



Luxembourg, 10.03.2022

Public

Environmental and Social Data Sheet

Overview

Project Name:	ELVALHALCOR ALUMINIUM PROCESSING INVESTMENT
Project Number:	2021-0434
Country:	Greece
Project Description:	The project supports the strategic investment of the promoter, located in a less developed cohesion region in Greece, and active in aluminium processing. It encompasses new advanced manufacturing technology (AMT) equipment and other high-tech, state-of-the-art equipment with the primary aim to increase the recycling capacity of aluminium scrap and to increase manufacturing of recyclable aluminium packaging solutions.

EIA required: no

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 comprises three components: (a) a new aluminium cold rolling mill and auxiliary equipment, (b) a new aluminium coil lacquering line and auxiliary equipment as well as (c) investments to increase the aluminium melting and slab casting capacity of the promoter. The components above will be implemented in the promoter's main and already existing manufacturing facility in Oinofyta, Greece.

The project is part of a medium term strategic investment plan of the promoter launched in 2016 with the aim to increase the overall manufacturing capacity and hot rolling capacity of the aluminium processing plant. Besides the components mentioned above, the plan also included a new hot rolling mill (already completed, and thus not part of this project).

Changes to an already authorised aluminium processing facility and related metal treatment are listed under Annex II of the EIA Directive. Some of the new equipment and manufacturing lines encompassed in the three components above do as well fall under Annex II of the EIA Directive as for example the new lacquering line and a new melting furnace. As such, the investment plan was presented to the Competent Authorities for screening.

The installation of the new hot rolling mill was screened-in by the competent authorities and a full EIA procedure was required and successfully completed in the course of 2017. This 2017 EIA also covered the majority of equipment and manufacturing lines part of this project. With these components already assessed in the 2017 EIA, the competent authorities decided that no new full EIA study was required and a screen out decision was provided as the 2017 EIA combined with the additional information submitted clearly indicated that these components do not substantially change the environmental impact of the manufacturing facility. Hence, all components covered in the 2017 EIA only required an amendment of the existing

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.



Luxembourg, 10.03.2022

environmental permit. The final environmental authorisation for these components has been granted, and shared with the EIB services.

However, for the new lacquering line, only a passivation line was included in the 2017 EIA study and not the subsequent coating equipment. The lacquering line falls under Annex II of the EIA directive and hence will need a screening decision by the competent authorities. However, this change in the plant design is not expected to have significant negative impacts on the environment and hence is expected to be screened out and not require a full EIA. If that is the case, it will require an additional amendment of the environmental permit and the promoter expects to receive this amendment by the beginning of 2022. This amendment will as well cover the installation of an increased slab storage capacity which is not part of Annex I neither Annex II of the EIA directive.

All components of the project will be in line with or in some cases even go beyond the respective Best Available Techniques (BAT) conclusions.

The project will have the following beneficial environmental impacts:

- Reduce emissions of the new and existing cold rolling mills through the installation of an exhaust air treatment system removing oil fumes and recirculating the oil.
- Increase the usage of secondary aluminium as raw material (aluminium scrap in the form of used beverage cans).
- Furthermore, the project will increase the promoter's manufacturing capacity for aluminium beverage cans which will displace less sustainable packaging solutions and hence support the transition to a more circular economy.
- Decrease the specific energy efficiency of the aluminium rolling process.

The project is fully aligned with the Paris Agreement on climate change according to the Bank's definition (Annex B of EIB's climate bank roadmap - CBR).

