

## Environmental and Social Review Summary (ESRS) Terminal XXXIX - BRAZIL

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### 1. Overview of the Project and Scope of IDB Invest Review

The Project consists in corporate financing granted to the company Terminal XXXIX S.A. (“T39” or the “Company”). T39 was organized in 2001 and is based at the Santos Organized Port (“SOP”), São Paulo<sup>1</sup>. T39’s current facilities include systems for the reception, storage and shipping of vegetable products in bulk, mainly soybean (grains and soybean meal) and corn. These systems will be expanded and updated, and other structures will be built to increase the efficiency and nominal storage capacity of the terminal from 135,000 tons to 250,200 tons. The expansion works will take place in four phases during the period 2020 to 2024<sup>2</sup>.

The Environmental and Social Due Diligence (ESDD) was carried out virtually (remotely) in a first phase during May and June 2020 due to the travelling and social distancing restrictions imposed because of the coronavirus pandemic (COVID-19). Later, an in-person inspection was carried out of T39’s facilities at the SOP in July 2020 (site visit) by a local independent E&S consulting firm. The ESDD included videoconference interviews with the Company’s main representatives, a review of E&S and occupational health and safety (OHS) and physical assets’ information furnished by T39, including: i) a neighborhood impact study (“EIV”), an Air Dispersion Assessment (“AAE”); ii) an integrated management system; iii) HR procedures and policies; iv) outsourced personnel management procedures; v) an environmental management procedure (e.g. solid waste and hazardous materials); and vi) certificates, licenses and certifications, among others, under Brazilian regulatory requirements and international best practices.

### 2. Environmental and Social Categorization and Rationale

Under IDB Invest’s Environmental and Social Sustainability Policy, the Project was classified as a Category B transaction as it presents low to medium risks and impacts, which may be mitigated using the measures available and feasible within the context of the proposed transaction. The main risks and impacts identified during the construction (civil works) are related to: i) occupational safety (e.g. work at height or in confined spaces), ii) occupational health (measure to contain COVID-19), and iii) generation of solid waste, effluents and hazardous materials. During the operational phase, the main risks and impacts will be of the nature of those currently existing (occupational safety, air

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<sup>1</sup> T39 is a specific-purpose enterprise (SPE); its shareholders are Caramuru Alimentos S.A. and Rumo S.A. holding equal interests and they will be co-borrowers.

<sup>2</sup> Consisting in investments to: i) equip Berth 37 with a shiploader of 2,500 t/h, conveyor belts, a flow scale with a 2,500 t/h capacity, road accesses and support facilities; ii) set up 2 silos of 30,000 t each, increase reception capacity and part of the road reception; iii) set up 3 silos of 18,000 t each and expand road reception capacity; and iv) increase the reception and shipping capacity of the existing warehouse and expand the capacity of the loading bay up to the flow scale. BID Invest’s financing will cover phases i) and ii).

emissions—GHG and pollutants— dust emissions; generation of solid waste, effluents, and hazardous materials). These potential environmental and social risks are limited and moderately significant and low in number, localized, highly reversible and speedily addressed through mitigation measures.

It should be noted that T39's terminal is established and has been operating since 2002; also, the expansion does not entail any dredging, major soil movement, expropriation or resettlement, but relate to building structures and refurbishing the existing ones in order to increase the storage and shipping capacity within the internal areas of the terminals already anthropized. The main impacts will be significantly reduced (air and dust emissions) during the future operations due to the improvement and modernization of its systems, for example, substitution of trucks for trains, introduction of enclosed conveyor belts, full enclosure of the warehouse, new silos, its own berth and efficient loading of vessels (cascade chute shiploaders).

The Performance Standards (PS) applicable to the Project are: PS 1: Assessment and Management of Environmental and Social Risks and Impacts; PS 2: Labor and Working Conditions; PS 3: Resource Efficiency and Pollution Prevention; and PS 4: Community Health, Safety, and Security.

