

## Environmental and Social Data Sheet

### Overview

Project Name:	SUSTAINABLE CEMENT RDI (2020-0194)
Project Number:	2020-0194
Country:	France, Switzerland
Project Description:	The project concerns investments aiming at reducing the environmental and carbon footprint of the promoter's cement manufacturing facilities, as well as its RDI activities, for the period 2021-2023.

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")

1. The company's **capital investments to further reduce NO<sub>x</sub>, VOC, NH<sub>3</sub> and CO<sub>2</sub> emissions from existing facilities** in France and Switzerland using available technologies such as Selective Catalytic Reduction to reduce NO<sub>x</sub>, VOC and NH<sub>3</sub>, the shift to use more low carbon fuels, production of low carbon clinker alternatives. These investments are considered as 'a modification of an existing facility included in Annex I of the EIA directive'. Modification to Annex I activities are subject to a respective screening by the Competent Authorities to determine the need for a full environmental impact assessment (EIA).

The Competent Authorities decided that the production of low carbon clinker alternatives require a full EIA – the approval process is ongoing. All the other modification projects were screened-out by the local competent authorities as these do not change the already authorised production capacity or the production technology used. Timely submission of the required EIA report, outcomes of the related public consultation process, and operating permits, to the EIB will be put as an undertaking in the contract.

With regard to construction and operating features and emissions, the project falls under the Industrial Emissions Directive 2010/75/EU, and more specifically under the stipulations of decision 2013/163/EU transposing Best Available Techniques (BAT) measures relevant for the cement industry into EU law. The company reported to be able to achieve the lower average daily value of the sector's NO<sub>x</sub> BAT-associated emission levels.

### EIB Carbon Footprint Exercise

After project implementation, the estimated annual emissions of the production sites involved – i.e. all sites in France and Switzerland - in a standard year of operation will amount to 2,580 ktonnes CO<sub>2</sub>e per year. Specific emissions for the cement produced at these locations will be

<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.

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on average 0.469 tonne CO<sub>2</sub> per tonne of cement produced – for reference the EU ETS benchmark is 0.498 tonne CO<sub>2</sub> per tonne cement.

The project will result in a substantial reduction in the use of high carbon fossil fuel and carbon intense ordinary Portland clinker, which is expected to substantially reduce the annual GHG emissions. Using the current CO intensity of the existing production sites as a baseline<sup>2</sup>, the relative emissions amount to ca. 500 ktonnes of CO<sub>2</sub>e per year, or a 16% reduction compared to current levels.

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.

## **Other Environmental and Social Aspects**

### **Key environmental aspects**

The promoter is constantly taking measures to address and limit environmental risks, particularly through the following actions:

- integrating quarries in their environment,
- preserving biodiversity,
- optimizing choices of energy sources, with an increasing share of alternative fuels and energy recovery from waste,
- controlling and reducing emissions including greenhouse gases,
- managing and recycling the water needed for production.

The promoter fully integrates climate issues into its industrial and innovation policy. They have already reduced their CO<sub>2</sub> emissions in France (historical scope) by 15% per tonne in 2019 compared with 1990. The company further aims to reduce the carbon intensity of its production sites to an average of 540 kg of net CO<sub>2</sub> per tonne of cement by 2030, using available technologies. They have targets of reducing CO<sub>2</sub> emissions per tonne of cement material by:

- The use of 100% alternative fuel in the factories in France and Switzerland before 2025 by focusing on waste from biomass.
- A clinker rate in cement below 75% in 2030, as an average across all its products.

Ultimately, the company aims to achieve carbon neutrality by 2050 for its entire value chain, but this will require disruptive technologies for Carbon Capture and Usage/Storage (CCUS) that are as yet unproven.

Furthermore, the promoter is making every effort to design suitable products to meet the climate and demographic challenges it faces, i.e. by developing new cements which emit less CO<sub>2</sub> and construction materials and systems which help to improve the energy efficiency of the buildings or infrastructures. They apply eco-design principles to all its development projects.

To achieve its objectives, the Group created a Climate Strategy Department in 2019.

The promoter also developed a circular economy policy. This policy aims to preserve natural resources by offering solutions for the recovery of materials and energies available in the countries where the promoter operates, while reducing their respective environmental footprints. In France, for example, the promoter supports the recovery of waste from

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<sup>2</sup> The company already has a relatively high fossil fuel substitution rate and average clinker substitution rate.

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decontamination and demolition sites (primarily during the restoration of old industrial wasteland) and convert them into industrial products such as cement, aggregates and concrete. The promoter selects its raw materials with great care based on their local availability to reduce transport miles, and gives preference where possible to alternative raw materials over natural raw materials, subject to these being available locally in the form of either waste products or recycled materials. The company explores circular economy practices to see whether the quantities used could be reduced.

### **Key social aspects**

The promoter continues to adopt an inclusive approach both in its policies for employees and those for local residents in the countries in which it operates. These policies include diversity and anti-discrimination initiatives and reflect a desire for stable employment by offering permanent contracts to a vast majority of employees.

### **Sustainability reporting**

The company publishes the non-financial information as part of the its annual report, describing how it manages and performs on its most material environmental, social and governance issues, in accordance with the French Commercial Code for non-financial reporting.

## **Conclusions and Recommendations**

Overall the project aims at supporting the company's decarbonisation and depollution investments for the upcoming three years, in line with the sector's decarbonisation roadmap and the ambitions of the European Green Deal.

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