

The Project has been preliminary classified as Category B (High Risk) operation according to the IDB Invest's Environmental and Social Sustainability Policy. The project categorization will be confirmed based on the results of the environmental and social due diligence, when more information is available. The Project is located in the Caatinga biome, of predominantly dense shrubs with emerging trees, combined with converted agricultural land. The project site overlaps with three type of areas of permanent conservation (Áreas de Preservação Permanente - APP): 30 meter corridors along water bodies, slopes over 45 degrees and mountaintops. The project will require deforestation of APP mountaintops type, which in turn require a permit from SEMAR with its associated compensation measures. The Project prepared an EIA's or RIMA (Relatório de Impacto Ambiental - Complexo Eólico Piauí) issued on May 2015. The RIMA was prepared for a wind farm complex consisting of 10 adjacent wind farms with 83 turbines totaling 255-MW, occupying an area of 3,494 hectares. The 83 km-long 230/500kV transmission line from the Lagoa do Barro 1 substation to the Sao Joao do Piaui substation was not included in the RIMA and will require a separate impact assessment. The Project obtained licenses (LI - Installation Licenses) for 195-MW on November 25, 2016. The Projects' environmental and social impact assessments, its proposed management system and its direct and cumulative impacts will be evaluated in detail during the environmental and social due diligence (ESDD) process. The EIA (RIMA) has an Environmental and Social Management Plan (ESMP) that contains the following programs for the construction phase: Signaling, Environmental monitoring, and workforce training, Safety, deforestation control, natural resources and landscape conservation, soil erosion control, solid waste and liquid effluents control, among the most important. During the operation phase, the ESMP considers the following programs: Communication, Environmental training, Fauna monitoring and rescue, surface water and noise monitoring, archeological monitoring and rescue. Additionally, Social Management programs including population increasing, violence levels and community health indicators. Finally, an abandonment phase ESMP. All these programs will be revised in more detail during the Environmental and Social Due Diligence (ESDD). With the support of a specialized consultant with knowledge on local biodiversity, cumulative impacts and community engagement in Brazil, IDB Invest will work with the Client to obtain additional information to complete the ESDD and to complement the RIMA in order to meet IDB Invest requirements and evaluate the environmental and social risks, confirm the project categorization, assess management plans to mitigate these risks and define a project environmental and social action plan (ESAP). During the ESDD the IDB Invest and the consultant will visit the site and further assess the Project's Environmental, Health and Safety Management System, including plans and procedures, review the main Projects facilities, verify the extent of public consultation, assess baseline information pertaining to key environmental and social concerns, and evaluate the social and labor issues related to the Project. The following key issues are expected to require the most effort: (i) cumulative impact assessment (CIA); (ii) comprehensive consultation with stakeholders; (iii) biodiversity assessment to determine impacts on birds, bats and areas of conservation value; and (iv) natural disaster risk. The Client will be required to ensure the Project meets the requirements of the IDB Invest Sustainability Policy and address any gaps in the form of an action plan. The Environmental and Social Review Summary (ESRS) as well as the EIA for the Project can be found below.