# Environmental and Social Data Sheet

## Overview

Project Name: *DZ BANK RISK SHARING*

Project Number: *2013-0441*

Country: *Germany*

Project Description: *Risk sharing instrument to cover up to 50% of credit risk associated with a portfolio of renewable energy loans outstanding on DZ Bank AG (DZ) balance sheet. As a condition and with the resources made available by the guarantee, DZ will grant new loans to eligible renewable energy projects. The new loans will not be covered by the risk sharing instrument.*

EIA required: Some of the schemes may require an EIA

Project included in Carbon Footprint Exercise[1]: no

## Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The operation enables the financial intermediary (FI) to provide new loans to new projects ("new portfolio") by taking risks in existing operations ("existing portfolio") of the FI.

The "new portfolio" is subject of this stage I appraisal.

The "new portfolio" will consist of onshore wind farms and very few land based PV power plants that are all located in Germany. Typically, these are located on semi-natural land.

Onshore wind farms and PV farms fall under Annex II of the EU EIA Directive 2011/92/EU, leaving it to the competent authority to determine whether or not a full EIA is required. The relevant German Act UVPG defines that wind farms above 20 turbines have to undergo a full EIA in any case whilst smaller schemes from 3 to 19 turbines are screened on an individual basis. In all cases where a formal EIA is required by the competent authority, the FI shall collect the Environmental Impact Study (EIS) including Non-Technical Summary (NTS) of a scheme's EIA, retain on file a copy of the EIS, provide a digital copy of the NTS to the Bank for review and publication, and confirm that the scheme incorporates all mitigating measures recommended as a result of the EIA.

Should any scheme have a potentially significantly negative impact on an area forming part of the EU Natura 2000 network (falling under Habitats Directive 92/43/EEC or Birds Directive 79/409/EEC), then the Bank would require the FI and the borrower to act according to the provisions of the aforementioned directives as transposed in the national law. Schemes with significant negative impacts on areas with high biodiversity value, nature conservation areas, including bird migration routes shall not be eligible.

The FI will carry out a sustainability check and an environmental and social due diligence in line with applicable environmental and social legislation. The FI shall be required to retain appropriate records evidencing the schemes are in line with the Bank's environmental and social requirements and EU legislation. Such documents shall be provided to the Bank upon request.

[1] Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO2e/year absolute (gross) or 20,000 tons CO2e/year relative (net) – both increases and savings.

During further appraisal (stage II), the Bank’s Services will ensure that also those schemes comprised in the “existing portfolio” are in compliance with the Bank’s environmental and social core requirements. This is expected to consist of onshore wind farms and solar PV power plants, all located in Germany.

Under these terms, it is considered that the environmental procedures to be undertaken for individual schemes, verified by the FI and reviewed by the Bank will appropriately address environmental issues and ensure that the schemes to be guaranteed under this operation will meet the Bank’s requirements.

## Environmental and Social Assessment

The FI is obliged by law to carry out a sustainability check for each new lending operation (with minor exemptions).  Given that the FI is an Equator Bank, the FI has the systems in place and the capacity to carry out a comprehensive E&S due diligence where required.

In order to carry out its sustainability check, the FI has put in place a standardised sustainability rating methodology which attributes to each operation a summary sustainability factor. Depending on defined thresholds, this may lead to the refusal by the FI of a lending operation on sustainability grounds.

Any inclusion of a scheme into the “new portfolio” will further be subject to pre-approval by Bank’s Services. Schemes can be excluded from the “new portfolio” by Bank Services at any time if new information makes this necessary.