

Environmental and Social Review Summary (ESRS)

UCB: Supporting the growth of battery power solutions in Brazil

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1. General Project Information and Overview of Scope of IDB Invest’s Review

UCB Indústria de Componentes Eletrônicos e Informática S.A. (the “Company” or “UCB Componentes”), is a leading company in the Brazilian market for energy storage and electronics manufacturing solutions, including stationary batteries, inverters, portable batteries, and other energy storage systems.

This transaction (the “Project”) consists of a loan to UCB Componentes to support: expansions to enhance battery energy storage systems (“BESS”) production capacity; construction of engineering laboratories for technology development; development of a battery production line for electric mobility; provision of operating capital, debt refinancing, and general investments.

The Environmental and Social Due Diligence (“ESDD”) process included, among other activities: i) a review of Company information and documents related to environmental, social, and health and safety; ii) a visit to the plant located in Manaus; iii) interviews with the teams responsible for environmental, social, and health and safety management; and iv) a visit to communities in the Amazon benefiting from social responsibility projects promoted by the Company.

2. Environmental and Social Classification and Rationale

In accordance with IDB Invest’s Environmental and Social Sustainability Policy, the project was classified as category B (low intensity) as it may generate the following impacts and risks, among others: i) creation or increase of occupational health and safety risks to employees and contractors; ii) generation of waste, including hazardous waste; iii) generation of effluents; iv) soil and water pollution resulting from contaminant-leak risks; and v) fire and other emergency risks. These impacts and risks are estimated to be of medium-low intensity.

The Performance Standards (“PS”) triggered by the Project are: i) PS1: Environmental and Social Risk and Impact Assessment and Management; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; and iv) PS4: Community Health, Safety, and Security.

3. Environmental and Social Context

3.1 General Characteristics of the Project Site

The Company has two plants, one in the city of Manaus, State of Amazonas, and another in Extrema, State of Minas Gerais, as well as corporate offices in the City of São Paulo.

In Manaus, the Company occupies around 800 m² of the almost 8,250 m² of area occupied by the UCB Amazon plant. In Extrema, the plant occupies approximately 5,217 m².

The plants are located in urban industrial areas, away from residential and commercial areas, and each consist of production and assembly areas; a raw-material storage area and finished-product warehouse; a laboratory; a waste storage location; an effluent treatment system; administrative offices, kitchen, infirmary; restrooms; changing rooms, and rest areas for employees; and its own Effluent Treatment Station (“ETS”). In Manaus, the plant also has a cafeteria and a lactation room.

In Manaus, the plant has an Operating License issued by the Amazonas Environmental Protection Institute (“IPAAM”, in Portuguese), which establishes the following requirements, among others: i) bimonthly monitoring of ETS effluents; ii) implementation of a Solid and Liquid Waste Management Plan; iii) a Fire Department Inspection Report (“AVCB”, in Portuguese).

In Extrema, the Operating License issued by the Extrema City Government’s Municipal Environmental Development Council requires, among other aspects: i) quarterly monitoring of effluents; ii) solid waste management and Statement of Waste Movement (“DMR”, in Portuguese); iii) annual offset of greenhouse gas (“GHG”) emissions from the project; and iv) quarterly monitoring of effluents from the ETS.

Both plants have ISO 9001:2015¹ and 14001:2015² certifications. In addition, the plant in Manaus has Responsible Business Alliance (“RBA”)³ certification.

In 2023, UCB Componentes became a signatory of the United Nations Global Compact, a worldwide business sustainability initiative fostering compliance with guidelines in the areas of human rights, labor, environment, and anticorruption.

3.2 Contextual Risks

The contextual risk analysis⁴ indicates a moderate level of economic risk in Extrema, related to public expenditures and employment, and a high level of economic risk in Manaus, related to infrastructure, employment, access to education, among others.

Inadequate infrastructure, particularly in Amazonas, such as inadequate transportation or unreliable power supply, may disrupt supply chains and reduce production efficiency. In addition, low public expenditures in essential services, such as transportation and security, may force the Company to compensate for inadequate public services, thus increasing operating costs.

