

 EVALUATION OF THE EQUATOR PRINCIPLES-----

NOVELIS DO BRASIL LTDA -----

GRUPO BUREAU VERITAS -----

EVALUATION OF THE EQUATOR PRINCIPLES-----

Novelis do Brasil LTDA -----

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1. INTRODUCTION-----

1.1.THE EQUATOR PRINCIPLES BACKGROUND (EQUATOR PRINCIPLES) -----

Today it is recognized, beyond dispute that the financing of projects plays an important role in sustainable development worldwide. In this context, by providing funding, particularly in emerging markets, project funders often come across issues of environmental and social policy. -----

Therefore, the most important financial institutions in the world, while recognizing that lenders provide significant opportunities to promote environmental management and development with social responsibility, have decided to adopt the Equator Principles, in order to ensure that the funded projects are developed with socio-environmental responsibility.---

The Equator Principles were proposed in July 2003 by the International Finance Corporation - IFC, an institution linked to the World Bank that provides funding to private projects. The principles address social and environmental guidelines that need to be used by the financial institutions that will provide funding over US\$ 50 million to companies. -----

On July 6, 2006 the new Equator Principles were released as a result of the revision process that involved the participation of Non Governmental Organizations (NGOs) and the Signatory Institutions.-----

The most relevant changes of the Equator Principles were as follows: ---

-The Equator Principles should be applied to all project funding with capital costs exceeding US\$ 10 million. In the previous version this value was US\$ 50 million;-----

-The Equator Principles now also apply to the activity of advising on Project Finance that banks provide to their customers; -----

-The Equator Principles will be applied to expansions of existing projects where there is additional and significant environmental and social impact;

-Every financial signatory institution shall disclose publicly an annual report on the implementation of the Equator Principles. -----

IFC's new environmental and social standards are among the strictest in the world and will certainly be the most demanding for emerging markets. They add new obligations relating to integrated social and environmental

assessments, working conditions, emissions of greenhouse gases and health and safety standards in the community. They fill the gaps in the former Safeguard Policies. They highlight aspects relevant to the private sector, while ensuring compatibility with IFC's policies. They require greater transparency. They adopt a new results-oriented approach, emphasizing the implementation and impacts of the action. They offer a better definition of IFC's roles and its clients in the private sector. -----

1.2. SCOPE -----

Novelis do Brasil Ltda. hired Bureau Veritas do Brasil in order to perform a follow-up evaluation of its compliance with the Equator Principles at the Laminates Production Unit located in the city of Pindamonhangaba, SP, as characterized below. -----

The project evaluated was Novelis do Brasil Ltda., plant of coils and aluminum sheets production, located on AV. Buriti, Bairro Feital, No. 1877. Industrial Area of Pindamonhangaba. -----

The Laminates Production Manufacturing Plant has production capacity for 400,000 tons per year; with the expansion that is being held, it will increase to 600,000 tons per year. The unit's main raw materials are liquid metal, aluminum ingots and recycled aluminum cans. -----

The project started its operation in 1977 and currently is in full production, including recycling, remelting, preparation of sheets, thread grind, hot rolling, cold rolling, finishing and utilities. -----

This evaluation aims at monitoring the project as to its compliance with the Equator Principles. The evaluation was held from August 15 to 30, 2011, covering the analysis of documentation, preparation of the protocol, audit performance in the field at the plant of production of coils and sheets and verification of pending evidence.-----

Details on the project description, the process, the geographical of the unit and details on project and expansion components can be accessed at the website: www.novelis.com, in document, Characterization Memorial of the MCE Project of Preliminary License dated 02/04/2011 - CETESB and the Environmental Description = Venus Project of February 2011 (filed at CETESB on 02/11/2011).-----

1.3. BUREAU VERITAS TEAM -----

Luiz Carlos da Silva Lima -----

Sociologist, Environmental Planning Specialist (UFF), Full Consultant, Lead Auditor of ISO 14001 (BVQI/IRQA) Lead Auditor ASR

(Sustainability Reports - GRI 3), Leader Auditor of Legal Compliance, Leading Auditor, of Socio-Environmental Responsibility. Lead Auditor for Strategic Priorities for Sustainability, established by the World Committee on Dams (WCD), Lead Auditor of the Sustainability Standards of the International Hydropower Association - IHA and Lead Auditor for the Equator Principles. -----

1.4. PARTICIPANTS AND INTERVIEWEES -----

During the process of collecting evidence of compliance with the evaluation protocols the following people were interviewed:-----

Angelo Francisco Argueles - Unit Manager;-----

Marcelo Cunha - HR Manager, -----

Keisuke Okazaki – Engineering; -----

Viviane Alves - EHS Engineer; -----

Penha Bet - HR Coordinator,-----

Ismar Araújo Pessoa - Quality; -----

Antonio Benedito de Paula - Utilities Technician (ETE and ETA) company BJP Facility Services; -----

Luciano da Luz - Materials Warehousing; -----

Tiago Elias de Souza - Chemical Engineer;-----

Alan Valmir - Senior Analyst of Communications; -----

Felipe Matus Batista Lobato Siqueira - temporary worker; -----
Ricardo Ribeiro - Reliability Manager/ President of CIPA; -----
Bárbara Zenita França Macedo - Secretary of Education and Culture of
Pindamonhangaba; -----
Sérgio da Silva - Director of Finance (Union of Steelworkers of
Pindamonhangaba, Moreira Cesar and Roseiral); -----

1.5. CRITERIA AND REFERENCES -----

The following criteria and references were adopted in the performance of
this evaluation: -----

Equator Principles; -----
Legislation applicable to steel and manufactured production (issues
related to Environment, Occupational Health, Work Safety and Social
Responsibility); -----
General Guide on Environment, Health and Safety; -----
Specific guide on Environment, Health and Safety for the manufacture of
Steel - Environmental, Health, and Safety Guidelines for Integrated Steel
Mills (IFC); -----
Performance standards and guidance notes. -----

1.6. METHODOLOGY -----

The Socio-Environmental Assessment of the project was initiated by the analysis of the Environmental Descriptive Memorial of the Expansion - VENUS Project relative to the detailing of the expansion project of company Novelis do Brasil (Pindamonhangaba) targeting the environmental license (Preliminary License) under the scope of the Environmental Company of the State of São Paulo – Taubaté's Environmental Agency, extending to the major legal tools applicable to the activity, to the principles of the Equator, performance standards and applicable guides. -----

The verification of compliance with the requirements of the assessment protocol has been in the monitoring of activities developed at the manufacturing unit of coils and sheets, in the period August 15 to 30, 2011. At this location, on August 18 and 19, 2011, interviews were held with managers and employees, while visiting the company's areas and finding documented evidence of the compliance with applicable laws. All conclusions were based on samples provided by the company for analysis. -----

2. RESULTS RELATIVE TO THE EQUATOR PRINCIPLES -----

In this report the results are presented sequentially to the 10 Principles of the Equator. Results relative to Health, Safety and Environmental Guides, as well as legal obligations, are presented in Principle 3. -----

2.1. PRINCIPLE 1 - REVISION AND CLASSIFICATION OF THE PROJECT-----

The project was classified as B, given that its adverse impacts are largely reversible and remediable through the adoption of mitigation measures.

2.2. PRINCIPLE 2 - SOCIO-ENVIRONMENTAL ASSESSMENT-----

The Socio-Environmental Assessment of the project was initially performed through the analysis of the documentation issued by the Environmental Company of the State of São Paulo – CETESB, through:

Plant: Dossier No. 04/0016/76, No. PU-957/76 dated 07/14/76 which manifests itself in favor of approving the plant for deployment of an industrial facility and other measures. -----

Opinion CPAR/GOP No. 729/76 which deals with the installation of a new plant - Industrial Type where CETESB claims to be favorable to the approval of the request made and other arrangements. -----

Expansion: Preliminary License Request - LP - for the expansion and installation of new equipment at Novelis Brasil Ltda. -----

Project Memorial Characterization - MCE of Preliminary License - Register CETESB No. 528000003-4 dated 02/04/2011 version 1.4 and its attachments. -----

Technical Opinion No. 20784/11/TA. Dated 05/28/2011 and filed at CETESB under No. 03/00050/11 on the expansion of production capacity of aluminum coils and sheets. On the conclusion of all stages of environmental licensing (LP, LI and LO) the following can be performed.

The expansion of the current project aims at increasing the productive capacity of the unit from 400.00 tons/year to 606,000 tons/year of finished product in the form of coils and aluminum sheets. This increase will be due to the installation of new equipment in the production and utilities areas, expansion of built-up areas and conducting of outdoor activities, without changing the main process of manufacture of aluminum coils / sheets. For expansion of the plant it was acquired land adjacent to

the premises of the remelting/recycling facilities (blueprint attached) for the construction of the parking of trucks and logistics area of the plant. ---

The deadline to complete the works and the initial operation of new pieces of equipment in its entirety is September 2012. -----

The issues related to social risks were not fully considered, as required in the performance standards of the Equator Principles, since at the time of installation of the project the environmental agency of the State of São Paulo did not require evaluation or remedial actions with the population, since it considered that the project had not caused significant damages., Notwithstanding it required in the Preliminary License of the expansion - Venus Project - that the undertaker would enable within 60 days a Program for Mobilization and Demobilization of Labor, where the possibility of hiring local labor would be recorded for works executed performed by the company. -----

Details about the preliminary socio-environmental assessments are discussed in Standard 1 item -----

A. Project definition, Initial Screening, Identification of Stakeholders and Information Collection. -----

2.3. PRINCIPLE 3 – APPLICABLE SOCIO-ENVIRONMENTAL STANDARDS -----

This item assesses the Health, Safety and Environment Guides and the Performance Standards. -----

The evaluation of compliance with applicable legislation was made along with the evaluation of the socio-environmental themes of General Guide, in accordance with the original requirements. -----

To avoid problems of interpretation regarding the scope of performance standards, some of the items discussed will be preceded by quotations from the document "Guidance Note", published by IFC to guide the scope of all performance standards and made available for public access on its website. -----

2.3.1. EHS GUIDES AND LEGISLATION-----

2.3.1.1. ENVIRONMENT -----

A. ATMOSPHERIC EMISSIONS -----

The Atmospheric Emissions monitored meet legal requirements.-----

The main sources of Atmospheric Emissions for the Environment of the plant of coils and aluminum sheets were in Cold Rolling, Hot Rolling, Remelting and Dedusting System of Recycling. -----

Process Steps by Extended Production Unit -----

Remelting / Recycling -----

Step 1 -----

Melting furnaces Melter D1 and Melter D2 are of the reverberating type, are cylindrical and are loaded from the top. They are used for melting aluminum scraps generated in the manufacture of flat laminated products. The equipment has a combustion system, with the regenerative type of burners. -----

The maximum operating temperature in the furnace is 120° C. -----

Step 2 -----

The aluminum scraps stored in the raw material yard are sent for processing where they are inserted into the melting furnace through the dome at the top of the oven, using buckets with load capacity of 20 t. and

30 t. Therefore, depending on the size of the furnace, two or three loading operations are required. These load buckets are moved by bridge crane.-----

Step 3 -----

This solid cargo, melts after a few hours. -----

Step 4 -----

Once the monitoring procedure is finished (the sample is removed and sent to the laboratory for analysis); if necessary, correction of the alloy is performed with the addition of alloying elements.-----

Step 5 -----

Scraping of the oven is performed to remove the slag (unwanted dirt and metal oxides). This slag is treated externally for the recovery of residual aluminum. -----

Step 6 -----

The molten metal bath is stirred to standardize the temperature of the aluminum. -----

Step 7 -----

When the thermocouple bath indicates a temperature of about 730° C, a valve is opened, located on the sill (bottom) of the oven and there will be transfer of metal through a trough lined with refractory material for the standby furnace (Holder). -----

Step 8 -----

The Holder D standby furnace is of the reverberation type is shaped like a parallelepiped and is loaded with liquid metal through a side door. It is used for temperature maintenance and cleaning of aluminum, which was melted in the melting furnaces - Melter D1 and Melter D2. The equipment has a fuel system with burners of the cold air type. -----
Maximum operating temperature in the furnace is 1200° C. -----

Step 9 -----

During operation in this process there is a source generating gases.

Main chamber: place where combustion occurs and therefore there is generation of gases resulting from the burning of natural gas. These gases, before being released into the atmosphere exchange heat in the media box of the regenerative burners, warming a load of alumina spheres. After these gases pass through the media box, they are released to the atmosphere at an average temperature of 250° C. -----

Step 10-----

Molten aluminum is treated by injecting a mixture of chlorine and argon gases to eliminate impurities. These impurities are scraped from the-----

oven, generating slag that is treated for the recovery of residual aluminum. -----

Step 11-----

The furnace is kept in control temperature, until the metal is about 730° C, when it is transferred to the roll forming machine. -----

Step 12-----

The slag house is responsible for receiving and storage of Aluminum Slag generated in the Melter D1 and D2 ovens. The slag is arranged in cubes and sent to the Slag House where it remains until it is cooled, when it is packed into a 30 m³ highway container for destination to final reprocessors.-----

Step 13-----

During the treatment of UBC (scrap cans) in the cold recycling area, Atmospheric Emissions are generated resulting from the breakdown of the burdens and separation of impurities. This aluminum, after the transformation process into molten aluminum, will be used in remelting as raw material. The emissions generated will be sent through the exhaust system for treatment in cold dedusting system, located in the outer area of recycling.-----

Sheet Preparation:-----

Sole Step-----

Entry of aluminum sheets into the furnace chamber PUSHER, which works at 550° C in preparation for hot rolling, where the sheets follow by conveyor belt. Oven heating is done by air blown into the furnace by means of fans, which bring in outside air. The air circulates through six

heating zones with natural gas burners, which raise the temperature of the gas flow. -----

Cold Rolling / Cylinder Grinding: -----

Step 1 -----

The sheets originated in the preparation of sheets, after passing through the Hot Rolling area (aluminum coils), enter the Cold Rolling area for processing in the Cold Mill 3, with a maximum thickness of 3.5 mm. With the passage of coils by two rolling chairs, they come out with a minimum thickness of 0.15 mm. The cooling of the chairs of the mill uses a system composed of hydraulic circuit. All oil filtration oil from the mill is performed by an independent system responsible for filtering the oil and returning it to the process. The effluent generated an oily emulsion that is forwarded for physical and chemical treatment in the Utilities area (chemical break). After treatment the effluent is sent to the sewage collection network of SABESP. -----

Step 2 -----

After the aluminum coils go through Cold Mill 3, they are forwarded to the medium trimmers. The medium trimmer No. 04 which will be installed in

the area, is used to trim the aluminum sheet for CBS at the minimum thickness of 0.35 mm and maximum thickness of 0.15 mm. The trimmer performs the functions of unwinding, winding and rolling the material with a high degree of accuracy in the width and quality desired. The material will go at a maximum speed of 1500m/min and the width of the material will be between 700 to 2000mm. -----

Step 3 -----

The cylinder grinder is a support unit to Lamination. In the grinder, lamination cylinders are superficially machined to obtain shine, profile and roughness required for the lamination process. The cylinder grinder has inertia blocks on its the foundation to isolate any external vibration that might affect its performance. -----

Area of aluminum scraps: -----

Sole Step: -----

Support area to industrial sectors, responsible for receiving the slags and aluminum coil scraps. These materials will be handled and because of their shape will pass through the bobbins stripper bobbin or scrap press,

enabling appropriate sizes for input into the process and subsequent recycling. -----

UBC Yard:-----

Sole Step: -----

Support unit to the Recycling Sector, which stores the aluminum scraps, which will be processed for Recycling/Remelting. -----

Utilities:-----

Sole Step: -----

Sector responsible for providing compressed air, cooling water, treated water and energy for the entire plant. Also responsible for the treatment of effluents generated in production processes and environmental control systems. -----

CONAMA Resolution No. 382 of 12/26/06, which "Sets the maximum thresholds of atmospheric pollutant emission to stationary sources", provides in its Articles 4 and 5 technical guidelines relating to the monitoring of emissions and sampling methods and analysis, as shown by Novelis do Brasil. -----

On the other hand, State Law No. 997 of 05/31/76 and its regulation (State Decree No. 8468 of 09/08/76 and amendments) require those responsible for actually or potentially polluting activities, among others, a series of rules associated to the monitoring and self-monitoring of their sources.-----

The project is considered a benchmark in the monitoring of emissions of air pollutants. In its Operating License - LO - issued by CETESB, there is constraint number 2, which requires the completion of monitoring of periodic sampling in the chimneys to check as to possible changes in emissions of pollutants that might exceed the legal standards of emissions established, as well as provide subsidies to the entrepreneur on the industrial process. The company performs periodic isokinetic evaluations to verify this compliance. The emissions monitoring system consists of annual checks. There have been presented records of these checks carried out, where there were found no deviations from the compliance with the Brazilian legislation. -----

Novelis letterhead paper -----

September 28, 2009-----

CETESB _ Companhia de Tecnologia de Saneamento Ambiental
(Environmental Sanitation Technology Company)-----

Attention: Eng. Paulo Pinto -----

Ref.: Monitoring Plan of Atmospheric Emission -----

In compliance with conditions for Operation License of the Unit at
Pindamonhangaba,-----

Attached is Monitoring Plan of Atmospheric Emission, containing:

- _ Inventory of sources of emission;-----
- Technical description of atmospheric pollution control equipment;-----
- Blue prints with the location of the emission sources. -----

We place ourselves at your disposal for any clarifications.-----

Sincerely,-----

Includes signature-----

Viviane Braga Alves -----

Engineer of EHS-----

2.3.1.1.a - Registered Letter forwarding the Atmospheric Emission
Monitoring Plan to CETESB Condition No. 2 of the LO.-----

The last isokinetic assessment conducted in October 2010 (CD attached
in folder <emissions>) shows that the threshold established by this
resolution of 320 mg/Nm³ of NO₂ on a dry base and 3% excess oxygen
is being complied with, as can be seen in the performance of the points
sampled (in mg/Nm³). -----

										mg/ Nm ³
	VOCs	--	0.18	-		-	-	-	-	20 mg/ Nm ³
	Oil Mist	-	-	-	-	-	-	-	-	15 mg/ Nm ³
	PCDD/F	-	-	-	-	-	-	-	-	0.1 mg TEQ /Nm ³
	Carbon Monoxide (CO)	-	-	-	-	-	-	-	-	100 mg/ Nm ³ (EA F) 300 (cok e oven)
	Chromium (Cr)	-	-	-	-	-	-	-	-	4 mg/ Nm ³
	Calcium (Ca)	-	-	-	-	-	-	-	-	0.2 mg/ Nm ³
	Lead(Pb)	-	-	-	-	-	-	-	-	2mg/ Nm ³
	Nickel (Ni)	-	-	-	-	-	-	-	-	2 mg/ Nm ³
	Fluoride	-	-	-	-	-	-	-	-	5 mg/ Nm ³
	Hydrogen Fluoride (HF)	-	-	-	-	-	-	-	-	10 mg/ Nm ³
	H ₂ S	-	-	-	-	-	-	-	-	5 mg/ Nm ³
	Benzo(a) pyrene	-	-	-	-	-	-	-	-	0.1 mg/ Nm ³
	Tar fumes	-	-	-	-	-	-	-	-	5 mg/ Nm ³

Remelting

	Tar fumes	-	-	-	-	-	-	5 mg/Nm ³
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		Valores médios em mg/Nm ³ encontrados na avaliação isocinética 2010					Limite de emissão da RES CONAM A 382/06 (MG/Nm ³)	Limite de emissão do guia geral (MG/Nm ³)	Limite de emissão do guia específico (Integrated Steel Mills)
		Forno PIT	Forno Pusher	LQ1	LQ2	Tandem			
Parâmetros de avaliação isocinética realizada em 2010 e parâmetros IFC	Material Particulate	10,32	9,45	17,27	1,24	16,30	-	-	20 – 50 mg/Nm ³
	SO ^x	2,23	2,85	-	-	1,79	-	-	500mg/Nm ³ (SO ₂)
	NO ^x	12,27	52,90	-	-	0,49	320 (NO ₂)	-	500 mg/Nm ³ 750 (coke oven)
	Hydrogen Chloride	-	-	-	-	-	-	-	10 mg/Nm ³
	Ammonia	-	-	-	-	-	-	-	30 mg/Nm ³
	VOCs	-	-	0,061	-	0,06	-	-	20 mg/Nm ³
	Oil Mist	-	-	-	-	-	-	-	15 mg/Nm ³
	PCDD/F	-	-	-	-	-	-	-	0.1 ng TEQ/Nm ³
	Carbon Monoxide (CO)	-	-	-	-	-	-	-	100 mg/Nm ³ (EAF) 300 (coke oven)
	Chromium (Cr)	-	-	-	-	-	-	-	4 mg/Nm ³
	Cadmium (Cd)	-	-	-	-	-	-	-	0,2 mg/Nm ³
	Lead (Pb)	-	-	-	-	-	-	-	2 mg/Nm ³
	Nickel (Ni)	-	-	-	-	-	-	-	2 mg/Nm ³
	Fluoride	-	-	-	-	-	-	-	5 mg/Nm ³
	Hydrogen Fluoride (HF)	-	-	-	-	-	-	-	10 mg/Nm ³
	H ₂ S	-	-	-	-	-	-	-	5 mg/Nm ³
	Benzo(a)pirene	-	-	-	-	-	-	-	0.1 mg/Nm ³
Tar fume	-	-	-	-	-	-	-	2 mg/Nm ³	

Hot Lamination

	Average values in MG/Nm ³ found in isokinetic evaluation 2010					Emission threshold of RES. CONAMA 382/06 (MG/Nm ³)	Emission threshold of General Guide (mg/Nm ³)	Emission threshold of Specific Guide (Integrated Steel Mills)
	Furnace PIT	Furnace Pusher	LQ1	LQ2	Tandem			
Particulate	10.32	9.45	17.	1.2	16.30	-	-	20-50

Parameters of isokinetic evaluation performed in 2010 & IFC parameters	Material			27	4				mg/Nm ³
	SOx	2.23	2.85	-	-	1.79	-	-	500 mg/Nm ³ (SO ₂)
	NOx	12.27	52.90	-	-	1.79	-	-	500 mg/Nm ³ 750 (coke oven)
	Hydrogen Chloride	-	-	-	-	-	-	-	10 mg/Nm ³
	Ammonia	--	-	-	-	-	-	-	30 mg/Nm ³
	VOCs	--	-	0.061	-	0.06	-	-	20 mg/Nm ³
	Oil Mist	-	-	-	-	-	-	-	15 mg/Nm ³
	PCDD/F	-	-	-	-	-	-	-	0.1 ng TEQ/Nm ³
	Carbon Monoxide (CO)	-	-	-	-	-	-	-	100 mg/Nm ³ (EAF) 300 (coke oven)
	Chromium (Cr)	-	-	-	-	-	-	-	4 mg/Nm ³
	Calcium (Ca)	-	-	-	-	-	-	-	0.2 mg/Nm ³
	Lead(Pb)	-	-	-	-	-	-	-	2 mg/Nm ³
	Nickel (Ni)	-	-	-	-	-	-	-	2 mg/Nm ³
	Fluoride	-	-	-	-	-	-	-	5 mg/Nm ³
	Hydrogen Fluoride (HF)	-	-	-	-	-	-	-	10 mg/Nm ³
	H ₂ S	-	-	-	-	-	-	-	5 mg/Nm ³
Benzo(a) pyrene	-	-	-	-	-	-	-	0.1 mg/Nm ³	

									3
	Tar fumes	-	-	-	-	-	-	-	5 mg/Nm 3

Cold Lamination

		Average values in isokinetic found in 2010 evaluation		Emission threshold of RES. CONAMA 382/06 (MG/Nm3)	Emission threshold of General Guide (mg/Nm3)	Emission threshold of Specific Guide (Integrated Steel Mills)
		CM1	CM2			
Parameters of isokinetic evaluation performed in 2010 & IFC parameters	Particulate Material	28.07	11.44	-	-	20-50 mg/Nm3
	SOx	0.22	0.79	-	-	500 mg/Nm3 (SO2)
	NOx	0.47	0.01	320 (NO2)	-	500 mg/Nm3 750 (coke oven)
	Hydrogen Chloride	-	-	-	-	10 mg/Nm3
	Ammonia	-	-	-	-	30 mg/Nm3
	VOCs	0.058	0.03	-	-	20 mg/Nm3
	Oil Mist	-	-	-	-	15 mg/Nm3
	PCDD/F	-	-	-	-	0.1 ng TEQ/Nm3
	Carbon Monoxide (CO)	-	-	-	-	100 mg /Nm3 (EAF) 300 (coke oven)
	Chromium(Cr)	-	-	-	-	4 mg/Nm3
	Calcium (Ca)	-	-	-	-	0.2 mg/Nm3
	Lead(Pb)	-	-	-	-	2 mg/Nm3
	Nickel (Ni)	-	-	-	-	2 mg/Nm3
	Fluoride	-	-	-	-	5 mg/Nm3
Hydrogen Fluoride	-	-	-	-	10 mg/Nm3	

