EKN Summary of Environmental and Social Review
CMPC, Rio Grandense Pulp Mill Project, Brazil (Guaiba 2)

2013-11-19

1. Background

1.1. The project

CMPC is building a new bleached kraft pulp line in the existing CMPC-CRG mill located in Guaíba, Rio Grande do Sul – Brazil . Raw material for the mill will be eucalyptus wood from plantations established by CMPC-CRG in several municipalities within Rio Grande do Sul. The Guaiba 2 Project, aimed at increasing the pulp production capacity at the Guaíba Mill, includes the expansion of the existing production line (Line 1) and the installation of a new line (Line 2). The total production capacity will be 1 750 000 ADt/a.

The Guaiba 2 Project mill site is located within the fence of the existing pulp and paper mill, in a developed area and surrounded by residential and commercial properties on three sides; Guaíba Lagoon is to the east of the mill site. There is existing infrastructure, including road networks and utilities, but a new transmission line and access road are planned.

CMPC is targeting that 75% of workers for the construction phase will be local workers (from the same region as the Project), and 25% will be external (from other regions in Brazil). There will not be a need for any physical or economic displacement in the communities surrounding the mill and in the plantation areas.

1.2. Purpose of this document

The Guaiba 2 Project is classified as a category A-project. During the development phase, a large number of reports have been produced, which describe the Environmental and Social impacts and mitigation strategies of the project. A majority of the material is in Portuguese. The purpose of this document is to summarize the review of the project from an environmental and social point of view and how it has been benchmarked against international standards with focus on the IFC Performance Standards and how identified gaps have been or will be closed.

2. Activities to date

2.1 EIAs performed according to Brazilian legislation

In Brazil, an Environmental Impact Assessment (EIA) is required during the environmental licensing process of new projects or expansion projects. The Federal CONAMA Resolution 01/86 requires that an EIA must be prepared by developers for new projects or expansions of projects listed in its Article 2, which includes pulp and paper production facilities, railways, ports, pipelines, high voltage transmission lines above 230 kV and energy power plants above 10 MW, among others. However, this list is only indicative, allowing State or Municipal agencies to require an EIA for other planned industries or enlargement of existing ones.

An EIA and its non-technical report RIMA (Relatório de Impacto Ambiental) must be developed, submitted to the environmental protection agency and to a public hearing, reviewed and approved before the issuance of an Environmental Preliminary Permit.

Six EIAs and five RIMAs (for the mill expansion, port expansion plus four plantation areas), an Environmental Impact Diagnosis, a Social Impact Study, Preliminary Report on the Development Plan for the Socio-environmental Communications Unit at Guaíba have been finalised in Portuguese during the development phase of the Guaiba 2 Project.

2.2 Brazilian EIAs vs. Internationally required ESIAs

The EIA required by Brazilian legislation differs from ESIAs (Environmental and Social Impact Assessment) applied by international financial institutions since it does not consider international standards, guidelines or best practices within the sector of the project. In this case the IFC Performance Standards. In addition, Brazilian EIA:s do not consider occupational health and safety, labour and working conditions, land acquisition and other aspects of the IFC Performance Standards. Consequently the local environmental agencies follow the standards and environmental threshold limits (i.e. air emissions, wastewater discharge, among others) established by municipality, state or the union in order to approve or issue the permits. In general, Brazilian environmental threshold limits are less stringent than those of the IFC Performance Standards and IFC EHS Guidelines.

2.3 Benchmarking against International Standard (early 2013)

Given the differences in Brazilian legislation and International Standard, the international parties involved in the project asked for an external evaluation of the project, prepared by independent consultants. The purpose was to get a full overview of how the project fulfils international standard, i.e. the IFC Performance Standards. The evaluations were performed through an assessment of deviations against international requirements and were based on all relevant background documentation, site visits and a review of licenses and other permits. The evaluations looked at both social and environmental aspects, and resulted in the following report

- "Environmental and Social Due Diligence Report for the CMPC Guaíba 2 Project" prepared by Environ UK.

The report highlighted a number of gaps or potential gaps of different magnitude. The gaps were reviewed during a site visit conducted by EKN and its independent consultant ÅF and other parties in October 2013.

2.4 EKN site visit (October 2013)

Consultancy firm ÅF was hired by EKN to conduct the review of the social and environmental status, including a site visit in October 2013. The review was based on the previously identified gaps and included the following three steps.

