latest accessibility requirements. Overall, public transport improves accessibility to education and job markets for people without access to individual motorised transportation. The project will enhance the overall accessibility of the railway system.

Public Consultation Stakeholder Engagement

For schemes subject to an environmental impact assessment as defined by the EIA Directive or national legislation, the FI shall ensure that an E&S assessment is carried out and that public consultation is undertaken in accordance with national legislation and the EIA Directive. For the schemes that are screened out, consultation of the relevant stakeholders is carried out as part of the screening procedure.

Other Environmental and Social Aspects

After offsetting residual emissions since 2018 across its entire operating perimeter, LBP has committed to achieving a goal of zero net emissions by 2040 across all its banking activities. In October 2021, LBP became the first European bank and one of the first global banks to have a decarbonization trajectory validated by the "Science Based Target initiative". And in February 2022, LBP has transformed itself into a mission-led company² to support a 'just transition' by including social and environmental targets at the heart of its governance and conducting systematic measurement of its impacts for all its activities.

Conclusions and Recommendations

The project is expected to include several schemes for which EIA requirements may vary. These requirements will be analysed at allocation stage on a case-by-case basis together with any potential significant negative impacts on protected areas included in the Natura 2000 network.

The investments targeted by the operation are expected to have limited negative social and environmental impacts, provided that all planned mitigation measures are implemented. This will be further verified at allocation stage and additional undertakings may be defined.

The deployment of low and zero emission rolling stock and vehicles is aligned with the EC Strategy for Low-Emission Mobility and promoted by EU policy on Climate Change and EU emissions reduction objectives in the transport sector.

The project is expected to have a positive environmental impact. The acquisition, renewal and improvement of vehicle fleets including the deployment of zero-emission technologies will contribute to reduced pollution and noise, as well as an increase in energy efficiency. In addition, some investments will have the capacity to significantly improve the quality of public transport services (punctuality, robustness, efficiency, safety and security), helping thus reduce reliance on private cars and maintain or increase less intensive carbon transport mode share. In any case, as for the other environmental and social aspects, compliance with applicable EU directives will be carried out at allocation stage.

² In line with the PACTE law principles of May 2019. The company is self-binding in its unequivocal positioning via explicit and irreversible commitments, which are measured and monitored by an ad hoc committee ('comité de mission'). The mission is then transmitted over time, regardless of the changes in management or shareholders (article 1835 of the Civil Code). The company is also audited every two years by an independent third party organization (ITO) accredited by the French Accreditation Committee (COFRAC).



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The FI's E&S policies and management capacity are considered adequate and commensurate with the E&S risk of the underlying projects.

The following loan conditions and undertakings will be included in the legal documentation:

Allocation conditions

- For schemes that may fall under Annex I or Annex II of the EIA Directive or require an assessment according to Article 6(3) of the Habitats Directive, the FI will submit to the Bank the relevant documents providing evidence of compliance with these directives.
- The FI will be required to verify that none of the schemes have a significant adverse impact on any site forming part of the EU Natura 2000 network (falling under Habitats Directive 92/43/EEC or Birds Directive 2009/147/EC). For each scheme that may have an impact on a nature conservation site, written confirmation from the competent nature conservation authority, or an equivalent confirmation satisfactory to the Bank that the mentioned scheme does not have a significant negative impact on any site of nature conservation importance should be presented, as a condition for allocation of the funds.
- For any investments related to hydrogen production or storage with more than 5 tonnes of storage capacity, the final beneficiaries will submit to the Bank the notification sent to the competent authority as required by the SEVESO III Directive (Directive 2012/18/EU) prior to allocation of these components.
- Allocation of any funds to major schemes will be subject to ex ante approval by the Bank.

Undertakings

- The FI will be contractually obliged to ensure that all schemes comply with the relevant EU Environmental Directives (e.g. EIA Directive 2011/92/EU as amended by Directive 2014/52/EU, Habitats 92/43/EEC, and Birds Directive 79/409/EEC as amended by Directive 2009/147/EC) and the EIB's Environmental and Social Standards, as well as the E&S national laws and regulations.
- The FI will be contractually obliged to incorporate the EIB's environmental and social requirements into its legal documentation.
- If a scheme falls under Annex I or Annex II of the EIA Directive, the FI shall ensure that the scheme's promoters comply with the provisions of the EIA Directive. When relevant, the FI shall deliver to the Bank the EIA report and other relevant environmental documents and/or officially publish the website link of the location where the EIA is published.
- The FI will undertake to inform the Bank about the end-of-life vehicles disposal procedures for the replaced rolling stock and vehicles before allocation and provide more detailed information at completion of each scheme.

Under these conditions, the operation is considered satisfactory from an environmental and social compliance perspective.