



Luxembourg, 20/12/2023

Environmental and Social Completion Sheet (ESCS)¹

Overview

Project Name: *TAP – Trans Adriatic Pipeline*
 Project Number: *2014-0596*
 Country: *Albania, Greece, Italy*
 Project Description: The Project concerns the construction and operation of the Trans Adriatic Pipeline (TAP), representing the part of the Southern Gas Corridor, which starts at the Greek/Turkish border and extends across Albania to Italy over a total length of some 878km

Summary of Environmental and Social Assessment at Completion

EIB notes the following Environmental and Social performance and key outcomes at Project Completion.

The project was structured to meet the EIB's Environmental and Social Standards and the relevant EU environmental legislation. An Environmental and Social Action Plan (ESAP) was developed, describing the requirements the promoter needed to undertake to ensure that outstanding issues, including mitigation measures were addressed in a timely manner and to ensure compliance with the EIB's and lenders E&S requirements.

An Independent Environmental and Social Consultant (IESC), reporting to the Lenders was retained to assist the Lenders in their continued understanding of the Environmental, Social and Cultural Heritage risks and impacts associated with the Project beyond Financial Close, and to undertake Project (ESCH) monitoring through completion of construction and commissioning and the ongoing operations of the Projects, to identify any gaps in compliance with the requirements of the applicable Lenders' Standards or Project commitments. The reports are all published on TAP's website.

Furthermore, the promoter established an Independent Technical Committee in all three countries, to address community concerns related to the Project E&S matters during implementation.

Environmental and Social Management System: TAP hired proficient Health, Safety, Social and environmental teams, including members with experience working on other gas pipelines or large-scale infrastructure projects financed by IFIs. The teams were able to develop prompt, innovative and effective solution to the environmental and social challenges that emerged during the phases of construction. TAP also instituted a Management of Change procedure, which enabled continuous improvement and adaptative management during construction and operation. In 2023, TAP renewed its Quality, Health, Safety and Environmental (QHSE) Policy and its QHSE Management Systems is now certified under ISO 14001:2015 for the implementation of the Environmental Management System, along with the ISO 9001 and ISO 45001 for the QHS Management System.

¹ The template is for ILs and FLs



Luxembourg, 20/12/2023

The QHSE Management is effective in ensuring that environmental, social and health & safety risks/impacts and performance are effectively monitored and managed during the operation of the pipeline. All required permits are in place and associated conditions being met. Internal and external audits are identifying any non-conformances with the requirements of the QHSE Management System and registers are being maintained to effectively track ESCH compliance. Reporting is meeting both internal and external requirements. Operations ESCH training has been delivered to help ensure that all staff and O&M contractor employees have a clear understanding of how TAP manages the environmental and social aspects of its operations.

Resource Efficiency and Pollution Prevention: TAP has developed action plans for minimisation of waste and resource consumption on an annual basis, incorporating a range of potential initiatives to achieve more efficient use of resources and waste minimisation. TAP continues to meet the requirements of its Environmental Procedures and is materially compliant with the environmental standards required for the Project. Where exceedance in limit values have been detected, these were not due to TAP's operational activities.

Geohazard risks to the Project, specifically in Albania remain. Continued geotechnical investigations and geo-hazard monitoring are assisting TAP to implement the most appropriate mitigation measures and action in a timeframe commensurate with the level of risks.

Carbon Footprint – GHG emissions

From the promoter's actual figures for 2022, when the pipeline was running at target capacity, the absolute greenhouse gases emissions attributed to the operation of the project amounted to 283 ktCO₂-eq/yr (compared to 372 kt CO₂-eq/yr estimated by the Bank at appraisal).

Scope 1 emissions were obtained through monitoring measurements along the project assets and include fuel gas burnt, methane release, diesel and other fuels use as well as vehicle fleet emission. Scope 2 emissions were computed using a location-based approach, accounting for the electricity grid factor in each country where the project components are located. Most of the emissions are due to natural gas self-consumption at the compressor stations.

