

Luxembourg, 20 September 2023

Environmental and Social Data Sheet

Overview

Project Name: BIOPRODUCT MILL ENVIRONMENTAL UPGRADE
 Project Number: 2023-0172
 Country: SWEDEN
 Project Description: The project consists of investments in upgrading the recovery boiler of Promoter's bioproduct mill, resulting in improved environmental protection at the existing site in Frövi, Sweden.

EIA required: yes

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

The project is to build a new recovery boiler, replacing the existing one built in 1969 that has passed its technical life and no longer meets current emission requirements. The new recovery boiler will improve environmental performance, increase the production of renewable energy and create options for increasing energy efficiency.

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 and was subject to a full EIA process, including public consultation. The EIA study was published in 2017. Consequently, two permits were issued by the responsible Land and Environment Court (in 2019 and 2022).

The EIA concludes that the project will not cause disturbances of relevance to any of the national parks, nature reserves, natural monuments or Nature 2000 sites located in the surrounding of the mill.

The plant in its integrity and especially the high concentration recovery boiler will have to be compliant with the BAT standards. NO_x and dust emissions must be monitored and reported 2 years after commissioning according to the permit. The residual impacts after mitigation are assessed as minor.

The new recovery boiler is designed to ensure high-energy efficiency by efficient pre-heating, high dissolved liquor combustion and efficient heat recovery of flue gases. The project increases the dry content of black liquor concentrate to 81% before it is incinerated. This guarantees high, stable combustion temperatures, which together with well controlled combustion and good flue gas cleaning significantly reduces emissions to air. All emissions will meet BAT conditions after the modernisation. Weak gases and all strong gases are incinerated in the recovery boiler. It will drastically improve the odour and sulphur emissions.

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, 20 September 2023

The project will contribute to climate change mitigation by improving the energy efficiency of the recovery boiler.

The project will cause absolute emissions of 0.7 ktCO₂ per year. Yet, compared to the baseline of using the old recovery boiler, the project will result in emission savings of -18.6 ktCO₂ per year. Besides, surplus heat from production at the mill will be harnessed and used to supply an adjacent industrial and agriculture facility allowing them to replace other sources of energy.

The main physical climate risk for the investment project is flooding. The EIA rated the risk of flooding as limited. Climate adaptation is achieved by constructing the boiler with a strong, elevated foundation. The Promoter does not own forests, therefore the climate risks related to forest management and wood supply are merely an economic risk. Nevertheless, in order to reduce the risk associated with the supply and price of wood raw material, the Promoter focuses on optimising the value chain and building long-term relationships with suppliers. They also increasingly take on climate adaption measures to reduce physical climate risks in forests areas they manage.

The project has been assessed for Paris alignment. The recovery boiler is designed for higher energy efficiency and operations with renewable feedstock. The investment will reduce emissions and provide opportunities for enhanced energy efficiency.

The project is fully aligned with the CBR objectives by focusing on the improved sustainability of production processes and striving for greener industry and eliminating pollution. It supports “Low-carbon technology and products, energy and resource efficiency” in particular. Moreover, the operation substantially contributes to the Bank’s transversal objectives of Climate Action (Climate Mitigation) and Environmental Sustainability (Pollution reduction and control).

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty is in scope for the PATH assessment and has been screened in because it is considered high emitting (pulp & paper manufacturing sector). The counterparty already meets the requirements of the EIB PATH framework. The company is rated by the Science Based Targets Initiative (SBTi) as “Near-term targets set at 1.5 degrees”.

Social Assessment, where applicable

The company is strongly committed to safety and has a Group Health and Safety Policy and an Occupational Health and Safety (OHS) Directive in place. As an important step in 2022, the Promoter started the process of evaluating their European mills according to ISO 45001 (occupational health and safety) that will be followed by an implementation of the standard. Their ambition is that all their European mills will be certified within a few years. All contractors must respect and follow the Promoter’s procedures for a safe workplace. For the project, a dedicated OHS plan has been developed and implemented.

Public Consultation and Stakeholder Engagement

During the preparation of the EIA study, public consultations in accordance with Chapter 6 of the Environmental Code were held on 20 April 2017 with the County Administrative Board, the municipality and the Swedish Environmental Protection Agency. Furthermore, consultations with additional stakeholders have been carried out by letters to individuals and certain organisations and via advertising in the local press. The results of the public consultations are reported in a Consultation Statement annexed to the main EIA report and were taken into consideration in the permit ruling of the Land and Environment Court in July 2019. The 2020 feasibility study includes a stakeholder analysis and a communication plan.

Luxembourg, 20 September 2023

Other Environmental and Social Aspects

The bioproduct mill is certified according to ISO 9001, ISO 14001 and ISO 50001. The company has developed an implementation plan for this project which covers all relevant E&S, quality, and management matters. The capacity to manage E&S risks and implement the environmental plan (called “Environmental Requirements”) is assessed as high. Notably, the company also required prospective contractors to prepare environmental control programmes and self-monitoring programme to ensure compliance with E&S requirements. The aim has been to minimise negative environmental impact in the contractors’ work during the implementation.

Almost all of the wood raw material comes from Scandinavian and Baltic countries. The company has procedures and guidelines to avoid wood being purchased from illegal felling operations, from forests with high preservation values, from regions with serious social conflicts and where felling leads to deforestation. National laws and regulations for forestry are a minimum standard for the Promoter. The Promoter is third-party certified to chain of custody standards set by the Forest Stewardship Council® (FSC®) and the Programme for the Endorsement of Forest Certification (PEFC). The Promoter’s due diligence system ensures that all purchases follow the procedures set out by FSC Controlled Wood, Controlled Sources in PEFC Chain of Custody and comply with relevant EU regulations.

The company is subject to the Seveso legislation at the lower level of requirements, based on the Seveso III Directive (2012/18/EU), to minimise the risk of large-scale chemical accidents, mainly due to the storage of sulphur dioxide. The related action programme has been approved by the County Administrative Board. With regards to the applicability of SEVESO and REACH directives, there will no changes before and after the project.

Conclusions and Recommendations

The capacity of the Promoter to address E&S risks is considered appropriate.

E&S undertakings:

- i) 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 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 in the future.
- ii) Compliance with EU Regulation on Deforestation-free Products (EU) No. 2023/1115 repealing Timber Regulation (EU) No 995/2010.
- iii) Provide the final decision of the Land and Environment Court in respect of emission levels two years after commissioning.

With these conditions in place, the project is considered to be acceptable for EIB financing in E&S terms.