### **3. Environmental and Social Context**

The insular area of the municipality of Santos is in São Vicente Island, whose territory is separated as the neighboring Municipality of São Vicente. It covers a densely urbanized area of 39.4 km<sup>2</sup>, populated by most of the city dwellers. On the flat region of São Vicente Island there is almost no vegetation due to the highly sealed urban soil. According to the categorization of the current master plan of the Municipality of Santos, T39 is located in a port area earmarked by the Municipality for the type of activity which will continue to be developed by the Project with its expansion works<sup>3</sup>. The Project area is inserted in a municipal region of diversified occupation mainly truck yards and service providers such as workshops. The urban area also has homes and small stores, as well as a few buildings of up to four floors. There is a considerable number of open and closed sites from deteriorated to well maintained. At present T39 receives 54 trucks on average per day<sup>4</sup>, and the truck yard of the terminal is sufficient for this movement without any waiting lines in nearby roads or neighborhoods.

## **4. Environmental Risks and Impacts, and Proposed Mitigation and Compensation Measures**

### **4.1 Assessment and management of Environmental and Social Risks and Impacts**

#### **4.1.a E&S Assessment and Management System**

T39 has in place a well-defined integrated management system (IMS) with corporate guidelines to address any potential environmental risks and impacts of its operations. Meanwhile, the social risks and impacts related to the expansion works and the surrounding areas are not integrated into the

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<sup>3</sup> The Project is located on the right bank of Santos Organized Port (SOP), which is specialized in operations with solid vegetable products in bulk.

<sup>4</sup> With the expansion, the average number of trucks per day will decrease by 24.

management system. The terminal holds quality, environmental and food safety certifications guaranteeing the quality environmental management of the services it provides certified by ISO 9001, 14001 and OHSAS 18001 standards, HACCP *Codex Alimentarius* (Hazards and Critical Control Points Analysis System) standards and GMP+B3 (Good Manufacturing Practices + Trade, collection and storage & transshipment) standards.

T39 has in place human resources, environmental impact and OHS policies and procedures. In addition, the IMS includes well-defined functions and responsibilities with some monitoring programs and emergency response and preparedness procedures.

#### 4.1.b Policy

T39 has an integrated management policy and procedures consistent with the Company's IMS. However, the Policy does not include social issues. The Policy is disclosed to the workers during the onboarding process, posted on boards in several areas of the terminal as well as on the internet, as set forth in the IMS's communication procedure. At present, the Company is developing T39's corporate "Mission" and "Values".

#### 4.1.c Identification of Risks and Impacts

The terminal Project was granted a prior and installation license (*Licença Prévia e de Instalação*) issued by environmental agency of the State of São Paulo ("CETESB") in 2019 for the expansion works. CETESB has not requested a specific environmental impact assessment for the expansion works. Consequently, it should be noted that the expansion licensing of T39 was carried out through the Project Characterization Memorandum, including floor plans and certain additional studies, such as the Estimated Air Emissions Study<sup>5</sup>. An EIV was also prepared in 2019 as required by the Municipality of Santos to assess the impacts arising from the expansion of the site. The document presents an impact analysis, namely in the following areas: i) local transfer and transportation systems (road, railway and waterborne); ii) historical, cultural, landscape and environmental heritage; iii) public demand for provision of water, gas and energy; and iv) generation of waste, air emission and noise.

Also in 2019, the terminal prepared an Environmental Aspects and Impacts Survey and a Hazards and Risks Survey regarding its facilities.

Thus, even though the Company prepared assessments considering many of the Project's environmental and social impacts, it does not present a specific and consolidated environmental impact assessment taking into account all its aspects and impacts with their corresponding magnitude and providing management proposals for each. For example, it does not consider any climate change impacts, potential alteration of aquatic biodiversity and terrestrial habitat, or water quality.

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<sup>5</sup> In 2001, CETESB issued a technical opinion regarding T39 setting up at the Santos Port that exempted the Company from preparing an environmental impact assessment as the expected impacts were not considered significant, of limited scope, and in addition to being located in the consolidated port area (SOP). In October of 2017, CETESB required T39 to prepare an environmental regularization report to obtain the operating license. Such document generally describes the most evident environmental pollution sources, their related environmental aspects, impact control and mitigation measures without classifying their size.

#### 4.1.d Management Programs

T39 has in place an Objectives and Goals Plan aimed at continuously improving the IMS and allowing for changes and enhancements to be carried out in a planned and monitored fashion. Owing to the lack of a comprehensive impact assessment, the Company did not prepare any formal management program describing the mitigation measures and actions, and accounting for the E&S risks and impacts identified at the operations and terminal expansion works. No air emissions management program, noise monitoring management program, social communication, environmental education program or risk management programs, amongst others, were identified.

