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Environmental and Social Data Sheet

Overview

Project Name:	PROJECT EMILI - IMERYS DEMO-PLANT
Project Number:	2024-0167
Country:	France
Project Description:	The project concerns the construction of two demonstration plants located in central France for the production of battery grade lithium hydroxide monohydrate. The concentrator demonstration plant will be located at the mine site near Echassières and the conversion demonstration plant will be located in an industrial park near Montluçon. The project will not produce commercial quantities of material.
EIA required:	Yes
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

The project concerns the construction of two demonstration plants located in central France to produce battery grade lithium hydroxide monohydrate.

The concentrator demonstration plant will be located at the site of the existing Beauvoir kaolin quarry in Echassières, Allier, France. The Beauvoir granite deposit, which hosts the lithium mainly in the form of lepidolite mica, is located below the current kaolin quarry. The conversion demonstration plant will be located on a brownfield site at La Loue, Saint Victor, north of the Montluçon commune.

The demonstration plants are designed to prove the selected technology, allowing the promoter to de-risk the future commercial plants by identifying potential complications and reducing the time to ramp-up the technology. The project will not produce commercial quantities of material.

The project and subsequent potential commercial plants will address the growing demand for lithium for battery applications in the EU and aligns with the goals of the green transition, particularly the decarbonisation of the transport sector.

Environmental Assessment

Compliance with the applicable Environmental Legislation

The two demonstration plants are considered part of the planned full-size project and per Article R. 122-2 of the French Environmental Code, require a systematic environmental assessment, equivalent to requirements under Annex I of the Environmental Impact Assessment (EIA) Directive 2011/92/EU, as amended by 2014/52/EU, necessitating an EIA. Likewise, under the Environmental Code, the plants will require a permit under ICPE (Installation Classée pour la

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.



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Protection de l'Environnement). The EIA assessment must encompass all operations (across all sites) and all phases (demonstration, construction, and commercial).

The request to review the EIA and obtain an environmental permit (Dossier de Demande d'Autorisation Environnementale) was submitted to the Competent Authority (Préfet of Allier) on 26/07/2024 for both the concentration and conversion demonstration plants. The Competent Authority (CA) issued its public opinion on 21/11/2024. The CA invited the developer to take advantage of the opportunity at the pilot stage to test measures to avoid, reduce and, if necessary, offset the effects on the environment and human health of the industrial stage of the project and to assess their effectiveness.

The IED (Industrial Emissions Directive) does not apply to the demonstration plants as they are considered Research and Development Units.

A shaft of approximately 1 km in length will be excavated in the existing mine site to provide material for the demonstration plants. This is not an EIB financed activity but is considered as an associated works. This mining gallery is governed by the French Mining Code, which regulates the exploration and extraction of mineral resources. A request for an authorization to open mining works was submitted to the Competent Authority (Préfet of Allier) on 26/07/2024.

In accordance with the Urban Planning Code (Code de l'Urbanisme), both of the concentration and conversion demonstration plants involve the construction of covered areas and buildings, necessitating building permits issued by the mayors of the respective municipalities. Building permit requests were submitted on 26/07/2024 to the municipality of Echassières for the concentration demonstration plant and to the municipality of Saint Victor for the conversion demonstration plant.

Environmental Impact Assessment

The mining gallery and both demonstration plants are included in the EIA that encompasses all operations across all sites and phases, including demonstration, construction, and commercial stages.

Water

During the construction phase, water quality may be temporarily and minimally impacted by consumption, discharge, and flow displacement, with pollution risks from machinery. The promoter plans to mitigate these effects through measures to prevent accidental spills, managing drilling waters, and properly handling wastewater by filtration at the site. Discharge to the sewage network of Montluçon would be used to avoid direct discharge to the natural environment. Work carried out in the design phase will also reduce the overall need for water and the recycling rate for process water at the industrial stage is expected to be 85-95%. Some wastewater from the conversion plant (1,500 m³ per annum) will need to be treated at a specialized facility. No adverse effects on the ecological status or on the objective of achieving good ecological status of surface or ground water are expected (as required by the Water Framework Directive 2000/60).

Natura 2000

The project has been designed to minimize its impact on protected areas, including those covered by the Habitats and the Birds Directive. Special Protection Areas (SPAs) are designated under the Birds Directive, while Special Areas of Conservation (SACs) aim to protect habitats and species listed under the Habitats Directive. The EIA noted nine Natura 2000 sites within the area studied, but four of them are more than 15 km away and 'Lower Sioule' SAC (code FR8301017), Forêt des Colettes (SAC FR8301025), Gorges de la Sioule (codes SAC FR8301034 and SPA FR8312003) and Gorges du Haut-Cher (SAC FR8301012) are not affected by the demonstration phase.