	(HF)					
	H2S	-	-	-	-	5 mg/Nm3
	Benzo(a) pyrene	-	-	-	-	0.1 mg/Nm3
	Tar fumes	-	-	-	-	5 mg/Nm3

 Thus, compliance with emission parameter was met by the general guide in relation to carrying out the monitoring activity. The parameters that are outside acceptable thresholds, specified in the Guide, will be cited in the action plan for the company's decision making since the Brazilian legislation mentions these are not required.-----

The company does not have monitoring data on ambient air to follow up the compliance of the guideline of the quality of ambient air. This monitoring is usually conducted by government agencies in order to monitor the carrying capacity of environments as to Atmospheric Emissions. Thus, it was not possible to evaluate the compliance of the parameters of ambient air quality recommended by the general guide (World Health Organization (WHO). Air Quality Guidelines Global Update, 2005. PM 24-hour value is the 99th percentile.). -----

The main sources of fugitive emissions of VOCs in the facilities coils and sheets manufacturing are mostly associated with releases by leaking

pipes, valves, fittings, flanges, storage tanks, pump seals, gas transportation systems, compressor seals, pressure relief valves and load/unload activities related to raw materials, chemical products, residual water and stations of wastewater treatment, among others.-----

Among the measures recommended to control emissions of VOCs, the specific guide recommends that VOCs generated in the process shall be treated through pre-coated bag filters; recirculation of outside gases; Treatment of the gas captured off-gas through afterburner. The company adopts the technology of bag filters, where the filtering of the gases is performed by passing the particle-laden air through sleeves where particles are retained on the surface and the pores of the wires, forming a cake that also acts as a filtering medium. -----

The company adopts the recommendations of this guide on the use of closed circuit circulation of gases, installation of high efficiency electrostatic precipitators and bag filters, demonstrating compliance with this recommendation of the specific guide. The isokinetic evaluation performed points to full compliance with this guide (20 mg/Nm³). In addition, an initiative to reduce the concentration of particulates in the chimneys has been observed. -----

B. ENERGY EFFICIENCY-----

Under the General Guide, energy management programs should be implemented, considering the regular monitoring of energy flows and their comparison with the targets set. These goals should be revised periodically, which may include comparison with reference data, confirming that the objectives set are appropriate. -----

The company declared having adopted several actions and programs turned to energy management, seeking for maximum energy efficiency for the plant, from the design, in which low power engines were installed, as well as use of natural gas (clean fuel) and with sub products of the process. Information were presented on the evaluation of the Unit of Pindamonhangaba on the effectiveness and efficiency of its programs, Objectives and Goals regarding Energy Management. See the performance chart below. The company presented the objectives and goals as regards energy, availability of equipment and monitoring of utilities meeting the determinations of the Guide. -----

2.3.1.1. b.1 – Follow-up of energy performance of the Unit of Pindamonhangaba-----

2.3.1.1. b 2 - Project of energy consumption reduction at the Unit of Pindamonhangaba-----

C. WASTEWATER AND QUALITY OF RECEIVING BODIES -----

The company has implemented an identification and tracking routine of all points of wastewater generation, which includes monitoring the quantity and quality of wastewater generation at the main generation sources of the plant. -----

The effluent treatment process is monitored according to established plan, as well as the discharge of effluents. The results are presented to the environmental agency at the established periodicity. -----

The plant was designed by adopting modern concepts of management and operation of effluents and may be considered to be a sturdy plant, because it has safeguards designed to situations of possible operational lacks of control. -----

The project included the construction of impermeable floors and drainage systems for all places where there is danger of possible chemical spills. This drainage system collects any spilled material in local containers that are interconnected to the drainage system of industrial effluents. Later the industrial effluent is forwarded for treatment in two tanks (Intermediate/regularization and sampling) and after the time of residence

required through a pneumatic pump, the adequacy of the flow and regime and continuous discharge are performed to the basic Company of sanitation of the State of São Paulo - SABESP. (details on the enclosed CD - <effluent>folder). -----

Thus, it is understood that the company has met these requirements for environmental licensing, since it regularly presents reports with the parameters requested. However, the company does not adopt all effluent monitoring parameters specified by the guide and did not provide justification for this less restrictive adoption. -----

The company did not provide justification for the failure to consider these parameters; therefore, an Improvement Opportunity will be opened that should be included in the Action Plan. -----

It was shown compliance with condition No. 10 of the Operating License of the Pindamonhangaba Unit related to the discharge of effluents into SABESP's sewage network. See below. -----

Letterhead paper -----

May 6, 2011-----

To CETESB – Agência Ambiental do Estado de São Paulo -----

Attention: Eng. Paulo -----

Ref.: Industrial Wastewater Discharge Regime -----

With reference of official letter 073/11-LJT issued by this Environmental Agency and to meet technical requirement No. 10 of Operation License No. 3003084, we inform that the present regime of industrial wastewater discharge is continuous as per process flowchart presented as an attachment. The wastewater, after neutralization by batch, is sent to two tanks (intermediary / regulation and sampling), and allowed through a pneumatic pump, which adapts the adequacy of flow and continuous discharge regime to Sabesp.-----

We place ourselves at your disposal for any clarifications-----

Sincerely-----

Includes signature-----

Viviane Braga Alves -----

Engineer of EHS-----

2.3.1.1. c 1 – Compliance with the requirement of the Operation-----

Table 2: Thresholds of the Specific Guide for wastewater and

performance declared by the company-----

Wastewater	Pollutants & Parameters	THRESHOLDS			Unit	Monthly Reports on Domestic Wastewater Report		
		Guideline Decree Value 8466/76	Art.			Report NOV 11/0045	Report NOV 11/0092	Date 05/19/11
Pollutants & Parameters of Wastewater Discharge from Specific Guide	pH	6 to 9	6 to 10	S.U	6.7	7.4	6.7	
	Temperature increase	3	-	°C	-	-	-	
	COD	150	-	mg/L	-	-	-	
	Total Nitrogen	10	-	mg/L	-	-	-	
	Total Phosphorous	2	-	mg/L	-	-	-	
	Sulfide	1	1	mg/L	0.3	0.3	0.3	
	Oil and Grease	10	150	mg/L	42	23	19	
	TSS	30	-	mg/L	56	50	392	
	Cadmium	0.1	1.5	mg/L	0.005	0.005	0.004	
	Chromium (total)	0.5	5	mg/L	0.02	0.02	0.005	
	Chromium (hexavalent)	0.1	-	mg/L	0.05	0.05	0.05	
	Copper	0.5	1.5	mg/L	0.01	0.01	0.02	
	Zinc	2	5	mg/L	0.06	0.2	0.25	
	Lead	0.5	-	mg/L	-	-	-	
	Nickel	0.5	2	mg/L	0.005	0.005	0.005	
	Mercury	0.01	1.5	mg/L	3.9	4.35	3.85	
	Phenol	0.5	5	mg/L	0.9	1.2	0.9	
	Tin	2	-	mg/L	-	-	-	
	Cyanides (free)	0.1	-	mg/L	-	-	-	
	Cyanides (total)	0.5	0.2	mg/L	-	-	-	
	Iron	5	15	mg/L	3.9	4.35	3.85	
	Fluoride	5	1.2	mg/L	0.9	1.2	0.9	
	Ammonia	5	-	mg/L	-	-	-	
PAH	0.05	-	mg/L	-	-	-		
Toxicity	To be determined on a case specific basis			-	-	-		
Additional Parameters performed	DQO	-	mg/L	678	726	683		
	DBO	-	mg/L	146	161	249		
Additional Parameters of	Arsenic	1.5	mg/L	0.0007	0.0004	0.0008		
	Sulfate	1000	mg/L	63	240	150		

Decree 8466/76, which are not pointed out by the guide are not adopted by the company	Selenium	1.5	mg/L	0.0005	0.0002	0.0003
	Lead	1.5	mg/L	0.05	0.05	0.05
	Silver	1.5	mg/L	0.02	0.02	0.02
	Sedimentary materials	20	ml/L*h	1	1	2
	Maximum temperatures	40	°C	22.9	22.8	21.8

 Regarding the quality of the receiving body of water, the company specifically tracks Rio Preto, which is included in the Operating License - LO as the receiving body. Monitoring is currently voluntary since effluents are not discharged into this river. The analysis resulting from the monitoring in water quality at the receiving body were presented for analysis of the audit team. -----

Monitoring re-evaluation should be made available for the next evaluation.-----

D.MANAGEMENT OF HAZARDOUS MATERIALS----- -----

The chemical products are stored in tanks and drums, in an area designed for this purpose, with more than 200 m distance from the water bodies. -----

The specific guide points to the need of the existence of an inventory control list for all hazardous materials existing in the plant. This list should include a summary table with at least the following pieces of information:

Name and description of the product and composition of the mixture-----

Classification of dangerous product (e.g. code, class, division)-----

Regulatory thresholds of Internationally accepted standards or national standards equivalent to the limits of USEPA - Title 40 CFR, Parts 68, 112 and 355 (available for access at <<http://www.epa.gov/oem/lawsregs.htm>>)-----

Quantity used per month Hazard characteristics (e.g. flammability, toxicity, etc.)-----

The company has inventory of dangerous products, but does not include all information indicated by the general guide.-----

The guide points to the evaluation of potential scenarios adopted as reference data banks and statistics available on industrial accidents. The company has an environmental emergency response plan where possible scenarios appear involving dangerous products; however, they do not point to the benchmarks adopted for the definition of these scenarios. -----

Table 3: Examples of reference data banks on industrial accidents and equipment reliability.-----

REFERENCE DATA BANKS	AUTHORS / INSTITUTIONS
Loss Prevention in the Process Industries. 3 Vol., 2nd Ed., London, 1996.	Frank P. Lees
CONCAWE	The Oil Companies European Organization for Environmental & Health Protection
National Transportation Safety Board (NTSB)	US DOT
Railroad Facts	Association of American Railroads
FACTS	TNO, Holland
MHIDAS	Safety & Reliability Directorate, United Kingdom
SONATA	TEMA, Italy
IFP	Instituto Francês de Petróleo (French Petroleum Institute)
CADAC	CETESB
Offshore reliability databank handbook, Norway, 1984.	OREDA
Process equipment reliability data, New York, 1989.	AICHE
Risk analysis of six potentially hazardous industrial objects in the Rijnmond Area, The Netherlands, 1982.	Rijnmond Public Authority

The guide advises towards the analysis of potential consequences based on the physical and geographical characteristics of the project, including aspects such as distance from water bodies, human occupation, and other environmentally sensitive areas. -----

One of the major inputs is the liquid metal. For this type of agreement, the EHS Manual for contractors that specifies the enforcement of the emergency plan for the transportation of hazardous materials was disclosed. View CD Folder <environment>. -----

The company has an equipment inspection program where the mechanical integrity and operability of critical equipment for security can be verified, such as: pressure valves, tanks, duct system, infrastructure for leak containment, emergency stop systems, among others. The company adopts as a criterion, prioritizing compliance with maintenance schedule, the criticality for the environment, occupational health and safety of the equipment (see attached CD - <procedure/ Emergency>folder). -----

The company has a very robust system for primary and secondary containment and drainage of effluents and possible leakage of chemicals, consisting of various control devices, including those equipped with automatic safety interlocks. It was to assess whether the company has documented operating procedures for operation of this system of containment and for the transfer operations of dangerous goods, as advised by the guide. Operating Procedure PI-90-0040-1 - Actions and measures to prevent the leakage and PI-90-0044-1 – abnormal situations. -----

The material safety data sheets for chemical products (MSDS) are adopted as reference and are available in all locations where chemicals are stored and used. -----

The company has sets for environmental emergencies (Abnormal Situations Kit), composed of materials for containment and collection of small leaks of chemicals that were distributed in areas where there is danger of these types of events. The plant has emergency showers equipped with eyewash devices in places where there is danger of contact with hazardous chemicals. -----

During the audit, it was possible to analyze Procedure PI-90-0010-1 Version 05 EMERGENCY PREPAREDNESS AND ASSISTANCE - defining Novelis' systematic to identify potential emergency situations and potential accidents that might have an impact on the environment, health and safety of individuals, aiming at protecting life, the environment and the property. -----

The company provides the necessary PPEs for handling dangerous products. -----

The general guide directs the development of a Management Plan of hazardous materials, comprising the following elements; -----

Documentation of process safety parameters; -----

Documented operating procedures; -----

Documented procedures for compliance audits. -----

It was possible to note that the company has documented this information and process management through the Procedure PI-90-0050-1 Transportation of hazardous waste. -----

The company has a procedure to control 6 PAE - Emergency Procedure in the Transportation of waste from Novelis, in compliance with this guide.

The general guide advises as to the need of adopting secondary containment to protect against possible leaks, spills and overflows. All areas where chemicals are stored have a containment or drainage basin for the treatment system of industrial effluents. It was possible to evaluate that the company has adopted criteria for compatibility of chemicals in their storage and use. It was possible to evaluate that the company adopted as a criterion for sizing the capacity of secondary containment of 110% of the greater volume to be contained or 25% of the total volume of

areas with multiple tanks where the storage capacity has a volume equal to or greater than 1000 liters, as per the guide's recommendation. -----

The company has devices for level control and documented procedures for the routines of transfer of dangerous products, as directed by the guide. It was shown that the investigation of incidents and permission/release of hazardous work is carried out by PT. Procedure for Planning, Identification and Evaluation of the risk and hazard aspect and impact. P-I-90-0004-1 Ver2. -----

Among the management actions, the general guide recommends the adoption of some procedures, such as change management, P-I-90-0048-1 ver4. -----

It is understood by Management of Changes the preliminary technical evaluation to substantiate changes in processes and operations, including the assessment of possible changes to occupational health and safety, need to modify operating procedures, training needs, among others. The company declared that it performs preliminary technical assessments to substantiate changes in processes and operations through Procedure PI-90-0048-1 Ver. 4 Management of change that proposes a standardized systematic to conduct and record these

assessments. Thus, it was possible to assess the full compliance with this item, as directed by the guide.

The company has a formal procedure to investigate accidents and incidents. The internal paper PI-90-0004-1 PLANNING FOR THE IDENTIFICATION AND EVALUATION OF ASPECT AND IMPACT, RISK AND DANGER and IP-90-0115-1 CRISIS MANAGEMENT. -----

However, it was not possible to assess the criteria adopted, or verify the existence of investigations or the status of ongoing investigations. -----

It was possible to evaluate the procedures for permission/release of hazardous work (PT - work permit) and two Forms of Service Release, as advised by the guide; the company stated the completion of this routine.

The general guide advises that the control mechanism of contracts should include a requirement for them to develop management procedures of hazardous materials that meet the requirements of the hazardous materials management plan. Its procedures should be consistent with those of the contracting company and the outsourced workers must undergo the same training. In addition, procedures should require that the outsourced companies: -----

Inform the security, performance, safety and risk information procedures.

Observe safety practices. -----

Have access to appropriate training for their employees -----

Make sure their employees know of the process hazards and applicable emergency measures. -----

Prepare and submit training records of their employees for the contracting company. -----

Inform their staff about the dangers posed by their work. -----

Evaluate trends of recurrence of similar incidents. -----

Develop and implement incident management procedures. -----

The company declared that the management of these hazards and risks is accomplished through a Work Permit and that the contractual clauses include specific control terms to be implemented by contracted

companies and Novelis itself. This methodology establishes monitoring of compliance with HSE (Environment, Health and Occupational Safety) ---

will be conducted by the contractors themselves through self-inspections to assess the safe working conditions and ensure compliance with the standards of Novelis's HSE. It also establishes that the corrective actions taken as results of inspections should be documented and revised with employees and agents of the contractors, subcontractors and Novelis's representative and the minimum frequency of inspections will be negotiated with Novelis's representative. The records of these inspections shall be kept in files and available upon request by Novelis. -

The general guide also advises that the company must implement training on hazardous materials and the training program should include:

A list of employees who are exposed to hazardous materials; -----

Schedule of training for new employees and refresher's course for older workers; -----

Specific objectives of the training; -----

Mechanisms to achieve these goals, and-----

The means to check the effectiveness of this training. -----

The company declared having a training program and provided documented information to make it possible to evaluate compliance with the items requested by this guide. This study showed the performance of Daily Safety Dialogues when information is presented and discussed by the work teams the dangers, risks, environmental aspects and impacts present in these activities that will be held throughout the day. -----

Among the preventive measures proposed by the general guide, it is highlighted the process safety information documentation, operating procedures and commissioning of new plants. The process safety information document must include, beyond the safety information on chemicals, which are provided by the MSDS, also information on equipment specifications and codes and standards used to design, build -----

and operate the process. The company declared the development and establishment within its management system of formal documented operating procedures for all steps of the process (e.g. initial startup, regular operations, temporary operations, emergency shutdown, emergency operations, normal shutdown, and start-up in the sequence of one normal stop or emergency stop), with considerations on the safe

operation of hazardous products, such as temperature control to avoid emissions of hazardous volatile chemical substances and deviation of dangerous effluents from the process to a temporary storage tank in case of emergency. -----

According to this guide, procedures and practices should be developed to allow quick and efficient responses to accidents that can result in personal injury or environmental damage, and the company must have a readiness structure and emergency response, prepared to meet the following items:-----

~ Planning and coordination: with procedures prepared for emergency communications to stakeholders; response actions; first aid actions and emergency medical treatment; revision and update of the response procedures when such changes are required. -----

Emergency equipment: with procedures for use, inspection, testing and maintenance of this equipment. -----

Education: all employees, including contractors, should be trained in emergency procedures. -----

This made it possible to verify that the company has a contingency plan to deal with environmental scenarios and hazards and risks in the

activities undertaken by the employees themselves and outsourced workers. It was reported that there is no differential treatment for issues related with Safety, Occupational Health and Environment for the workers themselves and contractors. All who perform activities on behalf of Novelis receive the same training and are subject to the same rules. Below are examples of Standards and Procedures provided by Novelis for analysis of the audit team. -----

STANDARDS / COMPLEMENTARY PROCEDURES-----

- **PI-90-0004-1** Planning for the Identification and Classification of Aspects and Impacts and Hazards and Risks; -----
- **PI-90-0016-1** Corrective actions / preventive actions; -----
- **PI-90-0062-1** - Radiation Protection - Emergency Plan; -----
- **PI-90-0090-1** Fatal and nonfatal emergency assistance; -----
- **PI-90-0095-1** Inspection of fire and emergency equipment; -----
- **PI-90-0046-1** Completion of RO "Occurrence Report"-----
- **PI-90-0092-1** Access to the Plant - General Procedures; -----
- **PI-90-0101-1** Gate Procedure; -----
- **PI-52-0001-1** Training Program and Training; -----
- **PI-90-0153-1** Emergency Brigade; -----
- **PI-90-0154-1** Prevention of Losses by Fire; -----

- 1 PAE - Internal or external emergency communication; -----
- 2 PAE - Emergency Contacts; -----
- 3 PAE - Procedure for Accidents involving victims; -----
- 4 PAE- Procedure for Hazard of Chemical Product Residue Leak and Spill; -----

- 5 PAE - Procedure for Spill of Liquid Metal/ -----
- 7 PAE - Procedure for Fire in Rolling Mills; -----
- 8 PAE - Procedures for Fires and possible Explosion(s); -----
- 10 PAE - Procedure for Leak of Natural Gas; -----
- 12 PAE - Procedure for Compliance with Mutual Aid Plan; -----
- 13 PAE - Procedure for PCE Flow Accidents; -----
- 11 PAE - Fire Fighting Procedure at high voltages. -----

E. MANAGEMENT OF RESIDUES -----

According to the general guide, waste management should be conducted through a waste management system that addresses issues related to waste minimization, production, transportation, disposal and monitoring.

Units that generate waste should characterize waste according to the composition of the sources, types of wastes produced, generation rates or in accordance with regulatory requirements. -----

This guide advises that effective planning and implementation of strategies for waste management should include: -----

1. Identification of sources of waste during planning, implementation, and project activities, including equipment modifications and process changes to identify the expected generation of waste, pollution, prevention opportunities and treatment necessary,, storage and disposal infrastructure. -----

2. Data and information collection about the process and waste flows at existing facilities, including the characterization of waste flows by type, quantity and potential use and/or disposal, -----

3. Setting priorities based on a risk analysis that considers the potential risks during the waste cycle and the availability of infrastructure to generate waste in an environmentally appropriate way; -----

4. Definition of opportunities for reduction at the source as well as reuse and recycling; -----

5. Definition of operational controls and procedures for local storage; ----

6. Definition of the options, procedures and operational controls for the
treatment and final disposal of waste. -----

The company presented CADRI - Certificate of Handling Environmental
Interest Waste, of 2011. It is an instrument that approves the referral of
industrial waste to reprocessing, storage, treatment or final disposal
locations, licensed or authorized by CETESB. -----

The company has the following internal procedures for Residue
Management – PI-90-0136-1 Version 6 - COLLECTION,
SEGREGATION, TRANSPORTATION AND STORAGE OF WASTE,
aim at establishing, maintaining and systematizing the collection,
segregation, transportation and storage of waste generated at the
different activities and processes of Novelis Pindamonhangaba. Below,
other Procedures made available for checking: -----

PI-90-0007-1 Industrial Waste Disposal Plan; -----

PI-90-0032-1 Process Mapping - Residues –SGI; -----

PI-90-0050-1 Transportation of Hazard Waste; -----

PI-90-0055-1 Health Service Waste Management Program; -----

PI-90-0066-1 Management of Residues ; -----

PI-90-0068-1 Record Control of EHS&Q. -----

The Systematic of Waste Management explains the company's routine to monitor the results. However there have not been seen items such as: -- Preparation of evaluation reports containing the follow-up of the evolution of the management system implemented by monitoring the actions planned and implemented; information not available for this evaluation. - Internal management reports for company management, which will serve as a management tool, including to scale the company's annual budget in disbursements for treatment and final disposal of waste; information not available for this evaluation. -----

It was shown a plan suitable to treat generated waste considering the recommendations of the general guide. It was evidenced the daily and monthly control of waste - plan for waste and indicators of recycling (general waste and process). -----

With regard to recycling and reusing, the company has proven to have a robust management system. During the opening meeting, the various actions of the company were presented in relation to the subject. The recycling of production waste, incorporating out of specification product at the beginning of the process; transforming this waste into process input

is a strong point of the management process of Novelis in
Pindamonhangaba. -----

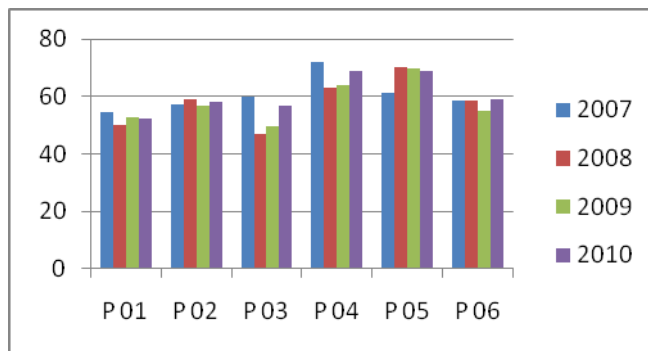
It should be highlighted that the company presented evidence of correct disposal of hazardous waste. The management of hazardous waste is properly conducted, where it stands out that they are adequately housed in a sheltered facility with containment for potential spills, with control and inventory access, with monitoring routine and visual inspections. It was shown the adequacy and the compliance in relation to NR 26, item 26.2 "Precautionary Labeling" (details in item 2.3.2.2. Regulatory Standards).

