Sustainability Proofing Summary[1] The summary[2] is in line with the sustainability proofing guidance and should be presented only for direct financing.	
Identification of the project	
Project total cost (exclusive of VAT):	☐ below EUR 10 million ☒ equal to or higher than EUR 10 million
EIA Directive	
	☒ Annex I projects (EIA required) ☐ Annex II projects (screening) ☐ EIA required (project screened in) ☐ EIA not required (project screened out) 2014 EIA Directive applicable ☒ Yes ☐ No
Climate Assessment	
	The project falls under Annex I of the EIA Directive 2014/52/EU amending the Directive 2011/92/EU and requires an EIA. The new plant was subject to an environmental impact assessment (EIA) in accordance with the EIA Directive. The full impact study (EIA) was submitted to the competent authority, Land and Environment court, followed by a public consultation period. The promoter remains in close contact with the competent authorities and stakeholders since project initiation to inform local stakeholders about the project and any potential positive and negative impacts. The necessary environmental permit was granted and issued by the Land and Environment Court of Umeå in June 2023. H2GS's core activities are covered by the provision of the Swedish Industrial Emissions Ordinance (2013:250). This Decree is based on the Swedish Environmental Code and in accordance with the EU IED (2010/75/EU) and contains provisions on precautionary measures for industrial emissions operations in line with Best Available Techniques (BAT) to be applied to meet emissions limits for pollutants. The plant falls under the SEVESO III Directive. The final integrated environmental permit includes the operational and construction permits and the SEVESO requirements. The project will be implemented in accordance with the relevant BAT. H2GS is planning to build the world's first large-scale low carbon steel mill. The hydrogen based direct reduction process combined with electrified downstream facilities will abate around 90% or more of emissions associated with traditional coke-based primary steelmaking processes. Production of steel is responsible for up to 7-9% of global CO2 emissions.

[1] In line with Article 8 (5) of the InvestEU Regulation and the sustainability proofing guidance (C(201)2632 final).
[2] In line with section 3.2 of the Investment Guidelines, the sustainability proofing summary shall be made public after the Investment Committee has approved the use of the EU Guarantee for a specific operation (with due regard to rules and practices regarding confidential and commercially sensitive information)

	Since fossil fuels, in the form of coal and coke, are used in conventional steelmaking in considerable quantities, shifting to non-fossil fuels is a major step for decarbonisation. The project has major positive externalities in terms of climate mitigation as it leads to significant relative GHG emission reductions and emissions if compared to traditional primary iron and steelmaking with blast furnace technique. The project will manufacture iron and steel with a carbon footprint that is significantly lower than the substantial contribution thresholds defined in the EU taxonomy (Commission Delegated Regulation (EU)). H2GS is targeting net-zero Scope 1&2 emissions before 2030, with a >90% reduction in gross emissions intensity from technological solutions, with the remainder to be offset. Scope 3 emmissions are to reach net zero by 2040 at the latest. A detailed assessment of EU Taxonomy alignment has been conducted by H2GS. The taxonomy activities relevant for the project are “Manufacture of steel” and “Manufacture of hydrogen” which meet the “Substantial contribution” criteria. The study shows that all the different steps in the steel making process chain will have emission values far below the stipulated values in the EU Taxonomy for steel making and hydrogen production. The project’s EIA (Environmental Impact Assessment) refers to a broader risk study that identified flooding due to increased rainfalls as the main risk due to Climate Change in the area. However, this risk has been assessed to be low and manageable by an appropriate storm water management within the area of operations and - for example - the use of porous surfaces, water conservation and capture and the implementation of sustainable drainage design. Beyond the scope of the EIA H2GS has also undertaken a Climate Change Risk Assessment (CCRA) for the facility, which addresses physical risks to the core Project assets including the steel plant, electrolyser, mill areas, administrative buildings, warehouses and storage areas, access roads, and water retention ponds. The main purpose of the CCRA is to improve the understanding of potential risks posed by changing climatic conditions in relation to the construction and operation of the project. The CCRA reflects the requirements of the TCFD in relation to physical risk, mitigation planning and transitional risk assessment. An assessment on project operations is also tabulated with hazard risk and likelihood ratings. Risks include structural damage, wildfires, explosions, flooding, environmental contamination, erosion and sedimentation, power outages, and increased energy demand. Several design mitigation measures for physical and transitional risks are described / suggested and are to be aligned with. The CCRA reflects the requirements of the Task Force for Climate Change Financial Disclosures (TCFD) in relation to physical risk, mitigation planning and transitional risk assessment. H2GS

