

**Public**

## Environmental and Social Data Sheet

### Overview

Project Name:	ITALIAN ENERGY EFFICIENCY FUND II
Project Number:	2019-0722
Country:	Mainly Italy and potentially other EU member states and EFTA countries.
Project Description:	Investment fund targeting energy efficiency and renewable energy projects mainly in Italy.
EIA required	Some of the underlying projects may require an EIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

### Environmental and Social Assessment

The proposed operation concerns an equity investment of up to EUR 40m in the Italian Energy Efficiency Fund, an investment fund targeting to invest up to EUR 175m in energy efficiency ("EE") projects and small/medium-scale renewable energy ("RE") projects, mostly solar PV. Opportunistically, the Fund may also invest (c. 20%) into companies for other technologies involved in low carbon mobility projects such as electric vehicles, charging points, services and equipment. The Fund will focus its investments on Italy (at least 70%) and up to 30% in other EU member states and EFTA countries. This is the second operation with the same fund financed by the EIB.

The Operation will contribute to climate change mitigation by supporting the implementation of energy efficiency (mainly public lighting, buildings), renewable energy (mainly solar PV and perhaps wind farms) projects, battery storage of renewable energy and e-mobility infrastructure. These projects will lead to a decrease in energy consumption and an increase in energy from renewable sources. The exact savings will depend on the initial energy performance of the projects, whereas the renewable energy to be generated will depend upon the plants' capacity and performance.

Eligible investments will be consistent with the Energy Performance Building Directive (2010/31/EU), the Energy Efficiency Directive (2012/27/EU) and the Renewable Energy Directive (2018/2001/EU). In addition, the renewable energy projects shall be subject to the requirements of the Environmental Impact Assessment (EIA) Directive 2014/52/EU amending Directive 2011/92/EU, Habitats Directive (European Directive 92/43/EEC) and/or Birds

<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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Directive (European Directive 79/409/EEC as amended by 2009/147/EC). Other investments such as battery storage, electric vehicles, charging points, services and equipment will comply with specific eligible technologies and sustainability criteria as defined by the Bank.

## **Environmental Assessment**

The EE and e-mobility projects will be located in urban developed areas. The EE measures at construction stage will increase noise and vibration levels and affect air quality. Adequate mitigation measures will be considered together with the enforcement of good construction practices. The residual impact of the investments targeted by the fund are reversible and acceptable when appropriate mitigation measures are implemented.

Some of the RE projects to be financed by the Fund are expected to fall under Annex II of the Environmental Impact Assessment (EIA) Directive 2014/52/EU amending Directive 2011/92/EU. Therefore, they should be subject to a screening decision (including the impact to Natura 2000 sites) by the competent authority based on Annex III of the same Directive. In these cases, the Bank will require the Fund Manager to act according to the provisions of the aforementioned Directive as transposed into national law. Should the relevant competent authority screen in a scheme, the Fund Manager shall ensure that the EIA study is published on their website, in which case the Fund Manager will also send the publication link to the Bank or shall deliver to the Bank the EIA study for publication on the EIB's website before the Bank funds are allocated.

The Fund Manager has an environmental and social governance (ESG) system in place, and has appointed an Environmental and Social Officer to be in charge of coordinating and monitoring all E&S aspects during the investment processes and following the investment decision. Under the ESG risk methodology, environmental and social risks are identified at origination and screening stages and are analysed by the Investment Team. In addition, E&S related aspects are monitored by the Bank as part of the overall monitoring process.

## **Conclusions and Recommendations**

The Fund Manager is considered capable to select schemes complying with the Bank's specific procedures and eligibility criteria, in particular regarding the environmental and social aspects.

The Fund Manager will be required to ensure compliance of the investments with the EIB Excluded and Restricted Lists of activities, the EIB core E&S requirements including setting up a grievance redress mechanism applicable to its entire portfolio as well as the E&S national laws and regulations. On an annual basis, the Fund manager will prepare and submit to the Bank an aggregated E&S performance report. These requirements will be endorsed by contractual obligation.

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