Luxembourg, 27.10.2017

Environmental and Social Data Sheet

Overview

Project Name:	A2A WASTE TREATMENT INITIATIVES
Project Number:	2017-0440
Country:	Italy
Project Description:	Investments for the treatment and recycling of bio-waste and plastics and for upgrade of flue gas treatment and energy recovery at an existing waste incinerator.

EIA required:	yes
Project included in Carbon Footprint Exercise[1]:	yes

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

Environmental and Social Assessment

Environmental Assessment

The Project is implemented by A2A Ambiente, the largest Italian waste management company in terms of turnover, and comprises implementation of investments in the area of waste management in accordance with its 2017-2021 strategic plan. The Project scope covers i) four anaerobic digestion plants for separately collected bio-waste with a total capacity of 285,000 tonnes per year; ii) two plastic waste sorting plants with a total capacity of 90,000 tonnes per year; and iii) upgrade of the flue gas treatment system including flue gas condensation in the existing waste incineration plant in Brescia.

The first two bio-waste treatment plants will be located close to Brescia and close to Milan in the Lombardy region. Both facilities will be built on land owned by the Promoter. The two subsequent plants will be constructed on sites in Lombardy and Piedmont.

The two plastic sorting plants will be located in Cavaglià in the Piedmont region and in Muggiano in the Lombardy region. The Cavaglià plant is being built on a greenfield site located next to an existing MBT facility operated by A2A. The Muggiano plant will be built next to an existing A2A truck depot. Both plants will receive mixed plastic waste under contracts with COREPLA, one of the Italian extended producer responsibility organisations for plastic packaging waste.

The anaerobic digestion plants will enable production of bio-methane that partly will be used as fuel for the Promoter's waste collection fleet, and partly will be injected in the gas grid. As an alternative, the biogas may be used to generate electricity and heat. The plants will

[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.

also produce good quality compost that may be used as an organic soil conditioner and a fertiliser in agriculture. The targeted bio-waste, collected separately by A2A is today primarily treated in third party plants.

Sites for the six new waste treatment plants have been selected following *"The Location Criteria for Waste Treatment Installations"* as published in the Regional Waste Management Plan of the Region of Lombardy and took into account the requirements related *inter alia* with the protection of natural, historical cultural assets and areas and Natura 2000 sites. The Milan bio-waste treatment plant is located in the SUD Milano agricultural park, which impose some particular conditions for industrial activities, which are followed by the Promoter in the design and operation of the plant.

The upgrade of the flue gas treatment system in the existing waste incineration plant in Brescia will enable reduction of emissions, which is relevant since the facility is located in an area sensitive to air pollution due to the topography. The introduction of flue gas condensation will increase the energy recovery from the plant, thereby enabling the promoter to reduce the generation of district heat from coal in an adjacent plant.

The Project schemes fall under Annex II of the Environmental Impact Assessment Directive (2011/92/EC). However, the two plastic sorting plants are exempt from EIA considering the waste types and capacities according to Italian regulations (Legislative Decree 152/06). The Cavaglià plastic sorting plant received its combined environmental and construction permit on 31.12.2016, while the Muggiano plastic sorting plant received its permit on 27.07.2017.

All bio-waste treatment plants are subject to EIA. The EIA procedures have started for the first two plants and the EIA for the Brescia bio-waste treatment plant has been submitted to the Province of Brescia, which is the competent authority, and the one for the Milan plant is expected to be submitted in October 2017. The EIA for the other two bio-waste treatment plants are under preparation. As soon as any EIA decision is issued, the Promoter shall submit the full EIA report to the Bank for publication on the Bank's website. It is not expected that any of the schemes will have impacts on nature conservation sites. Should, however this be the case, the Promoter shall receive the relevant consent from the competent authority regarding the Habitats and Bird Directives and inform the Bank of such consent having been obtained.

The management team of the Brescia plant has informed the competent authority about the planned flue gas treatment upgrade, with an expectation that an EIA will not be required since the upgrade is not material and does not involve increase in capacity or introduction of new waste types. The Promoter will submit the application for update of the permit once the design has been completed, probably before the end of the year 2017.

EIB Carbon Footprint Exercise

Since the current mode of bio-waste and plastic treatment is similar to the planned new plants there will be no significant change in the relative emission of greenhouse gases for these components.

The increased energy recovery achieved through the flue gas condensation at the Brescia waste to energy plant will enable a reduction of coal consumption for district heat generation of approximately 26,000 tonnes/year, which corresponds to avoided CO_2 emissions of 68,000 tonnes/year.

Social Assessment

The social impacts of the projects include possible impact on traffic, noise, as well as safety hazards during the construction phase, which will be addressed as part of the planning for each sub-operation.

While improper storage and treatment of bio-waste may give rise to odours, the four anaerobic digestion plants will be designed and operated to minimise the risk for odour generation. They have also been located at least 500m from the nearest resident. Considering its past experience of organic waste treatment, the Promoter is judged to be well positioned to properly operate the plants and mitigate the odour risks. The flue gas treatment

system upgrade will reduce emissions from the incineration plant to the benefit from the population in the area.

The new waste treatment plants will create employment both in the construction and operation stages, and the outputs produced will support economic activities in plastic recycling and agriculture.

Public Consultation and Stakeholder Engagement, where required

The Promoter will be requested to ensure compliance with national and European environmental legislation and facilitate public access to environmentally relevant information in accordance with the Aarhus Convention in line with Italian regulations.

Other Environmental and Social Aspects

The Milan bio-waste treatment plant has faced some delays in the permitting procedure due to some public opposition to the planned facility. This is reflected in the public consultation process for the plant. Should this process take too long time, the Promoter has identified an alternative site for this facility.

Conclusions and Recommendations

The Project covers construction of four bio-waste treatment plants and two plastic sorting plants to be implemented by A2A, the largest Public Utility Company in Italy and a repeat borrower of the Bank. It is expected that the environmental and social capacity of the Promoter to implement the project is fully adequate.

The site locations have been determined for all of the proposed plants. The permit for plastic sorting plants has already been obtained and the construction has started for one of the two plants. Concerning the bio-waste treatment plants, EIA documentation has been completed and submitted for two plants and is under preparation for the other two. It is expected that the location of schemes will be outside of and not have significant negative impacts on any Natura 2000 sites.

The Project also covers upgrade of the flue gas treatment system with flue gas condensation in the existing waste incineration plant in Brescia. While not decided yet, it appears likely that this upgrade will not require a new EIA since it is not material in scope.

The Bank requires that the Promoter shall not commit any EIB funds against schemes that require an EIA according to EU and national law without, prior to commitment, submitting the full EIA report to the Bank after the final approval by competent Authority for publication on the Bank's website. In lieu of the document itself, the Promoter can also provide a link to its own or a relevant authority's website where such document can be found. Furthermore, the Promoter shall not commit any EIB funds against any scheme that impacts nature conservation sites, without receiving the consent from the competent authority regarding the Habitats and Birds Directives and informing the Bank of such consent having been obtained.

In summary, the Project is considered to have positive environmental impact by reduction of emissions, recovering renewable energy from waste and production of bio-methane for injection into the gas grid. The project will thus reduce emissions of greenhouse gases from fossil replaced fossil fuels. The project will also have significant positive social aspect considering its employment and economic impact. The flue gas treatment system upgrade will reduce emissions from the incineration plant to the benefit from the population in the area.

Based on the above conclusions and subject to the conditions mentioned above, the Project is considered acceptable for financing by the Bank in environmental and social terms.