European Bank
for Reconstruction and Development

# InvestEU Sustainability Proofing Summary

## Sunly

November 2024

# Sunly

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| The Sunly project is a large-scale renewable energy initiative focused on developing solar power plants in Latvia, with a total capacity of 335 MW. It plays a key role in Latvia's renewable energy goals and EU's REPowerEU objectives, contributing significantly to reducing CO2 emissions. Environmentally, it assesses minimal risks to air, water, land, and soil quality, while biodiversity concerns are addressed with specific mitigation strategies. Socially, it adheres to best labour practices (including in the supply chain of solar PV panels), ensuring fair working conditions and gender equality, while minimizing risks to vulnerable populations and cultural heritage. The project is committed to stakeholder engagement and sustainable development throughout its lifecycle. | |
| **Identification of the project** | |
| Project total cost (exclusive of VAT): | □ below EUR 10 million<br>☒ equal to or higher than EUR 10 million |
| **EIA Directive** | |
| | □ Annex I projects (EIA required)<br><br>☒ Annex II projects (screening)<br>☒ EIA required (project screened in)<br>□ EIA not required (project screened out)<br><br>2014 EIA Directive applicable<br>☒ Yes<br>□ No |
| **Sustainability proofing process** | ☒ **Climate**<br>☒ **Environmental**<br>☒ **Social** |
| **Climate Dimension** | |
| *Climate dimension (screening)* | **Adaptation:**<br>The vulnerability analysis, which combines the results of both the sensitivity and exposure analysis, indicates that further assessment is needed for floods, windstorms, landslides and avalanches, hailstorms, and forest fires.<br><br>**Mitigation:**<br>Is the project recommended to undergo Carbon footprint as per Chapter 2.2 of the sustainability proofing guidance?<br>□ No<br>☒ Yes<br>If "no", justify why the Carbon footprint is not necessary. Provide any other considerations to take into account:<br>In accordance with section 2.2.5.1 of the Technical Guidance on Sustainability Proofing for the InvestEU Fund, given the anticipated relative emissions are above -20,000 tCO2e/yr, a complete carbon footprint assessment, with the inclusion of monetary values of such externalities in the economic appraisal of the investment, **is required.** |

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| *Climate adaptation (proofing), as applicable* | In accordance with the "Technical Guidance on Climate Proofing of Infrastructure in the Period 2021-2027" for infrastructure projects and the outcomes of the vulnerability analysis, we assessed the identified hazards in the screening section. The conclusions from this assessment are as follows:<br><br>• Floods: a comprehensive independent TDD has been prepared which included a flood risk assessment across all sites. The assessment, conducted in March 2025, concluded that flood risks, whether from water bodies, watercourses, or precipitation, do not present a significant obstacle to the development of the solar farms and are deemed very low. Moreover, a further mitigation to the low flood risk is through the existing drainage systems in the areas, and the upgrade of the systems is currently being undertaken by the Customer. Regarding Barkava, a drainage system assessment has been performed, and the drainage system was upgraded accordingly. Regarding Valmiera, an assessment of the drainage system has been conducted, and the drainage system will be upgraded during the construction.<br>• Landslides & avalanches: According to data from the Global Facility for Disaster Reduction and Recovery (GFDRR), the occurrence of landslides or avalanches at the four project locations is unlikely, as these locations received the lowest scores for occurrence. This suggests a rare likelihood of such events (less than 5%). As a result, the potential impacts on asset damage, engineering, operational aspects, safety and health, environment, cultural heritage, social aspects, financial considerations, and reputation are considered insignificant.<br>• Hailstorms: Based on Swiss RE data, the four project locations are situated on areas of no hail risks, indicating a rare likelihood of occurrence (less than 5%). Consequently, the potential impacts from hailstorms on asset damage, engineering, operational aspects, safety and health, environment, cultural heritage, social aspects, financial considerations, and reputation are deemed insignificant.<br>• Windstorms: The likelihood of windstorms is moderate in one of the locations (Zirni) based on data from Swiss RE. However, further assessment categorised the risk as low.<br>• Forest fires: the threat of wildfires is minimal in the four locations of the project according to data from Swiss RE.<br><br>See Annex I for further details on Climate Adaptation. |
| *Climate mitigation (proofing), as applicable* | This Operation will finance the development of a Latvian renewable energy portfolio, comprising four solar power plants, each owned by a separate special purpose vehicle (SPV): |

