

Environmental and Social Data Sheet

Overview

Project Name:	Food Industry Resource Efficiency & Innovation
Project Number:	2016-0028
Country:	Austria and Hungary
Project Description:	Investment program consisting of the modernisation of an integrated starch and bioethanol plant in Austria, the construction of a new sugar packaging line at a sugar mill in Hungary and the support to the promoter's research and innovation programme.
EIA required:	Multi-investment project, due to their technical characteristics sub-projects are expected to be screened out
Project included in Carbon Footprint Exercise ¹ :	Yes

(details for projects included are provided in section. "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The project concerns investments for the modernisation of several existing and already permitted production sites of the promoter. The investments at the bioethanol plant imply the minor modification of a facility that is typified under Annex I of EIA Directive 2011/92/EC (and its amending Directives) while the construction of the sugar packaging facility at Kaposvár and two small production lines based on innovative process technology at the starch production site of Gmünd in Austria constitute a modification of a sugar and a starch mill respectively, which are facilities typified under Annex II of the EIA directive.

In the case of Pischelsdorf the program includes a series of small measures spread over a period of four years. Most of the measures specifically target efficiency improvement in the use of water and energy. The project will thus lead to an overall improvement in the environmental footprint of the plant.

For notification purposes, the promoter will group sub-projects based on their technical characteristics and temporal scope. So far authorities have issued a screening out decision for two sub-projects started in 2015 and 2016. Due to their technical characteristics, it is not expected that any of the outstanding construction measures will lead to a screening-in decision. Where applicable, the promoter will be required – through the corresponding undertaking clauses in the finance contract – to provide the Bank with the formal screening decisions (*Bescheide*) issued by the competent authorities.

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The construction of a sugar packaging and logistics facilities within the premises of the sugar mill in Kaposvár does neither affect the production processes nor the environmental footprint of the plant in substance. That is why the competent authorities did not consider the construction of these facilities as a substantial change in the sense of the EIA/IPPC regulations and screened the project out in 2014. The IPPC/IED permit was updated in 2016 to include the new facilities.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided 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.

The small production lines based on innovative process technology at the starch production site of Gmünd are very small in comparison with the overall capacity of the plant and will have similar product lines to those already produced at the site. With regard to the first investment the authorities have been consulted and pre-assessment documentation was submitted in October 2016. Screening decision is expected by early 2017. The second investment will produce modified starch as food ingredients and additives and is planned for 2019. The promoter will be required through the corresponding undertaking clauses in the finance contract to provide the Bank with the formal screening decisions (Austria: *Bescheide*) issued by the competent authorities for the two production lines based on innovative production processes at Gmünd.

The Research, Development and Innovation (RDI) activities focus on the improvements in the promoter's production processes and product portfolio of its main business units of Sugar, Starch and Fruits. The work will be carried out within existing RDI facilities in Austria and, thus, does not involve the construction of new nor the modification of the existing RDI centres nor pilot plants nor other activities that might fall under the EIA Directive 2011/92/EC.

The industrial sites are located outside of urban areas and are not expected to affect any area of special conservation value (e.g. Natura 2000).

EIB Carbon Footprint Exercise

- The annual emissions in a typical year of operation at the integrated starch and ethanol production plant at Pischelsdorf and the new sugar packaging facilities in Kaposvár are estimated at 159,200 tonnes of CO₂ equivalent. The estimated emission savings gained with the project should be around 7,300 tonnes of CO₂ equivalent per year when compared to the project baseline. The GHG footprint at the projected operations in Gmünd (two small scale industrial production facilities of new starch derivatives) are negligible taking into account the figures in Pischelsdorf and Kaposvár and the thresholds of the EIB GHG footprint exercise.
- Besides the GHG emission savings reported above the project will also improve the GHG lifecycle values of ethanol produced at the plant in Pischelsdorf. Furthermore, resource efficiency gains in the process will result in a marginal increase in ethanol production of the plant by ca. 2%. Altogether this will result in additional CO₂ savings through the substitution of fossil fuels in transport of ca. 10,000 tonnes of CO₂ equivalent 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.

Social Assessment, where applicable

N/A

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Public Consultation and Stakeholder Engagement

Please see above.

Other Environmental and Social Aspects

- All the factories involved in this project have in place ISO 9001 certified quality and ISO 14001 certified Environmental Management Systems. All sites are regularly subjected to Energy efficiency audits and follow Energy Efficiency Management systems certified by ISO 50001. The site at Kaposvár (Hungary) is in the process of getting the Energy efficiency management certification. Strong Occupational safety and Health (OSH) norms apply on all industrial perimeters.

- The procurement of sustainably produced agricultural raw materials is on top the Promoter's overall business strategy as indicated by the recent launch of the Sustainable Agriculture Initiative (SAI) and puts the emphasis on the sourcing of local, non GMO feedstock for its operations to satisfy demand for GMO-free products in the EU.
- The biofuel produced at the plant Bioethanol is certified under ISCC EU an ISCC DE and therefore meets the sustainability criteria for biofuels established in the Renewables Energy Directive (EU) 2015/1513. It will bring about 74% GHG savings in comparison with equivalent fossil transport fuels. Through the planned energy efficiency measures the project will result in 1% additional savings.
- The Bioethanol Plant in Pischelsdorf is classified as lower tier under the Seveso III Directive 2012/18/EU. The investments foreseen under the project will not affect Seveso requirements to the Bioethanol plant in the sense of article 11 of the Directive.

Conclusions and Recommendations

The investments are not expected to require substantial changes in environmental licenses of the affected sites. As the project involves a four year investment plan, part of the modernization investments at Pischelsdorf and the small scale industrial RDI scale-ups at Gmünd are still outstanding and authorities need to be consulted for the corresponding screening decisions. Given technical characteristics of these projects and previous experience with similar investments at these sites, it is unlikely that the authorities will screen these projects in and ask for a full EIA. The formal application of the necessary non-substantial modification of the integral environmental and industrial emission permit for the production units concerned is also required. The sub-project at Kaposvár (Hungary) has all the permits. The RDI investments will take place and make use of permitted facilities at the Promoter's RDI Center in Tulln. These involve neither the construction of new nor the modification of the existing infrastructure or main equipment and therefore are not subject to any special environmental permitting requirements.

Where applicable, the condition for a timely submission to the EIB of the outstanding screening decisions and the corresponding non substantial modification of the IPPC/IED permits for the subprojects programmed for the years 2017 to 2019 will be included as an undertaking in the finance contract. In the unlikely event that a sub-project is screened in by the competent authority, the full EIA (including evidence of public consultation and the final environmental and updated IED permits) have to be sent to the EIB as soon as available. For earlier subprojects, where applicable, screening decisions and modified IPPC/IED permits need to be submitted to EIB before first disbursement.

With the described environmental management systems and contractual conditions in place, the project is considered acceptable for Bank financing from an environmental perspective. Through the targeted energy resource and energy efficiency measures, in the overall, the project is expected to generate significant environmental and social benefits as well as multiplier effects on the local economies.

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