TAP is continuously working on improving its emissions performance and in 2022 developed a methane emission reduction plan, including a repair action plan on identified leaks (methane leak detection campaigns are undertaken every three months), as well as a Carbon Management Plan for the 2022-2025 period.

Monitoring of fugitive emissions: TAP submits annual GHG and fugitive emission reports to Italian regulator. The first of such report was submitted on 04.08.2022 for the year 2021. On 21.11.2022 ISPRA and ARPA provided their positive opinion.

Restoration and Rehabilitation: Reinstatement activities have been completed in Italy and are close to completion in Albania and Greece. Various Forestry Departments across Greece and Albania have required the reforestation of areas on the ROW to compensate for the clearing of trees during the construction phase. The reforestation was carried out in close cooperation with the respective forestry departments contributing to national reforestation and afforestation programmes. Natural revegetation has been observed both in Albania and adaptive and remedial measures have been taken where regeneration has not been effective. The Project has committed to continue to monitor the ROW implementing the Linear Habitats Monitoring Plan which will also assist in measuring the Project's achievement of No Net Loss and Net Gain of biodiversity.

Biodiversity: The main focus of the work on biodiversity is now on the implementation of the No Net Loss and Net Gain commitments as stipulated in the Biodiversity Offset Management Plan and the Biodiversity Offset Strategy. This is being achieved largely through bio-restoration



Luxembourg, 20/12/2023

activities on the ROW as well as the implementation of offsets where residual impacts remain. The reestablishment of habitats, through reforestation or afforestation, will ultimately benefit fauna; therefore, it is agreed that specific actions, aimed at faunal offsetting are not currently required. This is further supported by the findings of the recently published material impact assessment by TAP. One outstanding impact that remains to be fully assessed is that of Panarit Ridge once the decision regarding the retention or reinstatement of the road is confirmed.

For habitat (bio-restoration), TAP has developed a comprehensive Linear Habitats Monitoring Plan as a supporting document to TAPs Biodiversity Offset Strategy to measure the reestablishment of vegetation cover and species diversity along the restored right of way, and at TAP afforestation sites. The information gathered during habitat monitoring will be used to determine progress towards>NNL/NG. Monitoring is proposed for 15 years, or until>NNL/NG can be demonstrated.

Occupational Health and Safety: TAP have had industry best practice lagging OHS statistics, however after a single LTI recorded in Albania the LTIFR is now 2.18 (YTD) and 0.978 (since start of Operations). The continued traffic safety statistics are highly commended.

Crisis and Emergency Response (C&ER): In all three countries several crises and emergency response exercises were conducted, and the differing scenarios and varying levels of emergency response exercises was very good and is commended as it contributes to a robust testing of the C&ER systems and teams and also the interaction between the varying Tiers and also external parties.

Retrenchment: No large-scale demobilisation activities have taken place in the past 2 years and as a part of the Industrial Relations compliance monitoring activity TAP ensures that demobilisation policies and procedures, should they be required, form part of overarching Human Resources Policies and Procedures. Workers grievances have not been received on any retrenchment matters.

Land acquisition, Involuntary Resettlement and Economic Displacement: The implementation of the final stage of the livelihood restoration and Livelihood Assistance and Transitional Support program has been continuing and this also required the revision of internal land management procedures.

In addition, TAP Operation and Maintenance, Land and QHSE Teams received 2.5 days training to provide an overview on how TAP manages environmental and social aspects of TAP operations and to ensure compliance to performance standards.

External livelihood restoration completion audits were also conducted, and the report has been issued and will be disclosed on TAP's website. The Resettlement Action Plan Completion Audit was completed in 2023 and found that, overall, outstanding issues are relatively minor and under control, with processes and budgets in place and adequate transfer of responsibilities from the TAP Project to the TAP Operations organisations. The audit found that the completion of land acquisition and livelihood restoration has been achieved for the TAP Project in all three countries.