- Assessment of documentation
- Site visit at CMPC in Brazil in October 2013: Pulp mill site, communities, authorities, plantations, port, infrastructure, trade union representatives and plantation nursery.
- New review of documentation, with the additional information from the site visit, meetings and review of selected background material.

The review concluded that some gaps had already been closed or could be closed with new information obtained. However some gaps remained. Of the remaining gaps some gaps were of a more formalistic nature, such as still valid but old licenses (2008). Others related to issues which international certification procedures deal with, such as FSC certification and ISO 9001, 14001 and OHSAS 18001. Another set of gaps are dealt with by relevant authorities such as road and port authorities who require EIAs for their licensing procedure.

Finally there were a set of gaps that were not included in any of the above mentioned categories and related to potential significant environmental and social impact. These were gaps where CMPC needed to take action to fulfil international standard.

2.5 Updated Gap Analysis and new Environmental and Social Action Plan, ESAP (Oct-Nov 2013)

Based on the remaining gaps the lenders, together with CMPC, developed an Environmental and Social Action Plan, ESAP, which specifies how the remaining gaps shall be met by CMPC. The Action Plan defines results, responsibilities and timeline for the implementation.

The ESAP will be monitored by an independent consultant during construction and first year of operation. Monitoring reports will be provided to EKN. Thereafter reporting on environmental and social compliance will be carried out annually by CMPC.

The Environmental and Social Action Plan, is available on the EKN web site together with the Environmental and Social Due Diligence Report for the CMPC Guaíba 2 Project.

2.6 Further documentation available at EKN upon request

In addition to the Environmental and Social Due Diligence Report for the CMPC Guaíba 2 Project and the Environmental and Social Action Plan published on the EKN website, additional documents listed in Appendix1 can be obtained from EKN upon request

3. Conclusion

In summary, EKN approves this project from an environmental and social perspective. It is classified as a Category A project with a number of conditions. Before the guarantee is issued an Environmental and Social Action Plan shall be approved by EKN and included in the loan agreement.

During the guarantee period EKN has set out a number of environmental and social conditions relating to the fulfilment of the action plan and compliance with IFC Performance Standards and EHS Guidelines. Conditions also specify monitoring and reporting.

It is important to note that the Action Plan in the "Environmental and Social Due Diligence Report for the CMPC Guaíba 2 Project" prepared by Environ UK was only used as a basis to develop, together with the lenders, the final ESAP (mentioned in this document in section 2.5). Therefore, the Action Plan contained in Environ UK's report is not a commitment assumed by CMPC.

APPENDIX 1
Documents available upon request

EIA Line 2

Analise Ponto 1 fonte Jacui arroio da Gonga.pdf
Analise Ponto 2 fonte Cai, Sinos e Gravatai.pdf
Analise Ponto 3 frente ao Arroio Diluvio.pdf
Analise Ponto 4 Poa Ipanema.pdf
Analise Ponto 5 Poa Belem Novo.pdf
Analise Ponto 6 Viamao Itapua.pdf
Analise Ponto 7 Norte Emissario .pdf
Analise Ponto 8 Sul Emissario .pdf
Analise Ponto 9 Canal Zona A.pdf
Analise Ponto 10 Canal Zona B.pdf
Analise Ponto 11 Canal Zona C.pdf
Analise Ponto 12 Guaiba Arroio Passo Fundo.pdf
Analise Ponto 13 Guaiba Petim.pdf
Analise Ponto 14 Barra do Ribeiro Orla.pdf
Analise Ponto 15 Barba Negra Branco.pdf
Analise Preliminar de Risco - APR_Rev_0.pdf
Anexo 1 - Dispersao Aracruz.pdf
Anexo 2 - Dispersao Aracruz 200507.pdf
Anexo 8 - Flxogram,a de Emissoes da Linha 1e 2.pdf
Anexo 9.1.pdf
Anexo 11 mapa_hidrogeologico_RS[1].pdf
Anexo 13 Dominios tectonicos.pdf
Anexo 14 Mapa Pedologico.pdf
Anexo 15 - Localizacao de Poco.pdf
Anexo 16 raio10km_deltajacui.pdf
Anexo1_Mapa influencia indireta.pdf
Anexo2_Mapa influencia direta.pdf
Anexo4a_planta quimica linha nova.pdf
Anexo4b_balanco de madeira para celulose.pdf
Anexo4c_Balanco de fibras e quimicos_2.pdf
Anexo5 _Balanco de Energia.pdf
Anexo5_LAUDO VEGETACAO.pdf
Anexo6_Balanco Hidrico.pdf
Anexo7_Fonte de emissoes atmosfericas .pdf
Anexo7_LAUDO FAUNA EIA ARACRUZ (2).pdf
Anexo9.2._Localizacao-Florestal_Futura.pdf
Anexo10_Avaliacao de Mercado2.pdf
aox mg-l e kg-t2002-2006.xls
Aspectos Juridicos e institucionais do empreendimento.pdf
Bibliografia Emissao Final.pdf
Bq17196-07-Ecoaguas-Fito.pdf
Bq17196-07-Ecoaguas-Zoo.pdf
Bq17197-07-Ecoaguas-Fito.pdf
Bq17197-07-Ecoaguas-Zoo.pdf
Bq17198-07-Ecoaguas-Zoo.pdf
Capitulo I Emiss Final.pdf

