

Environmental and Social Data Sheet

Overview

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| Project Name: | ILUNION SOCIAL COMPANY INVESTMENTS |
| Project Number: | 2017-0347 |
| Country: | Spain |
| Project Description: | Financing of energy efficiency upgrades to industrial laundries operated by the Borrower, hotel renovations and construction of a new hotel as well as research and development works on the business intelligence services and accessibility equipment for people with disabilities. Most of the investments to be located in convergence regions in Spain. |
| EIA required: | Due to the nature of the investments proposed for this framework loan it is not likely that they will require EIA under Annex I or Annex II ("screened in") of the EIA Directive. However, one of the components will entail a construction of a new hotel, which might be subject to EIA. |
| Project included in Carbon Footprint Exercise ¹ : | No |

Environmental and Social Assessment

Environmental Assessment

The project is a framework loan (FL) to finance the 4 – year investment program of Grupo Ilunion s.l, a social enterprise, the Promoter and Borrower of this project. The investments to be financed include:

- Energy efficiency modernizations of industrial laundries consisting of installation of more efficient laundry equipment, more efficient heat producing equipment to produce heat used in the washing process and installation of waste heat recuperation to reduce energy demand.
- Renovation of 26 existing hotels, by replacement of technologically outdated installations, renovation of rooms and installation of additional equipment to make the hotel rooms accessible for people with disabilities (e.g. blind, deaf, impaired);
- Construction of a new hotel in one of the transition regions of Spain on a site located close to the sea; and
- Research and Development of software and hardware solutions enabling people with disabilities to facilitate their integration in workplace and society.

Relevant environment EU Directives have been transposed into national legislation (SEA Directive, EIA Directive, Birds and Habitats Directives, Energy Performance of Buildings Directive). The implementation of the EIA and SEA directives is regulated by the Environmental Protection Act (Official Gazette No. 110/07), the Regulation on environmental

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

impact assessment (Official Gazette No. 64/08, 67/09) and the Regulation on strategic environmental assessment of plans and programmes (Official Gazette. No. 64/08).

The hotel and laundry renovations comply with relevant local authority urban development plans. Such renovation projects may fall under Annex II of EIA Directive (2014/52/EU as amended), and the relevant competent authority needs to screen the project and determine whether an Environmental Impact Assessment (EIA) is required or not.

It is important to note that the construction works will exclusively be located within the existing boundaries of the brownfield site already operated and owned by the promoter and outside Natura 2000 or protected.

The project's impacts at the construction stage are expected to be short-lived and reversible, at a level which is deemed acceptable. Construction waste management is provided for in the contracts with the different construction companies operating on the site to encourage waste sorting since only non-sorted waste has to be paid for by the contractor.

The implementation of the project will enable significant reduction of energy consumption in the process of industrial laundries, resulting in significant positive climate action, contributing to the objectives of the Bank.

The new hotel construction will be proposed for Bank financing later, during implementation stage of the Project. Before any EIB funds will be allocated by the Bank towards financing of this component, the Bank will review the compliance of this component with the relevant environmental directives. Shall the EIA be required, it will be published by the Bank on its website.

Social Assessment

The project is deemed to have positive effects on the local employment since the significant parts of the staff are people with all kind of disabilities. The Promoter is the largest employer of people with disabilities in Spain. As a social company, the Promoter key objective is to provide employment opportunities for people with disabilities. The business model of the Promoter assumes activity in diverse mix of sectors to offer many different types of jobs, which would enable each of the staff member to use its entire potential, notwithstanding the disability.

The project is expected to create ca. 200 permanent jobs and some of them will be offer for the people with disabilities.

Public Consultation and Stakeholder Engagement

The individual schemes of the project are subject to usual public consultation requirements currently in force in Spain.

Conclusions and Recommendations

The project is not expected to have significant negative environmental impacts and Promoter's capacity to manage and minimise the remaining impacts through its management system is deemed good. By contrast, the project is expected to entail significant positive impacts on local employment, especially for people with disabilities both directly, through the recruitment of additional staff, and indirectly. In addition, the energy efficiency improvements in industrial laundries are expected to generate significant energy savings.

The institutional capacity of the Promoter to manage the environmental and social issues is deemed good. The Promoter will be required to act according to the provisions of the relevant EU Directives, including SEA (2001/42/EC), EIA (2014/52/EU as amended), Habitats (92/43/EEC) and Birds (2009/147/EC) Directives as transposed into national law. In projects where applicable, the Promoter will be requested to deliver the NTS of EIAs to the Bank before Bank funds are allocated. However, given the relative small size of the individual

schemes and the nature of the investments concerned, most of the schemes are deemed not to have significant negative environmental impacts.

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