

Luxembourg, 12/12/2024

## Environmental and Social Data Sheet

### Overview

Project Name:	ALBA EOPF II ("EOPF2", or the "Fund")
Project Number:	2024-0460
Country:	<i>Regional - EU countries</i>
Project Description:	Generalist fund focused on energy, mobility and social and digital infrastructure investments across the EU.
EIA required:	Multiple project schemes, some may require an EIA
Invest EU sustainability proofing Required	yes
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

The operation concerns the participation of the EIF in the Alba Infrastructure EOPF2 (European Operational Projects Fund II) infrastructure fund. EOPF2 intends to build a portfolio of 10-12 investments that will either be: (i) greenfield infrastructure projects (mainly renewable energy projects and some Public Private Partnership (PPP) projects in social infrastructure) either acquired at development stage or won by EOPF2 as an active investor in a bidding consortia, or (ii) operational assets where value can be created through capex programmes subsequent to the initial acquisition.

The Fund will seek to pursue investments mainly in the energy sector (renewable energy and energy transmission, energy efficiency), low carbon transport, social infrastructure (healthcare and education) and digital infrastructure sectors. In terms of geographical coverage, the Fund targets 85% of its investments inside the EU27, with the remaining 15% in the UK.

EOPF2 is the successor of European Operational Projects Fund I ("EOPF1") or "Alba EOPF1", (previously 3i EOPF). EOPF1 is fully invested in operational projects across Europe (with a focus on France, the Benelux, Germany, Italy and Iberia) and across a wide range of sub-sectors (primarily social infrastructure and transportation, but also telecoms and utilities). In the course of deploying EOPF1, the Fund Manager demonstrated strong commitment to E&S performance and no material E&S issues were identified to date. The Fund Manager also assumed active ownership of its portfolio companies requiring them to regularly report on Environmental, Social and Governance (ESG) aspects and issues.

The Fund Manager has chosen to classify this second vintage Fund as an Article 9 Fund under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial service sector (Sustainable Finance Disclosure Regulation or SFDR). Furthermore, the Fund Manager is a signatory of the United Nations Principles of Responsible Investment ("UN PRI").

Depending on the technical characteristics of the investments financed by the Fund, projects may be subject to an Environmental Impact Assessment (EIA). Most of the Fund's underlying

<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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infrastructure investments in the EU will fall under Annex I or II of EIA Directive 2011/92/EU as amended by Directive 2014/52/EU, requiring either an Environmental Impact Assessment (EIA) 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 an EIA.

While deploying EOPF2, the Fund Manager will conduct, as part of the due diligence process, an in-depth analysis of each investment opportunity, including its environmental and social risks and impacts. The Fund will also take climate risks (physical and transitional) into account in its analysis. EOPF2 environmental monitoring aims at limiting environmental risks, reducing the environmental footprint, and implementing sustainable environmental practices. If an underlying investment is subject to an EIA, the Fund Manager will be required to publish the related EIA on its website or provide a website link to the location where the EIA is published for access by stakeholders. The Fund Manager will ensure that the project incorporates all mitigating measures in line with the obligations included in the EIA process.

In line with the requirements of the EIB E&S Policy for this type of operation, the Bank's due diligence focuses on the Fund Manager's risk management process and its capacity to effectively implement them at the level of the investee companies and projects. Adequate management of environmental, climate and social risks of the operation will largely rely on the ability of the Fund Manager to align the E&S governance (ESG) of the acquired assets, platforms, companies, and projects with the applicable requirements.

### **Environmental and Social Policy**

The Fund Manager has developed an Environmental and Social Management System (ESMS) which defines, amongst others, the policies and procedures that will apply to the investments and the organisational arrangements that will ensure their effective implementation, including monitoring and reporting, an external communication mechanism, and the implementation of a grievance mechanism.

EOPF2's ESMS was reviewed based on the EIB Environmental and Social Standards and was found acceptable conditional on the incorporation of some adjustments detailed in the following section. In addition, the Fund Manager will develop and maintain organisational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities. It currently employs two officers in charge of environmental and social impact issues.

