

Environmental and Social Data Sheet

Overview

Project Name:	<i>LATAM SUSTAINABLE POWER GENERATION FL</i>
Project Number:	<i>2017-0468</i>
Country:	<i>Brazil, Mexico</i>
Project Description:	<i>Framework Loan to support the development of renewable energy projects in Brazil and Mexico.</i>
EIA required:	<i>This is a multi-technology Framework Loan operation. Some sub-projects may require an ESIA under the relevant legislation.</i>
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental and Social Assessment

The operation consists of a framework loan to support large-scale renewable energy (onshore wind and solar PV) projects in Mexico and Brazil, developed and implemented by EDPR S.A. (Energias de Portugal Renováveis). It intends to bring about environmental benefits through the financing of the underlying projects in the renewable energy sector that contribute to reducing environmental pollution and mitigating climate change.

The company's activities comprise the development, construction, operation and maintenance of power plants based on renewable sources such as wind and solar. EDPR operates in many geographies, such as the EU, Brazil, or North America, and has been selected as an appropriate promoter on the basis of its proven ability to source, execute and manage investment schemes in the renewable energy sector, where it is global leader.

EDPR has developed a life-cycle approach to the environmental management, from the procurement, to the construction, operation and end-of-life phases. For all critical suppliers, EDPR ensures compliance with technical quality, economic/financial solvency, and health, safety and environmental management. During development, construction and operation, the proper management of the environmental aspects is achieved through the Environmental Management System (EMS), developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization.

Social management is defined in detail for each project and is based on the Social Corporate Responsibility Policy (SCR). With regards to Community Engagement, EDPR voluntarily promotes and supports social, cultural, environmental and educational initiatives with the goal to make a positive impact on the communities where it operates.

It can be concluded that, while the company possesses comprehensive environmental and social policies, it is ultimately subject to the national legislations where the projects are

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.

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executed. However, EDPR has already received funds from other international financial institutions showing adequate and successful implementation of the respective environmental and social standards and have enhanced their E&S capacity.

According to the allocation procedures of the Bank, all projects will be subject to a full ex-ante appraisal, including E&S matters, and a separate ESDS will be produced.

Public Consultation and Stakeholder Engagement

The Bank will verify for each allocation that adequate public consultations and disclosures have taken place and appropriate grievance redressal mechanisms are in place, including for local consultation with the indigenous population when applicable.

Conclusions and Recommendations

The investments targeted by the operation are expected to have limited social and environmental impact provided that all mitigation measures, assessed individually at project level by the Bank as part of the approval process, are implemented.

The following loan conditions and undertakings are proposed:

- The promoter shall ensure that the projects financed under this operation are in compliance with national legislation and the EIB's Environmental and Social Standards.
- All allocations will require approval by the Bank prior to authorising the allocation of the funds to the project companies, after review for compliance with the Bank's standards. The Bank's requirements with regard to eligibility, including environmental and social aspects, will be incorporated into the finance contract of the framework loan.
- The promoter will undertake to monitor and report to the Bank on the compliance with EIB E&S Standards, with a periodicity yet to be defined.

Under these conditions, it is considered that the due diligence procedures carried out for individual schemes will appropriately address environmental and social issues and ensure that the schemes to be financed under this loan meet the Bank's requirements.