

## Environmental and Social Data Sheet

### Overview

Project Name:	<i>Bioproduct mill upgrade</i>
Project Number:	<i>2019-0706</i>
Country:	<i>Finland</i>
Project Description:	<i>The projects consists of investments in the energy island and environmental protection measures of a larger investment program aiming at upgrading an existing pulp mill at Promoter's operational site in Kemi, Finland.</i>
EIA required:	yes
Project included in Carbon Footprint Exercise <sup>1</sup> :	yes

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

### Environmental and Social Assessment

#### Environmental Assessment

The project falls under the scope of Annex I of the EIA Directive 2014/52/EU (amending 2011/92/EU Directive), as well as of the Industrial Emissions Directive IED 2010/75/EU. The existing plant is operational since 1971 and has undergone a series of upgrades during the years. The project will include upgrading and modernization measures at all stages of production, and will increase the mill's production capacity, increasing its overall resource efficiency and generation of renewable energy. The project will adopt the most modern available technology and equipment and will follow the Best Available Techniques (BAT) Reference Document for the Production of Pulp, Paper and Board or above. The Promoter submitted the application for an EIA to the local authorities, which are expected to provide their final decision during the last quarter of 2020.

The current environmental permit was granted under the provisions of the IED Directive, with the latest permits and amendments from 2012, 2015 and 2016. The Promoter is certified under ISO 50001, ISO 9001, ISO 22000, and ISO 14001 for this industrial facility and complies with the SEVESO requirements and the REACH Directives for the storage and transport of chemicals.

The project will result in a substantial increase in the renewable energy generated at the mill. The electricity generated by the mill will cover 100% of its internal needs, and the surplus will be sent to the national grid; this will count for some 2% increment of the renewable energy generated in Finland. The generated steam in the upgraded mill will cover 100 % of the internal demand of the integrated pulp and carton-board plant. A portion of the surplus of

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<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

Luxembourg,  
steam will be sold to the local municipal district heating system. The plant will be fossil-free. Following the modernization of the mill, the water consumption per unit of dry pulp will be reduced 3 times.

### **EIB Carbon Footprint Exercise**

The project will generate renewable energy well above 100% self-sustainability of the plant in terms of own steam and electricity demand. On top of this, the upgraded mill will generate additional green electricity for the national grid. It is assumed that this additional electricity will replace power generated at other present and future sites elsewhere in Finland; the Combined Margin for firm electricity generation (162 t CO<sub>2</sub>/ GWH) was applied to the calculations. The estimated annual absolute emissions (scenario with project) are 72.6 kT CO<sub>2e</sub>/year. The estimated baseline emissions (scenario without project) are 299 kT CO<sub>2e</sub>/year. Therefore, the estimated relative emissions savings are 226.4 kT CO<sub>2e</sub>/year.

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

### **Social Assessment, where applicable**

The Promoter has stringent Occupational, Health and Safety Management System (OHSMS) in place and it is certified OHSAS 18001.

### **Public Consultation and Stakeholder Engagement**

In line with the provisions of the relevant Finnish legislation, which transposes the EIA Directive, public consultation was required for the project. The consultation took place for 45 days until November 5<sup>th</sup>, 2019.

### **Other Environmental and Social Aspects**

All wood used by the Promoter comes from sustainable managed forests, either PEFC/FSC certified forests or from PEFC/FSC controlled forest sources. The Promoter has a Due Diligence System in place proving 100 % legality and traceability of the sourced wood, in compliance with EU Timber Regulation. Through its Management System Policy, the Promoter guarantees that the supplied wood is not associated with any of the following: illegal activities; violation of human rights; violation of rights of indigenous people; destruction of high conservation value forests; introduction of genetically modified organisms in forestry operations; significant conversion of forests to plantations or non-forest use; and violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998.

The Promoter follows Finnish laws and regulations.

## **Conclusions and Recommendations**

The following conditions need to be satisfied by the Promoter:

- The proposed project is subject to an EIA. Any disbursement will be conditioned to the prior receipt by the Bank of an electronic copy of the EIA decision.
- Any biomass supplied to the plant should be subject to a transparent, credible chain of custody, while forest management and chain of custody practices in feedstock sourcing areas should be certified by internationally accredited forest certification

- Luxembourg, schemes (e.g.FSC/PEFC) or should be aligned with the same standards and principles so as to be certifiable;
- Exclude sourcing biomass from areas with natural forest conversion and logging from primary moist and tropical forests.
  - Comply with the sustainability requirements of the EU regulatory framework i.e. EU Forest Strategy, EU Forest Law Enforcement Governance and Trade (FLEGT), EU Timber Regulation (EUTR 995/2010), LULUCF Regulation (841/2018), as applicable;
  - Submit to the Bank the relevant, amended, IED and operating permits of the project before starting operating the new facilities.
  - Provide proof of compliance with the final decision of the Environmental Protection Agency in respect of emission levels.

Subject to the above E&S conditions on the project, and taking into account Promoter's capability and the systems in place to manage environmental and social impacts and issues, the project is acceptable for Bank's financing in environmental and social terms.