EIB carbon footprint exercise

The carbon footprint is based on the estimation of the GHG emissions related to the project. The majority of the emissions stems from increased electricity and natural gas consumption of the new equipment. Both have been considered to estimate the absolute emissions of the project. After project implementation the estimated annual nominal GHG emissions of the project will amount to 97.1 kt of CO₂ per year with the following split: scope 2 (electricity consumption) 68.6 kt of GHG per year and scope 1 (natural gas) 28.5 kt/y of GHG. The project's baseline scenario represents a realistic scenario that delivers the same output as the proposed project considering comparable quantities, quality and geographical area. The baseline scenario assumes that the same output would be manufactured or treated by competitors using similar equipment with similar GHG emission and electricity consumption performances in the same geographical area for all components except the refurbishment of an aluminium melting furnace. For the latter the baseline scenario assumes that the promoter will continue to operate the existing furnace throughout the economic life of the refurbished furnace with the existing capacity and its existing GHG emissions intensity. However, for the capacity increase related to the refurbishment the baseline assumes that this new capacity would be manufactured or treated by competitors using new equipment with a similar GHG emission performance as the project. The considerable increase in specific energy efficiency of the refurbished melting furnace will lead to relative GHG emissions of - 2.6 kt/y.

Based on the bank's carbon footprint exercise methodology it is estimated that the overall project will thus result in a slight decrease in GHG emissions, i.e. relative emissions of the project are -2.6 kt of GHG per year and absolute emissions are 97.1 kt of GHG per year.



Luxembourg, 10.03.2022

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.

Comment regarding carbon footprint of the project: The above carbon footprint estimation is based on the “EIB carbon footprint methodology” which imposes to use the country electrical grid factor for the estimation of scope 2 GHG emissions when assessing projects. However, the promoter does source 100% of its electrical energy supply from renewable sources for the manufacturing facility in question and hence, the project’s final absolute scope 2 emissions will be close to zero.

Other Environmental and Social Aspects

As mentioned above the promoter has covered its complete electricity consumption of its Greek manufacturing facilities with renewable electricity by purchasing Guarantees of Origin over the last years and intends to do so in the future. It publishes its scope 1 and 2 GHG emissions on a yearly basis under the carbon disclosure project (CDP) and will contribute to the EU’s ambitious goals for a climate neutral Europe by 2050. The company aims to decrease its carbon footprint through continuous investments in energy efficiency measures and the increased share of renewable energy in its electricity consumption. In addition, it is committed to further support circular economy by its increased usage of secondary raw materials. The promoter is as well certified according to Aluminium stewardship initiative (ASI) ‘Performance Standard’ which defines 59 environmental, social and governance principles and criteria, with the aim to address sustainability issues in the aluminium value chain. In addition, the promoter has been certified according to the ASI Chain of Custody (CoC) standard which enables a link between verified practices at successive steps of the supply chain in aluminium production and processing. The promoter has clear corporate governance structures and practices with regard to corporate social responsibility and this is entrenched in the company culture. The promoter’s production site in Oinofyta is certified ISO 14001 environmental management systems, with ISO 50001 energy management system and ISO 45001 regarding operational health and safety matters.

Conclusions and Recommendations

The environmental impact of the project’s components is expected to be limited, whereas some outcomes are likely to contribute to a reduced environmental footprint of the aluminium processing and to support circular packaging solutions. The project adheres to the conclusions of Best Available Techniques (BAT) as identified by the European Commission for the surface treatment of metals and plastics and/or for the non-ferrous metals industries. The majority of sub-components of the project do not require an EIA neither an EIA assessment based on a screening decision. Some of the components however, do require an EIA assessment based on a screening decision and have been screened out by the competent authorities. The installation of the new lacquering line does require an EIA assessment based on a screening decision according to the EIA directive from the local competent authority. The installation of this line is fully independent from the rest of the project (not being subject to an EIA). The financing of the separate tranche of this sub-component will be subject to a disbursement condition. Therefore, the project is considered acceptable for Bank financing in environmental and social terms.

Disbursement condition:

1. Considering the implementation of the new lacquering line the disbursement of the corresponding tranche is subject to the decision of the competent authorities that this sub-



Luxembourg, 10.03.2022

project is screened out, i.e. no EIA is required and the reception of the renewed or amended environmental permit of the site. If an EIA is required, the disbursement is subject to the reception of the full EIA report and the reception of the renewed or amended environmental permit of the site.

Contractual undertakings:

1. In case a screening decision according to the EIA directive would be required for any of the other components part of the project a copy of the screening decision or a copy of the final EIA report shall be send to the bank as soon as available.