



Luxembourg, 11 November 2022

Public

Environmental and Social Data Sheet¹

Overview

Project Name:	<i>SDCL - GREEN ENERGY SOLUTIONS FUND</i>	
Project Number:	2022-0448	
Country:	<i>Regional - EU countries</i>	
Project Description:	<i>The Fund will invest in projects focused on energy efficiency (including heat recovery, LED lighting, building management systems and manufacturing process efficiency), on-site generation (mostly solar PV and micro-grids) and clean energy solutions (biomass, biomethane, green H2, etc.).</i>	
EIA required:	some investments may require an EIA	
Invest EU sustainability proofing required	no	
Project included in Carbon Footprint Exercise ² :	no	

Environmental and Social Assessment

Environmental Assessment

The operation will support several subsectors: energy efficiency, on-site generation and clean energy solutions. Two thirds of the investments will be located in Europe – potentially some of them in cohesion and transition regions – and one third in UK and US.

The operation will contribute to climate change mitigation by supporting the implementation of energy efficiency (including heat recovery, LED lighting, building management systems and manufacturing process efficiency), on-site generation (mostly solar PV and micro-grids) and clean energy solutions (circular economy: e.g. production of biogas from agricultural/forestry residue products). These projects will lead to a decrease in energy consumption and an increase in the contribution of energy from renewable sources.

The investments financed will further contribute to EU priority objectives and will support the 2030 Climate Action objectives, as set out in the respective National Energy and Climate Plans (NECPs). The Fund also contributes to the EU policy objective in the waste and circular economy sectors (as laid down in various EU Directives for waste and in the EU Circular Economy Action Plan 2.0) and thereby to a more resource resilient Europe. It will also contribute to the objectives set forth in RePowerEU of doubling the EU ambition for biomethane by 2030.

¹ The information contained in the document reflects the requirement related to the environmental, social and climate information to be provided to Investment Committee as required by the Invest EU Regulation and it represents the equivalent of the information required in the template of the InvestEU sustainability proofing summary

² 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.



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Biofuels, bioliquids and biomass fuels used for the Fund's operations will be sustainably produced and will comply with the EU sustainability criteria of the revised Directive (EU) 2018/2001 and EU Taxonomy Delegated Act.

Some of the projects to be financed by the Fund are expected to fall under Annex II of the Environmental Impact Assessment (EIA) Directive 2014/52/EU amending Directive 2011/92/EU. In these cases, the national competent authority would determine the need for an EIA, based on Annex III of the same Directive. The EIF will require the Fund manager to act according to the provisions of the Directive as transposed into national law. Should the competent authority screen in a project, the Fund manager will be required to ensure that the EIA studies have been made publicly available as part of the EIA process.

The Fund manager will be required to verify that none of the projects has a significant negative impact on any site of nature conservation importance, including sites protected under the "Habitats" and "Birds" Directives (92/43/EEC and 2009/147/EC respectively) and the associated Natura 2000 network, Water Framework Directive (2000/60/EC), national legislation and international agreements. If in the reasonable view of the Fund manager a project has the potential to significantly affect sites of nature conservation importance, it shall ensure that an appropriate assessment is carried out for the potentially affected sites and obtain written confirmation from the competent authority as defined in the relevant EU Directives, or an equivalent assessment satisfactory to the EIF that the project will not have a significant negative impact on any protected site. If an underlying investment is subject to an EIA or biodiversity assessment, the Fund manager will be required to publish the Environmental Impact Study (or a link) on its website for access by stakeholders.

Climate Assessment

- **Climate change mitigation:** The investments in energy efficiency, renewable energy and circular economy will contribute to mitigating climate change.
- **Climate Neutrality:** The Fund has been assessed for Paris Alignment and is considered to be aligned both with low carbon and resilience goals and with the policies set out in the Climate Bank Roadmap. The Fund will ensure Paris Alignment of all its investments, as part of the Side Letter with the EIF.

EIB Paris Alignment for Counterparties (PATH) Framework

The Fund manager has more than 500 MEUR of assets under management. The Fund manager is therefore in scope of and screened into the PATH framework. Hence, the EIF will require the Fund manager to report – at the latest 12 months after signature – in line with the TCFD recommendations, including in particular information in relation to transition and physical climate risk.

Other Environmental and Social Aspects

A rigorous and stringent approach to ESG standards and responsible investment is embedded throughout the Fund manager's investment process with the aim of meeting the Fund's sustainable investment objective. The Fund's investment policy seeks to ensure that all investments and the associated contractors / delivery partners apply a set of defined ESG principles.

The Fund manager fully endorses the United Nations Principles for Responsible Investment (UN PRI). In addition, the Fund intends to be classified as an Article 9 SFDR fund and will provide disclosure under Regulation (EU) 2019/2088 on Sustainability-Related Disclosures in the financial services sector (SFDR – Sustainable Finance Disclosure Regulation).

During appraisal, it has been verified that the Fund manager has understood the EIB Group E&S requirements and will be willing and capable to fully implement them. The fund manager



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has set up an Environmental and Social Management System (ESMS) to implement these requirements, and has designated an environmental responsible, who will oversee all the environmental and social activities aspects.

The ESMS includes processes to ensure adequate identification, assessment, mitigation and monitoring of environmental, climate and social (ECS) risks. In particular, the Fund manager uses a scoring system to assess environmental, social and governance capabilities of its investments.

The legal documentation to be concluded between the Fund and the EIF will include an obligation on the Fund to ensure that all projects comply with national and European legislation (where applicable), as well as the EIB's E&S standards and relevant IEU sustainability proofing requirements. The Fund will use sustainable biomass that adheres to the Annex IX feedstock sustainability criteria under Renewable Energy Directive (RED) II, and in due course, RED III. The Fund will specifically design the biomass projects to catalyse the demonstrable EU policy signal of bridging agricultural residues and advanced conversion technologies, as defined by RED 2, to create high use value biomethane and green hydrogen. The feedstock supply contracts will ensure full visibility and traceability on all biomass used locally with a view to guaranteeing RED II / III compliance locally.

As part of its biomass projects in France the Fund is creating independent verification of the supply chain and carbon sequestration cycle (in terms of bioenergy carbon capture and use) in order to assure that the Fund investment maintains sustainability criteria over the lifetime of the project. In Ireland, for biomass projects, the Sustainable Energy Authority of Ireland (SEAI) has already clarified the implementation of the RED II sustainability criteria, in terms of local implementing regulations. The SEAI set out the criteria roadmap, in addition to a self-evaluation tool for defining feedstock supply sustainability.

Conclusions and Recommendations

In order to strengthen the coordination and accountability aspects the Fund will undertake to:

1. Report in line with the TCFD³ recommendations and GRESB⁴ infrastructure benchmark, within 12 months of the Fund closing.
2. For any electricity generation project combining natural and green gas, the Fund will have in place, prior to the commissioning of the project, the contractual commitments for the provision of green gas for at least the first 5 years of operation, in line with the pre-agreed scenarios meeting the threshold of 250g CO₂eq/kWhel.
3. Create a grievance / external communication mechanism at the Fund level.
4. Publish on the Fund's website its ESG related policy documents.
5. Publish the EIA studies on the Fund's website or insert the link where the EIA is published.

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

³ Task Force on Climate-Related Financial Disclosures

⁴ Global ESG Benchmark for Real assets