F. NOISE -----

The company carries out environmental noise monitoring annually, as required. Based on the report submitted during the previous evaluation (March 2009) it was recommended the performance of new measurements to the point that presented a level of noise above that specified, because it was not conclusive whether this report resulted from Novelis's operation in Pindamonhangaba. In response to this recommendation, a new analysis was conducted and no points were found with measurements above those allowed, including the aforementioned point (evidence in attached CD - <External Noise>folder). -----

The company adopted as the reference for this analysis the legal reference (CONAMA Resolution 01/90), more restrictive than the limits of the general guide, where it was found its full compliance. -----

DAY TIME-----



While we observe the result of outside noise monitoring, performed during the Day, we had no point exceeding the threshold of 70 dB(A). Therefore, no action is necessary. -----

NIGHT TIME-----

However, the results of external night noise have presented deviations at points 04 (Railway Line behind the Hot Mill), and point 05 (Railway Line behind the Oil Station) since 2007. -----

It was informed that in both places, Novelis is unable to take any kind of action for reduction, since the railway station is not part of Novelis's production process. -----

Taking into consideration that this has to do with an unpopulated area and up to the moment there have not been complaints on the part of the stakeholders, Novelis does not see the need to concentrate efforts toward minimizing night noise at these points. -----

G. CONTAMINATED SOIL/SUBSOIL -----

According to the general guide, the land is considered contaminated when it contains concentrations of hazardous materials above background levels (naturally occurring). Thus, according to the general guide, when there is confirmed or suspected contamination of the ground during any phase of the project, the cause of the discharge of these dangerous products should be identified and corrected to prevent further discharges and their negative impacts. To determine if risk management actions are required, -----

the following assessment approach should be applied to determine if the three risk factors - "contaminants", "receptors" and "exposure routes" co-exist or are likely to co-exist on the project site, considering the use of the present or future land:-----

Contaminants: The presence of hazardous materials, waste or oil in any environmental environment at potentially hazardous concentrations; -----

Receptors: Real or potential contact of human beings, animals, plants and other organisms with the contaminants of interest; -----

Exposure routes: The combination of the migration route of contaminants from their point of discharge and the exposure routes that allow actual contact of the recipients with contaminants. -----

When the three risk factors are considered as existing, the following additional steps of risk control should be followed: -----

Risk screening -----

Risk management-----

Quantitative risk evaluation -----

Permanent measures for risk reduction -----

One must consider that the owner of a property before the law is liable for any contaminants that cause damage to health and the environment. In the situation where the owner suspects the existence of contamination, detailed and confirmatory investigations should be conducted. The

identification of contamination in an area does not necessarily define the unfeasibility of its use, but the owner must consider the fact that he must invest in the recovery of the area and negotiate this value condition in the transactions involving the use of such an area. -----

In the case of a sales transaction, it is clear that the new owner starts to have shared responsibility for the monitoring and recovery of the area. During the audit it was informed that the company conducts a confirmatory assessment developed by company HIDROPLAN " & HIDROGEOLOGIA LTDA. -----

2.3.1.2 OCCUPATIONAL SAFETY AND HEALTH-----

The general guide provides that preventive and protection measures must be made in accordance with the following order of priority: -----

- Eliminate the risk by eliminating activities of the work process. -----
- Control the risk at its source through the use of engineering controls. ----
- Minimize the risk by designing safe work systems and administrative or institutional control measures. -----
- Provision of adequate personal protective equipment (PPE), as well as training, use and maintenance of PPE. -----

According to this guide, the implementation of risk prevention and control of occupational hazards should be based on comprehensive analysis of work risk or safety. The results of these analyses should be prioritized as part of an action plan based on the probability and severity of the consequence of exposure to the identified risks. The general guide presents an example of a matrix for qualitative classification of risks to help identify priorities-----

Table 5: Example of matrix for qualitative classification of occupational hazards for prioritizing actions, presented by the general guide. -----

	<i>Consequences</i>				
<i>Likelihood</i>	<i>Insignificant</i> 1	<i>Minor</i> 2	<i>Moderate</i> 3	<i>Major</i> 4	<i>Catastrophic</i> 5
<i>A. Almost certain</i>	L	M	E	E	E
<i>B. Likely</i>	L	M	H	E	E
<i>C. Moderate</i>	L	M	H	E	E
<i>D. Unlikely</i>	L	L	M	H	E
<i>E. Rare</i>	L	L	M	H	H

Legend -----

E: extreme risk; immediate action required-----

H: high risk; senior management attention needed-----

M: moderate risk; management responsibility should be specified-----

L: low risk; manage by routine procedures -----

This matrix, presented by the general guide only as an example, is typical of a Methodology traditionally adopted in Brazil known as Preliminary Hazard Analysis (APP - Análise Preliminar de Perigos) also known as Preliminary Risk Analysis (APR - Análise Preliminar de Riscos). -----

In order to simplify and improve product the results of the services rendered to its customers, Novelis do Brasil Ltda. - Pindamonhangaba - instituted an "Integrated Management System Manual" -----

The "Integrated Management System Manual" has been structured based on the requirements of ISO 9001 - Quality Management Systems, ISO 14001 - Environmental Management Systems and BSI OHSAS 18001 - Management Systems of Occupational Safety and Health, along with other documents, and constitutes the major means of disclosure of the SGI (Integrated Management System - Sistema de Gestão Integrado), where it was proven a wide and adequate disclosure among

Novelis do Brasil Ltda. - Pindamonhangaba employees, at all levels of responsibility. -----

This manual was prepared with support and participation of the areas of Novelis, and approved by the EHS&Q Area Manager. -----

It was shown a Survey of Hazards and Risks to Health and Safety with 655 records classified as Trivial, Moderate, Substantial and Critical (see below). On the worksheet it is also included in the Applicable Law or Requirement, the Applicable Operational Control Measures, the Required PPE and the Standard Procedures (s) / Practice (s). -----

Table 6: Example of matrix for qualitative classification of occupational hazards for prioritization of actions, as shown during the audit. -----

SGSS _ Levantamento de Perigos e Riscos de Saúde e Segurança
(Survey of Health & Safety Hazards and Risk) -----

NOVELIS DO BRASIL LTDA-----

LAMINATES DIVISION-----

PLANT PINDA -----

MENU -----

	INSIGNIFICANT	MODERATE	SUBSTANTIAL	CRITICAL	TOTAL
No. of hazards	37.9	239	31	0	649
No. of hazards	58.40%	38.83%	4.78%	0.00%	100.00%

 The table includes the following colors: White for insignificant; yellow for moderate; Orange for substantial and red for critical -----

The escape routes are delimited, both in the operational area and in the administrative buildings. During this evaluation, all the passages and emergency exits were clear. -----

We observed the existence of detection and firefighting equipment at all premises of the facility. The equipment is inspected and maintained regularly and is in good visual conditions. -----

It was possible to assess that all exit signs are visible including during total darkness. -----

Both the expansion and the plant have AVCB - Plant 787501. Valid until 11/12/2013 - Technical Approval Expansion Form – FAT, No. 1133/0017/2011 Signed on April 15, 2011. The project was approved. It

was not possible to assess whether the number and capacity of the emergency exits were designed for safe and orderly evacuation of the highest number of people present and if there are at least two emergency exits in all work areas as per the general guide. -----

It was not possible to assess if the facilities were designed and built taking into account the needs of people with disabilities as per the general guide.

It was not possible to assess if the detection and firefighting equipment was properly sized and installed considering the physical and chemical properties of substances in each environment and the maximum number of people. However it should be noted that the company has permit to operate from the fire department quoted above, which provided a favorable opinion to the existing design. -----

It was not possible to assess whether the fire alarm and emergency systems are audible and visible to all occupants of the plant in all areas of the unit. -----

We observed the provision of drinking fountains of mineral water in various parts of the enterprise. -----

The employees' eating area is suitable. No condition related to exposure to hazardous or harmful substances were observed in this environment.

The passages for pedestrians and vehicles are delimited and provide safe and adequate access to all the plant areas. Hazardous areas are controlled by devices and access control routines. -----

The company declared that it performs integration training for all new employees, where it provides guidance on the basic safety rules; it presented evidence of planning, implementation and evaluation of training so that it took into consideration items provided by the general guide, such as: -----

Awareness to all basic risks -----

Specific hazards of work places -----

Safe working practices -----

Emergency procedure for fires and evacuation of area -----

Guidance as to safety signs adopted at the plant -----

Visitors only have access to operational areas if they are accompanied by a guide (experienced employee) responsible for guiding visitors to the risks and hazards of the areas and emergency procedures, if necessary.

The general guide advises that occupational accidents and diseases should at least be classified according to Table 8. -----

Table 7: Minimum items of classification in the work accident reports

Occupational Accident Reporting		
a. Fatalities (number)	b. Non-fatal injuries (number)	c. Total time lost non-fatal injuries (days)
a.1 Immediate	b.1 Less than one day	
a.2 Within a month	b.2 Up to 3 days	c.1 Category b.2
a.3 Within a year	b.3 More than 3 days	c.2 Category b.3

The company released information about the classification and indicators adopted in the monitoring reports of accidents and occupational diseases, so that they could be evaluated for the adoption of this criterion. Classification and Analysis included in the PI 900107 - 1 version 0 establishing a classification criterion and indicators adopted in the monitoring reports of accidents. -----

It was shown compliance with NR 5, which regulated the provisions of Article 163 of the CLT, establishing new rules for the operation of the Internal Commissions for the Prevention of Labor Accidents - CIPA. -----

This Standard is the result of a tripartite negotiation, as set forth by the procedures of Ordinance/MTb No. 393 of April 9, 1996. -----

NR 5 did not restrict itself to consider important the negotiation process in its preparation - it has made this process one of its pillars. Based on

interviews conducted on August 18 and 19, 2011 it can be said that at Novelis of Pindamonhangaba, CIPA committees are proactive, which has its best strategy the daily negotiation. -----

In addition to the negotiation at its own committee's level, it was established the possibility of social players, unions representing workers and employers to adapt their principles to the characteristics of the activities developed at the unit. -----

It was possible to note the structuring of the electoral process, including with the establishment of the Electoral Commission; a list of assignments compatible with an efficient CIPA. -----

During the audit it became apparent that issues related to Hazards and Health Risks and Occupational Safety receives close attention from-----

Novelis Brasil. As an example we can cite that the Internal Commission for Accident Prevention - CIPA plays an important role in the governance structure of the aspects of SSO at Novelis. There are committees and sub-committees composed of employees and members of CIPA who discuss tasks and risks step by step. -----

Other records: -----

1. Presentation of process Pare e Pense (Stop and Think) – training and disclosure to the areas-----

2. SINO – Safe Behavioral Process – Procedure PI-900104-1-----

3. SINO’s sustainability rate – Monitoring and Evaluation of the Methodology-----

4. *Process Index* – Indicator of SINO Process (Novelis’s Observation System) -----

5. Analysis of applicable NR’s -----

6. PPE Supply Form – Forms of 2 employees-----

7. Inspections in the fire fighting system and emergency response: pumps, vci’s, boards, eye-wash, showers, EPR, hydrants, shelters and accessories and fixed CO2 system. -----

8. CIPA – Area subcommittee structure (LF, LQ, remelting, support and contracted parties); -----

9. Pare e Pense (Stop and Think) – Safe Behavior Process – PI-90-0138-1

10. Pare e Pense Banner – Evidence of disclosure -----

11. Checklist for monitoring of Pare e Pense process -----

2.3.1.3. COMMUNITY’S HEALTH AND SAFETY -----

Although there are no communities in the vicinity of the project, we must consider the interventions made during the operation of the enterprise that might affect the present community in its area of influence. -----

Later in this report, from Standard 1, items C. impacts and risks and D. Cumulative impacts, impacts of third parties and regional evaluations, the question of need to improve the survey of the project’s impacts and risks is analyzed, showing requirement of better understanding of the issues that might affect the Community’s Health and Safety in the area of influence. -----

So far, with the information made available and considering the project separately, it is believed that the events involving transportation of products, Public Health, public safety and increased water consumption

are the main possible interfaces of the operation in progress with the issues of Community's Health and Safety of the area of influence of the project, specifically as it regards the impacts relative to natural resources of the area of influence (tributary rivers). -----

However, one must also consider the context in which the enterprise is inserted, an industrial complex deployed. As an example of this issue, below is the argument concerning the likely impacts on increased water consumption in the area of influence of the complex, which overlaps and extends beyond the boundaries of the area of influence of the project separately. -----

Reports of the company on expansion works presuppose an increased need for water supply, raise concerns about the impacts of this increase in consumption and distribution of water to neighboring communities, so that the current structure and distribution of treatment does not impose difficulties to the communities existing in the vicinities of the industry. When considering the isolated consumption of water only from the project focus of this evaluation, consideration should also be given that the due impact share is not easy to identify, but it is plausible to assume that it represents a relatively small portion of total expected impacts. -----

It is not proposed that the company takes the direct responsibility of public authorities in the management of impacts due to expansion of its water consumption or in relation to the collection system and water supply, but rather that the company knows them and consider them in its strategic decision, which, thus should establish some sort of follow-up in the performance of the control actions for such impacts. -----

It is necessary to consider that the extent of this monitoring should be commensurate with the nature and scale of impacts to aquatic environments and not only marked out by the company's share of contribution to these impacts. -----

Similarly, the impacts due to the considerable increase in cargo handling make up a portion of the full impact expected for all enterprises in the industrial complex located in Novelis's area of influence, but it is plausible to assume that the sum and synergy of the impacts of all trucks could bring impacts in the quality and style of life of the population in the area of influence, whether this is the present population on the streets that access the complex or not. -----

Thus, with the information available to date, it is considered that the strategy of industrial water reuse is an appropriate strategy that allows

Novelis to reduce its influence on the impacts on the environment and quality of life of these populations. -----

However, possible impacts due to transportation of products should be fully considered in the routine of preparation and response to emergencies of Novelis. -----

Public health issues have received attention from the company. However, it was evidenced the monitoring of adverse actions on vectors, media and events or events of this highly complex area. -----

Public safety issues received the company's attention. But it was not evidenced the monitoring of occurrences or events in this area. -----

Thus, we conclude that only after the improvement of the survey of impacts and risks of the enterprise, expanding the approach to social and other impacts, as argued in Standard 1 items C. impacts and risks and D. Cumulative impacts, third party impacts and regional evaluations, the company may identify other demands for which it should implement direct actions or carry out an indirect follow-up and influence. -----

2.3.1.4. CONSTRUCTION AND DECOMMISSIONING-----

This item of the general guide provides additional and specific instructions concerning the prevention and control of health and safety of the community to the impacts that might occur during the development of a new project, at the end of the life cycle of a project, or due to expansion or change in the existing project. -----

This item deals with control parameters relating to environmental issues such as noise and vibrations, mobilization and transportation of sediments, control of surface drainage, design of roads, disruption to water bodies, structural stability of land, air quality, solid waste, discharge of effluents and contaminated soils and controls relative to matters of work safety such as excessive strain, falls, work in heights, impacts by objects, handling of machines, dust, excavation work and work in confined spaces, among other. -----

There is no information documented on the routines implemented at the time of construction to check compliance with the recommendations of this item. -----

It is understood that for the current phase of the project, these observations are relevant, since the project is fully operational, with additions and works. -----

It is recommended that the guidance of this item be considered during the current phase of expansion, construction and/or deactivation of the enterprise. -----

2.3.2. OTHER LEGAL REQUIREMENTS -----

2.3.2.1. ENVIRONMENT -- ENVIRONMENTAL LICENSING -----

The project has the Operating License No. 3003084 issued on 10.08.2009 having as main licensed activity Aluminum and its alloys and metallurgy. This document is valid until 10/08/2011. -----

The present technical requirements in the license are met and as frequency defined in it, reports are sent to the environmental agency presenting evidence to support their compliance. -----

License for Project Operation: No. 3003084 Version 1 - Renewal Date: 10/08/2009. Valid up to 10/08/2011. -----

Compliance with Technical Requirements - Sample Survey: -----

Industrial Liquid Wastewater 01 - Operate and maintain adequately the treatment systems of industrial wastewater in order to ensure continuous compliance with the discharge standards, as set out in Article 19 of the Regulation of the State Law No. 997/76, approved by Decree No. 8.468/76 and its changes, -----

Evidence: Reports from November 2011/0150, 0075, 0042, 0043, performed by Laboratório AMBIOTEC - Laboratório de Tecnologia Ambiental Ltda., which warrants monitoring and compliance with discharge standards set by the legislation and the monitoring defined in the LO. -----

Atmospheric Emissions: 02 - Perform annual assessment of Atmospheric Emissions through chimney sampling, according to the Methodology CETESB, presenting technical reports with the concentration of hourly flows of emissions relative to the Parameters: Particulate Matter (MP), Sulfur Oxides - SOx, Nitrogen Oxides (NOx, HCl and C12. -----

Evidence: Letter of September 28, 2009 forwarding the Monitoring Plan for Atmospheric Emissions - Protocol CETESB No. 2061 of 09.29.2009. System of inventory of emissions from stationary sources in the state of São Paulo No. 743 of the company's code 528-34. -----

Effluents: 10 - Adjust the system of discharge of industrial effluents to the conditions laid down in Article 19-A section IX, in order to allow for sampling of the wastewater. -----

Evidence: Letter dated May 6, 2011 dealing with the regime of sanitary wastewater discharge directly to SABESP. -----

Residues: 11 - CADRIS in force, issued without expiration date, should be replaced within the term of the license renewed now. -----

Evidence: The technical requirements relating to wastewater are met, as per updated CADRI and presentation for validation (evidence in the attached CD - <residues>folder): -----

Areas under licensing-----

The project currently has the following environmental licensing processes under review by CETESB - Taubaté Agency. Attached to this document are the blue prints of the respective processes. -----

Table 8: Environmental Licensing -----

Item	SD	Process	Object
1	03011831	03/00426/10	LP;LI;LO- Expansion of production area Remelting
2	03011927	03/00479/10	LP;LI;LO-Work Site Expansion
3	03012095	03/00526/10	LP;LI;LO- Partial Venus Project – Expansion (1st stage)
4	03012192	03/00050/11	LP – Venus Project – General Plant Expansion

Item 1-----

The process under SD 03011831 refers to the expansion of the production capacity from 470,000 t/year to 560,000 t/year of aluminum sheets at Remelting/Recycling, envisaging the execution of a slap storage shed, installation of 2 melting furnaces (melter A1 2 and sidewell IV), recapacitation of standby furnace, 2 load baskets, 1 motor car, transportation pneumatic system, storage silo and hot dedusting system.

Item 2-----

The process under SD 03011927 refers to the construction of the work site, which will be used during the work of the Venus Project – general plant expansion. -----

Item 3-----

The environmental process under SD 03012095 refers to the 1st stage of the Venus Project to increase production capacity, envisaging the expansion of the hot slag storage shed, re-cooking furnace substation and office / maintenance. -----

Item 4-----

The environmental process under SD 03012192 refers to Project Venus – general expansion of the plant to crease the unit's production capacity. The process in question is the object of this memorial. -----

WATER RESOURCES -----

No legal conformities were found in this item. -----

The Project has the following forms of water catchment for industrial consumption and sanitary use as there is no use of water in the local supply network: -----

Table 9: Number of Grants -----

Type	No. of License	Flow (m ³ /h)	Altitude (m)	UTM-N(m)	UTM-E(m)
Superficial	1602	90	564	7464950	460250
Underground	1602	25	564	7465100	459820
Underground	1602	20	564	7464950	459200
Underground	1602	10	564	7464800	4595540

The grant of the project mentioned above had validity up to 10/10/2010. The process of grant renewal was filed at DAEE and is under analysis. -

With the expansion of the project, it is estimated that there is no significant increase in water consumption for sanitary use. As to the consumption of industrial water (superficial catchment), which will be used in the process, the consumption estimate is below: -----

- Present average consumption: 911.52 m³/ day -----
 - Estimated average consumption after expansion: 1595 m³/ day -----
 - Increase: 683.48m³/day (+ 75%) -----
-

The capacity of the water treatment station will not be expanded, since it already has treatment conditions foreseen for 2012. -----

Points of water catchment (sample) -----

Figure 1 – Semi-artesian well No. 1 -----

Figure 2 – Semi-artesian well No. 2 -----

C. REGISTRY OF POTENTIALLY POLLUTING ACTIVITIES-----

The register of the company as potentially polluting activity was performed, and the entrepreneur made the payment of the corresponding federal fee (quarterly). -----

Includes stamp of the Federative Republic of Brazil – Ministry for the Environment – Brazilian Institute of the Environment and Renewable Natural Resources -----

Federal Technical Registry -----

Regularity Certificate -----

Registry Number:28014 -----

CPF/CNPJ:60.561.800/0041-09-----

Issued on: 05/26/2011 -----

Good up to: 08/16/2011 -----

Name/Commercial Name/Address -----

NOVELIS DO BRASIL LTDA-----

AV.BURITI, N° 1087-----

DO FEITAL-----

PINDAMONHANGABA/SP -----

12425-190-----

This certificate confirms the regularity at the-----

Registry of Potentially Polluting Activities-----

Steel Industry/production of laminates, alloys, non-ferrous metals artifacts
with or without surface treatment, including electroplating.-----

Note:-----

1-This certificate does not qualify the stakeholder to exercise the
activity(ies) described; depending on the case, he will need to obtain a
license, permission or specific authorization after technical analysis by
IBAMA, of the corresponding program or project: -----

2 – In the case of closure of any specific activity in this certificate, the
stakeholder must necessarily communicate to IBAMA within 30 (thirty)
days of the occurrence for system updating.-----

3 – This certificate does not replace the environmental license required
issued by the competent entity.-----

4-This certificate does not enable the transportation of Forest and fauna products or sub-products. -----

The inclusion of Natural Persons and Legal Entities in the Federal Technical Registry will not imply, by IBAMA and third parties, certificate of quality, or value opinion of any kind. -----

Authentication -----

cnfv.xgka.tht8.keqc -----

2.3.2.2 REGULATORY STANDARDS -----

Regulatory Standards 01, 04, 07, 09, 10, 13, 15, 16, 17, 18, 23, 26 and 33 were evaluated: -----

NR-01 -----

Service Orders have been prepared and revised on 08/01//2005 for all functions and activities, as determined in the record itself. -----

Changes already incorporated: Ordinance SSMT N. 3, of 02/07/88, Ordinance SSMT N. 13, of 09.17.93, Ordinance SIT-DSST N. 84, of 03.04.09. -----

NR-04 -----

Update of SESMT Structure, filed at MTE-DRT on 01/08/2010. The present structure of SESMT consists of the unit of Pindamonhangaba by:

Occupational Safety Engineer - Viviane Braga Alves-----

Labor Nurse - César Polisel-----

Occupational Physician - Antonio Fausto Ribeiro Pimentel-----

Occupational Safety Technician-----

1) Cláudia Franco-----

2) Ederaldo Luis do Carmo Galvão-----

3) Regiane Zucchi-----

4) Reinaldo José Camargo-----

This study showed the Professional Registration Form, Enrollment Receipt and Registry Situation of CAGED. -----

NR-07 -----

The PCMSO document prepared by Novelis was checked. We checked the certificates of occupational health (ASO) of employees interviewed,

and found that there is a routine of medical examinations. The PCMSOs available are adequate, and no non-conformities were found. Through the PI-90-0087-1, and PCMSO registration in G:\Security\13 Files -----

SG\OHSAS18001\4.4.6 - Operational Control\PI-Occupational Health\PCMSO-----

NR-09 -----

Novelis's PPRA was presented. Control of this process through the PPRA - PI-90-0074-1 and PPRA register in G:\Security\13 Files, SG\OHSAS18001\4.4.6 - Operational Control\PI-Occupational Health\PPRA relative to 2009 / 2010. The PPRA made available are adequate and no non-conformities were found. -----

NR-10 -----

Actions were defined to fit in the detailed analysis of this NR: Evidence of compliance by: Procedure for Control of Hazardous Energy - PI-90-0076-1 Report of Electrical Facilities filed in Engineering: Developed in 2001, revised in 2003 by the company Ambiental Assessoria de Segurança de Trabalho. -----

The actions relating to NR 10 are underway in the unit, and the guide is complete. -----

The adequacy actions of NR10 are being addressed and monitored through the SAC No. 0011/2010. -----

NR-13 -----

Actions were defined to fit in the detailed analysis of this NR: Pressure vessels are controlled by the MAXIMO software. Medical records concerning the inspection and monitoring are appropriate and filed in Engineering-----

NR-15 and 16 -----

The activities were evaluated as to insalubrity as described in "Technical Report of Environmental Conditions at Work", Novelis-----

Pindamonhangaba has unhealthy activities in the area of Remelting (DC's, Melters and Holders) and pays the appropriate additional fee for insalubrity. (Insalubrity level Medium). The hazardous activities declared by the company are Radiological Protection Area, Warehouse and Working with Electricity. The company declared that it complies with the

payment of additional fee as to the insalubrity of outsourced personnel who perform this activity, but did not provide documented evidence of this action. -----

NR-17 -----

Through the Procedure of Ergonomics Applied to Work - PI-90-0097-1. Approval of attachment II of NR 17 by Ordinance SIT/DSST No. 9 of 03/30/07. -----

NR-18 -----

The companies hired for civil construction are monitored from Work Permit as per PI-90-0077-1. -----

NR-23 -----

The company's facilities were approved by the Fire Department as per Certificate of Good Standing. -----

The company has a fire fighting system, including the audible alarm and a trained emergency brigade. PI-90-0010-1 - Emergency Preparedness and Response, PI-90-0095-1 - Inspection of Fire and Emergency and Fire Equipment, PI-90-0098-1 - Hot Work - Guidelines for Fire Protection - Practices of Installation and Project Criteria JPE-PINDA3-AX-IE 1302 filed in the Project Area. -----

