



Luxembourg, 29/03/2023

Public

Environmental and Social Data Sheet¹

Overview

Project Name:	DOUAI EV BATTERY GIGAFACTORY
Project Number:	20220168
Country:	France
Project Description:	Construction and operation of an advanced manufacturing plant in Douai, France, to supply the Renault Group with a new generation of Lithium-ion batteries for Electric Vehicles.
EIA required:	yes
Invest EU sustainability proofing required:	yes
Project included in Carbon Footprint Exercise ² :	yes

Environmental and Social Assessment

Environmental Assessment

The project consists of the construction and operation of an innovative high tech 9 GWh production facility for advanced lithium-ion battery electrodes, cells and modules for Electric Vehicle (EV) application. The project is the first phase of a larger investment plan that will increase the total manufacturing capacity of the site to 31.5 GWh.

The new manufacturing plant will be built on a brownfield site (a former Renault manufacturing plant) without using any additional greenfield land. It will be using leading edge technology to produce electrical batteries that will support the deployment of EVs – i.e., zero emission vehicles, therefore significantly contributing to the emission reduction of the automotive fleet in Europe and beyond.

The manufacturing of lithium-ion battery electrodes, cells and modules involves the deployment of industrial processes including chemical conversion and metal processing. The investment therefore falls under the scope of Annex 2 of the EU EIA Directive 2011/92/EU amended by Directive 2014/52/EU. The project has been screened in and requires an environmental impact assessment and environmental operating authorisations from the competent authorities.

The promoter has completed the full EIA process. The EIA study has been submitted to the competent services (prefecture de la region “Hauts-de-France”) on March 31st, 2022, and amended on June 2nd, 2022, for review by the competent authorities (“Autorité Environnementale”). The EIA has been approved on December 2nd, 2022 (« Arrêté Inter-Préfectoral » by « Préfecture du Nord » and « Préfecture du Pas-de-Calais »).

¹ The information contained in the document reflects the requirement related to the environmental, social and climate information to be provided to Investment Committee as required by the Invest EU Regulation and it represents the equivalent of the information required in the template of the InvestEU sustainability proofing summary

² 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 project operations are subject to the requirements of: (i) the Seveso Directive (high-tier) – 2012/18/UE; and (ii) the Industrial Emission Directive (IED) – 2010-75/UE, therefore the project consultations and approval applications were also carried out under the relevant provisions of the French Environmental Code concerning those two directives.

The potential environmental impacts of the project, during the construction phase and during future manufacturing operations, are properly described in the environmental study package covering all receptors: air, water, land, soil, biodiversity, ecosystem, cultural heritage, noise and odour. The potential impacts and proposed mitigations measures (when necessary) have been assessed by the competent services in order to deliver the environmental authorisation.

The construction site does not include any Natura 2000 sites; some conservation sites have located in the site vicinity, but the project is not expected to have any environmental impact on them. In addition, the EIA study identified some protected fauna and flora species and a wetland zone in the perimeter of the construction site. The mitigation and compensation measures proposed by the promoter as part of the project implementation are considered appropriate by the competent authorities.

Climate Assessment

- ***Climate change mitigation***

The plant will use only electricity as main energy supply. Several energy saving measures, such as use of “free cooling” (natural cooling) for HVAC installation, electric motors fitted with frequency converters, variable flow feature for compressors and chillers, will be implemented to limit the energy consumption of the facility. The installation of photovoltaic panels on the roof of the new buildings is also being considered.

The promoter has set a target of BREEAM certification (level “Very Good”) for the plant buildings.

- ***Climate change adaptation:***

The climate risk profile of the project was assessed as low.

The promoter performed a Climate Change Risk Assessment (CCRA) using current climate projections from 2020 DRIAS report issued by the French ministry of ecological transition – “Ministère de la transition écologique”. The conclusion of the CCRA report says that, in the area of the project, one can expect an increase in average and seasonal temperatures that could lead to an upward trend in the number of storms that could impact the efficiency of cooling towers in the summer season. The increase in drought periods is not such as to consider a temporary or quantitative restriction of access to water. The most important impacts to consider on the project are the acute phenomena on temperatures and water. Appropriate mitigation measures are already included in the project design and the promoter will also consider the possible implementation of climate condition monitoring when the site will be operational.

- ***Paris Alignment:*** The project to be financed is considered to be aligned both against low carbon and resilience goals as set out in the Climate Bank Roadmap, and it is sector aligned under Industry.