- Zirni 100 MW
- Dagda 90 MW
- Barkava 81 MW
- Valmiera 54 MW

The total installed capacity of the Project will be approximately 335 MW, contributing significantly to Latvia's renewable energy targets. The proceeds from the Bank's financing will be allocated toward the development, construction, and operation of these plants. Collectively, the solar plants will generate approximately 354,531 MWh of electricity annually, while avoiding 68,730 tonnes of CO2 emissions per year.

Table I. Generation Forecast Region

| Country | Asset | Net Generation MWh (P50) | Net Generation MWh (P90) | Capacity (MW) |
|---|---|---|---|---|
| Latvia | Valmiera | 60,540.0 | 55,825.0 | 54.0 |
| | Barkava | 97,142.0 | 89,740.0 | 81.1 |
| | Dagda | 94,370.0 | 87,315.0 | 90.0 |
| | Zirni | 129,611.0 | 121,651.0 | 110.0 |
| Total | | 381,663.0 | 354,531.0 | 335.1 |

Table II. Grid Factors and GHG emissions impact

| Country | CM | Total RE Capacity Installed (MW) | Net Generation | CO2e Emissions Reduced (tonnes/year) |
|---|---|---|---|---|
| Latvia | 0.19386 | 335 | 354,531.0 | 68,730 |

Latvia has traditionally relied heavily on renewable energy sources due to its substantial hydropower resources. In 2023, renewables accounted for 77% of total electricity generation, with hydropower contributing 62% of this share. Hydropower also provides critical baseload flexibility, particularly during winter. However, its annual output fluctuates significantly depending on water availability, with its share of the energy mix varying between 33% and 62% since 2010. Moreover, Latvia's hydropower infrastructure is aging, with much of the capacity owned by Latvenergo AS, the dominant state-owned utility. This underscores the need for diversified renewable energy sources—such as solar—that reduce dependency on seasonal hydropower and mitigate resource availability risks.

This operation supports the EU's REPowerEU objectives and Latvia's ambitious renewable energy goals. The EU aims for a 42.5% renewable energy share in gross energy consumption by 2030, with aspirations of 45%. Latvia targets a 65% reduction in GHG emissions from 1990 levels by 2030 and climate neutrality by 2050. According to its updated National Energy and Climate Plan, Latvia aims to rise renewable energy in electricity generation from 71.6% in 2022 to 80% by 2030.

