European Bank
for Reconstruction and Development

Sustainability Proofing Summary

Battery bank at Väike-Sepa
Harju County, Estonia

March 2025

Baltic Storage Platform - Estonia

The Project proposal is for a senior secured non-recourse project financing loan to Baltic Storage Platform OU for the purpose of development, construction, and operations of two equal-sized battery energy storage systems ("BESS") with a combined capacity of 200MW / 400MWh near Tallinn, Estoniaprovide. The establishment of the battery bank will increase Estonia's energy security, providing at least twenty thousand households in Estonia with electricity for a couple of hours. Environmentally, it assesses minimal risks to air, water, land, and soil quality and biodiversity. Socially, it adheres to best labour practices (including in the supply chain), ensuring fair working conditions.	
Identification of the project	
Project total cost (exclusive of VAT):	□ below EUR 10 million ☒ equal to or higher than EUR 10 million
EIA Directive	
	□ Annex I projects (EIA required) ☒ Annex II projects (screening) ☒ EIA required (project screened in) □ EIA not required (project screened out) 2014 EIA Directive applicable ☒ Yes □No
Sustainability proofing process	☒ **Climate** ☒ **Environmental** ☒ **Social**
Climate Dimension	
Climate dimension (screening)	**Adaptation:** The vulnerability analysis, which combines the results of both the sensitivity and exposure analysis, indicates that no further assessment is needed for climate related hazards in the location of the project. **Mitigation:** Is the project recommended to undergo Carbon footprint as per Chapter 2.2 of the sustainability proofing guidance? □ No ☒ Yes If "no", justify why the Carbon footprint is not necessary. Provide any other considerations to take into account: In accordance with section 2.2.5.1 of the Technical Guidance on Sustainability Proofing for the InvestEU Fund, given the anticipated absolute and relative emissions are below 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 not required.**
Climate adaptation (proofing), as applicable	NA See Annex I for further details on Climate Adaptation.
Climate mitigation (proofing), as applicable	The use of the battery bank is expected to reduce the need for electricity generation from the combustion of fossil fuels, resulting in fewer emissions and greenhouse gases from the production of the same amount of energy. This is the case when renewable energy is used to charge the battery bank. Therefore, the impacts of the activity on air quality and climate are positive. The BESS will be deployed in EU countries and therefore will be part of the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems. In this system, the share of additional electricity

	delivered that can be characterised as non-nuclear, very-low-carbon electricity during a 10-year period comprising five years before and five years after the start of the operation of the new infrastructure is 100% (EU level energy planning: 'Fit for 55' MIX-CP scenario, https://energy.ec.europa.eu/publications/excel-files-mix-cp-scenario_en). The projects activity is included in the 'MDBs' aligned list' under the category *"Measures to facilitate integration of renewable energy into grids".* The project is also consistent with the substantial contribution criteria of the EU Taxonomy as it enables a higher share of renewable in the grid. Moreover, it provides flexibility services such as balancing, frequency regulation and peak shaving reducing reliance on fossil-fuel based peaking power plants. It also meets DNSH and minimum social safeguards criteria. The introduction of BESS technologies is aligned with both Estonia's NDC and the EU's climate and energy priorities. Estonia's commitments include cutting net GHG emissions by at least 55% by 2030 (compared to 1990 levels) and achieve climate neutrality by 2050. Estonia's national priorities include increasing renewable energy generation, enhance grid flexibility, reduce fossil fuel dependence, and boost energy security. BESS supports renewables by storing excess generation and reducing curtailment. It also provides grid balancing and frequency regulation. Finally, this project aligns with EU priorities, including European Green Deal, REPowerEU and the EU's updated NDC under the Paris Agreement. See Annex II for further details on Climate Mitigation.
Voluntary measures (Positive agenda checklist)	Deployment of new BESS capacity can support higher volume of RES penetration to the network by providing grid stability and reducing the curtailment of RES installations. It also supports economic optimization of the project.
Environmental Dimension	
Legal framework	Preliminary Environmental Impact Assessment was completed on both sites and confirmed a full EIA was not needed. According to the preliminary EIA, in Hertz I Site, there are no recorded occurrences of protected species, permanent habitats or habitats protected under the EU Habitats Directive. The nearest protected area is of national or municipal designation as a nature reserve (Nabala-Tuhala LKA, Nabala pv) but this is not internationally significant and is classified as IUCN management category VI. The area is in poor ecological condition or undesignated according to the preliminary EIA. The Kurtna-Vilivere Natura 2000 site (EE0020318) is approximately 1.3 km south of the site boundary but it is not envisaged any direct Project impacts, in particular as there are no aquatic discharges from the site. The nearest body of water is located approximately 710m northwest of the site and is a small, seasonal pond that has a permanent surface water presence. In Hertz II Site, there are no recorded occurrences of protected species, permanent habitats or habitats protected under the EU Habitats Directive. The nearest protected area is of national or municipal designation as woodland key habitat; however this is not internationally recognised and has not been assigned a IUCN category. Additionally, there are no known protected species in the impact area and the farmland is in poor ecological condition. The nearest Natura 2000 site is Püümetsa which is over 5km away. The

