

Luxembourg, 16/10/2024

## Environmental and Social Data Sheet

### Overview

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| Project Name:        | TERNA ELECTRICITY TRANSMISSION GRID RENEWAL  |
| Project Number:      | 2023-0790  |
| Country:             | ITALY  |
| Project Description: | Investment plan for the renewal of the Italian electricity transmission network (the "Project"). The investments to be implemented will replace obsolete infrastructures with modern, more efficient components (underground cables, substations, etc.), contributing to improving the network resilience to adverse climate events and the overall stability and reliability of the national transmission system. |

EIA required: no

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

#### Environmental Assessment

The Project entails the renovation of assets until 2026 that envisage the replacement of obsolete electricity transmission infrastructures, aimed at revitalizing the Italian electricity transmission network. Planned investments constitute a variety of intervention scattered in different part of the 132 kV and 150 kV transmission system.

Based on the characteristics some schemes under the scope of the Project are expected to fall under Annex II of the EIA Directive, leaving it to the competent authority to determine whether or not an Environmental Impact Assessment (EIA) is required. All schemes have operating voltage below the minimum thresholds for EIA screening set out in the Italian legislation (150kV and less than 30 km), as per the provisions of Article 4(3) of the EIA Directive 2011/92/EU as amended by Directive 2014/52/EU. No schemes are located in the vicinity of Natura 2000 sites. Environmental and social due diligence has followed the programme lending approach according to the EIB's procedures and standards, i.e. the due diligence focussed on the Promoter's capacity and capability to implement the investment programme in line with the EIB environmental and social standards and requirements. The environmental capacity of the Promoter is deemed to be good; it has the experience and the capacity to appropriately manage the Project.

The environmental impacts during Project implementation are expected to be minor and related mainly to noise, vibration and traffic disruption during the construction and disposal of replaced material and equipment. Appropriate mitigation measures will be implemented to minimise traffic with appropriate coordination with local authorities and traffic management. Material disposal will follow appropriate procedures in line with local laws by specialised contractors. During operation the environmental risks can be the leakage of oil from the transformers.

<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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Typical mitigation measures include design of facilities to contain oil leaking from transformers and special waste collection procedures.

The Promoter at group level has implemented a "Resilience 2.0" methodology, which has been approved by ARERA (Autorità di Regolazione per Energia Reti e Ambiente) in 2022. Terna "Resilience Plan" includes infrastructure interventions as well as grid mitigation, reinforcement and monitoring to enhance the grid's resilience to severe weather events.

The Promoter has Environmental certification according to UNI EN ISO 14001:2015 and BS OHSAS 18001:2007 that sets out the requirements for an environmental management system to improve the environmental performance through more efficient use of resources and reduction of waste.

The source of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions for the Project is the ohmic losses, the intervention will result in a reduction of 300km of network. The corresponding relative emissions are estimated at -5.5 kt CO<sub>2</sub>e per year and the absolute emissions are considered null.

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

Terna, being a corporate entity, is in scope and screened out of the PATH ("Paris Alignment of counterparties") assessment. According to the information available, Terna is not involved in high emitting activities nor operates in high emitting sectors, therefore the Promoter is not screened-in and its vulnerability to physical risks is not high.

The operation has been assessed for its Paris alignment. It is considered to be aligned for low carbon and resilience, in line with the policies set out in the Climate Bank Roadmap and with the EIB's Energy Lending Policy.

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

The Project is expected to provide short-term positive socio-economic impacts in the form of temporary employment opportunities. The interventions do not envisage land compensation problems, as the scope is focused on replacing obsolete infrastructures.

Whereas requested, the compensation process is well defined in the Italian legislative structure, mainly D.P.R. n° 327/2001 and relevant jurisprudence that define the compensation process. The law describes that compensation is necessary in accordance to the type of land, the agricultural production and includes compensation for eventual damages during construction.

The Promoter is "Health & Safety" ISO 45001 certified regarding occupational health and safety ("OH&S") to proactively improve its OH&S performance in preventing injury and ill-health.

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

Whereas requested the components will undergo public consultation, in line with EU and national legislation.

### **Other Environmental and Social Aspects**

The Promoter has a wide range of policies related to environmental and social aspects and performances. The main document is Terna's "Codes of Ethics", which establishes the guiding principles and values of the company's action. Environmental, safety and security topics are regulated by the "Integrated Policy" which describes Terna's "Integrated Management System".

Regarding "Social Aspects" these are regulated by the "Respect of Human Rights Policy" and the "Diversity & Inclusion Policy". The Promoter is included in the Bloomberg Gender Equality



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Index (GEI). The GEI is an international index that measures companies' performance regarding gender equality issues and the quality and transparency of their public reporting.

Furthermore, Terna is also included in the Standard & Poor's "Gender Equality & Inclusion Equal Weight Index" which assesses the companies on specific areas such as "Board Diversity Policy", "Board Gender Diversity", "Workforce Gender Breakdown", "Gender Pay Indicators", "Health and Well-being".

## Conclusions and Recommendations

Based on the information available and past experience with the Promoter, taking into consideration the Environmental and Social impacts and the capacity of the Promoter to implement the Project in compliance with the EIB's Environmental and Social Standards the Project is deemed acceptable.

The following undertakings are required:

- The Promoter undertakes not to allocate funds from EIB loan to components that requires EIA and that all investments shall comply with EIB's Environmental and Social Standards.
- The Promoter undertake not to allocate funds from the EIB loan to components dedicated to the direct connection of generation sources that emit above 100 g/CO<sub>2</sub> per kWh.

Under these conditions, the operation is deemed satisfactory from an environmental and social compliance perspective.