

Luxembourg, 21.09.2023

Environmental and Social Data Sheet

Overview

Project Name:	<i>WSC Decarbonisation Fund</i>
Project Number:	<i>2023-0465</i>
Country:	<i>Regional – Western Europe</i>
Project Description:	<i>Greenfield, Brownfield & Buy and Build Investments in the following themes: renewables integration, sustainable transportation and decarbonisation of industries</i>
EIA required:	some investments may require an EIA
Invest EU sustainability proofing required	yes
Project included in Carbon Footprint Exercise ¹ :	to be confirmed during monitoring

Environmental and Social Assessment

WSC DIF 2 (White Summit Capital Decarbonisation Infrastructure Fund, “W-DIF 2”, or the “Fund”) intends to build a portfolio of 8-10 investments which will consist of greenfield or operational assets, the latter associated to capex programmes subsequent to the initial acquisition.

The Fund will invest in Western Europe and Iberia and will cover a wide range of infrastructure sectors including green mobility, renewable energy battery storage, green hydrogen and waste management.

Environmental Assessment

The environmental and social impact of most of the Fund investments – considering the sectors covered by the Fund investment strategy – is expected to be limited, site-specific, and largely reversible with no significant negative residual effects after the implementation of mitigation measures.

Most of the Fund’s underlying infrastructure investments in the EU will fall under Annex I or II of EIA Directive 2011/92/EU, requiring 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 fund manager will be required to publish it on its website or provide a website link to the location where the EIA is published. The fund manager will confirm that the project incorporates all mitigating measures recommended as a result of the EIA.

The fund manager will be required to verify that none of the schemes have 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

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.



associated Natura 2000 network, Water Framework Directive (2000/60/EC), national legislation and international agreements. If in the reasonable view of the fund 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. If an underlying investment is subject to an EIA or biodiversity assessment, the fund manager will be required to publish the Environmental and Social Impact Study (or a link) on its website for access by stakeholders.

Key environmental, climate and social issues associated with the operations derive from the ability of the Fund Manager to materially improve the ESG profile of the acquired projects and companies.

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.

Environmental and Social Management System (ESMS)

The Fund Manager has developed and implemented a comprehensive ESMS built upon European legal requirements and aligned with recognized international standards guidelines such as, but not limited to, IFC Performance Standards; the UN Principles for Responsible Investment, the Task Force on Climate-related Financial Disclosure (TCFD).

ESG considerations are well integrated into the Fund's investment decision and management process (including origination, due diligence, asset management and exit) through use of defined policies, procedures and bespoke tools aligned with the requirements of WSC's Responsible Investment Policy, the SFDR, and the EU Taxonomy, where applicable. E&S aspects are reviewed in tandem with other investment documents at the Investment Committee.

EIF has verified the environmental and social due diligence the Fund performed on one of its operations, and considers on that basis that the Fund has a robust approach to ensure adequate identification, assessment, mitigation and monitoring of environmental, climate and social (ECS) risks.

The ESMS was reviewed based on the EIB Environmental and Social Standards (ESS) and was found acceptable after the Fund Manager agreed to include an ECS training plan for internal staff – which is considered adequate – and to refer explicitly to the ESS.

In addition, the Fund Manager will develop and maintain organisational capacity and competency for implementing the ESMS at Fund but also at portfolio company levels.

Climate Assessment

- **Climate change mitigation:** The investments in energy efficiency, renewable energy and clean mobility will address climate change mitigation. According to the existing pipeline, around 98% of the Fund's investments are expected to directly contribute to climate action mitigation.
- **Climate Neutrality:** The Fund has been assessed for Paris Alignment and is considered to be aligned both against low carbon and resilience goals against 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 EIF.

EIB Paris Alignment for Counterparties (PATH) Framework



The Fund manager has more than 500 MEUR of assets under management. As such, the Fund manager is in scope of and screened in the PATH framework. Hence, 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

The Fund Manager is signatory of the United Nations Principles for Responsible Investment.

The Fund Manager will implement a consultation process with stakeholders where legally required and will provide an appropriate grievance mechanism that is available to all its employees and contractors.

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 ESS and relevant IEU sustainability proofing requirements.

As part of its policies and procedures the fund manager has a code conduct which passes it to the suppliers and is already aware of the forced labour issue in the solar PV industry and addresses it in their ESG assessment tools. To the extent possible the fund manager will apply an enhanced due diligence that will ensure that the project financed are not linked with forced labour practises.

Conclusions and Recommendations

During appraisal, it has been verified that the fund manager has understood the EIF E&S requirements and is willing and capable to fully implement them at Fund level but also at portfolio company level.

To complement its ESMS and to strengthen the coordination and accountability aspects and improve the management and monitoring of ECS performance in high-risk projects, the Fund Manager will be required to:

1. Through the implementation of its ESMS, the Fund manager shall ensure that
 - (i) investees and their primary suppliers as part of the supply chain comply with the EIB excluded and restricted list of activities, the updated EIB environmental and social standards and the InvestEU regulation excluded list of activities.
 - (ii) investees with unsupported activities under the EIB Group CBR, develop, publish and implement a decarbonisation plan and a resilience plan to meet the EIB Group PATH framework requirements and do not further invest in incompatible activities as per PATH – EIB counterpart alignment framework
2. Develop a climate change risk assessment and action plan for the assets over the lifetime of the investments and ensure that strategy and governance on climate resilience and adaptation is being implemented effectively;
3. Submit an adequate ECS training plan for portfolio companies. The training plan would need to include a list of training topics and targeted staff;
4. Submit regular reporting to the EIB on the implementation of the Fund's ESMS, including the E&S performance of its portfolio investments and on agreed environment, climate and social impact indicators (and report on implemented mitigation and remediation measures for its investees, contractors and first-tier suppliers where risks are identified) ;



5. Provide regular annual updates on the Environmental and social performance of its investments, in line with the TCFD² recommendations, within 12 months of the Fund closing.

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

² Task Force on Climate-Related Financial Disclosures