

Environmental and Social Data Sheet Phase 1¹

Overview

Project Name:	NORTH POLE ONSHORE WIND FARM
Project Number:	20160729
Country:	SWEDEN
Project Description:	<i>The Project consists of the installation of a windfarm of up to 650 MW, comprising of up to 179 wind turbines of 3.6 MW unit size, and associated infrastructure. The Project is part of Phase 1 of the Markbygden 1101 development.</i>
EIA required:	yes
Project included in Carbon Footprint Exercise ² :	yes

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

Environmental and Social Assessment

Environmental Assessment

The Project is part of Phase 1 of "Markbygden 1101", a large wind farm development programme of 1,101 wind turbines, built in three phases, in the Markbygden area west of Piteå, in northern Sweden. Phase 1 consists of (i) 179 turbines and associated infrastructure (access roads, transformer stations and medium-voltage cables) to be financed by the Bank ("the Project"), (ii) an operation wind farm of 36 turbines; and (iii) one consented wind farm of 79 turbines.

The Project falls under Article 1 of the EIA Directive 85/337/EEC as amended by 97/11/EC and 2003/35/EC. Given the size of the overall development, a Strategic Environmental Assessment (SEA) under the SEA Directive 2001/42/EC was required by the competent authority. The Swedish government issued a framework permit for Markbygden 1101 in March 2010 based on an SEA conducted in 2008. The framework permit requires environmental permits for the individual components under the programme. The environmental permit for Phase 1, including for the Project to be financed by the Bank, was granted by the County Administrative Board (CAB) of the County of Norrbotten in December 2011 and became legally binding in October 2012 with no pending appeals or restrictions. As mandated by the Swedish Environmental Code, the appropriate assessments under Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora and Directive 2009/147/EC on the conservation of wild birds are conducted within the EIA process. A separate EIA is conducted for a 20-km-long connection line at 130 kV, which is implemented by the local network operator as an associated facility to the Project but not financed by the Bank. The main impacts identified in the SEA and subsequently in the EIA for Phase 1 relate

¹ North Pole Onshore Wind Farm follows a two-stage internal appraisal process. This Environmental and Social Data Sheet (ESDS) captures EIB's preliminary environmental and social assessment at Phase 1. Following the completion of the internal appraisal process, an updated ESDS for Phase 2 will present the Bank's final E&S assessment.

² 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.

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to the natural environment, flora and fauna, landscape and impacts on reindeer husbandry. The site is today mostly used for industry related to forestry and reindeer husbandry. Please see below the "Social Assessment" section with regards to the latter.

The visual impact of the Markbygden 1101 project is considered to be dominating the landscape once the project is fully developed, but the impact is however considered reasonable since the surrounding area is remote and sparsely populated.

Roads and position of turbines will be located in such a way that they, if possible, do not interfere with wetlands and conserved areas. Special precautions will also be taken to birds of high local and national value (e.g. golden eagle and bats) and the construction work will be planned to not occur during breeding periods in specific areas.

The detailed planning has respected safety distances to surrounding communities, eagles' nests, protected habitats and important wetlands and other sites of specific environmental and geologic value.

A control programme on the impacts on flora and fauna has been required and approved by the County Administrative Board and is currently ongoing.

EIB Carbon Footprint Exercise

The direct CO₂ emissions from a wind farm are deemed negligible. In accordance with the Bank's current Carbon Footprint methodology, it is calculated that based on the avoidance of electricity generation from a combination of existing and new power plants in Sweden (75% operating margin and 25% build margin), the total relative effect of the project is a net reduction in CO₂ equivalent emissions by 834 thousand tonnes per year.

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.

Social Assessment

As identified in the SEA and subsequently in the EIA for Phase 1, the Project and more generally, the broader Markbygden programme, will have an impact on the reindeer herding activities of Sámi indigenous people.

The Project is located on private land mostly owned and/or used by the forestry industry. And land-use agreements have been signed with all property owners. In Sweden, the Sámi indigenous people benefit from exclusive reindeer herding rights including customary free land access. These are regulated by the Reindeer Herding Act, which grants Sámi reindeer collectives (known as "sameby") customary rights over designated grazing areas, including the land of the Project. There are currently 56 "sameby" in Sweden, three of which are affected by the broader Markbygden programme, but only one by Phase 1 and the Project, i.e. Östra Kikkejaur.

The Project is located in an area that is used by the Östra Kikkejaur sameby for winter pasture and transitional routes. As the wind development will circumvent main reindeer herding locations, the impacts on reindeer herding are not expected to be tied to the loss of access to land but rather to behavioural changes in the animals due to noise, traffic and human presence, mainly during construction but also during operation. To mitigate these, close communication with the herders will be sought to ensure coordination between the wind farm installation timeline and the movement of herds. An agreement on compensation has further been concluded between the Östra Kikkejaur Sámi reindeer collective and the project developer on behalf of the eventual project owners. Compensation is paid in cash to the Sámi community, who uses the funds for compensatory measures, fodder, additional workforce, etc. to its own discretion. This agreement is confidential and has not been disclosed to the

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Bank. Similar agreements are in the process of being negotiated with the other two affected Sami reindeer collectives impacted by the broader Markbygden programme.

Control programmes on the impact on reindeer husbandry have been required and approved by the competent authority as well as the affected Sámi communities and are currently ongoing.

Public Consultation and Stakeholder Engagement

Public consultations have been carried out within the context of both the SEA and the Phase 1 EIA processes.

Specifically, in the case of the Sámi people, the broader indigenous community impacted by Markbygden 1101, including the three identified reindeer collectives, have been further expressly consulted and their consent to the programme was obtained in line with the Free, Prior, Informed Consent (FPIC) process.

Similarly, within the context of the Phase 1 development, the above-mentioned compensation agreement has been reached following good faith negotiations with the Östra Kikkejaur reindeer collective in line with the FPIC process.

Conclusions and Recommendations

The project is acceptable for EIB financing in E&S terms.

The Finance Contract will include an undertaking by the borrower that, as a part of the progress reporting, the annual reports for the control programmes on the impacts on reindeer husbandry as well as flora and fauna will be provided to the Bank.