



Social & Environmental Management System (SEMS)

May 2023





NOTE:

This document is based upon the visa-stamped Issue Document dated January 2023 (“the Issue Document”), the Alternative Investment Fund Management Services Agreement dated 11 January 2021 (“the AIF Management Services Agreement”) and the AIF Investment Guidelines, Schedule 4 to the AIF Management Services Agreement (“the AIF Investment Guidelines”), as these may be amended from time. Parts of these documents have been reproduced in this document for ease of reference. Capitalized terms used in this document have the same definition as expressed in these documents, as amended from time to time. In case of discrepancy between this document and the aforementioned documents, the other documents should be considered as the governing documents in the following order of priority: 1) the Issue Document; 2) the AIF Management Services Agreement; 3) the AIF Investment Guidelines.



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1. Introduction

1.1 Investment objective of the eeef

The European Energy Efficiency Fund (“eeef” or the “Fund”) aims to contribute to climate mitigation and support the climate goals of the European Union (EU 2030 Framework for Climate and Energy and the climate-neutral objectives of the European Green Deal). The Fund looks to promote a sustainable energy environment and foster climate protection by enabling projects in European cities, regions and communities to build resilient infrastructure. The Fund’s objectives are:

- Contributing to the mitigation of climate change
- Contributing to resilient, energy-efficient and green infrastructure in the European Union
- Achieving economic sustainability of the Fund
- Building public-private partnerships for climate financing

The Fund plans to accomplish the objectives by providing direct or indirect financing for energy efficiency (“EE”) and renewable energy (“RE”) investments and projects to the following Partner Institutions (“PI”) in the European Union (“EU”) member states, on market-based terms:

- Municipal, local, regional or national authorities and public or private entities acting on behalf of those public authorities, such as utilities, public transportation providers, social housing associations, Energy Service Companies (“ESCOs”), etc. (“Beneficiaries”)
- Financial Intermediaries (“FIs”) that will on lend to Beneficiaries for such investments and projects

1.2 Purpose of this document

The Social and Environmental Management System of the Fund (“SEMS”) shall define the respective roles and responsibilities of the alternative investment fund manager (“AIFM”) and the Fund’s Partner Institutions (“PI”) in promoting social and environmental (“S&E”) sustainability and outline the performance requirements and procedures, assess and manage the Social and Environmental adverse risks in relation to eeef investments. In general, these shall be in accordance with the European Investment Bank (“EIB”) Statement on Environmental and Social Principles and Standards, EU Directives on Environmental Impact Assessment (“EIA”), IFC Performance Standards¹. Regarding impact management strategy, eeef is aligned to Operating Principles for Impact Management.

All projects directly or indirectly financed via the Fund shall comply with the SEMS. The SEMS will be guided by the Fund’s Investment Guidelines in particular section 5 ‘the Environmental and Social Policy Guidelines’.

The SEMS also serves as a mechanism to ensure the investment not doing significant harm (DNSH) to any environment and social objective and that in PI follow good governance practices. The adherence to the DNSH is derived by matching of the IFC Performance Standards with the targets defined in Art. 17 of Regulation (EU) 2020/852. The table below outlined the matching of the IFC standards with the DNSH. The Fund considers the principal

¹ IFC Performance Standards: https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC_Performance_Standards.pdf?MOD=AJPERES&CVID=kTjHBzk

adverse impacts (PAIs) of its investment decisions on sustainability factors defined by the Sustainable Finance Disclosure Regulation (SFDR)².

Climate change mitigation	Each investment by eeef shall match with the investment selection criteria that include reference to the minimum CO ₂ e emission reduction and /or primary energy avoidance targets and the exclusion of technology that uses fossil fuel-based energy as a source.
Climate change adaptation	The investment into public-linked projects in energy efficiency improvement, renewable energy production and clean urban transportation is not deemed to have an increased adverse impact on the current climate, on the activity itself or on people, nature or assets;
Sustainable use and protection of water and marine resources	Covered by the performance standards 3 (Resource Efficiency) and 6 (Biodiversity)
Circular Economy	Covered by the performance standards 3 (Resource Efficiency)
Pollution	Covered by the performance standards 2 (Labour), 3 (Resource Efficiency), 4 (Community), 6 (Biodiversity) and 8 (Cultural Heritage)

2. Direct Investments

In the following the S&E process for Direct Investments will be viewed:

2.1 Overview

After a positive initial screening (includes review of all 14 mandatory PAIs), in line with the eeef's eligibility criteria, the AIFM will pursue a full project due diligence. Part of this due diligence will be the E&S aspects of the investment, the E&S Due Diligence. The AIFM will provide the PI with the eeef general Due Diligence Questionnaire which contains the S&E questions (Annex III) and ask the PI for completion. The AIF provides annual report on the information on the PAIs of its investment decisions, with the first reference period from January 1 to December 31, 2022, subject to data availability and quality.

After completion of the Due Diligence Questionnaire of S&E questions, the AIFM will evaluate the results via the S&E Scoring Sheet (Annex IV). In cases where an Environmental (and Social) Impact Assessment (E(S)IA) is obligatory (for relevant technologies, please refer to section 2.2), the AIFM will review the non-technical summary of this report. Based on evaluation outcome (dark green vs yellow) from the S&E Scoring Sheet, the decision will be taken whether the AIFM proceeds with the project or not. AIFM will also determine the S&E risk category of the investment (A, B, C and D) and present the investment to the Investment Committee ("IC") for decision, when project ranks A and B (dark and light green answers). The final S&E risk category equals the category taken from the S&E Scoring sheet unless the

² Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector



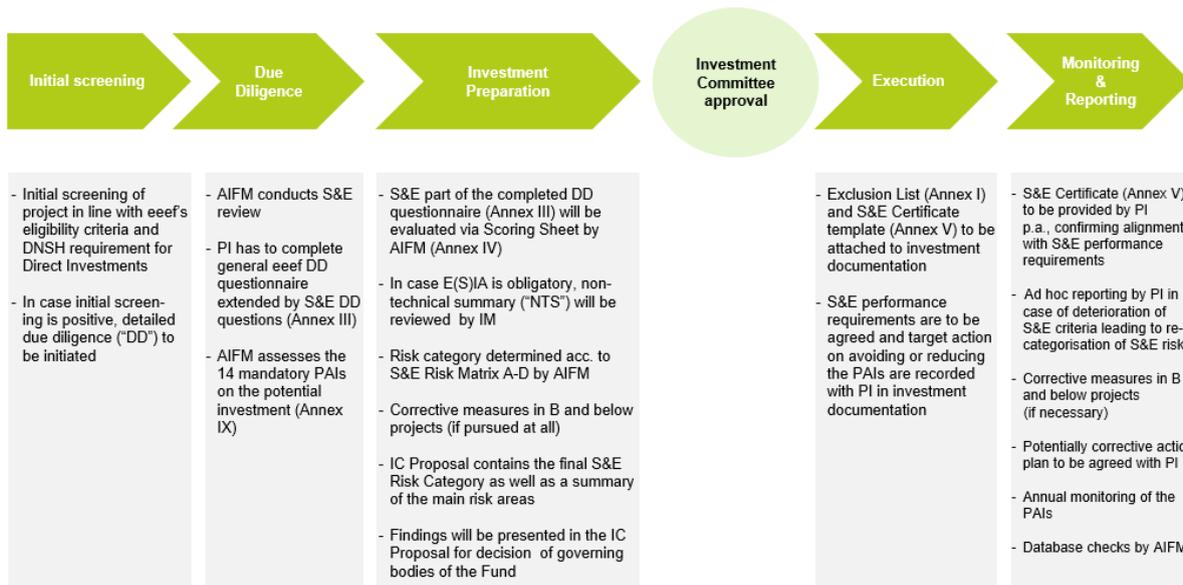
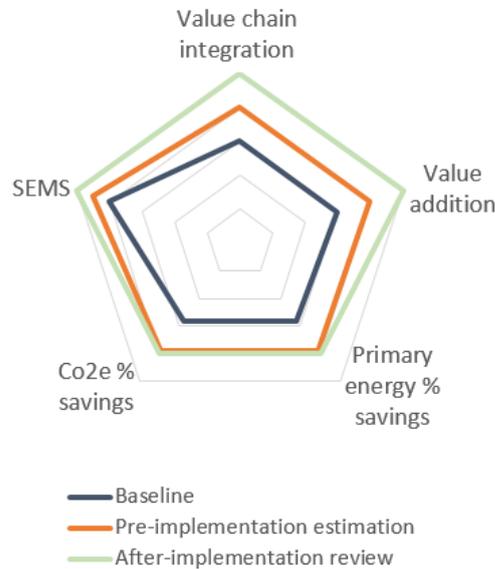
results of the E(S)IA demands a further downgrade. In the risk section of the IC proposal the following S&E information will be provided: The final S&E risk category and (analogue to the S&E Due Diligence Questionnaire) a summary of our findings. All ESIA assessments will be published on the Fund's website.