chlorophenolgraficos1.pdf
chlorophenolgraficos1.xls
composto_data.pdf
CRONOG~1.pdf
effluent_data.pdf
Glossario.pdf
III Area de Influencia emissao final.pdf
Indice do EIA ARACRUZ Emi_Fin.pdf
Localizacao Estacao de Monitoramento.pdf
lodo e composto.pdf
lodo_data.pdf
moluscos.pdf
Planilha de Impactos do Biotico_.xls
Planilha de Impactos do Meio Antropico.xls
Planilha de Impactos do Meios Fisico.xls
Planilha Matriz de Interacao.xls
polpa_data.pdf
V Identificacao e Analise de Impactos_Aristot__31-08_.pdf
VI Definicao Medidas Mitigadoras e Compensatorias.pdf
VII - Programas_Ambientais_Emissao_Final.pdf

RIMA Line 2

Relatorio_Consulta_Social_L2.pdf
RIMA Emi_Fin_apos_Reuniao FEPAM.pdf

EIA Plantation Baixo Jacui

Anexo 1 - Bacia do Baixo Jacui - Geologia - A0.pdf
Anexo 2 - Bacia do Baixo Jacui - Geomorfologia-A0.pdf
Anexo 3 - Bacia do Baixo Jacui - Solos-A0.pdf
Anexo 5 - Bacia do Baixo Jacui - Erodibilidade-Solos-A0.pdf
RT 2007_32 - Apresentacao - Baixo Jacui.pdf
RT 2007_32 - Bacia do Baixo Jacui - AID A3.pdf
RT 2007_32 - Bacia do Baixo Jacui - capa interna.pdf
RT 2007_32 - Bacia do Baixo Jacui - Equipe Tecnica (2).pdf
RT 2007_32 - Bacia do Baixo Jacui - Escoamento-Madeira-A3.pdf
RT 2007_32 - Bacia do Baixo Jacui - Fazendas-Amostradas-A2.pdf
RT 2007_32 - Bacia do Baixo Jacui - Localizacao-A3.pdf
RT 2007_32 - Bacia do Baixo Jacui - Resist-IA-A3.pdf
RT 2007_32 - Bacia do Baixo Jacui - Socioeconomia.pdf
RT 2007_32 - Bacia do Baixo Jacui - Solos-A3.pdf
RT 2007_32 - Capa interna - Baixo Jacui.pdf
RT 2007_32 - Capa_sumario - Baixo Jacui.pdf
RT 2007_32 - Clima - Baixo Jacui.pdf
RT 2007_32 - Empreendimento - Baixo Jacui.pdf
RT 2007_32 - Flora - Baixo Jacui.pdf
RT 2007_32 - Solos - Baixo Jacui.pdf
RT_2007_32 - Fauna - Baixo_Jacui.pdf

