

Luxembourg, 28.06.2024

Environmental and Social Data Sheet

Overview

Project Name: SOLOMON SOLAR PV
 Project Number: 2024-0086
 Country: Italy
 Project Description: Multi-annual investment programme into small-scale solar PV plants with a total installed capacity of c. 220 MW, at geographically dispersed locations throughout Italy.

EIA required: No

Project included in Carbon Footprint Exercise¹: yes

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

Environmental and Social Assessment

The present operation concerns an Investment Programme (IP) with the Borrower, Sunprime MT S.r.l. The operation concerns the financing of a portfolio of small to medium scale rooftop and ground mounted solar Photovoltaic (PV) plants with a total installed capacity of c. 220 MW over approximately 120-130 installations in various locations in Italy. The underlying plants are expected to have a capacity of up to c. 10 MW, with an average size of 1.7 MW.

The operation will contribute to EU energy objectives by supporting investments in new renewable energy generation capacity. The investments will generate environmental benefits in terms of reduction of air pollutants and GHG emissions, ultimately helping to mitigate climate change. The Project is aligned to the goals and principles of the Paris Agreement as set out in the Bank’s Climate Bank Roadmap and the Energy Lending Policy.

Environmental Assessment

Due to their technical characteristics, most of the solar PV plants are expected to fall under Annex II of Directive 2014/52/EU amending (Environmental Impact Assessment) EIA Directive 2011/92/EU, leaving it to the national competent authority to determine according to Annex III of the said Directive whether an environmental impact assessment is required.

Some projects may fall under the recently approved legislation that facilitates and accelerates the approval procedures for renewable energy (“Procedura Abilitativa Semplificata”). This procedure entails identification of suitable areas, verification of absence of environmental and other constraints and approval by the municipality. For these projects the Borrower will verify their compliance with the above procedures.

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.



Luxembourg, 28.06.2024

In the unlikely case an EIA is required, the Bank will require the Borrower to store and keep updated any documents that may be relevant for the project (including EIA screening decisions, environmental studies, environmental monitoring reports or equivalent documents), supporting the compliance with the EIA Directive and national environmental regulations, and shall upon request promptly deliver such documents to the Bank.

EIB Carbon Footprint Exercise

In accordance with the Bank's current Carbon Footprint methodology, it is calculated that based on the avoidance of electricity generation from a combination of existing and new power plants in Italy (combined margin for intermittent generation), the total relative effect of the project is a net reduction in CO₂ equivalent emissions by ca. 94 kt CO₂e/yr.

For the annual accounting purposes, if the project is included in the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

EIB Paris Alignment for Counterparties (PATH) Framework

Under the PATH Framework, the Project follows a non-recourse, Project Finance (PF) structure. This is a multi-shareholder SPV structure. The operation is therefore out of scope of the PATH framework.

Social Assessment, where applicable

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The Borrower will be required to make reasonable efforts to assess and address the risk of forced labour, including throughout the solar PV supply chains, as foreseen by the EIB E&S Standards.

The Borrower has an E&S policy in place. The Borrower will further be required to develop an Environmental and Social Management System (ESMS) during the implementation period of the operation. The Borrower has 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 (including Standard 8 - Labour - of the EIB E&S Standards).

The Borrower implements the Do No Significant Harm (DNSH) criterion in its project implementation. The Borrower already performs 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 Borrower requests certificates of origin of the components used in the solar PV modules and ESG policy documentation from all key suppliers is reviewed by the Borrower. The Borrower will be required to pass down to its suppliers the requirement to avoid forced labour in the solar PV supply chain.

Furthermore, the installation of some of the rooftop solar PV plants involves the refurbishment of the rooftop and disposal of asbestos, thus removing a health risk and adding value to the property.

Other Environmental and Social Aspects

The environmental and social risk management capacity of the Borrower is deemed to be adequate. The Borrower has the experience and capacity to appropriately manage this project.

Luxembourg, 28.06.2024

It is concluded that the Borrower has the capacity and capability to implement the programme in line with EIB environmental and social standards and requirements.

Conclusions and Recommendations

The Bank reviewed the environmental and social capacity of the Borrower, including its organisation, processes and procedures, and considers them to be satisfactory. Based on the

information made available and with appropriate conditions in place it is expected that this operation is acceptable in environmental and social terms for Bank financing:

- The Borrower undertakes not to allocate the EIB's funds to solar PV plants that may require an EIA without the Bank's prior approval. The Bank reserves the right to request any documents that may be relevant for the project and that the Borrower shall store and keep updated (including EIA screening decisions, environmental studies, environmental monitoring reports or equivalent documents), supporting the compliance with the EIA Directive and national environmental regulations, and shall promptly deliver such documents to the Bank upon request.
- The Borrower undertakes not to allocate the Bank's funds to programme schemes that require an Environmental Impact Assessment (EIA) until the EIA and/or the biodiversity assessment have been finalised and approved or endorsed by the relevant competent authorities. For schemes requiring an EIA and/or an Appropriate Assessment (AA), an electronic copy of the EIA/AA reports must be sent to the Bank as soon as each scheme is approved by the competent authority.
- The Borrower undertakes to develop an ESMS, commensurate with the size and nature of the impacts and risks of the underlying projects, during the implementation of the operation and share the progress of this with the Bank.
- The Borrower undertakes to ensure that programme schemes that may have an effect on a Natura 2000 site will undergo an analysis (or screening) to determine whether the scheme requires an Appropriate Assessment. When an Appropriate Assessment has been deemed necessary, the Borrower will ensure that such assessment is carried out in line with Article 6(3) of the Habitats Directive.
- Schemes with significant negative impacts on a nature conservation site shall not be eligible.
- The Borrower shall store and keep up-to-date all documents relevant for the programme supporting the compliance with the provisions of EU environmental legislation, including Habitats and Birds Directives, permits and environmental and social approvals and, where required, social studies, and shall promptly upon request deliver such documents to the EIB. The Borrower will have to demonstrate that the measures foreseen in the EIA reports and the permits, including measures to avoid, reduce and mitigate the impact, were put in place during the construction and operational phases.
- The Borrower will be required to make reasonable efforts to carry out appropriate due diligence throughout its supply chains, with the aim of avoiding the use of forced labour in the supply chains of the solar panels that will be used for this project. The outcome will be reported to and reviewed by the Bank.
- The Borrower will be required to pass down to its suppliers the requirement to avoid forced labour in the solar PV supply chain.
- The Borrower shall share with the Bank details about the grievance mechanisms put in place for the programme, including communication channels allowing for receiving and reviewing inquiries or complaints from any interested party for the above projects.