Luxembourg, 08/06/2022

Environmental and Social Data Sheet

Overview

Project Name:	VERKOR BATTERY DEMO LINE (EDP)
Project Number:	2021-0416
Country:	France
Project Description:	Design, construction and implementation of a demonstration manufacturing line for the production of advanced Li-ion battery cells supplying qualification samples for the automotive sector and small scale commercial orders for electric vehicles and stationary storage applications.

EIA required:	no
Project included in Carbon Footprint Exercise[1]:	no

Environmental and Social Assessment

Environmental Assessment

The project does encompass two components within a single industrial building: (a) an R&D laboratory for Li-ion battery cell development, and (b) a small scale / non-commercial manufacturing line for the production of advanced Li-ion battery cells.

The battery cell manufacturing process includes the deployment of industrial processes concerning the application of paints and/or inks on substrates as well as the storing of toxic solids (battery active materials) covered under the Seveso directive. As such, the project falls under the ICPE regime ('installation classée protection de l'environment / installation classified under environmental protection) under the French law. Under the ICPE regime different approval levels apply in relation to the environmental permitting process in line with the 'nomenclature des installations classées'. The environmental permitting approval levels are: declaration, registration (enregistrement) and the full authorisation procedure.

(a) R&D laboratory: In terms of environmental impact the operation of the R&D laboratory is required to provide a declaration under the French ICPE regime. This declaration has been submitted and this is sufficient in terms of environmental permit and impact studies as long as the battery cell manufacturing for R&D purposes is not above roughly 100 kg/day, i.e.: the toxic substances used remain below the thresholds defined under the ICPE regime. This component requires an EIA or a screening decision as per EIA Directive 2014/52/EU amending the Directive 2011/92/EU. The component was screened-out, and the promoter received the construction permit for its facility.

[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.

Luxembourg, 08/06/2022

(b) Small scale demonstration line for the production of advanced Li-ion cells and batteries: The targeted cell manufacturing capacity amounts to 150 MWh per year. Under the ICPE regime this component requires a registration. The promoter submitted the registration, and expects to receive the final environmental permit in the fourth quarter of 2022. Given the small scale battery cell manufacturing capacity of the installation and the low quantities of toxic materials involved, the installation is not expected to require an EIA.

Other Environmental and Social Aspects

Awareness on environmental protection and operational health and safety is well integrated into the company's development plans. To facilitate the reduction of environmental impacts, the promoter plans to certify its research and manufacturing facility according to ISO 14001 for environmental management, ISO 50001 for energy management and ISO 45001 for occupational health and safety management. Furthermore, it is in the process of being certified IATF 16949 for quality management. The before mentioned certifications should be implemented roughly within the first year of operation of the facility.

Conclusions and Recommendations

The environmental impact of the project is expected to be limited, whereas some outcomes are likely to contribute to the shift towards electric mobility. This will lead to an indirect decrease in GHG emissions. The financing of the second tranche corresponding to the equipment and machinery of the demonstration manufacturing line will be subject to reception of the final environmental permit required to operate the facility at full manufacturing capacity. Therefore, the project is considered acceptable for Bank financing in environmental and social terms.

Disbursement conditions:

- Condition 1: In relation to the R&D activities and the building construction, the disbursement of tranches shall be limited to 50% of the total amount of these investment costs.
- Condition 2: In relation to the demonstration line, the disbursement of tranches is subject to reception of the environmental permit.

Undertakings:

- In case, against current expectations, an EIA according to the EIA directive would be required for the project, a copy of the final EIA report shall be sent to the Bank as soon as available.