Luxembourg, 11 December 2018

Public

Environmental and Social Data Sheet

Overview

Project Name:	APERAM ADVANCED STAINLESS STEEL MANUFACTURING
Project Number:	2018-0479
Country:	Belgium and France
Project Description:	The project concerns investments in (i) a stainless steel advanced manufacturing cold rolling mill and finishing equipment and (ii) modernization programs of two stainless steel plants located in cohesion regions. The project will be carried out in the Belgium and France over the period 2018-2021.

EIA required: no

Project included in Carbon Footprint Exercise[1]: no

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

Environmental and Social Assessment

Environmental Assessment:

The project comprises two components:

a) **Investments in new downstream manufacturing equipment (Genk, Belgium):**
The project comprises the installation of two new-advanced manufacturing technology production lines, a cold rolling mill and an annealing and pickling line for stainless steel production to be installed in a new building within the promoter's existing facilities already authorised for this purpose. The installation of these new lines will lead to a downstream processing capacity increase for stainless steel coils. The installation of such new lines falls under Annexe II of the EIA Directive 2014/52/EU amending the Directive 2011/92/EU. According to current knowledge and expectation the project will be screened out by the competent authorities. An environmental permit request has been launched by the promoter including several studies covering the impact of the project on air, water and noise emissions as well as a study on energy consumption. The final environmental permit is expected by the end of the year (2018). The project will lead to an overall manufacturing capacity increase although some old lines will be idled. As the project covers an increase in manufacturing capacity, the overall Greenhouse gas (GHG) emissions of the facility will increase accordingly.

[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.

However, if compared to a baseline scenario, i.e. a combination of comparable output from other EU manufacturing facilities and the old exiting manufacturing from the promoter which will be idled, the project leads to a reduction of GHG emissions in relative terms. This is based on the improved CO2 intensities of the new equipment if compared to the existing manufacturing base.

Taking into account the emission limits (non-CO2) of the current environmental permit and the fact that old equipment will be idled the overall impact environment and the emissions to air will not change significantly although the manufacturing base is increased.

The promoter is familiar with the implementation of these types of installations. During implementation, main impacts will result from activities typical for construction sites, such as dust, increased road traffic, transport of equipment and noise. These impacts are temporary, limited to the construction phase and to the close surroundings, and can be mitigated by appropriate planning and construction practices.

b) **Investments in plant modernisation**
The revamping of the plant at Châtelet (meltshop and hot rolling mill), Belgium and the modernisation of the cold rolling mill plant at Isbergues, France concern the replacement of motors, automation equipment and machinery components which have come to the end of their useful life. In addition, modernisation measures increasing the manufacturing efficiency of equipment and machinery, the performance of the dedusting equipment and operational safety are implemented. The activities do not require an EIA according to Directive 2014/52/EU amending the Directive 2011/92/EU. Energy efficiency improvements as well as material consumption reductions can be expected from such modernisation measures, leading to small GHG emission reductions as well as dust emissions reductions.

The overall project, i.e. both components:
As far as applicable, the project components are in line with Best Available Techniques (BAT) standards. Biodiversity or nature conservation issues are not touched upon, as the project and ensuing activities will be carried out within the borders of existing industrial facilities.

Other Environmental and Social Aspects
The promoter has a clear corporate governance structure and practices corporate social responsibility, which is entrenched in the company culture. The three manufacturing sites related to the project operate in compliance with ISO 14001 environmental management systems and with OHSAS 18001 regarding operational health and safety matters. Overall, 100% of the promoter's EU manufacturing facilities are compliant with ISO 14001 and OHSAS 18001. 60% of the EU sites are compliant with ISO 50001 energy management system. The promoter engages with his stakeholders and publishes regularly a sustainability report: (http://www.aperam.com/uploads/MDF_2017/2017_Made_for_life_web.pdf).

Conclusions and Recommendations

The installation of the two new lines falls under Annex II of the EIA Directive and based on current knowledge it is expected to be screened out by the competent authorities. Thus, the project does not require an EIA according to Directive 2014/52/EU amending the Directive 2011/92/EU. The project adheres to Best Available Techniques (BAT) as identified by the European Commission for the iron and steel production and ferrous metal processing industries. As the project covers an increase in manufacturing capacity, the overall GHG emissions of the facility will increase accordingly.

Luxembourg, 11 December 2018

However, if compared to a baseline scenario, i.e. comparable output from other state-of-the-art EU manufacturing facilities and the old existing manufacturing lines to be idled, the project leads to a reduction of GHG emissions in relative terms. The project is considered acceptable for Bank financing.

Condition for disbursement:
Considering the implementation of the new manufacturing lines (a cold rolling mill and an annealing and pickling line) in Genk, the promotor shall send to the bank prior to any disbursement, either a copy of the decision of the competent authorities that this project has been screened out according to the EIA directive, or a copy of the final environmental permit.

Contractual undertaking:
The promoter shall send to the Bank a copy of the final operational permits covering the new manufacturing lines in Genk and the final construction permit for the new building as soon as available.

PJ/SQM/ECSO 15.10.18