

Environmental and Social Data Sheet

Overview

Project Name:	ADVANCED TYRE MANUFACTURING EUROPE
Project Number:	2019-0791
Country:	Poland, Spain, Hungary, Belgium
Project Description:	The project concerns the digitalisation of the promoter's European industrial operations, including central IT deployment as well as advanced manufacturing investments in the Promoter's existing facilities in Poland, Spain and Hungary.
EIA required:	yes (for some project components)
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 promoters Smart Factory transformation programme represents the deployment of Advanced Manufacturing Technology / Industry 4.0 applications covering the European tyre-manufacturing footprint of the promoter. The Smart Factory concept comprises the deployment of state-of-the-art equipment, machinery and processes to address a broad range of applications including dynamic scheduling, connected assets, preventative maintenance, real-time performance dashboards and material tracking programme. The scope of the project, which is centrally coordinated from the Regional HQ, encompasses the implementation of core IT systems and services (heart of the digital manufacturing) as well as operational and capital expenditures in four (4) existing manufacturing facilities located in Poland, Spain, and Hungary.

More specifically the project includes:

- IT investments for digitalisation / industry 4.0 (hardware and software), centrally coordinated from Brussels (Belgium);
- Advanced manufacturing investments in Burgos (Spain) for car tyre production, covering mixing process, tyre building process, semi-finished products logistic, curing process and inspection system;
- Advanced manufacturing investments in Poznan (Poland) for car tyre production, covering mixing process, material preparation, tyre building process, semi-finished products logistic, curing process and final inspection;
- Advanced manufacturing investments in Tatabanya (Hungary) for car tyre production, covering semi-finished products logistics, tyre building process, special tire manufacturing and new product adaptation;

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.

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- Advanced manufacturing investments in Stargard (Poland) for truck and buses tyre production, covering semi-finished products logistic, curing process, quality control and inspection system.

The project will contribute to significantly improve the energy efficiency of the manufacturing processes in the four plants concerned by the project; this is mainly due to the introduction of technology step changes on some of the most energy consuming processes of the tyre manufacturing.

Tyre manufacturing fall under Annex II of the EIA Directive 2014/52/EU amending Directive 2011/92/EU (Manufacture and treatment of elastomer-based products). As such, changes are subject to screening by the Competent Authorities to determine the need for a full environmental impact assessment (EIA).

The investment in Tatabanya concerns minor process improvement that fall under the already authorised scope of the plant. No EIA needed for this part of the project.

The investment in Burgos will be implemented in two phases. The first phase concerns non-substantial modifications that will not change the already authorised scope of the plant (No EIA needed for this part of the project). The second phase includes investments that will contribute to increase the site manufacturing capacity beyond the already authorised threshold; this is considered as a substantial modification that requires an EIA. The delivery of the documented evidence that this EIA has been approved by the Competent Authorities will be put as a disbursement condition in the finance contract.

The investments in Poznan and Stargard were screened-in by the competent authorities and the related EIA approval were granted in April 2019 and December 2018 respectively.

EIB Carbon Footprint Exercise

Additional annual emissions resulting from the project implementation using the EIB GHG emission calculation methodology are estimated around 39 ktonnes CO₂e per year. This is mainly due to the capacity increases in Poznan, Burgos and Stargard. The impact of Tatabanya is considered negligible.

However, the project will result in substantial energy saving and related CO₂ emission, if compared to the current situation – energy efficiency has been considered an essential parameter when developing the project.

For the relative emission calculation, the baseline scenario has been considered aligned with the extrapolated emissions that would result from additional manufacturing capacity using similar process technologies as the ones already installed in the plants. The technologies introduced by the project are leading edge technologies, some of these being first-of-a-kind based on proprietary know-how, that will induce major step changes in some of the manufacturing processes, especially those which are high energy consumers. As a consequence, the relative emissions are negative and estimated at -17ktonnes CO₂e per year. This estimation does not take into account the fact that, by contractual agreement with the electricity providers, the Spanish and Polish plants are all benefitting from electricity from renewable sources.

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.

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Public Consultation and Stakeholder Engagement

The promoter did not report any significant issues resulting from the public consultations related to the project investments in Poznan and Stargard (EIA).

The EIA process and public consultation result regarding the second phase of investment in Burgos will be checked when reviewing of the EIA authorisation when granted by the Competent Authorities and communicated to the Bank.

Other Environmental and Social Aspects

The promoter has a clear corporate governance structure and practices corporate social responsibility, which is entrenched in the company structure. The four manufacturing sites related to the project operate in compliance with ISO 14001 environmental management systems and with ISO 50001 energy management system. The promoter has also appropriate procedures and systems in place as regard operational health and safety.

Conclusions and Recommendations

Tyre manufacturing fall under Annex II of the EIA Directive 2014/52/EU amending Directive 2011/92/EU. Subsequently, the Competent Authorities have required a full environmental impact assessment (EIA) for three of the project components i.e. for Burgos (2nd phase of investment), for Poznan and for Stargard.

The EIA authorisations have already been granted for Poznan and Stargard.

Condition for disbursement:

The EIA related to the second phase of investment in Burgos is still under review by the competent authorities. A disbursement condition related to this part of the investment will be included in the finance contract: the promoter will have to provide the evidence of the EIA approval to release the related disbursement tranche.

The project will generate significant energy saving and subsequently contribute to improve the environmental footprint of tyre manufacturing. In addition, and mainly because of the new technologies introduced, the project will also enable the market penetration of tyres with reduced rolling resistance that will contribute to reduce energy consumption and CO₂ emission from automotive fleet.

Considering the above, the project is acceptable for Bank financing.