

Environmental and Social Data Sheet

Overview

Project Name:	EVERWOOD RENEWABLES FUND V
Project Number:	2021-0207
Country:	Spain, Italy
Project Description:	Equity fund targeting solar PV projects in Spain and Italy.
EIA required:	Some of the projects to be financed may require an EIA
Project included in Carbon Footprint Exercise ¹ :	no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The proposal consists of investing up to EUR 50m in the Everwood Renewable Energy Fund V Fund (the "Fund"), a Renewable Energy ("RE") fund with a target size of EUR 500m. The goal is to support the implementation of RE projects, with a main focus on solar PV. The indicative pipeline consists only of solar PV projects in Spain. The Fund may also invest in on-shore wind projects and electricity storage in batteries. All of the projects will be located in the EU, with most investments planned in Spain, but also considering financing projects in Italy.

Due to their technical characteristics, most of the schemes are expected to fall under Annex II of Directive 2014/52/EU amending EIA Directive 2011/92/EU, leaving it to the national competent authority to determine according to Annex III of the said Directive whether an environmental impact assessment is required. Aerial power lines for the interconnection to the grid included in Annex I of the EIA Directive, if any, will be subject in all cases to an EIA process.

The Fund Manager will be contractually obliged to ensure that all schemes financed comply with the relevant EU Environmental Directives (e.g. EIA Directive 2014/52/EU amending 2011/92/EU, Habitats 92/43/EEC, and Birds Directive 2009/147/EC) and EIB's Environmental and Social Standards (where applicable). The Fund Manager will be required to verify that none of the schemes have a significant adverse impact on any site of nature conservation importance and will be required to obtain and provide to the EIBG written confirmation to this effect from the competent authority, or an equivalent confirmation satisfactory to the EIBG.

There is significant uncertainty on the operation's GHG emissions. However, based on the portfolio envisaged, absolute emissions are negligible and relative emissions of the operation will result in the avoidance of 1125 kt CO₂-eq/yr.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



Electricity production from renewable energy sources supports the low carbon pathways required to achieve the Paris Agreements and are therefore considered to be Paris Aligned.

Social Assessment

The installation of the projects' components for the schemes to be implemented will require the acquisition, lease or easements of land. The developers of the projects financed by the Borrower will engage with the land owners in order to secure voluntary agreements for the land required for all project infrastructure. If a voluntary agreement cannot be reached, promoters may require expropriation, in line with Spanish legislation. In Spain, all projects required for the implementation of the different activities within the electricity sector, including generation, promoted by public or private companies, can be considered to be of public utility, and can be subject to urgent forced expropriation to be carried out by the authority in the interest of the promoters. It is expected, and the Borrower will ensure, that the implementation of the schemes will not lead to involuntary physical or economic displacement or resettlement.

Public Consultation and Stakeholder Engagement

It is expected that for all project components subject to EIA, public consultation will be carried out under the EIA process, as required by the EU, and as transposed by national and regional law. The declaration of public utility process has its own public information phase.

Other Environmental and Social Aspects

The Fund's Environmental and Social (E&S) management system and capacity to implement the project in compliance with the requirements still requires improvements.

The Fund has a corporate Environmental Social and Governance (ESG) policy which provides a framework to include environmental, social and good governance factors in the Fund's decision-making. However it lacks an Environmental and Social Management System (ESMS). The Fund's ESG policy provides some framework for the identification and management of E&S risks and impacts associated with its investments, and compliance with the relevant laws. It is a solid starting point to develop an acceptable ESMS.

Most of the E&S due diligence is externalised, either to the project promoters or to external consultants. The due diligence processes related to investment opportunities include an E&S section to determine the project compliance with E&S criteria and to identify key issues and mitigation measures. For projects that are considered for financing, legal provisions addressing the specific E&S risk will be included in the investment documentation to ensure that the project complies with the Fund's E&S policy.

Conclusions and Recommendations

Overall, the project is expected to bring positive environmental and social impacts, with acceptable environmental and social risks.

On the other hand, the promoter still has to improve its E&S capacity, and develop an ESMS that ensures compliance with EIB requirements. The Fund manager has been made aware of the EIB requirements, and the relevant E&S requirements will be included in the legal documentation.

The following signature conditions and undertakings will be included in the legal documentation:

- Prior to signature, the Fund Manager will develop and maintain organisational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities.



- The Fund Manager will ensure regular (not less than annual) reporting to the EIF on the implementation of its ESMS, and submit an annual E&S performance report of the approved underlying projects.

For investments subject to an EIA the Fund Manager shall ensure that an Environmental Impact Study (EIS) is carried out and that public consultation is undertaken in accordance with national legislation and the EIA Directive. It shall also ensure that the investment incorporates relevant mitigating measures recommended as a result of the EIA.

The Fund shall require the underlying investee to publish on its website the E&S documentation; should the investee not have the capacity to do so, the Fund will be responsible for publishing all environmental and social documents on its website. If a project is screened out, then according to the EIA Directive this should also be made public, stating the reasons for not requiring such an assessment.

The Fund shall store and maintain updated the relevant documents (including environmental studies related to the EIA, the Non-Technical Summaries of the EIAs, and Nature/Biodiversity Assessments or equivalent documents supporting compliance with the EU Habitats and Birds Directives), to be provided to the EIF upon request. In case the EIF requires such documentation, the Fund shall provide all documents requested promptly.

In view of the above findings and conditions, the operation is deemed acceptable for EIF financing from a social and environmental point of view.