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| | As the proposed investment plan projects relative emissions of -68,730 CO2e/year, in accordance with section 2.2.5.1 of the Technical Guidance on Sustainability Proofing for the InvestEU Fund, a complete carbon footprint assessment with the inclusion of monetary values of such externalities in the economic appraisal of the investment is required in this scenario. The Technical Guidance emphasizes the utilization of Cost-Benefit Analysis (CBA) for the carbon assessment of the project. In this approach, monetized GHG emissions, whether generated or avoided by the project, are integrated into the economic appraisal to determine the project's Economic Rate of Return (ERR). The CBA incorporates the inclusion of a social discount rate of 5%. The results reveal that the monetary value of GHG emissions [in 2016-prices] stands at € 327,008,795 underscoring the project's positive impact on CO2 emissions savings compared to the baseline scenario.<br><br>See Annex II for further details on Climate Mitigation. |
| *Voluntary measures (Positive agenda checklist)* | The project will actively promote the use of renewable energy sources, contributing an additional 335 MW of renewable energy to the national grid. This not only aligns with sustainability goals but also furthers the commitment to reducing reliance on non-renewable resources. The transition to renewable energy is expected to supplant thermal energy sources, which are traditionally associated with air pollution emissions such as NOx, SOx, and VOCs. |
| **Environmental Dimension** | |
| *Legal framework* | The operation is not part of any plan, programme, or strategy at the local, regional, or national level (A.1.1). Consequently, no environmental assessment under the SEA Directive 2001/42/EU is applicable. However, the project promoter will provide a self-declaration regarding compliance. Regarding the application of Directive 2011/92/EU (the EIA Directive), the operation is listed in Annex II of the Directive (A.2.1), but not in Annex I or outside of both annexes.<br><br>The operation will not deteriorate the status of a water body or cause failure to achieve good water status or potential under the Water Framework Directive (A.4.1). Therefore, the exceptions listed under Article 4(7) are not necessary, as no functional groundwater aquifers or domestic water wells are present in the project areas, and any potential effects are considered temporary or insignificant.<br><br>The project does not encroach any Natura 2000 areas. However, as the project is located in the vicinity of sensitive area, short-term impact on species listed on Annex IV of the Habitat Directive may occur. Detailed, specific surveys and impact assessment will be carried out, and corresponding mitigation will then be implemented as part of the proofing to ensure full compliance with the Habitat Directive. |

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| | Regarding compliance with other environmental directives, the operation does not fall under the scope of the Industrial Emissions Directive (Directive 2010/75/EU) (A.5.1). Consequently, no application of Best Available Techniques (BAT) or compliance with emission limit values is required. Additionally, no other relevant environmental directives apply to this operation (A.5.2). |
| *Environment dimension (screening)* | The assessment indicates that the project is unlikely to have significant negative impacts on air quality. It does not involve activities that could generate dust emissions, substantial energy consumption, emissions from manufacturing processes, or significant changes in transportation modes or infrastructure. Furthermore, the site is not located in an Air Quality Zone that fails to meet regional or national standards, and emissions from the project are not linked to such targets. There are no anticipated cumulative or consequential impacts on air quality resulting from other planned or existing activities in the area. Overall, the risk to air quality is deemed low.<br><br>Similarly, the project is not expected to pose significant risks to the water environment. It will not involve activities that could adversely affect surface waters, groundwaters, or marine waters, either temporarily or permanently. No discharges of pollutants into water bodies or wastewater treatment systems are foreseen, and the project will not use or handle harmful substances that could negatively impact water quality. Additionally, the project location is not susceptible to pollution, flooding, or drought conditions that could affect water bodies. The risk to the water environment is therefore assessed as low.<br><br>In terms of land and soil, the project will not lead to erosion, soil degradation, compaction, salinization, or contamination. The project does not involve activities such as inappropriate land use changes, poor irrigation, or excessive use of heavy machinery. Additionally, there are no potential impacts on areas of historical or cultural importance or community access to natural resources. The project is also not expected to cause cumulative or consequential impacts on land use or soil quality in the locality. As a result, the risk to land and soil is considered low.<br><br>The assessment of potential negative impacts related to noise indicates that the project is not expected to produce significant levels of noise or vibration that could lead to annoyance or adverse health effects. Minor disturbances during the construction phase are anticipated but are considered of moderate significance and low risk overall. The project is not located in an urban or residential area, so there will be no significant increases in day- or night-time noise levels during its operation. Furthermore, changes to transport infrastructure or rolling stock are not part of the project, and noise and vibration concerns have been adequately addressed in the project design. Nearby transport routes are not susceptible to high traffic levels or congestion that could exacerbate environmental noise issues, and no cumulative impacts from other |