¹ It establishes requirements for product and service quality management.

² It establishes requirements related to environmental management.

³ The RBA certification establishes requirements for areas related to social, occupational health and safety, and environmental management, as well as ethics, and management system, with a focus on the electronics, information and communication technology industries.

⁴ The analysis was conducted using IDB Invest’s Contextual Risk Tool.

However, it was found that the Company, both in Manaus and in Extrema, has adequate and continuous water and power supply and public infrastructure, such as access to roads for transportation. In addition, the Company offers accessible chartered transportation options to employees in Manaus and Extrema and has third-party security companies.

Limited access to education may result in contextual risks related to employment if local workers are not skilled. However, UCB Componentes may have a positive impact by developing new jobs and strengthening supply chain systems in the Amazon region.

4. Environmental Risks and Impacts and Proposed Mitigation and Offset Measures

4.1 Environmental Risk and Impact Assessment and Management

4.1.a Environmental and Social Assessment and Management System

In Manaus, the Company has an Integrated Environmental and Quality Management System (“IMS”) with ISO 9001:2015 and 14001:2015 certifications. The IMS Manual, which establishes, among others, an IMS policy as well as its commitments and values; procedures to identify environmental and quality risks and opportunities; responsibilities and leaders; training needs; an emergency plan; indicators and goals; record-keeping procedures; and continuous monitoring and improvement.

In Manaus, UCB Componentes also has an RBA Management System Manual, which establishes specific compliance requirements for RBA certification and is mainly focused on workplace conditions at the Company and their vendors and service providers. The manual establishes: goals and values; persons in charge and management leaders; risk assessment and management procedures; training needs; audit requirements; corrective measure processes; and documentation and record-keeping mechanisms.

In Extrema, the Company also has an Integrated Environmental and Quality Management System with ISO 9001:2015 and 14001:2015 certifications, which includes system objectives; environmental risk and impact assessment and evaluation, and stakeholder analysis, among others. However, the system and its procedures are not yet consolidated in a manual.

4.1.b Policy

The Integrated Environmental and Health and Safety (“EHS”) Management Policy establishes Company guidelines related to the environment, health and safety, engagement with stakeholders, ethics and social responsibility, and is applicable to both UCB Componentes plants.

The UCB Componentes commitment to sustainability, environmental protection, and the health and safety of its employees is also established in its Code of Ethics. In addition, in Manaus, the IMS Policy strengthens its commitment to compliance with local laws; respect for the environment, and sustainable use of resources.

4.1.c Identification of Risks and Impacts

UCB Componentes identifies and evaluates environmental aspects and impacts related to all its activities at its Manaus and Extrema units. Each identified aspect is evaluated based on its likelihood, severity, and applicable laws; and, when necessary, control and management measures are established to avoid or mitigate impacts. This evaluation is consolidated by sector of activity within the operation, on corresponding Environmental Aspects and Impacts Matrix (“LAIA”, in Portuguese) spreadsheets.

The main environmental risks and impacts identified in both plants refer to the generation of waste, including hazardous waste, and soil and water pollution risks as a result of contaminant leaks.⁵

4.1.c.i Gender Risks

The UCB Componentes Code of Ethics expresses its commitment to building a work environment that is safe, respectful, and free of embarrassment or violence, and also establishes the non-tolerance of any type of discrimination, including based on gender, sexual orientation, marital status, economic or family situation, and physical attributes, among others.

Although the Company does not have a specific goal established, participation of women in leadership positions in both plants is significant, at 44% in Extrema and 40% in Manaus. In Manaus, the Company installed a Lactation Room for their employees, with a private and comfortable area and a freezer for breast milk storage.

As established under local laws,⁶ the Company created an Internal Accident Prevention Commission (“CIPA”, in Portuguese),⁷ which must include measures to prevent and combat sexual harassment and other forms of violence in the workplace. To this end, the Company is conducting training and engagement activities (which will be formalized in a schedule) on these topics with its employees. The Company will also implement, as part of its Procedure of the Digital Ombudsman (“Ouvidor Digital”, in Portuguese), the Company’s Complaint Channel, specific provisions to manage grievances related to moral or sexual harassment and gender-based violence.