The Fund Manager has appointed a Head of Environmental and Social Governance (ESG), who is responsible for the implementation of the ESMS by the investment team throughout the investment cycle and for the maintenance and updating of the ESMS. The Head of ESG also sits as a permanent member on the Fund's investment committee and has a veto right regarding environmental and social matters in the Fund's investment decisions.

The Fund has a training plan in place with dedicated modules for ESG and ESMS implementation to ensure that the investment team has the required E&S skills, and that the team is up to date with the latest ESG policy and implementation requirements.

The Fund 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 (where applicable), 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.



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Through its ESG policy, the Fund Manager confirms that mechanisms are in place to ensure compliance with major international agreements, such as those of the International Bill of Human Rights, the International Labour Organisation, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations Global Compact (UNGC) Principles

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 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.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

The Fund Manager is in scope of the PATH Framework, and it is screened in as it has assets under management in excess of EUR 500m. The Fund Manager has committed to reporting in line with TCFD reporting requirements. In line with the EIBG Path Framework requirements, the Fund Manager shall show evidence of its commitment towards TCFD reporting, with a full update provided to the Bank within the first year after first close.

### **Social Assessment, where applicable**

The Fund Manager's ESMS defines the policies and procedures related to social aspects that will apply to the investments.

Quality social infrastructure projects provide direct benefits to individuals and communities and improve social cohesion, ensuring economic well-being for individuals and for society as a whole, while contributing to both local/regional and national development. Appropriate access to social infrastructure generates more 'hired, housed, healthy and happy' people with positive spillovers on society (white economy) as well as on economic activities. Modern health and education services are critical for this development.

EOPF 2 seeks to be involved in operations that sustainably foster business growth and economic development, thereby helping to stimulate long-term employment. Assets requiring local employment are favoured, both in construction and operation.

The Fund Manager's ESG Policy further includes provisions for Human Rights and the rejection of any form of forced or compulsory labour, applicable inter alia to the supply chain of the underlined solar PV projects, in compliance with the applicable provisions of the relevant EIB E&S standards, the national laws and the principles and standards of ILO conventions (in particular prohibition of child or bonded labour, non-discrimination and equal opportunity of employment, occupational health and safety).

The Fund will be required to undertake reasonable efforts in case of concern to mitigate against the risk of forced labour in the solar PV supply chain. This will include enhanced due diligence where practically achievable and ensuring that relevant obligations are passed on in supplier contracts.

### **Public Consultation and Stakeholder Engagement**

As required by EU Member States' laws and regulations, the Fund 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 the Grievance Redress Mechanism for the underlying investments. This is described in the Fund Manager's ESMS.

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## Conclusions and Recommendations

The Bank's environmental and social requirements were shared with the Fund Manager and, during appraisal, it was verified that the Fund Manager is willing and capable to fully implement them at Fund level but also at portfolio company level. The Fund Manager has substantially fully deployed the predecessor Fund EOPF1 with no material E&S issue arising to date.

The capacity of the Fund Manager to manage and monitor E&S related aspects of the operation is deemed adequate. The Fund Manager will be required to fulfil the following contractual conditions:

- The Fund Manager shall show evidence of its commitment towards TCFD reporting, with a full update provided to the Bank within the first year after first close.
- The Fund Manager will be required to provide its updated ESMS prior to first close. The updated ESMS must include provisions for Environmental and Social Impact Assessment (ESIA) disclosure, Stakeholder Engagement Plan (SEP), climate vulnerability assessment, forced labour mitigation and supply chain due diligence approach – to the EIF's satisfaction.
- The Fund itself will be required to undertake efforts to assess and address the risks of forced labour in the solar PV supply chain. This will include, on a reasonable effort basis, enhanced due diligence, commensurate with the capacity and leverage of the developers regarding labour issues in the solar PV supply chain (supply chain mapping and/or declarations from the supplier, per project) ensuring that appropriate contractual provisions are cascaded to contractors/suppliers of the sub projects.

With these conditions in place, the Fund is acceptable for EIF financing in environmental, climate and social terms.