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| | activities in the area are expected. The project is also not located near sensitive land uses such as hospitals, schools, or community facilities, nor in areas already subject to excessive noise pollution. Therefore, the risk of noise-related impacts is low.<br><br>Regarding odour, the operation of the project is not expected to result in offensive odorous emissions or cause annoyance or negative health impacts. The project site is not located in an area where residential or vulnerable populations would be significantly affected by odours, considering factors such as wind direction. Additionally, there are no anticipated cumulative impacts from odour emissions in relation to other existing or planned activities in the vicinity. As a result, the risk of odour-related impacts is also assessed as low.<br><br>As the project is located in the vicinity of sensitive area, short-term impact on species listed on Annex IV of the Habitat Directive may occur. Detailed, specific surveys and impact assessment will be carried out, and corresponding mitigation will then be implemented as part of the proofing to ensure full compliance with the Habitat Directive. |
| *Environment dimension (proofing), as applicable* | The assessment of potential biodiversity impacts highlights several concerns, particularly for the Valmiera, Dagda, Barkava, and Zirni sites. While the project does not pose risks to designated sites during operation or from contamination, construction and decommissioning activities have the potential to impact sensitive natural habitats and species. Specifically, at the Valmiera site, the project overlaps with active raised bogs, a priority habitat listed under Annex I of the Habitat Directive. At the Dagda site, noise during construction could disturb black storks in a nearby reserve during their breeding season. Similarly, construction at the Barkava site may disturb sensitive bat populations recorded in the nearby protected area, and at the Zirni site, sensitive bird species in a nearby micro-reserve could be affected by noise and vibration from construction activities.<br><br>These impacts are classified as significant and pose a high risk. Proposed mitigation measures include scheduling construction activities for the Dagda and Zirni subprojects outside the bird breeding season to minimize disturbance to avifauna. For the Barkava site, implementing a sensitive lighting scheme during both construction and operation is recommended to limit disturbance to bats. Additional measures for the Valmiera site are yet to be determined but are necessary to address its overlap with the priority habitat.<br><br>To further mitigate the risk of soil and water contamination, Waste Management Plans for the site should be developed and include:<br>• A description of each waste type expected to be produced over the course of the project. |

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| | • An estimation of the quantity of each different waste type expected to be produced.<br>• Key personnel responsible for management of each waste type.<br>• A waste management action proposed for each different waste type, including reusing, recycling, recovery and disposal.<br>• Record of actual amounts of waste generated and disposed and waste transfer notes.<br>• Records of waste carrier licences and the final disposal sites.<br><br>Develop and implement a Decommissioning Plans, setting out basic commitments for safe decommissioning of the site and site restoration to satisfactory state as required by relevant local legislation, permit conditions and international best practice. The plan should include:<br>• General Site Information;<br>• Relevant Baseline Information; and<br>• General and Technology-Specific Procedures and Processes for Decommissioning.<br><br>A Biodiversity Management, Mitigation and Compensation Plan will be developed to protect sensitive features on the sites, especially these in the mini reserves, in the vicinity of Natura 2000 sites (in line with the EU Habitat Directive), or where sensitive features were identified following surveys.<br><br>1) Throughout construction and operation, standard protocols will be employed to reduce the risk to ecological receptors. These are likely to include:<br>• Fencing off storage areas;<br>• Avoid the use as far as possible of chemical herbicides to prevent run-off into nearby water bodies;<br>• Safe storage of materials and/or chemicals;<br>• Covering of trenches and holes or provision of exit and escape routes;<br>• Site clearance (e.g., removal of vegetation, trees and hardstanding /boulders, etc.) should be undertaken in a sensitive manner so as to not kill or injure animals – however at this site the worked area is fallow arable land, so receptors are unlikely;<br>• Retention of the mature tree on site; and<br>• During the construction and operational phase, lighting and noise disturbance should be kept to a minimum.<br>2) The plan will set out primary mitigation measures. In this case it is likely to be:<br>• Avoidance of ground-nesting birds by timing avoidance (if presence determined);<br>• Establishment of a species rich grassland ground cover utilising an appropriate native seed mix and set out grassland management |

