

Luxembourg, 10.01.2024

Environmental and Social Data Sheet

Overview

Project Name: *KUTXABANK GREEN ENERGY MORTGAGES*
 Project Number: *2023-0579*
 Country: *SPAIN*
 Project Description: *Operation targeting Energy Efficiency in Buildings.*

EIA required: no

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

Environmental Assessment

The investments are expected to improve the energy performance of buildings through construction of new Energy Efficiency buildings, and energy renovations of residential properties in Spain. Projects will follow the Bank's climate action and environmental sustainability guidelines and be in line with the relevant requirements from the Energy Lending Policy.

The operation will contribute to the EU energy and climate objectives by supporting investments in energy efficiency and by supporting the implementation of the EU Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED).

Spain, as an EU Member State, has harmonised its environmental legislation with the relevant EU Directives: EIA Directive 2014/52/EU amending 2011/92/EU, SEA Directive 2001/42/EC, Habitats Directive 92/43/EEC, Birds Directive 2009/147/EC, and with the EU Energy Performance of Buildings Directive (2018/844/EU).

Given their scale and nature, the sub-projects are not expected to require an Environmental Impact Assessment (EIA). In the unlikely case an EIA is required, the Bank will require the Financial Intermediary (FI) to store and keep updated any documents that may be relevant for the project (including EIA screening decisions, environmental studies, environmental monitoring reports or equivalent documents) supporting the compliance with the EIA Directive and national environmental regulations, and shall upon request promptly deliver such documents to the Bank. The project will comply with the Energy Performance of Buildings Directive as transposed by national legislation.

This operation intends to bring about environmental benefits by supporting projects that reduce energy consumption, increase the use of renewable energy and help to mitigate climate change. Due to the nature of the investment, very limited environmental impacts are expected. Temporary nuisance due to construction works (dust, noise) shall be mitigated through appropriate site organisation and construction management. However, the cumulative impact of sub-projects could generate significant environmental benefits in terms of reduction of air pollutants and GHG emissions.

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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The capacity of the Financial Intermediary (FI) and the final beneficiaries to carry out an environmental assessment of projects in line with the Bank's requirements and the national legislation has been appraised and is deemed satisfactory. The FI has a robust track record and experience in financing building energy efficiency projects in Spain.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty is in scope (bank), screened in, and in compliance with the PATH Framework requirements as the FI group's reporting is in line with TCFD recommendations.

Social Assessment

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

The FI has environmental and social policies in place which includes a Human Rights Policy and a Code of Ethics, rejecting the use of any form of forced or compulsory labour, applicable *inter alia* to the supply chain of the underlined solar PV projects.

Conclusions and Recommendations

Given the location, size and nature of the project in built-up urban areas, any negative environmental impacts are expected to be mitigated. The financial intermediary is deemed to have sound environmental and social capabilities, commensurate to the risk of the operation.

The Promoter will be required to follow the contractual undertakings below:

- For new buildings, the financial intermediary will provide energy performance certificates establishing the buildings' compliance with the technical conditions in line with the Spanish building regulation.
- For renovation projects, the financial intermediary will provide energy performance certificates before and after the works. In addition, the financial intermediary will ensure that any demolition works involving harmful substances (e.g. asbestos) will be carried out in accordance with relevant national regulations.
- Undertake reasonable efforts to mitigate risks of forced labour in the supply chain. This will include, on a best effort basis, enhanced due diligence also guided by the FI's human rights commitment, and ensuring that appropriate contractual provisions are cascaded to contractors/suppliers of the sub projects.

The project is therefore considered to be acceptable for Bank financing from an environmental and social perspective.