4.1.c.ii Climate Change Exposure

The facilities in Manaus are currently exposed to heat waves, with projections indicating future intensification under both low- and high-emission scenarios. In addition, both Manaus and Extrema will likely go through moderately more frequent droughts due to climate change, and are also vulnerable to floods, particularly after extreme rain events. Heat waves may increase power consumption for cooling systems, while strong rains and subsequent floods may affect facilities and equipment.

⁵ For example, risks of chemical-product, lithium-battery or VRLA-battery leaks.

⁶ Law No. 14,457/2022.

⁷ Regulatory Standard (“NR”, in Portuguese) 5 establishes the parameters and requirements for CIPA, which must consist of employee and employer representatives for the purpose of preventing work-related accidents and illnesses.

UCB Componentes will incorporate a climate change risk analysis into its Environmental Aspects and Impacts Survey to evaluate how these risks may affect its operations and propose adaptation measures, as applicable.

With respect to mitigation goals, this transaction is included in the universally aligned list of activities that have a positive or insignificant impact on climate. Based on these considerations and an analysis conducted in accordance with the IDB Group's Paris Alignment Implementation Approach,⁸ the proposed transaction is considered to be in line with the Paris Agreement.

4.1.d Management Programs

The Company has Occupational Health and Safety Management Programs and Integrated Solid Waste Management Programs for each plant. In addition, the Integrated EHS Management Policy establishes guidelines to develop and implement environmental management and sustainability programs.

4.1.e Organizational Capacity and Competency

UCB Componentes has an Environment and Occupational Health and Safety ("EHS") team at each plant.

The Company has one General Management Director for the Manaus and Extrema plants. In Manaus, the team consists of: 1 EHS Manager; 1 EHS Coordinator; 1 Environmental Assistant; 1 Workplace Safety Engineer; 3 Workplace Safety Technicians; 1 Occupational Health Doctor; and 2 Nursing Technicians. In Extrema, the Company has: 1 EHS and Human Resources Manager; 1 Deputy Human Resources Manager; and 1 Workplace Safety Technician.

4.1.f Emergency Preparedness and Response

Both plants have an Emergency Response Plan ("ERP") that includes: a description of the teams in charge; Emergency Brigade composition and responsibilities; a description of and the inspection procedure for fire-fighting and first-aid equipment; a description of training and drill needs; identification of emergency scenarios; classification of emergency severity; and a list of emergency contacts.

The emergency scenarios identified for both plants are: fires and explosions; chemical and flammable product spills and leaks; Liquefied Petroleum Gas ("LPG")⁹ leaks; and caring for victims of electric shock, falls, and other accidents. Specific procedures are identified for each scenario to provide emergency response and control, and aid to victims, if any.

The plants have fire-fighting equipment, such as extinguishers, hydrants, emergency alarms, emergency lights, fire pumps, environmental containment kits and smoke detectors. Both have the

⁸ See <https://www.iadb.org/document.cfm?id=EZIDB0000577-1646886943-2144>

⁹ It refers to gas used in kitchens to prepare food.

Fire Department Inspection Report (“AVCB”, in Portuguese), which certifies that the corresponding buildings have the fire-safety measures required under the legislation.

4.1.g Monitoring and Review

In Manaus, UCB Componentes is supported by a third-party company¹⁰ that provides continuous monitoring of and compliance with legal requirements in several areas, including environmental and labor. In Extrema, this monitoring is conducted by the Company itself.

As stated in the IMS Manual, the plant in Manaus establishes an annual Internal Audit Plan, which seeks to identify the appropriate and effective implementation of the corresponding system and compliance with the ISO 9001:2015 and 14001:2015 standard requirements. In addition, the Company’s Upper Management is responsible for conducting an annual critical IMS analysis, in which it identifies, among others, monitoring and audit results, process performances, cases of non-compliance and corrective measures, and opportunities for improvement.

