

Luxembourg, 16.09.2024

Environmental and Social Data Sheet

Overview

Project Name:	BBVA RISK SHARING EUROPEAN CLIMATE ACTION
Project Number:	2024-0238
Country:	<i>Spain and other EU Countries</i>
Project Description:	Funded delinked risk sharing in respect of an existing portfolio of Project Finance loans in the renewable energy and infrastructure sectors. With the resources made available by the Bank, new loans will be granted to eligible renewable energy transactions in Spain and across Europe.
EIA required:	Some schemes may require an EIA under the relevant legislation.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The operation consists of a portfolio of new renewable energy schemes (solar PV and onshore wind and potentially other renewable energy projects) in Spain and other EU countries, in return for an EIB risk sharing in an existing portfolio of BBVA.

The operation will contribute to EU energy objectives by supporting investments in new renewable energy generation capacity. The investments will generate environmental benefits in terms of reduction of air pollutants and GHG emissions, ultimately helping to mitigate climate change.

Some of the schemes may fall under Annex I of the Environmental Impact Assessment (EIA) Directive (Directive 204/52/EU amending the EIA Directive 2011/92/EU), requiring full EIA process. For projects that require an EIA, 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. The Financial Intermediary shall upon request promptly deliver such documents to the Bank.

The FI will be required to verify that none of the schemes has 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). Schemes with significant negative impacts on areas with high biodiversity value, nature conservation areas, including bird migration routes, shall not be eligible.

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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EIB Paris Alignment for Counterparties (PATH) Framework

The FI is in-scope and screened-in (>EUR 30bn total assets and already compliant as it publicly reports in line with TCFD recommendations).

Social Assessment

All investments and subsequent projects need to comply with the Bank's requirements, including applicable provisions of the EIB's Environmental and Social Sustainability Framework. The EIB confirms that the FI has an ESMS which includes a Human Rights Policy and a Code of Ethics in place, rejecting the use of any form of forced or compulsory labour, applicable inter alia to the supply chain of the underlying solar PV projects, in compliance with the applicable provisions of the relevant E&S standards of the Bank.

The FI will be required to undertake, on a reasonable efforts basis, enhanced due diligence (supply chain mapping of the PV module manufacturers reaching the level of silicon/polysilicon suppliers and/or declarations by the PV module manufacturers concerning the origin of the components used in the PV modules, per project) also guided by the FI's human rights commitment, and ensuring that appropriate contractual provisions are cascaded to contractors/suppliers of the sub projects.

Other Environmental and Social Aspects

All new schemes under this operation will undergo due diligence by the FI, including appraisal and monitoring of environmental and social matters. The FI is well known to the Bank through recent operations targeting the same sectors and technologies and is familiar with the Bank's Environmental and Social requirements. Additionally, it has substantial experience in non-recourse financing of renewable energy projects. The FI applies a comprehensive ESG policy, including reporting and monitoring. It has adequate capacity and systems in place to assess and manage E&S risks related to the operation.

Most of the schemes under this operation are expected to be operations with a project cost above 80 MEUR and subject to EIB ex ante due diligence and approval on Environmental and social matters.

Conclusions and Recommendations

The Bank has reviewed the E&S risks associated with the operation as well as the E&S capacity of the FI. The FI has adequate capacity to identify, assess, manage, and monitor Environmental, Climate and Social impacts and risks of the projects benefiting from EIB support, so it is in line with EIB E&S standards and national legislation. The FI will contractually fulfil the following conditions and undertakings:

Undertakings:

- For the projects eligible for EIB financing the FI shall require that they be implemented in line with the applicable national and EU legislation.
- If a scheme falls under Annex I or Annex II of the EIA Directive, the FI shall ensure that the project's promoters comply with the provisions of the EIA Directive as transposed into national law. When relevant, the FI shall deliver to the Bank the EIA report and other relevant environmental documents.
- For each scheme that may have an impact on a nature conservation site, the Financial Intermediary shall obtain confirmation from the competent nature conservation authority, or an equivalent assessment satisfactory to the Bank, that the scheme does not have a significant negative impact on any site of nature conservation importance.
- The FI shall not commit any EIB funds against schemes that require an EIA or biodiversity assessment according to EU and national law without, prior to commitment, receiving consent from the competent authority.



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- Only projects that receive environmental authorisations (where applicable), including opinion from the Competent Authority of no negative impact on any Natura 2000 site, as well as licences, and that are in compliance with relevant EU Environmental Directives and EIB E&S Standards (where applicable), are eligible for EIB financing.
- Projects (i) with significant negative social impacts or (ii) requiring resettlement which cannot be mitigated to the Bank's satisfaction, shall not be eligible.
- Projects with significant negative impacts on areas with high biodiversity value, nature conservation areas, including bird or fish migration routes shall not be eligible.
- The FI will be required to undertake, on a reasonable efforts basis, to perform enhanced supply chain due diligence (supply chain mapping of the PV module manufacturers reaching the level of silicon/polysilicon suppliers and/or declarations by the PV module manufacturers concerning the origin of the components used in the PV modules, per project) also guided by the FI's human rights commitment, and ensuring that appropriate contractual provisions are cascaded to contractors/suppliers of the sub projects.

In view of the above findings and conditions, the operation is considered satisfactory from an environmental and social compliance perspective.