

Environmental Classification and Issues

Classification: This is a category III project according to the IIC's environmental and labor review procedure because it could produce certain effects that may be avoided or mitigated by following generally recognized performance standards, guidelines, or design criteria. The environmental and labor considerations related to the project include land and natural resources use, sustainability of water resources, liquid effluent management, solid waste management, hazardous materials handling, pests control, air quality, noise emissions, occupational health and safety, and social and labor issues. An environmental and social review summary of Vale do Paraná S.A. can be found in the International Finance Corporation (IFC) webpage:

www.ifc.org - Vale do Parana SA - Environmental & Social Review Summary

In order to comply with the environmental and social requirements of São Paulo and Brazilian laws and regulations and the World Bank/IFC environment and social policies and environmental, health, and safety guidelines the project sponsors developed an Environmental and Social Action Plan (ESAP). The ESAP, based on international best practices, includes social and environmental assessment, a management program, and matters regarding organizational capacity, training, community engagement, internal auditing and monitoring, and reporting. It consists of the following elements:

1. Development and implementation of an Integrated Management System for Social and Environmental Affairs, Quality, and Occupational Health and Safety Management based on internationally recognized management systems such as ISO 9001 and 14001, and OHSAS 18001. This management system comprises the Company's senior management commitment to international environmental and social standards, assigns implementation responsibilities, develops environmental and social requirements to be applied during construction and operation, and develops a community engagement plan and grievance mechanism to address community concerns.
2. Development of an Integrated Pest Management System (IPM), based on international best practices, promoting the use on non-chemical and biological approaches.
3. Analysis and implementation of the following environmental enhancements or improvements:
 - A compact and streamlined ash water recovery system.
 - A vinasse digesting system with effluent discharge to the fields.
 - A bioenergy generation system based on methane capture from vinasse digestion.

Vale do Paraná operations will follow good manufacturing practices. Its main sponsor, Unialco, works closely with the São Paulo Sugarcane Agro-industry Union (UNICA), an organization that represents and promotes the sugar and ethanol industry, supporting research and promoting best manufacturing and environmental practices.

The Company will monitor specific environmental parameters and report to the IIC on a regular basis. Furthermore, in the event of noncompliance with the IIC's Environmental and Labor Review Procedure or Brazilian requirements, the Company will develop a Corrective Action Plan, including a cost breakdown and an implementation schedule.