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EIB Paris Alignment for Counterparties (PATH) Framework

The project will potentially be structured under a dual special purpose vehicle (SPV) structure: PropCo, owned by multiple shareholders, which will buy the land and build the real estate component of the project and OpCo, owned 100% by Envision, which will rent the facilities and be responsible for installing and operating the production equipment, sourcing the feedstock and selling the battery modules.

PATH screening does not apply for Project Finance operations through a SPV with more than one shareholder, regardless of the capital distribution between shareholders and the consolidation accounting principles of the SPV. Therefore, PropCo is screened-out of the PATH framework.

Since the OpCo shareholding is expected to be held 100% by Envision, PATH screening applies to that SPV. However, it is noted that Envision publicly commits to be carbon neutral in its operations by as early as 2022, and in its entire value chain by 2028, which will make it the first Chinese company to reach the full value chain carbon neutrality goal. It is also not part of any high-emitting sector. As a result, as per the EIB Group PATH framework, OpCo is also screened-out of the PATH framework.

In case the project will be eventually structured with a single SPV, owned either by multiple shareholders or 100% Envision, the same reasoning as above will apply and the single SPV will be screened out.

EIB Carbon Footprint Exercise

The manufacturing process of Li-ion battery electrodes, cells and modules involves rather energy-intensive processes and therefore has an impact in terms of CO₂ emissions. According to the Bank's methodology, the greenhouse gas emissions from the project operations will be assessed by considering the greenhouse gas emissions associated with the electricity sourced from the grid. The new plant uses electricity as unique source of energy.

The estimated absolute emissions from the project in a standard year of operation are about 37,122 t CO_{2eq} per year (with the emissions electricity sourced from the grid assessed at the country grid factor for France, according to the Bank's methodology). Considering that the comparison "baseline" would be the "without the project" case, the relative emissions are also estimated at 37,122 t CO_{2eq} per 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

The project does not have any significant negative social impacts. The promoter plans to engage both regional, national and international contractors who have the experience, capability and capacity to deliver the project successfully.

The project will have a substantial impact on employment with the creation of 1 000 to 1 200 new direct permanent jobs and will support the conversion of the automotive industry to produce battery electric vehicles. Therefore, it will strengthen regional socio-economic prosperity and position in global value chains, enhance growth and competitiveness in the French region "Hauts-de-France", an EU transition region, supporting the EU's cohesion policy.



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Public Consultation and Stakeholder Engagement

The formal regulatory public consultation, carried out as part of the EIA process, took place from 16 August to 19 September 2022. A complete EIA documentation package was made available to the public (physically and via internet³) for the whole duration of the public consultation.

In total, 94 contributions from 25 different sources (associations or individuals) were collected; comprising 12 during 8 physical exhibition sessions organised in 4 designated municipalities, and 82 via the internet. All the comments and questions have been properly addressed by the promoter.

The report of the person in charge of checking the consultation process (“commissaire enquêteur”) has been issued on 6 October 2022, confirming that the consultation had been performed in line with specified requirements.

Other Environmental and Social Aspects

The promoter has a robust E&S culture and the development plans for the project include appropriate environmental protection and operational health and safety approaches. To facilitate the reduction of environmental impacts, the promoter plans to certify its manufacturing facility in Douai according to ISO 14001 for environmental management.

The promoter also targets ISO 9001 certification for quality management on the new site.

In November 2021, Envision AESC Group joined the UN Global Compact, subsequently committing the group to meet fundamental responsibilities in four specific areas: human rights; labour standards; environmental protection; anti-corruption. Participants are also required to annually report on progress made to operate responsibly and support society in accordance with the UN principles.

Conclusions and Recommendations

The project concerns the construction of an innovative high tech 9 GWh production facility for advanced lithium-ion battery electrodes, cells and modules for EV application. The Promoter has put in place a project organisation with appropriate experience together with consistent governance systems to deliver the project in accordance with national and European legislation.

The project will use advanced technology to produce electrical batteries that will support the deployment of EV – i.e., zero emission vehicles; it will therefore positively contribute to the reduction of emissions from the automotive fleet.

The Project will be implemented using high environmental standards as the new construction intends to follow many best practices in terms of energy efficiency, use of construction materials, etc., in order to achieve BREEAM certification (level “Very Good”).

Sustainability proofing conclusion: The project is carried out in compliance with applicable national and EU environmental and social legislation. Based on the environmental, climate and social information and based on the review of the likely significant environmental, climate and social risks and impacts and the mitigation measures and management systems in place, the

³ Link: <http://nord.gouv.fr/Icpe-industries-2022> not active anymore.



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project is deemed to have low residual environmental, climate and social risks and impacts. No further sustainability proofing is therefore required.

In the light of the above, the project is acceptable for the Bank's financing in environmental, climate and social terms.