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| | regime that will mimic a “hay-meadow” by low intensity mowing and removal of arisings.<br><br>The plan will set out any compensation measures to boost biodiversity value. These may include:<br>• Mounting of artificial bird or bat boxes to boost nesting/roosting niche habitat in an otherwise featureless habitat;<br>• Formation of artificial hibernacula/refugia for herptiles (alongside the drainage ditch); and<br>• Creation of shallow “scrapes” [ephemeral pools]; and Structural landscape planting along site boundaries using fruit-rich native species.<br>The Plan will develop mitigation and compensation measures that have been put forward in the Biodiversity Baseline Surveys Method Statement and be iterated by the remaining biodiversity survey findings.<br><br>For the Valmiera site, an enhancement scheme will be developed with the landowner to enhance the protected bog on Site, by selective tree felling. This will help restore the habitat to an optimal nature conservation condition.<br><br>Overall, the operational phase of the project is expected to have minimal biodiversity impacts, with low risks associated with contamination, harmful substances, or impacts on surrounding sensitive areas. However, the risks during the construction phase require robust mitigation strategies to ensure compliance with ecological standards and minimize harm to vulnerable species and habitats. |
| *Voluntary measures (Positive agenda checklist)* | NA |
| **Social Dimension** | |
| *Legal framework* | While the project demonstrates a commitment to managing potential risks, several areas require further development and monitoring to ensure alignment with international standards and best practices.<br><br>In terms of labour and working conditions, there are no apparent risks related to child labour, forced labour, discrimination, or freedom of association. However, written procedures are not yet in place, presenting a medium-level risk. To address this, the project proponent, Sunly, will develop and implement human resource policies in line with EBRD standards. These policies will cover wages, benefits, working conditions, and the prohibition of forced or child labour, both in the project's operations and supply chain. Contractors will be required to align their HR policies with EBRD standards. |

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| | A grievance mechanism for workers will also be established and monitored to ensure compliance throughout the project lifecycle. The external grievance mechanism of the company will be extended to the project.<br><br>A Project worker's grievance mechanism will be established, derived from the company procedures, and will be accessible and communicated to all Project workers and contractors. This includes establishing grievance boxes on site, contact details of relevant personnel and communication of company's online grievance form. An occupational health and safety and traffic Management plans will be developed on project site.<br><br>The company has established, with the support of the EBRD alongside existing exposures, a comprehensive solar supply chain management system comprising of:<br>• A Responsible Sourcing Policy;<br>• Mapping and risk assessment of solar module and solar component suppliers;<br>• Inclusion of appropriate clauses in procurement notices and contracts with solar contractors and suppliers on labour risks and management thereof;<br>• Request for Self-declarations, codes of conduct or similar, by solar contractors and suppliers regarding labour risks;<br>• Labour audits of first tier solar supplier(s) when deemed necessary;<br>• Requirements for traceability protocols from solar suppliers down to wafer/ingot producers;<br>• When possible, requirements for solar suppliers to conduct (or provide) deep traceability audits of their supply chains and<br>• Requirements for chain-of-custody certification from suppliers.<br>The solar supply chain management system is regularly updated.<br><br>Regarding occupational and public health, safety, and security, the project poses a medium risk, as procedures currently exist only at the corporate level and need to be cascaded to the plant level. Sunly will prepare and implement health and safety plans covering all workers, including non-employee workers, and address risks such as traffic, noise, and gender-based violence. Security management plans will also be developed to minimize any potential impact on nearby communities. |
| *Social dimension (screening)* | The project's impact on vulnerable populations and gender equality is assessed as low risk. There are no enhanced risks for vulnerable groups, and they will be included in a comprehensive stakeholder engagement plan (SEP), which will be updated as necessary. Similarly, the project does not disproportionately affect women or pose significant risks of gender-based violence or discrimination. Nonetheless, HR policies will explicitly prohibit gender-based violence and harassment, and these issues will be integrated into the health and safety plans for the project. |

