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Public

Environmental and Social Data Sheet

Overview

Project Name:	BST GREEN ENERGY MORTGAGES PT II
Project Number:	2023-0921
Country:	Portugal
Project Description:	The project will consist in a portfolio of energy efficiency investments on new and existing buildings undertaken by individuals, homeowners associations, as well as SMEs and Mid-Caps. The transaction will consist of a synthetic securitization backed by a portfolio of mortgage loans to individuals.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The project will support the financial intermediary's (FI's) financing of new energy efficient residential buildings and the energy efficient renovation of existing buildings undertaken by individuals, homeowner associations, SMEs and Midcaps, all of them located in Portugal.

The operation will contribute to the EU energy and climate objectives by supporting investments in energy efficiency and by supporting the implementation of the EU Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED).

Given their scale and nature, the sub-projects are not expected to require an Environmental Impact Assessment (EIA). In the unlikely case an EIA is required, 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 and shall upon request promptly deliver such documents to the Bank.

Energy consumption for heating purposes in the buildings targeted by this project will be reduced while the use of renewable energies will be increased. Temporary disturbance due to construction works (dust, noise) is mitigated through appropriate site organisation and construction management. Due to the nature of the investment very limited environmental impacts are expected. However, the cumulative impact of sub-projects could generate significant environmental benefits in terms of reduction in greenhouse gas emissions. The expected primary energy savings as compared to the baseline scenario are estimated at c. 16 GWh/yr.

The capacity of the FI to carry out environmental assessment of projects in line with the Bank's requirements and the national legislation has been appraised and is deemed satisfactory.

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.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterpart is in scope and screened out of the PATH framework. The Promoter does not operate in a high emitting sector and is not considered as a highly vulnerable counterpart.

Social Assessment

The Project is expected to improve the living conditions for the tenants in the modernised buildings through better indoor air quality and the renewal of the facades. The attractiveness of these buildings will increase. Where rented property is modernised, the refurbishment may also lead to an increase in rent limited by legal regulations and by the competitive rental market environment. The rent increase will be partially offset through the heating cost reductions, which are borne by the tenants.

The FI has environmental and social policies in place which includes a Human Rights Policy and a Code of Ethics, rejecting the use of any form of forced or compulsory labour, applicable inter alia to the supply chain of the underlined solar PV projects.

Conclusions and Recommendations

This operation intends to bring about environmental benefits by supporting projects that reduce energy consumption, increase the use of renewable energies and help to mitigate climate change. The individual schemes to be financed are likely to be small and are expected to have very limited negative environmental impacts. Given the scale, location and nature of the sub-projects in built-up urban areas, an EIA, as defined under the EIA Directive 2014/52/EU, amending the 2011/92/EU, is normally not required. High-risk projects (which require an EIA) and projects in court or under legal proceedings are excluded.

The Promoter will be required to follow the contractual undertakings below:

- For new buildings, the financial intermediary will provide energy performance certificates establishing the buildings' compliance with the technical conditions in line with the Spanish building regulation.
- For renovation projects, the financial intermediary will provide energy performance certificates before and after the works. In addition, the financial intermediary will ensure that any demolition works involving harmful substances (e.g. asbestos) will be carried out in accordance with relevant national regulations.
- 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, 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 deemed satisfactory from an environmental and social compliance perspective