

Luxembourg, 20/03/2024

Environmental and Social Data Sheet

Overview

Project Name:	<i>FINANCE IN MOTION RENEWABLES GROWTH FUND</i>
Project Number:	<i>2023-0761</i>
Country:	<i>EU Member States and Candidate countries (Balkans, Turkey)</i>
Project Description:	<i>Fund targeting greenfield renewable (solar PV and onshore wind) assets in Central and Eastern Europe under the umbrella of Finance in Motion.</i>
EIA required:	Yes (some investments may require an EIA)
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

Environmental Assessment

The operation concerns the participation of the EIF in the Finance in Motion (FiM) Renewables Growth Fund (RGF). The Fund will invest in medium sized greenfield solar PV and onshore wind projects. A significant majority of the Fund's investments (at least 60%) will be located in EU countries, mainly Central and Eastern Europe, Greece and the Baltics, with a further portion of investments invested in the Western Balkans, including EU accession countries.

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 high-level 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. In addition, the E&S team will develop templates and tools to guide and keep records of the assessment and monitoring.

The Fund has a training plan in place 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 ESMS will include provisions for a Stakeholder Engagement Plan (SEP) and Grievance Redress Mechanism (GRM).

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

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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All Fund investments are expected to have limited negative environmental and social 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 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.

If an underlying investment is subject to an EIA, the 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 Manager will ensure that the project incorporates all mitigating measures in line with the obligations included in the EIA process.

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 (where applicable), 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 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 Manager is in scope of the PATH Framework, and it is screened in as it has assets under management in excess of EUR 500m. At present the Manager is working towards its TCFD reporting and has agreed to provide a draft of its progress at First Close, with a full update provided to the Bank within the first year after first close.

Social Assessment, where applicable

At present the Fund's ESG framework integrates management of human rights, environmental and governance risks in line with the expectations set by the UN Global Compact and the EU Taxonomy Minimum Safeguards (MS), which include the UN Guiding Principles on Business and Human Rights, the ILO Fundamental Conventions and the OECD Guidelines for Multinational Enterprises.

Noting this, the Manager's ESMS is required to include a Human Rights Policy and a Code of Ethics, rejecting the use 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 itself will be required to 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.



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Public Consultation and Stakeholder Engagement

As 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 the Grievance Redress Mechanism for the underlying investments. The Manager will ensure that a grievance mechanism at Fund level is also in place. Both mechanisms are currently planned to be described in the ESMS.

Conclusions and Recommendations

The capacity of the Manager to manage and monitor E&S related aspects of the operation is deemed adequate.

The Fund will be required to fulfil the following contractual conditions, prior to first close:

- the Manager will be required to provide its updated ESMS with detailed procedures and guidelines.
- the updated ESMS must include provisions for ESIA disclosure, Stakeholder Engagement Plan (SEP), inclusion of the Grievance Redress Mechanism (GRM), climate vulnerability assessment, forced labour mitigation and supply chain due diligence – to the EIF's satisfaction.
- the 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.

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