

Environmental and Social Data Sheet

Overview

Project Name: NEW AROMATICS TECHNOLOGY DEVELOPMENT
Project Number: 201806789
Country: SPAIN
Project Description: Development and implementation of new technology for the production of linear alkylbenzene (LAB) chemicals. The project is to be located in Andalusia (Spain), a cohesion region.

EIA required: no

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 concerns the first in the world conversion of a conventional LAB production unit to the UOP/CEPSA Detal-Plus™ technology, which is the state of the-art LAB production technology in the market providing the best raw material consumption ratios as well as better performance in terms of safety, environmental impact and product quality. The project will result in 25% capacity increase. The project is complemented by the promoter's R&D programme for the next two years.

The technological upgrade falls under Annex II of the EIA directive 2014/52/EU amending the 2011/92/EU Directive. Considering the fact that the project will replace the older LAB production unit based on acidic catalysts by a new technology that is based on solid catalysts, resulting in a number of environmental benefits the Competent Authorities decided that the project entails a 'non-substantial change to an Annex II operation' and as such does not require a full EIA.

The most important environmental benefits compared to the current situation include:

- avoided supply and related safety risks of acidic compounds;
- decrease of the waste water effluents and waste streams produced;
- decrease of the water consumption by 50%;

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.

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- although the production capacity increases 25%, the raw material consumption only increases 2% and the energy consumption 9%;

The R&D activities will be conducted in already authorised facilities, and do not require an EIA. Most of the R&D activities focus on developing solution to respond to the challenges related to the emerging energy industry trends and climate related policy changes. The latter is expected to drive new requirements, breakthroughs and product innovations that will shape applications from automotive to consumer products to industrial solutions. To that end, the company is working on technological developments that will positively affect the environmental performance of its production asset and environmental footprint of its product portfolio.

Main impacts during implementation will result from activities typically related to construction sites, such as dust, increased road traffic, transport of equipment and noise. These impacts are temporary, limited to the construction phase, and can be mitigated by appropriate planning and construction practices. During operation, the new technology will not result in any significant increases of emissions, noise, wastewater or waste streams compared to the current situation but on the contrary will improve the environmental footprint of the promoter's LAB production.

EIB Carbon Footprint Exercise

Estimated annual emissions of the project in a standard year of operation will amount to 123 000 tonnes of CO₂. By implementing the new LAB production technology the product carbon footprint reduces by 6%. For this project, this result in 8 000 tonnes of CO₂ saved 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 project cost'.

The company's technological upgrade programme implemented over the past 5 years in its refining and chemicals business achieved a reduction of 82 000 tonnes per year of CO₂. The company is committed to developing a low carbon strategy including RDI activities on CCU/CCS, renewable/alternative fuels/chemicals and business model innovation to respond to the changing mobility needs. The bank will follow-up closely with the promoter on the development, actual content and actions taken-up in this strategy, as a condition for any future cooperation.

Social Assessment, where applicable

The project is located in Andalucía, which is recognised as a cohesion region with having one of the highest unemployment rates in EU – 25.5% compared to EU average of 7.6% (Eurostat report April 2018).

This project will contribute to sustaining this industry in Andalucía, which at present employs 3,600 people directly and generates 2,600 indirect jobs – majority being technically skilled – which accounts for about 40% of the permanent employment of this industrial cluster.

Furthermore, the project will involve on average 375 person-years during implementation.

Other Environmental and Social Aspects

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The company has a unified ISO 14001 certification; bringing together the certification of all operational centres in order to improve and unify the Company's environmental management.

In most of the plants, the energy management systems are certified under ISO 50001. In the other facilities, there are energy efficiency targets for both thermal and electrical energy as well as different plans for biodiversity protection and the rationalisation of raw materials consumption in the production processes.

The company has a carbon footprint certification under the ISO 14064, and according CO₂ emission reporting.

Given the nature of the activities carried on at its production plants, accident prevention is key. All refineries and factories have externally certified Quality, Environment and Safety management systems (certified OHSAS 18001) and are in full compliance with the Seveso III requirements.

The Company is implementing the necessary measures to ensure compliance with EU standards on chemical substances (REACH regulation).

The promoter publishes each year a sustainability report in accordance with the Global Reporting Initiative.

Conclusions and Recommendations

Although this type of project falls under Annex II of the EIA Directive, the Competent Authorities have decided to not request a full EIA due to the non-substantial changes in terms of environmental impact: the project is replacing an older less efficient and more polluting production unit, and is located within the boundaries of the already authorised petrochemical site.

The project adheres to best available techniques as identified by the European Commission for large volume organic chemicals, industrial cooling, common waste water and waste gas treatment, energy efficiency and for emissions from storages. No significant negative residual risks are identified and no protected areas such as Natura 2000 sites are directly affected by the project.

The promoter will undertake to develop a low carbon strategy for 2030-2050 by end of 2020 that will include concrete and measurable actions on how the company will shift towards a low carbon production. The Bank will follow up on the development and the actual implementation, the latter will be a primary condition for any future cooperation with the promoter.

Considering the above, the project is acceptable for Bank's financing in E&S terms.

PJ/SQM/EC SO