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Biodiversity

The Beauvoir site is modified habitat predominated by planted coniferous trees. On the valley floor, one finds beech and alder-ash forest and shady springs. Overall, the quarry offers a variety of interesting habitats and is generally favourable to birds, bats and amphibians. The construction phase could fragment these habitats further, alter water flows, cause pollution and generally disturb wildlife and spread invasive plants. Habitat destruction and degradation are also concerns. To mitigate these impacts, avoidance measures include situating works outside sensitive areas and setting up demonstration plants away from ecologically sensitive areas. Additional measures involve strict site limit compliance, controlling for invasive species, selective earthwork practices, adapting work schedules to breeding and migration cycles, limiting site lighting, and fencing off sensitive areas. Follow-up measures include training personnel and biodiversity monitoring. During the operational phase, similar measures are applied, with additional steps to avoid impacting significant habitats and creation of refuges. Residual impacts are expected to be low to negligible, with ongoing monitoring to ensure minimal impact.

Tailings

During the demonstration phase, residues are produced in small quantities and disposed through authorized channels. Overburden and process tailings from the concentration demonstration plant will be stored alongside residues from the kaolin operations at the Beauvoir site after confirmation that they are inert. Tailings from the conversion plant are treated as hazardous and will be trucked to specialised external landfill sites. The demonstration plants will be used to further study options for the valorisation and safe disposal of residues.

EIB Paris Alignment for Counterparties (PATH) Framework

The promoter is in scope (corporate) and screened in (high emitting sector).

The company's near-term emission reduction targets have been evaluated according to the Science Based Targets Initiative (SBTi) and are deemed consistent with the 1.5°C global warming limit.

Social Assessment

The project is expected to contribute to the territorial development strategy of Auvergne-Rhône-Alpes in the areas of research, innovation, and competitiveness.

It will deliver social benefits through the creation of direct and indirect employment. It will also support the local workforce through training and upskilling, contribute to the green transition of the regional economy.

Public Consultation and Stakeholder Engagement

A public debate organized by the National Commission for Public Debate (CNDP) began in March 2024 and was concluded on the 30th of September 2024. The Public Debate is a process particular to large scale projects in France. The debate covers the demonstration and the commercial plants.

On September 30th, the president of the CNDP presented the results of the debate. The respondents identified concerns regarding potential impacts on the environment in general, on water resources and management of wastes and tailings. These concerns are mainly focused



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on the commercial plants. The promoter has three months to respond, specifying which ones they will adopt or reject, along with their reasons.

The public debate website is www.debatpublic.fr/mine-de-lithium-allier.

The Environmental Impact Assessment for the demonstration plants will require its own public consultation, which is expected to take place starting Q1 2025.

The promoter issues regular updates and newsletters, such as the "EMILI & YOU" newsletter, to keep the community informed about the project's progress and upcoming milestones.

Other Environmental and Social Aspects

The promoter has the following ESG policies published on its corporate website. Sustainability Charter, Code of Business Conduct and Ethics, ESG Supplier Standards, Environmental Charter Diversity, Equity & Inclusion Charter, Health & Safety Charter, Climate Transition Plan, Biodiversity commitments Act4nature.

The promoter's sustainability reporting complies with French "Déclaration de Performance Extra-Financière" (DPEF) Law and other relevant French reporting requirements.

The Group's Sustainability program is aligned with:

- Global Reporting Initiative (GRI): Adhering to the Sustainability Reporting Guidelines (Core option).
- United Nations Global Compact (UNGC): Committing to principles in human rights, labor, environment, and anti-corruption.
- United Nations Guiding Principles on Business and Human Rights (UNGPs): Ensuring respect for human rights in business operations.
- International Labour Organization (ILO) Fundamental Conventions: Upholding essential labor standards.
- Organisation for Economic Co-operation and Development (OECD) Guidelines: Following recommendations for responsible business conduct.
- ISO 26000: Implementing guidance on social responsibility.
- Sustainability Accounting Standards Board (SASB): Applying standards specific to the Metals and Mining sector.
- Task Force on Climate-related Financial Disclosures (TCFD): Adopting recommendations for climate-related financial risk disclosures.

Conclusions and Recommendations

The project will allow the promoter to de-risk the future commercial plants and reduce the time to bring the product to the market. The project and subsequent commercial plants address the growing demand for lithium for battery applications in the EU and align with the goals of the green transition, particularly the decarbonisation of the transport sector.

The project is being carried out in compliance with applicable national and EU environmental and social legislation.

As conditions for the Bank's financing the promoter shall provide a copy of the approved Environmental Impact Assessment (EIA) report for the demonstration plants and share any further updates to the EIA or environmental permits.

Overall, and subject to the conditions stated above, the project is acceptable for EIB financing in environmental and social terms.