

ENVIRONMENTAL PROCEDURE

the review of an environmental assessment starts with the analysis of the "Environmental Screening Questionnaire"¹, that the exporter has to fill in and attach to the insurance coverage application form. In the case of Buyers Credit transactions, the Bank will be careful to attach it. The Screening Questionnaire must not be filled in for those transactions whose repayment terms are lower than 24 months.

The Screening Questionnaire is useful to categorize the transaction into one of the three following categories:

Category A: it includes all the industrial sectors having the potential to have **significant adverse environmental impacts**, plants located in or near sensitive areas and/or for which the resettlement of local population is necessary. In these cases, SACE may ask for an *Environmental Impact Study*, drawn up in accordance with the criteria listed in the "Index of Reference for an EIA". Previous drawn up EIAs are also taken into account in the analysis, although SACE reserves itself to request further information if necessary, or to involve an independent consultant when cases are highly complex or when the submitted EIA is insufficient. According to the *Disclosure Policy* the EIA will be public available for 30 days before SACE's final decision of guarantee.

Category B: it includes **medium potential impact** transactions which require the acquisition of more complete and specific information in addition to that ones collected with the Screening Questionnaire. SACE requires the filling of an "Environmental Audit Questionnaire", in order to identify the aspects concerning various environmental issues on a qualitative and quantitative basis: emissions in the atmosphere, use of waters for drainage, disposal and recycling of waste, contamination of soil, use of raw materials and natural resources. Defence, Aerospace and Telecommunications Sectors (infrastructure excluded) are exempted from environmental audit.

Category C: it includes **low potential impact** transactions, (e.g. studies and design, export of goods and single equipments). Generally the information contained in the *Screening Questionnaire* are sufficient to conclude the environmental analysis.

The review ends with an assessment of the detected environmental impact and, if high risks are present, with the need to take possible mitigation interventions and monitoring procedures.

¹ The Screening Questionnaire, the Environmental Audit Questionnaire and the Index of Reference for an EIA are available on the page "Environmental Tools".

SOME KEY PARAMETERS

Localization:

- The transactions that are considered having a high potential environmental impact, are those which are settled in protected areas (Tropical forest, national parks, archaeological areas, UNESCO World Heritage sites, coral reef, etc.) and/or in areas where they cause the resettlement of local population.
- The transactions taking place in mixed areas (i.e. industrial, residential) are considered having a medium to low potential environmental impact.

Product Sectors open to Investments:

- The sectors that are believed to have a high potential environmental impact are as follows: Iron and Steel, Oil, Chemical and Pharmaceutical, Paper-Making, Infrastructure, Transport, Mining, Power and Energy, Waste Disposal Recycling sectors. Some examples of transactions that fall under this category are listed in Attachment 1 of the OECD Recommendation².
- The following sectors are considered having a medium potential environmental impact: the Agricultural, Food and Textile industries.

New Productive Capacity:

- The extent and depth of the environmental assessments are higher in the case of new plants or also when the export, although in the framework of existing plants, permit and create new productive capacities.
- If there is no new productive capacities, the analyses focuses on the exported technology conformity that must complies with the environmental regulations, security, and good practices that are internationally recognised.

Exporter's Role:

- The exporter could be asked to provide information on the whole project, if he has a major role (i.e.; main contractor, lead investor), or just on his own supply if he has a marginal role.
- In all other cases the exporter possibility to influence and have access to information on the whole project are taken into due consideration.

Environmental Risks of a Country:

- The compliance with local environmental regulations further guarantees the suitability of the transaction if the host country already pays attention to environmental issues and if actively participates to special international institutions programmes, in order to improve a sustainable development.

² The full text of the Recommendation is available on the page Regulations

TYPOLGY OF SACE CONTRACTS AND ENVIRONMENTAL ANALYSIS

The extent of the environmental assessment is defined on the bases of the typology of contract requiring SACE's intervention:

- The promises of guarantee are analysed to identify the environmental requirements that the transaction will have to fulfil in order to obtain the guarantee.
- The environmental analysis is part of SACE's evaluation process, consequently the release of a guarantee depends also on the environmental analysis and on its findings.
- Any modification and postponements that occur during the time of validity of a transactions do not involve a new environmental analysis unless there are no basic substantial changes in the goods supplied.
- Transactions in which there is no request for credit risks coverage will be analyzed on case by case.