

Luxembourg, 28.08.2024

Environmental and Social Data Sheet

Overview

Project Name:	EDELWEISS CLIMATE FUND - GLOBAL GATEWAY
Project Number:	2023-0048
Country:	India
Project Description:	The India Climate Fund I Ltd. ("Edelweiss Climate Fund", "ECF" or the "Fund") will invest equity and quasi-equity in greenfield infrastructure projects and mid-sized growth companies in India. The Fund will invest in decarbonisation sectors and 85% of its commitments will qualify as Climate Action and Environmental Sustainability investments (renewable energy "RE", energy efficiency "EE", transmission, EV infrastructure).
EIA required:	yes (some investments may require an EIA/ESIA)
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The environmental and social impact of most of these renewable energy investments – if appropriately designed and operated – is expected to be limited, site-specific, and largely reversible with no significant negative residual effects after the implementation of mitigation measures.

It is expected that a full Environmental (and Social) Impact Assessment E(S)IA will be required for some but not all investments. Regardless, the Fund Manager will be required to perform an assessment of environmental and social risks for each project and follow through the environmental and social performance during project implementation. For investments subject to an Environmental and Social Impact Assessment (ESIA) or biodiversity assessment as defined by national legislation, the Fund Manager shall ensure that the Environmental and Social Impact Assessment or the biodiversity assessment is carried out and that public consultation is undertaken in accordance with national legislation and in line with the EIB E&S Standards. The Fund will also carry out such an assessment if the investment requires one and if it is located in the EU in accordance with EIA Directive 2014/52/EU amending Directive 2011/92/EU.

Projects with significant negative social or environmental impact will not be allowed. If a project is likely to affect a nature conservation zone or other sensitive areas as defined in national or international environmental legislation, the Fund Manager shall obtain confirmation from the competent authority – following a biodiversity assessment in line with EIB requirements – that the scheme does not have significant negative impacts on any site of nature conservation importance.

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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Considerable e-waste (electronic and electrical waste) is expected to arise from the operation in five to ten years (average lifetime of the units and the appliances). To mitigate this risk, the Fund is already committed / will commit to actively reducing its adverse environmental impact in this respect. The Bank has requested the Fund to formulate a clear e-waste policy and management plan in line with industry best practice, and compliant with the EIB's environmental standard 2 concerning pollution prevention and abatement. The Bank will monitor the development and implementation of the e-waste management plan.

EIB Paris Alignment for Counterparties (PATH) Framework

Edelweiss as a Fund Manager has more than EUR 500m assets under management and is in scope and screened into the PATH framework. It is already reporting in line with TCFD requirements and is considered compliant.

Social Assessment, where applicable

The Fund has a Responsible Investment Policy and ESG standards in place. Edelweiss's Responsible Investment Policy and procedures for ESG integration are guided and informed by UN Principles for Responsible Investments (UN PRI). The ESG framework includes a human rights policy, rejecting the use of any form of forced or compulsory labour, applicable inter alia to the supply chain of the underlying solar PV projects, in compliance with the applicable provisions of the relevant E&S standards of the Bank and national laws.

The Fund 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.

Public Consultation and Stakeholder Engagement

The Fund's ESG governance structure includes an appropriate grievance redress mechanism ("GRM") at project level. The GRM is appropriate to the level of E&S impacts and risks of the underlying projects. It is designed to ensure that any individual or community who believes they are or might be adversely affected by a project is able to file a grievance or complaint using the grievance process.

Other Environmental and Social Aspects

The Fund will be obliged to enhance the Social and Environmental Management System (SEMS) to the satisfaction of the Bank. The SEMS, inter alia, will establish the approach to identifying and managing E&S risks within investment and portfolio management processes, and will define roles and responsibilities.

The enhanced ESMS is expected to include a procedure for identifying, assessing and managing the E&S risks and impacts associated with the Fund Manager's investments throughout the investment cycle. The Fund Manager commits to review the E&S risks and impacts of all investments together with other investment documents at the Investment Committee.

Edelweiss has a dedicated ESG Team and an ESG Manager accountable for all E&S matters. Their key responsibilities include defining the ESG principles and standards to be followed by Edelweiss's fund investments, and advising Edelweiss's investment functions on ESG matters. ESG will be integrated on a day-to-day basis at the investment level of Edelweiss's Investment and Investment Management Teams, and the EIB will have regular E&S meetings to monitor progress and ensure good practices.



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Conclusions and Recommendations

The Fund will adhere to the EIB's applicable E&S standards and will incorporate the EIB's environmental and social requirements into its legal documentation to the satisfaction of the EIB. All investments shall comply with national legislation and international conventions and agreements ratified by India. The Fund Manager is considered to have acceptable E&S policies as well as good internal E&S capacity to operate the Fund in line with EIB requirements.

To further enhance its SEMS, the Fund Manager shall undertake the following, if the EIB becomes an investor in the Fund:

1. Fully incorporate the EIB's environmental and social standards into its existing E&S procedures and management system.
2. Where an ESIA is required for an investment, the Fund shall require the investee company to disclose the ESIA and relevant studies on its website. If the Investee does not have the capacity to publish the relevant documentation, the FM will publish such documentation on its own website.
3. Provide regular updates on the Environmental and Social performance of its investments, and include appropriate E&S conditions in the legal documentation with the investee company. The Fund will, on an annual basis, prepare and submit to the Bank an aggregated E&S performance report.
4. Make its e-waste policy and procedures official, passing them on to the investee companies and monitoring/reporting annually on the e-waste disposal and recycling activities undertaken, from collection to disposal/recycling centres, with statistics on volumes of e-waste processed.
5. Use reasonable efforts to ensure that the investments are screened for any labour issues in the supply chain, and cascade down similar requirements in its finance contracts.
6. Disclose its E&S Policy and Summary ESMS on its website.

With the above-mentioned requirements in place, the operation is acceptable for EIB financing in environmental and social terms.