

Luxembourg, 15 June 2023

## Environmental and Social Data Sheet

### Overview

Project Name:	SUNLIGHT - LITHIUM BATTERIES INVESTMENT
Project Number:	2022-0010
Country:	Greece
Project Description:	The EIB project concerns the development of a pilot line to produce prototype Li-Ion cells in a green- field building adjacent to the promoter's current Xanthi manufacturing plant, which is a part of a broader R&D development project, aimed at developing and producing its own complete Li-Ion battery systems including the cells. The project covers the period 2022 up to 2025 and the pilot line and R&D facilities are located in Xanthi, in a cohesion (less developed) region in the North-Eastern part of Greece, with a nominal manufacturing capacity of up to 200 MWh. This pilot plant will not produce any commercial-grade cells.

EIA required: yes

Project included in Carbon Footprint Exercise<sup>1</sup>: no

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

### Environmental and Social Assessment

#### Environmental Assessment

The project will take place in the company's industrial park, currently used primarily for the manufacturing of lead-acid traction battery cells, stand by battery cells and submarine battery cells. The facilities of the unit are located on a privately owned plot of land, which has an area of around 207,000 m<sup>2</sup>. The productive and auxiliary building facilities covers an area of around 60,000 m<sup>2</sup>, which after the project will increase the productive and auxiliary building facilities to around 73,000 m<sup>2</sup>. The extension concerns mainly the addition of a new production line for lithium electrochemical cells, and the modernization and addition of equipment with the aim of increasing the quantity of products produced. More specifically, the proposed modifications include:

- Creation of a new unit for the production of lithium electrochemical cells;
- Increasing the existing production capacity of lithium-ion batteries in combination with the necessary mechanical modernization and automation of the assembly lines of lithium-ion batteries without changing the production process;
- Increasing the existing production capacity of lead-acid batteries and lead oxides in combination with the necessary mechanical modernization (addition of new equipment) or transfer of mechanical equipment, without changing the production process; and
- Building reconstruction / expansion with the aim of upgrading the facility's infrastructure (production buildings, warehouses, substations, sheds).

<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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A number of activities related to the project fall under Annex I of the EU EIA Directive 2011/92/EU as amended by the directive 2014/52/EU, and thus required a full Environmental Impact Assessment. In June 2022, the company completed the Environmental Impact Study, which was submitted to the competent authorities in July 2022. The analysis concluded that with the implementation of the recommended measures, the project is not expected to cause adverse effects on the natural and man-made environment.

The public consultation took place and was completed in November 2022. The EIA received approval from all related authorities in December 2022.

Sunlight operates in an eco-development area of the National Park of Eastern Macedonia and Thrace, which includes the wetlands of the Nestos Delta, the lakes Vistonida and Ismarida and their wider area. The company respects the environmental operating limits set by Greek legislation in accordance with the Ramsar Convention on Wetlands of International Importance and the Natura 2000 Network. Despite the fact that they operate in the wider eco-development zone of the National Park of Eastern Macedonia and Thrace, there are no special flora and fauna species in the area of the production unit, as the area is classified as “permanently irrigated land”. These areas are located in the surrounding vicinity of the facility, though are some distance from it. The company has provided for all the necessary mitigation measures and has installed advanced equipment to ensure the prevention of any environmental impact in the wider area. Thus, the existing natural environment has not been degraded nor is it expected to be.

The project will take place in an existing industrial site where no significant physical climate change risks or vulnerabilities have been identified.

The project concerns development and manufacturing of low carbon technologies in industrial and general manufacturing areas and is assessed to be aligned both against low carbon and resilience goals.

According to the promoter theoretically assuming 24/7 operation, the total annual emissions are estimated at 18.9kt CO<sub>2</sub>, and therefore below the thresholds defined for the Bank’s Carbon Footprint Exercise (CFE)

Full capacity assumes 24/7 operations and is the figure used in the Environmental Impact Study as the worst case scenario. Actual operation is expected to be at one shift per day (0.4 simultaneity factor), and therefore the CO<sub>2</sub> footprint at real operation is estimated to be 3.5 ktonnes per annum.

**EIB Paris Alignment for Counterparties (PATH) Framework** *If the counterparty is not in scope of the PATH framework, delete this section including this heading*

- The counterparty **Sunlight** Group Energy Storage **Systems** is in scope and screened out of the PATH framework, because it is not considered high emitting and/or high vulnerability.

### **Social Assessment, where applicable**

In 2004, the company was among the first in Greece to implement an integrated Health & Safety Management System based on the OHSAS 18001 standard. This System aims to support, organise, implement and continuously improve models and practices, to ensure that the company’s operation meets all requirements of the applicable Greek and European legislation and the highest quality requirements, thus minimising the chances of an accident or other harmful incident. At the same time, as a member of EUROBAT, Sunlight participates actively in the relevant fora and monitors international developments.



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All employees are trained in health and safety at work issues and produce special forms and safety manuals to better inform and prepare them.

In 2021, women made-up 16% of the staff.

## **Public Consultation and Stakeholder Engagement**

The public consultation as part of the EIA process ended in November 2022. Comments were received but only to reinforce the site constraints and use for the currently approved industrial purposes. The Promoter confirmed that they will adhere to these constraints.

## **Other Environmental and Social Aspects**

Sunlight implemented a comprehensive environment, social and governance (ESG) strategy in 2022. The company is currently in the process of developing its first ESG sustainability report under (Global Reporting Initiative) GRI guidelines and a comprehensive ESG Governance model and Plan. Some of the targets that are currently under discussion include the following:

- Increase female representation in managerial positions to reach 40% by 2025. In 2021, the figure stands at 30%;
- Obtain equal salary certification by 2021;
- 40% reduction of scope 1 and 2 GHG emissions by 2030;
- Increase the recycled content of lead to 85% by 2030;
- Establish battery passports for 100% of produced batteries by 2024;
- Achieve and maintain an average of 85% score for the well-being section of the bi-annual employee satisfaction survey by 2025; and
- Introduce new ESG courses and increase by 50% training hours per employee by 2023.

The company has among other accreditations, ISO 14001 and 45001 certifications valid until 20/11/2023.

## **Conclusions and Recommendations**

The project will take place in the company's industrial park, currently used primarily for the manufacturing of lead-acid battery cells, and the project concerns primarily the addition of a new production line for lithium electrochemical cells, the modernization/addition of equipment with the aim of increasing the quantity of products produced and the building expansion of the facility.

The project is not expected to have any significant additional impact neither on the natural and human environment nor on public health. In addition, the outcomes of the project are expected to have a positive contribution to the decarbonisation of the sectors that the products will be deployed in.

The existing production facility holds valid environmental authorisations that need to be updated and extended in order to cover the additional activities. A number of activities related to the project fall under Annex I of the EU EIA Directive 2011/92/EU as amended by the directive 2014/52/EU, and thus require a full Environmental Impact Assessment. In June 2022, the company completed the Environmental Impact Study, which was approved by the competent authorities in December 2022. The analysis concludes that with the implementation of the recommended measures, the project is not expected to cause adverse effects on the natural and man-made environment.



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The Bank will put in the financial contract as a condition precedent for the first tranche disbursement that the promoter has to provide satisfactory evidence to the Bank of the fully-fledged construction permit for the R&D pilot line, object of this financing.

With these conditions in place, the project is acceptable for EIB financing in environment, climate and social terms.