The Company, both in Manaus and Extrema, is audited periodically by third-party companies specialized in renewing the ISO 9001:2015 and 14001:2015 certifications. In Manaus, the Company is also periodically audited for the RBA certification.

In 2023, UCB Componentes released its first Sustainability Report, with environmental and social indicators results, including: use of resources (water and energy); waste generation; CO₂ emissions; and percentage participation of women, refugees, and Persons with Disabilities (“PWD”) in the workforce, in addition to information on social responsibility and sustainability initiatives.

4.1.h Stakeholder Engagement

The UCB Componentes Code of Ethics establishes guidelines for its employees’ engagement and conduct with external stakeholders, including government organizations, clients and consumers, and communities. The Code provides for ethical and respectful conduct with stakeholders, in addition to maintaining communication channels and dialogue.

UCB Componentes implements social responsibility and volunteer activities with the goal to generate positive impacts on communities. These activities include blood donation campaigns and distribution of food to social institutions.

4.1.i External Communication and Grievance Mechanisms

UCB Componentes has an Ombudsman Channel to receive reports of acts or suspected acts that violate its Code of Ethics and current laws. The Channel, available to external and internal stakeholders through the web page or WhatsApp,¹¹ and guarantees the confidentiality of the whistleblower's identity and allows for anonymous reports.

¹⁰ Company Legnet, which is specialized in managing legal requirements.

¹¹ Available at: <https://canal.ouvidordigital.com.br/unicoba>

The Ombudsman Channel Procedure establishes steps and protocols for: i) complaint analysis; ii) investigation; iii) reports; and iv) complaint resolution. It also establishes a schedule and a deadline for each step. These procedures are managed by the Ethics and Compliance Committee, which is located at the corporate office in São Paulo.

For general complaints, information requests, suggestions, and inquiries, the Company provides its e-mail and telephone contacts on its web page.

4.2 Labor and Working Conditions

4.2.a.i Work and Employment Conditions

In Manaus, the plant has a total of 399 employees, of which approximately 55% are women. In Extrema, the plant has 80 employees, of which 19% are women.

The Company has a Human Resources Policy and Guidelines that establish all the procedures related to human resources management, including: i) employee hiring; ii) hours of work; iii) salary breakdown; iv) overtime; v) additional compensation for unhealthy, hazardous, and night work conditions; vi) benefits; vii) licenses; viii) termination procedures; and ix) rights and duties of employees, among others. The Company offers various benefits to employees, such as: health plan; meals; chartered transportation; dental plan; life insurance; and childcare assistance. The Policy follows the Brazilian Consolidated Labor Laws ("CLT", in Portuguese).

4.2.a.ii Worker Unions

The Company recognizes employees' right to join unions pursuant to the CLT and the Brazilian Constitution. Employees at the plants in Extrema and Manaus are represented, respectively, by the Metallurgical, Mechanical, and Electrical Workers Union of Extrema and by the Metallurgical, Mechanical, and Electrical Workers Union of Manaus.

4.2.a.iii Nondiscrimination and Equal Opportunities

The Code of Ethics establishes non-tolerance of moral or sexual harassment, and discrimination based on race, color, religion, nationality, origin, age, citizenship, sexual orientation, gender, marital status, economic or family situation, time of service at the Company, physical attributes or special needs; nor any situation or attitude that characterizes bullying or inappropriate conduct, including verbal or physical, which creates an offensive, abusive, or hostile work environment.

As part of its commitment to inclusion, in Manaus, the Company has the Hermanitos Program, which promotes hiring of refugees, and includes integration efforts and activities with employees for sharing cultural practices. Currently, the plant in Manaus has employees who are refugees from Venezuela and Haiti.

4.2.a.iv Grievance Mechanism

The Company has established a direct communication channel for its employees – ‘Opine Aqui’ – with boxes available to receive suggestions and complaints at strategic points at the plant, which may be made anonymously. As established under the Management Procedure for the Opine Aqui Program, a Committee consisting of Human Resources employees is responsible for collecting the suggestions and complaints monthly, reviewing them, and developing, as required, an action plan containing a description of the corrective measure, persons in charge, and timeline for resolution. In addition to general indicators, including the number of suggestions received, reviewed, and resolved, a summary of responses and actions implemented is released monthly to employees.

