

Luxembourg, 03.09.2024

## Environmental and Social Data Sheet<sup>1</sup>

### Overview

Project Name: KIEPACH GO GREEN ENERGY INFRASTRUCTURE EXPANSION  
 Project Number: 2020-0903  
 Country: Croatia  
 Project Description: The project consists of the construction and operation of one solar PV plant (~99 MWp)

EIA required: no

Project included in Carbon Footprint Exercise<sup>2</sup>: yes

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

### Environmental and Social Assessment

#### Environmental Assessment

The project consists of the construction and operation of a solar photovoltaic (PV) plant with ancillary infrastructure and installed capacity of 99 MWp. The capacity to be connected to the grid is 75 MW. The project is located in the southern part of Croatia in Jadranska Hrvatska region, Zadar County. Once operational, the solar PV plant will supply electricity to the national transmission grid and thus significantly contribute to achieving national targets of electricity generation from renewable energy sources.

The promoter is Hrvatska Elektroprivreda (HEP), a Croatian state-owned electric power company, which runs a mix of hydropower and fossil fueled plants, and which has a new strategy to build a significant portfolio of renewable energy projects. This would be the second operation that the Bank has undertaken with the Promoter in the renewable energy (RE) field, the first operation being "HEP Renewable Energy Croatia".

The PV Korlat will be constructed in the location of the existing windfarm Korlat. The power will be evacuated to the existing station 20/110KV of the windfarm and therefore there is no need for a new transmission line to the grid. The project scope also includes the associated infrastructure, such as internal gravel roads, control building, internal medium voltage substations, internal cables and connection to the existing sub-station Korlat, which requires additional works and new equipment, including the installation of a new 33/110 kV power transformer. The competent authorities have already issued location permits, building permits and energy approval.

<sup>1</sup> The information contained in the document reflects the requirement related to the environmental, social and climate information to be provided to Investment Committee as required by the Invest EU Regulation and it represents the equivalent of the information required in the template of the InvestEU sustainability proofing summary

<sup>2</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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The solar PV plant, including its ancillary facilities, falls under Annex II of EIA-Directive 2011/92/EU, as amended by Directive 2014/52/EU, requiring the competent authorities to

determine whether an EIA is required. The competent authority (Ministry of Environmental Protection and Energy) screened the project out from the requirement to carry out an EIA process in Croatia in October 2019. This decision is published on the website of the Ministry of Environmental Protection and Energy.

The existing windfarm Korlat, which is constructed in the same location as the solar PV, required an environmental impact assessment process which was carried out and outlined the environmental and social risks and mitigation measures needed for a project of this nature. Based on the EIA documentation, the Ministry of Environment and Energy issued the final approval/opinion ("Resjeine") in 2016. The approval foresees mitigation and monitoring measures to tackle, amongst others, environmental and biodiversity risks captured in the study.

For the construction of the solar PV, no significant earthworks or excavation works are foreseen on the plot for the installation of the module structures. During the execution of the works, the operation of construction machinery and vehicles will increase the emission of dust particles and exhaust gases at the project site. However, subject to the limitations in accordance with the regulations, the effects will be local and temporary in nature and largely reversible with no significant negative residual effects after the implementation of mitigation measures. According to the screening out decision, some of the mitigation measures are as follows.

In cooperation with the competent Forestry department, the promoter will define access routes to the construction site and identify felling trees. After the completion of the construction works, the terrain will be appropriately restored with indigenous forest tree species.

- The promoter will implement fire protection measures and ensure that existing fire roads are not compromised.
- The internal roads will facilitate precipitation drainage to avoid erosion in the surrounding terrain.
- The project will retain the existing vegetation on surfaces that will not be directly affected by construction works.
- The removal of vegetation and the earthworks for the installation of panels will not be carried out in the period of the largest activity of the local fauna.

The site of the project is outside the NATURA 2000 network and other sites of ecological importance according to the national legislation (Nature Protection Act). The solar PV plant is located at about 4 km from the Special Protection Area (Birds Directive) "Ravni potari" (HR1000024), 3 km from another Special Protection Area under the Birds Directive "Dalmacija and Pag" (HR1000023) and 3 km from "Karišnica i Bijela" (HR2001316) under the habitats directive. All these sites belong to the Natura 2000 network. As per the approval and based on the characteristics of the project, the preliminary analysis shows that the project will not contribute to the cumulative negative impact on the species and the integrity of the Natura 2000 sites, thus it has been determined by the competent authority that there is no need for an appropriate assessment (AA) or additional studies.

