

Luxembourg, 18/09/2024

Environmental and Social Data Sheet

Overview

| | | |
|--|---|--|
| Project Name: | REUTLINGEN PUBLIC INVESTMENTS | |
| Project Number: | 2023-0272 | |
| Country: | GERMANY | |
| Project Description: | Multi-annual investment programme (2023-2027) by a local utility in the energy sector (electricity networks and district heating) | |
| EIA required: | no | |
| Project included in Carbon Footprint Exercise ¹ : | yes | |

Environmental and Social Assessment

The project concerns a part of the promoter's multi-annual, rolling investment programme and will focus on infrastructure investment schemes within the promoter's energy sector business units. It involves to a large extent upgrading, renovating and extending the low-voltage (LV) electricity distribution and medium-voltage (MV) transmission networks managed by the promoter's subsidiaries, but it also includes investments in some district heating network components (including storage of heat).

Environmental Assessment

Project components could fall under Annex II of the EIA Directive (2014/52/EU amending the EIA Directive 2011/92/EU), which requires the competent national authority to determine the need for an EIA. None of the schemes indicatively envisaged for financing are however expected to meet the requirements for an EIA. Nonetheless a condition will be included in the finance contract requiring that the promoter completes any EIA or nature conservation area impact assessment and receives approval from the competent authorities prior to allocating the Bank's funds to the project scheme, and that copies of the relevant documents, including the consents, are provided to the Bank. The project schemes are expected to have limited residual environmental impact.

EIB Carbon Footprint Exercise

The proposed investments will generate around ~3 kt CO₂e/year of absolute emissions. In accordance with the Bank's current Carbon Footprint methodology, the total relative effect of the project is a net reduction in CO₂ equivalent emissions by ~3 kt CO₂e/year. For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of the project cost.

EIB Paris Alignment for Counterparties (PATH) Framework

The promoter's holding company is the counterparty. It is in the scope of the PATH framework. 3.7% of the counterparty's revenues relate to energy production and 34.7% relate to gas networks and sales of gas, which are high-emitting sectors. This exceeds the 20% threshold and therefore, the counterparty is considered being a high-emitting counterparty. It is screened in of the PATH framework and will be required to publish a decarbonisation plan following the contract signature.

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, 18/09/2024

The counterparty is not involved in incompatible activities. Based on internal classification of the Bank considering the physical and transition risks, the counterparty operates in a context of vulnerability. Despite having transformation plans in place to exit gas combustion for its district heating, the counterparty is screened in of the PATH assessment.

Social Assessment, where applicable

The area of investments is a densely populated area already heavily shaped by human activity. The operation of the project does neither result in significant changes in the landscape or the built cultural environment, nor does the project have significant adverse effects on human health, comfort or living conditions.

The project will have positive temporary employment effects during implementation and create permanent employment opportunities in 2024 for the operational phase of the investments. The employment conditions and the level of inclusion will be in line with national regulations.

Public Consultation and Stakeholder Engagement

Where relevant, the promoter will ensure compliance with national and European environmental legislation, notably to facilitate public access to environmental information and public consultation during the permitting processes.

Conclusions and Recommendations

On the basis of the above, the Bank will require the following environmental and social disbursement conditions and undertakings in its finance contract:

- The borrower shall not commit any EIB funds against schemes that require an EIA or biodiversity assessment according to EU and national law without, prior to commitment, receiving consent from the competent authority, and the Non-Technical Summary of the EIA having been made available to the public.
- The borrower shall store and maintain updated the relevant documents (including environmental studies related to the EIA, the Non-Technical Summaries of the EIAs, and Nature/Biodiversity Assessments or equivalent documents supporting the compliance with the EU Habitats and Birds Directives and the absence of significant impact—to be provided to the Bank upon request. In case the EIB requires such documentation, the borrower shall provide all documents requested promptly.
- The borrower undertakes to consider and implement conditions expressed in any screening-out decision or EIA consent granted by the competent authority for nature and environment.
- All the biomass sourced as a fuel for the project need to align with the EU biomass sustainability criteria principles as defined in the Directive EU 2018/2001 (Article 29) and with the EU Timber Regulation (EU/995/2010).
- Wood supply chain and the underlying forest management practices are to be certified, or if not yet certified, they have to be aligned with the standards so as to be certifiable by internationally accredited certification schemes (e.g. FSC or PEFC).
- The borrower undertakes that no EIB funds will be allocated to assets connecting generation with lifecycle GHG emissions above 100 gCO₂e/kWh.
- Appropriate contractual undertakings on not investing in incompatible activities, in line with the PATH framework.