

Environmental and Social Data Sheet

Overview

Project Name:	UMICORE EUROPEAN LARGE-SCALE BATTERY MATERIALS
Project Number:	2019-0611
Country:	POLAND
Project Description:	The project consists of the implementation of a cathode material manufacturing facility. The cathode material will be supplied to battery manufacturers of high tech lithium-ion batteries that are primarily dedicated to the electrical vehicles markets. The investment period covers 2019 - 2021 included.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	yes

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment:

The investment concerns the implementation of a cathode material manufacturing plant as well as its associated operations. This cathode material will be subsequently used in the manufacturing of high-tech rechargeable Li-ion batteries primarily dedicated to electrical vehicles. The project consist of the deployment of a production and processing of metals facility. The investment falls under the scope of EU Directive 2014/52/EU) amending the EIA Directive 2011/92/EU (Annex 2). The project was subject to a screening determination carried out by the competent authority using the criteria listed in Annex III of the EIA Directive. The screening out decision has been granted by the competent authority in September 2019 and states the main reasons for not requiring an EIA Report, the measures envisaged to avoid or prevent the adverse effects on the environment and the conditions to implement and operate the project.

The information submitted by the promoter for determination (according to Annex IIA of the EIA Directive) highlights among other environmental aspects that the investment area is habitat for species under strict protection regime (e.g. skylarks). Considering this, the screening out decision stipulates the obligation for the promoter when implementing the project to apply for a derogation from the strict protection regime. The reception of this/these permissions to the satisfaction of the bank will be a disbursement condition to the loan.

The project is not located inside of any Natura 2000 sites; the nearest Natura 2000 site is located 2.92 km from the project area. The potential impacts on protected areas were analysed during the determination procedure and the screening out decision justifies the lack of significant negative impacts of the project on the Natura 2000 sites.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

Luxembourg, 02.06.2020

Due to the storage of hazardous substances, the project falls under Seveso Directive 2012/18/EU and hence, a safety report as stipulated under the SEVESO Directive needs to be submitted and approved by the authorities. All valid documents including the report will be submitted to the authorities prior to the start of operations and warehousing activities.

EIB Carbon Footprint Exercise:

The manufacturing process of cathode material for Li-ion batteries is highly energy intensive and consumes significant amounts of electricity. Hence, the project will mainly have an impact in terms of scope 2 GHG emissions. The promoter is committed to source its electrical energy for the operation of its plant from different types of renewable electricity sources.

According to the Bank's methodology, the greenhouse gas emissions from the project operations will be assessed by considering both (i) the direct greenhouse-gas emissions from the natural gas fuelled heating of production facilities within the industrial site and (ii) the greenhouse gas emissions associated with the electricity sourced from the grid. The latter constitute the majority of GHG emissions.

The estimated absolute emissions from the project in a standard year of operation are about 134 800 t CO₂eq/y (with the emissions associated to electrical energy sourced from the grid and assessed at the country grid factor, according to the Bank's methodology).

The estimated relative emissions are roughly 26 000 t CO₂eq/y (increase). This figure results by comparing (i) the project emissions at the plant in Poland with (ii) the current viable alternative to the project, i.e. producing the same amount of cathode material at the promoter's major manufacturing sites in China and South Korea, 50% each. For the purpose of the calculation the average of the Chinese and South Korean grid factor was taken.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Comment regarding carbon footprint of the project: The above carbon footprint estimation is based on the "EIB carbon footprint methodology" which imposes to use the country electrical grid factor for the estimation of scope 2 emissions when assessing projects. However, the promoter has the intention to source 100% of its electrical energy supply from renewable sources and hence, the project's final absolute scope 2 emissions will be close to zero. The scope 1 emissions of the Project are limited to the heating with natural gas boilers of the manufacturing and administrative buildings and are marginal.

Public Consultation and Stakeholder Engagement

According to the Polish EIA legislation, the announcement on the screening out decision was placed in a publicly available data list: Card No. 2035/2019 Relevant authorities and parties to the administrative procedure have been received the decision.

Other Environmental and Social Aspects

The promoter's intends to receive the following certification for its new plant within the next three years: ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management).

Cobalt is one of the main raw materials used in cathode material manufacturing alongside other processed raw materials as Lithium, Nickel and Manganese for example. The promoter

Luxembourg, 02.06.2020

is the first company that has implemented a framework for sustainable Cobalt sourcing that avoids that unethically mined Cobalt enters its manufacturing processes. The framework entails a due diligence designed to ensure the traceability of Cobalt in its supply chain and is audited by an independent third party. Additional information on the framework can be found under the following link: <https://www.unicore.com/en/cases/sustainable-procurement-framework-for-cobalt/>

Conclusions and Recommendations

The project will support the low carbon transformation of the European mobility sector mainly by manufacturing, in Europe, a key component of Li-ion batteries used primarily in electrical vehicles and electrical energy storage solutions. Pending the below stated (i) condition for disbursement and (ii) through the implementation of the contractual undertaking the project is considered as acceptable for EIB financing.

Condition precedent for disbursement: The satisfaction of the Article 16 of the habitats directive or an opinion from the competent authorities to the satisfaction of the Bank stating that the Project is in compliance with the Habitats Directive requirements will be a condition for disbursement of the current loan.

Contractual undertaking: The promoter has the intention to source renewable electricity generated from renewable sources for the Project's electricity supply, and hence the Promoter will have to update the Bank on an annual basis with the relevant information and corresponding certificates concerning the electrical energy supply from renewable sources.

PJ/SQM/ECSO 01.02.2019