



Luxembourg, 26.06.2024

## Environmental and Social Data Sheet

### Overview

Project Name:	ENEL COLOMBIA FL
Project Number:	2023-0938
Country:	Colombia
Project Description:	Funding to support Enel Colombia's investments in sustainable electricity distribution and generation from renewable energy sources.
EIA required:	This is a Framework Loan operation. Some of the underlying allocations will require an EIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

The pipeline submitted by the Promoter comprises of a large-scale solar PV plant in Colombia, as well as distribution grid investments aiming at improving the quality and reliability of electricity supply services, as well as the resilience of the distribution network to climate change.

Due to the nature of this operation, the final allocations and their environmental and social (E&S) impacts are not fully known at this stage. All allocations will require ex-ante approval by the Bank prior to authorising the use of its funds. The Bank's requirements with regard to eligibility, including environmental and social criteria, will be incorporated into the finance contract. The operation supports the EU policy objectives and development of the European private sector in sustainable/secure energy and climate action outside Europe. The financing of this operation is in line with the Bank's lending priority objectives, and contributes to the climate and energy priority under the Global Gateway, which promotes the green transformation and commitments of the Paris Agreement on climate change. Additionally, in the context of the Nationally Determined Contributions agreed in the COP21, Colombia has determined a series of objectives of reducing greenhouse gas emissions, to which the operation will contribute.

#### Environmental Assessment

The main principles of environmental and social assessment practice enshrined in EU legislation, such as screening, scoping, independent review, public participation, disclosure and monitoring, are already present in the national legislation of Colombia, specifically in law 99 General Environmental Law of Colombia, and its Regulations (approved by Decree N° 1076 / 2015 of the Ministry of Environment and Sustainable Development).

If the sub-projects were in the EU, they would fall under Annex II of EIA Directive 2014/52/EU amending EIA Directive 2011/92/EU, requiring the national competent authority to decide on the need for a full EIA process. In the case of the interconnection power lines, some might be included in Annex I of the mentioned Directive, thus also requiring full EIAs to be performed. Electricity distribution sub-projects requiring an ESIA are excluded from this operation. In addition, alignment with the basic principles of the relevant EU Directives (e.g., Habitats Directive 92/43/EEC) will be sought, including compliance with Best-Available-Technique (BAT), where appropriate.

The investments have the potential for some environmental and social adverse impacts, including land degradation and soil erosion, vegetation clearance, disturbance during

<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.



Luxembourg, 26.06.2024

construction, electromagnetic fields and nuisance during operation. They may involve temporary loss of access to land or property due to the construction works within the right of way as well as crop and tree destruction.

The Promoter has the capacity and is committed to implementing the necessary mitigating measures at both design and construction stages. These typically include special construction procedures to minimise damages and disturbance, construction of facilities to contain oil leaking from transformers of grid infrastructure, soil restoration, traffic management measures, appropriate waste collection procedures and others.

The Bank will review the ESIA's during the appraisal of each individual sub-project. Whenever an ESIA process is required, a copy of the environmental and social impact study and the non-technical summary will be provided to the Bank prior to its approval and will be published.

The Promoter will be required to verify that none of the sub-projects has a significant adverse impact on any site of nature conservation importance. Sub-projects with significant E&S negative impacts will not be eligible under this operation.

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

The Promoter is in scope and screened-in to the PATH framework, because it is considered high emitting. Furthermore, the Promoter, through its parent company, is not active in activities that are considered incompatible with the Paris Agreement and meets the requirements of the EIB PATH framework with its existing alignment plan.

### **Social Assessment**

The envisaged sub-projects may give rise to typical occupational and community health, safety and security risks and impacts. These risks are primarily linked to traffic, dust and noise nuisances, presence of security personnel and the influx of labour force during construction. The Promoter will secure the right-of-way, as necessary. The main mitigation and monitoring measures to address these risks/impacts and others will be considered in the respective Environmental and Social Management Plan (ESMP), if applicable.