#### 4.1.e Organizational Capacity and Competency

T39 presents an IMS and its team is thus structured in it. However, both the IMS team and structure are more related to the product (food) quality and OHS issues. The IMS does not consider any specific E&S position; consequently, it has a relative lack of knowledge on the related legislation as well as the PSSs.

#### 4.1.f Emergency Preparedness and Response

The terminal has an Emergency Action Plan (EAP) providing guidelines, responsibilities, accident scenarios and procedures for the operational phase and the expansion works phase to identify, assess and address environmental and OHS emergencies. T39's emergency preparedness system is formed by a trained emergency brigade, environmental mitigation kits, emergency push-buttons, alarm system, pumps, fire hydrants, fire extinguishers and water tanks. During the visit it was observed that the system is in good condition. T39 holds an effective review report (*Auto de Vistoria*) issued by the Firefighters Brigade. The fire suppression systems of the finished new structures will be reviewed and the report will be attached to the existing review report based on the progress and conclusion of the Project phases.

The Company prepared an Individual Emergency Plan consistent with federal legislation<sup>6</sup> regarding oil spills in the coastal areas and included in the Mutual Assistance Plan. Such plan provides for the human resources and materials needed in the event of major emergencies and it is composed by all the SOP's area concessionaries and coordinated by the Santos Port Authority (SPA).

#### 4.1.g Monitoring and Review

T39's IMS includes an Objectives and Goals Procedure with quarterly meetings held to follow up on the actions and goals presented in it. T39 also monitors and updates its stakeholders, performs annual external and internal audits of its IMS in addition to Management's critical analyses. T39 monitors the relevant indicators of its operations, such as work-related injuries, waste generation, energy consumption, water consumption and issuance of inspection reports, among others. It also has in place a contract executed with an external company to verify the compliance with quality, food safety and OHS requirements.

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<sup>6</sup> National Environmental Council Resolution (CONAMA) 398/08.

#### 4.1.h Stakeholder Engagement

T39 does not have a social communication department in charge of stakeholder engagement and social management. The engagement is carried out from a business standpoint (between the customer and T39, and between T39 and its suppliers and partners) and from an institutional standpoint (between T39 and the enforcement agencies). The stakeholders were mapped in 2018 seeking to identify any needs or questions from the stakeholders to the terminal although without evidence. As reported by the Company, the result of this mapping states that internally the main issues relate to salary issues and workplace safety, while, in the case of external stakeholders, the main issues are associated with operational safety and legal requirements.

#### 4.1.i External Communication and Grievance Mechanisms

T39 has an open communication channel “*Talk to Us*” through its website. The issues submitted through the system are categorized and reviewed by the applicable areas at T39 for their reply, analysis and resolution. The process flow of questions, grievances and suggestions are presented in the Communication Procedure. Issues are monitored through a control spreadsheet. An analysis of the control spreadsheet showed that the main issues presented relate to job requests at the terminal.

## 4.2 Labor and Working Conditions

### 4.2.a Working Conditions and Management of Worker Relationships

#### 4.2.a.1 Human Resources Policies and Procedures

T39’s Human Resources Policy is in its final approval phase jointly with the partner companies of T39. T39 has a Human Resources Procedures Map listing all the existing procedures and their modifications, such as: i) Hiring and Termination Procedures; ii) Personnel Selection and Recruiting; and iii) Employee Onboarding.

#### 4.2.a.2 Working Conditions and Terms of Employment

At present, T39 has 205 payroll employees –25 women and 180 men– and 181 outsourced employees engaged in site maintenance and terminal cleaning tasks. In addition to these workers, the terminal presently has 308 temporary employees at the expansion works (civil works). An estimated 400 workers on average will be employed during the course of the expansion works. Payroll employees are provided with private social security benefits, grocery tickets, meals, medical and dental care, and life insurance, as well as a defined workday and additional pay for dangerous tasks. Likewise, T39 has an Earnings and Income Plan enabling payroll employees to share in the Company’s results. All employees –regardless of their rank– take an onboarding course on OHS, environmental issues and the IMS at the beginning of the employment relationship and periodically. Payroll employees also receive Human Resources contents.

