



Luxembourg, 15.09.2022

Public

Environmental and Social Data Sheet

Overview

Project Name:	<i>WATTS GREEN RENEWABLE ENERGY FUND I</i>
Project Number:	<i>2022-0449</i>
Country:	<i>Regional - EU countries</i>
Project Description:	<i>Renewable energy infrastructure fund targeting greenfield on-shore wind and solar PV projects in France, Benelux and Spain</i>

EIA required: yes

Invest EU sustainability proofing required: yes

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

The operation concerns the participation of the EIF in the WATTS.green Fund, which will invest in small greenfield onshore wind and solar photovoltaic greenfield projects in France, Benelux and Spain.

The proposed Fund will invest only in the above projects and any co-located energy storage systems for electricity they produce. These investments are in principle aligned with the EU Taxonomy for climate change mitigation, if they meet its technical screening criteria.

The Manager has put in place an ESMS that is in line with the Bank's environmental and social requirements, as set out in EIB E&S Standard 11². According to the ESMS, the investment team will perform all E&S due diligence tasks, including verifying that the Fund investments comply with the EU Taxonomy criteria, as well as perform climate risk assessments in line with Do No Significant Harm (DNSH) requirements. The Fund will put in place a training plan to ensure proficiency of the investment team in these tasks. Given the small size and specialisation of the Fund this is considered acceptable. In addition, the Manager has nominated an ESG officer, and a deputy ESG officer, who are members of the Investment Committee (IC). Both officers have the necessary experience to take responsibility of the ESMS, its adequate dissemination to and application by the investment team throughout the investment cycle, under the support and supervision of one of the members. The ESG officer will additionally focus on improving the ESMS performance and implementation, from the initial screening stage to the investment, asset management and exit stages.

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.

² Cf. [EIB Environmental and Social Standards](#)



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All Fund investments are expected to have limited negative social or environmental impacts. Depending on the technical characteristics of the investments financed by the Fund, projects may be subject to an Environmental Impact Assessment (EIA). The Fund's underlying renewable energy investments in the EU will fall under Annex I or II of EIA Directive 2011/92/EU, requiring either a full Environmental Impact Assessment including public consultation, or screening by the national competent authority on the basis of Annex III of the same Directive to determine the need for a full EIA. If an underlying investment is subject to an EIA, the Manager will be required to publish it on its website or provide a website link to the location where the EIA is published for access by stakeholders. The Manager will ensure that the project incorporates all mitigating measures in line with the obligations stated in the EIA.

The Manager will be required to verify that none of the schemes 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, national legislation and international agreements. If, in the reasonable view of the Manager, an investment 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 investment does not have a significant negative impact on any protected site.

The legal documentation to be concluded between the Fund and the EIF will include an obligation on the Fund to ensure that all projects are in compliance with national and European legislation (where applicable), as well as the EIB's E&S standards and relevant IEU sustainability proofing requirements. The Fund is not allowed to invest in activities marked as 'Not Supported' in the EIB Climate Bank Roadmap 2021-2025.

Social Assessment

There are no material issues identified at this stage in relation to social aspects in the expected pipeline. However, the ESMS duly defines the policies and procedures related to social aspects that will apply to the investments.

In particular, the ESMS includes compliance with national laws and the principles and standards of ILO conventions³, in particular prohibition of child or bonded labour, non-discrimination and equal opportunity of employment, occupational health and safety, as well as EIB Standard 8 – Labour. The Fund will be required to undertake reasonable efforts to mitigate risks of forced labour in the supply chain. This will include, on a best effort basis, enhanced due diligence and ensuring that appropriate contractual provisions are cascaded to contractors/suppliers of the sub projects.

Public Consultation and Stakeholder Engagement

Where required by EU Member States laws and regulations, the Manager shall ensure that a consultation process with relevant stakeholders takes place and that an appropriate grievance mechanism is in place, including the development of a communication mechanism with external stakeholders as part of its Grievance Redress Mechanism for the underlying investments. The Manager will ensure that a grievance mechanism at Fund level is also in place.

Conclusions and Recommendations

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

³ International Labour Organisation