Luxembourg, 20/12/2023

Consultation with Project Affected People continues to focus on grievances and is supported by a well-developed management process. In Albania a process has been implemented to close the GAP in access to compensation payments. A new land management contract was signed with the aim to increase access to TAP compensation held in TAP managed escrow account. As of end of September 2023, of a total of 2,863 landowners, 107 refused to engage, 520 could not be contacted and 2343 was successfully engaged as of end September 2023. TAP has also been implementing a process to minimise outstanding payments in Greece thereby meeting expectations for best efforts, to enable PAPs access to compensation. Following a report from the IEMG, TAP is encouraged to make additional “best efforts” specific to the situation of the escrow being held with a state-owned entity.

Grievance Mechanism: The grievance mechanism is being implemented across the whole project for the operations phase, applicable to TAP AG and O&M contractors. In general, grievance figures are declining, and legacy issues (from the construction phase) are predominantly closed out.

In Albania, over the past 12 months ending September 2023, 16 grievances had been received, of which 7 grievances are open. Five of these relate to livelihood restoration actions that is aimed for completion by November 2023. Two grievances are open regarding payment of compensation.

In Greece in the period October 2022 to September 2023, 17 grievances received of which 6 are open. These include 2 related to land compensation high severity), 3 related to livelihood activities (medium severity), and 1 related to an extra judicial letter (high severity and related with title recognition and compensation). 50% were closed through remediation measures compared to 50% by engagement and 50% of cases were closed to satisfaction (i.e., if PAPs agree with the interventions that are performed. TAP’s grievance process is operating effectively in closing issues.

In Italy, TAP’s priorities are to resolve the open Tier 1 extra-judicial grievance and the Tier 2 grievances from the San Foca fishermen and PRT owner. TAP has had some successes in closure of Tier 2 grievances in the Project to date, through the use of independent expert opinions to resolve issues.

TAP’s options for responses to grievances remain as per the grievance mechanism. TAP is unable to leverage SEI funding to action any wider community benefit programs (e.g. in response to issues of low-level disruptions within the wider community, raised outside the formal grievance mechanism) as the SEI funds still require mayoral approval. The mayor of Melendugno has still not moved on approval of TAP’s wider community benefit proposals.

Disclosure and Stakeholder Engagement: TAP has continued engagement activities with stakeholders in the transition to Operations and Maintenance. In Italy, in particular, TAP has been working to improve its information disclosure efforts and outcomes.

Engagement activities included:

- Institutional stakeholders, communication and public awareness campaigns to support recognition of the restrictions associated with pipeline operations, the pipeline patrolling program and providing mechanisms for contacting TAP AG for any clarification;
- Cross-country support on infringement resolution and other specific stakeholder-centred activities;
- LATS and bio-restoration-related engagement as the main tool for engagement with project-affected persons and households, mainly in Greece and Albania;
- Grievance related engagement carried out as part of grievance resolution mechanism and
- Rollout of a dedicated stakeholder engagement plan in Albania for the transfer of the stakeholder engagement activities to O&M team, under the coordination of the Stakeholder Manager and in-country resources.



Luxembourg, 20/12/2023

Summary opinion of Environmental and Social aspects at completion:

While completion on the RAP activities has been assessed as achieved, TAP AG will have an obligation to demonstrate that progress is being made towards full completion on those relatively minor and few issues that are assessed as outstanding, as follows:

- Unpaid compensation in Albania and Greece (and to a much lesser extent in Italy);
- Outstanding LATS reinstatement in Albania and Greece;
- Another two year of monitoring of olive trees in Italy.

TAP will continue to monitor the effectiveness of the bio-restoration activities for a period of 15 years or until>NNL/NG can be demonstrated.

EIB is of the opinion based on reports from the promoter, site visits by the EIB team and the inputs provided by IESC and others during Construction and Operation that the Project has satisfied all the conditions and requirements stipulated in the ESAP and that the Project has been implemented in line with EIB Environmental and Social Standards and Lenders' requirements, applicable at the time of appraisal.