#### 4.2.a.3 Workers' Organizations

Terminal workers have freedom of association<sup>7</sup> and have their collective bargaining agreements defined by two unions: Union of Blue-Collar Workers and General Port Workers at Private Terminals and Ports and Support Facilities of the State of São Paulo ("SINTRAPORT"), specific for longshore maneuvering assistants; and the Union of Land Workers in Waterborne Transportation and Port Operators of the State of São Paulo ("SETTAPORT"). At present, 59 workers of the terminal are enrolled in one of these unions and pay union dues every month.

#### 4.2.a.4 Non-Discrimination and Equal Opportunity

T39 has in place a Worker Hiring Procedure which includes documents and actions for hiring new employees. However, the Procedure does not mention equal opportunity or non-discrimination. Still, T39 seeks to comply with national legislation hiring five workers included in the compulsory people with disabilities quota. At present, the people with disabilities quota does not meet the number required by current legislation.

#### 4.2.a.5 Retrenchment

T39 has in place a Termination Procedure whereby the Company meets local labor legislation. The procedure defines the actions to request the termination of workers and the dismissal report. Although no collective dismissals are expected for the current Project, the Procedure fails to mention any collective dismissal or termination scenarios and the related mitigation measures.

#### 4.2.a.6 Grievance Mechanism

T39 has a channel for reporting grievances ('*Ethics Line*') jointly with its partner company Caramuru. This channel is managed by a third-party company, is available for all the workforce, and is disclosed to employees at the time of recruitment and through a communication procedure, on physical and electronic boards at the kitchen area and close to the warehouse. Grievances may be filed anonymously under the Code of Ethics of Caramuru (used by T39). The proposed flow and the treatment of the issues related to grievances and claims are detailed under Stakeholder Communication (Internal and External) in the Communications Procedure.

In addition to the reporting channel, the Company implemented a suggestions channel which is also used for communication purposes between the Company and its employees through a specific e-mail address made available internally –the answers are posted on the fixed and electronic boards at the terminal. A specific grievance channel for T39 is currently under evaluation by management.

As to the area of the present truck yard (which receives an average of 54 trucks/day), suggestions, grievances and claims may be carried out through an events report.

#### 4.2.b Protecting the Work Force – Child or Forced Labor

T39 complies with Brazilian labor legislation stating that the minimum working age is 18 years old. Moreover, T39 is aligned with the Brazilian Minor Apprentice Law, whereby the Company partnered

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<sup>7</sup> Under Law No. 13,467/2017 union dues payable by workers are no longer compulsory but voluntary.

with 'Associação de Pesquisa, Prevenção e Educação', ASP (Research, Prevention and Education Associations), which provides minor apprentices to perform allowed functions at T39<sup>8</sup>.

#### 4.2.c Occupational Health and Safety (OHS)

T39 is committed to guaranteeing a safe and healthy work environment for all its employees. Therefore, it has in place an OHS management system to address the risks of its operations including identifying the main occupational risks, implementing relevant OHS plans and procedures, and a monitoring system with defined indicators. It also has a specialized team to manage OHS hazards and risks for activities to which payroll and outsourced personnel, and third parties are exposed in compliance with Brazilian labor legislation (work at height, entrance to confined spaces, hazardous energy and potentially flammable environments). The OHS issues of workers involved in the expansion works are managed by the occupational safety team of T39 and by a specialized external firm, which manages outsourced workers.

T39 developed an Environmental Risk Prevention Program aimed at anticipating, identifying and assessing the risk factors and exposure of workers and establishing priorities, goals and follow-up of the implemented control measures to preserve the health and integrity of workers. The Environmental Risk Prevention Program identifies occupational risks at the work environment (physical, chemical, and biological) and it determines the appropriate control measures. In addition, the Project has its own Occupation Health Check-Up Program, which considers the risks identified in the Environmental Risk Prevention Program to determine the tests that should be taken by the new hires, by employees periodically and in the event of dismissal in order to monitor any health alterations over time.

All OHS accidents are investigated by the OHS team and, when applicable, workers' compensation communication (*Comunicações de Acidente de Trabalho*) is sent to the National Social Security Institute. During the last 3 years, only one accident with a leave of over 15 days took place at T39 owing to the fracture of the forearm of a worker resulting from a fall on the same level.

T39 monitors workers' health and safety issues through: i) the employee file; ii) the occupational health certificate (*Atestado de Saúde Ocupacional*) and the personal protection equipment (PPE) file. As preventive measures during the COVID-19 pandemic, the Company implemented occupational safety orders following the guidelines established by the authorities to prevent the illness, such as testing all workers and granting sick leave to all of those diagnosed with coronavirus, taking all visitors' temperature and completing safety questionnaires, using appropriate additional EPP (e.g. masks) and applying a mixed home office/desk work scheme. Also, T39 prepared and distributed COVID-19 prevention brochures for all its employees.

