

Luxembourg, 4<sup>th</sup> July 2023

## Environmental and Social Data Sheet

### Overview

Project Name:	ELECTRIC VEHICLES MANUFACTURING SERBIA
Project Number:	2022-0574
Country:	Serbia
Project Description:	The project concerns the promoter's investments at the Kragujevac plant (Serbia): (i) to upgrade, modernise and adapt the facility for the integration and deployment of advanced manufacturing technologies for the production of a new platform of electric vehicles (EV); (ii) to install PV equipment for the production of a part of the energy needed at the plant; (iii) for the process improvements, the training, upskilling and reskilling of the plant's employees. The investments started in 2022 but will be carried out primarily in the period 2023-2024.
EIA required:	no
Project included in Carbon Footprint Exercise <sup>1</sup> :	yes
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

### Environmental and Social Assessment

#### Environmental Assessment

The Project is innovative as it concerns Stellantis' first full conversion of a site that was previously manufacturing Internal Combustion Engine (ICE) vehicles to produce full electric vehicles (BEV). It includes three components:

- The restructuring and modernization of the existing manufacturing facilities (no new building constructions/extensions).
- The installation of photovoltaic panels (10 MWp) on the roof of the plant's buildings. This is the first phase of the promoter's wider investment plan to upgrade the energy efficiency/performance of the site.
- The support of the promoter's activities to hire and train the staff that will operate the converted manufacturing facilities.

The EIA Directive 2011/92/EU amended by Directive 2014/52/EU has been transposed in Serbian Law.

Therefore, the following reasoning applies to the project.

The project does not fall under the EIA Directive 2011/92/EU amended by Directive 2014/52/EU, as: (i) it concerns the modification of an existing, already authorised site; and (ii) it will not have any significant adverse effects on environment.

<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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Actually, the project is expected to have only positive impacts on the environment:

- Thanks to the implementation of advanced manufacturing processes and the deployment of solar panels on the roof of the plant's buildings, the project will contribute to significantly reduce (by some 24%) the GHG emissions of the site (see further details below);
- the upgrade and optimisation of the painting process will also allow significant energy consumption reduction, as well as Volatile Organic Compounds (VOC) emission reduction. VOC emissions will be reduced by 17.5% compared to the previous situation (before the project) and will be 29.1% below the new regulation on VOC emissions that will be applicable as of 2024.

The new plant will be dedicated to the manufacturing of electric batteries for Battery Electric Vehicles (BEV); it is therefore a key enabling investment for the deployment of a "Zero" emissions vehicles and a significant indirect positive impact on the environment.

The project has been assessed for Paris alignment and is considered to be aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap and/or associated guidance.

### **EIB Carbon Footprint Exercise**

The manufacturing process of automotive vehicles, whether they are ICE conventional vehicles or battery electric vehicles, involves rather energy-intensive processes and therefore has an impact in terms of CO<sub>2</sub> emissions. According to the Bank's methodology, the greenhouse gas emissions from the project operations have been assessed by considering the greenhouse gas emissions resulting from the natural gas and electricity annual consumptions of the site.

The electricity annual consumption is limited to the electricity sourced from the grid: the electricity produced on site by the new photovoltaic facility (part of the project investment) has been deducted. The electric consumption from the grid has been conservatively taken into account for the greenhouse gas emissions calculations, although the promoter confirmed that the electricity bought from the grid was contractually 100% green sourcing.

The estimated absolute emissions from the project in a standard year of operation are about 54 kt CO<sub>2</sub>eq per year. Considering that the comparison "baseline" would be the "without the project" case, i.e. the emissions from the plant before conversion, the emissions saving is estimated at about 17 kt CO<sub>2</sub>eq 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.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

Stellantis NV, a global automaker and provider of innovative mobility solutions, is a large corporate and as such it falls within of scope of the EIB's PATH framework. It is screened in as it is a manufacturer of motor vehicles, which is considered high emitting activities.

Stellantis already meets the requirements of the EIB PATH framework with its existing alignment plan.

### **Other Environmental and Social Aspects**

The promoter has a robust capacity to manage E&S aspects and the development plans for the project include appropriate environmental protection and operational health and safety approaches.



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As all Stellantis assembly plants, the manufacturing site of Kragujevac is ISO 9001 certified (quality management). The site is also ISO 14001 certified for environmental management.

## **Conclusions and Recommendations**

The Project is innovative as it concerns Stellantis' first full conversion of a site that was previously manufacturing "Internal Combustion Engine" (ICE) vehicles to produce full electric vehicles (BEV). It includes advanced manufacturing technology to produce two new BEVs (B segment) for the two major brands of the Stellantis group.

The new plant will be dedicated to the manufacturing of Battery Electric Vehicles (BEV); it is therefore a key enabling investment for the deployment of a "Zero" emissions vehicles.

Overall, the project is expected to have positive impacts on the environment in terms of Climate Action and Environmental Sustainability.

In the light of the above, the project is acceptable for the Bank's financing in environmental, climate and social terms.