

Environmental and Social Data Sheet

Overview

Project Name:	INFRAGREEN IV SLP
Project Number:	2019-0421
Country:	50% France and Italy and the rest in the European Economic Area
Project Description:	Fund providing equity and quasi-equity to developers of small and medium size renewable energy projects
EIA required:	Multi-scheme project. Depending on the technical characteristics of the investments financed by the fund, sub-projects may be subject to an EIA.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The proposal consists in investing up to EUR 75m in InfraGreen IV (“Fund”), a Renewable Energy (“RE”) fund with a target size of EUR 500m. The goal is to support small and medium size developers and independent power producers (IPPs), in order to accelerate their growth and increase their market share in a very competitive and capital-intensive market.

Based on the indicative pipeline, 35% of the investments will be onshore wind farms, 50% solar photovoltaic plants and the rest, 15%, biomass and biogas projects or other potential more innovative technologies (energy storage, green mobility). At least 80% of the projects will be located in the European Economic Area (EEA), and the remaining 20% could be in the French Départements or Territoires d’Outre-Mer.

The Fund will extend equity or quasi-equity investments to small-medium RE developers that will use the proceeds to invest in the development of new generation assets. This operation would contribute to the EU-wide 2030 target of 32% final energy consumption coming from RE sources as laid out in the new RE Directive. It further contributes to the EU energy objectives, notably security of energy supply and climate change mitigation. The operation is aligned with the Bank’s COP objective on Environment (renewable energy) and Climate Action objectives.

The investments will generate environmental benefits, in terms of reduction of air pollutants and Greenhouse Gas emissions. Some of the Fund’s underlying investments may fall under Annex I or II of EIA Directive 2014/52/EU amending EIA Directive 2011/92/EU. In these cases, the Bank requires the Fund manager to ensure investee companies act according to

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.

Luxembourg, 14.11.2019

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) and EIA documents, or provide a website link to the location where the EIA is published.

The legal documentation to be concluded between the Fund Manager and the Bank shall include an obligation on the Fund to ensure that all projects are in compliance with national and EU legislation, as well as the Bank's Environmental and Social standards (where applicable). In addition, the Fund Manager will be required to ensure compliance of the investments with the EIB Excluded and Restricted Lists of activities.

Climate Mitigation

The Fund will contribute to the development of renewable energy projects, reducing CO₂ emissions and increasing the participation of RE in the energy mix.

It is estimated that, once fully invested, the EIB-eligible subprojects supported by the Fund will generate about 2800 GWh/year of energy from renewable sources, with a total RE installed capacity of about 1.2 GW.

Conclusions and Recommendations

During appraisal, it has been verified that the Fund Manager has fully understood the Bank's E&S requirements and it is willing and capable to fully implement them. The Fund Manager is already known to the Bank and has invested in the predecessor fund with successful implementation of E&S standards and reporting. The Fund has already adopted an Environmental Social Management System in line with the E&S standards of the Bank. Nonetheless, in order to strengthen the transparency and accountability aspects, the Fund will enhance the grievance mechanism and designate a responsible environmental expert, who will oversee all the environmental and social aspects of the investments.

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

- For investments subject to an environmental impact assessment (EIA) as defined by national legislation, the Fund Manager shall (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 a non-technical summary (NTS) and the ESIA on the Manager's/Investee Company's website, (iii) retain on file a copy of the Environmental Impact Study and NTS for a period of not less than six (6) years, (iv) provide a digital copy to the EIB, and (v) confirm to the EIB that the investment incorporates relevant mitigating measures recommended as a result of the EIA.

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

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