



Luxembourg, 28.02.2024

Environmental and Social Data Sheet

Overview

Project Name:	ENEL ITALIA CLIMATE ACTION FL II
Project Number:	2023-0749
Country:	Italy
Project Description:	Framework loan to support small to medium size renewable energy and energy efficiency projects to be developed by Enel group in Italy.
EIA required:	yes
Invest EU sustainability proofing required	no
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The operation consists of a Framework Loan (FL) to support small/medium-scale renewable energy (RE) and energy efficiency (EE) projects in Italy. RE investments are expected to be repowering of hydropower plants and well replacement in existing geothermal plants. EE investments consist of retrofitting the public lighting and improvement to the energy performance of public buildings.

The operation will contribute to EU energy and climate objectives by supporting investments in repowering renewable energy generation capacity as well as the implementation of the EU Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED). The investments will generate environmental benefits in terms of reduction of air pollutants and GHG emissions, ultimately helping to mitigate climate change.

The Project is aligned to the goals and principles of the Paris Agreement as set out in the Bank's Climate Bank Roadmap and the Energy Lending Policy.

Renewable Energy Projects

Geothermal and hydropower plants fall under Annex II of EIA Directive 2014/52/EU, amending Directive 2011/92/EU, requiring the environmental authority to screen the projects and determine if they are subject to Environmental Impact Assessment based on Annex III.

All investments shall comply with the relevant EU Environmental Directives (e.g. EIA Directive 2014/52/EU, Habitats 92/43/EEC, Birds Directive 2009/147/EC amending 79/409/EEC and Water Framework Directive 2000/60/EC) and the EIB's Environmental and Social Standards (where applicable).

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.



Luxembourg, 28.02.2024

The Bank will assess EIAs and all permitting documentation (including screening decisions) when reviewing the documentation for the allocations, including compliance with applicable EU Directives. Whenever an EIA process is required, the environmental impact study (EIS) and the nontechnical summary of the EIS report will be provided in copy to the Bank prior to its approval of the allocation, and will be published by the Bank.

Only projects that receive environmental authorisations (where applicable), an opinion from the Competent Authority of no negative impact on any Natura 2000 site (where applicable), as well as licences (including building permits), and which are in compliance with relevant EU Environmental Directives, are eligible for EIB financing.

With regard to schemes subject to the requirements of the Habitats Directive 92/43/EEC and/or Birds Directive 2009/147/EC, the Promoter will be required to verify that none of the schemes have a significant adverse impact on any site of nature conservation importance. The Promoter will be required to obtain and provide to the Bank written confirmation to this effect from the competent authority, or an equivalent confirmation satisfactory to the Bank. Schemes having a significant adverse impact on any site of nature conservation importance will not be eligible under this operation.

Energy Efficiency projects

The energy efficiency measures in public lighting and buildings will contribute to reducing energy consumption, GHG emissions and subsequent running costs.

Temporary nuisance due to construction works (dust, noise) shall be mitigated through appropriate site organisation and construction management. Due to the nature of the investments, very limited environmental impacts are expected. However, the cumulative impact of sub-projects will generate environmental benefits in terms of reduction of air pollutants and GHG emissions.

Given the scale and nature of the projects an EIA (Environmental Impact Assessment), as defined under the EIA Directive 2014/52/EU, amending the 2011/92/EU, is normally not required.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty ENEL ITALIA S.p.A. is in scope and screened into the PATH framework, because it is considered high-emitting. The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plans.

The Promoter shows good Paris Alignment according to TPI (<https://www.transitionpathwayinitiative.org/sectors/electricity-utilities>), being ranked among the top Electricity Utilities with a Carbon Performance 'Below 2 Degrees' by 2050 and 'Level 4' on the Strategic Assessment of Management Quality.

The Promoter is also in the 'A List' under the Climate Change category as per Carbon Disclosure Project (<https://www.cdp.net/en/companies/companies-scores>).

Social Assessment

Both RE and EE investments will generate social benefits, in terms of supporting better health through improving indoor air quality and supporting employment generation. Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. Enel group has a Human Rights Policy in place, including due diligence mechanisms, rejecting the use of any form of forced or compulsory labour. Enel group has reinforced its assessment process on supply chain sustainability, including on key aspects such as forced labour and ethical practices. For this purpose, the promoter undertakes to use reasonable effort to perform supply chain due diligence to mitigate the risk of forced labour in the PV supply chain of the projects. As part of this due diligence, the Promoter shall aim to obtain a complete mapping of



Luxembourg, 28.02.2024

the supply chain of the PV module manufacturers reaching the level of silicon/polysilicon suppliers, or obtain signed declarations by the PV module manufacturers concerning the origin of the components used in the PV modules. The Promoter shall pass down to its suppliers the requirement to avoid forced labour.

Public Consultation and Stakeholder Engagement

Schemes subject to the EIA process will undergo public consultation, in line with EU and national legislation.

Other Environmental and Social Aspects

The Promoter is a 100% subsidiary of Enel group, an international organisation well known to the Bank, and has an adequate Environmental and Social (E&S) management system in place and suitable capacity to implement the projects. This includes suitable capacity to carry out an environmental assessment of projects in line with the Bank's requirements and the national legislation.

Conclusions and Recommendations

The renewable energy investments targeted by the operation are expected to have limited social and environmental impacts, if all mitigation measures are implemented. The overall environmental and social impact of the energy efficiency projects is expected to be positive.

All investments shall comply with the relevant EU Environmental Directives (e.g. EIA Directive 2014/52/EU, Habitats 92/43/EEC, Birds Directive 2009/147/EC amending 79/409/EEC, and Water Framework Directive 2000/60/EC) and EIB's Environmental and Social Standards (where applicable).

Should the relevant competent authority screen in a scheme, the Promoter shall deliver to the Bank the Non-Technical Summary (NTS) of the EIAs and the Environmental Impact Study (EIS) before the Bank funds are allocated.

The Promoter shall aim to obtain a complete mapping of the supply chain of the solar PV module manufacturers reaching the level of silicon/polysilicon suppliers, or obtain signed declarations by the solar PV module manufacturers concerning the origin of the components used in the modules.

The Promoter is considered capable of selecting schemes complying with the Bank's specific procedures and eligibility criteria, in particular regarding the environmental and social aspects.

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