NR-26 -----

Non-compliance pointed in the previous evaluation as to the identification of chemicals stored in the center of special waste has not been fully complied. It was found that all stored products have an identification tag, but these tags do not fully comply with item 26.6 of NR "Preventive Labeling", so that the dangers related to hazardous and harmful waste to health, and the measures to be taken in case of accidents are clear and available to the workers who perform transportation, control and handling, specifically those listed below: -----

26.6.4. - Where it can occur mixtures of two or more chemical substances, with properties that vary, in type and degree from those of the components separately considered, the label should highlight the hazardous properties of the end product. -----

26.6.5. - The label must include the following topics: -----

TECHNICAL PRODUCT NAME; -----

WORD OF WARNING designating the degree of risk; -----

R-PHRASES; -----

PREVENTIVE MEASURES COVERING THOSE TO BE TAKEN; -----

FIRST AID; -----
INFORMATION FOR PHYSICIANS, in cases of accidents, and SPECIAL
INSTRUCTIONS IN CASE OF FIRE, -----
SPILL OR LEAK, when appropriate. -----

26.6.6. - In the fulfillment of the provision in the previous item the
following procedure will have to be adopted: -----

Full technical name, the label specifying the nature of the chemical.
Example "Corrosive Acid", "Lead Compound", etc. In any situation, the
identification should be adequate, to allow the choice of correct medical
treatment, in case of accident. -----

Word of Warning - The words of warning that should be used are: -----
"DANGER" to indicate substances that have a high risk. -----
"CAUTION" for substances presenting medium danger -----
"ATTENTION" for substances that pose slight risk. -----

Indication of Risk - The indications will inform about the risks related to
the handling of habitual use or reasonably foreseeable use of the
product. Examples: "EXTREMELY FLAMMABLE", "HARMFUL IF
ABSORBED THROUGH THE SKIN", etc. -----

Preventive Measures - Its purpose is to establish other measures to be taken to avoid injury or damage arising out of the risks pointed out..
Examples: "KEEP AWAY FROM THE HEAT, SPARKS AND OPEN FLAME" and "AVOID BREATHING DUST". -----

First Aid - Specific measures can be taken before the doctor arrives. -----

NR-33 -----

Novelis has confined spaces, which are not designed for continuous human occupancy and has limited means of entry and exit, where existing ventilation is insufficient to remove contaminants or where there might be a deficiency or enrichment of oxygen. The technician responsible for this standard was formally designated; the existing confined spaces were identified; the specific risks of each confined space were identified; the management in work safety and health in confined space was implemented; through technical measures of prevention, administration, personal and emergency and rescuing, so as to guarantee environments with adequate work conditions on a permanent basis. -----

The guarantee of continuing training of workers on the risks, emergency and rescue control measures in confined spaces were performed in 2008

and are already being recycled in 2009 and 2010. The Work Permit relative to the access to confined space only occurs after its issuance, in writing, as per model included in the <attached CD-SGI Folder>.-----

Novelis provides information to contractors about risks in areas where its activities will be developed and requires the training of these workers, monitors the implementation of security and health measures for the employees of contractors providing the means and conditions for them to act in accordance with this NR. Control measures for each access to confined spaces are communicated. -----

RDC 216/04 – Services of Meal Supply-----

The License for the Cafeteria No. 257 was checked – validity: 10/14/2009 – issued by the Department of Protection to Sanitary Risk and Damage to Health – Sanitary Surveillance of Pindamonhangaba. In addition, it was presented the Inspection Report No. 023/2009, of July 14, 2009, relative to adequacies in the structure of the Cafeteria. -----

No. CEVS 353800601-863-000218-1-4 – Health Station Operation License-----

Validity 02/07/2012 Issued by the Department of Protection to Sanitary Risk and Damage to Health – Sanitary Surveillance of Pindamonhangaba. -----

2.3.2.3. LABOR LEGISLATION -----

Employees and service providers evaluated have an individual employment contract and registration in their Work Permit. Social burdens relative to INSS and FGTS are regularly collected. -----

An employee interviewed Mr. Felipe Matus Batista Lobato Siqueira - temporary employee declared developing the administrative function, declared receiving his salary on time, meet working hours compatible with the activities he performs. He said he does not receive differential treatment in relation to the employees of Novelis. -----

The maximum work hours are respected; we checked the timesheet control records and hour banks and could not identify any irregularity. ---

During the period of this evaluation, it was not identified in the project any worker under the age of 18 or any practice that resembled forced labor.

The company declared that it adopts as principles the hiring only of those over 18 years of age and the internal banning of any forced work

practice, and that it also checks outsourced companies and contractors with respect to these requirements, has control via contract with clauses that ensure that these practices are not adopted by suppliers. -----

It was made available for verification the Social Security Collection Form - GPS of Novelis, with the payment made. -----

Poornata - PMS - Performance Management - It is the system that is based on the Individual Performance Management of Novelis's employees. -----

The scale for the evaluation of objectives at Poornata is: -----

- ▶ FBE = Far Below Expectation = < 60%-----
- ▶ BE = Below Expectation = 60% to 89% -----
- ▶ ME = Meets Expectation = 90% to 109% -----
- ▶ EE = Exceeds Expectation = 110% to 119%-----
- ▶ FEE = Far Exceeds Expectation = >120%-----

Cycle of People Management-----

The figure presents arrows from one square to another forming a cycle between the sentences. -----

Evaluation of Annual Performance -----
Definition of Individual Objectives-----
Planning of Personnel, Location & “Talent Review” -----
Preparation of Training Plan-----
Revision of Individual Objectives (Mid-Year Review) -----
Figure 2.3.2.3.Cycle of People Management -----

2.3.3.IFC PERFORMANCE STANDARDS-----

**2.3.3.1.STANDARD 1 - SYSTEM OF MANAGEMENT AND SOCIO-
ENVIRONMENTAL ASSESSMENT -----**

**A. PROJECT DEFINITION, INITIAL SCREENING, IDENTIFICATION OF
STAKEHOLDERS AND INFORMATION COLLECTION -----**

G15. The **identification of stakeholders includes, in a broad way, the definition of several individuals or groups that might have an interest in the project or that might affect or be affected by it. The identification process of stakeholders includes different steps such as:** (i) the identification of people, groups or local communities that might be affected by the project, positively or negatively, directly or indirectly, employing special effort to identify those who are directly affected, including those in disadvantage or vulnerable; (ii) identification of broader

stakeholders who might influence the project results because of their knowledge about the affected communities or their political influence over them; (iii) identification of the legitimate representatives of the stakeholders, including elected employees, non-elected community leaders, leaders of informal or traditional community institutions and senior citizens who are part of the affected community, and (iv) mapping of the impact zones by means of the insertion of the affected groups and communities in a geographical area, which will help the client define or refine the area of influence of the project (see paragraph 5 of the Performance Standard 1, and paragraphs G18 and 22 below). -----

G16. The basic information collection phase is an important step and quite often necessary of the evaluation process in order to provide the definition of the possible impacts and risks of a project. The collection of basic information should describe the relevant existing conditions, such as physical, biological, medical and socioeconomic conditions. The analysis of specific impacts for a project or site must be based on primary current and verifiable information. References pertaining to secondary information on the area of influence of the project are acceptable, but even so, it may be necessary to collect primary information from field research so as to establish the appropriate bases for the potential impacts and risks of the proposed project. It is possible to find relevant data in several academic studies, studies performed by NGOs and by the

host government. However, customers should carefully evaluate the sources and possible data gaps. Basic and accurate information is essential, as a result of the rapidly changing situations, such as the immigration of people before the start of a project or development, or the lack of data about people or disadvantaged or vulnerable groups within an affected community, can seriously influence the effectiveness of social mitigation measures. One should clearly identify the limitations of data, such as the reach and quality of available data, assumptions and important gaps in the data, as well as the uncertainties associated with predictions. -----

The fourth paragraph of this Standard specifies that the Socio-Environmental Assessment should take into account, in an integrated manner, all the possible risks and social and environmental impacts of the project, including the issues identified in the performance standards 2 to 8, which necessarily implies the prior consideration of possible risks and impacts related to the work and work conditions, to pollution, to the community's health and safety, to involuntary resettlement and to the preservation of biodiversity, among others. -----

The study presented for evaluation of compliance with these items was the Environmental Descriptive Memorial - MDA of the Plant and of the Venus Project, prepared as a requirement for environmental licensing by

the competent state agency. In spite of fully meeting as a requirement for environmental licensing (since the licenses were issued), this study does not envisage all contents provided by Performance Standard 1. MDA does not address risks and impacts related to work and work conditions, community's health and safety, involuntary resettlement and preservation of biodiversity. This study deals only with risks and impacts related to pollution. However, it is emphasized that the company, although it does not meet these requirements in its entirety, has proven its commitment to socio-environmental issues from the beginning of the project, considering the actions of social welfare, environmental management certification (ISO 14001) and implementation under development of Standard OHSAS 18001 (health and safety of the work - certificate valid until February 13, 2013). -----

As to the identification of stakeholders, the MDA does not mention the presence of families in the area of deployment and communities in the area of influence of the project and briefly describes their main characteristics, but did not assess possible social risks, does not propose the monitoring action, although it proposes and, in order to minimize the potential impacts, it has already performed a few prevention actions (military police, secretariat of social action, availability of recreational activities, etc). -----

Although there has not been any formal analysis in accordance with these requirements of the guide, the company expressed consideration of several alleged issues, but understands that many of these issues are relevant to analysis and control routines of public agencies, where the project is installed. Among these issues is information concerning the basic information collection phase necessary to develop an initial assessment considering comprehensively the social and environmental risks and impacts of the project. -----

In order to improve the exchange of information between stakeholders, the company provides the document "Communication with Stakeholders" that is available at the entrance of the unit to address issues that are common to all involved. -----

During the audit it was evident that the Model Manual in Social Responsibility prepared in order to set guidelines and assumptions that guide the decision on the social and environmental investments of Novelis was in place. -----

The manual establishes procedures and standards that should govern the relationship of Novelis with the community. This document contains information on how corporate social responsibility will be practiced and presents reflections on how it has been carried out so far. -----

Initial flowchart evaluation -----

Supplier s Partner s/ Cultural Producers	Inputs Projects Suggestions	Process Project→Evaluates Scope→Evaluates Resources→Requests Approval→Discloses→Executes	Outputs Defined Project	Customers Community Government Novelis
Input Metrics		Process Metrics	Output Metrics	

Figure 2.3.3.1.a. Old Flowchart-----

 The flowchart above reflects in a summarized way the process for definition of social investments until November 2009.

The new manual describes the community as a strategic audience for Novelis and so it has established policies that guide decisions on the socio-environmental relationship and the investments at the communities in which Novelis operates. -----

Environment and Recycling →Novelis Community Responsibility and
Care →Dialog -----
Environment and Recycling →Novelis Community Responsibility and
Care →Local Development-----

Figure 2.3.3.1.b. New management model of RS of Novalis Brasil -----

The group has defined and approved with the Board a revision of the
Policy of Social Responsibility, which encompasses the mission, vision,
focus and target audience below: -----

Each circle has a different color. -----

**Vision: To be recognized as a leading company by its contribution
to the social and economic development of the communities where
it acts, by means of sustainable actions related mainly with
environmental preservation.**-----

**Mission: Foster the development of the communities where we
operate by means of sustainable actions of environmental
preservation.**-----

Focus: -----

-Preservation of natural resources -----

-Environmental Awareness and Recycling -----

-Improvement of IDH(Income Generation) -----

Target audience: -----

Communities where we operate -----

Redefined Flowchart – Projects Requested: -----

Consultation to public power / local leadership→Fill out form of external evaluation (stage 1) and analyzes demand →Approved or Rejected; if approved move on to →Meeting with partner to request project in accordance with the focus and criterion I→Partner presents project→Fills out form of selection and prioritization (stage 2) → it can be approved or rejected. If rejected →Partner redoes project (B). If approved, there are three options: → -----

Option 01→The Project is not included in Incentive Law→It calls for partner's documentation→Documentation is checked→there is option of being approved or rejected; if rejected→Sends letter Nice No, if approved→Committee's Analysis→with the options of approved and rejected; if rejected→ sends letter Nice No, in case of approval there are two possibilities: → -----

1st: The Project has a possibility or is already approved by Incentive Law→Checks with public power and local leadership if the Project is conforming and fills out external evaluation form (stage 3) →Refers to the committee→Requests approval from Board Directors→ with two options – approved or rejected; if rejected→ Sends letter Nice No., if approved →Requests financial approval→with the possibility of approved or rejected; if rejected → Letter Nice No., if approved→ Positive return to partner→implementation→Involvement of public power / local leadership→Disclosure→Beginning-----

2nd: The project is likely to be approved by Incentive Act →Sends for approval of Incentive Laws→ with an option to be approved or rejected; if rejected →checks with public power and local leadership if the Project is conforming and fills out external evaluation form (stage 3)→Refers to the committee→Requests approval from the Board of Directors →with two options – approved or rejected; if rejected→Letter Nice No., if approved→Requested financial approval→with the possibility of approved or rejected; if rejected→ Letter Nice No., in case of approved→Positive return to partner→implementation→Involvement of public power / local leadership→Disclosure→Beginning.-----

If approved→Requests documentation→Checks with Public Power and local leadership if project is conforming and fills out external evaluation

form (stage 3)→Refers to the committee→Requests approval from the Board→with two options approved or rejected; if rejected→Letter Nice No., if approved→Requests financial approval→with the possibility of approved or rejected; if rejected→Letter Nice No., if approved→Positive return to partner→implementation→Involvement of public power / local leadership→Disclosure→Beginning. -----

Option 2:The project is already included in Incentive Act→Requests documentation of partner and project→Checks documentation→There is option of approved or rejected; if rejected→Sends letter Nice No., if approved→Analysis of the Committee→with the options of approved and rejected; if rejected→sends letter Nice No., in the case of approved, there are two possibilities:→ -----

1°: The project is likely to be approved or is already approved by Incentive Act →checks with public power and local leadership if the Project is conforming and fills out external evaluation form (stage 3)→Refers to the committee→Requests approval from the Board of Directors →with two options – approved or rejected; if rejected→Letter Nice No., if approved→Requests financial approval→with the possibility of approved or rejected; if rejected→ Letter Nice No., in case of approved→Positive return to partner→implementation→Involvement of public power / local leadership→Disclosure→Beginning. -----

2nd: The Project has the possibility of being approved by Incentive Law→Sends for approval of Incentive Laws→with the option of approved or rejected; if rejected→Checks with public power and local leadership if Project is conforming and fills out an external evaluation form (stage 3)→Refers to the Committee→Requests approval of the Board→with two options approved or rejected; if rejected→Letter Nice No., if approved→Requests financial approval→with the possibility of approved or rejected; if rejected → letter Nice No, if approved→ Positive return to partner→Implementation→Involvement of public power / local leadership→Disclosure→Beginning. -----

If approved →Requests documentation→ Checks with public power and local leadership if Project is conforming and fills out an external evaluation form (stage 3)→Refers to the Committee→Requests approval of the Board→with two options approved or rejected; if rejected→letter Nice No., if approved→Requests financial approval→with the possibility of approved or rejected; if rejected → letter Nice No, if approved→ Positive return to partner→Implementation→Involvement of public power / local leadership→Disclosure→Beginning -----

Option 3: Fills out Project plan→Checks if another Unit is interested→Unit interested consults public power→If the need is verified, the Unit continues with the project (A) -----

Figure 2.3.3.1.c – New Flowchart defined for Novelis -----

So, in spite of Novelis having not complied with the coverage foreseen in this Performance Standard (risks and impacts related to the work and work conditions, pollution, to the Community's Health and Safety, to the involuntary resettlement and to the preservation of biodiversity, among others). It was possible to observe that the unit of Novelis in Pindamonhangaba has adopted a methodology to define the routine and the referral for donation requests, projects requested by Novelis, development by partners and projects received from partners. -----

Therefore, it was possible to have guarantees for the effectiveness of social mitigation measures currently developed by the company, definition of the community affected, survey of social impacts and required mitigating measures, as well as establish a formal action plan and monitoring routines for full compliance with this performance standard. -----

B. UNDERPRIVILEGED OR VULNERABLE GROUPS-----

G24. (...) When one expects that the project has impact on one or more affected communities, the evaluation process must employ sociological and health methods accepted to identify and locate the

vulnerable people or groups within the population of the affected community. Using this information, the client should evaluate the possible impacts, including differential impacts, on those people and groups and propose specific measures (and, if necessary, separate) to ensure that potential impacts and risks are adequately avoided, mitigated or compensated. Vulnerable or disadvantaged people and groups should be able to benefit from the opportunities offered by the project the same way as the rest of the community affected, and this may require the availability of different processes and levels of distribution of benefits (such as providing training for the people or groups that may lack the required skills to get a job in the project, etc.). The monitoring of the project must accompany such persons or groups separately. -----

Thus, it was found that this issue in addition not to be addressed as a criterion for the feasibility of the project, was not considered in the Socio-Environmental Assessment developed for licensing purposes. However it is notable that although the actions to comply with the requirements of this Performance Standard were not systematic, the company developed its own way of dealing with matters of social responsibility and from available records and detailed information on follow-up actions of impacts and socio-environmental performance, we can affirm that the disadvantaged and vulnerable groups benefit from the opportunities offered by the company (attached CD, social responsibility folder). -----

C. IMPACTS AND RISKS -----

G17. Possible impacts and risks must be evaluated and documented for all key-steps of the project cycle, including design and planning, construction, operations and deactivation or closure, as well as for their short-term, long-term and cumulative contexts (consult paragraph G22) never forgetting the dynamic and changing nature of these impacts and risks. -----

G18. The size of the area of influence of a project and the socio-environmental impacts and risks within the area can vary a great deal. Some of these impacts and risks, especially those described in the Performance Standards can be attributed to third parties within the area of influence. The larger the area of influence, the higher is the probability of the action or non-compliance of third parties representing risks for the projects. Where relevant, the assessment will include these third-party risks, particularly risks over which the customer may have a certain level of control or influence. -----

G19. In addition to the adverse impacts and risks, the Evaluation can analyze the possible positive or beneficial impacts of a project and propose measures to improve them. These measures can be

implemented through the program of environmental management of the customer. -----

The Environmental Descriptive Memorial (MDA) provides the identification of environmental impacts and proposes mitigation measures for the same during the deployment and operation of the project phases. The impacts for the design, planning and deactivation phases were not raised. -----

Subsequently, the company developed a survey of environmental aspects and impacts, in compliance with the requirement of ISO 14001 certification. The company established a written procedure (attached CD, folder <Environment> <SGI>) to guide the identification and classification of aspects and impacts, adopting a coherent methodology for this end. However, the company did not include all the impacts previously raised by the PCA. The impacts identified for the implementation phase are not included in this survey, which does not address either the impacts of the decommissioning of the project. -----

The survey of impacts for ISO 14001 identifies some 390 possible impacts identified, the reach of some of which can exceed the limits of the company reaching the area of influence, showing that as to this

requirement, there has been progress in meeting this performance standard. -----

No systematic surveys were made of social impacts and risks of the project. -----

The company has an inventory of hazards and risks, in compliance with the requirement of OHSAS 18001 certification on the identification and control of occupational impacts. However, it is worth noting that the company has in place the routine of the regulatory standard NR9, which deals with the Program for Prevention of Environmental Risks through PPRA - PI-90-0074-1 and record of the PPRA in G:\Security\13 Files SGI/OHSAS18001/4.4.6 - Operational Control/PI - Occupational Health/PPRA, to work environment risks (physical, chemical and biological agents). This routine, although fully complying with the relevant legislation, does not achieve all the objectives proposed by the Performance Standard. -----

In none of the surveys of impacts addressed took into consideration possible beneficial impacts and measures of improvement of the same.

It is recommended, for regularization of this item and fully compliance with this requirement of the Performance Standard 1, to adopt an Integrated Methodology for the identification of impacts and risks considering the full approach proposed by this guide, including social,

environmental, health and occupational safety issues, and those of health and safety of the community, also including the area of influence of the project as well as all the key-steps of project cycle, including design, planning and implementation of new projects and changes (future), operations (present) and deactivation or closure (future). It is also recommended the inclusion in this survey, of present impacts related to the past actions or conditions, resulting from the activity of the company or of third parties' (past) that may be related to cumulative or long-term impacts (e.g. groundwater contamination by mercury, social impacts resulting from the resettlement of families that occupied the area), including also in the present approach the risk evaluation of third parties, particularly those risks over which Novelis has a certain level of control or influence. -----

D. CUMULATIVE IMPACTS, THIRD PARTIES' IMPACTS AND REGIONAL, SECTOR OR STRATEGIC EVALUATIONS -----

The sixth paragraph of this Standard establishes that the risks and impacts should be analyzed in the context of the area of influence of the project, but states that the area of influence does not include the potential impacts that would occur without the project or independently of it.

The interpretation of this item is the key point to substantiate the extent adopted by the company. Although pre-existing impacts in the area of

influence are plausible due to interventions already carried out during the deployment of industrial complex or due to other ventures, the company is not exempted from identifying them, since the fifth paragraph of this Standard establishes that the areas potentially affected by cumulative impacts of the development planned subsequent to the project must cover in the area of influence, any project or pre-existing condition, or other developments related to the project that are defined in a feasible way at the time of performance of the Socio-Environmental Assessment. The understanding of Novelis that some issues relating to risks and impacts of the area of influence common to the industrial complex were the responsibility of government, has let not to comprehensively consider the cumulative impacts in the area of influence of the project. -----

As an example of this situation, the MDA does not point responsibilities in this regard. It states various activities of the operation phase of the project and sets as monitoring measures, physical, chemical and biological parameters for the discharge of effluents and implementation of a specific monitoring program for the receiving body, since there is still no monitoring station for water quality in the area of influence of the project. -----

In this context, The Performance Standard specifies that at times it may be necessary to conduct regional, sector or strategic assessments,

especially as to possible cumulative impacts of multiple activities, as it is the case of this development that is embedded in an industrial complex. These assessments are usually carried out by the public sector, although they may be requested in some private sector complex and high-risk projects. When indicated the need for such assessments, the existing data and the studies already made by other institutions should be considered, such as socio-environmental studies and monitoring programs of the complex, which were certainly required for the issuance of their license to operate the complex. -----

One must consider that it may not be feasible for the company to carry out this kind of study, for example, in situations where it is anticipated that the impacts caused by the operations of the customers themselves represent a relatively small amount of the cumulative total, as in the case of this project. Although the customer is responsible for information collection on cumulative impacts as per Performance Standard 1, this Standard also indicates that the client should address the risks and impacts that are compatible with its control and influence with regard to the actions of third parties. -----

The company may have limited influence, or no influence at all, on others' projects under projects under implementation or that will be established in the future in the area of influence of the project, which,

however, does not exempt the company from the need to identify and monitor such impacts, since it is necessary to know the support capacity of the environment for the company to evaluate if its contribution and control actions are appropriate. -----

Thus, the impacts caused by third parties on the area of influence of the project in question should be considered, and Novelis must collaborate with third parties and take action within the Scope of its influence. Since Novelis was a pioneer in the occupation of this site destined for the expansion of the industrial complex it is possible that there was insufficient information available at the time of the feasibility analysis of the project as to cumulative and third parties' impacts. However it is understood that, while these new ventures are being planned and established, Novelis will collaborate with others and take action within the Scope of its influence, which may occur through the intermediation of Pindamonhangaba City Hall or directly through contact with the entrepreneurs. -----

Since the potential cumulative impacts have not been examined so far, the need for regional, sector and strategic evaluations have not yet been assessed as per recommendation of Performance Standard 1. -----

Whereas the project in question is inserted into an industrial complex that is actively working to expand, it is understood that the consideration of cumulative and third parties' impacts will be more effective by adopting some elements of the approach proposed by the IFC guide for regional assessment-----

It should be emphasized that the goal of this proposal is not to overload the enterprise by extending its current obligations as to measures of mitigation of the impacts generated by the project, but rather encourage its participation and follow-up of mitigation measures and monitoring already in place or planned for future implementation by the administration of the complex and other ventures, aiming at an active participation in the decision-making processes relative to the area of influence of its venture and the follow-up of the support capacity of the area of influence of its venture. -----

It is therefore recommended that all the possible cumulative impacts that may have contribution of Novelis in the area of influence be identified, in response to coverage foreseen under this Performance Standard (risks and impacts related to labor and working conditions, pollution, the Community's health and safety, to involuntary resettlement and to the preservation of biodiversity, among others). Concluding, it is

recommended that monitoring routines be established in conjunction with all possible contributing factors to these taxpayers. -----