#### 4.2.d Workers Engaged by Third Parties

At present, T39 engages 489 outsourced workers, out of whom 181 are permanent and 308 are temporary acting in the expansion works. All the workers go through an onboarding process and

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<sup>8</sup> At present the Company has 6 minor apprentices (the law sets forth a quota of 7 minor apprentices and the Company has been seeking to fill the vacancy).

should follow T39's quality standards<sup>9</sup>. The Company monitors OHS issues and applies the measures related to COVID-19 to all outsourced workers, even mass testing. Outsourced workers are aware of the communication channels and informative boards in common areas; however, there was no evidence of their being aware of the Company's Code of Ethics or advised of the grievance mechanisms in place. Although the outsourced workers' OHS monitoring practice was reported following the supplier verification made by the Procurement area, no third-party workers management procedure was identified including field audits at the companies outsourced by T39 in relation with OHS issues of outsourced workers.

#### 4.2.e Supply Chain

T39 does not have in place a procedure to manage outsourced companies or E&S risk identification practices in the supply chain. However, the Company implements a screening procedure to qualify external suppliers, companies or service providers to acquire material and services – in addition to assessing their performance based on its IMS. At present three companies are engaged in construction works for the Project, one of which is an EPC company in charge of managing the companies hired jointly with the Procurement area, which holds weekly meetings with the contractors.

### 4.3 Resource Efficiency and Pollution Prevention

#### 4.3.a Resource Efficiency

Electric power is provided to T39 by the local concessionaire and the electric power grid of the region is basically fed from renewable energy sources (mainly hydroelectric). T39's average electric power consumption amounts to about 300,000 kW/month and this consumption was not affected by the COVID-19 pandemic. According to terminal Management, power consumption will have a moderate increase after the extension of the terminal.

T39 implemented specific measures to reduce energy consumption, which will continue to be implemented upon the expansion of the terminal (repowering of equipment, installation of led lights throughout the terminal, execution of the machinery and equipment maintenance plan, gravity silo feed, etc.).

T39's terminal has a dedicated locomotive with double linkage tow to move cars alternately from both gauges (wide and metric). The present average consumption of diesel oil per month is about 15,000 m<sup>3</sup> to supply the locomotives and machinery. It should be noted that for the expansion, it is estimated that the volume transported by railway and by road will be altered from 70% and 30% of solid bulks transported by train and trucks, respectively, to 90% and 10%, respectively. This means an average decrease of about 24 trucks entering the terminal per day. In general figures at present, 795,000 tons (t) are transported by road (19,875 trucks/p.a.) and 1,855,000 t are transported by

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<sup>9</sup> The analysis of the new workers onboarding document did not include any reference to the need to apply it for third parties (even if it is done). In addition, the contents of the onboarding process do not state the intervals at which the onboarding should be refreshed, and it does not include any ethical or behavior social issues, among others.

railway (20,611 cars/p.a.), while after the expansion such figure will total 456,000 t (10,269 trucks/p.a.) and 4,106,000 t (45,625 cars/p.a.), respectively, favoring the railway.

On the other hand, the consumption of diesel oil should increase when the terminal is expanded since the proportion of transfer through railways will be of about 90%. However, considering that this transportation mode generates less emission and consumes less fossil fuels per ton transported than road transportation, this increase will result in a net environmental gain. Studies indicate that each train with 5,000 tons of cargo substitutes around 200 trucks on roads and urban accesses.

#### 4.3.b Pollution Prevention

T39 monitors the black smoke from locomotives and engines driven by diesel oil. The dark color of the smoke indicates that the fuel is not being fully burnt increasing its consumption. If black smoke is identified in these vehicles and equipment, reconditioning and maintenance activities are carried out to make them return to their normal operation conditions.

##### 4.3.b.i Greenhouse Gases

The main scope 1 and 2 greenhouse gas (GHG) emissions of T39's terminal at present and after the expansion relate to: i) electric power consumption; ii) emissions from diesel consumption of vehicles (e.g. trucks, trains and vessels); and iii) emissions due to the consumption of diesel from the movement of machines, the operation of equipment and the use of the emergency power generator. T39 did not prepare an inventory of GHG relating to the current situation (baseline) and covering an expansion of the terminal (Project) and, thus, it does not perform annual GHG reports.