The project has been assessed for Paris alignment and is considered to be aligned against low carbon goals as per the policies set out in the Climate Bank Roadmap and the Bank's Energy Lending Policy.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

The counterparty, Hrvatska Elektroprivreda d.d, is in scope and screened into the PATH framework, because it is considered high emitting and high vulnerability. The counterparty has agreed to develop its decarbonisation plan and publicly disclose a new alignment plan within 24 months from signing the EIB finance contract. The counterparty already meets the requirements of the EIB PATH framework regarding resilience with its existing alignment plan.



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### **EIB Carbon Footprint Exercise**

In accordance with the Bank's carbon footprint methodology (January 2023, version 11.3), the estimated emission savings are 33 kilo tonnes of CO<sub>2</sub> equivalent per year. The solar PV farm has no own electricity demand, therefore no absolute emissions. The project provides intermittent power generation and therefore the emission factor used is that of the Combined Margin Intermittent Electricity Generation, which is 247 t CO<sub>2</sub>/GWh for Croatia.

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 the project cost.

### **Social Assessment**

The Project will be located upon agricultural land within the windfarm's area. The land for the solar PV is approximately 205 ha, it is state owned and it is not used by anyone and hence there was no need for economic or physical resettlement because of the project. The acquisition process is finished. The solar PV will be connected to the existing transformer station and therefore the land rights for grid connection are already regulated under the process of the construction of the existing wind farm.

The decision on the creation of easement over the forestry land in the state ownership of the Republic of Croatia has been issued. The contract on the creation of easement over the agricultural land in state ownership in the cadastre community of Korlat has been signed by the Republic of Croatia. The Decision on the creation of easement over the forestry land and the amendment in the state ownership of the Republic of Croatia have been issued by the Ministry of Agriculture.

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The project shall comply with the applicable provisions of the relevant labour standards of the Bank set out in the Bank's Environmental and Social Standards, which foresee zero tolerance for the use of forced labour. For this purpose, the Promoter shall make reasonable efforts to carry out appropriate due diligence throughout its supply chain, with the aim of avoiding the use of forced labour in the supply chains of the solar PV panels that will be used for the project.

### **Public Consultation and Stakeholder Engagement**

Public consultations were held during the regulation of the regional and local plans, during the EIA process for the existing windfarm and during the pre-construction permitting process of the windfarm.

In addition, as per the requirements of another international financial institution which is co-financing the project, the promoter will implement a Stakeholder Engagement Plan for the project that will be regularly updated so as to ensure that all stakeholders are identified, that sufficient information on issues and impacts arising from the Project and proposed mitigation measures are disclosed in a timely manner and that all stakeholders are consulted in a meaningful and culturally appropriate way throughout project implementation.

Finally, the Promoter will establish and maintain an effective community grievance mechanism for the project in line with existing corporate grievance mechanisms.

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## Other Environmental and Social Aspects

The promoter has implemented international standards (ISO 9001, ISO 50001, ISO 45001) and has an environmental management system including guidelines certified with a 14001 ISO certificate. It has also established an E&S team in its environmental protection sector under its corporate strategy and development department to ensure adherence with the

relevant legislation, monitor the developments on EU E&S regulations and directives and pass on information down to the operational level. Moreover, at operational level, assigned professionals are responsible for the management of the contractor's as well as the E&S aspects of each individual project under the company's portfolio. As a public company, it has established an open-door policy whereby citizens and people concerned can submit complaints or comments.

## Conclusions and Recommendations

The environmental and social impact of the project is expected to be limited, site-specific, and largely reversible with no significant negative residual effects after the implementation of mitigation measures. However, the Promoter, according to the requirements of another IFI co-financing the project, will implement and maintain an Environmental and Social Action Plan.

The operation is acceptable in Environmental, Climate and Social terms under the following conditions:

- The finance contract shall include the required undertaking for incompatible activities as per the PATH procedures. The Promoter will undertake to publish a PATH compliant Decarbonisation Plan within 24 months from signing the EIB finance contract.
- The Promoter will submit to the Bank the usage permits, grid connection agreements once issued, permits for vegetation removal and other necessary environmental permits before the commencement of works.
- The Promoter will comply with the Environmental and Social Action Plan and the Stakeholder Engagement Plan ensuring that they are regularly updated and will submit copies to the Bank.
- The Promoter will establish and maintain an effective community grievance mechanism for the project.
- The project shall comply with the applicable provisions of the relevant labour standard of the Bank, which foresees zero tolerance for the use of forced labour. The Promoter shall make reasonable efforts to carry out appropriate due diligence, which includes declaration of origin, throughout its supply chain, with the aim of avoiding the use of forced labour in the supply chains of the solar PV panels.