The Ombudsman Channel is also available to all employees, third-party workers, and service providers who wish to submit a report, which may be anonymous.

4.2.b Protecting the Workforce

The UCB Componentes Code of Ethics establishes the non-tolerance of the use of child or forced labor. This commitment is applicable to its direct employees, as well as third-party workers, service providers, and supply chain vendors.

4.2.c Occupational Health, Safety, and Security

The Company’s Code of Ethics establishes its commitment to providing a safe and healthy work environment to its employees, including the responsibility of complying with labor laws and applicable Regulatory Standards (“NR”, in Portuguese); maintaining a qualified health and safety team; providing safety training and safety equipment; and reporting and taking measures of unsafe acts and conditions, incidents and accidents.

The Management Procedure for Environment and Occupational Health and Safety, which establishes the requirements procedures for health and safety both for UCB Componentes employees as well as service providers and third-party workers, establishes the applicable standards and guidelines and roles and responsibilities. It also establishes specific procedures for different activities (chemical-product and flammable-material handling, industrial assembly, and work in confined spaces) and identifies the training needs and Personal Protection Equipment (“PPE”) required for each activity.

Each plant has a Risk Management Plan (“PGR”, in Portuguese) and a Technical Work Environment Conditions Report (“LTCAT”, in Portuguese), which identify and assess: i) occupational health and safety risks based on source, type, likelihood, and severity of occurrence; and ii) the corresponding control and preventive measures; as well as an Occupational Health and Safety Medical Control Program (“PCMSO”, in Portuguese), which establishes measures to prevent work illnesses and accidents, as well as the required hiring, periodic, and termination examinations.

The risks, identified and assessed by function, include physical, ergonomic, chemical, and accident risks. However, all identified risks are classified as low or insignificant, with the exception of the risk of exposure to continuous or intermittent noise, which is considered to be of a moderate level.

The Company also establishes an annual mandatory training schedule as established under applicable NRs.¹²

Both in Manaus and Extrema, the Company has a low level of accidents and incidents. In Extrema, in July 2024, the Company completed 3,171 days without accident leaves. In Manaus, the last accident on record occurred in January 2024 after 552 accident-free days.

4.2.d Provisions for persons with disabilities

The Company employs 17 Persons with Disabilities (“PWD”) who work in different areas, including administrative and operational. However, the Company will implement a General Procedure that establishes specific provisions for PWD employee accessibility and health and safety.

4.2.e Workers Engaged by Third Parties

UCB Componentes is supported by service providers in property security, cafeteria, and as part of the manufacturing workforce. The average total number of third-party workers is 120 persons, which may vary from month to month according to Company’s needs.

The General Environment and Workplace Health and Safety Procedure requires subcontractors to submit copies of the employment contract, and establishes requirements and procedures related to the environment and health and safety for all service providers and third-party workers, including: i) applicable standards and guidelines; ii) subcontractors’ and service providers’ responsibilities; iii) mandatory documentation that must be submitted; iv) training needs; v) provision and use of PPE; and vi) specific health and safety procedures for different activities.

In addition, in Manaus, the RBA Policy requires that all vendors and service providers follow the Company’s guidelines for labor, human rights, occupational health and safety, environment and ethics. For this purpose, among other things, it requires that subcontractors submit monthly evidence of salary payments and compliance with national labor laws.

4.2.f Supply Chain

The UCB Componentes Domestic and International Procurement Policy requires that supply chain vendors be submitted to a qualification process, as well as meet technical, organizational, and social and environmental requirements.

The Integrated EHS Management Policy also establishes that vendors must accept the commitments established in the Ethics Letter to Vendors, which include: appropriate mechanisms to prevent risks; respect for the environment; ethics and compliance with applicable laws.

¹² Work at elevated heights (NR 35); work on high voltage electrical system (NR 10); operation of self-powered equipment (NR 11.6), among others.