##### 4.3.b.ii Water Consumption

T39 uses water for human consumption, washing and cleaning services, fire reservoir and sanitary uses having consumed about 4,861,000 m<sup>3</sup> of water in 2019<sup>10</sup>. The consumption values for the first six months of 2020 are stable despite the effects of the COVID-19 pandemic. According to terminal Management, water consumption will have a slight increase after the expansion of the terminal.

The Company currently implements several measures to reduce water consumption, including: i) collection of rain water (reuse) from the roof of the warehouse in three 30 m<sup>3</sup>- tanks; ii) reuse of waste water from A/C in cylinders at the administrative and operational areas; iii) presence of automatic taps; and iv) awareness training for the personnel. For the expansion, T39 will install vertical tanks to collect rainwater from the administrative building.

#### 4.3.c Pollution Prevention

T39 has in place mechanisms to control the air emissions of its operation. The hoppers used for unloading cargo from trucks and trains are closed and furnished with pollution control equipment (PCE). Cargo is transported from the hoppers to the storehouse or to be loaded in the vessels by conveyor belts and bucket elevators enclosed and provided with PCE. The storehouse has a roof

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<sup>10</sup> T39 uses water from the network of Companhia Docas do Estado de São Paulo ("CODESP"), managed by the company CEMBRA Engenharia. The Company monitors the quality of the water supplied to its workers every six months based on the parameters of Consolidation Ordinance No. 5/2017.

lantern and lacks control measures. Cargo is transferred to vessels through low control efficiency equipment (trunk-type ship loaders). T39's terminal has a sprinkler system for vegetable oil on the conveyor belts and batteries for emissions control, as well a cleaning process for floors, access roads and vehicles leaving the terminal<sup>11</sup>.

The expansion of the terminal is based on the "best available technology" concept and the following adjustments will be made: i) roads will be sprayed during the works; ii) only hopper cars will be authorized to control the emissions of cargo unloading; iii) the storehouse will have an autoclosing, sealed access system; and iv) roof lanterns will be eliminated as well as openings; vessels will be loaded through shiploaders with cascade chute equipment; the conveyor belts and hoppers will remain enclosed and with PCEs.

The Company performed an Air Emissions Assessment on the basis of the current and future scenarios (expansion) to meet legal requirements<sup>12</sup> and it monitors the emission of black smoke from locomotives and emergency power generators but not from trucks at the facilities as they belong to third parties.

Noise levels in the Project area were assessed to prepare the EIV. In such study, noise levels exceeding the allowed limits are recorded concluding that the level of sound pressure in the region arises mainly from intense local traffic of heavy and light vehicles.

As to the polluted area management, the Company never performed any research of the underground water in the facilities. There are operations areas, such as the locomotive supplies area and the truck yard, which represent potential pollution sources since they are not waterproofed, and they lack containment.

The rainwater sewer systems of the terminal and Berth 37 (works in progress) are directly connected to the Santos estuary without any type of preliminary treatment (band screen), separators or containment boxes for solid and oily waste.

#### 4.3.c.i Wastes

T39 has in place a solid waste management procedure and the documentation necessary for transportation, storage and final disposal of its wastes, such as: i) Environmental Interest Waste Movement Certificates ("CADRI"); ii) Waste Transportation Manifest ("MTR"); and iii) Waste Destination Certificate ("CDR"). Meanwhile, this procedure does not mention the management of waste generated during the expansion works (e.g. Class II [inert demolition material] and Class I [hazardous or contaminated materials]). The Solid Waste Management Standard Operational Procedure describes the temporary storage of burnt-out light bulbs at the maintenance area.

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<sup>11</sup> As reported by the Company, there is no record of any odor-related claims from the authorities or the community.

<sup>12</sup> Decree No. 59,113 of April 23, 2013, establishes new air quality standards and related provisions.

#### 4.3.c.i.1 Hazardous Materials Management

In order to prevent chemical spills into the sea, the Company prepared an Individual Emergency Plan (IEP). Such IEP consists in a series of documents with information, response procedures, human resources needed, and material required from T39 in the event of an oil spill pollution event due to its activities.

