

Environmental and Social Data Sheet

Overview

Project Name:	Portucel Cacia Mill Optimisation
Project Number:	2015-0061
Country:	Portugal
Project Description:	The project consists in the modernisation and expansion of the existing Cacia (Aveiro) pulp mill to increase its efficiency and production from the current 310,000 to 353,000 tonnes per annum.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The project falls under the scope of Annex II of EIA Directive 2011/92/EU (modification of an industrial facility for the production of pulp). The existing plant, operational since 1953, has continuously undergone adaptations and modernization cycles to incorporate the best available technology.

The current environmental permit was granted under the provisions of the EIA and IPPC directives in 2009. The competent authorities concluded that the project did neither add any environmental impact nor exceed emission thresholds established in the national environmental legislation for pulp and paper mills. Therefore, the project has been screened out, i.e. no EIA was required by the competent environmental authority. The IPPC permit from 2009 was updated in 2015 by the competent authority to accommodate the modifications by the project and is valid until 2016.

The project will use wood sourced locally and from international wood markets under certified chain of custody systems and from forests managed under internationally accredited certification schemes (e.g. FSC).

Environmental and Social Assessment

Environmental Assessment

The investment project will be within the existing industrial facilities. Therefore it will have only negligible visual impact on the landscape and unlikely any negative environmental impacts on nature conservation sites, among others. Since the project is to upgrade the existing technologies to comply with best available emission abatement technologies, it will lead to reduced environmental impact in comparison to the existing plant.

The IPPC permit from 2009 was amended in 2015 before the entry into operation of the modernized plant. As the modernization of the plant has been classified by the competent authorities as a minor change (it does not add environmental impact and emissions are kept within the permitted levels), the amendment followed a simplified procedure. Nevertheless, in line with the provisions of the IED 2010/75/EU, the permit will have to be renovated by the competent authorities in 2016. The targeted emission limits for the plant are in line with the latest BAT Conclusions by the EC for the pulp and paper industry (Decision 2014/687/EC).

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided that estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

For this reason, the mill will be operating in line with the requirements of the IED after the project is concluded.

Due to the modernization measures, in particular the substitution of the fuel oil firing in the lime kilns by natural gas of the Cacia mill, the project is CO₂ neutral; that is, in spite of the increase of the plant's pulping capacity, the CO₂ emissions will remain almost unchanged at around 40,000 t of CO₂ per annum. Some relative CO₂ savings may be also expected.

Social Assessment, where applicable

N/A.

Public Consultation and Stakeholder Engagement, where required

In line with the provisions of the relevant Portuguese legislation which transposes the EIA and the IED Directives, no public consultation was required for the project.

For the renovation of the IPPC/IED license in 2016, the legal permitting procedure foresees a mandatory consultation period. A specific project undertaking will be added to the finance contract for the Promoter to provide documentary evidence to the Bank about the renewed operation license under the provision of IED 2010/75/EC and the associated consultation process before the expiry of the current IPPC licence.

Other Environmental and Social Aspects

The Promoters hold certified under ISO9001, ISO14001 and OHSAS18001 for all their industrial facilities and comply with the SEVESO requirements and the REACH Directives for the storage and transport of chemicals. The Portuguese competent authority has confirmed that the project is not supposed to change the risk profile of the plant according to the provisions of Decreto-Lei n.º 254/2007 of 12 July that transposes Directive 2003/105/EC, which in turn, amends Directive 96/82/EC (SEVESO II). Detailed emergency preparedness plans (as required under the SEVESO Directive) are in place.

The Promoters have stringent environment, health and safety policies (EHS) in place. Due to their activities, they are subject to frequent internal and external audits as well as inspections by the local Portuguese competent authorities.

The Promoter's forest management practices are certified by FSC (Forest Stewardship Council). Moreover, it has certified chain of custody procedures and management systems in place. In 2014, the Promoter's group incorporated in its processes 100% *Eucalyptus* spp wood and some long fiber wood such as of pine and spruce. Around 88% is sourced from Portugal and Spain, while the remaining 12% comes from South America (Uruguay, Brazil and Chile). The acquisition of wood chips from these sources is made through FSC and PEFC certified suppliers. All the wood procured from overseas is certified at least under of these sustainable forest management schemes. For its sourcing in the Iberian Peninsula, the Promoter only uses for its operations wood of the following categories: certified wood (PEFC or FSC) and FSC Controlled wood. Full formal certification in Portugal is difficult due to a fragmented private forest ownership structure.

The Promoter's top management and board of directors have put in place control mechanisms to ensure that the wood supplied is not involved in:

- a) Illegal logging or trade of illegal wood or forest products;
- b) violation of traditional and human rights in forestry operations;
- c) destruction of high conservation values in forestry operations;
- d) significant conversion of forests to plantations or non-forest use;
- e) introduction of genetically modified organisms in forestry operations;
- f) violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998.