E. MITIGATION MEASURES-----

G32. If the impact analysis confirms possible impacts and risks, the clients must develop measures and actions to avoid, minimize, mitigate, compensate or counterbalance the possible adverse socio-environmental impacts or, in the case of positive or beneficial impacts, improve them. As a general principle for adverse social and environmental impacts, the assessment should focus on measures that, firstly, avoid they occur rather than trying to seek minimization, mitigation or compensation. At the same time, however, IFC recognizes that this may pose challenges to the projects and that measures should be taken from options that are technically and financially feasible and cost-effective. When the pros and cons between preventing and mitigating/offsetting are analyzed, they must be documented. The assessment should take into account the costs and economic, financial, environmental and, social benefits and identify which should be up to them. The costs and benefits can be expressed in qualitative or quantitative terms and the analysis of the balance between these costs and benefits should be explained. When the client has the ability to control or influence these impacts, he must meet the mitigating or corrective measures in a management program or

action plan and implement such measures through the Management System. -----

No documented evidence was presented as to the performance of an analysis of pros and cons of measures to mitigate/compensate for impacts. -----

No documented evidence was presented for consideration of priority measures to avoid impacts rather than seeking a minimization, mitigation or compensation. -----

The documented procedure for raising aspects and impacts made available for the current assessment does not address this issue. This approach is expected at the time of implementation of hazard and risk survey in compliance with OHSAS 18001, which provides for the adoption of a hierarchy of criteria for consideration of measures to control risks, where it is explained the need to prioritize measures that eliminate risks, before adopting minimization, attenuation or compensation measures (Standard OHSAS 18001:2007, item 4.3.1). -----

The mitigating or corrective measures planned for the impacts identified in the survey for ISO 14001 have been systematically recorded and grouped in a management program or plan of action as provided in the Guide (IP 90-02004-1 Planning for identification and evaluation of impact, danger and risk).The anticipation in the Integrated Management System

is evidenced through the process of prevention planning, or implementation of the following sequence of planning:-----

1. Identification of aspects and hazards-----
2. Environmental Impact Assessment and Occupational Risks -----
3. Classification and Analysis of aspects and impacts, hazards and risks
4. Determination of the management strategy of its prevention -----

The company has an survey of hazards and risks, in compliance with the requirement of OHSAS 18001, relative to the identification and control of occupational impacts. It should be noted that the impacts on occupational health are systematically managed by control routines implemented to meet legal requirements, especially the Plan of Prevention Program (PPRA) and the Program for Medical Control of Occupational Health (PCMSO) and SGI internal procedures. -----

As the socioeconomic issues were not previously identified, neither were they systematically addressed, since no survey was carried out about possible social impacts and thus prevention and monitoring measures were not provided for these potential impacts. It should be noted that, although these issues have not been addressed in a systematic way, the company declared performing a series of social actions in support of neighboring communities. -----

In spite of being provided by Performance Standard 1, the company has not adopted management programs or a plan of action to gather mitigating or corrective measures on social issues. This issue was not addressed by the MDA of the Plant and Expansion, a program that gathers action plans for the control of environmental impacts. However, Novelis's New Handbook of Social Responsibility is a tool for the compliance with requirements of Performance Standard 1. -----

F. DOCUMENTATION OF THE EVALUATION PROCESS-----

G34. The projects with limited adverse impacts and risks, both new projects and those involving existing facilities (projects of Category B) need documentation relative to the screening process, impact analysis, proposed mitigation measures and disclosure information process, in addition to the participation of the community (if there are affected communities). Customers must have at least one or more documents or analysis that describes: -----

- The project and its environmental aspects-----

- Maps and drawings of the project and a sketch or description of its area of influence-----

- Compliance with the legal and regulatory context, the pertinent Performance Standards and the levels of environmental performance, health and safety established for the project-----
- The main potential impacts and risks, including the identification of the affected communities-----
- Mitigation planned and any areas of concern that need to be addressed in more detail-----
- The process of community participation-----

G37. When the projects involve already existing facilities, socio-environmental audit reports and risk/hazard evaluation reports must be prepared in accordance with the accepted international practice and they must follow the contents provided in Attachment B. -----

The document presented as the main reference adopted for the analysis of impacts and proposed mitigation measures was MDA of the Plant of the Expansion. -----

There have been presented some evidence of achievement of communication actions (see accompanying CD <Social Responsibility>folder), but there is no evidence of systematic process --- (planned and monitored) to disseminate information and participation of the affected community. -----

Thus, considering that the project is already installed and in operation and that social issues have not been detailed in the initial socio-environmental study of the project (MDA), it is recommended to carry out the evaluation of risks and hazards addressing social issues to substantiate the performance of a specific complementary evaluation of social actions currently developed by the organization, conducted by a qualified professional of the area (example, sociologist, social assistant), aiming at establishing objectives, goals and plans of action, as well as the actions required for monitoring of the effectiveness and efficiency of the actions taken. -----

The recommendations previously submitted must be adequately and sufficiently documented to allow for continuity of follow-up activities to meet the performance requirements of this guide. -----

G. MANAGEMENT PROGRAM-----

G38. The level of detail and complexity of the management program will be proportional to the risks and impacts envisaged for the project. When a format is required for the Social and Environmental Impact Assessment for the project, A, the management program should include an Action Plan as described in paragraph 16 of the Performance Standard and contain the measures listed under the heading "Management Program" of Attachment A. For projects with limited potential impacts, the

management program must address such impacts and probably it will be less complex. In the case of existing facilities, the management program will include corrective measures and an Action Plan to address identified areas for improvement in the social and environmental audit. As part of the management program, the client may want to establish his own internal measures of performance in order to enhance the positive impacts of the project and desired outcomes such as measurable events to the extent possible. Among these measures are performance indicators, targets, or acceptance criteria that can be followed for defined periods to ensure continuous improvement of performance in these areas. -----

The policy of the Integrated Management System (EHS&Q) of Novelis do Brasil Ltda. - Pindamonhangaba has the following characteristics:

It provides the framework for setting and reviewing of the objectives, goals and programs of quality, safety, environment and health; -----

It is analyzed periodically in critical review meetings to check the possible need for changes for its suitability and/or promotion of continuous improvement of its effectiveness; -----

It is communicated and made available to employees in meetings, training, bulletin boards and the organization's home page, as per PI-90-0141-1 – EHS&Q Policy, -----

The company provided the graphs for these indicators, so it was possible to evaluate the objectives and goals to which they relate and for which no information was submitted. -----

SGI seen in the company meets expectations in relation to risk management and environmental impacts foreseen for the project. -----

It is recommended that the objectives and goals set be reassessed as to their suitability after meeting the previous recommendations relating to the complete and comprehensive assessment of risks and impacts, identification of cumulative impacts, establishment of appropriate monitoring measures (including the establishment of integrated actions to other vital players in the complex), among others. This recommendation should be adequately and sufficiently documented so as to allow the continuity of follow-up activities to meet the performance requirements of this guide. -----

OUR PRINCIPLES-----

NOVELIS-----

Quality, Health, Environmental and Safety Policy -----

At Novelis we are dedicated to the success of our different audiences, especially our customers, employees, shareholders and communities, through excellence in environmental management, health, safety and

quality. In particular, we provide human and financial resources for continuous improvement in our operational practices with the objective to:

- * Achieve zero accident rate, through prevention and risk reduction:
- * Minimize the impact on the environment by reducing the use of natural resources and preventing pollution, and -----
- * Promote the quality and benefits of our products and services, encouraging recycling. -----

At Novelis, each employee is committed and is responsible for implementing this policy -----

-
- * Commitment to customer satisfaction by anticipating and understanding their needs -----
- * Create an atmosphere that motivates each of us, our suppliers and visitors to take care of our own health and safety and that of the people around us-----
- * Proactively increase recycling of aluminum where our company does business -----
- * Questioning the current situation to promote innovations and improvements -----
- * Evaluation of our performance, procedures and equipment in addition to the establishment of challenging objectives and targets to improve the effectiveness of our management systems continuously -----

* Construction of a cooperative relationship with our customers, suppliers and community striving for continuous improvement and sustainable development-----

*Celebrate our successes and accomplishments. -----

This policy is based on our values. The focus of our actions will bring high performance and sustainable results. -----

Figure 2.3.3.1. d. – Policy of Environment, Health and Safety-----

H.- ACTION PLAN-----

G40. Taking the result of the Socio-environmental assessment process, including the outcome of the consultation during this process, the client must prepare his Action Plan, which is part of the management program, focusing on the measures and actions required so that the client complies with the pertinent national laws and regulations and meets the requirements of the pertinent Performance Standards. Information of an internal nature, such as private information, data on costs, information that might compromise the safety of the project site, as well as detailed procedures, business process and instructions for the workers can be excluded (these should be included in the management program). As part of its ongoing commitment to the communities affected, the client must disclose his Plan of Action before implementation of the project to stakeholders and affected communities, in addition to providing updates

throughout the project cycle, in accordance with the way the mitigation measures are adjusted and updated, reflecting the feedback of the affected communities. -----

It was not possible to check if there was the presentation of an action plan before project implementation. The company did not provide such information during the course of this audit. -----

The company noted that will perform an evaluation and will make adjustments in order to disclose the Action Plan and the mitigation measures that it declared having implemented during the expansion project of the enterprise. -----

I. ORGANIZATIONAL CAPACITY -----

G41. The success of the implementation of the management program, including the Action Plan, calls for the commitment on the part of the management and the workers of the client's organization. Likewise, the client must designate specific internal staff, including the representative (s) of the management, with lines of responsibility clearly and authority defined for socio-environmental issues. If the functions are delegated to contractors, the client's agreement with contractors should include actions and measures necessary for the parties to comply with the agreement in accordance with the management program. In large or complex organizations, it is possible to assign various operational units of

personnel. In small and medium businesses, these responsibilities may be filled by a single person. It is also important that the main social and environmental responsibilities be clearly defined and communicated to relevant personnel and the rest of the organization. There should be provided human and financial resources to persons designated as responsible for implementing the management program and any other performance measures. -----

The organizational structure of Novelis do Brasil Ltda - Pindamonhangaba is established so that it can comply with the EHS&Q policy. The organizational chart below represents the capacity of the organization to successfully manage its management program. -----

President – Alexandre Almeida -----
Direct Report to the President – VP of Operations – Jim Makki -----
Direct Report to the VP of Operations – Plant Manager - Angelo Argueles -----
Direct Report to Plant Manager – Assistant - M. Carmo Lucci -----
Other Direct Reports to the Plant Manager: -----
Quality – Sérgio Santos -----
Remelting and Recycling – Augusto Silva -----
HSE – Paulo Felipe -----
Hot Lamination – Renato Xavier -----

Accounting – Ricardo Ribeiro-----
Cold Lamination – Marcelo Almeida -----
Technical Area – Adriano Ferreira-----
Planning (ASA) – (to be hired)-----
Reports to the Plant Manager – Support Areas: -----
IT -----
Planning -----
Commercial-----
Controllership-----
Systems-----
Supplies-----
Logistics-----
HR-----
Engineering-----

Figure 2.3.3.1. e. – Novelis Organizational Chart-----

It was shown that Novelis has formally appointed a representative for social issues relating to the business sector and social responsibility with the ability to manage social and environmental goals and objectives of the project as reference above (Paragraph G41). -----

For environmental issues outside the project area (area of influence beyond the physical boundaries of the development) there is a team of dedicated professionals. These issues are systematically monitored. It

was shown in the structure of the management system the existence of the figure of the management representative (MR). -----

J. TRAINING -----

G42. The management program must identify the knowledge and the skills required for its implementation, including the implementation of the Action Plan. These elements should be taken into account in personnel selection, training, skills development and continuing education recruitment of new staff if necessary. Training programs In general, have the following elements: -----

Identification of training needs for employees -----

Development of a training plan to address the needs defined-----

Verification of training programs to ensure consistency with the organizational requirements
Training of the target group of employees ---

Documentation of training received-----

Evaluation of the training received-----

G43. It may be necessary to offer training relevant for specific items of the management program. Training designed to help employees obtain the knowledge base and skills appropriate to the performance of their work may include education about the regulatory requirements of the host country and on the relevant requirements of Performance Standards 2 through 8, the main expected impacts by means of the evaluation process, the management program content, including the Action Plan and the methods necessary to the execution of the action items in a competent and efficient way. When a project is likely to impact vulnerable or disadvantaged people or groups within affected communities, employees who will interact with these people or groups should be trained to understand the specific issues related to such persons or groups. -----

G44. When specific aspects of the project or the implementation of the management program are attributed to contractors, the client must warrant as well that these contractors have the knowledge, skills and training required to perform the work in accordance with the management program and with the requirements of the Performance Standards 2 to 8.

The evaluation of this item is based on a series of documents available for review and interview with the HR Novelis personnel. -----

The company develops a policy of training and qualification for its employees in order to ensure the goals. -----

The company has a routine for evaluation of performance competences, which also includes some socio-environmental issues. The company declared that the performance evaluation by competence is an integral part of corporate HR Policy implemented in all units. The process of performance evaluation has as main objectives to identify training needs and provide feedback to staff regarding their performance during the year. After reviewing the evaluations, these are tabulated in order to identify the gaps for their due corrections. Based on assessments and the pending training items in the year before, a training plan is prepared.

The plan aims at meeting the demands identified for education and training for the entire site. This routine has an annual schedule. -----

The company stated adopting the above described routine of evaluation of performance of competences to perform an identification of training needs, but did not provide documented evidence of its existence, its planning or execution. Thus, it was possible to evaluate compliance with the requirements of the socio-environmental management system, which explains the need to formalize some actions to this end, namely: -----

Identification of training needs for employees -----

Development of a training plan to address the needs defined-----
Verification of training programs to ensure consistency with the
organizational requirements-----
Training of the target group of employees-----
Documentation of training received-----
Evaluation of the training received-----

The Training Plans have been properly
prepared/reviewed/approved/implemented and updated, as provided for
in HR Policy and specific Procedure; however it did not provide
documented records or other evidence of documented evidence of such
actions for this evaluation. -----

The company has a specific survey of knowledge and skills necessary to
implement the program and action plan of the environmental
management system. These skills and knowledge are pointed out in a
joint manner to other skills and knowledge required for the positions and
functions. (See attached CD - HR folder - file <Training>). -----

The company declared that it controls socio-environmental requirements
by a contract in outsourcing activities, and presented documented
evidence of this control. -----

No documented evidence was presented of specific training of employees who interact with people and/or vulnerable or disadvantaged groups impacted by the project. -----

Evidence: Training for the Division of Laminates of Pindamonhangaba - EHS Representative Course. Duration 8 hours. Performed on 05/12/2011. -----

Certificate of participation in the Technology Course of Applied Zero Leak in Hydraulic Equipment. In the name of Carlos Eduardo Claro. Performed from 01/31 to 02/02/2011. -----

L. PARTICIPATION OF THE COMMUNITY -----

G45. The purpose of community participation is to establish and keep a constructive relationship with the affected communities during the project cycle. In some industry sectors, such participation is considered an important process that allows clients to obtain and maintain their "social license to operate." An effective participatory process allows the views, interests and concerns of the community to be heard, understood and taken into account in decisions about the project and creation of development benefits. -----

Depending on the nature of the project, its risks and potential impacts, the size and characteristics of the communities affected and the step of the project cycle, participation may involve different degrees of interaction between the company and affected communities. Participation should reflect the specific needs of individuals and groups within the community, including those disadvantaged or vulnerable. (...)-----

G46. If the evaluation process indicates the possibility of existence of impacts and risks for the communities within the area of influence of the project, the companies must seek the participation of these affected communities early in the first steps of the project. Participation should be based on timely dissemination of relevant information about the project, including social and environmental impacts and risks identified in the Evaluation and proposed mitigation measures and methods in the language and methods preferred by the affected communities. (...)-----

As already previously argued, the company has a Manual of Social Responsibility that defines all of the company policy in relation to stakeholders. Thus, it is recommended that the area of social responsibility of Novelis analyze the relevance and/or fitness to G45 and 46. -----

M. DISCLOSURE -----

G47. The disclosure of information involves the supply of information on the project to the affected communities and other stakeholders. The information must be in the appropriate language(s). It must be accessible and understandable to the different segments of the affected communities, in ways appropriate to the community. For instance, the information may be available in the buildings of the town halls, public libraries, in local print media, over the radio or at public meetings. The time and method of disclosure will vary according to the requirements of national legislation, the type of evaluation involved and step of the development or operation of the project. The client must at least disclose the final document of Evaluation and Plan of Action before the start of construction or other implementation activities. In some cases, the disclosure of information will happen early in the process of evaluation. For projects with potential adverse impacts to the community, timely disclosure of information must occur after the initial screening and must include information about the purpose, nature and scale of the project, the duration of the proposed activities for the project and any potential risks and impacts over such communities. Such disclosure may be made by distributing a document of preliminary evaluation. Furthermore, it may also be appropriate for the client to disclose a preliminary Action Plan so that it is possible to identify the measures proposed by it to mitigate risks and impacts identified. Disclosure of information will be the basis of the client's consultation process. -----

G48. In general, it is expected that the disclosure of information is part of the evaluation process, but if there is an expectation that the project will create constant impacts and risks for the affected communities, the client must continue to supply information on the project during the project cycle. The requirements for the preparation of reports to the affected communities are addressed in Paragraph 26 of Performance Standard 1 and its respective guidance. The client may disclose information about non-financial issues or opportunities for improvement of socio-environmental Impacts through sustainability reports, according to the description contained in Paragraph G67 further down described. -----

The company held disclosure actions; however, there was no clear definition of the possible socio-environmental Impacts to the area of Influence, Thus it is not possible to assess the full compliance with these requirements. -----

It is recommended to include the actions related to communication in the action plan. -----

N. QUERIES-----

G50. The queries (or consultation) imply two-way communication between the client and the communities affected. Effective queries

provide opportunities for the client to learn from the experience, knowledge and concerns of affected communities, as well as managing the expectations of the communities through the clarification of the scope of its responsibilities and resources in order to avoid misunderstandings and less than realistic requirements. For the consultation process to be effective, ***the information about the project must be disclosed and explained to the communities and sufficient time must be allocated so that the communities can study the issues.*** Consultations should include all segments of the affected community, comprising men and women, and should be accessible to disadvantaged and vulnerable groups within such a community. ***Based on a preliminary analysis of stakeholders, representatives of the client must meet with affected communities and explain the project information, answer questions and hear comments and suggestions.*** In addition to community meetings open to the members of affected communities, the client must identify community leaders and any existing mechanisms for decision making, formal or informal, so that their contributions can be collected ---

. -----

G51. Some projects ***may not require a consultation process,*** unless the community members seek to participate with the client in the disclosure of project information or pose complaints. ***The consultation should take place in most situations where the project presents a***

specific number, however limited, of potential adverse impacts on the affected communities. In such cases, the client must consult the affected communities during the evaluation process, after the risks and impacts have been identified and analyzed. (...)-----

As there was no systematic definition of the need for consultation, it is not possible to judge whether the actions devised by the company are fully meeting the proposal of this performance standard. It is possible that all the social issues of this project are included and treated by routine consultation by the management and the communication area of Novelis Pindamonhangaba, but this issue has not been evaluated by the company yet. If it is demonstrated that the socio-environmental impacts of the project are widely covered by the routines already implemented by the administration of the unit, it is thought to be sufficient and appropriate to establish an internal monitoring routine by the company. However, if by any chance it is necessary to perform the communication of a relevant fact, it should be established the participation of wide segments of the population and performance analyses in relation to the disclosure of information on the expansion project. -----

N. COMPLAINT MECHANISMS-----

G56. The complaint mechanisms must be appropriate to respond to the concerns of the community with regard to risks and possible adverse impacts of the project. For large projects with potentially complex issues, the complaints mechanism should be created since the beginning of the evaluation process and implemented during construction and operation through the end of the project. The client must establish and maintain an organizational structure with authority and responsibilities for the community intermediation role. To the extent possible, the function of investigation of the complaint and the determination of the appropriate response should be separated from the staff responsible for managing the project. On smaller projects, with relatively simple issues, the client should consider the designation of a contact point, such as a community intermediation employee, to whom the concerns and viewpoints of the community affected can be addressed when related to the project. The responsibility of receiving and responding to complaints should be handled by experienced and qualified personnel within the client's organization. In addition, suggestion boxes and regular meetings with the community, and other communication methods for receive feedback can be helpful. In larger projects, the client must establish an organizational structure with authority and responsibilities for the community intermediation role. Maintaining consistency in the staff that interacts with members of affected communities improves the quality of interaction and can help build trust over time. -----

G57. (...) The complaints received and the responses provided must be documented (such as the name of the individual or the organization; the date and the nature of the complaint; any follow-up actions; the final decision on the complaint; how and when the relevant project decision was communicated to the claimant; and if the management action was held to avoid recurrence of the community concerns in the future), and report periodically to the communities affected. -----

The external demands of communication occur via phone, email and direct communication to the front desk, where it is formalized in writing and sent to the management representative (RD) and to the director, who are responsible for decisions and necessary referrals. The company reported that there have never been external complaints, so there are no records of these events. The evaluation of efficiency and effectiveness of the communication process is automated and it is possible to assess whether there are complaints from stakeholders or if the communication channels adopted are not reaching potential claimants. -----

O. MONITORING AND PREPARATION OF REPORTS -----

G58. Monitoring is the major mean that the client has to follow-up and evaluate the progress toward implementing the items of the action specified in the Action Plan and other aspects of the management

program. The clients must establish a measurement and monitoring system consisting of: (i) the principal project impacts on workers, communities and the natural environment identified by the Evaluation, (ii) compliance with laws and regulations, and (iii) monitoring the progress of implementation of the monitoring program. The reach of monitoring should be proportionate to the potential project impacts and risks identified by the evaluation and as specified in the management program. In addition, depending on the project, it may be appropriate for the client to establish, monitor and measure key indicators and other performance measures over time to improve project performance. -----

G59. It is possible to establish social monitoring programs to increase the effectiveness of the follow-up of social issues identified in the evaluation and reply to continuous questions resulting from the operations identified by means of the evaluation of these questions. As part of the monitoring programs established in the management program, it would be appropriate for the client to create measurements and key-indicators of social development, quantitative and qualitative measures of success, or including practices of community participation in the Plan of Action aimed at improving the performance related to social questions identified in the evaluation process. -----

G60. The factors to be considered in the design of an environmental monitoring program includes engineering calculations, environmental modeling, and measurements of the sources of pollutants, noise, waters and environmental air and contaminants of the work place. The focus and scope of monitoring should be proportionate to the risk of releases of pollutants with respect to the sensitivity of surrounding areas, taking into account the perception of the affected communities on project risks to health and the environment. There should also be appropriate procedures to ensure the reliability of data, such as instrument calibration, test equipment and samples of hardware and software. Specific measures of environmental monitoring include measurement parameters, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate) and definition of thresholds indicating the need for corrective actions. -----

G61. One must document the monitoring results and identify the corrective and preventive actions. Customers should also ensure that these corrective and preventive actions were implemented and that there is a systematic monitoring to ensure their effectiveness. Usually, the client must perform monitoring using internal resources as part of his management program. For projects with significant adverse impacts that are diverse in nature, irreversible or unprecedented, the client should hire qualified and experienced external experts to verify their information on

monitoring. In the case of large and high risk projects there should be considered the participatory monitoring (that is, the participation of affected communities and other stakeholders). In such cases, the customer should evaluate the ability of participants to provide regular training and guidance, as appropriate. -----

G62. The result of monitoring may indicate that the mitigating measures of the management program should be adjusted or improved. As part of the ongoing maintenance of his maintenance system, the client must update the management program from time to time, so that it can adequately address the changing social and environmental risks resulting from any changes in business or in the circumstances of the client. -----

G63. The results of social and environmental monitoring must be evaluated and documented. Periodic reports on progress and monitoring results shall be prepared for the board of the client organization, as a function of the management system of the client. The reports should provide the information and data necessary to determine compliance with relevant legal requirements of the host country and the progress on implementation of the management program. The format of these reports may vary according to the nature of the organization, but must include a summary of findings and recommendations. Such information should also

be widely available within the client organization and for the relevant workers, as appropriate. -----

As already argued in items Impacts and Risks and Mitigating Measures, the company established a routine performance monitoring for some socio-environmental issues related to its business. However, as the initial identification of risks and impacts and their mitigation measures required have not been widely adopted in compliance with this Performance Standard, it is not possible to assess the full compliance of routine monitoring for such measures. -----

However, it is worth noting that the company has formally established a routine to monitor and follow the risks and impacts initially identified. -----

The main measures of monitoring of impacts on workers, the company fully complies with the legal requirement with the Prevention Program for Environmental Risks (PPRA), whose objective is to identify the risks of working environment and propose measures for their control. In a complementary way, it has also implemented and fully complies with the legal requirement for the Medical Control Program and Occupational Health (PCMSO), where from the risks indicated for the workplace, the occupational physician provides an Occupational Health Certificate (ASO) which is properly fulfilled (details and comments in item 2.3.2.2. Regulatory Standards). -----

The programs established in the Environmental Descriptive Memorial - MDA, which are mainly oriented to risks and impacts linked to pollution, are in place. The company established an organizational structure for their implementation and monitoring, comprising the Corporate Manager of QHSE, local QHSE Manager, Technician of Health and Safety and Environmental Engineering and Technician of Quality and conducts training for employees, to ensure the implementation of the program. The programs established were the following: Atmospheric Emissions Monitoring, Monitoring of liquid effluents and quality of receiving body, Monitoring of bottom sediments, Handling of solid waste. The stated management of these programs is accomplished through critical review meetings with the senior management where it is performed a detailed analysis in regard to the actions are defined for the continuous improvement of the company's management system. -----

2.3.3.2. STANDARD 2 – WORK AND WORK CONDITIONS-----

A.HUMAN RESOURCES POLICY-----

G10. The human resources policy is a declaration of the client's practices with regard to the management of his employees. The Scope and complexity of the policy can be adapted to the size and nature of the workforce of the client. The policy will be at least consistent with the

requirements of Performance Standard 2 and will contain information on the rights of employees under the National Labor Legislation. Attachment B provides a list of topics normally included in a policy. The policy must be written in easily understandable way; it should be easily accessible to employees or explained in a language accessible to them. The employee must be informed if he is covered by a collective negotiation agreement.