In Manaus, as required under the RBA Policy, the Company conducts quarterly audits and visits its main vendors and service providers, where it observes and evaluates aspects related to labor, human rights, occupational health and safety, environment and ethics; and establishes and monitors corrective action plans, as applicable. In addition, it requires that service providers submit monthly evidence of salary payments and compliance with national labor laws.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

The Integrated EHS Management Policy establishes UCB Componentes commitment to improving water and energy efficiency in its operations, as well as promoting the incorporation and use of renewable sources of energy, as applicable.

The Company establishes goals and monitors its monthly consumption of water and energy. Water consumption in both plants is mainly associated with kitchen use and providing meals to employees, as well as bathrooms and changing rooms. In Manaus, the monthly consumption goal is 1.5 m³/HC¹³ and, in Extrema, 0.25 m³/HC. In recent months, this goal has been exceeded in both units: in Manaus, monthly water consumption ranged between 1.2 and 1.4 m³/HC, and, in Extrema, between 0.4 and 0.6 m³/HC. In Manaus, the Company established an Action Plan to reduce water consumption, including, among other steps, faucet replacements, leak repairs, hydrometer installations, and development of a rainwater reuse project.

The energy goal and monitoring are evaluated based on energy consumption per unit produced (“Kw/up”). In Manaus, the goal is 0.4 Kw/up and, in Extrema, 0.31 Kw/up. Both plants have achieved their respective goals in recent months. Nevertheless, in Manaus, the Company is studying the use of solar energy, initially for lighting and, during a second phase, in its operations.

4.3.a.i Greenhouse Gases

Using a methodology consistent with the Brazilian GHG Protocol¹⁴ Program, UCB Componentes conducts an inventory of greenhouse gas emissions under scope 1 (diesel generator, food preparation, diesel consumption, gasoline consumption, extinguisher, cooling gases, and ETS), scope 2 (electric power), and scope 3 (airplane trips, landfilled solid waste, and employee transportation), which covers activities at the plants in Manaus and Extrema, and the corporate office in São Paulo. In 2022, most emissions were from scope 1, with a total of 326,590 tCO₂e, followed by scope 3, with 185,300 tCO₂e, and scope 2, with 175,076 tCO₂e.

4.3.b Pollution Prevention

At both plants, the environmental operating license requires the results of a sample of locally treated effluents to be monitored and periodically reported (on a quarterly basis in Extrema, and on

¹³ The “m³/HC” unit refers to the consumption of water in cubic meters per employee (headcount).

¹⁴ The GHG Protocol was developed by the World Resources Institute (“WRI”) in association with the World Business Council for Sustainable Development (“WBCSD”) and include standards, guidance, and tools for companies to measure and manage greenhouse gas emissions.

a quarterly and half-yearly basis in Manaus) to local environmental agencies. Effluents generated at the plants are of the sanitary type. The observed parameters include pH, temperature, sedimentable materials, total suspended solids, detergents, oils and greases, and total nitrogen, among others. In both cases, analysis results demonstrate that the parameters are below the Maximum Allowed Values (“MAV”) and in compliance with current local laws.¹⁵ After going through the ETS, effluents are flown into the municipal sewage system.

4.3.b.i Waste

The UCB Componentes Solid Waste Management Programs (“PGRS”, in Portuguese) in Extrema and Manaus establish the parameters required to identify waste generated by the Company, as well as its storage, collection, transportation, and final destination, in accordance with applicable national and local laws.

Waste generated at both plants is of the common, recyclable (cardboard, plastic), and hazardous (industrial oil, light bulbs, batteries, electronics, and hospital waste) types.¹⁶ Both PGRS determine the required final destination by type of waste, and establish the requirements that the certified third-party company must meet for the collection and final destination of waste, including the submission of a Certificate of Final Disposal.

Common and recyclable waste is stored in dumpsters located outside the plant; and hazardous waste is stored in drums with lids that are properly identified in accordance with current laws.