	nearest body of water is approximately 3km southwest of the site and is a small permanent pond. Related to water impact and regulations, it is not expected that the Project sites will impact the local water supply as operational demand for day-to-day operation will be insignificant. The Project will be required to comply with EU Regulation 2023/1542 on batteries and accumulators (the Batteries Regulation). This Regulation, which repeals the previous Directive 2006/66/EC, has three objectives: strengthening the functioning of the internal market (including products, processes, waste batteries, and recycles); promoting a circular economy; and reducing E&S impacts throughout all stages of the battery life cycle. The new regulation was adopted on 12 July 2023 and came into force on 17 August 2023, with phased implementation having started from 18 February 2024. It covers industrial key provisions include increased sustainability requirements, extended producer responsibility from mid-2025, and specific waste collection targets for portable batteries. The project will be required to comply with any applicable aspects of the EU Regulation No 517/2014 on fluorinated greenhouse gases (the F-Gas Regulation) which are used within the BESS modules i.e., transformers and switchgear. This regulation aims to reduce emissions of F-gases like R-134A through a phase-down of HFCs, leakage prevention and repair protocols, mandatory record-keeping, and training and certification requirements for personnel. Adopted on 16 April 2014, the regulation also mandates proper end-of-life management of equipment containing F-gases to minimize environmental impact. Key provisions and requirements for BSP will likely include the use of enhanced maintenance standards and responsible decommissioning practices.
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. 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. In terms of land and soil, the project will not lead to erosion, soil degradation, compaction. There might be limited risk of soil contamination due to project implementation, expected to be managed with appropriate practices. 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. The Project is expected to produce noise or vibration that could lead to minor disturbances during the construction phase especially, however, they are anticipated to be of moderate significance and low risk overall with the preparation of appropriate management plan. 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 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. 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.
Environment dimension (proofing), as applicable	Appropriate management plans addressing waste, wastewater, hazardous material storage and emergency response during construction, operation and decommissioning will be prepared to mitigate any risk of salinization or contamination. According to the noise assessment, both daytime and nighttime noise levels expected during operations properties are below the permissible night-time noise limits at the nearest residential dwellings (category II zones).. A noise management plan including traffic management and restriction of construction and decommissioning work to daytime will be implemented. A functioning community grievance mechanism will be set up prior to construction and any grievance related to noise and vibration will be closely monitored and timely resolved.
Voluntary measures (Positive agenda checklist)	NA
Social Dimension	
Legal framework	The review of human resource policies and workforce relationships confirmed appropriate employment structures and a number of HR-related policies to guide working conditions and labour management practices, including zero-tolerance policies on child and forced labour aligned with ILO Core Conventions and EBRD PR2 requirements. These policies extend to subcontractors through contractual obligations, ensuring compliance with labour rights protections. Supply chain due diligence currently focuses on first-tier suppliers, with contractual agreements reinforcing compliance expectations. Battery supplier manufacturer (tier 1) and pack suppliers (tier 2) were assessed, and no material risks were identified in open sources. The client has integrated a number of HSE reporting requirements into the contractor specifications to ensure compliance, including incident, accident and near-miss reporting as part of broader construction progress reports. As

