

Environmental and Social Data Sheet

Overview

Project Name:	Figueira Environmental Enhancement
Project Number:	2020-0029
Country:	Portugal
Project Description:	The project is the first step in Promoter's decarbonization strategy, focusing on financing the construction and operation of a new biomass boiler to replace existing obsolete equipment.
EIA required:	Yes
Project included in Carbon Footprint Exercise ¹ :	Yes

Environmental and Social Assessment

Environmental Assessment

- The scope of EIB financing operation is to support the Promoter's Carbon Neutrality Strategy by building a new biomass boiler, which will replace existing obsolete equipment of the vertically integrated pulp and paper mill in Figueira do Foz. The new biomass boiler will be compliant with the new emission limits established by the Industrial Emissions Directive (2010/75/EU) and in the Decision EU 2017/1442, setting the environmental standards for large combustion plants.
- The new biomass boiler will be built in the old recovery boiler house, which was decommissioned in 2004. The industrial site is located outside of urban areas and it will not affect any area of special conservation value (e.g. Natura 2000). The existing pulp and paper mill is operational since 1984, and has continuously undergone adaptations and modernization cycles to incorporate best available technology. The current energy unit is used below capacity, in order to comply with IED 2010/75/EU and BAT. In addition to bringing the energy unit to the required environmental standards, the project will improve mill's environmental performance (by increasing renewable energy generation) and will increase the mill's resource efficiency (by making full use of the mill's excess bark biomass, which is currently sold on the market).
- The project will not result in any increase in the mill's pulp and paper production volumes. Moreover, the project will lead to reduction of GHG emissions, by substituting fossil fuel energy with renewable energy (biomass).
- The project falls under the scope of Annex II of EIA Directive 2014/52/EU amending Directive 2011/92/EU (industrial installations for the production of electricity, steam and hot water), the Industrial Emissions Directive (IED 2010/75/EU) and Decision EU 2017/1442, establishing BAT conclusions (BREF) for large combustion plants.

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.

- The National Environmental Agency issued a positive EIA Decision for this project on 14 January 2019.

EIB Carbon footprint exercise

Following the EIB Carbon Footprint Methodology, the total GHG emissions of the biomass boiler after the implementation of the project are estimated at 57.2 kt CO₂-eq. Without the project, the current emissions of the energy unit to be replaced are of 134.3 kt CO₂-eq. Therefore, the net annual emission reduction due to the replacement of the old energy unit with the new biomass boiler are estimated at 77.1 kt CO₂-eq.

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

Social Assessment, where applicable

The promoter has stringent Occupational, Health and Safety Management System (OHSMS) in place. Due to their activities, they are subject to frequent internal and external audits as well as inspections by the local competent authorities.

Public Consultation and Stakeholder Engagement

In line with the provisions of the relevant Portuguese legislation, which transposes the EIA and IED Directives, the public consultation was held between 11 October 2018 and 22 November 2018. The results of the public consultations are included in the EIA decision issued by the competent authorities in January 2019.

Other Environmental and Social Aspects

The Promoter has in place ISO 9001 standards and ISO 14001 certified Environmental Management Systems. All sites are regularly subject to energy efficiency audits and follow Energy Efficiency Management systems certified by ISO 50001.

The company has a strong focus on biodiversity and ecosystems conservation. The promoter manages sustainably about 110,000 ha of forests in Portugal, for which full FSC and PEFC forest certification has been achieved and maintained.

The project shall use in-house (Figueira do Foz integrated mill) produced bark and wood by-products from the wood-handling processes. The wood feedstock is sourced mainly from Portugal and Spain, as well as from international wood markets under strict chain of custody systems, and in compliance with international forest certification systems (e.g. FSC/PEFC). The Promoter has a strict Due Diligence System in place for ensuring that the wood feedstock is sourced from sustainably managed forests and in compliance with EU Timber Regulation 995/2010. The Company holds group FSC and PEFC certification for its chains of custody.

Conclusions and Recommendations

The project is considered acceptable for financing by the Bank from environmental and social perspectives subject to the following E&S conditions that will be included in the financial contract.

Undertakings:

- i) Any biomass supplied to the projects should be subject to a transparent, credible chain of custody, and forest management and chain of custody practices in feedstock sourcing areas shall be certified by internationally accredited forest certification schemes (e.g. FSC/PEFC) or should be aligned with the same standards and principles to be certifiable.
- ii) Exclude sourcing biomass from areas with natural forest conversion and logging from primary moist and tropical forests.
- iii) Comply with the sustainability requirements of the EU regulatory framework, such as EU Forest Strategy, EU Timber Regulation (995/2010), LULUCF Regulation (841/2018), Directive EU 2018/2001 (on the promotion of the use of energy from renewable sources), as applicable.