The Company uses and stores for its operation and expansion works small amounts of hazardous materials (flammable, corrosive and toxic), such as paints in general, solvents, lubricant oil, and acetylene, for the maintenance services including hot plate welding, painting, lubrication of machinery and equipment, etc. The storage area of these hazardous materials has a waterproof floor with epoxy resin, secondary containment, identification of risks, alert signals, access control and emergency kit. The chemical products safety cards (ICSCs) are located at the Company's warehouse being available to all workers.

T39 has a locomotive supply area with a 5 m<sup>3</sup> diesel oil tank whose containment pool capacity is lower than the minimum required of 110% of the total volume of the storage tank.

The Company has monitoring logs for the insulating oils from electric power transformers and they do not contain internationally banned polychlorinated biphenyls. For the expansion of the terminal, T39 will not use any substance that is banned either in Brazil or internationally, such as asbestos. However, the roof of the facilities used for truck entry control, recyclable wastes, and hopper scales, among others, is made of fiber cement which could contain asbestos. T39 does not have an asbestos management plan in place since it has not yet determined whether the abovementioned boards actually contain asbestos or not.

### **4.4 Community Health and Safety**

#### 4.4.a.1 Community Health and Safety

In 2019 T39 prepared an EIV, an Environmental Aspects and Impacts Survey and a Hazards and Risks Survey assessments related to its facilities. The Company has not prepared an identification of risks involving the communities and external stakeholders.

#### 4.4.a.2 Infrastructure and Equipment Design and Safety

All the components of the expansion Project were designed considering Brazilian safety standards in order to comply with current regulations. The potential impacts associated with the safety of the neighboring population were mentioned in the specific study on the increase of car and machinery traffic as well as noise in the EIV.

#### 4.4.a.3 Emergency Preparedness and Response

The Company has an EAP and an IEP related to its current operations and facilities. The EAP includes scenarios and procedures related to the expansion works. The IEP may need to be reviewed once

the construction works conclude since the increase in capacity of T39 may alter the worst case scenario in the event of an oil spill at the terminal since larger vessels with larger tanks could berth. Unlike the IEP, the EAP does not cover the identification of communities potentially impacted by the emergency operation scenarios and works; in addition, T39 does not involve the affected communities in the preparation and response in the event of emergencies. For example, no theoretical or simulated practical emergency training was carried out with the surrounding communities. In addition, the specific scenarios related to the involvement of the seasonal workforce and the expansion works are not considered in the EAP.

#### 4.4.a.4 Community Exposure to Disease

As to the COVID-19 pandemic, since March 2020, T39 has been taking the safety measures established by the health authorities to prevent the disease: it has prepared and distributed COVID-19 prevention brochures for all its personnel, and adopted additional measures, such as the use of masks in administrative areas, teleworking for personnel in risk groups, and personnel rotation. It should be noted that an increase in the circulation and exposure of the community to illnesses was not verified considering the location of the Project (port area with controlled and restricted access) as well as a reduced number of new workers at the T39 expansion works.

In addition, from the time when the World Health Organization declared the COVID-19 a pandemic, the SPA took several preventive measures specifically aimed at managing this risk for the SOP, including: i) consolidation of the Contingency Plan for the SOP and creation of an interdisciplinary monitoring group; ii) production and disclosure of information on COVID-19 in English, Portuguese and Mandarin jointly with the 'Agência Nacional de Vigilância Sanitária', ANVISA (National Sanitary Surveillance Agency); iii) determination that carriers and concessionaires must install mobile sanitation stations; iv) acquisition of PPE; v) drills of assistance to vessels with crew infected or suspected to be infected with COVID-19; and vi) definition of specific pier for berthing vessels with COVID-19 cases, among other measures.

#### 4.4.a.5 Security Personnel

T39 is located in an area of the SOP managed by SPA, which follows the guidelines of the ISPS Code (i.e. the 'International Ship and Port Facility Security Code') adopted within the Public Port Safety System; hence, T39 is not responsible for the safety management of these areas. The Company's Organic Assets Security area has unarmed security personnel in all its areas of exclusive domain, in accordance with T39's Standard Operations Procedure, its IMS and through access controls at T39's terminal facilities. All the security team is trained for this function and the guards are certified in surveillance to act in the areas that are currently operating y through the construction works area.

## 5. Local Access to Project Documentation

The documentation relating to the Project can be accessed at the following link:

<https://www.terminal39.com.br/>