Attachment B Content of a human resources policy -----

A human resources policy typically would cover the following issues: -----

Rights and salary payments; salary deductions allowed; -----

Payments of overtime, hours of work and any legal maximum values; ----

Right to leave in case of holidays, vacations, sickness, accident and maternity and other reasons, -----

Right to benefits; -----

The right of employees to form organizations of their choice or to join them without any interference or consequences from the employer and be able to negotiate collectively with the employer; -----

Rights and disciplinary procedures and covering the termination of employment contract; -----

Working conditions; -----

Occupational safety, hygiene and emergency preparedness; -----

Requirements and procedures for promotion, -----

Professional training opportunities: -----

Other issues addressed by the legislation and by Performance Standard

2. -----

The client should include the human resources policy, statements of corporate policy on issues such as child labor and equal opportunity. ----

The company has a formally established HR policy and an employee handbook, where the above requirements are met. -----

B.WORKERS' ORGANIZATION-----

G19. The joint negotiation consists of discussions and negotiations between employers and representatives of workers' organizations, with the aim of determining the work conditions and the contract terms by means of a joint agreement. It also includes the implementation and administration of any agreements that may result from collective bargaining and the resolution of other issues that arise in the working relationship with respect to employees represented by the organization of workers. -----

G21. The clients should not interfere in the workers' rights to form an organization of their own or join one of them, for instance, when favoring an organization instead of another or restricting exorbitantly the access of the representatives of these organizations to the workers. Workers'

organizations should represent the workforce and act upon the principles of a fair representation of workers. (...)-----

G22. The clients must not discourage the workers from forming an organization of their choice or joining one of them, or discriminate / retaliate the workers who try to form an organization of their choice or join one of these organizations. Refusing to hire workers who were members or leaders of organizations of workers in other firms (for reasons unrelated to job performance or qualifications) would constitute discrimination. Other forms of discrimination or retaliation would include demotion or transfer of employees, as well as outsourcing or change in service between the facilities in response to union activities. -----

G23. The clients must also allow the access of the workers' organization representatives to the workers that they represent. Workers should be free to get together and discuss the problems of the workplace premises during scheduled intervals and before and after work hours. In addition, workers should be allowed to choose representatives to speak with management, to inspect working conditions in an appropriate manner and in a way that does not disrupt productivity, and perform other activities of the organization. This can build trust and goodwill with the workforce and demonstrate the commitment of the client to enable and facilitate workers to organize and negotiate freely and collectively. -----

The company has a formally established HR policy and an employee handbook, where the above requirements are met. -----

During the interviews, workers reported that union membership rights are respected and encouraged. -----

An interview with a Union leader was held, which ensured that the Union's relationship with the company is respectful and at no time the company creates difficulties for workers in relation to the Union. There is Union membership freedom. -----

C. NON-DISCRIMINATION AND EQUAL OPPORTUNITY -----

G26. Discrimination at work is defined as any distinction, exclusion or preference with relation to recruiting, contracting, work conditions or terms of contract based on personal characteristics that are not related to the inherent requirements of the job, which annul or compromise equality of opportunities or treatment on the job or position. The requirements to work refer to the occupational qualifications in good faith that are necessary to perform the work in question. For instance, demanding that a worker has enough strength to lift objects; if this function is a frequent and an essential part of the work, it should be considered an occupational qualification in good faith. -----

G27. Equal opportunity is the principal that guides all work decisions, such as contracting and promotion, according to the qualifications that one has to perform his work in question, not considering the personal characteristics that are not related to the requirements inherent to the job. For a more detailed guidance on non-discrimination and equal opportunity, see Attachment D, and the Note of Best Practices on Non-Discrimination and Equal Opportunity of IFC. A customer can apply the principles of equal opportunity and nondiscrimination using methods that are effective and acceptable in the legal framework and cultural context of the country, as long as the methods used do not compromise the principles. -----

Attachment D Management of discrimination-----

IFC recognizes the diversity of cultures in the countries where it provides financing. It also recognizes that in addressing problems of discrimination that arise from cultural standards and local practices (which sometimes are even incorporated into formal legislation) is a major challenge. However, due to business, economic and social benefits, closely interrelated with equal work opportunity, as well as the harm caused by discrimination, IFC resorts to clients to have to have a positive vision of equal opportunity and a diverse workforce. Companies that embrace diversity have found numerous commercial advantages such as increased employee morale and reduction of complaints and disputes.

This change in attitude of the companies is also reflected on regulatory changes worldwide, which went from approving laws that simply prohibited discrimination to laws that establish a positive duty to avoid discrimination and promote equality. -----

Customers can take proactive steps to create an environment in the workplace that make equal access to work and equal treatment on the job a reality during the entire work relationship, from recruiting up to retirement and pension. Such measures may include, for instance, ----- recruitment activities dedicated to attract workers from sub-represented groups in the workforce; raising awareness and training programs for managers and workers; anti-harassment policies that convey the client's determination to eliminate these practices in the work place, and professional training programs so that the workers increase their chances of promotion. If they are offered training courses, they should be accessible to all workers for whom training is relevant, in a non-discriminatory manner. -----

Discrimination based on gender may arise in ways that differ from other forms of discrimination and the clients should review the policies and practices to make sure they do not negatively affect women or men. For instance, customers should ensure that women have access to the same opportunities for career advancement than men and are not excluded

based on stereotypes or lack of a complete training that was not available to female workers. The creation of sound policies on maternity leave to enable women to balance their responsibilities as mothers and as professionals will help clients avoid discriminatory outcomes and keep experienced workers. In some countries it is common for employers to require a pregnancy test and then fire (or refuse to hire) women who are pregnant. Although this is not considered a violation of national legislation, the practice is not coherent with Performance Standard 2. ----

Customers should consider the participation of workers and labor organizations in identifying and treating cases of discrimination in the workplace. In some cases, policies or practices of workers' organizations may inadvertently contribute to or support discriminatory practices. It is recommended that clients call upon the workers' organizations to participate in the development of equal opportunity policies. They may be aware of the discriminatory effects of certain policies that the employer has not identified. Workers' organizations frequently explain to employers the reasons for discrimination to be unacceptable, and they can help establish a positive and all-inclusive working environment. -----

G29. The clients should also deal with the protection to human rights of the physically handicap in accordance with their labor policies and procedures. The labor policies and procedures should be provided to

workers; that means that the company must convey them in alternative formats such as large printed letters, Braille, audiotape, etc. -----

G30. Special protection measures or assistance to remedy previous discrimination apply to policies created to increase the employment of underprivileged groups in the work force or in specific occupations in order to remedy past discrimination, such as affirmative action, with the intent to obtain, effectively, equal opportunities and treatment in the work place. These measures will not be considered discrimination and can be used where permitted by law. -----

The company has a formally established HR policy and an employee handbook, where the above requirements are met. -----

During the interviews, workers reported that have never experienced or observed any kind of discriminatory practice by the company. -----

There is a working environment that provides access to work and equal treatment of employees, from recruitment to retirement and pension. It was reported that recruitment is carried out to fill vacancies internally first and then only if the individual with the desired profile is not found, the company offers the vacancy to the general public. An anti-harassment policy was shown. -----

D.REDUCTION OF EXPENSES -----

G31. Reduction of expenses means the elimination of a significant number of positions or the dismissal or temporary release of a significant number of employees on the part of the employer. In general, this is a result of the closing of a plant or cutting in costs. The reduction of expenses does not include isolated cases of termination of contracts motivated by dismissal with cause or the voluntary ones. -----

G32. In many countries, national legislation requires the remittance of an advance notice to the affected workers, communities and/or governments regarding the closure of plants or temporary dismissals above the numerical numbers specified above. Some national laws require that the reduction of expenses be negotiated with organizations of workers through collective bargaining. It is possible that national legislation or the existing collective bargaining agreements require the payment of compensation to workers affected by layoffs. -----

G33. When it is not possible to avoid an expressive number of dismissals, one must develop a plan to deal with the adverse impacts on the workers and their community. The cost reduction plan should address issues such as the program of downsizing, the methods and procedures to reduce expenses, selection criteria, severance payments, offers of alternative employment or assistance by means of activities of retraining and job placement. -----

G34. The selection criteria for dismissal must be objective, fair and transparent. The reduction of expenses should not be based on personal characteristics unrelated to inherent job requirements. -----

G35. The clients must also consult the employees and their organizations during the development of the expense reduction plan. Consultations are essential for developing plans that reflect the concerns of workers and their ideas about ways to avoid or minimize layoffs, selection criteria and severance payments. When there is a national legislation or an existing collective bargaining agreement that stipulates that the reduction of expenditure is a subject for collective bargaining, the client must allow time for negotiations in good faith, and implement the terms of the applicable to collective bargaining agreements. Any legal requirements must be complied with, specifying a period of advance notice. It is good practice to create a complaints mechanism to deal with complaints about provisions in the plan of reduction that were not met. -----

The company meets the legal requirements relating to advance dismissal notice. -----

The company has formally established an HR policy and an employee's manual, but the selection criteria for dismissal, promotion and/or change of function are based on the employee's performance. -----

E.COMPLAINT MECHANISMS-----

G37. When providing a complaint mechanism through which the workers can raise concerns regarding the work place, the client must ensure that the issues are taken to the management and addressed quickly. It should also provide feedback to those involved and prevent retaliation due to the presentation of complaints. The complaint mechanisms can be designed to forward complaints through an appropriate process in order to protect the confidentiality of the employee, and shall ensure that workers can raise concerns for others and not just the immediate supervisors. When countries have legal or administrative proceedings to address labor complaints (most countries have these processes), the mechanism of the client should not delay or prevent access to other administrative or judicial remedies that are available in the legislation. -----

G38. When a mechanism of complaints is provided by means of a joint negotiation agreement, and meets the requirements of Performance Standard 2, the client should make use of it for the workers included in the agreement. If there are other employees who are not included in an agreement, the client must establish a separate mechanism for them. ---

The company has a formally established HR policy and an employee handbook, where the above requirements are met. -----

During the interviews, workers reported that all their demands, including complaints, are routed to their hierarchical supervisors, who forward the issues and provide feedback. The employees interviewed are aware that if their demands and complaints can be taken to other instances and not only to their hierarchical supervisors, even if this is the main mechanism for complaints. The Union is also an accepted channel by company for the referral of complaints. -----

F.CHILD LABOR-----

G43. The clients must define a minimum age for corporate work, which, is at least in compliance with national laws and with Performance Standard 2 and develop a corporate policy against the employment, use and benefit from child labor. In countries or sectors where there is risk of child labor, the clients should review and keep copies of documentation that can be verified, beyond those required under Paragraph 7 of the Performance Standard 2, concerning the age and profile of work of all persons under 18 years of age working at the company, paying special attention to those aged less than the limit age of mandatory schooling. As a matter of good practice, the clients should keep in place a legal documentation of all workers under the age of 18. -----

G44. Human traffic, forced dislocation of people at all international borders, of children for the exploitation of child work was identified as an international problem. The clients should be informed about this and address these issues with the contractors who provide manpower and products so that they do not benefit from such coercive practices. (...)

During the interviews, workers reported that the minimum age for work in the company is 18 years. There was no statement that knew of work being performed by anyone under 18 years. -----

The company has formally established an HR policy and an employee's manual employee, but the question of the minimum working age and controls over contractors and subcontractors on mechanisms for the protection of child labor are not addressed. -----

The company disseminates the rejection of child labor in its supply chain.

G. FORCED LABOR-----

G46. Forced labor consists of any work or service performed involuntarily, which is required of a person under the threat of physical strength or punishment. Forced labor includes any kind of involuntary or compulsory work, such as slavery, debt bondage or hiring agreements of similar work. A common form of slave labor is the practice of forced labor

exploited in exchange for non-monetary remuneration, such as food or housing, so as to effectively prevent the exit of the worker from the job. Debt bondage is the practice of exploiting forced labor by means of creating a debt or other obligations (such as deductions from pay as a disciplinary measure), not based on a valid economic purpose and mutually beneficial, that must be settled on terms that effectively prevent the exit of the worker from the job. Examples of agreements of similar labor contract are requirements of monetary deposits, limitations on freedom of movement, excessive or substantial advance notice periods or inappropriate fines or loss of wages earned previously that serve to prevent workers from leaving their jobs voluntarily within their legal rights, or contract clauses that limit or prohibit resignation within a certain established time period. Migrant workers are most vulnerable to this type of agreement. The obligations of forced labor are extended to the customer's supply chain as described in Paragraph 18 of Performance Standard 2. -----

G49. The practices of forced labor may not be immediately apparent. If forced labor is found in the manpower supply chain of the client, immediate measures must be taken to address the practice that coerced the employee and, instead, offer terms of employment that can be freely chosen and do not recreate coercion conditions. -----

G50. Clients must avoid any kind of physical coercion of workers, such as physical restrictions to the freedom of movement or physical punishment that exert effect of forced work. Examples of such practices include locking up the workers in the workplace or in their accommodations. The clients may not retain the identity documents or passports of the worker with the intention of restricting their freedom of coming and going. -----

G51. The obligations of slave work, slavery on account of debt or similar work contract or agreements sometimes are passed from one generation to another. The clients should avoid practices that have the effect of creating abusive debt obligations or effectively non-payable obligations, such as inappropriate charges for lodging and meals as part of the work relationship. The clients should also perform due diligence with respect to the main contractors and subcontractors so that they do not benefit from practices that lead to the condition of servitude or slavery of workers. ----

G52. People who are victims of traffic and migrant workers in illegal situation are especially vulnerable to forced work situations, such as, for instance, by means of servitude by debt to "employment agents", who charge exorbitant fees to allocate workers in foreign plants or farms. Human traffic, forced dislocation of people at all international borders, of children for the exploitation of child work was identified as an

international problem. The clients should be informed about this and address these issues with the contractors who provide work so that they do not benefit from such coercive practices. (...)-----

During the interviews, the workers declared having ever suffered and never observed any kind of practice that resembled forced labor.

The company has a formally established HR policy and an employee manual and an employee, but this issue is not addressed. Also there is no routine monitoring of third parties, contractors and suppliers to ensure that there is no such practice. -----

H.OCCUPATIONAL HEALTH AND SAFETY-----

G54. Occupation health and safety refer to the range of projects destined to protect the workers from wounds or diseases associated to exposure to hazards found in the work place, or during the performance of the----- work. The dangers can come from materials (including substances and chemical, physical and biological agents), environmental and work conditions (such as oxygen-deficient environments, extreme temperatures, improper ventilation, poor lighting, electrical systems disabled or non-fortified cesspools) or the work processes (including tools, machinery and equipment). The practice of occupational health and safety includes the identification of potential risks and responses

including development, testing, choice, substitution, installation, arrangement, organization, use and maintenance of the workplace, work environment and work processes to eliminate or minimize any risks to the workers. -----

G56. The sources of hazards to health and safety of the workers must be eliminated and personal protection equipment should be provided. However, when the danger is inherent in the activity of the project or if it is not feasible to completely eliminate the danger, the client should take reasonable measures to protect and provide personal protective equipment at no cost to the worker. (...)-----

G57. Training must be provided to all workers on relevant occupational health and safety aspects associated to the work, including emergency plans. Workers should not face disciplinary action or negative consequences for reporting or raising concerns about occupational health and safety conditions. -----

G58. The client must document and report occupational accidents and diseases, including worlds of the public. Monitoring data of the employee (such as exposure levels and health testing) should be maintained. -----

G59. The clients will extend the safe and healthy work environment to contract workers and any other workers that provide services related to the project on the facilities or work premises of the client. The contract specifications of contractors who provide information to workers on the premises or client's work place should include the provisions that they meet the requirements of S&SO of the client, to meet the requirements of Performance Standard 2 and minimize the risk and responsibility of the client. As a way of reducing risk and liability, and to improve performance, IFC encourages clients to demand comparable practices from the contractors, subcontractors and external vendors. -----

G60. The Client's Action Plan must deal with the hazards identified by means of an evaluation that has not been addressed by the client yet. The socio-environmental management system required by Performance Standard 1 must be prepared with adequate capacity to supervise matters of occupational health and safety. The management system should include monitoring and regular review of security issues, workplaces and other S&SO indicators. It is recommended to apply the compiled information and any corrective action in an ongoing process to improve the SS&S conditions and management; -----

G61. The preparation and response plans to emergencies must be adopted to the risks faced by the organization and should include an

integrated approach to address emergency situations and protect the health and safety of the works, public, and environment - within and outside the physical limits of the project. The facilities that pose fire risk should have evacuation plans along with an instruction course and simulation drills for all workers. Emergency plans should include all people who are working or visiting the client's company, including workers (regular or contracted), approved visitors and consumers. Preparations should be made in cooperation with external emergency services and agencies such as local fire departments and emergency response teams, and include a proper communication with employees and external authorities as required. (...).-----

Novelis do Brasil Ltda - Pindamonhangaba, has an Integrated Management System (SGI in Portuguese; IMS in English) based on the "PDCA" concepts and cycles of standards of ISO 9001 - Quality Management Systems - Requirements, ISO 14001 - Environmental Management Systems - Specification and guidelines for use and OHSAS 18001 - Management Systems of Occupational Safety and Health. The rules and procedures mentioned in the integrated management manual that describe the processes, activities, products and services of Novelis were shown. -----

I. TEMPORARY WORKERS-----

G62. Temporary workers are hired directly by the client or by means of contractors or other intermediaries. Although they are outsourced by the client, these workers tend to perform important functions of the client's ---

 business for a substantial period of time, as if they were substitute employees of the client. -----

 G63. The determination to which group of temporary workers fits into the Scope of Performance 2 will demand a business analysis and the client's opinion. The table of examples below shows the work that would constitute an essential function, as defined in Performance Standard 2, and the work that would not constitute an essential function: -----

Special Functions (addressed by Performance Standard 2)	Non-essential Functions (not addressed by Performance Standard 2)
Workers who perform functions according to a turn-key construction contract (EPC) and purchases.	Day workers contracted for a short period of time to perform construction activities.
(In case of a client that provides banking services to the public) temporary workers who provide security services continuously	(In case of a client that provides banking services to the public) individuals hired for a single service of surveillance equipment installation

(In case of a client dedicated to manufacturing) temporary workers who regularly transport finished products to distributors	(In case of a client dedicated to manufacturing) individuals who provide food services for employees of the client unless the client operates directly in the food service function.
(In case of a client dedicated to agricultural production) workers who repeatedly perform seasonal tasks that are essential for harvesting the product	(In case of a client dedicated to agricultural production) individuals hired for a single cleaning of new land for cultivation

G64. Most of national laws address the issue of contracted labor, although the terms vary enormously between countries and types of job by contract. The client must meet the legal requirements covering such issues as minimum wage, working hours, overtime pay, health and safety conditions, contributions to health insurance and pension programs and other employment contracts required by law for all the temporary workers who are directly hired. -----

G65. The clients must use commercially reasonable efforts so as not to benefit from unfair labor practices of contractors and intermediaries. This includes the establishment of contractual obligations on contractors or intermediaries that provide temporary workers to the client, site visits and visual inspections unannounced at the work place, and the exercise due

diligence in supervising contractors and intermediaries who supply workers. The client will use commercially reasonable efforts to inquire about the history or reputation of contractors and intermediaries that will provide temporary workers. The client must also exercise due diligence to ensure that the contractors or intermediaries that provide temporary workers to the client meet all legal requirements. -----

During the interviews, the contracted workers reported that their labor rights are respected and follow criteria of parity with the company's own employees. -----

The company declared the use of contractual instruments to ensure compliance with legal requirements covering the issues of minimum wage, working hours, overtime pay, health and safety conditions, social security contributions and programs, among others. -----

The company informed that the existence of temporary workers is due to a temporary need that usually chooses not to carry out this type of contract. It was shown that temporary workers do not suffer any kind of constraint and are treated equally by their own leaders and workers of at Novelis. -----

J.SUPPLY CHAIN -----

G67. The supply chain refers to the contribution both of materials and labor of a product or service. A supply chain of product may include suppliers of raw materials and suppliers of parts or components for assembly and production. The supply chain of multinational corporations can be very broad and global in nature, while the supply chain of domestic companies or smaller companies will be smaller in scale and can be local in nature, involving contractors, subcontractors and workers who operate from home. -----

G68. When the determination of prices of products or services depends on the competitiveness of important materials and items that are essential for the goods our services, and the low cost of labor is a competitiveness factor of these materials and items, the client must review his supply chain to check if there are potential adverse impacts and identify any risks for the client and for the project, as part of the evaluation process. It is recommended that the customer deals with labor issues, especially those issues specified in Performance Standard 2, in its supply chain to exert control and influence over the supplier of materials and items in proportion to the level of risks and impacts. In addition to risk mitigation, the effective management of supplier with regard to labor issues can lead to a strategic and competitive advantage, such as quality improvement, cost reduction and security of supplies. Materials and tools for best practices for the supply chain management

are rapidly developing into various corporate social responsibility initiatives of industry groups. -----

G69. The effectiveness in the approach of the supply chain will depend on the leverage that the client most probably will be able to exercise. In situations where there is an integrated chain of suppliers who depend on the client for the viability of their business, that influence and risk for the customer will be high if the supplier does not perform its functions. Since the supply chain extends to the basic products market, where the client operation has little meaning, the review of the supply chain of the client will simply reflect sectoral issues, rather than opportunities for specific project-mitigation. When the client has complex operations with multiple levels of suppliers, its leverage will be reduced to the extent of how far the levels of supplies are. As a result, the client should focus on the main level of suppliers, and possibly even secondary levels to have any significant impact. -----

G70. With regard to child labor and forced labor, as defined in Performance Standard 2, the client must exercise due diligence in his supply chain to avoid benefit or financial gain with these practices. Customers must make a special effort and participate in other diligences when these practices are prevalent or exist at certain stages in the supply chain in industries or specific geographic areas. Financial gain with child

labor is a particular risk when the cost of manpower is a factor for competitiveness of the products or services of the client. Customers should use as much of their influence as possible to eliminate child labor and forced labor in its supply chain. -----

As already previously discussed, the company requires from its suppliers to comply with the entire Labor Legislation and the adoption of existing and principles and routines in their Integrated Management System - SGI - of Novelis. -----

2.3.3.3.STANDARD 3 – PREVENTION AND POLLUTION REDUCTION

A.GENERAL REQUIREMENTS: DEVELOPMENT OF A NEW PROJECT (INCLUDING AN IMPORTANT EXPANSION OF AN EXISTING OPERATION) -----

G4. The clients who develop new projects or important expansions must incorporate the environmental aspects of the Project during the preparation (including the preparation of the Project and the selection of the location). The considerations must include background of environmental conditions (that may occur due to natural and/or anthropogenic causes unrelated to the Project), the presence of local communities, environmentally sensitive receptors (such as sources of

drinkable water or ecologically protected areas), the demand expected from the Project with regard to the water and availability of infrastructure for disposal of the residues. -----

G5. Important environmental impacts can occur at any phase of a Project and depend on several factors, which include the industrial sector and the position of the location. So, the approach to the preparation should cover all physical phases of a Project, from the investigation and construction of the place up to the operation / deactivation phase. The possible future expansion must be considered in the initial preparation of the Project, when possible. -----

G6. The environmental aspects of the step of deactivation should also be considered during the early preparation of the Project and during the periodic revisions carried out as part of the management system. -----

The background of the environmental conditions of the area of interference has been fully considered, since surveys were conducted on the previous environmental conditions for the definition of the location of implementation of the project. -----

