

Luxembourg, 28/08/2024

Environmental and Social Data Sheet

Overview

Project Name: NATURGY REPOWEREU WIND & SOLAR
 Project Number: 2024-0140
 Country: Spain
 Project Description: The project comprises the implementation and operation of a portfolio of solar PV plants, onshore wind farms and, to a lesser extent, battery storage technology with an aggregate capacity of ca. 2.3 GW. This includes both greenfield stand-alone renewable energy plants as well as the repowering and hybridization of existing renewable energy plants (the "Project"). The schemes are located in various regions in Spain.

EIA required: yes, some of the underlying schemes require an EIA

Project included in Carbon Footprint Exercise¹: no

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

Environmental and Social Assessment

The present operation concerns a Framework Loan (FL) that will support the investment plan of Naturgy Energy Group (the "Promoter"), over the period 2023-2027. The FL is expected to finance a large number of renewable energy plants and to a lesser extent battery energy storage systems (BESS) in Spain, including the ancillary infrastructure for the interconnection to the grid where required, for a total of ca. 2.3 GW of new renewable energy (RE) capacity. The plants are located in the regions of Andalusia, Aragón, Canary Islands, Castile-La Mancha, Castile-León, Extremadura and Galicia. The initial pipeline includes onshore wind farms including a few that will be repowered. The majority of the portfolio is composed of utility scale solar PV plants, some of which will serve as hybridization of existing, operational wind farms. Plant capacities range from 4.7 MW to 49.6 MW for wind projects and 0.8 MW to 300 MW for solar PV. BESS mainly serve as hybridization of existing solar PV and wind farms.

Environmental Assessment

Due to their technical characteristics, most of the investments are expected to fall under Annex II of Directive 2014/52/EU amending EIA Directive 2011/92/EU, leaving it to the national competent authority to determine, according to Annex III of the said Directive, whether an environmental impact assessment is required. Some transmission lines could fall under Annex I of said Directive. Neither high voltage underground cables nor BESS fall either under Annex I or Annex II. In Spain, ground-mounted solar PV occupying more than 100ha and wind farms

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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with more than 30 MW of capacity are automatically screened in for EIA process ("evaluación ambiental ordinaria"). Projects occupying more than 5ha in a protected area are also automatically screened in unless the new criteria introduced in the Royal Decree Law 6/2022 are met. Other plants are subject to a screening decision ("evaluación ambiental simplificada") if occupying more than 5ha for solar PV (PV plants occupying less than 5ha would be screened out automatically, unless they would affect directly or indirectly a Natura 2000 site) or if the capacity is below 30 MW for wind farms. BESS used either as stand-alone or hybridised with other technologies, are subject to a screening decision. The Royal Decree-Law 6/2022 introduced a new environmental permit (Informe de Determinación de Afección Ambiental - IDAA) which will have to be issued within two months for projects meeting specific criteria and which would correspond to a screening decision. For solar PV projects, these criteria include, inter alia, capacities below 150 MW, located in low or moderate sensitivity zones according to the environmental zoning policy published by the Ministry, and should not include transmission lines with voltages of 220 kV or higher and over 15 km long. For onshore wind, these criteria include, inter alia, capacities below 75 MW.

At the time of appraisal, it is known to the Bank that most schemes require an EIA. The environmental consent has been obtained for the majority of the schemes, with the expectation that the remaining permits will be secured by the end of 2024.

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 the 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 for the Bank's financing.

The Bank will review the permitting documentation (including screening decisions) at the appraisal of the individual allocations. Whenever an EIA process is required, the EIA report will be provided in copy to the Bank prior to the Bank's approval of the allocation and will be published by the Bank. For investments with a cost above EUR 80 million, a separate Environmental Social Data Sheet will be published.

Project Paris Alignment

The Project is fully 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.

EIB Paris Alignment for Counterparties (PATH) Framework

Naturgy Energy Group, is in scope and screened-in to the EIB Paris alignment for counterparties framework (PATH). Naturgy already meets the requirements of the PATH framework with its existing alignment plans; the decarbonisation plan is publicly available as part of their Sustainability Report.

Social Assessment

The schemes to be implemented under the FL will require for the installation of the projects' components the acquisition, lease or easements of land. The Promoter is engaging with the landowners and wider community. Compensation measures are established for people affected by the Project, which may include financial compensation for land expropriation, loss of livelihood or interruption of economic activities. If a voluntary agreement cannot be reached, the Promoter intends to require expropriation, in line with Spanish legislation. It is expected that the implementation of the schemes under this FL will not lead to involuntary physical or



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economic displacement or resettlement. Schemes with significant negative social impacts shall not be eligible.

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The Promoter's Code of Ethics for suppliers rejects any form or modality of forced or compulsory labour. The Promoter shall ensure that the supply chain of the solar PV panels used in the Project is compliant with the applicable provisions of the relevant labour standard of the Bank, with the aim of avoiding the use of forced labour. The Bank will assess this as part of the allocation process.

Public Consultation and Stakeholder Engagement

It is expected that for all Project components subject to EIA, the public consultation will be carried out under the EIA process. The Promoter monitors several indicators related to stakeholder engagement and tracks related actions in its annual Sustainability Report. The Promoter has a number of formal grievance mechanisms in place (https://www.naturgy.es/hogar/ayuda/politica_de_reclamaciones).

Other Environmental and Social Aspects

Although the Promoter is known to the Bank from previous operations related to grid reinforcement and modernisation, Naturgy has sufficient E&S capacity to implement the Project in line with the Bank's requirements. The Promoter has a solid organisational structure and has certified its management systems (ISO 9001, ISO 14001, ISO 45001).

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the Promoter including its organisation, process and procedures and deemed them to be good. Based on the information available, and with appropriate conditions (see below) and monitoring, the programme is expected to be acceptable in environmental and social terms for Bank financing:

- For schemes subject to a screening decision and screened out from the EIA process, the Promoter should deliver such decision from the competent authority together with the related documents and studies, prior to the Bank's approval of the allocation.
- The Promoter undertakes not to allocate the Bank's funds to schemes that require an Environmental Impact Assessment (EIA) until the EIA and/or the biodiversity assessment have been and approved by the competent authority. An electronic copy of the full EIA study shall be sent to the Bank. Schemes with significant negative impacts will not be eligible for EIB's financing.
- The Promoter shall store and keep up to date all documents relevant for the framework loan supporting the compliance with the provisions of EU environmental legislation, including Habitats and Birds Directives, permits and environmental and social approvals and, where required, social studies, and shall promptly upon request deliver such documents to the EIB.
- 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 will be required to make reasonable efforts to carry out appropriate due diligence throughout its supply chains, with the aim of avoiding the use of forced labour in the supply chains of the solar panels that will be used for this Project. The outcome of this due diligence will be reported to and reviewed by the Bank. The relevant documentation will be delivered to and reviewed by the EIB prior to allocation of any funds to the respective scheme.