

# EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	WACKER CHEMIE SUSTAINABLE SOLUTIONS
<b><u>Promoter and financial intermediary</u></b>	WACKER CHEMIE AG
<b><u>Country of implementation</u></b>	Germany
<b><u>Summary project description</u></b>	<p>Innovation and sustainability are deeply embedded in the company's corporate strategy that is geared toward value creation through:</p> <ul style="list-style-type: none"> <li>i) cost efficiency - increasing closed loop production and resource efficiency,</li> <li>ii) development of new business opportunities in new application fields with both existing and new product technologies that are based on Nature's toolbox (natural intelligence) and generation of products that have a positive impact on the environment (non-toxic, renewable materials).</li> </ul> <p>In practice, Wacker's research activities address the challenges faced by their customers, i.e. the move towards using renewable materials with increased recyclability to enable a closed loop and regenerative production and consumption model, and the expansion of green and sustainable energy, mobility and food supply to mobilise this regenerative system.</p> <p>Sustainability has been an integral part of the promoter's production and business processes. One of the company's greatest strengths is its closed material loops, where it uses by-products from one production stage as starting materials for making other products, resulting in a 33% lower CO2 intensity than in externally sourced materials. This integrated production technology not only reduces GHG emissions, it also enhances workplace and plant safety, simplifies logistics and improves production efficiency - an approach, which exemplifies Europe's drive towards a circular economy. In terms of its product portfolio, the company has an increased focus on materials used in renewable energy and battery technology, less toxic and more efficient and effective construction and insulation materials, and biopharmaceuticals. Additionally, the company included in its sustainability strategy inter alia to become carbon neutral by 2050.</p>

<sup>1</sup> This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

The project aims at supporting the company's innovation and sustainability strategy, and includes process and product innovations in the field of speciality chemicals and intermediates. The project will help to sustain the promoter's position in the sector, push it further into a more regenerative/circular mode of operation and accelerate the development of much needed renewable, toxic free materials to feed a new circular economic system.

## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy	Significant
<b>Cross-cutting objectives</b>	
Climate Action	72.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Research, development and innovation	100.00%
Projects that are in line with Horizon 2020	100.00%

### Pillar 2

Quality and soundness of the project	Good
1. Growth	[...]
2. Promoter capabilities	[...]
3. Sustainability	[...]
4. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;
- (iii) "Sustainability" i.e. environmental and social sustainability<sup>2</sup>;
- (iv) "Employment" i.e. the project's direct employment effect;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

### Pillar 3

EIB Technical and financial contribution to the project	Moderate
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.

<sup>2</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

## **Pillar 4 - Complementary indicators**

### ***Additionality***

In line with the EFSI objective of supporting research, development and innovation (RDI), in particular projects that are in line with Horizon 2020, the operation will support process and product innovation in the field of silica based speciality chemicals and intermediates in Germany. The project will enable the borrower to retain its leading knowledge and long-term international competitiveness in the relevant market segments and thereby contribute to Europe's RDI, competitiveness and economic growth helping maintain highly skilled staff engaged in RDI activities in Europe.

The project addresses market failure related to insufficient investments in RDI despite positive externalities. The positive externalities are linked to knowledge and technology spillovers arising from investments in RDI. Moreover, a high degree of collaboration with industrial partners, universities, research centres and customers adds even further positive spillover effects to the wider industry. Furthermore, EIB's support to the project addresses sub-optimal investment situation linked to the lack of long-term capital to finance inherently risky private sector RDI especially in a highly competitive industry such as the chemical industry.

The operation falls under the EIB Special Activities, in particular due to the long tenor of the financing provided, the RDI intensive nature of the operation as well as the volatile and highly competitive nature of the markets in which the borrower operates. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The envisaged financing is expected to result in a quality stamp on the project providing comfort and a positive signalling effect to the market on the soundness of the company's strategy. This will enable the borrower to attract additional long-term financing from private investors and other banking lenders in the current financial context, characterised by major uncertainties caused by the Coronavirus outbreak.

## Set of indicators related to the macroeconomic environment

### Germany - Economic environment

#### Economic Performance

	DE 2018	EU 2018	US 2018	DE 2001-2007
GDP per capita (EUR, PPS)	37,956.14	30,935.11	43,569.11	33,490.42
GDP growth (%)	1.43	1.97	2.86	1.40
Potential GDP growth (%)	1.63	1.60	2.24	1.32
Output gap (% of potential GDP)	0.69	0.62	0.74	-0.17
Unemployment Rate (%)	3.30	6.60	3.90	9.43
Unemployment Rate (%) - Y/Y change (% points)	-0.30	-0.60	-0.20	0.06
Bank-interest rates to non-financial corporations (%)	1.02	1.26	--	4.11
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.13	-0.06	--	-0.04
Investment rate (GFCF as % of GDP) - Total	20.77	20.54	20.84	19.91
Investment rate (GFCF as % of GDP) - Public	2.33	2.86	3.31	2.05
Investment rate (GFCF as % of GDP) - Private	18.44	17.68	17.53	17.87

#### Environment and Climate

	2014	2015	2016	2017	EU (latest available)
GHG emissions level (emissions in 1990=100)	73.54	73.36	--	--	77.88
Employment in the environmental goods and services sector	504,738.00	513,982.00	505,332.00	--	4,451,000.00
Resource productivity (Euro per kilogram, chain linked volumes (2010))	2.01	2.17	2.22	--	2.07
GHG emissions in non-ETS sectors (base year=100)	91.40	92.90	95.10	97.30	89.20
GHG emissions in non-ETS sectors, distance to EU 2020 target	5.40	6.90	9.10	11.30	-1.50
Value added in the environmental goods and services sector (% of total VA)	1.96	1.95	2.00	--	2.27
Employment in the environmental goods and services sector (% of total employment)	15.25	15.43	14.80	--	22.74

#### General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Manufacture of chemicals and chemical products (% of total VA)	1.61	1.70	1.73	--	1.24
Employment in Manufacture of chemicals and chemical products (% of total employment)	0.82	0.81	0.79	--	0.51

#### Research, development and innovation

	2014	2015	2016	2017	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	2.87	2.91	2.92	3.02	2.06
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	0.13	0.09	0.08	-0.02	0.94
Research and development expenditure - Government (% of GDP)	0.42	0.41	0.40	0.41	0.23

Research and development expenditure - Higher education (% of GDP)	0.51	0.50	0.53	0.52	0.45
Research and development expenditure - Business (% of GDP)	1.94	2.00	1.99	2.09	1.36
Research and development expenditure - Private non-profit sector (% of GDP)	--	--	--	--	0.02
Eco-innovation index (EU =100)	135.00	132.00	135.00	139.00	100.00

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007
- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

### Other indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	01.01.2021
End of works	31.12.2024
Project investment cost [MEUR]	605.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	605.00 MEUR
External EFSI multiplier	2.09
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	315.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	72.00% Mitigation - RDI (transversal)
Employment during construction - temporary jobs [person years]	0 person years
Employment during operation - new permanent jobs [FTE]	537 FTE

<sup>3</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.