

Luxembourg, 21 March 2024

Public

Environmental and Social Data Sheet¹

Overview

Project Name:	NOVO EV BATTERY PRODUCTION
Project Number:	2023-0188
Country:	Sweden
Project Description:	The Project consists of the construction and operation of a production facility for advanced lithium-ion batteries for Electric Vehicles. The planned site in Gothenburg, Sweden will have a yearly production capacity of 35 million cells or 17.5 GWh of battery capacity being produced from one downstream block and associated facilities integrated into one building.
EIA required:	yes
Invest EU sustainability proofing required	yes
Project included in Carbon Footprint Exercise ² :	no

Environmental and Social Assessment

Environmental Assessment

The project consists of the construction and operation of an innovative high technology production facility for advanced lithium-ion battery electrodes, cells and modules for Electric Vehicle (EV) application. The project has a production capacity of up to 35 million battery cells per year, corresponding to 17.5 GWh/yr of battery storage capacity. The Project site is adjacent to the Volvo Cars manufacturing complex located in Torslanda, Gothenburg.

The manufacturing of lithium-ion battery electrodes, cells and modules involves the deployment of industrial processes including chemical conversion and metal processing. The investment therefore falls under the scope of Annex 2 of the EU EIA Directive 2011/92/EU as amended by Directive 2014/52/EU. The project has been screened in and requires an environmental impact assessment and environmental operating authorisations from the competent authorities. The promoter submitted an EIA study to the competent authority (Mark- och miljödomstolen vid Vänersborgs tingsrätt) in August 2022, for review. The permit was issued in July 2023 and has gained legal force. The EIA Study and corresponding permit allow for a production capacity that exceeds the current project and planned future extensions.

There are around 20 Natura 2000 sites within 20 km of the Project. The closest of these is Torsviken Natura 2000 site, c. 2km to the south-west of the Project, which is designated for its

¹ The information contained in the document reflects the requirement related to the environmental, social and climate information to be provided to Investment Committee as required by the Invest EU Regulation and it represents the equivalent of the information required in the template of the InvestEU sustainability proofing summary

² 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 CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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importance to a varied bird assemblage. The EIA Process follows an integrated permitting regime and the Appropriate Assessments under the Directives for the protection of Habitats (92/43/EEC) and Birds (2009/147/EC) are included in the that process. No impacts to this site (or any other Natura 2000 site in proximity to the Project) has been identified.

A number of species protected under the EU Habitats Directive and the EU Birds Directive have been identified within the Project site and across the area of influence, including amphibians, reptiles, bats and birds. A detailed mitigation strategy has been devised for great crested newts and sand lizards, involving translocation to a number of established receptor sites. Similarly, other protected species are subject to robust mitigation proposals to maintain favourable conservation status. The environmental permit includes a derogation from the strict protection status by virtue of being on Annex IV of the Habitats Directive for the amphibian species moor frog *Rana arvalis* and great crested newt *Triturus cristatus* as well as for the large white-faced darter *Leucorrinha pectoralis* and sand lizard *Lacerta agilis* by the provisions in Swedish law adhering to Article 6(4) of said Directive.

The Project also adheres to the Industrial Emissions Directive (2010/75/EU) and the “Seveso” Directive (2012/18/EU) on the control of major-accident hazards involving dangerous substances.

Climate Assessment

The project will be using leading edge technology to produce electrical batteries that will support the deployment of EVs – i.e., zero emission vehicles, therefore significantly contributing to the emission reduction of the automotive fleet in Europe and beyond.

The estimated annual emissions of the project in a standard year of operation amounts to 12 kilotonnes of CO₂-equivalents per year, following the EIB carbon footprint methodology.

The Promoter has presented a Climate Risk Vulnerability Assessment (CRVA) to assess physical and transition risks related to climate change. Risks are generally considered low and well mitigated.

The project to be financed is considered to be aligned both against low carbon and resilience goals as set out in the Climate Bank Roadmap, and it is sector aligned under Industry.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty is a Special Purpose Vehicle that from Financial Close will have one owner and is therefore in scope of the framework. However, as the Promoter is exclusively a manufacturer of batteries for electric vehicles, it is not considered high emitting nor having high vulnerability and is therefore screened out.

Social Assessment

The Promoter has a high-level strategy for the procurement of materials and equipment and suppliers are evaluated and selected based on technical, sustainability and cost requirements. It has committed to continuously improving the process. Policies and procedures for procurement of materials, components and equipment for cell production will be finalised in collaboration with the supply chain teams of the Promoters owners with whom joint sourcing is conducted.

Suppliers are required to comply with NOVO’s Code of Conduct for Business Partners which covers working conditions, human rights (child labour, forced labour, anti-corruption etc.), and environmental protection. The code stipulates that non-compliance or a material breach may result in corrective actions, damages, or termination of contracts.



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Public Consultation and Stakeholder Engagement

As part of the Environmental Permit, EIA process and also Seveso requirements a consultation report was developed which contains information and comments gathered from engagement with local authorities, organisations, and private individuals. A key permit consultation meeting was held on 31 March 2022 which was attended by stakeholder groups. The stakeholder engagement has not materially affected project design.

Conclusions and Recommendations

The Project will use advanced technology to produce electrical batteries that will support the deployment of EVs – i.e., zero emission vehicles; it will therefore positively contribute to the reduction of emissions from the automotive fleet. The Promoter has put in place a project organisation with appropriate experience together with consistent governance systems to deliver the project in accordance with national and European legislation. To address the ESG vulnerability of sourcing raw materials, the promoter has developed a Supplier Code of Conduct.

The project is carried out in compliance with applicable national and EU environmental and social legislation. Based on the environmental, climate and social information and based on the review of the likely significant risks and impacts, and the mitigation measures and management systems in place, the project is deemed to have low residual environmental, climate and social risks and impacts. No further sustainability proofing is therefore required.

The Promoter should undertake to monitor and report on the approved conditions for derogating from the strict conservation status for the species concerned.

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