

Luxembourg, 20/03/2024

Environmental and Social Data Sheet

Overview

Project Name: FIEE Energy Transition Fund III
 Project Number: 2024-0029
 Country: Regional - EU countries and UK
 Project Description: Fund focusing on energy efficiency, on-site renewable generation, clean energy solutions and on an opportunistic basis clean mobility, circular economy and digital infrastructure located in Italy, France and Southern EU.

EIA required: yes (some investments may require EIA)
 Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

Environmental Assessment

The operation is an equity investment into a Fund focusing on energy transition. The Fund's investments will focus on energy efficiency (public lighting, rooftop solar PV, energy services, HVAC, district heating), renewable energy (on-shore wind, solar PV), other clean energy solutions (storage, biomethane and green H₂), and on an opportunistic basis on clean mobility and circular economy (waste recycling) and digital infrastructure (fixed and mobile broadband). The investments will be in the EU and UK, mostly in Italy, France, Spain and Greece.

All Fund investments are expected to have limited negative environmental and social impacts. Some of the projects to be financed by the Fund are expected to fall under Annex I or II of the Environmental Impact Assessment (EIA) Directive 2011/92/EU as amended by Directive 2014/52/EU. In these cases, the national competent authority would determine the need for an EIA, based on Annex III of the same Directive. Any residual impacts (health and safety, noise, dust etc.) are expected to be acceptable, and largely reversible when appropriate mitigation measures are implemented.

The EIBG will require the Fund manager to act according to the provisions of the above-mentioned Directive as transposed into national law. 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 Directive (92/43/EEC) and Birds Directive 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 EIBG that the project will not have a significant negative impact on any protected site. If an underlying investment is

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.



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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.

The Fund will ensure that all projects are in compliance with national and European legislation, as well as the EIB's E&S standards and relevant Invest EU 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 has ca. EUR 400m of assets supporting energy transition under management. The Fund Manager is assessed to be in scope of and screened into the PATH framework. Hence, the EIBG 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.

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 will include compliance with national laws and the principles and standards of ILO conventions², in particular prohibition of child or bonded labour, non-discrimination and equal opportunity of employment, occupational health and safety, as well as EIB Standards. 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 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 its Grievance Redress Mechanism for the underlying investments. The Fund Manager will ensure that a grievance mechanism at Fund level is also in place.

Other Environmental and Social Aspects

The Manager has an Environmental, Social and Governance (ESG) Policy & Procedures in place that describe the Fund's ESG commitments and set out a framework for considering and integrating ESG risk and impacts into the Fund's decision-making process. A description of the Fund's Environmental and Social Management System (ESMS) is included in its ESG Policy. The Fund considers ESG factors at every stage of the investment process, from pre-investment analysis and screening, throughout due diligence, asset ownership and management, to exit preparation and exit. As a requirement to First Close, the Manager will be required to provide its updated ESMS with detailed procedures and guidelines that are in line with the EIBG environmental and social requirements, as set out in EIB Environmental and Social (E&S) Standard 11. In addition, the E&S team will develop templates and tools to guide and keep records of the assessment and monitoring.

The Manager has nominated an Environmental and Social Compliance (ESC) officer. The nominated officer has the necessary experience to take responsibility for ESC related decisions concerning the ESMS development and implementation, and its adequate dissemination. The

² International Labour Organisation



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investment team will be supported and supervised by the ESC officer throughout the investment cycle.

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 service sector (SFDR – Sustainable Finance Disclosure Regulation).

Conclusions and Recommendations

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 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 activity aspects.

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

1. Report in line with the TCFD³ recommendations, within 12 months of the Fund closing.
2. Publish its ESG-related policy documents on the Fund's website.
3. Publish the EIA studies on the Fund's website or insert the link where the EIA is published.
4. The Manager to reinforce its ESMS and framework, in particular the governance structure and responsibility at board level, enhanced supply chain due diligence and sector specific requirements to be updated and aligned with the latest EIB environmental and social standard requirements.
5. The Fund shall undertake reasonable efforts to assess and address the risks of forced labour in the 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 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.
6. The Manager will verify that the projects which fall under the legislation for the acceleration of renewable energy (Decreto Semplificazioni - Decreto Legge 13/2023) have been authorised in accordance with the relevant procedure.

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