

Environmental and Social Data Sheet

Overview

Project Name: KGHM Modernisation programme II
Project Number: 2017-0461
Country: Poland
Project Description: The project includes the company's investment programme implemented over the period 2017 up to 2021 to adjust the existing processes to the changing mining and copper ore conditions and to guarantee an environmentally friendly, safe, and stable copper production.

EIA required: yes

Project included in Carbon Footprint Exercise¹: yes

(Details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental and Social Assessment

The project supports KGHM in its investments to reduce the impact on the natural environment – implementation of recently approved best available techniques². In addition, and in accordance with the principles of its [corporate CSR](#) and [business strategy](#), the investments will ensure safe working conditions. In this way, KGHM is able to reduce the number of incidents and failures which could also negatively impact the environment.

Some of the development and refurbishment components included in the project are Annex II activities under the Environmental Impact Assessment (EIA) Directive (2014/52/EU amending EIA Directive 2011/92/EU) for which the competent authorities conduct a screening to decide whether a full EIA is needed. The competent authorities requested a full EIA for the following components:

- a new air conditioning station for the mines
- the expansion of the closed copper concentrate storage
- modernisation of the carbonate removal facility
- modernisation of dedusting system for the anode furnaces and
- closed transfer systems at the converter unit

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.

² Commission Implementation Decision (EU) 2016/1032 of 13 June 2016 establishing best available techniques (BAT) conclusions, under Directive 2010/75/EU of the European Parliament and of the Council, for the non-ferrous metals industries

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Two of them have been accomplished (i.e. closed transfer systems at the converter unit and modernisation of the carbonate removal facility), the rest are still to be done.

Provision of a copy of the EIA, that is satisfactory to the Bank, will be a condition for disbursement.

The other components relate to the replacement of existing equipment or installations by newer and more efficient ones not subjected to EIA, or for which the competent authorities decided it was not necessary to conduct an EIA.

EIB Carbon Footprint Exercise

Estimated annual emissions of the whole plant in a standard year of operation are 3.5 million tonnes of CO₂ equivalent (scope 1 and 2). These emissions include the mining, smelting and refining operations for the production of 430,000 tonnes of copper - the estimated annual production volume for KGHM's Głogów complex (the main target of the project) for the upcoming 10 year. The relative emissions are considered to be zero: the technical and economically viable alternative would be similar to the project.

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 project cost.

Other Environmental and Social Aspects

KGHM complies with European environmental standards, and is well managed with regard to environmental and social issues. It has environmental policies, procedures and plans in place ensuring continued improvement to the working conditions of its employees and protection of natural resources in the regions where it operates. All facilities involved in the project – three mines, related ore enrichments plants and smelter complexes of Głogów and Legnica – are externally certified under ISO 9001, 14001 and OHSAS 18001 – see [KGHM management systems](#). KGHM is a signatory of the UN Global Compact since 2015, and includes in its integrated annual reporting information about its environmental and social impacts according to the Global Reporting Initiative (GRI) sustainability reporting guidelines.

Conclusions and Recommendations

The proposed development and refurbishments component are in full compliance with best available techniques. Both the implementation and operation of the project will not result in any adverse environmental effects or cause any negative impact on protected areas, Natura 2000 areas, cultural objects or human life and health, but contribute to improving the promoters' environmental footprint. For those components requiring a full EIA, the provision of a copy of the EIA that is satisfactory to the Bank will be a condition for respective disbursement.

Considering the above, the project is acceptable for Bank financing.