

InvestEU Scoreboard
(to be published after the signature of the operation)¹

Presentation of the financing or investment operation:

Implementing Partner: European Investment Fund (EIF)

Name of the Operation: White Summit Capital Infrastructure Decarbonisation Fund II (“WDIF II” or the “Fund”)

Type of approval: Individual financing or investment operation

Name of Financial Intermediary: White Summit Capital Infrastructure Decarbonisation Fund II

Country(-ies) of implementation of the operation: The Fund has a pan-European strategy and it is expected to target primarily EU-27 countries, in particular Western Europe, with a strong focus in Spain and to a lesser extent Portugal, plus Norway. A small portion of investments is expected to be dedicated to UK and Switzerland.

Short description of the financing or investment operation:

The Fund’s investment strategy comprises mostly greenfield investment across different sectors with the aim to contribute to the decarbonisation of assets. In particular, the Fund will seek investments in the areas of renewables integration (RE generation, hydrogen, battery storage, energy efficiency, etc), sustainable transport (Vehicle electrification, biofuels, etc) and circular economy (recycling facilities, heat recycling). From sustainability perspective the Fund will be compliant with Art.9 of SFDR and all investments will be Paris-aligned.

Public Statement

Eligible area for the Operation in accordance with Annex II to the InvestEU Regulation:

- Item 1 of Annex II of the InvestEU Regulation:

the development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, clean energy transition and the commitments taken under the 2030 Agenda for Sustainable Development and the Paris Agreement

- Item 2 of Annex II of the InvestEU Regulation:

the development of sustainable and safe transport infrastructures and mobility solutions, equipment and innovative technologies in accordance with Union transport priorities and the commitments taken under the Paris Agreement

- Item 3 of Annex II of the InvestEU Regulation:

environment and resources

¹ The Investment Committee Secretariat shall liaise with each Implementing Partner in order to identify the financing or investment operations or sub-projects, which have been signed and for which the relevant Scoreboard shall be published in line with Article 24(5) of the Regulation.

- The investment will be in the form of equity, which will in turn allow the Fund to promote equity or quasi-equity investments at the level of each underlying investment, which is an essential element in supporting the development of greenfield projects and small infrastructure platforms in the areas of renewables integration, sustainable transport, and circular economy.
- The Fund targets investments in the sustainable energy (renewable energy, energy efficiency, energy storage) and sustainable transport sectors and as well as opportunistically in circular economy, enabling investments in highly efficient but fossil-fuel dependent sub-sectors, where new business models are required to drive decarbonisation initiatives. The Fund investment strategy will enable investments in 'hard-to-abate' and carbon-intensive sub-sectors with significant technical and structural challenges in mitigating emissions (including industrial processes) in need of sector-specific net zero transition pathways fundings. "Hard-to-abate" industries include carbon-intensive sectors with few clear, viable low-emission alternatives, such as road freight, steel and cement making, chemicals, aviation, and shipping and account for roughly one-third of global CO2 emissions.
- Decarbonizing these industries was deferred as attention focused on easier-to-address emission sources, such as electricity generation and passenger vehicles.
- Commitments are also expected to be made in Southern Europe, with a strong focus on Spain and Portugal, which are "Moderate and Emerging Innovator Countries Additionally, it is expected that some of the projects supported by the Fund will be located in cohesion and just transition regions (in particular in Spain).

Thanks to the EU Guarantee, EIF is able to provide a sizable investment in the Fund instrumental for the timely achievement the first closing and, subsequently, target fund size.

- The Fund will invest across risk profiles traditionally classified as "hybrid or core plus" assets in undeveloped markets and "Value-Add" infrastructure assets that require enhancements. These assets require a combination of competitive capital and expertise in greenfield, scale-up, energy management and industrial processes is fundamental and limits the pools of capital that can invest in that space.
- The investment gap is partially due to the investors' reluctance to invest in complex technical markets or in SMEs and Mid-Caps. EIF's investment as anchor investor is expected to generate a strong catalytic effect for the Fund, needed to reach a viable first close size in a timely manner.