The Bank will require that the assessment of social impacts, including the development of necessary mitigation measures (as applicable), and compliance with national law and ILO Core Labour Standards, will need to be ensured by the Promoter at sub-project level in accordance with the Bank's Environmental and Social Standards. Sub-projects will require the acquisition, lease or easements of land for the installation of their components. The Promoter will seek to secure voluntary agreements for the land required for all sub-projects' assets. It is expected that the implementation of the operation will not lead to involuntary physical displacement. Sub-projects with physical displacement and/or impact on indigenous people will be excluded from the project scope to be financed by the EIB.

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The Promoter has a Human Rights Policy in place, including due diligence mechanisms, rejecting the use of any form of forced or compulsory labour.

The EIB ensures that the Promoter has a Human Rights Policy and a Code of Ethics in place, 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 E&S standards of the Bank.

For this purpose, the Promoter undertakes to perform supply chain due diligence to mitigate the risk of forced labour in the PV supply chain of the projects. As part of this due diligence, the Promoter shall obtain a complete mapping of the supply chain of the PV module manufacturers reaching the level of silicon/polysilicon suppliers. In any case, the Promoter shall obtain signed declarations by the PV module manufacturers concerning the origin of the components used in the PV modules. The Promoter shall pass down to its suppliers the requirement to avoid forced labour.



Luxembourg, 26.06.2024

## Public Consultation and Stakeholder Engagement

The Bank will verify that disclosure of information and meaningful public consultation have been carried out or are both planned for, in the context of the ESIA process, as well as prior to and during the construction phase, and – if applicable – throughout the lifetime of the project. At sub-project level, the Promoter will ensure that comprehensive grievance mechanisms, both for communities and for the workforce (including EPC contractor and sub-contractors), are in place during both implementation and the entire operation period of the sub-projects.

Stakeholder engagement activities will be conducted in compliance with national legislation, with the Promoter's guidelines on Stakeholders' Engagement – which are considered satisfactory by the Bank – and with the Bank's relevant E&S standards.

## Other Environmental and Social Aspects

The Promoter has an Environmental Policy, which is underpinned by four principles: a) protect the environment by predicting possible impacts; b) improve and promote environmental sustainability of products and services; c) create shared value for the company and stakeholders and d) meet legal compliance obligations and voluntary commitments by promoting an ambitious approach to environmental management.

The protection of biodiversity is one of the strategic objectives of the Promoter's environmental policy and is based on a specific internal policy adopted in 2015. The Promoter is ISO 14001 certified at group level and has an internal Environmental and Social Policy and Management System, as well as organisational capacity to perform E&S due diligence, climate risk assessment and monitoring, ensuring compliance of the underlying investments with international standards. The Promoter's capacity to implement this operation in compliance with the EIB's Environmental and Social Standards and with the principles of the relevant EU directives is deemed good.

## Conclusions and Recommendations

The following conditions and undertakings will be included in the legal documentation of the operation. Other/Additional contractual conditions and undertakings may be decided at sub-project level.

- The Promoter shall not commit any EIB funds against sub-projects that require an ESIA or biodiversity assessment (as applicable) without receiving consent from the competent authority, the prior approval of the aforementioned documents by the Bank and having made these documents available to the public. Sub-projects in electricity distribution requiring an ESIA are excluded from this operation.
- The Promoter shall store and keep updated the E&S documentation that may be relevant to this operation and shall, upon request, promptly deliver such documents to the Bank.
- The Promoter will undertake to monitor and report to the Bank on the compliance with EIB E&S Standards, with a periodicity and scope yet to be defined for the individual allocations.
- Sub-projects (i) with significant negative impacts on areas with high biodiversity value or, (ii) with significant, negative environmental and/or social impacts or, (iii) requiring physical resettlement or (iv) with impact on indigenous people, shall not be eligible.
- The Promoter shall ensure that the supply chain of the solar PV panels used in any sub-project is compliant with the applicable provisions of the relevant labour standard of the Bank, and avoids the use of forced labour. For this purpose, the Promoter undertakes to make reasonable efforts to carry out mutually agreed due diligence throughout its supply chain, with the aim of avoiding the use of forced labour in the supply chains of the solar PV panels that will be used for the respective electricity generation allocations. The Bank will assess this before the allocation of funds to the solar PV generation plants.

In view of the above findings and with appropriate conditions in place, the operation is acceptable for EIB financing in environmental and social terms.