

The Project has been classified as a preliminary Category A operation according to IDB Invest’s Environmental and Social Sustainability Policy as it involves construction and operation of a large, greenfield industrial manufacturing plant and associated facilities such as transmission line, water intake/effluent outflow pipelines, as well as ancillary eucalyptus plantation forests as input resource base.

The key negative environmental, social, occupational health and safety risks and impacts associated with the construction phase of the Project are related to: (i) influx of temporary workers; (ii) increase in traffic on local roadways generated by construction vehicles; (iii) atmospheric and dust emissions; (iv) generation of noise; (v) generation of wastewater and solid wastes; (viii) generation/handling of hazardous waste; and (ix) potential deficit in capacity of local municipalities to absorb and manage the additional pressure on social and physical infrastructure. During the operations phase, the key negative risks and impacts relate to: (i) potential impacts to modified and/or natural habitat for establishment of (additional,/if needed) plantation forests; (ii) generation of atmospheric, water and solid waste emissions; (iii) increase in traffic on local roadways generated by vehicles transporting timber and supplies; (iv) expectations from the communities in terms of employment generation, and from municipalities for support by the company; and (v) potential need to upgrade urban planning to guide the induction of urban sprawl associated with the new plant and municipal capacity to manage a rapidly changing socioeconomic environment as a result.

The sponsors have commissioned an Environmental and Social Impact Assessment (“ESIA”), and the Project has secured a preliminary environmental license (“LP”), issued by the state of Minas Gerais environmental regulator SEMAD (“Secretaria de Meio Ambiente e Desenvolvimento Sustentavel”).

During the environmental and social due diligence, IDB Invest will be assisted by an independent Environmental and Social (“E&S”) consultant firm. As part of the E&S due diligence, IDB Invest and the consultant will visit the site and further assess the Project’s key features. The Sponsors will be required to ensure the project meets the requirements of IDB Invest’s Sustainability Policy and address any gaps in the form of an action plan. In addition, an environmental and social review summary (“ESRS”) will be prepared and posted on the IDB Invest website once the due-diligence visit is conducted.

March 06, 2020: environmental and social review summary (esrs) and environmental and social action plan (esap) final documents posted.

APRIL 13, 2020: LAND ACQUISITION AND LEASE FRAMEWORK (LALF) POSTED.