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| | The assessment finds no significant risks to cultural heritage, as there are no known archaeological, historical, or religious sites in the vicinity of the project locations. The impact of land acquisition is also minimal, as the land is uninhabited and unused, and acquisitions are based on lease agreements with private landowners. No economic displacement or loss of livelihoods has been identified.<br><br>Stakeholder engagement is deemed low risk, with plans to develop a SEP and an external grievance mechanism for the project. These measures will be monitored at the corporate level to ensure community concerns are addressed effectively. Additionally, the promoter's overall environmental and social capacity is adequate, with corporate procedures and management systems in place. These will be tailored to the project level, ensuring that dedicated environmental and social (E&S) capacity is allocated for effective management. |
| *Social dimension (proofing), as applicable* | NA |
| *Voluntary measures (Positive agenda checklist)* | A key addition to the company's efforts is its commitment to promoting diversity and equal opportunities. Sunly aims to introduce more open, equal, and diverse HR policies, focusing on improving work-life balance accommodations such as parental leave, flexible work arrangements, and access to childcare. The company will develop an Equal Opportunities Action Plan to ensure equal career pathways to senior-level and management positions, including in research and development (R&D), and actively combat occupational gender stereotypes. To strengthen these efforts, the company will pursue external certification of its equal opportunities policies and practices through nationally or internationally recognized certification programs.<br><br>Regarding employability, the company plans to broaden access to market-relevant skills and training by addressing gender bias in education. This includes partnering with education providers to promote STEM careers to young women through lectures, mentoring by female role models, women-focused job fairs, and internship programs. These initiatives aim to foster greater inclusivity and empower underrepresented groups in technical and leadership roles. |
| **Other sustainability aspects (as applicable)** | |
| | NA |

**a. Annex I. Climate Adaptation Checklist.**

| Climate resilience – climate change adaptation | | |
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| **Screening phase** | | |
| Has information been provided to explain at which project development stages climate change adaptation/resilience issues have been considered, and how this was done? | Yes | This report provides an overview of the vulnerability assessment and adaptation evaluation undertaken to analyse current and future climate hazards. The focus is on a detailed examination of hazards that could exert significant impacts on the project. |
| Is there a description of the methodology used for the vulnerability and risk assessment process, and does this methodology appear logical and complete, and ultimately in line with the SPG guidance? | Yes | Annex 3 outlines the methodology employed, offering a step-by-step description. Additionally, it details all the datasets utilized for populating the adaptation risks tables. |
| Are there references to relevant (1) climate forecasts and data sources, covering both current and future climate? Does this cover both short-term and long-term scenarios where relevant (i.e. covering the project lifetime and/or analysed period)? | Yes | The data include information for the entire lifespan of the project. |
| Have all relevant hazards (climate change factors) been taken into account? | Yes | The report has examined all the potential hazards suggested by the Technical guidance, including, heat waves, heavy precipitation, windstorms, hailstorms, wildfires, storm surges, avalanches, landslides and sea level rises. |
| Has the vulnerability of the project (and its components) been assessed (based on the project type and where the project is located)? | Yes | The analysis involved scrutinizing the hazards in the 4 project locations throughout the lifespan of the project. |
| Please provide the detailed conclusions of the vulnerability assessment and a detailed justification on the choice to a) stop the proofing process or b) proceed to the risk assessment phase. | | The vulnerability analysis, which combines the results of both the sensitivity and exposure analysis, indicates that further assessment is needed for floodings, windstorms, hailstorms, wildfires, avalanches, and landslides. |
| **Climate risk assessment** | | |

