

Luxembourg, 26<sup>th</sup> May 2025

## Environmental and Social Data Sheet

### Overview

Project Name:	EDS SUSTAINABLE DISTRIBUTION GRID
Project Number:	2024-0041
Country:	Serbia
Project Description:	The project concerns investment programme in the electricity distribution network in Serbia over a three-year period including substations, overhead lines, underground cables and automation. The programme aims to reduce energy losses, improve system reliability and prepare the network for increased absorption of renewables.

EIA required: no

Project included in Carbon Footprint Exercise<sup>1</sup>: yes

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

### Environmental and Social Assessment

The programme comprises the installation of new and refurbishment of the existing MV and LV network (overhead lines and underground cables). It also includes the refurbishment and construction of primary (HV/MV), distribution (MV/MV) and secondary (MV/LV) substations and installation of automation and telecontrol equipment. The investment schemes of the programme fall within the area of control of the electricity distribution system operator in Serbia: Elektrodistribucija Srbije (EDS).

#### Environmental Assessment

The Programme includes schemes relevant to electricity distribution network, mainly underground cables, but also overhead lines up to 35 kV and substations with voltage levels up to 110 kV. The reference legislation is Law on Environmental Impact Assessment ("Official Gazette of RS" no. 135/2004 and 36/2009) and the Regulation on Establishing the List of Projects requiring a mandatory impact assessment ("Official Gazette of RS" no. 114/2008). According to the local legislation substations with voltage level up to 110 kV do not require an EIA. Authority issuing building permits (local municipality or Ministry of Construction, Transport and Infrastructure depending on the voltage level) may propose some specific environmental measures (including additional studies and elaborates) to be implemented on a case-by-case basis, as a part of the permitting process.

The Promoter strategy is to avoid protected areas for the location of substations or the routes of MV and LV lines.

<sup>1</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.



Luxembourg, 26<sup>th</sup> May 2025

The programme has the potential for some low to moderate environmental and social impacts. During construction, the environmental impacts are expected to relate to dust, noise, vibration, traffic disruption and vegetation clearance. Environmental impact during operation will concern electromagnetic fields (EMF), noise disturbance and collision and electrocution of flying vertebrates. Where relevant, appropriate measures will be implemented to avoid or minimise impacts which will be decided for each scheme by the competent authority issuing the construction permit.

The environmental and social due diligence has followed the investment programme lending approach according to the EIB's procedures and standards. The due diligence is focused on the promoter's capacity and capability to implement the programme in line with the EIB environmental and social standards and requirements. Based on this assessment the Promoter has the experience and the capacity to implement the environmental, health and safety measures during the construction and operation of the distribution assets in accordance with the national law. A comprehensive Waste management plan is prepared for each distribution area in line with the applicable EU directives and Serbian legislation. The plan includes types and amounts of waste, classification of waste, processes in which waste is generated, required resources, methods of waste management, internal procedures, measures to improve waste management, measures to protect the environment, etc.

The operation has been assessed for its Paris alignment. It is considered to be aligned for low carbon and resilience, in line with the policies set out in the Climate Bank Roadmap and with the EIB's Energy Lending Policy.

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

The counterparty is in scope being a corporate entity. The counterparty is not active in high emitting sectors or incompatible activities (being focused only on electricity distribution), but demonstrates high vulnerability with respect to adaptation to physical climate change risks. With the condition to develop Climate Risk Resilience Plan, the counterparty is considered aligned with the EIB PATH framework.

### **EIB Carbon Footprint Exercise**

GHG emissions have been calculated and fall beyond the thresholds defined for the Carbon Footprint Exercise (CFE). The sources of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions for the programme are network losses associated with new or refurbished network equipment. At programme completion, the corresponding absolute emissions are estimated to be 23,600 t of CO<sub>2</sub>e/year. These absolute emissions are offset by the reduction in network losses enabled by the programme in comparison to the do-nothing alternative. Therefore, at completion, the programme is expected to enable annual saving of circa 120,800 t of CO<sub>2</sub>e mainly due to the replacement of obsolete power transformers with more efficient ones.

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

Public consultations, when necessary, are organised by the competent authority usually during the development of the spatial plans containing some of the new schemes. The investments are included in the objectives of the "Integrated National Energy and Climate Plan of the Republic of Serbia for the period 2030 with the projections up to 2050" (NECP) which had been issued for public consultation.

### **Other Environmental and Social Aspects**

EDS has in place procedures in the field of environmental protection, safety and health at work in accordance with Standards ISO14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety Standards).



Luxembourg, 26<sup>th</sup> May 2025

## 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.

The Promoter undertakes:

- To ensure that potential impacts to sites of nature conservation will be identified (for all program schemes) and should they be likely to be significant, the promoter undertakes to engage with the relevant authority and implement the procedures as per Serbian Law on Nature Protection (2019).
- Should a component have a potential impact on nature conservation sites the Promoter will conduct an Appropriate Assessment (AA) and implement all necessary measures prescribed in AA as per Serbian Law on Nature Protection.
- To store and keep updated any documents that may be relevant for the programme and which support the compliance with the provisions under the national Law and shall, upon request, promptly deliver such documents to the Bank.
- Not to allocate the Bank's funds to programme schemes that require an Environmental Impact Assessment (EIA)/Appropriate Assessment (AA) until the EIA and/or the AA have been finalised to the Bank's satisfaction, including public consultations, and approved by the competent authority. For schemes requiring an EIA and/or an AA, an electronic copy of the relevant documentation, including EIA/AA reports, consultation documents, EIA approvals, must be sent to the Bank as soon as each scheme is approved by the competent authority.