Although it is not yet formalized in a specific procedure, UCB Componentes does the reverse logistics of materials, including batteries. In 2022, UCB Componentes recovered 450 tons of materials, which is equivalent to 4.5 times the total recovered in 2021.

In addition, the Company implemented paper use reduction actions with the adoption of electronic document signing. Between 2020 and 2022, UCB Componentes reduced 30% of its paper consumption.

4.4 Community Health, Safety, and Security

4.4.a Community Health, Safety, and Security

UCB Componentes plants are located in urban industrial areas, with no residents or commercial stores nearby. In addition, both plants have fire-fighting equipment, including extinguishers, hydrants, emergency alarms, environmental containment kits and smoke detectors; and both have current AVCBs certifying that the building has the fire-safety measures required by law.

¹⁵ In Extrema, it is regulated by Art. 36 of the State Environmental Policy Council (“COPAM”, in Portuguese) Normative Decision No. 08/2022 of 11/21/2022, and, in Manaus, by Art. 21 of the National Environmental Council (“CONAMA”, in Portuguese) No. 430 of May 13, 2011.

¹⁶ The latter refers to infectious materials from services provided at the plant’s infirmary.

4.4.b Security Personnel

UCB Componentes contracts third-party companies to provide security for the plants in Manaus and Extrema. In Manaus, there is an armed guard on every shift.

The Company requests that third-party companies submit documentation related to employment contracts, Occupational Health Certificate (“ASO”, in Portuguese), completion of a Basic Security Guard Training Course, and, in Manaus, a firearm carry license, as applicable. UCB Componentes will formalize a Security Personnel Management Procedure to establish requirements for these companies, including human rights training.

4.5 Acquisition of Land and Involuntary Resettlement

The Company’s operations are located in industrial areas and do not require any kind of involuntary physical or economic displacement.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The City of Extrema is entirely located in the Fernão Dias Environmental Protection Area (“APA”, in Portuguese), which also includes seven other cities in the State of Minas Gerais.¹⁷

The APA is classified as a sustainable-use nature conservation unit and covers an extensive area with important natural attributes, but it contains human occupation zones. Thus, the APA establishes different environmental zoning areas, including wildlife conservation and protection areas, urban occupation and expansion areas, and industrial development areas, among others. There are specific guidelines and restricted or prohibited uses for each area.

The UCB Componentes plant is located in an Industrial Development Area where industrial enterprises are encouraged under the Fernão Dias APA. In this area, the following are not allowed: i) use of rivers or margins to wash cars or machines; ii) suppression of fragments of native primary or secondary vegetation in intermediary or advanced stage of regeneration, except in specific cases allowed by local environmental agencies; and iii) disposal of effluents or urban or industrial waste without proper handling.

The plant does not intend to use nearby rivers or margins, nor suppress fragments of vegetation. Generated effluents are treated in an ETS located within the plant. The Company monitors effluents and issues reports on a quarterly basis to local environmental authorities, as required under its Operating License. Solid waste generated at the plant is handled and disposed of correctly, in accordance with the Company’s PGRS and guidelines established under applicable state¹⁸ and national¹⁹ laws.

¹⁷ These are Toledo, Itapeva, Camanducaia, Sapucaí-Mirim, and Gonçalves, and parts of the cities of Paraisópolis and Brazópolis.

¹⁸ State Law No. 4,457 of April 12, 2017, which establishes the basic principles for minimizing the generation of waste, identifying and describing actions related to its proper handling, considering aspects related to all stages, from waste generation to final destination

¹⁹ Federal Law No. 12,305 of August 2, 2010, which establishes the National Solid Waste Policy (PNRS, in Portuguese).

The Manaus plant is not located in or near biodiversity conservation and environmental protection areas.

4.7 Indigenous Peoples

UCB Componentes plants conduct their activities in industrial areas and are not expected to affect indigenous communities or populations.

4.8 Cultural Heritage

UCB Componentes plants are not located in areas with an actual or potential presence of cultural heritage.

5. Local Access to Project Documentation

Documentation related to the project may be found at the following link: <https://ucbpower.com.br/>.