

Luxembourg, 12th July 2023**Public**

Environmental and Social Data Sheet¹

Overview

Project Name:	VERKOR EV BATTERY GIGAFACTORY
Project Number:	2022-0713
Country:	France
Project Description:	<i>Design, construction and operation of a 16 GWh electric vehicles battery cell manufacturing plant in Dunkerque, France</i>

EIA required: yes

Invest EU sustainability proofing required yes

Project included in Carbon Footprint Exercise²: yes

(details for projects included are provided in section: “EIB Carbon Footprint Exercise”)

Environmental and Social Assessment

Environmental Assessment

The project consists of the construction and operation of an innovative high technology production facility for advanced lithium-ion battery electrodes, cells and modules for Electric Vehicle (EV) application. The project has a production capacity of up to 16 GWh of battery storage capacity per year and is the first phase of a larger investment plan of the promoter.

The new manufacturing plant will be built on a greenfield site, on former agricultural land outside Dunkerque. It is located in the Zone Grandes Industries (ZGI – Large Industries Area), which has been created by the Grand Port Maritime de Dunkerque (GPMD – Dunkirk Harbour). The ZGI is an industrial platform, dedicated to industry, in the south of the West Port of Dunkerque, in the Hauts de France region, France. The development of the zone has been subject to a Strategic Environmental Assessment (SEA) and several administrative authorisations allowing future industrialists to speed up the administrative procedures for their establishment within the ZGI.

The manufacturing of lithium-ion battery electrodes, cells and modules involves the deployment of industrial processes including chemical conversion and metal processing. The investment

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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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 submitted an EIA study to the competent services (prefecture de la region "Hauts-de-France") in December 2022, for review by the competent authorities ("Autorité Environnementale").

The project operations are subject to the requirements of: (i) the Seveso Directive (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. Appropriate mitigations measures are presented.

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 significant impact. The environmental authorization procedure follows an integrated permitting regime and the Appropriate Assessment under the Directives for the protection of Habitats (92/43/EEC) and Birds (2009/147/EC) is included in the EIA process.

The final permit decision is pending. It is likely to include permit conditions, that the Promoter needs to include in an updated Environmental and Social Action Plan.

Climate Assessment

The project 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 Promoter has presented a Climate Risk Vulnerability Assessment (CRVA) to assess physical and transition risks related to climate change. It is recommended to update the physical climate risk assessment with a clarification of the approach followed for the physical climate risk assessment, an identification of main hazards and a risk scoring as well as a clarification of adaptation measures already in place to distinguish from the ones to be implemented to reduce residual risks.

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.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty is a Special Purpose Vehicle that from Financial Close will be fully owned by Verkor S.A. and therefore in scope of the framework. However, as the counterpart is only active in manufacturing batteries for electric vehicles, it is not considered high emitting nor having high vulnerability and is therefore screened out from a further assessment.

EIB Carbon Footprint Exercise

The manufacturing process of Li-ion battery electrodes, cells and modules is an energy-intensive processes. According to the Bank's methodology, the greenhouse gas emissions from the project operations will be based on emissions associated with the sourcing of electricity and steam.



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The estimated annual emissions of project in a standard year of operation amount to 87 kilotonnes of CO₂-equivalents per year, following the EIB carbon footprint methodology. 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 Promoter has provided a Labour Management Plan (LMP) which provides a clear description of applicable French labour law and describes the policies that will apply in managing the labour relationship with its employees. It has also provided documentation related to Occupational Health and Safety (OHS) management, including required safety training, the process for occupational risk assessments, and the E&S requirements in for its suppliers. These are in line with what is expected for an advanced manufacturing site in Europe.

The Project has prepared a Human Rights Impact Assessment and is engaging with commercial providers of a supplier due diligence and traceability service based on information drawn from published sources, which includes a significant human rights component to it. This supplier due diligence process is focused on the supply chain of critical raw materials as the principal source of human rights risk for the Project.

There are potentially significant risks associated with some of the countries of supply, and the Project has rightly focused on human rights risks associated with the supply chain. Reasonable progress in assessing those risks is made and a due diligence process and Supplier Code of Conduct to help mitigate those risks is put in place. The supplier due diligence process is a risk-based approach, and its success will be dependent on how higher risk suppliers are identified and whether they are then subject to higher levels of scrutiny, including site audits.

Public Consultation and Stakeholder Engagement

The Project has established online materials about the Project through the Promoter's website and through a public engagement platform³. A number of public meetings have been held from June 2022 to February 2023. The Project has also publicly disclosed the EIA, with the public consultation on-going from 25 March to 24 April 2023. The only contribution was a joint statement from two environmental associations issuing a favourable opinion with some observations that the Promoter states were already incorporated into the project.

Other Environmental and Social Aspects

The Promoter is preparing an integrated management system covering quality (ISO 9001 and IATF 16949 - International Automotive Task Force), Environment (ISO 14001), Health and Safety (ISO 45001), Energy (ISO 50001) and Social Responsibility (ISO 26000) for the Project. As the Promoter is a start-up and growing company, its Environmental and Social Management System is under development.

Conclusions and Recommendations

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 Promoter has put in place a project organisation with appropriate experience together with consistent governance systems to

³ <https://colidee.com/VERKOR>



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deliver the project in accordance with national and European legislation. To address the ESG vulnerability of sourcing critical raw materials, the promoter has developed a Supplier Code of Conduct and has a partnership with experienced partners on the supply chain mapping on traceability and sustainability performance.

As conditions for the Banks financing, the Promoter should present the final environmental authorisation of the project. In addition, the Promoter should present an updated Climate Vulnerability Risk Assessment and an updated Environmental and Social Management System with an updated Environmental and Social Action Plan, satisfactory to the Bank.

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 risks and impacts, and the mitigation measures and management systems in place, the 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