

Environmental and Social Data Sheet

Overview

Project Name: KGAL ESPF 4
Project Number: 2016-0277
Country: Mainly EU and neighbourhood countries (80% minimum)
Project Description: Renewable energy equity fund investing in medium sized projects mainly in Europe (onshore and offshore wind, solar PV and small hydro).

EIA required: It depends on specific underlying investment

(This is a multi-sector operation. Most investments are expected to require an EIA, but not necessarily all of them)

Project included in Carbon Footprint Exercise¹: no

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

This operation intends to bring about environmental benefits by supporting renewable energy projects (predominantly onshore and offshore wind farms, solar PV and small hydro plants) with limited negative social or environmental impact. The current pipeline is almost entirely focussed on EU and EFTA (European Free Trade Association) countries, however, part of the investments may also be done in other countries. No investment shall be made in sectors or activities that are excluded by the Bank.

The Fund's underlying investments are mostly expected to fall under Annex II of EIA Directive 2011/92/EU, leaving it in the EU to the national competent authority to determine on the basis of Annex III of such Directive whether an environmental impact assessment is required. Some underlying investments may fall under Annex I of EIA Directive 2011/92/EU requiring an environmental impact assessment.

The Fund Manager is typically appraising projects that have already completed their environmental authorisation process. Considering its sectorial focus and its potential target geographies the Fund's analysis is primarily focussed on ensuring full compliance with national law and good industry practice when investing in EU and EFTA countries and countries with comprehensive environmental and social legislation (including on health and safety) and effective authorisation procedures in place. For the small likelihood of potential investments outside the EU and EFTA, in countries with a comparably weaker E&S regulatory the Fund manager through an independent qualified party will ensure the project's compliance with EIB environmental and social standards.

In order to ensure full compliance of the operation with the Bank's environmental and social requirements, it is proposed that the legal documentation to be concluded between the Fund and the EIB comprises additional safeguards. These include, amongst others, the following undertakings:

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.

Luxembourg, 13 October 2016

- The Fund will perform environmental and social due diligence to ensure that potential impacts and risks and appropriate prevention, mitigation and compensation measures were identified through an environmental and social impact screening/assessment and, where relevant, including satisfactory and meaningful public consultation and participation.
- The Fund will be required to verify that none of the schemes have a significant adverse impact on any site of nature conservation importance, including sites protected under national legislation and international agreements. If in the reasonable view of the Fund Manager an investment has the potential to significantly affect sites of nature conservation importance, it shall ensure that an appropriate assessment is carried out for the potentially affected sites in place, and obtain written confirmation from the competent authority as defined in relevant EU Directives, or an equivalent reasonable assessment that the Investment does not have a significant negative impact on any Protected Site.
- For investments outside the EU and EFTA, in countries with a comparably weaker E&S regulatory framework the Fund Manager will ensure that a qualified independent party will carry out a thorough due diligence and/or a comprehensive study - as the case may be - on E&S aspects of the specific project(s) in accordance with the EIB environmental and social standards.
- If an underlying investment is subject to an Environmental and Social Impact Study the Fund Manager will be required to publish this Study or – in the EU – its Non-Technical Summary (or a link) on its website for access to stakeholders.
- The Fund Manager will ensure – supported by inputs delivered by the Bank – that the Environmental and Social Management System, which is already in place, is aligned with the Bank's requirements.

During appraisal it has been verified that the Fund manager has fully understood the Bank's E&S requirements and is willing and capable to fully implement them.

In view of the above findings and conditions, the operation is deemed satisfactory from an environmental and social compliance perspective.