

Luxembourg, 7 November 2024

## Environmental and Social Data Sheet

### Overview

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|----------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Project Name:        | <i>Serena Infra II</i>                                                                                                         |
| Project Number:      | <i>2024-0078</i>                                                                                                               |
| Country:             | <i>Regional – EU countries</i>                                                                                                 |
| Project Description: | <i>Infrastructure fund targeting 8-10 assets in mobility, renewables, water management, social and digital infrastructure.</i> |

EIA required: some investments may require an EIA

Project included in Carbon Footprint Exercise<sup>1</sup>: no

### Environmental and Social Assessment

The operation concerns the participation of the EIF in Serena Infra II (the Fund), a generalist equity infrastructure fund that will seek to invest in multiple sectors, including transport as main target, renewable energy, water and wastewater, social infrastructure (mainly hospitals) and digital infrastructure. The Fund intends to deploy all the investments in the EU 27 member states.

The Fund will invest in companies and projects deploying mostly greenfield infrastructure assets. Among others, these investments may concern big linear transport infrastructure projects, mostly rail, public transport schemes, the purchase and operation of rolling stock, biomass or biogas plants, water or wastewater treatment plants and networks or the construction of new hospitals.

A share of the investments up to a maximum of 40% will concern as well existing brownfield assets, which may or may not require capital expenditure for refurbishing or expansion. At the time of appraisal, the Fund had invested through the company 'Lineas' in two road brownfield assets in Portugal, the concessions 'Lusoponte' for the operation of two bridges giving access to Lisbon across the Tagus River (25 de Abril and Vasco da Gama), and 'Douro Interior', operating one of the main highways in the Northeast of Portugal. The investment does not involve any new capital expenditure since both concessions are nearing the end of the concession period and the assets will be subject just to ordinary and periodic maintenance. This is likely the case also in Spanish wastewater concessions at the last part of their life.

The Fund will fall under Article 8 under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation or SFDR), thus promoting environmental and/or social objectives. In this context, the Fund has embedded as one of the fundamental pillars of its screening process the assessment of potential deals against the technical criteria in the EU Taxonomy Regulation, both for 'substantial contribution' and for 'do no significant harm' (DNSH).

Furthermore, Serena Industrial Partners, the Fund manager, is a signatory of the Principles for Responsible Investment of the United Nations (UNPRI) and has committed to implement the six investment principles on their investment activities.

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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## Environmental Assessment

Most of the investments are expected to generate positive environmental impacts through the deployment of new technologies or enabling a modal shift to sustainable modes of transport, reducing emissions and improving energy efficiency.

Some of the investments, notably in the transport and energy sectors, may fall under the Annexes I or II of the of the EIA Directive 2014/52/EU amending the EIA Directive 2011/92/EU, thus requiring either a full Environmental Impact Assessment (EIA) including public consultation, or a screening decision by the national competent authority on the basis of Annex III of the EIA Directive to determine the need for a full EIA. For investments subject to an EIA procedure, the Fund Manager will be required to ensure that public consultation is undertaken and that the EIA studies and the relevant decisions by the competent authorities are made publicly available as part of the EIA process. The Fund Manager shall confirm that the project incorporates all mitigating measures further to the EIA process. Particular attention shall be paid by the Fund Manager to the EIA process for potential biogas/ biomethane installations in Italy, since the sector has been streamlined with regards to permitting and under a certain threshold, installations only require a building permit from the municipality (simplified authorisation-PAS), instead of the screening decision (equivalent to Autorizzazione Unica from the Regions).

Whilst most of the impacts will concern the construction phase, and will be thus site-specific and short-lived, some of the investments pursued by the Fund, e.g. linear transport infrastructure, may have significant effects on the environment. Subject to appropriate mitigation measures, the residual environmental and social impacts are deemed acceptable.

Some of the of underlying infrastructure investments may concern Natura 2000 areas. The Fund Manager will be required to ensure that the relevant provisions of the Habitats and Birds Directives (92/43/EEC and 2009/147/EC respectively), Water Framework Directive (2000/60/EC) and national legislation, as applicable, are complied with. If a project is likely to affect a special area of conservation, a special protection area or a site of nature conservation importance, the Fund Manager shall ensure that an appropriate assessment is carried out and written confirmation from the competent authority is obtained confirming that the investment does not adversely affect the integrity of the site concerned. Should the application of Article 6(4) of the Habitats Directive be triggered, the investment will be deemed to fall under the list of excluded activities that cannot be undertaken by the Fund.

The legal documentation to be concluded between the Fund and the EIF will include the obligation from the Fund to ensure that all projects comply with national and European legislation (considering that the Fund targets investments in EU countries only).

The Fund Manager shall also ensure that all investments of the Fund are aligned with the Paris Agreement temperature and adaptation goals, as per the requirements of the EIB Group Climate Bank Road Map<sup>2</sup> and the Low Carbon Paris Alignment Framework<sup>3</sup>. Along these lines and to ensure that its investment in Lineas is consistent with pathways towards climate-resilient development, the Fund Manager will be required to carry out a climate risk and vulnerability assessment (CRVA) of the underlying assets.

As a matter of principle, the Fund Manager will be contractually bound to ensure that its environmental and social management system (ESMS) is able to properly identify, assess,

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<sup>2</sup> [The EIB Group Climate Bank Roadmap 2021-2025](#)

<sup>3</sup> [Paris Alignment Framework – Low carbon Version 1.1 \(eib.org\)](#)



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manage, monitor and report on the environmental, climate and social risks and impacts of investments and projects in line with EU legislation and EIB Group requirements.

## Conclusions and Recommendations

Throughout the due diligence process, the EIF has communicated EIB Group E&S requirements to the Fund Manager, who is willing and, with the appropriate conditions in place, is deemed capable to fully implement them at Fund and portfolio company levels.

To complement its ESMS and to strengthen the overall E&S governance of the operation, the Fund Manager will be required to:

1. Prior to first drawdown, the Fund Manager will further develop its ESMS in line with EIBG requirements, particularly in regard to compliance with the EU Taxonomy 'do no significant harm' criteria, and to climate resilience and climate proofing considerations.
2. The Fund Manager shall recruit an ESG expert and seek external support (from a technical partner or a specialised consultant) with sufficient experience in the aforementioned areas of the ESMS to be developed.
3. The Fund Manager will undertake to commission a climate risk vulnerability assessment (CRVA) of its investment in the road seed assets 'Lineas', commensurate with the assets' characteristics and the availability of climate data and information, in line with EIBG requirements.
4. As part of the EIBG core requirements, the Fund Manager will be required to ensure that public consultation is undertaken and that the EIA studies and the relevant decisions by the competent authorities are made publicly available as part of the EIA process. The Fund Manager will be required as well to ensure that the relevant provisions of the Habitats and Birds Directives (92/43/EEC and 2009/147/EC respectively), Water Framework Directive (2000/60/EC) and national legislation, as applicable, are complied with.

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