Luxembourg, 16th September 2014

Environmental and Social Data Sheet

Overview

Project Name:	*BALTIC II LOAN B*
Project Number:	*2014-0149*
Country:	*Germany*
Project Description:	*The proposed project concerns the construction and operation of a 288 MW offshore wind farm in the Baltic Sea. The project benefits already from a Bank loan (CA 454/12).*

EIA required: yes

Project included in Carbon Footprint Exercise[1]: yes

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

This project relates to a 288 MW offshore wind farm in the Kriegers Flak sea area of the Baltic Sea, about 32 km distant from the German coastline and about 50 km distant from both Denmark and Sweden. Bank services have carried out a detailed environmental and social due diligence of this project in the context of operation 2010-0030 (Baltic II) concluding that the project is compliant with the Bank's environmental and social standards:

- In December 2005, the German Federal Ministry of Environmental Affairs declared the Kriegers Flak sea area a preferred offshore wind farm site, building part of its offshore strategy, after having carried out a Strategic Environmental Assessment (SEA) in-line with the SEA Directive 2001/42/EC. This SEA confirmed the low environmental risks related to offshore wind activities at this site. The project is located at this very site.
- The project falls further under Annex II of EIA Directive 2011/92/EU due to its technical characteristics. National regulations required a full Environmental Impact Assessment (EIA) including public consultation for this operation. The EIA was carried out during the period 2002-2005. The competent authority granted the environmental permit in April 2005 after consulting the promoter's environmental impact studies, all relevant stakeholders, and other relevant authorities. The competent authority in its permit confirms the environmental soundness of the project and provides a comprehensive set of obligations related to health and safety measures, impact mitigation measures, and reporting duties. Amongst others, the promoter is requested to apply best practice noise reduction measures during piling and to carry out environmental monitoring during construction and operation. Subsequently the permit was updated several times upon request of the promoter in order to allow for later dates for the start of construction works.
- The project site is located far outside areas of nature conservation interest. An Appropriate Assessment was carried during the EIA process and concluded that the project does not have any significant environmental impacts on sites of nature conservation interest.

During the present due diligence the environmental aspects relating to the Baltic II offshore wind farm were reviewed to determine if there have been any further developments that may

[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.

impact on the project. The additional information consulted has not led to the identification of any new environmental and/or social risks.

The project's grid connection partly utilises Baltic I offshore wind farm infrastructure and was initially consented as part of both wind farm projects. In 2006 responsibility to implement and operate the grid connection was passed to the TSO after a change in law. The grid connection of the Baltic II offshore wind farm was appraised by the Bank's Services for environmental and social impacts under Operations 2008-0591 (Baltic I offshore wind farm), 2010-0030 (Baltic II), and 2013-0331 (Offshore grid), respectively. All these appraisals concluded that the grid connection was satisfactory with respect to the Bank's environmental and social requirements.

Based on the information available and the environmental processes undertaken the project is acceptable for Bank financing.

Environmental and Social Assessment

Environmental Assessment

The permitting process for the main part of the project was initiated by the original project developer in May 2001. The scope of the EIA was defined during a screening conference in 2002. In 2004 the original developer finalised a comprehensive EIS and applied for the environmental consent. Cumulative impacts caused in combination with other offshore wind farm projects in the Baltic Sea were considered where applicable (examples: impacts on bird migration and areas of nature conservation interest). In April 2005, after extensive public consultation, the competent authority BSH (Bundesamt für Seeschifffahrt und Hydrographie) granted a conditional approval in which it is confirmed that significant negative impacts can be excluded. The permit is valid for 25 years and comprises a comprehensive set of safety, mitigation, monitoring, and reporting obligations. Amongst others, this refers to measures for the prevention of collisions with ships and airplanes, certification requirements, occupational health and safety measures, handling of cultural heritage findings, measures for the protection of marine mammals during piling (low noise best available techniques, sound measurements under water, scaring of prior to piling), environmental protection measures during operation, and decommissioning obligations.

In December 2006, legislation changed and the transmission system operator (TSO) became responsible for the implementation and operation of the cable connections from the onshore substation to the respective offshore substations. The initial consent and related procedures were reviewed. It is expected that the TSO will implement the grid connection with the appropriate environmental quality and diligence.

The implementation of the project was delayed several times. This required corresponding amendments to the consent. In this context the competent authority has requested the promoter to execute an additional year of full environmental monitoring of the marine environment as there is a delay of more than 5 years between start of the EIA process and the scheduled start of construction (2012). This 3rd year of assessment started in January 2010 and was successfully completed in 2011. It provided an updated picture of the marine environment at the project site before project implementation.

Since appraisal of Operation 2010-0030, the Bank has received two project progress reports from the promoter. In both reports the promoter has confirmed that the project has not had any significant adverse environmental or social issues so far.

The promoter has provided information demonstrating that the promoter in collaboration with its contractors and the competent authority has continuously aimed, on a best effort basis, to minimise noise emissions during piling. Best available piling techniques were applied in order to respect maximum noise levels as defined in the project's permit.

EIB Carbon Footprint Exercise

The direct CO2 emissions of offshore wind farms are deemed negligible.

In accordance with the current Bank's Carbon Footprint methodology it is calculated that the total relative effect of the project is a net reduction in CO2 equivalent emissions by 778 kt CO2e/yr. This calculation assumes that 75% of generated electricity will substitute power generation from existing fossil fuel based power plants whilst 25% will substitute power generation from the equivalent of new gas-fired combined cycle power plants.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Public Consultation and Stakeholder Engagement, where required

Relevant authorities from Germany and neighbouring countries, NGOs, municipalities and their residents, potentially affected industry associations and companies were consulted at several stages during the authorisation procedure. Stakeholders contributed to the definition of the scope of the EIA and commented on the draft EIS. Their concerns were addressed by additional expert studies and discussed during meetings organised by the competent authorities. Justified concerns were taken into consideration by modified project designs.

Other Environmental and Social Aspects

The promoter is a large European utility with established environmental management organisational structures and procedures.

It has a very good health and safety track record in this project in particular and all its offshore projects in general.

In its consent, the federal Competent Authority obliges the promoter to carry out environmental monitoring during both, construction and operation. Monitoring has to be undertaken in accordance with the authority's corresponding guidelines as updated regularly and also in methodological accordance with the baseline monitoring which was carried out during the EIA.

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