

Environmental and Social Data Sheet

Overview

Project Name: Grupa Azoty Chemical Upgrade Programme
Project Number: 2016-0931
Country: Poland
Project Description: Upgrade of the promoter's existing fertilizer and modified plastics installations at two of promoter's locations (in Pulawy and Tarnow, Poland) carried out over the period 2017-2020.

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 Assessment

The project supports various investment components of Grupa Azoty in its existing facilities to safeguard long term competitiveness. The project also is expected to reduce the impact on the natural environment with the implementation of best available techniques. All components concern facilities listed in Annex 1 of the EIA Directive. Change or extension of projects listed in Annex I that are already authorised are automatically covered by Annex 2 for which the competent authorities conduct a screening to define whether a full EIA is required.

The competent authorities requested a full EIA for the following components:

- New nitric acid line, new neutralisation unit and new specialty fertiliser line;
- New wastewater treatment plant;
- Renewal of the ammonium sulphate crystallisation plant;
- Renewal of the ammonium nitrate neutralisation plant

The two other components (the revamping of another nitric acid plant, the expansion of the PA6 compounding plant and the extension of the demineralisation plant) were screened out, thus not requiring a full EIA. Provision of respective copies of these decisions and the satisfactory conclusion of each EIA will be a condition for the disbursement on the respective project component.

The new and renewed lines will be equipped with modern and proven technology that meet the highest environmental requirements – reaching BAT levels and resulting in a lower energy consumption what will reduce the carbon footprint of the products produced.

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.

EIB Carbon Footprint Exercise

The annual CO₂ emissions of the project in a future standard year (2022) of operation are estimated at about 240 kton CO₂/a, which constitute the project's absolute emissions. This figure assumes full production of all project components and takes into account direct emissions and indirect emissions resulting from energy use (scope 1 and 2 emissions²).

This baseline scenario represents an economically viable alternative to the actual implemented project that would deliver the same output as the proposed project with comparable quantities and qualities.

The baseline has been developed as follows:

- for those components that involve replacement due to out-dated technology or that result in additional capacity, the baseline has been considered the same as the actual project;
- for those components where the change in technology is not technically required, the baseline is set at current emission levels (before project implementation)

Using the above assumptions, the relative emissions of the actual project are estimated by the Bank at about minus 82 kton CO₂/a (decrease) below the above mentioned baseline. These savings compared to the baseline are the result of a better internal use of available energy (steam) on-site and the implementation of less energy intense production processes.

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

The company is well managed with regard to environmental and social issues:

- It complies with all environmental protection regulations and standards provided by national and EU law. Grupa Azoty holds the required Integrated Permits (IPPC) for all the industrial activities on site – which incorporates the requirements of the Seveso III Directive 2012/18/EC and the provisions introduced by the Industrial Emissions Directive 2010/75/EU ensuring the application of BAT.
- It has an ISO 14001 certified Environmental Management System, ISO 9001 Quality Management System and PN-N 18001 Occupational Safety Management System.
- It meets for all its products the requirements set out in regulation EC/1907/2006 (REACH) concerning the registration, evaluation, authorisation and restriction of chemicals.

The promoter is an important employer in the regions in which it operates, employing currently about 15,000 FTE. The project will result in a total of 80 new jobs created.

² *Scope 1:* Direct GHG emissions. Direct GHG emissions physically occur from sources that are operated by the project within the project boundary. For example emissions produced by the combustion of fossil fuels, by industrial processes and by fugitive emissions inside the project boundary.

Scope 2: Indirect GHG emissions. Scope 2 accounts for GHG emissions from the generation of electricity that is consumed by the project. The indirect emissions are produced outside the project boundary (i.e. at power plant level) but since a project has control over consumption and can improve it with energy efficiency measures, emissions should be allocated to the project.

Scope 3: Other indirect GHG emissions. Scope 3 emissions are a consequence of the activities upstream or downstream from the facility and are not taken into account.



Luxembourg, December 12th 2017

Since 2014, Grupa Azoty publishes a detailed sustainability report covering its economic, social and environmental performance in line with the GRI Sustainability Guidelines (G4). This integrated annual report is accessible online: www.grupaazoty.com.

Conclusions and Recommendations

The proposed technical upgrades are in full compliance with best available techniques. Both the implementation and operation of the project will not result in any additional adverse environmental effects or cause any negative impact on protected areas, Natura 2000 areas, cultural objects or human life and health. To the contrary, the project will contribute to improving the promoter's environmental footprint. For those components requiring a full EIA, the satisfactory conclusion of the EIA procedure and a publication of relevant documentation of the EIB's website will be a condition for respective disbursement.

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

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