In addition to the above, the PAIs of (potential) investment decisions on sustainability factors defined by SFDR (Annex IX) are taken into consideration.

Upon approval of the investment, the AIFM will attach the Fund's Exclusion List (Annex I) and the S&E Compliance Certificate (Annex V) to the investment documentation. Furthermore, S&E performance requirements will be agreed with the PI, whereby the compliance needs to be reported via the mentioned S&E Compliance Certificate (Annex V) on an annual basis. The reporting and monitoring process includes also ad hoc reporting by the PI in case of deterioration of the S&E performance, leading to a potential re-categorisation of the S&E risk. The AIFM will decide on corrective action plans or in case of a significant deterioration potentially terminate the contracts. The AIFM will also have access to databases specialised in screening for E&S risks, which will be conducted semi-annually.

From reporting cycle of 2022, the Fund elaborates a set of impact dimensions with related to impact indicators and new templates for analyzing data of any new direct investment project in five dimensions: (i) Value chain integration; (ii) Value addition; (iii) Primary energy % savings; (iv) CO₂e % savings; (v) SEMS (overall rating). All new direct investment projects will be examined under these five dimensions through relevant questions included in the S&E Due Diligence Questionnaire. The answers to these questions will be evaluated in detail according to our separate rating system. Among these S&E questions, a couple of them are designed to serve the analysis of the first four impact dimensions for a new Direct Investment Project. The overall S&E Risk categorisation itself is the assessment basis of the fifth dimension.

Going forward, the analysis of the new projects in the due diligence phases will allow the Fund to assess actual and potential areas of impact with more precision, as well as to provide comparability across various investments and reporting periods. As a visualization tool to depict the five impact dimensions, the "impact spider" will be reverted to. Following is an example of such "impact spider" for a sample direct investment project under construction.



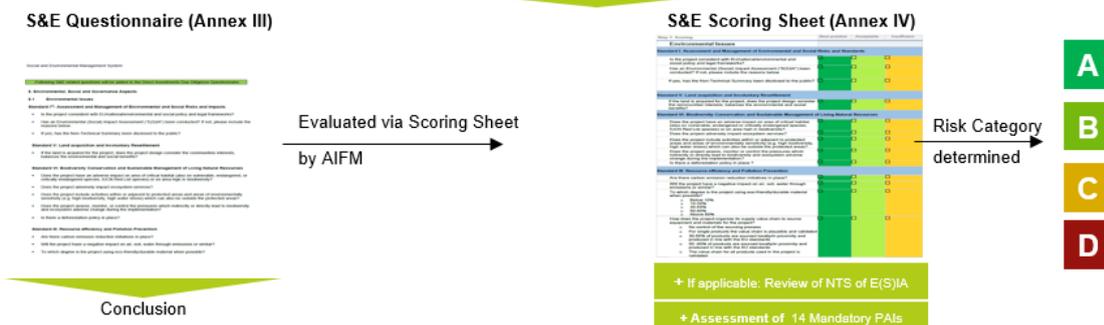


2.2 Performance requirements

During the S&E assessment of the Fund, in reference to the **IFC Performance Standards**, the S&E questionnaire is designed to ensure the project “do no significant harm ” by:

- *Elaborate a social and environmental management system*
- *Commit to pollution prevention and abatement*
- *Improve labour and working conditions*
- *Respect occupational and public health, safety and security*
- *Protect vulnerable groups*
- *Collaborate regarding lawful land acquisition and avoid involuntary resettlement*
- *Foster biodiversity conservation and sustainable natural resource management*
- *Preserve cultural heritage*

Performance requirements are reflected
in S&E Questionnaire



2.3 Due diligence process

The PI will be required to complete the S&E Due Diligence Questionnaire (Annex III). Based on the information obtained, the project will be categorised by the AIFM according to the S&E Scoring Sheet (Annex IV) in line with the S&E risk categorisation matrix (Annex II). Any project scored to follow best practices or being close to following best practices (coloured in dark green in the Scoring Sheet) will be classified as ‘A’. Consequently, projects scored being acceptable (coloured in bright green in the Scoring Sheet) will be classified as ‘B’. Finally projects having two or more insufficient answers (coloured in orange in the Scoring Sheet) will be classified as ‘C’ (‘Not acceptable initially’) or ‘D’ (‘Not acceptable at all’).

Investments that are deemed to potentially have a negative environmental and/or social impact or technologically complex shall require an E(S)IA prior to any investment decision.



For the eeef this means projects in the RE sector including potentially solar energy, hydropower, biomass (CHP, district heating), geothermal and wind power. Also for complex EE projects e.g. building retrofit projects including complex HVAC measures or tri-generation plants for the combined production of cooling, heat and power (CCHP) an E(S)IA could be required. Only if the result is in accordance with the Environmental and Social Policy and Guidelines of the Fund the project may proceed. Otherwise corrective action measures and a re-categorisation may be taken. For each potential investment, the description of 14 mandatory PAIs on sustainability factors (Annex IX) will be recorded. Any issues that are found or, as relevant, estimated to significantly harm one or more of the environmental objectives referred to in Art. 9 of the Taxonomy Regulation, are excluded as a sustainable investment and are not further considered, mainly in the pre-screening phase.

Through the PI agreement, the Fund will require PIs to perform in accordance with the SEMS and also to implement all aspects identified in the due diligence process, such as implementation of mitigation and/or compensation measures (e.g. action plans) and monitoring the effectiveness of these measures after implementation. The proposed covenants for each project (all categories) will be discussed in the due diligence and investment preparation phase with the PI to ensure that all parties have understood their roles and responsibilities.

2.4 Corrective action measures

Corrective action measures will apply for category B or below projects in two different stages of the investment:

Investment preparation stage

If the due diligence identifies that additional S&E measures are needed to meet the Environmental and Social Policy and Guidelines of the Fund, then the Fund may identify particular S&E undertakings that must be completed to the satisfaction of the Fund before taking an investment decision.

Examples of specific S&E undertakings that must be completed may include but are not limited to:

- implementation of all mitigation and compensation measures identified during the Fund's S&E due diligence process or in the E&(S)IA
- appointment of independent environmental consultants to review the E&(S)IA and recommend any further actions in line with the Fund's standards

Depending on the outcome of the evaluation, the AIFM could decide not to pursue the project further.

Monitoring & reporting stage

In case of deterioration of the S&E performance during the monitoring and reporting stage, corrective measures for Category B or below projects can be agreed. If the PI fails to re-establish compliance, or in any event of non-compliance where an agreement on corrective action measures cannot be reached, the Fund may enact any, or all, of the following protective measures to the extent legally permitted:

- Suspend the disbursement under any PI agreement,
- Cancel the un-drawn amount under any PI agreement,

- Terminate the PI agreement and declare that all, or part, of the outstanding funds together with accrued interest and all other amounts accrued under the PI agreement are immediately due and payable.

In case where PAIs are recorded, the AIFM will track on an annual basis along the project development or operation. In case any deterioration occurred, the above measures outlined in “Monitoring & reporting stage” for S&E performance apply.

2.5 Monitoring

Monitoring during project implementation

All projects, regardless of their assigned category, should provide a completion report (at the end of the construction phase) that will include general and specific S&E legal compliance and implementation of construction as indicated potentially in the E(S)IA. In such cases where mitigation or compensation measures were assigned, the report should address whether these measures were successfully.

Monitoring during project operations

Through the PI agreement, the Fund will require PIs to use its best efforts to report ad hoc on any major social, labour, health and safety, security or environmental incident, a material adverse effect or impact in relation to the project as soon as practicable, initially to report on the occurrence of such incidents and subsequently to provide more information. In addition, AIFM will annually review the 14 mandatory PAIs on sustainability factors (Annex IX) for all direct investments in the portfolio, The PIs will be required to complete an annual basis, the Social and Environmental Compliance Certificate (Annex V) as well as S&E Questionnaire (Annex III). As for the latter, based on the information obtained, all projects will be categorised by the AIFM according to the S&E Scoring Sheet (Annex IV) in line with the S&E risk categorisation matrix (Annex II).

If the Fund or the AIFM becomes aware of a change in the existing PI's business activities, leading to a change in S&E risks and categorisation, the AIFM will reassess and manage the S&E risks and PAI of the investment in the PI, following the requirements of the SEMS.