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| If the project was assessed as vulnerable to certain climatic factors (i.e. the screening phase concluded that there are potential climate risks), has a risk assessment been undertaken (assessing both probability and impact of climate change adaptation risks)? | No | For hazards deemed to carry medium or high risks, a thorough examination was conducted. In the instance of floodings and windstorms, this involved collaboration with the adaptation experts' team. |
| Have significant climate change adaptation risks been identified for the project? | No | Concerning the potential hazard of windstorms, one of the site of the project was evaluated with a medium likelihood of future wind events, as indicated by a Moderate score. However, further analysis considered this risk low to the project. |
| If so, have relevant measures been implemented into the project (incorporated into design and/or operation and maintenance)? | NA | NA |
| Are the measures proven to reduce the risks to an acceptable level? | NA | NA |
| Please provide the detailed conclusions of the climate risk assessment. | | The assessment of potential climate hazards indicates no significant risks that would require mitigation measures. |
| Has the consistency with EU and, as applicable, national, regional and local strategies and plans on the adaptation to climate change, and other relevant strategic and planning documents been verified and confirmed? | Yes | |

### b. Annex II. Climate Mitigation Checklist

| **Climate neutrality – climate change mitigation** | | |
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| **Screening Phase** | | |
| Does the project fall under one of the project categories with limited expected emission levels and for which carbon footprint assessment WILL NOT be required? | No | The project falls under the classification of "Renewables energy" |

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| Are absolute and/or relative emissions expected to be below 20 000 tonnes $CO_2e$/year (positive or negative)? | Yes | Relative emissions are expected to be – 68,730 tCO2e/year. |
| Please provide the detailed conclusions of the screening and a detailed justification on the choice to (a) stop the climate mitigation proofing process; or (b) proceed to the estimation and monetisation of GHG emissions. | | The proposed investment plan, anticipating annual emissions reduction of -68,730 tCO2e/year, does not necessitate a comprehensive carbon footprint assessment per InvestEU Fund guidance. |
| **Consistency with EU climate objectives and carbon foot printing** | | |
| Is the project compatible with EU climate neutrality objectives based on the application of the Taxonomy DNSH criteria or other internationally accepted methodology? Please provide details on the methodology used to confirm compatibility and on the conclusions reached. | YES | The project aligns with the EU Taxonomy by actively promoting the European Union's climate goals and commitments, particularly the overarching objective of achieving EU climate neutrality by 2050 and the newly formulated 2030 climate targets. The proposed investment plan serves as a contribution to fulfilling the climate change mitigation objective and the established reduction targets of the European Union, as outlined in the EU Taxonomy Regulation. |
| Have the project's GHG emissions been calculated in accordance with an internationally recognised methodology? Please provide details as required in the SPG guidance. | Yes | The emissions have been following the EBRD Green Economy Transition (GET) methodology, which can be found on this link: https://www.ebrd.com/what-we-do/get.html |
| Have the estimated annual greenhouse gas emissions of the project in a standard (or average) year of operation been provided, in both (a) absolute; and (b) relative terms (i.e. compared to a baseline, 'without project' scenario), in tonnes of CO2 equivalent per year? | Yes | Given the nature of this project, the anticipated absolute emissions are expected 0 tCO2e/year for scope 1 and 2 emissions. |
| Have the incremental GHG emissions associated with the project been monetised (using a standard shadow price of carbon) and were they included in the economic appraisal or CBA? | Yes | The monetary value of GHG emissions [in 2016-prices] stands at €327,008,795 underscoring the project's positive impact on CO2 emissions savings compared to the baseline scenario. |
| Does the project result in an increase or reduction of GHG emission? Please provide details. | Yes | The project will result in a reduction of -68,730 tCO2e/year. |

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| Has the project's compatibility with a credible pathway towards the overall 2030 and 2050 GHG emission reduction targets been verified and confirmed? As part hereof, for infrastructure with a lifespan beyond 2050, has the project's compatibility with operation, maintenance and eventual decommissioning under conditions of climate neutrality been verified and confirmed? | NA | Project lifespan will not go beyond 2050, and it is compatible with pathway to 2030. |