	has committed to continue monitor and evolve the Plan as more data is collated and refined. The carbon footprint is based on an estimation all GHG emissions related to the project. Only scope 1 and 2 emissions are considered. Most Scope 1 emission come from emissions related to the usage of natural gas for the carburisation of the direct reduced iron (DRI) manufacturing, injection carbon used in electric arc furnace (EAF) and the natural gas used in ladle furnace. More than 50% of the scope 1 emissions relate to the electric arc furnace process. After full (5 Mt steel) project implementation the estimated annual GHG emissions of the project will amount to 550 kt of CO2 per year. Scope 2 emissions, electricity, will be low since the plant is in price area 1 in Sweden with 100% renewable electricity.
Environmental Assessment	
	Necessary environmental permits are issued, and the project has carried out an environmental impact assessment (EIA) within the scope of the permit application, approved by the competent environmental authority. Given that the H2GS project is a greenfield expansion project, additional local negative environmental impacts can be expected to materialise. Residual impacts are likely to include heavy traffic, dust, noise, vibration, air quality, biodiversity loss, health and safety. H2GS has developed an Air Quality Management Plan (AQMP) which identifies the controls, management measures and monitoring required for the construction phase. A programme of air quality monitoring will be conducted to allow H2GS to monitor levels of dust and gases and to see the resultant changes to ambient conditions during construction. For operations, H2GS will implement a programme of continuous environmental monitoring. The water quality in the area is good with evaluated parameters below Swedish Standard thresholds. The pH is in the expected ranges for water in the region and the metals levels are due to natural bedrock backgrounds. H2GS's core sustainability goals include a commitment to avoid all process water discharges to the natural environment, hence the project will operate under a 'closed' water management system with no direct discharges to the water receiving areas. Preliminary site investigations of the groundwater characteristics were considered as part of the Swedish MKB. This was undertaken by Sweco in September 2021. Findings indicated that the groundwater showed some influence from the sulphide soils which has affected the pH (between 3.9 and 6.6) of the soil results. There were no findings for existing contamination and according to the VISS (Water Information system, Sweden) there is no protected body of groundwater in the area in accordance with Swedish legislation. A programme of surface and groundwater monitoring during construction will be agreed with the relevant Swedish authorities and in accordance with the Environmental Monitoring Plan.

	Site investigations of the characteristics of the project site biodiversity were considered as part of the Environmental Impact Assessment (MKB in Swedish under the Environmental Code (MÖD 2016:1)). The MKB drew on some five years of studies on biodiversity prepared for the Boden Masterplan and including avifauna, bats, amphibians, natural habitats, and flora. It is considered certain that the H2GS proposals will not have a likely significant effect on the Natura 2000 sites. There is a high level of confidence in the likely degree of the magnitude of the impacts of the Project and consequently it is concluded that there will be no significant effects. A baseline noise survey was commissioned by H2GS. The results indicated low background levels with some specific activities (passing road transport) causing temporary higher levels. Calculated sound levels from the plant were compared with guidance values in the Swedish Environmental Protection Agency's report 6538 – Guidance on industrial and other operational noise. Operational noise has been assessed within the MKB as to meet Swedish Regulatory requirements. A programme of construction noise monitoring will be agreed with the relevant authorities and used to verify noise emissions during construction and to determine the need for any further mitigation measures should there be noise-related complaints or periods of excessive noise which could cause occupational health or community noise impacts. All identified potential residual risks in the EIA have been minimised through adequate mitigation measures and based on the EIA.
Social Assessment	
	The Boden municipality has acquired the land necessary for the broader Boden industrial park (550 ha) and the infrastructure corridor (103 ha) through voluntary sale agreements. The promoter will purchase the land required for the project site (around 280 ha out of the 550°ha of the industrial park) directly from the municipality. A public consultation of the project took place in spring 2021 and the stakeholder's consultation was completed in January 2022. The consultation has been carried out through meetings, advertisements and contacts with the relevant authorities, individuals particularly affected, associations, organisations and general public. Gällivare skogssameby, a Sámi village, has reindeer husbandry rights over the land required for the project site and across the project's broader area of influence. In order to assess the impact on Gällivare skogssameby's reindeer husbandry and as part of the EIA process, the project has prepared a reindeer husbandry analysis in consultation with the Sámi village. Overall, the project's impact on reindeer husbandry is expected to be low. Gällivare skogssameby is regarded as a key stakeholder by the promoter and

	recognised indigenous peoples in the region of the project. In line with the spirit of the Free, Prior, Informed Consent principle, the promoter has proactively consulted Gällivare skogssameby from early project development stages and during the EIA process. The company currently employs over 100 full-time employees of more than 20 nationalities. 50% of the managerial positions in the company is held by women. The permitting process including the EIA assessment did not identify any significant risks to public health, safety and security. The company receives third-party monitoring reports on working conditions including safety and injury reports regularly. There are significant risks related to the operations concerning the sourcing of raw materials, directly or indirectly, connected to child labour, forced labour, human trafficking, human rights violation and occupational health and safety violations. The risks are mitigated through an extensive Supplier Code of Conduct (SCC) that each supplier must comply and by internal audit requirements.