	part of the ESAP, they will also be required to develop and implement Evecon's BMS as a centralised to systematically approach EHSS management across the two Project sites. The BMS should be certified to the ISO9001 (Quality), ISO14001 (environmental) and ISO45001 Standards (Health & Safety) as intended. Battery supplier manufacturer (tier 1) and pack suppliers (tier 2) were assessed, and no material risks were identified in open sources. AESC LFP Li-Ion batteries will be installed (Prismatic lithium-ion (LFP) cells - model HC-L315A). Tier 1 supplier and EPC is Nidec. PCS are designed and manufactured in Italy by Nidec ASI. The preparation of the storage container, integration of PCS, heating and cooling, fire safety is realised by Nidec ASI SA at their factory in Roche-la-Molière (France). The final assembly of battery modules is done on site during the construction work.
Social dimension (screening)	The project's impact on vulnerable populations and gender equality is assessed as low risk. Vulnerable groups have been identified in the Stakeholder Engagement Plan prepared for the project. "Current policies establish clear commitments to non-discrimination in hiring, promotions, and workplace treatment, as outlined in their Codes of Conduct and ESG Strategy. These policies are aligned with national and international labour laws. Subcontractors are contractually required to uphold non-discrimination standards. Enhancing structured reporting mechanisms on hiring diversity, pay equity, and workplace conditions would provide additional documented assurance of inclusive employment practices. Currently, there is no standalone or formalised policy or procedure in place in relation specifically to Gender Based Violence and Harassment (GBVH) and sexual harassment. As part of the ESAP commitments, this should be developed and implemented at the BSP JV level and should be extended to contractors and subcontractors". No significant impact to historical or cultural heritage has been identified on any of the operational or prospective sites visited. As part of the ESAP commitments, the client has committed to develop a Chance Find Procedure in the ESMP to ensure appropriate controls are in place in case any sites or artefacts of cultural or archaeological value are uncovered during construction. The Company's operations overall have limited negative social impacts and no significant issues have been identified in terms of land acquisition. The ESDD review confirmed that land for Hertz I and Hertz II was acquired through long-term lease agreement. The leases comply with Estonian land laws, ensuring secure land tenure. No physical displacement is expected associated either site. During due diligence, it was found that there was no central approach to external stakeholder engagement. A stakeholder engagement plan has now been prepared for both project sites and is to be implemented by the ESDD lead. The SEP outlines stakeholder mapping planned engagement activities with identified stakeholders and the grievance mechanism. The promoter has a ESMS in place which will be further developed with the project and lead to E&S Management plans to be applied on site.
Social dimension (proofing), as applicable	An internal grievance mechanism clearly documentation and made available to all workers involved in the project, including contractors and subcontractors, will be implemented. This would include the possibility to raise concerns anonymously.

	Currently, there is no standalone or formalised policy or procedure in place in relation specifically to Gender Based Violence and Harassment (GBVH) and sexual harassment. As part of the ESAP commitments, this should be developed and implemented at the BSP JV level and should be extended to contractors and subcontractors.
Voluntary measures (Positive agenda checklist)	NA
Other sustainability aspects (as applicable)	
	NA

a. Annex I. Climate Adaptation Checklist.

Climate resilience – climate change adaptation		
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 floodings, windstorms, hailstorms, wildfires, avalanches, and landslides.
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 project location 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 no further assessment is needed.
Climate risk assessment		
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)?	NA	
Have significant climate change adaptation risks been identified for the project?	No	No significant climate hazards were identified.
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		
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"

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 below the threshold.
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 use of the battery bank is expected to reduce the need for electricity generation from the combustion of fossil fuels, resulting in fewer emissions and greenhouse gases from the production of the same amount of energy.
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 climate mitigation impact of the project 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?	NA	NA
Does the project result in an increase or reduction of GHG emission? Please provide details.	Yes	The use of the battery bank is expected to reduce the need for electricity generation from the combustion of fossil fuels, resulting in fewer emissions and greenhouse gases from the production of the same amount of energy.

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.

c. Annex III. Climate Adaptation Methodology

In accordance with the InvestEU 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**
Heat waves	Climate Change knowledge Portal (CCKP): Increase in annual probability of experiencing "Extreme Heat Events"	Not Likely: N/A - Plausible: Median of ensemble of less than 0.04 increase 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 Plausible: between 60-75mm of precipitation Probable: 75mm or more of precipitation
River floods	Swiss Re – CatNet – Fluvial flood.	Not likely: Not in any flood zone (blue area) (Outcome: Outside) Plausible: In a 200- or 500-year flood zone (only) Probable: In a 50- or 100-year flood zone
Windstorms	Swiss Re – CatNet: Extreme gusts	Not Likely: Very Low (1) -Very Low (2) Plausible: Low (3) Low (4) Moderate (5) Moderate (6) Probable: Significant (7) High (8) Very High (9) Extreme (10)
Landslides	Global Facility for Disaster Reduction and Recovery (GFDRR)	Not Likely: 1-2 Plausible: 3 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) Plausible: Median of ensemble of 0.1 up to 0.3 Probable: Median of ensemble 0.3 or above
Forest fires	Swiss Re – CatNet: future wildfire risks	Not Likely: Very Low (1) -Very Low (2) Plausible: Low (3) Low (4) Moderate (5) Moderate (6) Probable: Significant (7) High (8) Very High (9) Extreme (10)
Avalanches	Global Facility for Disaster Reduction and Recovery (GFDRR)	Not Likely: 1-2 Plausible: 3 Probable: 4
Hail	Swiss Re – CatNet: Hailstorms	Not Likely: Very Low (1) -Very Low (2) Plausible: Low (3) Low (4) Moderate (5) Moderate (6) Probable: Significant (7) High (8) Very High (9) 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) Plausible: In a 200- or 500-year flood zone (only) Probable: In a 50- or 100-year flood zone

d. Annex IV Site Map

Natura sites are located at 1.3 km and 5km away from Site I and II, respectively