The company declared having considered the infrastructure for waste disposal in the region and declared spending large sums of money to make the proper disposal of special waste derived from the work. -----

It became evident from the Environmental Descriptive Memorial - Venus Project of February 2011, as well as from a series of documents entitled Memorial of Characterization of the Project (MCE) that describe, step-by-step, the characteristics of the expansion work. Ref. 528.000003-4 of 11/11/2010. Production Unit 04, Raw Material 05, Product 06, Steps of Processes 7 and 8, Machinery and equipment 09 and Sampling of Chimneys 38, among others. -----

The Installation License No. 3002340 was checked - Expansion of new ventures dated 07/05/2011 issued by CETESB. -----

It was shown that Novelis do Brasil has been fulfilling the legal requirements related to expansion of its plant located in Pindamonhangaba. -----

B. PREVENTION OF POLLUTION, PRESERVATION OF RESOURCES AND ENERGY EFFICIENCY -----

G9. When control techniques are required to minimize emissions or they reach a pre-defined level of performance, the client should monitor his performance to warrant that the requirements of Performance Standard 3 are met. The frequency of monitoring emissions of pollutants should be appropriate to the nature and extent of potential impacts. This can range from continuous monitoring to daily, monthly, yearly or less frequently

monitoring. Customers can obtain Guidance on approaches and recommended frequency of monitoring appropriate to the nature of their operations of several sources internationally recognized, including the Corporate Health, Safety and Environment Guidelines (...). -----

G10. (...) In addition, the clients must include monitoring processes in their management system to alert them on important increases in the emission of pollutants or impacts in environmental conditions that may be an indicator of problems with manufacture processes or control equipment of pollution that may need corrective actions (see Performance Standard 1 and respective Guidance Note). -----

G11. The approach of the management systems can also include an element of continuous improvement, which, in the application of the Performance Standard 3, must encourage the levels of performance to exceed the conformity with standards or guidelines of emissions and effluents. Improvements may include efficiency gains in production-----
processes that result in operational performance, environmental or financial improvement, through, for instance, improvements in energy/water consumption per unit of industrial production and solid / liquid waste production per unit of industrial production. -----

G12. The emission of pollutants and the records of transfer that collect and disseminate data in environmental emissions and transfer of pollutants of industrial facilities are considered effective in promoting reduction of pollution in some industrial sectors, especially where all or most of the industrial installations in operation within a geographic region participate and where the information is made available to local communities. In places where these records are not required by law yet and can meet the disclosure requirements of Performance Standard 1 in terms of disclosure of important potential environmental impacts, customers are encouraged to participate in voluntary initiatives that seek to establish formal records of transfer and emission of pollutants at national or regional levels. (...)-----

G13. A cleaner production refers to the concept of integration of the pollution reduction to the process of production and to the preparation of a product. This involves a continuous application of an integrated preventive environmental strategy in terms of processes, products and services to increase overall efficiency and reduce risks to humans and the Environment through the preservation of raw materials, water and energy, and also reduction of elimination in the use of toxic and hazardous raw materials. A cleaner production can also mean the use of renewable energy sources, like solar and geothermal energy and geothermal resources.. Cleaner Production and Energy efficiency are

usually cost-effective, especially when evaluated against the project cycle. The customer is urged to follow the examples of cleaner production applicable to his area of design and apply them to the design of the project when they are technically and financially feasible and cost-effective. (...).-----

Prevention of Pollution: -----

The company has under its Integrated Management System - SGI - a series of monitoring related to the Management of residues, wastewater, hazardous materials, Energy efficiency, Atmospheric Emissions, chemicals handling, storage and waste products. Thus, we can affirm that Novelis do Brasil has an efficient and integrated preventive ----- environmental strategy in terms of processes, products and services to increase overall efficiency and reduce risks to humans and the environment. In item 2.3.1.1 Environment in sub-items a, b, c, d, e, f and g of this report are analyzed in detail the issues related to Pollution Prevention. -----

Preservation of Resources: -----

Actions for saving water and disposal of effluent discharges. -----
With regard to the rational use of water, it was carried out a questioning to the company about the calibration of water meters that measure the flow of grants listed in Item 2.3.2.1 Environment - item b Water

Environment. Novelis said it had records of equipment mentioned. However, it had no information regarding the water meters that measure the flow of consumption in the area of the company. In this sense it was opened an opportunity for improvement in which the remedial action will be sending this equipment to calibrate to ensure information and allow more effective controls of water consumption and conservation. -----

Actions to optimize energy consumption and use of renewable sources. As previously argued in Principle 3 item B. Energy Efficiency, the company declared the adoption of several actions and programs turned to energy management, seeking maximum energy efficiency of the plant; however, no information was made available of Novelis evaluation on the effectiveness and efficiency of its programs, objectives and energy management goals. -----

Thus, it was not possible to assess this issue. -----

The company does not adopt renewable energy sources. -----
Actions for the optimization of raw-materials. -----

The company presented a policy of recycling production waste, incorporating product out of specification at the beginning of the process, transforming this waste into process input, thus reducing the use of raw

materials for the production of sheets. It was declared by the company in recent years, had the entire production system go through adjustments in order to eliminate losses of raw material in the process, to increase the efficiency of plant production and reduce consumption of raw materials. However, during the evaluation in the site, no information was made available by Novelis on the effectiveness and efficiency of its programs, goals and objectives of optimization of raw materials. As it has been previously reported, at the opening meeting of the audit process the phases and results of the work were presented as well as results of work done at Novelis in relation to the reuse of waste from the production. This fact collaborates for the reduction in the use of raw materials. Based on this evidence and on the evidence analyzed we consider this item served. -----

C.WASTEWATER -----

G15. Due to the risks to the environment and growing costs and responsibilities associated to the management and disposal of residues, Performance Standard 3 requires that the clients investigate the options for prevention, recovery and disposal of residues during the operational step of the project. The level of effort in meeting this requirement depends on the risks associated with waste generated by a project. The clients should inquire about the location of final disposal of their material,

even if the disposal is conducted by a third party, and especially if the waste is considered hazardous to the environment and human health. If no method of adequate disposal is available on a commercial basis or otherwise, the client must create its own recovery or disposal facilities through local business association or other similar entities to identify viable alternatives or approaches. (...). -----

G16. In the cases where the alternative selected for treatment, storage or disposal of residues has the possibility of generating polluting emissions, the client must apply adequate control techniques to avoid, minimize or reduce these emissions, in accordance with the requirements of Paragraphs 4, 10 and 11 of Performance Standard 3. (...). -----

As previously discussed in Principle 3 item E.. Management of residues , there must be an adequate planning to deal with the destination of the residues generated which considers the recommendations of the general guide, it was possible to evaluate full compliance with the actions proposed by IFC. Since all information was made available duly updated for the follow-up of this management. It is worth highlighting that the management of hazardous waste is properly conducted, where it stands out that it is adequately housed in a sheltered facility with containment for potential spills, with control for inventory and access, with monitoring -----

routine and visual inspections and that the company has presented evidence as to the correct destination of hazardous residues. -----

D. HAZARDOUS MATERIALS-----

G17. Since the best way to avoid the emission of hazardous materials is to avoid using them right from the start, the clients must tap into opportunities during the entire project cycle to use non-hazardous materials in the place of hazardous ones, especially where the hazards of the materials cannot be easily avoided under normal use conditions and disposal at their life cycle. Substitutions were discovered, for instance, for the use of asbestos in building materials, PCBs in electrical equipment, persistent organic pollutants in pesticide formulations, as well as ozone-depleting substances in refrigeration systems. -----

G18. When there is the possibility of a project to emit toxic, hazardous, flammable or explosive materials, or when the project operations can result in injury to the personnel of the plant or public, as identified in the socio-environmental assessment, the client must perform an analysis of the hazard of his operations. The hazard analysis is usually performed along with studies on Risk and Operability (HAZOP) and allows clients to systematically identify systems and procedures that can result in an

accidental release of pollutants, and help prioritize the allocation of resources for emergency response equipment and training programs. ---

G19. The clients must analyze the list of active ingredients included in Attachments A and B of the Stockholm Convention and ensure that no chemical formulation be manufactured, sold or used in the project, that includes these ingredients, unless it is under very exceptional circumstances observed in Attachments A and B of the Stockholm Convention. The Persistent Organic Pollutants are chemicals that have five characteristics of environmental and public health concern: they are toxic, long-lasting, mobile, accumulate in fatty tissue and expand in the food chain. Their high mobility makes them a global issue, while their other properties mean that they are hazardous to human and animal health, even at low exposure levels. When projects have a pre-existing involvement with these ingredients, including the presence of stockpiles of obsolete chemicals, the Action Plan should include a plan of gradual discontinuation of operations for the client to meet Performance Standard 3 in a reasonable period of time. Customers need to manage and ----- eventually dispose of PCBs identified at the project site, so that environmentally safe, according to the terms of the Stockholm Convention. More information on management and disposal of PCBs can be found in the Guidelines for Health, Safety and Environment. -----

G20. The client should also minimize the involuntary generation and emission such as by incineration of chemical substances listed in Attachment C of the Stockholm Convention, as described in this Attachment. A Guidance on how to identify, quantify and reduce emissions of chemicals in Attachment C of potentially important sources can be found in the publications in support of the Stockholm Convention, as included in the References section. Because of their association with the involuntary emission of persistent organic pollutants, mainly through the incineration of mixed waste flows containing PVC products, when developing projects that manufacture PVC products, customers must weigh the general benefits of the project and the costs, including the benefits and the costs to the environment and the communities. -----

G21. The client should also review the list of chemical products included in Attachment III of the Rotterdam Convention of Prior Informed Consent for Certain Hazardous Chemicals and Pesticides in International Trade (consult the References Section), in addition to trying to avoid their manufacture, trade and use. These chemicals are listed in this international convention, since its use was prohibited or severely restricted in one or more national jurisdictions in order to protect human health and the environment. The list also includes some pesticide formulations considered extremely hazardous due to serious effects to health and the environment. -----

The company declared banning the domestic use of PCBs (Polychlorinated Biphenyls) (Ascarel) in electrical equipment and CFCs in refrigeration systems. The company reported the adoption of the routine chemical weeding in the areas of implementation of enterprise and made assessments in connection with the presence of persistent organic compounds in its formation. -----

In May 2009 the Conference of the Parties (COP) approved amendments to Attachments A (elimination), B (restriction) and C (unintentional production) of the Stockholm Convention, including a list of nine additional chemicals as persistent organic pollutants. -----

The chemicals listed in Attachment III include pesticides and industrial chemicals banned or severely restricted for health or environmental reasons. There is a total of 40 chemicals listed in Attachment III, 29 are pesticides (including four extremely hazardous pesticide formulations) and 11 are industrial chemical substances. -----

The company carried out an assessment regarding the generation and use of products banned by this Convention. It was shown the PI-90-0080-1 list of chemicals banned and the form and development of chemical products - Analysis for the purchase of chemicals. -----

E. PREPARATION AND RESPONSE TO EMERGENCY SITUATION ---

G22. While the requirements for preparation and response to emergency situations of Performance Standard 3 refer to the contingencies that might affect personnel and facilities within the physical limits of the project, the clients must also take into account the need to protect the health and the safety of the project workers (as observed in Paragraph 16 of Performance Standard 2) and that of the affected community (as observed in Performance Standard 4), in addition to addressing the preparation and responses to emergency situations in an integrated way. Whether customers are developing a new project or expanding an existing facility, they should address the contingencies associated with the problems of the process and the accidental circumstances through the use of emergency response plans or other similar tools appropriate to the specific industrial sector, as part of the Action Plan. (...).-----

G23. The effective plans of response to emergency situations help clients prepare the best results, while supposing the worst possible scenarios. Include clearly attributed responsibilities assigned for the evaluation of the degree of risk to life and property on the procedures with whom and how to communicate different types of emergencies. These plans should also include procedures for shutting down equipment and production processes and for evacuations, including a designated meeting place

outside the project site. In addition, effective emergency plans should include specific timelines for training and practice, equipment requirements for employees responsible for rescue operations, medical procedures, hazardous responses, fire fighting and other responses specific to the project site. (...). -----

The company adopts all the recommendations of this Performance Standard. -----

F. TECHNICAL GUIDANCE -----

G24. The client must consult the current versions of the EHS Guidelines, when evaluating and selecting the techniques for the prevention and control of pollution for the project. These documents contain levels and performance measures normally acceptable to IFC and in general, considered to be executable at a reasonable cost for an existing technology. The discharging effluents, air emissions and other numeric guidelines and numeric indicators, in addition to, other approaches for prevention and control included in the Guidelines for Health, Safety and Environment are considered standard values applicable to new projects, although it is possible to take into account the application of alternative performance levels and measures. As outlined in Performance Standard 3, customers who apply for alternative levels of performance measures

(usually for projects involving existing facilities with pollution control technologies and older equipment) should provide a justification and an explanation for any levels or measures less rigid than those identified in the Guidelines for Health, Safety and Environment, in addition to showing the exam of the impacts to environmental quality, to human health and to the environment. Guidelines for Health, Safety and Environment also provide general or specific information of the industry relevant to aspects of Occupational Health and Safety of Performance Standard 2, aspects of the Community Health and Safety of Performance Standard 4 and Biodiversity Conservation and Management of Natural Resources as per Performance Standard 6. -----

G25. The clients with projects that will result in important emissions or whose operations are already in degraded environments, should also try to improve their performance, beyond the levels and measures of performance articulated in the Guidelines of Health, Safety and Environment. -----

As already previously argued in this evaluation, the company has not taken as a reference the current versions of the general and specific guides of IFC's EHS, did not adopt the reference limits for emissions and effluents and did not justify the adoption of criteria and less restrictive measures. -----

The company must adopt these standards in its monitoring and develop a technical document justifying not using when this happens. -----

G.CONSIDERATION ON THE ENVIRONMENT: -----

(III) PROJECTS LOCATED INSIDE OR NEAR THE ECOLOGICALLY SENSITIVE AREAS: -----

G29. The clients with projects whose area of influence includes ecologically sensitive areas, such as national parks, must implement measures to avoid or minimize their incremental impacts in these areas, as long as they are feasible according to the technical and financial and efficient points of view in terms of costs. -----

Novelis do Brasil does not have an area of Influence that includes ecologically sensitive areas. -----

H.EMISSIONS AND GREENHOUSE GASES -----

G30. With the objective to determine the applicability of this requirement to a project, the client must define if the project is included in the sectors with the possibility of emission of one or more of the six greenhouse

effect gases, below, which are part of the Kyoto Protocol to the United Nations Framework Convention on Climate Change. -----

(i) Carbon Dioxide (CO₂) -----

(ii) Methane (CH₄) -----

iii) Nitrous Oxide (N₂O) -----

(iv) Hydrofluorocarbons (HFCs) -----

(v) Perfluorocarbons (PFCs) -----

(vi) Sulfur hexafluoride (SF₆) -----

G31. Examples of sectors with potentially important emissions of greenhouse effect gases include: energy, transportation, heavy industry, agriculture, forestry and waste management. Reduction and control options considered by customers in these and other sectors include: (i) Energy efficiency improvement, (ii) protection and enhancement of sinks and reservoirs of greenhouse gases, (iii) promotion of sustainable forms of agriculture and forestry, (iv) promotion, development and increased use of forms of renewable energy; (v) technologies for the capture and storage of carbon, and (vi) limitation and/or reduction of methane emissions through the recovery and use in residue management, and in the production, transportation and distribution of energy (coal, petroleum and gas). The carbon financing can create additional sources of funding to pursue these options of reduction and control. Illustrative examples of

project activities that can potentially result in potentially significant emissions of GHGs can be found in Attachment A. -----

G32. Indirect emissions associated to the external production of energy used by the project can be estimated with the use of a national performance average of emissions of GHGs for purposes of electricity generation (ex. national average emissions of carbon dioxide per unit of electricity generated for the country). A more specific performance of GHG emissions of the project in terms of electricity generation should be used when available (ex. average emissions of carbon dioxide per unit of electricity generated to the utility company from which the project acquires electricity). Several sources with statistics on national average emissions of GHGs are available in the References section. -----

G33. When developing a project designed to produce an important GHG emission, the client should take into account the options of reduction or compensation of the GHGs, as described above. The use of carbon financing as a strategy to reduce carbon emissions may include the Clean Development Mechanism (CDM) or Joint Implementation (JI), endorsed by the host government, the UN Convention on Climate Change. For the oil and gas sector, the customer should seek to reduce the flaring and exhaust of the gas associated with crude oil extraction. Examples of approaches to reducing gas flaring made by governments

and the oil sector include the Global Public-Private Partnership to Reduce Gas Flaring sponsored by the World Bank Group. -----

G34. The clients are encouraged to disclose their GHG emissions annually by means of corporate reports or through other voluntary disclosure mechanisms, currently used by the companies of the private sector at international level, of which one example was included in the item of References. -----

The project is considered a benchmark in the monitoring of emissions of air pollutants. In its Operating License - LO - issued by CETESB, there is constraint number 2, which requires the completion of monitoring of periodic sampling in the chimneys to check as to possible changes in emissions of pollutants that might exceed the legal standards of emissions established, as well as provide subsidies to the entrepreneur on the industrial process. The company performs periodic isokinetic evaluations to verify this compliance. The emissions monitoring system consists of annual checks. There have been presented records of these checks carried out, where there were found no deviations from the compliance with the Brazilian legislation. For those gases elated to greenhouse effect used in air conditioning it was made available for

analysis the estimate of the points and amounts of generation and data of the supplier and the gas user. See below: -----

General Chemical Products								
Item	Division	AREA	MACHINE /LOCAL	BUSINESS NAME	PRODUCT NAME	MANUFACTURER	FDS	FISPO
260	Providers	BJP-Refrigeration	Refrigeration Store	FREON (illegible)	HCFC®	DuPont do Brasil	<u>YES</u>	YES

I.MANAGEMENT AND USE OF PESTICIDES -----

G36. Performance Standard 3 requires that the client uses pesticides only when necessary to achieve project objectives under an integrated management of pests and an integrated management approach of vectors and only after other management pest practices have failed or the result has been inefficient. If using pesticides beyond the isolated or incidental use proposed as an integral aspect of the activities of the client, the client must present evidence in the Socio-Environmental Assessment of the need to use pesticides that describe the intended use and the corresponding users, and the nature and the level of the associated risks. Under these circumstances, customers must also take into account the possible impacts on health and resources of surrounding communities, as described in Performance Standard 4 and its Guidance Note. Relevant international guidelines on hazardous chemicals can be found in the References section. -----

G38. It is expected that the client exercises high level of diligence in the selection of pesticides, so that the products selected have the objective to meet technical and scientific specifications of the project. When selecting pesticides for use, the client should consider the need for appropriate precautions to prevent the misuse of pesticides and to protect the health and safety of project workers and the community affected, according to the principles and requirements of Paragraph 16 of Performance Standard 2 and Performance Standard 4. -----

G41. Storage, handling, application and disposal of pesticides, according to the best international practices of the sector must include a program to discontinue the use of pesticides listed in Attachment A of the Stockholm Convention, and to store and dispose of them in an environmentally safe way, especially when they are considered obsolete. -----

The company does not have systematic procedures or to minimize the use and the risks and impacts associated with pesticides used in pest control and sanitation plants. -----

2.3.3.4.STANDARD 4 – COMMUNITY’S HEALTH AND SAFETY -----

A.GENERAL REQUIREMENTS -----

G5. The management of health and safety of the community is way more than a technical question. It also requires an adequate understanding of social processes and cultural communities to experience, perceive and respond to the risks and impacts. Often, community perceptions are not so constrained by technical or quantitative assessments, but more by the ways that community members experience change in their environments. For instance, it is more likely to have a greater perception of risk when involuntary, complex, beyond personal control or when the distribution of risks and benefits is not considered equitable. The community can be impacted by various psychosocial effects when performing a project. The impacts include changes in the sense of cohesion and trust among community members, and perceived distribution of project benefits and negative impacts, for instance, equity, especially for women. Other----- psychosocial concerns are changes in the use of alcohol, drugs or tobacco, gender violence and influx of sex workers, coupled with rising incomes, labor migration or "external" communities established around a project. These issues should therefore be considered during the process of participation. The mechanism for customer complaints, as described in Paragraph 23 of Performance Standard 1 should help the client understand community perceptions of the risks and impacts of the project and adjust your actions and measures to address community concerns.

G6. For small projects, community participation, when one addresses health and safety of communities implies a brief query to community representatives, including interviews with a group of women or individual interviews, local authorities and suppliers of health services and safety to address their concern on any critical aspects of a project during the construction phase (example: increased traffic, noise, dust, movement of heavy machinery). For large or complex projects with potentially significant impacts and risks to public health systems, health care and health services demand, this process may include reviewing the existing conditions of health and safety, the widespread dissemination of information through public forums and query to the communities in the area of influence of the project on their concerns over health and safety, with the objective to address possible impacts on the activities, such as entry of workers during the construction phase and more environmental changes in the long run during the operational phase. In these large or complex projects may require an additional query to the regulatory agencies, local government and community representatives to determine appropriate measures and actions and to delineate responsibilities with respect to issues of health and community safety. -----

G7. Generally, community health monitoring is considered function of the government, not included among the technical obligations or specialization of a project. However, some projects may be located in

environments with demographic surveillance systems and health extremely inefficient. In these cases, you may need a better interaction with the host government for the project can accurately track the performance of health. Although a public health perspective, monitoring is typically conducted in a community rather than individual in the family, in some situations, monitoring in the family may be appropriate. For instance, when activities related to resettlement or relocation project generate vulnerable and disadvantaged individuals, the health monitoring within individual family may be appropriate as part of a monitoring plan as the relevant resettlement action plan. Monitoring activities and reports information via information systems linked to demographic and health of government can provide opportunities to highlight and track positive health outcomes linked to the project, which would otherwise be ignored.

The company conducted preventive actions in order to remedy the impacts to the community due to expansion works (Meeting with Cavalheiro, Commander of Military Police Station in Pindamonhangaba). However, it was not possible to show systematic monitoring of psychosocial impacts and / or community participation in health issues and community safety. There is no monitoring plan or re resettlement action plan required since the removal of individuals or families to carry out the extension works may not be necessary.

B. SAFETY OF INFRASTRUCTURE AND EQUIPMENT-----

G9. The need for certification and approval of structural elements to meet the requirements of Performance Standard 4 will imply consideration of engineering safety skills, including specialties in the geotechnical, structural, electrical, mechanical and fire areas. Customers must base this determination on the possible risk of adverse consequences produced by nature and use of these structural elements and local regulatory requirements. You can find Guidance Additional Guidelines for Safety, Health and Environment, and Safety Guidelines, Health and Environment of the Industrial Sector. -----

G10. The projects with structures and buildings accessible to workers and the public can imply a certification of structural and safety questions in the case of fire on the part of professionals of engineering and safety against fires registered in national or international organizations to be able to perform these duties and/or local regulatory agencies with supervision over these matters. The certification is In general, best done in the step of formulating the project, after construction and during operation to identify gaps that may arise due to construction or structural movements during the operation. For projects with risks to workers and the public, the client must also set its internal monitoring of engineering and fire safety of their operations, including daily monitoring and internal

audits. The risk is higher in hotels, medical facilities and residential institutions when there is participation of members of the public, it may not have access to the information security of buildings. -----

G11. The structural elements of high risk are in general, at larger projects and include those that can threaten human life in case of failure, such as dams located upstream the communities. In such cases, a risk evaluation must be performed by qualified and recognized experts, along with local engineering certification. Some types of dams that may require risk assessments and/or an analysis by experts include hydroelectric dams, dams, mining waste, ash tank, fluid overload, and waste, storage of water and other liquids, in addition to dams for the management of served waters and pluvial waters. Examples of risk criteria that can be used to evaluate dams are in Attachment D. -----

As previously argued, the company has a business license issued by the fire department, which considered the requirements of engineering for the project. -----

2.3.3.5.STANDARD 5 - LAND ACQUISITION AND INVOLUNTARY RESETTLING-----

There was the resettlement for the Implementation of the project. -----

Thus, it was found that this issue in addition not to be addressed as a criterion for the feasibility of the project, was not considered in the Socio-Environmental Assessment developed for licensing purposes. -----

The staff of the Bureau Veritas Certification found items relating to Performance Standard 5 (consultation and grievance mechanisms, physical and economic displacement, among others), Performance Standard 8 (cultural heritage), Principle 5 (Query and Disclosure) and Principle 6 (Complaint Mechanism) met by Novelis, adopting also as reference the documents published by IFC, namely: -----

- ~ performance standards and guidance notes -----
<http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards>
- ~ publications of best practices for performance standards-----
http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_ByPerformanceStandard-----
- ~ good practice notes -----
http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_GPN-----
- ~ Handbooks/Toolkitshttp://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_Handbooks -----
- ~ Reports -----
[:http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_Reports](http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_Reports)
- ~ Lessons of Experience -----
http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_LOE -----

~ Quick Notes-----

http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_QN-----

~ Brochures and Flyers -----

http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_Brochures

2.3.3.6.STANDARD 6 - BIODIVERSITY PRESERVATION AND SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES-----

A. PROTECTION AND CONSERVATION OF BIODIVERSITY -----

G3. As specified in Performance Standard 1, all projects with social or environmental risks and possible impacts will be subject to the process of Socio-environmental Assessment. The issues relating to biodiversity and natural resource management are part of the Evaluation. As part of this process, the customer should evaluate the type and importance of existing biodiversity, either within genetic, species and ecosystems and take into account the possible impacts of project-related activities on it. The evaluation of genetic diversity examines the frequency and diversity of different genes and/or genomes. Species diversity means the frequency and variety of different species, i.e., a population of organisms capable of interbreeding freely under natural conditions. Ecosystems are defined in Paragraph G4 later. The client must take into account: (i) the location and size of project activities, including those associated facilities

and significant impacts on biodiversity that arise through the supply chain or other relationships with third parties, (ii) the project's proximity to areas that have biodiversity of importance, and (iii) the types of technology that will be used. If this screening does not identify threats to biodiversity, will require no further action to direct the identification, protection and conservation of biodiversity in accordance with Performance Standard 6.