### c. Annex III. Climate Adaptation Methodology

In accordance with the Technical Guidance, both sensitivity and exposure analyses to assess potential adaptation risks throughout the project's lifespan were conducted. The sensitivity analysis table was populated using two key elements. First, information from the sectoral sensitive matrix, an internal EBRD framework, which assigns approximate sensitivities (low/medium/high/very high) to an industry sector across relevant climate hazards for sustainability proofing. Second, to provide a more detailed overview of the project's specific climate sensitivities, the sectoral sensitivity matrix was complemented with project-level information from the client and project documentation. Adopting a conservative approach, the matrix assigns the highest score to the four components of hazard analysis (assets, inputs, outputs, transport), ensuring a consistent application of the maximum risk associated with each hazard.

The exposure analysis table was compiled using climate data sources that i) the EBRD have pre-approved internally for application in physical climate risk assessments, ii) the EBRD uses in to report on their physical climate risk commitments under the Paris agreement (PA adaptation alignment) as well as TCFD. In selecting suitable climate analytics, the EBRD strives towards:

- Forward-looking estimates produced by Global Climate Models (GCM) and well as Regional Climate Models (RCM).
- Conservative emissions scenarios (RCP 7/RCP 8.5) to drive the climate models.

The following table provides a breakdown of each source along with the interpretation of each score.

| Hazzard | Datasets | Interpretation of the score |
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| Heat waves | Climate Change knowledge Portal (CCKP): Increase in annual probability of experiencing "Extreme Heat Events" | Not Likely: N/A -<br>Plausible: Median of ensemble of less than 0.04 increase<br>Probable: Median of ensemble of 0.04 increase or above |
| Heavy precipitation | Climate Change Knowledge Portal (CCKP) – Average Largest 1 day precipitation. | Not likely: below 60mm precipitation<br>Plausible: between 60-75mm of precipitation<br>Probable: 75mm or more of precipitation |
| River floods | Swiss Re – CatNet – Fluvial flood. | Not likely: Not in any flood zone (blue area) (Outcome: Outside)<br>Plausible: In a 200- or 500-year flood zone (only)<br>Probable: In a 50- or 100-year flood zone |

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| Windstorms | Swiss Re – CatNet: Extreme gusts | Not Likely: Very Low (1) -Very Low (2)<br>Plausible: Low (3) Low (4) Moderate (5) Moderate (6)<br>Probable: Significant (7) High (8) Very High (9) Extreme (10) |
| Landslides | Global Facility for Disaster Reduction and Recovery (GFDRR) | Not Likely: 1-2<br>Plausible: 3<br>Probable: 4 |
| Droughts | Climate Change Knowledge Portal (CCKP): increase in annual probability of experiencing extreme drought events | Not Likely: Median of ensemble below 0.1 (projected change in annual severe drought likelihood)<br>Plausible: Median of ensemble of 0.1 up to 0.3<br>Probable: Median of ensemble 0.3 or above |
| Forest fires | Swiss Re – CatNet: future wildfire risks | Not Likely: Very Low (1) -Very Low (2)<br>Plausible: Low (3) Low (4) Moderate (5) Moderate (6)<br>Probable: Significant (7) High (8) Very High (9) Extreme (10) |
| Avalanches | Global Facility for Disaster Reduction and Recovery (GFDRR) | Not Likely: 1-2<br>Plausible: 3<br>Probable: 4 |
| Hail | Swiss Re – CatNet: Hailstorms | Not Likely: Very Low (1) -Very Low (2)<br>Plausible: Low (3) Low (4) Moderate (5) Moderate (6)<br>Probable: Significant (7) High (8) Very High (9)<br>Extreme (10) |
| Storm surges and extreme sea levels | Climate central: sea-level rise + storm surge | Not likely: Not in any flood zone (blue area) (Outcome: Outside)<br>Plausible: In a 200- or 500-year flood zone (only)<br>Probable: In a 50- or 100-year flood zone |

### d. Annex IV Site Map