3. FI Investments

In the following the S&E process for FI Investments will be viewed:

3.1 Overview

After a positive initial screening in line with eeef's eligibility criteria, the AIFM will pursue a full project due diligence. Part of this due diligence will be the S&E aspects of the FI Investment, the S&E Due Diligence. The AIFM will provide the FI with the eeef general Due Diligence Questionnaire which will be extended with S&E questions (Annex VI) and ask the FI for completion. Starting from 2023, the Fund documents the 14 mandatory PAIs of its potential FI investments. The AIF provides annual report on the information on the PAIs of its investment decisions, with the first reference period from January 1 to December 31, 2022, subject to data availability and quality.

After completion of the S&E Due Dilligence Questionnaire, the AIFM will evaluate the results



via the E&S Scoring Sheet (Annex VII).

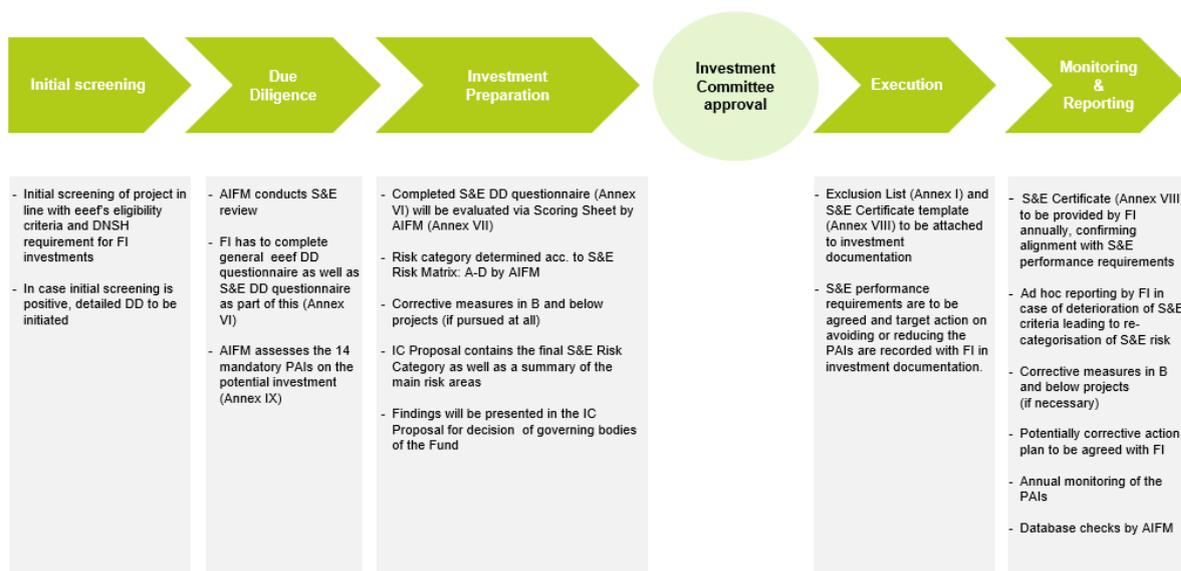
Based on this, the AIFM will determine the S&E risk category of the investment (A, B, C and D) and present the investment to the IC for decision. In the risk section of the IC proposal the following S&E information will be provided: The rating of the S&E scoring sheet and (analogue to the S&E part of the FI Due Diligence Questionnaire) a summary of the AIFM’s findings in the three sub-categories: Relevant Experience, Processes/Organizational Setup and Social/Labour Conditions.

The PAIs of (potential) FI investment decisions on sustainability factors defined by SFDR (Annex IX) are taken into consideration, where the actions taken or target actions to avoid or reduce the principal adverse impacts are recorded.

Please note, prior to any investment decision of the FI, sub-loans in the area of ‘Larger Municipal / Public Sector Lending’ as defined in the AIF Investment Guidelines, allocated to RE projects (solar energy, hydro, biomass, wind etc.) require an E(S)IA as well as complex

EE projects (e.g. building retrofit projects including complex HVAC measures or tri-generation plants for the combined production of cooling, heat and power (CCHP)) that are deemed to potentially have a negative environmental and/ or social impact.

Upon approval of the investment, the AIFM will attach the Fund’s Exclusion List (Annex I) and the S&E Compliance Certificate (Annex VIII) to the investment documentation (PI agreement/s). Furthermore, S&E performance requirements will be fixed with the FI, whereby the compliance needs to be reported via the S&E Compliance Certificate (Annex VIII) on an annual basis. The reporting and monitoring process includes also ad hoc reporting by the FI in case of deterioration of the S&E performance, leading to a potential re-categorisation of the S&E risk. The AIFM will decide on corrective action plans or in case of a significant deterioration potentially terminate the contracts. Throughout the monitoring process, the AIFM will also have access to databases specialised in screening for E&S risks, which will be conducted frequently.



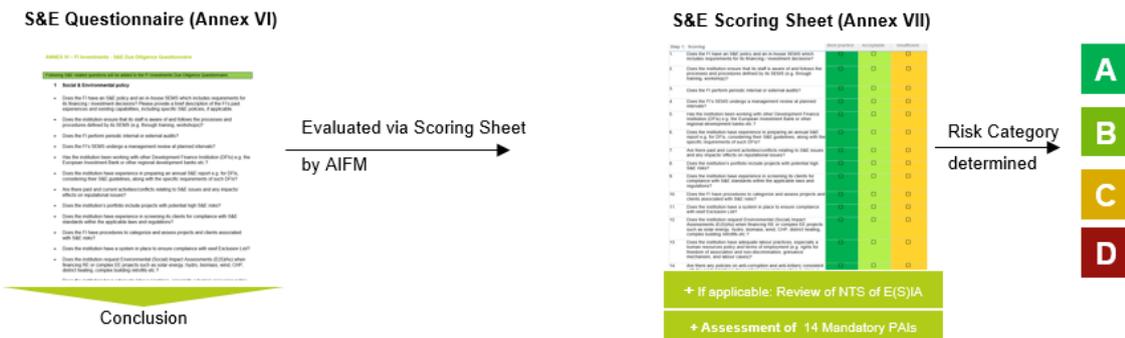


3.2 Performance requirements

FIs shall comply with the following performance requirements:

- *Elaborate FI's in-house SEMS, relevant for the Fund's sub-loans, to ensure compliance with applicable eef guidelines*
- *This includes appropriate staffing of qualified personnel for S&E risk management*
- *Implement a system of dealing with external communication on S&E matters*
- *Practise a management system for labour and working conditions to achieve good worker-management relationship, fair treatment, non-discrimination and equal opportunity, safe and healthy work environments*

Performance requirements are reflected in S&E Questionnaire



3.3 Due diligence process

In the due diligence process, the AIFM will provide the FI with:

- The S&E Exclusion List (Annex I)
- The S&E Due Diligence Questionnaire (Annex VI)
- The S&E Compliance Certificate (Annex VIII)
- The Description of Principal Adverse Impacts (PAIs) on Sustainability Factors (Annex IX)

It will clarify that in order to obtain financing, the FI will need to comply with the performance requirements detailed under section 3.2. All above mentioned documents except for the S&E Due Diligence Questionnaire (Annex VI) will be part of the FI agreement which will also require compliance with all applicable laws and minimum standards, in particular with regards to S&E issues.

During the main phase of the due diligence, the AIFM will analyze the capacities of the FI to comply with the performance requirements. The analysis will focus on:

- In-house SEMS of the FI (e.g. policy, appraisal procedures, monitoring/procedures, dedicated resources and responsibilities, reporting and record keeping)

- Proactive and communicative management regarding S&E issues – communication of S&E guidelines within the organization (e.g. training, workshops)
- S&E Activities and Conflicts – The institution's past and current activities relating to E&S issues and any impacts/effects on the organisation's reputation
- Portfolio (Subprojects) Analysis – Brief analysis of the portfolio of the potential FI to detect S&E risks as an outcome of the institution's lending operations
- Development Finance Institution (DFI) involvement – Investments from other DFIs with binding S&E guidelines, along with the specific requirements of such DFIs
- Brief description of the FI's past experiences and existing capabilities, including specific S&E policies, if applicable
- Reputational risks - screening of information available in the public domain on the FI, as well as its board of directors or other key staff as applicable, with regards to S&E, governance and other reputational risks
- Labour practices – the institution's human resources management such as human resources policy and terms of employment (e.g. rights for freedom of association and non-discrimination, grievance mechanism, and labour cases)

The analysis will be performed through the S&E Due Diligence Questionnaire (Annex VI). Based on the information obtained, the project will be categorized by the AIFM according to the S&E Scoring Sheet (Annex VII) in line with the S&E risk categorisation matrix (Annex II). Any project scored to follow best practices or being close to following best practices (coloured in dark green in the Scoring Sheet) will be classified as 'A'. Consequently, projects scored being acceptable (coloured in bright green in the Scoring Sheet) will be classified as 'B' and projects having two or more insufficient answers (coloured in orange in the Scoring Sheet) will be classified as 'C' ('Not acceptable initially') or 'D' ('Not acceptable at all').

