

## Environmental and Social Data Sheet

### Overview

Project Name:	ARCUS EUROPEAN INFRASTRUCTURE FUND II
Project Number:	2017-0932
Country:	95% EU including potentially up to 20% in the UK, and up to 5% in Norway and Switzerland
Project Description:	A Pan-European Fund investing in Energy (renewable energy, energy efficiency and storage, energy transmission and interconnection and flexible generation), transportation (road, rail, maritime and crossover sectors) and telecommunications
EIA required:	Multi-scheme project. Depending on the technical characteristics of the investments financed under the loan, sub-projects may be subject to an EIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

The proposal is for the Bank to invest up to EUR 125m in the Arcus European Infrastructure Fund 2, an infrastructure fund with a target fund size of EUR 1.25bn. The Fund will aim to invest 30% of total commitments in renewable energy and energy efficiency (solar PV, biomass, and batteries –both grid-connected and behind-the-meter-), 20% in energy transmission and interconnection and flexible gas-fired generation (peakers), 30% in transportation (road, rail, maritime and crossover sectors) and 20% in telecommunications (broadband (fibre) networks, tower networks). The Fund will invest up to 95% within the EU, including up to 20% in the UK post Brexit, and up to 5% in Norway and Switzerland.

The Fund will invest in greenfield projects and small to medium sized infrastructure operating companies with the objective to implement significant capital expenditures, as well as to improve their operational efficiency (pure brownfield investments).

The investments will generate environmental benefits and are not likely to have a significant negative environmental impact. Some of the Fund's underlying investments may fall under Annex II of EIA Directive 2014/52/EU amending EIA Directive 2011/92/EU. In these cases the Bank requires the Fund manager to ensure that investee companies act according to the provisions of the aforementioned Directive as transposed into national law. Should the relevant competent authority screen in an investment project, the Fund manager shall deliver to the Bank a copy of the Non-Technical Summary (NTS), or provide a website link to the location where the EISA study is published.

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

Luxembourg, 15.03.2018

The legal documentation to be concluded between the Fund and the Bank shall include an obligation on the Fund to ensure that all projects are in compliance with national and European legislation (where applicable), as well as the Bank's Environmental and Social standards.

### **Climate Mitigation**

Some of the projects financed by the Fund will address climate mitigation through support of renewable energy and energy efficiency reducing greenhouse gas emissions. According to the existing pipeline, around 30% of the Fund's investments are expected to contribute to climate action mitigation.

### **Conclusions and Recommendations**

During appraisal it has been verified that the Fund Manager has fully understood the Bank's E&S requirements and it will be willing and capable to fully implement them. In order to strengthen the coordination and accountability aspects the Fund has designated an environmental responsible, who will oversee all the environmental and social aspects of the investments.

The following loan conditions will be included in the finance contract:

- The Bank's environmental and social requirements shall be incorporated into the Fund's procedures by means of an Environmental and Social Management System, to the satisfaction of the Bank's services.
- The Fund shall not invest in companies which do not comply with EIB environmental and social standards (e.g. coal plants exceeding the Emissions Performance Standard).
- For investments subject to an environmental impact assessment (EIA) as defined by national legislation the Fund Manager will be required to: (i) ensure that an Environmental and Social Impact Assessment (ESIA) is carried out and that public consultation is undertaken in accordance with national legislation and the EIA Directive, (ii) collect and publish the ESIA Study or – for investments within the EU – a non-technical summary (NTS) of the ESIA on the Manager's/Investee Company's website, or if otherwise agreed with EIB, send the ESIA or – for investments within the EU – the NTS to the EIB for publication in compliance with the EIB's Transparency Policy, (iii) retain on file a copy of the EIAS or NTS for a period of not less than six (6) years, (iv) upon request, provide a digital copy to the EIB, and (v) upon request, confirm to the EIB that the Investment incorporates relevant mitigating measures recommended as a result of the EIA.

Where relevant, the Fund Manager shall obtain written confirmation from the competent authority that the investment will not have any significant negative impact on sites of nature conservation importance, including sites protected under the "Habitats" and "Birds" Directives (92/43/EEC and 79/409/EEC as amended by the 2009/147/EC respectively) and the associated Natura 2000 network.

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