EIF is expected to participate in the first closing of in the Fund, thereby providing a strong market validation and signalling effect and helping fundraising efforts.

The Fund targets investments in the sustainable energy (renewable energy, energy efficiency, energy storage) and sustainable transport sectors and as well as opportunistically in circular economy, enabling investments in 'hard-to-abate' and underpenetrated sub-sectors, where new business models are required to drive decarbonisation initiatives.

The Fund will support the development of infrastructure assets throughout the EU and contribute to EU policy objectives, in particular in sectors where European policies lead to liberalization and opening to private investment in the transport and energy sectors. The investments financed will contribute to EU and Member States' climate, environmental and digital priority and cross-cutting objectives and policies.

The investments financed will stimulate innovation that leads to the adoption of greener technologies and contribute to EU and Member States' climate, environmental and the security of energy supply

priorities and cross-cutting objectives, targets and policies² delivering long-term decarbonization solutions.

The European Green Deal intends to mobilise at least EUR 1 trillion of investments over the next 10 years, with private finance identified as a critical enabler of the energy transition in the Green Deal Funding Plan. EU countries have agreed to explicitly include clean energy transition at the heart of their economic recovery as part of the European Green Deal, with around 37% of total recovery money targeting climate-related expenditures, including clean energy technologies. In addition, strong EU and national focus on decarbonisation will represent an opportunity for energy efficiency projects to play a key role in meeting the EU climate targets.

The European Union aims to be climate-neutral by 2050 – an economy with net-zero greenhouse gas emissions – and the role of energy systems is key in driving progress towards this goal. According to the European Commission's latest impact assessment, investments in the EU energy system would need to rise from an average of 1.3% of gross domestic product (GDP) per year over the last decade, to 2.8% of GDP over the next decade if the European Union is to meet its goal of cutting greenhouse gas emissions by 55% by 2030. Energy-related sectors account for c. 70% of European investment in climate change mitigation.

The Fund supports the EU-wide 2030 climate, environmental and energy targets: 32% final energy consumption coming from RE sources (which implies about 57% of RE in the electricity sector). Achieving these targets will require sustained investment in these sectors over the coming decade. At the same time, EU countries are reducing or even phasing out public subsidies, which is making the market more sophisticated and creating new growth opportunities.

Energy projects contribute to the reduction in negative carbon emissions and pollution externalities (emissions of CO₂, NO_x and SO₂), and to improving energy market efficiency and integration. The underlying investments in storage of renewable energy, green H₂ equally contribute to climate change mitigation objectives and to security of supply by reducing dependency on energy imports. Investments in innovative grid technologies (such as storage) contribute to learning-by-doing and thus drive down costs over time – a positive externality.

In the transport sector, the Fund's investments are expected to contribute to the modernization of the transport sector, including the rollout of alternative fuel infrastructure, as well as smart, innovative or resource efficient transport systems. The Fund's investment strategy offers good potential to deliver on the innovative components of the Ten-T regulation and on the EC's policy agenda related to decarbonisation, depollution, and transport networks efficiency.

The other market failures addressed by the fund are potentially:

- (i) strengthening of the EU's economic, social and territorial cohesion;
- (ii) optimising the performance of multimodal logistic chains, including by making greater use of more energy-efficient modes;
- (iii) supporting energy efficiency projects, to reduce GHG and air pollution externalities,
- (iv) increasing security of energy supply (which can be considered a public good),

² These include EU 2030 Climate Action Objectives, as set up in the respective National Energy and Climate Plans (NECPs): European Green Deal (2019); Fit for 55 package; Europe Digital decade; EU Industrial Strategy; Circular Economy Action Plan; EU Directives on Waste (Waste framework directive, Landfill Directive, Packaging and Packaging Waste Directive, etc.), EU directives on Water (EU Drinking Water Directive 2020/2184; the Urban Waste Water Treatment Directive (91/271/EC) and the Water Framework Directive (2000/60/EC)); EU Plastic Strategy; Alternative Fuel Infrastructure Directive; EU Sustainable and Smart Mobility Strategy (2021); the EC Hydrogen Strategy (2020), etc.