Only if the result is in accordance with the Environmental, Social and Governance Policy of the Fund the project may proceed. Otherwise corrective action measures and a re-categorisation may be taken.

3.4 Corrective action measures

Corrective action measures can be agreed with the PI for category B or below projects in two different stages of the investment:

Investment preparation stage

Based on the outcome of the due diligence process, the FI will receive an S&E evaluation. Depending on the outcome of the evaluation, the AIFM can

- declare that it has no objections with regards to the FI's S&E performance;
- highlight shortcomings and propose corrective action measures; or
- reject the investment.

Corrective action measures may also include implementation of action plans or resolving other S&E issues that may arise from the FI's non-compliance with the performance requirements.

Monitoring & reporting stage

In case of deterioration of the S&E performance during the monitoring and reporting stage, corrective measures for Category B or below projects can be agreed. If the PI fails to re-establish compliance, or in any event of non-compliance where an agreement on corrective



action measures cannot be reached, the Fund may enact any, or all, of the following protective measures to the extent legally permitted:

- Suspend the disbursement under any FI agreement
- Cancel the un-drawn amount under any FI agreement
- Terminate the FI agreement and declare that all, or part, of the outstanding funds together with accrued interest and all other amounts accrued under the FI Agreement are immediately due and payable are immediately due and payable.

In case where PAIs are recorded, the AIFM will track on an annual basis along the project development or operation. In case any deterioration occurred, the above measures outlined in “Monitoring & reporting stage” for S&E performance apply.

3.5 Monitoring

Through the PI agreement, the Fund will require FIs to use its best efforts to report ad hoc on any major social, labour, health and safety, security or environmental incident, a material adverse effect or impact in relation to any sub-loan as soon as practicable, initially to report on the occurrence of such incidents and subsequently to provide more information. In addition, FIs shall provide the annual update on description of 14 mandatory PAIs on sustainability factors (Annex IX) of the projects in their portfolio, and complete, on an annual basis, the S&E Compliance Certificate (Annex VIII) as well as S&E Due Diligence Questionnaire (Annex VI). As for the latter, based on the information obtained, the project will be categorised by the AIFM according to the S&E Scoring Sheet (Annex VII) in line with the S&E risk categorisation matrix (Annex II).

4. Social & Environmental Reporting of the Fund

4.1 Annual reporting

With regards to PAIs of its potential investments, the AIF provides in the annual report the information on the PAIs of its investment decisions, with the first reference period from January 1 to December 31, 2022, subject to data availability and quality.

With regards to the S&E performance of the Fund, the annual report as of 2020 shall contain an evaluation of the S&E performance of the Fund and the PIs for the previous fiscal year, describing in reasonable detail the following:

Evaluation of Annual Reporting

Requirement	Content
Implementation and operation of the Fund's SEMS	<ul style="list-style-type: none"> – Improvements / changes in the eeef SEMS
S&E performance of PIs	<ul style="list-style-type: none"> – S&E risk categorisation of the PIs according to the Annex II – Compliance with the performance requirements – Changes in the PI's SEMS since the last report – Information on Direct Investments/ sub-loans having S&E risk issues
Compliance by PIs with any applicable corrective action plans (if applicable)	<ul style="list-style-type: none"> – Project description and participating PIs

4.2 Ongoing monitoring and information requirements

If the AIFM becomes aware that a PI is in material breach of any of the Social & Environmental Criteria including negative developments in PAIs, it shall promptly: (i) notify the governing body of the Fund and (ii) require the relevant PI to undertake, within a specified time-frame, corrective measures necessary or appropriate to remedy such breach; and (iii) if the relevant PI fails to implement such corrective measures, use all reasonable efforts to (a) assert and enforce any right of the Fund to require the PI to comply with such undertakings, including but not limited to, any available action for specific performance or similar remedy, and/or (b) absent timely or reasonable remedy, dispose of the Fund's investment in such PI on commercially reasonable terms, taking into account liquidity, market constraints and fiduciary responsibilities.

5. Organisational Set Up of the Fund

The Fund itself has a SEMS officer, who will be part of the core team and oversees all activities related to the implementation of the eeef SEMS, and in particular the S&E due diligence as well as the S&E related monitoring and reporting. The SEMS officer will have access to training, focusing on S&E risks and be the primary link to DWS in-house unit responsible for the topics around sustainability. SEMS officer will accompany the investments from the impact assessment during investment preparation phase as well as subsequent execution and monitoring/reporting phases.

In addition, the internal procedures ensure that the Fund operates to the highest international banking industry standards to comply with the Environmental and Social Policy and Investment Guidelines of the Fund.



ANNEX I – eeef Exclusion List and Excluded Activities (together “Social and Environmental Exclusion List”)

Exclusion List

The Fund shall not invest in Projects for the production of bio-liquids or bio-fuels, which for the avoidance of doubt does not exclude bio-gas or bio-mass;

The Fund will not invest in hydropower plants with a dam height of greater than 15 meters (from the fundament) or 5 - 15 meters dam height and a water reservoir of more than 3 million m³ in the Target Partner;

Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations or waste incineration (other than forestry, outputs of organic nature or agricultural waste used for biomass power schemes) and processing of toxic waste (other than landfill gas waste-to-energy schemes or flaring); Where waste incineration related to forestry or agricultural waste used for biomass power schemes and processing of toxic waste related to landfill gas waste-to-energy schemes or flaring is envisaged (i) extensive due diligence has to be performed in order to avoid any reputation risk to the Fund and its Investors (ii) additional studies and project monitoring should be performed by the Manager; and (iii) such project should be capable of participation in the Clean Development Mechanism³ under the Kyoto Protocol⁴;

The Fund shall not make any Investment in any company engaged in any of the following activities:

- production or trade in any product or activity (i) deemed illegal under host country laws or regulations or international conventions and agreements,(ii) or subject to international bans or phase outs, such as pharmaceuticals, pesticides/herbicides, chemicals, products containing PCBs⁵, ozone depleting substances, wildlife or products regulated under CITES⁶, other hazardous substances.
- production or activities involving forced labour⁷ or child labour⁸; any business relating to pornography or prostitution;
- production or trade in and any business relating to:
 - weapons and munitions;
 - alcoholic beverages;
 - tobacco;
 - pornography; and
 - gambling, casinos and equivalent enterprises.
- production or trade in radioactive materials excluding the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded.

³ <http://cdm.unfccc.int/index.html>

⁴ <http://unfccc.int/2860.php/>

⁵ PCBs: Polychlorinated biphenyls—a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

⁶ CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora.

⁷ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

⁸ Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.



- production or trade in unbonded asbestos fibres excluding the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 %.
- activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage⁹.
- drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements¹⁰.
- trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit.
- commercial logging operations for use in primary tropical moist forest.
- production or trade in wood or other forestry products other than from sustainably managed forests.
- production and distribution of racist, anti-democratic and/or neo-nazi media;
- religious organisations, unless related to projects or investments in social, educational and health public concerted facilities;
- destruction of critical habitat;
- psychiatric hospitals involving custodial facilities;
- abortion clinics, euthanasia services;
- crematoria;
- human Cloning or human embryo testing.
- companies engaging in genetically modification of organism

The Fund will not invest in nuclear power projects.

The Fund shall not use techniques and instruments (including but not limited to financial instruments) that would as a consequence engage, directly or indirectly, into speculative investments in activities such as, inter alia, commodities, commodity contracts or forward currency contracts, unless for hedging purposes against interest rate and currency risks and for the sole extent of the currencies involved in the operation.

⁹ Relevant international conventions include, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity and Protocols.

¹⁰ This includes: tankers which do not have all required MARPOL SOLAS certificates (including, without limitation, ISM Code compliance), tankers blacklisted by the European Union or banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU) and tankers due for phase out under MARPOL regulation 13G. No single hull tanker over 25 years old should be used.