RIMA Plantation Baixo Jacui

RT 2007_32 - Bacia do Baixo Jacui - Rima.pdf

EIA Plantation Camaqua

ANEXO 2 - Instrumento de PESQUISA DE CAMPO.doc
Bacia Camaqua _4 _Novos Municipios-04-08-08.doc
CAMAQU+â_GEOLOGIA_OESTE.pdf
CAMAQU+â_GEOMORFOLOGIA_E (2).pdf
CAMAQU+â_GEOMORFOLOGIA_W.pdf
CAMAQUA_GEOLOGIA_LESTE.pdf
Capa Bacia Camaqua.doc
RT 2007_46 - Anexos - Bacia do Camaqua - Recursos hidricos.pdf
RT 2007_46 - Anexos - Bacia do Camaqua - Socioeconomia.pdf
RT 2007_46 - Anexos - Bacia do Camaqua.pdf
RT 2007_46 - Apresentacao - Camaqua.pdf
RT 2007_46 - Arqueologia - Camaqua.pdf
RT 2007_46 - Bacia do Camaqua - Equipe Tecnica.pdf
RT 2007_46 - Bacia do Camaqua - Impactos - meio antropico.pdf
RT 2007_46 - Bacia do Camaqua - Impactos - meio biotico.pdf
RT 2007_46 - Bacia do Camaqua - Impactos - meio fisico.pdf
RT 2007_46 - Bacia do Camaqua - Impactos.pdf
RT 2007_46 - Bacia do Camaqua - Programas ambientais.pdf
RT 2007_46 - Capa interna -Camaqua.pdf
RT 2007_46 - Capa_sumario - Camaqua.pdf
RT 2007_46 - Clima - Camaqua.pdf
RT 2007_46 - Empreendimento - Camaqua - atual.pdf
RT 2007_46 - Fauna - Camaqua.pdf
RT 2007_46 - Flora - Camaqua.pdf
RT 2007_46 - Geologia - Camaqua.pdf
RT 2007_46 - Geomorfologia- Camaqua.pdf
RT 2007_46 - Hidrogeologia - Camaqua.pdf
RT 2007_46 - Paleontologia - Camaqua.pdf
RT 2007_46 - Recursos hidricos - Camaqua.pdf
RT 2007_46 - Socioeconomia-Camaqua.pdf
RT 2007_46 - Solos - Camaqua.pdf

EIA Plantation Santa Maria

Anexo 1 - geologia - santa maria.pdf
Anexo 2 - geomorfologia - santa maria.pdf
Anexo 3 - solos - santa maria.pdf
Anexo 4 - aptidao solos - santa maria.pdf
Anexo 5 - erodibilidade - santa maria.pdf
Anexo 6 - resistencia IA - santa maria.pdf
Bacia STMaria_Geral_24.08.08.doc
Capa Bacia Santa Maria.doc
Ficha Tecnica.doc

RT 2007_41 - Apresentacao - Santa Maria.pdf
RT 2007_41 - Bacia do Santa Maria - AID.pdf
RT 2007_41 - Bacia do Santa Maria - Escoamento-Madeira.pdf
RT 2007_41 - Bacia do Santa Maria - Fazendas-Amostradas.pdf
RT 2007_41 - Bacia do Santa Maria - Localizacao.pdf
RT 2007_41 - Bacia do Santa Maria - Socioeconomia.pdf
RT 2007_41 - Bacia do Santa Maria - Solos-A3.pdf
RT 2007_41 - Bacia do Santa Maria- Equipe Tecnica.pdf
RT 2007_41 - Capa_sumario - Santa Maria.pdf
RT 2007_41 - Clima - Santa Maria.pdf
RT 2007_41 - Empreendimento - Santa Maria.pdf
RT 2007_41 - Fauna - Santa Maria.pdf
RT 2007_41 - Flora - Santa Maria.pdf
RT 2007_41 - Solos - Santa Maria.pdf
SANTA MARIA_GEOMORFOLOGIA.pdf
SANTA_MARIA_GEOLOGIA.pdf

EIA Plantation Vacacai

Anexo 1 - Bacia do Vacacai - Geologia - A0.pdf
Anexo 2 - Bacia do Vacacai - Geomorfolohia - A0.pdf
Anexo 3 - Bacia do Vacacai - Solos-A0.pdf
Anexo 4 - Bacia do Vacacai - Apt-Agr-Solos-A0.pdf
Anexo 5 - Bacia do Vacacai - Erodibilidade-Solos-A0.pdf
Anexo 6 - Bacia do Vacacai - Resist-IA-Solos-A0.pdf
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RT 2007_33 - Bacia do Vacacai - AID A3.pdf
RT 2007_33 - Bacia do Vacacai - capa interna.pdf
RT 2007_33 - Bacia do Vacacai - Equipe Tecnica.pdf
RT 2007_33 - Bacia do Vacacai - Escoamento-Madeira-A3.pdf
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RT 2007_33 - Bacia do Vacacai - Socioeconomia.pdf
RT 2007_33 - Bacia do Vacacai - Solos-A3.pdf
RT 2007_33 - Capa interna - Vacacai.pdf
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