

Environmental and Social Data Sheet

Overview

Project Name:	SINES ADVANCED BIOFUELS
Project Number:	2024-0187
Country:	Portugal
Project Description:	The Project concerns the construction and operation of a 270 ktpa second generation biofuels production facility in Sines, Portugal. The facility will be based on Hydrogenated Vegetable Oil (HVO) technology, it will process a wide variety of fatty residues, such as used cooking oils and other industry residues, to produce HVO biodiesel for road transport and SAF (Sustainable Aviation Fuel) for aviation.
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	yes

Environmental and Social Assessment

Environmental Assessment

The Project concerns the construction and operation of a second generation (2G)/advanced biofuels production facility located in Sines, Alentejo region, Portugal. The facility will be based on Hydrogenated Vegetable Oil (HVO) technology, it will be able to process up to 350 000 tpa (tonnes per annum) of feedstock, to produce up to 270 000 tpa of biodiesel for road transport and SAF (Sustainable Aviation Fuel) for aviation. The feedstock will consist in a wide variety of fatty residues, such as used cooking oils, animal fats and other industry residues (e.g., Palm Oil Mill Effluent). The Project will allow the Promoter to increase production capacity for low carbon biofuels, and it will also contribute to decarbonise these transport segments.

The 2G/advanced biofuel production facility is subject the EIA Directive 2011/92/EU amended by Directive 2014/52/EU and the Industrial Emission Directive (IED) 2010/75/EU as transposed in the Portuguese environmental Laws.

The Promoter filed an application to obtain the environmental permit for the Project on 24/02/2023 and the competent authority provided a favourable opinion on 06/07/2023 for the construction of the 2G/advanced biofuels production facility (File 3625). The opinion provides for specific mitigation and compensation measures to be integrated into the project, as well as monitoring programmes (e.g., air, water, sound, and soil).

The biofuels production facility will be located in a fenced perimeter of the Sines Refinery, an area integrated in the allotment of Zone B1 of the Sines Industrial and Logistics Zone (ZILS). The project is not expected to have impacts on any Natura 2000 area. Overall, the impacts on local Ecology and Biodiversity are considered minor, given that the Project is implemented in an already industrialised area. Specific measures for the Project construction and operation have also been included in the environmental declaration to minimise any potential negative environmental impacts.

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.



The Project is expected to have substantial positive indirect environmental impacts. The Project will produce substantial amounts of 2G/advanced biofuels for road transport and aviation, leading to substantial GHG emissions reductions in transport. This is particularly relevant for aviation, where the decarbonisation options are limited, and the availability of SAF is critical to reduce carbon emissions in this transport segment.

The Project supports circular economy as it will enable the valorisation of a wide variety of fatty residues, such as UCO (Used Cooking Oils), animal fats and other industry residues into high quality low carbon biofuels.

EIB Carbon Footprint Exercise

The absolute annual emissions of the Project in a standard year of operation are estimated at 321.1 kilo-tonnes CO₂e per year. This estimate comprises the Scope 1 emissions (direct emissions from production processes), Scope 2 emission (indirect emission from the feedstock/pre-treatment of the biomass, energy consumption) as well as Scope 3 emissions (replacement of feedstock energy content by natural gas, as a share of the residue feedstock is valorised by energy recovering in the producing facilities by direct combustion).

The Project will result in substantial avoidance of CO₂ emissions, if compared to the Project's baseline scenario, which represents a scenario that considers the production of the same number of fossil-based fuels (Diesel fuel) as well as alternative uses of the feedstock, such as combustion for energy recovery, and the need to replace this bioenergy with traditional fossil-based energy.

Based on the Bank's carbon footprint exercise methodology, it is estimated that the overall Project will result in emission saving of 446.0 kilo-tonnes of CO₂e 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 the Project cost.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty GALP is in scope and screened in the EIB PATH framework as it is active in a high-emitting sector and operates in a context of high vulnerability.

The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plan(s).

The counterparty is active in activities that are considered incompatible with the Paris Agreement in the PATH framework. Because the counterparty seeks financing for renewable energy projects or electric vehicle charging in support of the REPowerEU Plan and does not plan new greenfield investments in coal power plants or mines, it can be supported by the EIB.

Social Assessment, where applicable

The Project is located in Portugal, and therefore it will comply with all the applicable labour and social legislation of the country, as well as international conventions and charters, in line with EU standards.

Public Consultation and Stakeholder Engagement

A public consultation was carried out in the context of the environmental permitting procedure, it ran for 30 working days from the 19th of April 2023 to the 1st of June 2023.

Four replies were received from, Sines City Council, AICEP Global Parques (the company managing the industrial park where the project is located) and two individuals. One individual protested against the project while the other was supportive to it. Some concerns have been raised by Sines City Council with respect to the impact of the project in terms of water, soil and noise, while noting that noise impacts would likely not be significant. According to the competent authority, the results of public consultation were duly considered as part of the Project evaluation process. In fact, the conditions imposed in the Decision are aimed at monitoring and



minimising impacts identified in the project assessment. Measures required include monitoring of noise, water and soil pollution over the lifetime of the project. The project is subject to post-evaluation recommended in the legal regime of EIA, and the installation in which this is located (i.e., Sines refinery) is subject to environmental license, that provides for a periodic reporting and monitoring throughout the life of the project.

Other Environmental and Social Aspects

The Promoter has an established integrated health, safety, environmental and quality (HSEQ) management system. This includes certifications in relation to reduction of energy management (ISO 50 001), environmental management (14 001) and quality management (ISO 9 001). The Promoter has also established a dedicated policy to address health & safety.

The Project developments may incentivise the improvement of the collection/recovery for fatty residues (e.g., UCO, animal fats and industry fatty residues) in the originating countries, avoiding their discharge in the environment and the related negative impacts.

Conclusions and Recommendations

Condition for disbursement:

None

Undertakings:

The Promoter shall:

Notify the Bank about any subsequent change/modification/extension of the Project that could trigger an EIA-IED permitting process, following EIA directive 2014/52/EU, amending 2011/92/EU and IE directive 2010/75/EU, and/or any change affecting the Project's permitting status, and submit the relevant assessment reports to the satisfaction of the Bank.

Subject to the above-mentioned contractual conditions, the Project is acceptable for Bank financing in environmental and social terms.