Luxembourg, 17th August 2016

Environmental and Social Data Sheet

Overview

Project Name:	*TIIC TRANSPORT AND SOCIAL INFRASTRUCTURE FUND*
Project Number:	*2015-0910*
Country:	*idem*
Project Description:	*Pan-European transport and social infrastructure fund*

EIA required: Yes: It is expected that most investments will require an environmental and social impact assessment.

Project included in Carbon Footprint Exercise[1]: No: Intermediated operations are not covered by the Carbon Footprint Exercise.

Environmental and Social Assessment

Given that the Fund will target equity investments in medium-sized transport and social infrastructure and may include (i) greenfield road and port projects (ii) greenfield projects in the social sector, mostly hospitals; (iii) ports, roads and rail brownfield projects; (iv) and social infrastructure brownfield projects, the Fund's portfolio includes activities with potentially adverse environmental and social (E&S) risks and impacts.

The main E&S risks and impacts of this investment relate to the Fund having adequate systems and capacity in place to manage the operations being financed in accordance with applicable E&S requirements, including compliance with the EIB's List of Excluded Activities, host country laws and regulations and EIB E&S Standards. E&S risks may include but are not limited to: (i) environmental impacts such as air emissions, waste management, hazardous materials, (ii) OHS (occupational health and safety) risks such as process safety, gas releases, chemical hazards and fire and explosions, (iii) community issues such as land acquisition; (iv) impacts on biodiversity and ecosystems (v) stakeholder engagement and consultation.

The Investment Advisor has an environmental and social management system (ESMS) in place which includes a formal ESG policy, adequate environmental and social due diligence (ESDD) procedures and a grievance redress mechanism which is applicable to its entire portfolio. Staff with overall responsibility for implementation of the ESMS across the organisation, support to the portfolio team on day to day basis and ensuring continued alignment with investors regarding E&S requirements as well as ensuring, at project level, compliance with the approved ESMS, will have to be clearly designated. The ESMS will need to be enhanced to reflect the requirements of the EIB.

All projects are reviewed against the list of Excluded Activities, Core Labour Standards of the ILO and EIB E&S Standards. The ESDD process is divided into three steps: 1) initial screening including: screening against the List of Excluded Activities; preliminary categorisation; high level desk review; highlighting key E&S red flags associated with the

[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.

proposed investment; 2) preliminary investment committee; in-depth review against the policy requirements including EIB E&S Standards (where required development of E&S action plans); 3) final investment committee: follow up on any outstanding items. Each project is requested to develop an ESMS for the construction and operation phases that is commensurate with the level of E&S risks. Each project prepares regular E&S operational reports. On an annual basis the Investment Advisor prepares an aggregated E&S Performance Report.

Conclusions and Recommendations

The Fund will enhance its ESMS which will include its Sustainable Development Policy and fully incorporate EIB's environmental and social requirements to the satisfaction of the Bank's services, including the development of a communication mechanism for external stakeholders as part of its Grievance Redress Mechanism.

The Fund will appoint designated staff responsible for the implementation of the EMSM as well as for undertaking the environmental and social due diligence and monitoring of the Fund's investments.

To ensure adequate ESMS implementation, EIB will undertake an advisory review of the first three environmental and social due diligences undertaken by the Fund after EIB's commitment but prior to the Fund's investment. The three environmental and social due diligences have to be representative of the Fund's investment plan and will need to be submitted as follows: (i) one for a project in Western Europe; (ii) one for a project the Balkans; and (iii) one project in Turkey.

With these conditions in place, the Fund is considered acceptable for Bank investment in environmental and social terms.