- (v) supporting modal shift projects to reduce GHG and air pollution externalities and reduce road accidents; and
- (vi) enhancing regional / cross border integration (e.g. roll-out of alternative fuel infrastructure) as well as inter-modality.

Besides, based on a preliminary pipeline and past track record, the Fund's key markets are expected to be focused on Southern Europe, and other various EU Member States, and it is expected to contribute to financing Cohesion Priority Regions, mostly in Spain.

The scale of financing expected to be made available by the financial intermediary to final recipients (i.e. leverage) is estimated at c. 3.5x, in accordance with the "InvestEU Leverage and Multiplier Effect Calculation Methodology" as approved by the InvestEU Steering Board.

With respect to the benefits generated by the operation for the final recipients, it is worth highlighting in particular the following key features: (i) the provision of equity financing; (ii) the longer holding period (within up to 12 years term of the fund, including extensions); (iii) the contribution to the diversification of funding sources for final recipients; (iv) the financing in local currencies; and (v) the transfer of experience, know-how and network by the financial intermediary to portfolio companies.

In terms of impact on the ecosystem, EIF is expected to contribute by providing an anchor investment to a fund which strategy is focused on providing capex (greenfield or expansion capital), invests in less-typical sectors for infrastructure funds, and can assume development and market risks and targets less proven geographies for infrastructure investments within the EU with clear decarbonization goals (stringent ESG criteria to be monitored through the investment cycle).

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation (**Excellent**)

Pillar 4 - Financial and technical contribution by the Implementing Partner (**Excellent**)

Pillar 5 - Impact of the financing or investment operation (**Very Good**)

Pillar 7 - Complementary indicators

Operation-specific indicators, estimated based on the "InvestEU Leverage and Multiplier Effect Calculation Methodology" as approved by the InvestEU Steering Board

- (a.1) Leverage effect: Indicatively 3.5x.
- (a.2) Multiplier effect: Indicatively 10.7x.

ESG aspects

Within the due diligence process, EIF assesses the financial intermediaries' environmental, climate and social risk management procedures and the capacity to screen, assess and manage environmental, climate and social risks associated with its business activity, including the presence of an Environmental and Social Management System (ESMS), by means of an "ESG" questionnaire.

The Fund has a solid ESG strategy, policies and processes in place and the ability to carry out E&S due diligence in line with EIBG E&S standards.

Environmental Assessment

Some of the Fund's underlying investments may fall under Annex I or II of EIA (environmental impact assessment) Directive 2014/52/EU amending EIA Directive 2011/92/EU. In these cases, the Manager needs to ensure that investee companies act according to the provisions of the aforementioned Directive as transposed into national law. Should the relevant competent authority screen in an investment project, the Manager should ensure that the Non-Technical Summary (NTS) and EIA documents, are published on the web.

Climate Mitigation

Climate change mitigation: The investments in energy efficiency, renewable energy, sustainable transport and circular economy, and those other subsectors, will contribute to mitigate climate change. According to the existing pipeline and the strategy of the Fund it is expected to have about 98% contribution to Climate Action and Environmental Sustainability (CA&ES) as per the InvestEU Climate and Environmental tracking guidance.

Climate Neutrality: The Fund has been assessed for Paris Alignment and is considered to be aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap. The Fund will ensure Paris Alignment of all its investments.

Social Assessment

The Fund's Environmental and Social Management System will duly define the policies and procedures related to social aspects that will apply to the investments.

The Fund seeks to be involved in operations that sustainably foster business growth and economic development, thereby helping to stimulate long-term employment.