

Luxembourg, 14/11/2024

Environmental and Social Data Sheet

Overview

Project Name: ENEL ELECTRICITY DISTRIBUTION NETWORK UPGRADE

Project Number: 2024-0442

Country: Italy

Project Description: Investment plan for the modernization, digitalization and extension of Enel group's electricity distribution networks in Italy (the "Project"). The Project, to be implemented over the 2024-2026 period, will contribute to improve the network resilience to adverse climate events and the overall stability and reliability of the distribution system.

EIA required: No

Project included in Carbon Footprint Exercise¹: No

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

Environmental and Social Assessment

Environmental Assessment

The Project is an investment programme (the "Project") for the reinforcement and modernization of the distribution networks in Italy, during the period 2024-2026. The Project concerns new and refurbished assets in MV and LV networks such as: approx. 5261 km of MV/LV lines, (1741 km of new lines and 3520 km of refurbished lines), improvement of 1126 substations including network automation investments. The Project will enable the Promoter to improve quality of service, to cater for demand growth and connect new users as well as increase the resilience of the network. The Project will be implemented by E-DISTRIBUZIONE S.p.A. (the "Promoter" and "Beneficiary"), a distribution system operator in Italy, a fully owned subsidiary of ENE S.p.A. ("ENEL").

The characteristics of some the schemes under the scope of the Project are such that they are listed under Annex II of the Environmental Impact Assessment ("EIA") Directive 2014/52/EU amending the EIA Directive 2011/92/EU, leaving it to the competent authority to determine whether or not an Environmental Impact Assessment (EIA) is required. The envisaged schemes do not meet the minimum thresholds for EIA screening set out in the Italian legislation because they are below 150kV and less than 30 km. The Promoter informed the Bank that none of the works will be implemented inside or near "Natura 2000" areas.

Overall, the environmental impacts of the Project are expected to be minor and related mainly to noise, vibration, dust, and traffic disruption during the construction, and electromagnetic fields and nuisance during operation. Appropriate mitigation measures will be implemented to minimise impacts during construction and operation. Particular attention will be paid to contain the effect of noise, vibrations and traffic disruption during the construction works.

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, 14/11/2024

Typical mitigation measures include special construction procedures to minimize damages, construction of facilities to contain oil leaking from transformers, special waste collection procedures and other. Regarding cultural heritage, excavation works will be carried according to national legislation (Legislative Decree 42/2004).

The environmental and social due diligence has focussed on the Promoter's capacity and capability to implement the Project 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 investment Project. The source of CO₂ equivalent (CO₂e) emissions for the Project is the ohmic losses associated with new or refurbished network equipment. At Project completion, the corresponding absolute emissions are estimated to be 8 kt CO₂e per year. These absolute emissions are offset by the reduction in network losses enabled by the Project in comparison to the do-nothing alternative. Therefore, at completion, the Project is expected to enable a saving of circa -13 kt CO₂e per year.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty ENEL is in scope and screened out of the PATH framework, because it does not operate in high emitting sectors and its vulnerability to physical risks is not high.

Social Assessment, where applicable

The Project does not entail physical resettlement and allows the improvement of quality of service to users ("SAIDI" and "SAIFI"), improvement of operating conditions and the connection of a distributed generation from renewables. The Promoter's policies covering "Diversity and Inclusion" topics are: the "Code of Ethics, Human Right, Anticorruption and Diversity, Equity & Inclusion Commitment Statement" to which ENEL adheres.

One of the objectives of the code is promoting equal treatment and opportunities between genders within the entire corporate organization and initiatives are present to encourage inclusion ENEL confirms its presence in the 2023 "Bloomberg Gender-Equality Index" (GEI), the international index that tracks companies performance in terms of gender equality across five pillars: female leadership, equal pay, inclusive culture, anti-sexual harassment policies, pro-women brand positioning on the part of the company.

Public Consultation and Stakeholder Engagement

The Promoter will be requested to ensure compliance with national and European environmental legislation, notably to facilitate public access to environmental information and guarantee public consultation during the environmental decision process, where relevant.

Other Environmental and Social Aspects

Regarding environmental aspects, both ENEL and the Promoter have several certifications such as: ISO 9001 ("Quality Management Standards"), ISO 14001 ("Environmental Management Standards"), ISO 45001 ("Occupational Health and Safety Standards") and ISO 50001 (to reduce their energy costs, improve energy efficiency, and reduce greenhouse gas emissions).

The Promoter is experienced, well known to the Bank and has the capacity to mitigate the impacts to an acceptable level through its Environmental Protection Management programme. Safety aspects are integrated into the Promoter's guidelines.

Conclusions and Recommendations

The Bank has reviewed the environmental and social capacity of the Promoter including its organisation, processes and procedures, and deemed them to be acceptable.



Luxembourg, 14/11/2024

Based on the information available, and with appropriate conditions (see below) and monitoring, the Project is expected to be acceptable in environmental and social terms for Bank financing:

- The Promoter undertakes to ensure that no funds will be allocated to assets which serve new direct connection of generation facilities with lifecycle GHG⁴ emission above 100 gCO₂e/kWh.
- The Promoter undertakes to ensure that no Bank funds are allocated to Project's components that require a full EIA until the EIA and/or the necessary nature assessment have been finalised and approved by the relevant competent authority. Once any EIA is available, the Promoter will provide the Bank with an electronic copy of the EIA, for publication on the EIB website.

⁴ Green House Gas