

## Environmental and Social Data Sheet

### Overview

Project Name:	TAALERI ENERGIA SOLARWIND FUND II
Project Number:	2018-0521
Country:	EU Member States, Neighbouring (Balkans) and OECD countries
Project Description:	Investment fund targeting renewable energy projects primarily located in the EU
EIA required:	yes (for some of the investments)
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

The operation concerns the participation of the EIB in the Taaleri equity Fund II (The Fund). The operation intends to bring environmental benefits by supporting renewable energy projects, notably onshore wind and solar photovoltaic plants, with no major negative social or environmental impact.

The Fund will focus primarily on the EU, mainly Central Eastern Europe and Scandinavia, where at least 60% of the investments will be made. It will also invest in EU accession and neighbouring countries (e.g. Balkans), as well as up to 20% in selected non-EU OECD countries (mainly USA).

The Fund Manager will be required to ensure compliance of all investments with the EIB Excluded and Restricted Lists of activities, the EIB Environmental & Social (E&S) Standards and core E&S requirements as well as the E&S national laws and regulations. On an annual basis, the Fund manager prepares and submits to the Bank an aggregated E&S performance report.

The mitigation of key risks and impacts derive from the Fund's capacity to identify and manage the potential environmental and social risks and impacts associated with the projects in the pipeline and to maintain and operate an appropriate environmental and social management system.

The present E&S Due Diligence process is embedded in the technical and legal due diligence conducted by the Fund including preliminary screening of the investments "on the ground". Considering its sectoral focus and its potential target geographies the Fund's analysis is at present primarily focussed on ensuring full compliance with national law and good industry practice when investing in EU and countries with comprehensive environmental and social legislation (including on health and safety). The Fund manager applies an additional team of

<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.

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experts particularly in those countries with weak E&S law. In one concrete case the Fund manager provided the example of having contracted engineers and experts to oversee the projects and report any E&S (amongst other) issues. The Fund manager has prior experience with requirements established by international financing and multilateral institutions and banks in investments where these institutions are involved.

The Fund is in the process of developing a fully-fledged Environmental and Social Management System (ESMS) as part of its Environmental, Social and Governance policy, which will incorporate the EIB's environmental and social requirements to the satisfaction of the Bank. This includes the development of a communication mechanism for external stakeholders as part of its Grievance Redress Mechanism and the list of excluded sectors or activities.

## Conclusions and Recommendations

The Fund will enhance its ESMS, which will incorporate EIB's environmental and social requirements to the satisfaction of the Bank, including the development of a communication mechanism for external stakeholders as part of a Grievance Redress Mechanism for countries outside the EU with weak E&S legislation.

In order to strengthen the coordination and accountability aspects the Fund has designated an environmental responsible, who will oversee all the aspects of environmental and social activities. In addition, the Fund shall obtain a contractual undertaking from the Investee Companies to comply with the EIB Environmental and Social Standards

To ensure adequate ESMS implementation, the EIB will undertake an advisory review of the first environmental and social due diligence inside the EU and the first outside the EU undertaken by the Fund prior to the Fund's investment.

The Fund will, on an annual basis, prepare and submit to the Bank an aggregated E&S performance report.

With these conditions in place, the Fund is deemed acceptable for the Bank from an environmental and social compliance perspective.