EXCLUDED ACTIVITIES

TYPE OF ACTIVITIES	TYPICAL EXAMPLES	COMMENTS/CLARIFICATIONS
1) AMMUNITION AND WEAPONS, MILITARY/POLICE EQUIPMENT OR INFRASTRUCTURE		INCLUDES EXPLOSIVES AND SPORTING WEAPONS
2) PROJECTS WHICH RESULT IN LIMITING PEOPLE'S INDIVIDUAL RIGHTS AND FREEDOM, OR VIOLATION OF HUMAN RIGHTS		THE EIB STATEMENT OF ENVIRONMENTAL AND SOCIAL PRINCIPLES AND STANDARDS, IN PARTICULAR: 6; 46; AND 47
3) PROJECTS UNACCEPTABLE IN ENVIRONMENTAL AND SOCIAL TERMS	PROJECTS IN PROTECTED AREAS, CRITICAL HABITATS AND HERITAGE SITES WITHOUT ADEQUATE COMPENSATION/MITIGATION	THE EIB STATEMENT OF ENVIRONMENTAL AND SOCIAL PRINCIPLES AND STANDARDS, IN PARTICULAR: 58, 71; AND 72
4) ETHICALLY OR MORALLY CONTROVERSIAL PROJECTS	SEX TRADE AND RELATED INFRASTRUCTURE, SERVICES AND MEDIA; ANIMAL TESTING*); GAMBLING AND RELATED EQUIPMENT, HOTELS WITH IN-HOUSE CASINOS; TOBACCO (PRODUCTION, MANUFACTURING, PROCESSING, AND DISTRIBUTION)	*) EXISTING EIB PRACTICE; ACTIVITIES INVOLVING LIVE ANIMALS FOR EXPERIMENTAL AND SCIENTIFIC PURPOSES ARE ELIGIBLE INsofar AS IN COMPLIANCE WITH THE "COUNCIL OF EUROPE'S CONVENTION FOR THE PROTECTION OF VERTEBRATE ANIMALS USED FOR EXPERIMENTAL AND OTHER SCIENTIFIC PURPOSES" (STRASBOURG, 18.3.86), EU REGULATIONS (I.A. COUNCIL DIRECTIVE 86/609/EEC)
5) ACTIVITIES PROHIBITED BY NATIONAL LEGISLATION (ONLY WHERE SUCH LEGISLATION EXISTS)	GENETICALLY MODIFIED ORGANISMS (GMO); ABORTION CLINICS; NUCLEAR ENERGY; ETC.	APPLICABLE NATIONAL LAW

EIB LOANS UNDER SPECIFIC MANDATES OUTSIDE THE EU	
ALL THE ABOVE TYPES OF INVESTMENTS ARE EXCLUDED. MOREOVER, LOANS UNDER THE MANDATES MAY BE FURTHER RESTRICTED TO SPECIFIC SECTORS AND ACTIVITIES TO COMPLY WITH THE BANK'S LENDING POLICIES, AS AGREED BY THE BOARD OF DIRECTORS, AS WELL AS PRIORITIES ATTACHED BY THE RESPECTIVE EU CO-OPERATION OBJECTIVES OR THE LENDING MANDATE	<ul style="list-style-type: none"> - EUROPEAN PARLIAMENT AND COUNCIL DECISION OF 13/07/2009 (633/2009/EC) - COTONOU AGREEMENT OF 23.06.2000 (REVISED 25.06.2005) - EIB BOARD DECISIONS

OTHER EXCLUSIONS
I. CERTAIN COSTS, SUCH AS NON RECOVERABLE VAT, ARE EXCLUDED
II. THE BANK DOES NOT FINANCE PROJECTS WITH A POLITICAL OR RELIGIOUS CONTENT
INTERMEDIATED OPERATIONS (INCL. THROUGH FUNDS)
ALL THE ABOVE EXCLUSIONS APPLY. ADDITIONAL ACTIVITIES MAY BE EXCLUDED (ON THE BASIS OF SIDE-LETTERS AGREED)



ANNEX II – Social and Environmental Risk Categorisation Matrix

	Category A	Category B	Category C	Category D
Scope of S&E impact	For projects with minimal or no adverse impact	For projects likely to have adverse environmental and social impacts that are limited and can be mitigated in a straightforward way and less significant than Category A	For projects likely to have adverse environmental and social impacts that are serious, diverse or unprecedented, or that affect an area broader than the site area	For projects with very high residual impacts
Residual impacts	Insignificant	Medium	High	Very high
Risk rating	Low	Moderate	High	Very high
Global impact	Neutral or positive	Low adverse impact	Moderate adverse impact	High adverse impact
Due diligence requirement	An operation of this type may require environmental and social loan conditions and/ or monitoring	An operation of this type will generally attract specific environmental and social loan conditions; it will also require a high degree of monitoring for environmental and social reasons.	Not acceptable initially	Not acceptable at all

Note: Category A and B projects can qualify for eeef funding, while a project, categorised with C or D in the S&E due diligence process, is not acceptable to eeef as an investment and will not be proposed to the Investment Committee due to their either high or very high S&E risk structure. However, in the case that an investment of the Fund’s portfolio reports a deteriorating S&E impact, resulting in a downgrade from Category A or B to Category C, the Fund may decide on appropriate measures to be taken or terminate the contracts with the PI completely.



ANNEX III – Direct Investments: Due Diligence Questionnaire including S&E Questions¹¹

(to be completed by the PI)

1 Corporate Issues/Counterparty

- 1.1 Describe counterparty for financing: is the shareholders structure/agreement already in place? Please provide SPV/shareholder agreement signed by all parties.
- 1.2 Please provide information on the capitalization of this legal entity /plans for capitalization.
- 1.3 Please provide us with taxation modalities of the entity.
- 1.4 Please provide detailed information on all project parties involved in project implementation/SPV (incl. their financials of the last 3 years).

2 Financial Model

- 2.1 Detailed investment volume per category (lighting equipment, remote controls, sub-contractor works, other equipment etc).
- 2.2 Funding timeline.
- 2.3 Assumptions for revenue calculation.
- 2.4 Amount to be financed by eeef
- 2.5 Financing period.

3 Location of the project

Location, number of lighting points to be replaced (ownership, any legal procedures required), age of the lighting points (please provide the plan of works planned and description of work).

4 Energy, primary energy and CO₂e savings calculation

This section states the technical data points and supporting technical documents required by the eeef to assess the eligibility for street lighting projects. All data points should be completed as appropriate within the initial technical studies needed to assess the eligibility of street lighting projects.

The tables included within this section are intended to provide guidance and set expectations for all data points required as part of the initial technical assessment, and not to be used as the sole template for data provision. If you choose to use these tables, they should be incorporated as part of the technical information submitted to the eeef and they should be used in conjunction with supporting evidence, calculations and assumptions. Once your project has been approved and implemented, an annual energy audit report should be completed to provide all relevant data points included within section 4.

Section 4.1 – 4.3 show Tables 1-3, which list all the data points required by the eeef to understand projects measurement, monitoring and review process and to calculate the primary energy and CO₂e savings from a street lighting replacement project. These data points request information for total primary energy usage pre and post project technology installation throughout the entire street lighting

¹¹ This Due Diligence Questionnaire is an example and refers to the Street Lighting technology. eeef has for each main technology a tailor-made Due Diligence Questionnaire. However, the S&E related questions would be the same - to be incorporated in each Due Diligence Questionnaire for Direct Investments.



system.

To align with the AIF Investment Guidelines, project savings must be or exceed 30% in primary energy and/or carbon emissions.

Tables 1-3 list a significant number of data points. Some of these data points may not be applicable to your project and therefore these do not need to be included within your technical report. Please indicate if a data point is not relevant to your project by entering 'not applicable' or 'N/A' where appropriate. The tables are free format, please edit row titles where indicated and add additional rows when necessary.

Please provide all data in the unit specified within the table and all primary energy data in megawatt hours (MWh).

4.1. Measurement, monitoring and review data for new project.

The eeef requires evidence that your measurement, monitoring and review process aligns to the recommended standards for street lighting projects. This can be done by recording each **lighting bulb type** and describing the associated measurement, monitoring and review processes. This is to understand the monitoring and measurement process of how the post-ECM data is collected.

Table 1: Measurement, monitoring and review data

- Provide data reference per bulb type.
- Any assumptions, calculations or supporting information to be included.
- State N/A for any information requested that is not applicable.

MEASUREMENT, MONITORING and REVIEW DATA						
	1.1	1.2	1.3	1.4	1.5	1.6
	Monitoring		Measuring		Reviewing	
Data point reference per street lighting type	What energy efficiency monitoring standard / protocol will you follow?	How will you implement your monitoring program?	How will you measure the baseline data?	How will you measure and calculate the energy savings from the project?	How will you review data annually?	Lifespan of the technology?
	Include justification of chosen standard <i>e.g. IMPVP¹² Option A or B.</i>	<i>e.g. monthly monitoring of street lighting energy use ECM.</i>	<i>e.g. actual meter readings, invoices for street lighting system ECM.</i>	Describe your methodology and any assumptions / benchmark data used. If using assumptions or benchmark data include source and justification.	It is an eeef contractual requirement to provide complete project data points for an annual audit.	This is the total lifespan of the technology, not the lifespan of the loan. <i>e.g. use manufacturing lifespan</i>
Existing bulb type a						
New bulb type a						

¹² The Efficiency Valuation Organization (EVO) publishes the International Performance Measurement and Verification Protocol (IPMVP) to increase investment in energy and water efficiency, demand management and renewable energy projects around the world. The IPMVP allows building owners, energy service companies, and financiers of energy efficiency projects to quantify the energy savings performance of energy conservation measures (ECMs). It provides an overview of current best practice techniques available for verifying savings from both traditionally funded and third-party financed energy and water efficiency projects.



