

Luxembourg, 17.12.2024

Environmental and Social Data Sheet

Overview

Project Name: *HU EXIMBANK CLIMATE ACTION MBIL*
 Project Number: *2024-0421*
 Country: *Hungary*
 Project Description: *The project is to provide financing for energy efficiency, renewable energy and other eligible green investments through the loan programmes of Magyar Export-Import Bank Zrt. (HU Eximbank).*

EIA required: No

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

Environmental Assessment

The operation consists of a Multi-Beneficiary Investment Loan (MBIL) with EXIMBANK, the Hungarian National Promotional Institution and Export Credit Agency, to finance new small renewable energy (RE) schemes (solar PV and potentially other renewable energy), energy efficiency (EE) and electric vehicle (EV) charging infrastructure projects in Hungary. The operation will contribute to national and EU energy (including REPowerEU) objectives by supporting investments in energy efficiency and renewable energy generation capacity. The operation will generate environmental benefits in terms of reduction of air pollutants and GHG emissions, ultimately helping to mitigate climate change.

Most of the schemes are expected to fall under Annex II of the Environmental Impact Assessment (EIA) Directive (Directive 204/52/EU amending the EIA Directive 2011/92/EU), being subject to a screening decision by the competent authority, based on Annex III of the same. Most of the schemes to be financed are likely to have limited negative residual environmental impacts, which are expected to be mitigated appropriately. The Bank will require the Financial Intermediary (FI) to store and keep updated any documents supporting the compliance with the EIA Directive and national environmental regulations, including EIA screening decisions, environmental studies, environmental monitoring reports or equivalent documents. The FI shall upon request deliver such documents to the Bank and/or publish the website link of the location where the environmental documents are published. Those schemes falling under Annex I of the abovementioned Directive and the schemes falling under Annex II which have been screened in for an EIA process are excluded from the operation.

The FI will be required to verify that none of the schemes have a significant adverse impact on any Natura 2000 site (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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Social Assessment

All schemes financed under this operation will need to comply with the Bank's requirements, including applicable provisions of the EIB's Environmental and Social Sustainability Framework. The FI will be required to undertake reasonable efforts to mitigate risks of forced labour in the supply chain. This will include, on a best effort basis, enhanced due diligence also guided by the FI's human rights commitment, ensuring that appropriate contractual provisions are passed on to contractors/suppliers for each of the schemes.

Other Environmental and Social Aspects

The FI has substantial experience in the financing of small RE/EE projects and an adequate capacity and systems in place to assess and manage environmental and social (E&S) risks related to the operation. All new schemes under this operation will undergo due diligence by the FI, including appraisal and monitoring of E&S aspects. The promoters of the underlying schemes will be required to have a Health, Safety and Environmental (HSE) policy in place and to comply with the relevant laws. The schemes under this operation will have a project cost below 25 MEUR.

Conclusions and Recommendations

The FI's E&S policies and management capacity to comply with EIB requirements have been assessed and found to be adequate and commensurate with the E&S risk of the underlying schemes. It is considered that the procedures carried out for individual investments, verified by the FI as well as by the EIB, will appropriately address E&S issues and ensure that the schemes to be part-financed under this operation meet the Bank's requirements. Conditions will be included in the legal documentation to ensure compliance of all schemes with the relevant EU Directives and the Bank's environmental and social requirements.

- Schemes requiring an EIA are excluded.
- The FI shall undertake reasonable efforts to ensure that the projects it finances are screened for any labour issues in the solar PV supply chain and will endeavour where possible to cascade down similar requirements in its finance contracts. In line with this, the FI, inter alia and on a best-efforts basis, will require the promoters to obtain, where practically achievable, 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.

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