

22/12/23

Environmental and Social Data Sheet

Overview

Project Name:	UMICORE BATTERY MATERIALS RDI
Project Number:	2023-0426
Country:	Belgium, Finland, other EU countries
Project Description:	The project will cover the promoter's RDI programme, supporting electrification-focused projects related to rechargeable battery materials, next generation battery materials and battery recycling solutions.

EIA required: no

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

Environmental Assessment

Compliance with the applicable Environmental Legislation

The project concerns operational and capital expenditures (e.g., multiple pilot plants), covering research & development activities related to rechargeable battery materials and technologies. The project activities will be carried out in already existing and authorised facilities. The project activities are not listed within the Annexes of the Environmental Impact Assessment Directive (EIAD) – Directive 2014/52/EU amending Directive 2011/92/EU, therefore in principle they do not require an EIA screening.

However, one component of the project (the construction of pilot plant for production of anode component for electric vehicle batteries at Olen, Belgium), corresponding to Annex II (Point 6 Chemical Industry, Indent (a) Treatment of intermediate products and production of chemicals) of the EIAD, required a screening report to determine whether this component may generate potential negative significant environmental effects. According to the screening report, which was provided to the Bank by Umicore, this project component is not expected to lead to potential significant negative effects on the environment, the potential impacts (e.g., emissions, discharges, increase of water consumption) are expected to remain within the limits of currently authorised scope. In addition, according to the screening report, this project component is not expected to impact the ongoing remediation programme, which is part of Umicore's Environmental Management Plan. The remediation programme addresses legacy of soil and groundwater contamination (for more details refer to the section "Other Environmental and Social Aspects"). Therefore, this project component is expected to be screened-out as the EIA decision-making body is still analysing Umicore's project screening documents. The receipt of the screen-out decision and the environmental authorisation by the EIA decision-making body will be a disbursement condition in the finance contract.

Climate Action and Environment Sustainability

The overall result of this project is expected to fully contribute to Climate Action and Environmental Sustainability through the development of innovative battery materials and

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.



recycling technologies, focusing on resource-efficient and circular solutions, and enabling the electrification of the transport sector. The project will include many specific sub-projects in focus areas such as cathode and anode materials, solid based and sodium-based battery components as well critical minerals-free and circular technologies.

The end-uses of those materials as part of value chains most crucial for transition to cleaner mobility include production of electric vehicle batteries. Therefore, the outcome of the project will facilitate the switch from combustion engines and fossil-based fuels, leading to health benefits (lower emissions of pollutants) and climate benefits (CO₂ emission avoidance) on the longer term.

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

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty is a corporate (in scope) and screened in for PATH assessment as it is classified as a chemical company (high-emitting sector). The counterparty is rated by the Science Based Targets initiative (SBTi) as meeting the near-term decarbonisation targets in line with a 1.5°C pathway. Umicore commits to carbon neutrality for its Scope 1 and Scope 2 GHG emissions by 2035², with meaningful intermediate milestones of already reaching a -20% reduction in GHG emissions by 2025, and a -50% reduction by 2030.

In addition, the promoter demonstrates sufficient assurance that the company is aligned with the PATH framework requirements for physical climate risk and vulnerability. Umicore has specific procedures in place (e.g., the Umicore Water Stewardship Program) to manage physical climate risk at asset level for which they take future climate change into account, and they have the operational experience.

The counterparty is assessed as meeting the Bank's PATH low-carbon and resilience requirements.

Other Environmental and Social Aspects

The promoter applies its Environmental Management System (EMS), certified with ISO 14001. While the Senior Vice-President for EHS is responsible overall for ensuring environmental compliance, risk mitigation and data reporting across Group activities, the implementation of EMS is under the remit of business units and production sites. Fifty out of fifty-two industrial sites have put in place an environmental management system certified against ISO 14001. The two remaining sites are acquisitions/new sites that joined Umicore reporting in 2018 and 2021. These sites are planning the implementation of an environmental management system during 2023 (however not in the scope of this project). The promoter regularly undergoes internal and external audits, ensuring the effectiveness and efficiency of the risk management processes.

The promoter's cornerstone strategy "the Umicore Way" and its related policies, such as its Code of Conduct, Human Rights and Working Conditions Policy and Environment, Health and Safety Guidance Note, describe the group-wide environmental, social and health and safety requirements and expectations, and provides a framework for business units and sites, referencing to the ISO 14001 and OHSAS 18001³ management systems. The policies apply to all the promoter's facilities and employees. In addition, regarding supply chain aspects, the promoter applies its Global Sustainable Sourcing Policy (UGSSP) and has complementary sustainable procurement frameworks for cobalt, lithium and nickel, as well as a specific policy on responsible sourcing of minerals from conflict-affected and high-risk areas, which apply to its suppliers.

² Source: 2022 Annual Report, p. 74.' As the backbone of our climate action plan, our Let's Go for Zero ambition establishes our targets and milestones to reach our goals. We are committed to carbon neutrality for Scopes 1 and 2 greenhouse gas emissions (GHGs) by 2035, with different milestones along the way and using 2019 as the baseline.'

³ Occupational Health and Safety Assessment Series 18001 (OHSAS 18001) is the International Occupational Health and Safety Management Standard.



Environmental legacy at Hoboken and Olen sites in Belgium

Over the last 20 years, Umicore has evolved radically from a non-ferrous mining and processing company to a worldwide materials technology corporation focussing on recycling and clean mobility and introducing a closed-loop business model.

Although Umicore went through substantial ecological transformation, the legacy of more than 120 years of historic pollution is still present: lead, arsenic and cadmium levels in the soil increase with proximity to the processing facilities. Umicore has already made environmental improvements over the past decades and continues to invest to further improve its environmental performance. Umicore continues to work closely with the authorities for both short-term initiatives and long-term structural solutions as they are determined to further decrease the impact of their industrial activities. The complete overview of ongoing remediation projects is an important and recurring chapter in each of their annual reports.

Conclusions and Recommendations

The project activities are not listed under the Annexes of the Environmental Impact Assessment Directive (EIAD) – Directive 2014/52/EU amending Directive 2011/92/EU, therefore in principle they do not require an EIA screening. However, one component of the project (the construction of pilot plant for production of anode component for electric vehicle batteries) required a screening decision to determine whether the full EIA report is required. The EIA decision-making body is still analysing Umicore's project screening documents. According to the screening report, this component is not expected to lead to potential significant negative effects on the environment, hence is expected to be screened-out. The receipt of the screen-out decision and the environmental authorisation by the EIA decision-making body will stand as a disbursement condition in the finance contract (see below).

The end-users of the battery materials to be developed by the promoter include the production of electric vehicle batteries. Therefore, the outcome of the project will facilitate the switch from combustion engines and fossil-based fuels, leading to health benefits (lower emissions of pollutants) and climate benefits (CO₂ emission avoidance) on the longer term. As such, the project is acceptable for financing by the Bank in environmental and social terms.

Disbursement condition:

For the release of amount related to the construction of anode pilot plant the Bank shall receive copies of the screen-out decision and the required authorisations issued by the competent authorities (e.g., environmental, construction, and operation permits, as applicable).

Undertaking:

In case a screening decision according to the EIA Directive – the Directive 2014/52/EU amending the Directive 2011/92/EU would be required for any other components of the project a copy of the screening decision or a copy of the final EIA report shall be sent to the bank as soon as available.