4.2 Street lighting system SPECIFICATIONS and DATA REQUEST.

Table 2 requests data points for **all relevant** street lighting components **pre-installation**, plus data points for **post-installation**.

This allows the eeef to compare the **total primary energy savings from the ECM** to the **total primary energy consumption of the whole lighting system** to evidence that the CO₂e and/or primary energy savings of the project equal or exceed a 30% reduction for the **WHOLE STREET LIGHTING system**.

Table 2: Street lighting technical specifications and data request

- Provide data as appropriate, state N/A for cells that are not applicable.
- Any assumptions, calculations or supporting information needs to be included.

STREET LIGHTING SPECIFICATIONS: ENERGY CONSERVATION MEASURE													
Data point reference per street lighting ECM type – bulb type	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	2.10	2.11	2.12	2.13
	Lighting details								Operating details				Cost
	Lighting (bulb) type		Number of lights (bulbs)		Bulb installed capacity per bulb		Bulb efficiency ¹³		Annual operation hours ¹⁴		Annual primary energy consumption ¹⁵		Cost
	Pre-ECM	Post-ECM	Pre-ECM	Post-ECM	Pre-ECM (MW)	Post-ECM (MW)	Pre-ECM (%)	Post-ECM (%)	Pre-ECM (hours/year)	Post-ECM (hours/year)	Pre-ECM (MWh/year)	Post-ECM (MWh/year)	Total Cost of New ECM (€)
Lighting a													
Lighting b													

¹³ Input / output calculation

¹⁴ Please provide supporting evidence of how your annual operation hours are calculated.

¹⁵ Where electricity or a fuel is consumed or generated, it is necessary to use a country specific primary energy factor to convert into primary energy. A comprehensive list of eeef approved static data is included in Appendix 1.



4.3 TOTAL primary energy CONSUMPTION data pre and post installation of the WHOLE STREET LIGHTING SYSTEM.

The data points required in Table 3 are for **all** fuels used within the **WHOLE STREET LIGHTING SYSTEM** pre and post installation.

This should include **primary energy consumption for all street lighting posts and bulbs, even if not included within lighting upgrade.**

This data enables the Investment Manager to assess the total primary energy savings from ECM.

Table 3: Primary energy consumption data for WHOLE STREET LIGHTING SYTEM

Provide data for fuel type as appropriate.

State N/A for any fuel types that are not applicable.

Any assumptions, calculations or supporting information behind each data point needs to be provided.

STREET LIGHTING WHOLE SYSTEM PRIMARY ENERGY CONSUMPTION				
	3.1	3.2	3.3	3.4
Data point reference for WHOLE system by fuel type	Fuel type	Primary energy annual fuel consumption (MWh)		Notes
		Pre-installation data primary energy (MWh) (baseline)	Post-installation data primary energy (MWh) (estimated end of year 1)	<i>e.g. assumptions / data collection methods</i>
Fuel type a	Other fuel (State fuel type)			
Fuel type b	Electricity ¹⁶			

4.4 Supporting Documents

- Energy analysis / energy audit report - recommended to be aligned with IPMVP methodology. If another protocol has been used, supporting documentation of guidelines and project alliance is to be provided.
- Any supporting calculations and assumptions behind any data points provided in Tables 1-3.

5 Project Technology /Construction

- 5.1 Sub-contracting parties required (sub-contracting agreements in place, please advise when these will be signed).
- 5.2 Refurbishment/Construction timeline.
- 5.3 Project management for the construction phase, staff description to oversee the construction/Detailed time line until completion.

¹⁶ Where electricity or a fuel is consumed or generated, it is necessary to use a country specific primary energy factor to convert into primary energy. A comprehensive list of eeef approved static data is included in Appendix 1.



5.4 Other suppliers involved (if any).

6. Operational phase

6.1 O&M contractor.

6.2 Insurance concept (insurance contracts in place).

6.3 Description of commercial and technical management concept.

7. Risk management (please provide your risk analysis for the project and describe ways to mitigate these).

Appendix 1: Static data and justification for primary energy & carbon savings

Electricity emission & primary energy factors for individual countries		
Country	Electricity tCO ₂ e / MWh 2019	PEF 2016
Austria	0.162	1.57
Belgium	0.172	2.44
Bulgaria	0.514	2.84
Croatia	0.209	1.83
Cyprus	0.646	3.30
Czech Republic	0.502	2.89
Denmark	0.151	2.50
Estonia	0.864	2.00
Finland	0.106	1.70
France	0.069	2.50
Germany	0.419	2.80
Greece	0.533	2.82
Hungary	0.267	3.03
Ireland	0.380	2.52
Italy	0.327	2.29
Latvia	0.072	1.73
Lithuania	0.079	1.98
Luxembourg	0.176	2.28
Malta	0.432	2.28
Netherlands	0.439	2.33
Poland	0.713	3.00
Portugal	0.361	2.13
Romania	0.344	2.11
Slovakia	0.161	2.23
Slovenia	0.263	2.18
Spain	0.290	2.33
Sweden	0.013	1.57
United Kingdom	0.247	2.50

Following S&E related questions will be added to the Direct Investments Due Diligence Questionnaire:

8. Environmental, Social and Governance Aspects

8.1 Environmental Issues

Standard I¹⁷: Assessment and Management of Environmental and Social Risks and Impacts

- Is the project consistent with EU/national/environmental and social policy and legal frameworks?
- Has an Environmental (Social) Impact Assessment (“E(S)IA”) been conducted? If not, please include the reasons below.
- If yes, has the Non-Technical Summary been disclosed to the public?

Standard V: Land acquisition and Involuntary Resettlement

- If the land is acquired for the project, does the project design consider the communities interests, balances the environmental and social benefits?

Standard VI: Biodiversity Conservation and Sustainable Management of Living Natural Resources

- Does the project have an adverse impact on area of critical habitat (also on vulnerable, endangered, or critically endangered species, IUCN Red List species) or on area high in biodiversity?
- Does the project adversely impact ecosystem services?
- Does the project include activities within or adjacent to protected areas and areas of environmentally sensitivity (e.g. high biodiversity, high water stress) which can also be outside the protected areas?
- Does the project assess, monitor, or control the pressures which indirectly or directly lead to biodiversity and ecosystem adverse change during the implementation?
- Is there a deforestation policy in place?

Standard III: Resource efficiency and Pollution Prevention

- Are there carbon emission reduction initiatives in place?
- Will the project have a negative impact on air, soil, water through emissions or similar?
- To which degree is the project using eco-friendly/durable material when possible?
 - Below 10%
 - 10-30%
 - 30-50%
 - 50-80%
 - Above 80%
- How does the project organize its supply value chain to source equipment and materials for the project?
 - No control of the sourcing process
 - For single products the value chain is plausible and validated

¹⁷ Please note the “**Standard ... : ...**” in the questionnaire refers to the relevant *Standard* in **IFC Performance Standards on Environmental and Social Sustainability (IFC Performance Standards)**, following which the questions are designed. For more information, IFC Performance Standards: https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC_Performance_Standards.pdf?MOD=AJPERES&CVID=kTjHBzk



- 30-50% of products are sourced locally/in proximity and produced in line with the EU standards
- 50 -80% of products are sourced locally/in proximity and produced in line with the EU standards
- The value chain for all products used in the project is validated

- For the project construction/installation, what is the percentage of the labor force that is locally sourced?
 - No share of local labor force
 - Up to 10% local labor force
 - Between 10% - 50% local labor force
 - Between 50% - 80% local labor force.
 - Above 80% local labor force

- During the project construction/installation phase, how are the project [construction/installation] waste and/or the replaced materials handled?
 - We are not tracking the disposal for waste/replaced materials
 - By local waste disposal authorities/specialized companies, we have agreement with
 - Reuse the replaced materials in the other business lines
 - Supply to waste-to-energy plants.
 - Sell off/recycle the waste outside of the European Union.

8.2 Social Issues

Standard II: Labor and Working conditions

- Are there risks of forced or child labor and any indication in the supply chain?
- Will the project have a negative impact on occupational and public health and safety?
- Are any third party/contracted workers engaged in the project? Please confirm that these workers have contracts in place in accordance with the EU labor laws.

Standard IV: Community Health, Safety and Security

- Are there any risks during the construction/installation that might affect third parties?
If such risks were identified, have the preventive and control measures were established in respect to
 - Equipment design and safety
 - Hazardous materials
 - Diseases
- Are there emergency plans in place?
- Are there security arrangements to safeguard the personnel, property, equipment etc. in place?

