

Environmental and Social Data Sheet

Overview

Project Name: SCA RENEWABLE PACKAGING
Project Number: 2021-0064
Country: Sweden
Project Description: *The project consists of investments in the upgrading and modernization of the recycled and renewable packaging boards production capacity, including environmental protection measures, at the Promoter's existing integrated pulp and paper mill in Obbola, Sweden.*

EIA required: yes

Project included in Carbon Footprint Exercise¹: 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 integrated pulp and paper mill in Obbola is operational since 1975 and has undergone a series of upgrades during the years. The project will include upgrading and modernization measures at various stages of production that will increase its overall production capacity and generation of renewable energy, as well as further improve their overall environmental footprint. The project implementation will follow the Best Available Techniques (BAT) Reference Document for the Production of Pulp, Paper and Board, and the mill will continue to be within the BAT-compliant parameters. The EIA process started in March 2018 and the Environmental permit was issued in April 2019.

The increase in the production capacity of recycled and renewable packaging materials will require more than doubling the current intake volume of recycled old corrugated cardboard (OCC) at the mill. This significant increase in the intake and processing of recycled pulp, followed by its processing into renewable packaging is considered as supporting the circular economy.

The project will support an increase in renewable energy generation to replace the use of fossil fuel during the regular operations and, as an effect, the mill's own industrial processes at Obbola will be fossil-free (except for the start-ups).

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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The Promoter has a strong understanding of the climate adaptation matters, and considers them in relation to both their operations as well as the project development and implementation.

The Project has been assessed for Paris alignment and is considered to be aligned both against low carbon and resilience goals and against the policies set out in the Climate Bank Roadmap and associated guidance.

EIB Carbon Footprint Exercise

The estimated annual absolute emissions (scenario with project) are 43 kT CO₂e/year. The estimated baseline emissions (scenario without project) are 47 kT CO₂e/year. Therefore, the estimated relative emissions savings are 4 kT CO₂e/year.

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.

Social Assessment, where applicable

The Promoter has stringent Occupational, Health and Safety Management System (OHSMS) in place and it is certified BS OHSAS 18001. The project will result in a reduction of the current workforce, which is thoroughly addressed by the Promoter through a series of measures, including union involvement. The measures include amongst others the transfer of personnel to the technology manufacturer and various service companies. In addition, the Project is expected to generate spill-over effects on the local, rural economies by supporting further employment opportunities in the upstream and/or downstream value chain (e.g. wood supply and logistics) during the operation phase.

Public Consultation and Stakeholder Engagement

In line with the provisions of the relevant Swedish legislation, which transposes the EIA Directive, public consultation was required and completed for the project.

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 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; 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.

Conclusions and Recommendations

The following conditions need to be satisfied by the Promoter:

- 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

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should be certified by internationally accredited forest certification 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.