Standard VIII: Cultural Heritage

- Have vulnerable groups amongst impacted stakeholders been identified and included in project planning and consultation and engagement activities?
- Will the project adversely impact non-replicable cultural property (e.g., archaeological, historical), sites with unique natural values or intangible cultural heritage?
- Is the project proposing to use cultural heritage for its purposes? If yes, please share arrangements with the local communities.

8.3 Governance issues

- Are there any convictions, any amount of fines occurred for violations of anti-corruption and anti-bribery laws for any legal entity involved in the construction/installation?

The following questions are only relevant for the annual Monitoring & Reporting phase after the Due Diligence and the investment is executed, in addition to the above questions.

- Are there any identified cases of severe human rights issues and incidents connected to the project implementation entity or companies invested into it?
- Are there any known incidents of discrimination reported in the project implementation entity or companies invested into it?
- Has % of the local force for maintenance changed after the completion?
- Are there any grievance/complaints handling mechanism in place in the project implementation entity or companies invested into it?
- Does the project company contract 3rd party workers for maintenance?
- Are there any accidents, injuries, fatalities among employees during the project operation?
- How many days are lost for injuries, accidents, fatalities, and illness among employees during the project implementation?
- Are there any policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption in place in the companies invested/involved in the project implementation?
- Are there any convictions and amount of fines occurred for violations of anti-corruption and anti-bribery laws in the project implementation entity or companies invested into it?
- Are there any cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery in the project implementation entity or companies invested into it?

ANNEX IV – Direct Investments: Social and Environmental Scoring Sheet

(to be completed by the AIFM– follows IFC Performance Standards)

Step 1: Scoring	Best practice	Acceptable	Insufficient
Environmental Issues			
Standard I: Assessment and Management of Environmental and Social Risks and Standards			
Is the project consistent with EU/national/environmental and social policy and legal frameworks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has an Environmental (Social) Impact Assessment (“E(S)IA”) been conducted? If not, please include the reasons below	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If yes, has the Non-Technical Summary been disclosed to the public?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard V: Land acquisition and Involuntary Resettlement			
If the land is acquired for the project, does the project design consider the communities interests, balances the environmental and social benefits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard VI: Biodiversity Conservation and Sustainable Management of Living Natural Resources			
Does the project have an adverse impact on area of critical habitat (also on vulnerable, endangered or critically endangered species, IUCN Red List species) or on area high in biodiversity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the project adversely impact ecosystem services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the project include activities within or adjacent to protected areas and areas of environmental sensitivity (e.g. high biodiversity, high water stress) which can also be outside the protected areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the project assess, monitor or control the pressures which indirectly or directly lead to biodiversity and ecosystem adverse change during the implementation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is there a deforestation policy in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard III: Resource efficiency and Pollution Prevention			
Are there carbon emission reduction initiatives in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will the project have a negative impact on air, soil, water through emissions or similar?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To which degree is the project using eco-friendly/durable material when possible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> ○ Below 10% ○ 10-30% ○ 30-50% ○ 50-80% ○ Above 80% 			

<p>How does the project organize its supply value chain to source equipment and materials for the project?</p> <ul style="list-style-type: none"> ○ No control of the sourcing process ○ For single products the value chain is plausible and validated ○ 30-50% of products are sourced locally/in proximity and produced in line with the EU standards ○ 50 -80% of products are sourced locally/in proximity and produced in line with the EU standards ○ The value chain for all products used in the project is validated 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>For the project construction/installation, what is the percentage of the labor force that is locally sourced?</p> <ul style="list-style-type: none"> ○ No share of local labor force ○ Up to 10% local labor force ○ Between 10% - 50% local labor force ○ Between 50% - 80% local labor force. ○ Above 80% local labor force 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>During the project construction/installation phase, how are the project [construction/installation] waste and/or the replaced materials handled?</p> <ul style="list-style-type: none"> ○ We are not tracking the disposal for waste/replaced materials ○ By local waste disposal authorities/specialized companies, we have agreement with ○ Reuse the replaced materials in the other business lines ○ Supply to waste-to-energy plants. ○ Sell off/recycle the waste outside of the European Union. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Social Issues			
Standard II: Labor and Working conditions			
<p>Are there risks of forced or child labor and any indication in the supply chain?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Will the project have a negative impact on occupational and public health and safety?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are any third party/contracted workers engaged in the project? Please confirm that these workers have contracts in place in accordance with the EU labor laws</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard IV: Community Health, Safety and Security			
<p>Are there any risks during the construction/installation that might affect third parties? If such risks were identified, have the preventive and control measures were established in respect to</p> <ul style="list-style-type: none"> ○ Equipment design and safety ○ Hazardous materials ○ Diseases 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are there emergency plans in place?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are there security arrangements to safeguard the personnel, property, equipment etc in place?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard VIII: Cultural Heritage			



Have vulnerable groups amongst impacted stakeholders been identified and included in project planning and consultation and engagement activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will the project adversely impact non-replicable cultural property (e.g. archaeological, historical), sites with unique natural values or intangible cultural heritage?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the project proposing to use cultural heritage for its purposes? If yes, please share arrangements with the local communities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Governance issues			
Are there any convictions, any amount of fines occurred for violations of anti-corruption and anti-bribery laws for any legal entity involved in the construction/installation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>The following questions are only relevant for annual Monitoring & Reporting phase after DD and the investment is executed, in addition to the above questions.</i>			
Are there any identified cases of severe human rights issues and incidents connected to the project implementation entity or companies invested into it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any known incidents of discrimination reported in the project implementation entity or companies invested into it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has % of the local force for maintenance changed after the completion?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any grievance/complaints handling mechanism in place in the project implementation entity or companies invested into it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the project company contract 3 rd party workers for maintenance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any accidents, injuries, fatalities among employees during the project operation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How many days are lost for injuries, accidents, fatalities, and illness among employees during the project implementation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption in place in the companies invested/involved in the project implementation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any convictions and amount of fines occurred for violations of anti-corruption and anti-bribery laws in the project implementation entity or companies invested into it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery in the project implementation entity or companies invested into it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 2: Conclusion		The Direct Investment...
All answers dark green or one answer bright green	<input type="checkbox"/>	... follows best practices or is close to following best practices.
Two or more answers bright green	<input type="checkbox"/>	... is acceptable, certain conditions may need to be fulfilled.
Two or more answers orange	<input type="checkbox"/>	... is not eligible to be funded by the eeef unless shortcomings are addressed

Step 3: Qualitative summary of the findings	
<p>What is the status of the Direct Investment's S&E dimension?</p>	<p><input type="checkbox"/> The Direct Investment observes all or nearly all S&E norms and is with minimal or no adverse S&E impact.</p> <p><input type="checkbox"/> The Direct Investment observes most of the S&E norms and have low adverse S&E impacts which can be mitigated in a straightforward way.</p> <p><input type="checkbox"/> The Direct Investment does not observe most of the S&E norms and have moderate or high adverse impact. Consideration for financing depends on mitigation measures.</p>
<p>Which gaps in the Direct Investment's S&E dimension were identified? Please detail and refer to the specific SEMS question(s).</p>	
<p>What difficulties does the Direct Investment face in implementing best practices, if relevant?</p>	
<p>What kind of assistance would be useful, if relevant?</p>	



ANNEX V – Direct Investments: Social and Environmental Compliance Certificate

From: [Name of Beneficiary]

To: The European Energy Efficiency Fund

Date: [•]

ANNUAL ENVIRONMENTAL AND SOCIAL COMPLIANCE CERTIFICATE

[•] agreement dated [•] between The European Energy Efficiency Fund S.A., SICAV-SIF, a “*société d’investissement à capital variable*” incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 31 Z.A.Bourmicht; L8070 Bertrange Luxembourg, and registered with the *Registre du Commerce et des Sociétés*, Luxembourg under number B 162.036 (the “**Fund**”) and [•] (the “**Beneficiary**”) (the “**Agreement**”)

This environmental and social compliance certificate (“Certificate”) is being delivered in accordance with the requirements of Clause [•] (Environmental and Social Compliance Certificate) of the Agreement. Terms defined in the Agreement have the same meaning in this Certificate unless given different meaning in this Certificate.

The Beneficiary hereby represents and warrants that:

the PI /project is in compliance with the Environmental and Social Exclusion List (Schedule [•]), Environmental and Social Law and other Environmental and Social criteria defined in the Agreement;

it is in, and undertakes that it will continue to take all reasonable actions to maintain, compliance with all applicable regulations, and international conventions and agreements pertaining to environmental and social aspects.

it currently does not have any knowledge of, and will continue to take all reasonable actions to prevent any future, Claims (such as fines, penalties, cleanup costs, governmental response costs, payments for damages, incarceration of senior management, reduced value of collateral due to environmental damage/liability, etc.) and worker protection issues (health and safety, harmful child labour, forced labour, and discriminatory practices) that have an adverse material effect on the PI’S ability to fulfil its obligations under the Social and Environmental Exclusion List and Environmental and Social Law;

- it is in compliance with the environmental and social performance standards defined in Clause [•] (Compliance with performance standards) of the Agreement; and
- for the calendar year ending 31 December 20[•], it was in compliance with the Environmental and Social Exclusion List and Clause [•] (Compliance with laws and minimum standards) of the Agreement.;

Yours faithfully,
[insert name of PI]

By: _____

Name:

Title: [Environmental and Social Compliance Officer]

Accepted and agreed:

The European Energy Efficiency Fund, represented by its Alternative Investment Fund Manager

By: _____

Title: AIFM

By: _____

Title: Environmental and Social Compliance Officer

ANNEX VI – FI Investments : S&E Due Diligence Questionnaire

(to be completed by the FI)

Following S&E related questions will be added to the FI Investments Due Diligence Questionnaire:

1 Social & Environmental policy

- Does the FI have an S&E policy and an in-house SEMS which includes requirements for its financing / investment decisions? Please provide a brief description of the FI's past experiences and existing capabilities, including specific S&E policies, if applicable.
- Does the institution ensure that its staff is aware of and follows the processes and procedures defined by its SEMS (e.g. through training, workshops)?
- Does the FI perform periodic internal or external audits?
- Does the FI's SEMS undergo a management review at planned intervals?
- Has the institution been working with other Development Finance Institution (DFIs) e.g. the European Investment Bank or other regional development banks etc.?
- Does the institution have experience in preparing an annual S&E report e.g. for DFIs, considering their S&E guidelines, along with the specific requirements of such DFIs?
- Are there past and current activities/conflicts relating to S&E issues and any impacts/effects on reputational issues?
- Does the institution's portfolio include projects with potential high S&E risks?
- Does the institution have experience in screening its clients for compliance with S&E standards within the applicable laws and regulations?
- Does the FI have procedures to categorize and assess projects and clients associated with S&E risks?
- Does the institution have a system in place to ensure compliance with eeef Exclusion List?
- Does the institution request Environmental (Social) Impact Assessments (E(S)IAs) when financing RE or complex EE projects such as solar energy, hydro, biomass, wind, CHP, district heating, complex building retrofits etc.?
- Does the institution have adequate labour practices, especially a human resources policy and terms of employment (e.g. rights for freedom of association and non-discrimination, grievance mechanism, and labour cases)?
- Are there any policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption in place in the institution?
- Are there any convictions and amount of fines occurred for violations of anti-corruption and anti-bribery laws in the institution? If yes, please specify details.
- Are there any cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery in the institution? If yes, please specify details.

ANNEX VII – FI Investments: Social and Environmental Scoring Sheet

(to be completed by the AIFM)

Step 1: Scoring		Best practice	Acceptable	Insufficient
1.	Does the FI have an S&E policy and an in-house SEMS which includes requirements for its financing / investment decisions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Does the institution ensure that its staff is aware of and follows the processes and procedures defined by its SEMS (e.g. through training, workshop)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Does the FI perform periodic internal or external audits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Does the FI's SEMS undergo a management review at planned intervals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Has the institution been working with other Development Finance Institution (DFIs) e.g. the European Investment Bank or other regional development banks etc.?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Does the institution have experience in preparing an annual S&E report e.g. for DFIs, considering their S&E guidelines, along with the specific requirements of such DFIs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Are there past and current activities/conflicts relating to S&E issues and any impacts/ effects on reputational issues?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Does the institution's portfolio include projects with potential high S&E risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Does the institution have experience in screening its clients for compliance with S&E standards within the applicable laws and regulations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Does the FI have procedures to categorize and assess projects and clients associated with S&E risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	Does the institution have a system in place to ensure compliance with eeef Exclusion List?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	Does the institution request Environmental (Social) Impact Assessments (E(S)IAs) when financing RE or complex EE projects such as solar energy, hydro, biomass, wind, CHP, district heating, complex building retrofits etc.?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	Does the institution have adequate labour practices, especially a human resources policy and terms of employment (e.g. rights for freedom of association and non-discrimination, grievance mechanism, and labour cases)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	Are there any policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption in place in the institution?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	Are there any convictions and amount of fines occurred for violations of anti-corruption and anti-bribery laws in the institution?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.	Are there any cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery in the institution?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Step 2: Conclusion	The FI ...
All answers dark green or one answer bright green	<input type="checkbox"/> follows best practices or is close to following best practices.
Two or more answers bright green	<input type="checkbox"/> is acceptable, certain conditions may need to be fulfilled.
Two or more answers orange	<input type="checkbox"/> is not eligible to be funded by the eeef unless shortcomings are addressed

Step 3: Qualitative summary of the findings	
What is the status of the FI's SEMS?	<input type="checkbox"/> The FI observes all or nearly all S&E norms and is with minimal or no adverse S&E impact. <input type="checkbox"/> The FI observes most of the S&E norms and have low adverse S&E impacts which can be mitigated in a straightforward way. <input type="checkbox"/> The FI does not observe most of the S&E norms and have moderate or high adverse impact. Consideration for financing depends on mitigation measures.
Which gaps in the FI's SEMS were identified? Please detail and refer to the specific SEMS question(s).	
What difficulties does the FI face in implementing its SEMS, if relevant?	
What kind of assistance would be useful, if relevant?	



ANNEX VIII – FI Investments: Social and Environmental Compliance Certificate

From: [Letterhead of FI]

To: The European Energy Efficiency Fund S.A., SICAV-SIF

Date:

Facility agreement dated [•] between the European Energy Efficiency Fund S.A., SICAV-SIF a “société d’investissement à capital variable” incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 31 Z.A.Bourmicht; L8070 Bertrange Luxembourg, and registered with the *Registre du Commerce et des Sociétés*, Luxembourg under number B 162.036 **(the "Fund") and [•] (the "FI") (the "Agreement")**

This social and environmental compliance certificate ("Certificate") is being delivered in accordance with the requirements of Clause [•] (Environmental and Social Compliance Certificate) of the Agreement. Terms defined in the Agreement have the same meaning in this Certificate unless given different meaning in this Certificate.

This Certificate confirms that all sub-loans that were granted by the FI in the period from [•] to [•] and financed by the Fund's in accordance with the Agreement comply with the criteria of Schedule [•] to the Agreement and are in compliance with the Social and Environmental Exclusion List and Environmental and Social Law.

The FI hereby represents and warrants that it is in and undertakes that it will continue to take all reasonable actions to maintain, compliance with all applicable regulations, and international conventions and agreements pertaining to social and environmental aspects.

The FI hereby represents and warrants that it currently does not have any knowledge of, and will continue to take all reasonable actions to prevent any future, claims (such as fines, penalties, clean-up costs, governmental response costs, payments for damages, incarceration of company senior management, reduced value of collateral due to environmental damage/liability, etc.) and worker protection issues (health and safety, harmful child labour, forced labour, and discriminatory practices) that have an adverse material effect on the FI's ability to fulfil its obligations under the Social and Environmental Exclusion List and Environmental and Social Law.

The FI hereby represents and warrants to the best of its knowledge, that for the financial year ending [•], it was not in violation of any of the covenants, terms, provisions, or conditions of the Social and Environmental Exclusion List (and any other undertaking cited in the covenants section of the Agreement).

Yours faithfully,

[insert name of FI]

By:

Title: Social and Environmental Compliance Office

ANNEX IX – The Description of Principal Adverse Impacts (PAIs) on Sustainability Factors

Adverse sustainability indicator		Metric	Impact of year xxx	Explanation	Actions taken, and actions planned, and targets set for next reference period	
Indicators applicable to invested projects						
Climate and other environment-related indicators						
Greenhouse gas emissions	1.GHG emissions	Scope 1 GHG emissions	tCO ₂ e ¹⁸			
		Scope 2 GHG emissions	tCO ₂ e			
		Scope 3 GHG emissions	tCO ₂ e			
		Total GHG emissions	tCO ₂ e			
		2.Carbon footprint	Carbon footprint	tCO ₂ e		
		3.GHG intensity of investee companies	GHG intensity of investee companies	tCO ₂ e/million EUR		
		4.Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	%		
	5.Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	%			
	6.Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	GWh			
Biodiversity	7.Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	%			

¹⁸Tonnes of carbon dioxide equivalent.

Water	8.Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes		
Waste	9.Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes		
Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters					
Social and employee matters	10.Violations of UN Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%		
	11.Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%		
	12.Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%		
	13.Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	%		
	14.Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	%		