G6. In sectors that depend on natural resources as raw material (such as furniture manufacture and food processing), the impacts to biodiversity can occur also in several points of the supply chain. In such situations, the customer should identify any impacts caused by their business partners or suppliers and address them in a manner consistent with their degree of control and influence .(...). -----

G7. The evaluation of the impacts to biodiversity can provide information for decision-making on alternatives for the project. Alternatives may include variations in the design of the project site, engineering processes and practices of alternative construction, site selection or definition of different routes and facilities linear screening to select those suppliers that have appropriate systems of social and environmental risk management The assessment should take into account the costs and economic, financial, environmental and, social benefits and identify which should be up to them. Depending on the circumstances, costs and benefits can be expressed in qualitative or quantitative terms and the

analysis of the balance between these costs and benefits should be explained. -----

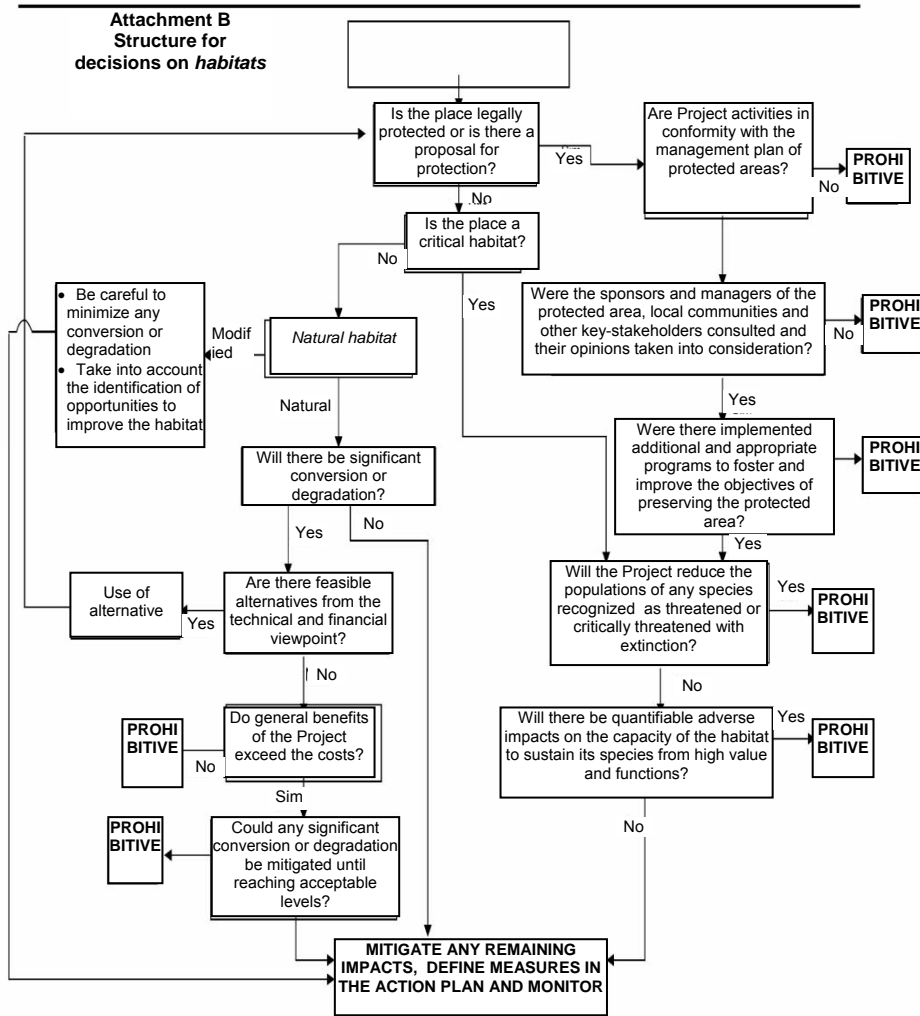
Although Novelis has a robust management, SGI implemented through the company, could not perform a deeper evaluation of item A. Protection and Preservation of Biodiversity, in face of lack of information that is more precise and broad of Novelis's actions in Brazil. No doubt all the work done by the company team proved satisfactory in the aspects related to Environment and SSO. However, as specified in Performance Standard 1, all projects with social or environmental risks and potential impacts will be subject to the process of Socio-Environmental Assessment as well as issues relating to biodiversity and natural resource management are part of the Evaluation. Thus, roughly speaking, we can infer that all actions performed by the team at Novelis in relation to environmental compliance and regulatory standards on a voluntary basis can be considered important for biodiversity conservation. However, despite the book not submitted for analysis projects under genetic, species and ecosystems to function does not exist in its area of direct influence such environments, it is a suggestion that Novelis can take into account the possible impacts of activities related to the expansion project and foster actions that in a more effective way contribute to the protection of biodiversity. -----

B. HABITAT-----

G10. Performance Standard 5 recognizes the need to take into account the impacts on the biodiversity both in natural habitats and in the modified habitats, since the modified habitats can also have an important value of biodiversity, quite often on agricultural managed scenarios. It occurs in modified habitats that much of private sector development.

G11. (...) When recognizing and outline natural or modified habitats, the clients may accurately consult duly qualified professionals for consultancy. When dealing with critical habitat and legally protected areas, customers should hire qualified and experienced external experts.

G12. Attachment B offers a structure for decision on definition of project location and illustrates what must be considered as prohibitive circumstances (that is, circumstances that would be considered in disagreement with the requirements of Performance Standard 6 and, therefore, probably would not be eligible to IFC funding or funding from other institutions) when one works with different kinds of habitat and with legally protected areas. -----



G13. The modified habitat can provide space for the life of many vegetable and animal species, even when some of the ecological services that it could provide have been reduced by changes in the

original natural habitat. Customers should recognize these values and avoid remaining a further disturbance where technically and financially feasible and cost-effective. For instance, on the outskirts of many local plants there can be wild areas/wetlands that could be left unchanged, as damping areas, or improved by planting native species and removing invasive exotic species . -----

It was not possible to evaluate the consideration of the criteria established by the IFC to the evaluation of impacts on biodiversity in both natural and modified habitats. It is recommended to the adoption of these considerations during the review of environmental impact surveys (see item 1 Standard C. Impacts and Risks). -----

C. MODIFIED HABITAT -----

G14. Performance Standard 6 requires that any conversion or significant degradation that might occur in the natural habitat be avoided (for instance, by means of remanaging or redirectioning of the project). When you cannot be avoided, such conversion or degradation should be restricted to cases where it can be shown that there are no viable alternatives in terms of technical and financial benefits when the project -

outweighs the costs and when the conversion or degradation is reduced

(for instance, in view of the reduction in occupancy of the soil) or mitigated appropriately for the project circumstances, in particular. -----

It was not possible to evaluate the consideration of the criteria established by the IFC as to modified habitats. It is recommended to the adoption of these considerations during the review of environmental impact surveys (see item 1 Standard C. Impacts and Risks). -----

D. CRITICAL HABITAT -----

G18. Critical habitat is a subset both of natural habitats and modified habitats and it is determined by the presence of high value biodiversity, according to one or more of the following criteria: -----

i) large numbers of endemic species or restricted distribution found only in a specific area -----

ii) the presence of known species that are endangered or critically endangered with extinction -----

iii) habitat that is necessary for the survival of certain migratory species or to support globally significant concentrations or numbers of individuals of congregational species. -----

- iv) concentrations of unique species that cannot be found anywhere else
- v) areas of major scientific value because of evolutionary or ecological attributes present-----
- vi) areas including biodiversity of great social, cultural or economic importance to local communities. -----
- vii) areas recognized as being particularly important for the protection of ecosystem services (such as aquifer protection). -----

Since the determination of critical habitat requires professional expertise and advice, customers must contract appropriately qualified external experts to provide assistance. -----

G19. The activities of the project should only be conducted in critical habitat if it is possible to demonstrate that they will not have a quantifiable adverse impact on the capacity of the critical habitat to keep -----

its high value of biodiversity. The probability of measurable adverse impacts on critical habitats would be determined through a detailed evaluation of biodiversity. The evaluation, using objective data, Methodology and scientific analysis, determine if the project would cause a measurable reduction species endangered or critically endangered, either directly or indirectly, through habitat destruction. This measurement describe a high probability of adverse outcome in terms of

expected reductions in the numbers of people, ability to withstand habitat or other relevant parameters. -----

It was not possible to evaluate the consideration of the criteria established by the IFC as to modified habitats. It is recommended to the adoption of these considerations during the review of environmental impact surveys (see item 1 Standard C. Impacts and Risks). -----

E. NATURAL FORESTS AND PLANTATIONS -----

G30. The clients that acquire forest products, lumber or not, from third parties as wholesalers, retailers or independent extraction companies must seek to guarantee, as far as possible, that these forest products, lumber or not, receive independent certification that they are being extracted from managed forests in a sustainable way. Recognizing that in many situations, the client may have little or no influence on the management of these forests from which timber and non timber products come from, the client should at least implement policies and procedures to ensure that these forest products are at least produced and commercialized legally. The implementation of a policy for preferential purchasing of forest products timber and non-certified wood will also help fulfill the requirements of this Performance Standard. -----

G31. If there are forest products, lumber or not, certified and available, the client must obtain a certificate from the custody chain to show that the integrity of the wood certified is kept throughout its entire process. -----

Control by Novelis with regard to two suppliers of wood used inside the Pindamonhangaba Unit has been observed. Below is the evidence of the certification of the companies. See below:-----

SEMA-IAP-DIDEF-SERFLOR		
Register Certificate 2011	IAP	
SERFLOR		
We have checked the petition qualified below, based on Art. 6 of State Decree No.194/96, the present register certificate with the Environmental Institute of Paraná, through the		
STATE SYSTEM OF MANDATORY FORESTRY RECOVERY		
CONTROL		
Register Number	Regional Office of	Expiration
1601010002775	ERPGO – PONTA GROSSA	03/31/2012
IDENTIFICATION OF PETITIONER		
Commercial Name (Legal Entity) or Name (Natural Person)		
MARILEIDE LIANO - ME		
Trade name of Legal Entity or Professional Qualification of Natural		

Person					
WOODPINE MADEIRAS					
State Register	CNPJ	of	Legal	CPF of Manager	Register
9036374125	Entity			or	Natural at CREA
	07.831.044/0001-02			Person	-
				041.115.859-73	
ADDRESS					
Street (Street, Number, Room, etc.)					
RUA: E,S/N°,QD. E, LT. 20					
Neighborhood			Municipality		
DISTRITO INDUSTRIAL			JAGUARIAIVA		
State	Telephone (DDD-	Zip Code	P.O.Box	Fax(DDD-	
PR	No.)	84200-000	-	No.)	
	04335352450			*****	
CATEGORY WITH IAP					
Code	Denomination				
05.01	TRADER OF RAW MATERIAL/PRODUCT AND SUB-PRODUCT OF FORESTRY ORIGIN				
07.12	WOOD SAWN INDUSTRY				
[it includes emblem of the State of Paraná: State Secretariat for the Environment and Water Resources IAP – Environmental Institute of					

Paraná **CERTIFICATE No.12152** Electronically issued by the Internet
04/12/2011 21:57:30 Data transmitted by Celepar Technology]

SEMA

Page 1 of 2

SEMA-IAP-DIDEF-SERFLOR

Register Certificate 2011**SERFLOR**

We have checked the petition qualified below, based on Art. 6 of State Decree No.194/96, the present register certificate with the Environmental Institute of Paraná, through the

STATE SYSTEM OF MANDATORY FORESTRY RECOVERY**CONTROL**

Register Number	Register Office of	Expiration
0401010000066	ERCBA - CURITIBA	03/31//2012

IDENTIFICATION OF PETITIONER

Commercial Name (Legal Entity) or Name (Natural Person)

BERNECK S/A PAINEIS E SERRADOS

Trade name of Legal Entity or Professional Qualification of Natural Person

State Register	CNPJ	of	Legal	CPF	of	Register	at
1070256009	Entity			Manager	or	CREA	

81.905.176/0001-		Legal Entity	-	
94		000.960.599-15		
ADDRESS				
Street (Street, Number, Room, etc.)RUA VALERIO SOBANIA, 500				
Neighborhood			Municipality	
THOMAZ COELHO			ARAUCARIA	
State	Telephone	Zip Code	P. O. Box	Fax (DDD –
PR	(DDD	- 83706-530	341	No.)
	Number)			00416431895
	04121093700			
CATEGORY AT IAP				
Code	Denomination			
01.08	REFORESTER/CONSULTANT TO REFORESTATION / EXTRACTION COMPANIES/SUPPLIER OF LOGS/SMALL TRUNKS/STACKS/SUPPORTS			
02.01	AND THE LIKE			
02.02	EXTRACTOR/SUPPLIER OF LUMBER			
04.05	PRODUCER OF FORESTRY SCIONS TRADER OF RAW MATERIAL/PRODUDUCTS AND SUB- PRODUCTS			
05.01	FOREST ORIGIN CONSUMER OF LUMBER/BRICKS/CHIPS/SAWMILL			

06.02	WOOD AND THE LIKE. INDUSTRY OF PRESSED (AGGLOMERATES/FIBER SHEETS)
07.10	AND THE LIKE
07.12	INDUSTRY OF SAWN WOOD

<http://celepar7.pr.gov.br/sia/serflor/certificado/CertificadoRegistro.asp>24/3

2.3.3.7.STANDARD 7 – INDIGENOUS PEOPLES -----

As per research in FUNAI site, no Indigenous Peoples were found in the area of influence of the project.-----

2.3.3.8.STANDARD 8 – CULTURAL HERITAGE-----

G9. The possible impacts to Cultural Heritage must be considered as an integral part of the Socio-environmental Assessment. The selection phase of the evaluation should identify the extension and complexity of possible impacts to Cultural Heritage in the area of influence of the Project (see Paragraph 5 of Performance Standard 1). If the section indicates possible adverse impacts, it will be necessary a more thorough analysis to establish the nature and scale of these impacts and the measures for mitigation. The reach, depth and type of analysis must be proportionate to the nature and scale of possible adverse impacts of the

Project in the resources of cultural heritage. One must hire qualified personnel to perform this analysis as part of the Evolution. -----

It was seen, in relation to Standard 8, during the interview with the Secretary of Education and Culture of the Municipality of Pindamonhangaba that Novelis was regarded as having contributed to the architectural recovery of the City. The company presented as evidence of its action in relation to Standard 8 the agreement signed between Novelis do Brasil Ltda. and the company Pauliceia Arquitetura Restauro e Projetos Culturais Ltda for restoration of the Palacete 10 de Julho in Pindamonhangaba. -----

2.4. PRINCIPLE 4 – ACTION PLAN AND MANAGEMENT SYSTEM-----

In view of the conclusions of this report, the company must prepare an action plan to deal with reported deviations. -----

2.5. PRINCIPLE 5 – QUERY AND DISCLOSURE-----

This item was not part of the scope of the present evaluation. As mentioned in the previous report, the environmental agency dismissed the company from performing public hearings for the licensing process.

2.6. PRINCIPLE 6 – COMPLAINT MECHANISM -----

See comments in Performance Standard 1, item N. Complaint Mechanism.-----

2.7. PRINCIPLE 7 – INDEPENDENT REVISION-----

The independent socio-environmental assessments have been performed annually since 2007.-----

2.8. PRINCIPLE 8 – COMMITMENTS-----

Listed below are the Contract Commitments relative to NOVELIS socio-environmental performance..-----

Continuation of the CONTRACT FOR THE OPENING OF FIXED CREDIT No. 40/00788-X, signed between NOVELIS DO BRASIL LTDA and BANCO DO BRASIL S.A., in the amount of R\$ 25.058.616,00 (twenty Five million, fifty eight thousand and six hundred and sixteen reais), with due date on 03/15/2019.-----

D) being the entity financed, State, Federal District, Municipality or any entity from the Direct Public Administration, Autarchy and Foundation of Federal, State, District or Municipal Public Law, presentation of Clearance Certificate with the CRP, except for the cases presenting the Statement that the beneficiary does not have its own regime of social security of public services.-----

E) confirm good standing of the situation before environmental entities.

TWENTY-SEVEN – OTHER CONDITIONS – THE FINANCED COMPANY UNDERTAKES AS WELL TO:-----

A) COMPLY, AS FAR AS IT IS CONCERNED, WITH “APPLICABLE PROVISIONS TO THE BNDES CONTRACTS”, APPROVED BY RESOLUTION NO. 665, OF DECEMBER 10, 1987, PARTIALLY CHANGED BY RESOLUTION NO. 775, OF DECEMBER 16, 1991, BY RESOLUTION NO. 863, OF MARCH 11, 1996, BY RESOLUTION NO. 878, OF SEPTEMBER 4, 1996 AND BY RESOLUTION NO. 894, OF MARCH 6, 1997, BY RESOLUTION NO. 927, OF APRIL 1, 1998, AND BY RESOLUTION NO. 946, OF SEPTEMBER 24, 2011, AND BY RESOLUTION 1571, OF 03.04.2008, ALL APPROVED BY THE BOARD OF THE BNDES, PUBLISHED IN THE OFFICIAL GAZETTE OF THE UNION (SECTION I), OF DECEMBER 29, 1987, DECEMBER 27, 1991, APRIL 8, 1996, AND SEPTEMBER 2, 1996, MARCH 19, 1997, APRIL 15, 1998 AND OCTOBER 31, 2001 AND MARCH 25, AND NOVEMBER 6, 2009, RESPECTIVELY;-----

B) COMPLY, AS APPLICABLE, TO THE “GENERAL CONDITIONS REGULATING OPERATIONS” RELATIVE TO FINAME, TO BE PERFORMED IN ACCORDANCE WITH DECREE NO. 59.170, OF

SEPTEMBER 2, 1996, MICROFILMED UNDER NO. 399.674, CONFIRMED AT THE COLUMN OF ANNOTATIONS OF REGISTER NO. 4.879, OF LEDGER H-9, AT THE 2ND NOTARY'S OFFICE OF PAPERS AND DOCUMENTS OF THE COUNTY OF RIO DE JANEIRO, STATE OF RIO DE JANEIRO; -----

C) COMPLY, AS PERTINENT, WITH THE STANDARDS RELATIVE TO THE PROCESSING CREDIT OPERATIONS ESTABLISHED BY FINAME, WHICH DECLARES KNOWING AND UNDERTAKES TO ACCEPT;-----

D) ALLOW FINAME, THE BNDES, CENTRAL BANK OF BRAZIL AND BANCO DO BRASIL S.A. FULL SURVEILLANCE OVER THE APPLICATION OF THE RESOURCES, OF THE DEVELOPMENT OF THE ACTIVITIES FUNDED AND OF THE SITUATION OF THE GUARANTEES PERMITTING TO THEIR REPRESENTATIVES OR PROXIES FREE ACCESS TO THE PREMISES OF THE FINANCED PARTY AS WELL AS ANY DOCUMENT OR ACCOUNTING RECORDS, LEGAL RECORDS OR RECORDS OF ANY OTHER NATURE, BEING THAT THE FINANCED PARTY SHALL GRANT TO THOSE ALL AND ANY INFORMATION REQUESTED UNDER THE PENALTY OF HAVING AN EARLY EXPIRATION OF THIS INSTRUMENT AND IMMEDIATE ENFORCEABILITY OF THE DEBT; -----

E) COMPLY WITH PROVISIONS OF THE LEGISLATION RELATIVE TO THE NATIONAL ENVIRONMENTAL POLICY, ADOPTING, DURING THE TERM OF THIS CONTRACT, MEASURES AND ACTIONS DESTINED TO AVOID OR CORRECT DAMAGES CAUSED TO THE ENVIRONMENT, SAFETY AND HEALTH OF THE WORK, THAT MIGHT BE CAUSED BY THE PROJECT OR FINANCED PROPERTY; -----

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Continuation of the CONTRACT FOR THE OPENING OF FIXED CREDIT No. 40/00788-X, signed between NOVELIS DO BRASIL LTDA and BANCO DO BRASIL S.A., in the amount of R\$ 25.058.616,00 (twenty Five million, fifty eight thousand and six hundred and sixteen reais), with due date on 03/15/2019.-----

F) KEEP UNDER REGULAR SITUATION, ITS DUTIES WITH ENVIRONMENTAL AGENCIES DURING THE EFFECTIVE TERM OF THE CONTRACT;-----

G) MENTION EXPRESSLY THE COOPERATION OF BANCO DO BRASIL S.A., OF FINAME AND OF NDES, AS FINANCING ENTITIES,

WHENEVER PUBLICITY IS MADE OF THE IMPROVEMENT, ITS USE
OR THE PROJECT. -----

2.9. PRINCIPLE 9 – INDEPENDENT MONITORING -----

Not applicable to the Scope of this assessment. -----

2.10. PRINCIPLE 10 – FINANCIAL INSTITUTION REPORT -----

Not applicable to the Scope of this assessment. -----

3. CONCLUSION-----

The project has been rated as category B because the potential
environmental impacts are largely reversible through mitigation
measures. -----

The Socio-Environmental Assessment of the project was carried out as
determined by the Environmental Company of the State of São Paulo,
through the Environmental Description Memo of the Plan and of the
Expansion, which is a simplified environmental study. All phases of
environmental licensing (LP, LI and LO) were performed and evidenced
by Novelis. The unit is licensed to operate under paragraph LO 3003084
and the expansion project (Project Venus) is approved by the

Environmental Agency of São Paulo - Cetesb. The Preliminary License No 3001282 and Installation License No 3002340 of the project have already been issued. The company conducted preliminary studies in order to characterize environmental liabilities in the area where the project is now installed. -----

The issues related to social risks were identified considered, pela empresa para a execução das extenção. Mas não foi possível evidenciar o monitoramento sistemático dessas medidas para cumprir o previsto nos padrões de desempenho dos Princípios do Equador. Todavia, a empresa possui um setor específico que trata das questões de responsabilidade social. -----

As for the self-service to the performance standards, the following deviations were found. We highlight: -----

-
- ~ The company has not taken as a reference the current versions of IFC's EHS general and specific guide. -----
 - ~ Monitoring of Atmospheric Emissions is not conducted for all parameters of the specific guide. -----
 - ~ Monitoring of Wastewater Emissions is not conducted for all parameters of the specific guide IFC. The system of monitoring the units of emission

meets the requirement of the Operating License, which consists of annual controls. There were no deviations from the Brazilian legislation. -

- Monitoring of effluent parameters for all the specific guides are not conducted. The process of wastewater treatment as well as its release is performed in accordance with Brazilian law and the results are presented to the environmental agency. It is understood that the company met the requirements of environmental licensing. The river quality monitoring is carried out as voluntary as the effluent is not released by the company in the receiving body. -----

~ There are not enough information yet to exclude the presence of three risk factors identified by the general guide as determining factors for the adoption of additional steps to control risks relating to contaminated soil and subsoil. -----

~ As the socioeconomic issues were not previously identified, neither were they systematically addressed, since no survey was carried out about possible social impacts and thus prevention and monitoring measures were not provided for these potential impacts. -----

~ Emergency plans are limited to the company's internal premises, pointing at no actions for possible scenarios related to the affected community in

the area of interference of the project, particularly regarding the transportation of chemicals (inputs). -----

As to Principle 4, it was found that the project has implemented a management system where environmental, health, safety and social responsibility issues are addressed. -----

The Environmental Management System is certified based on ISO 14001:2004 effective up to December 6, 2013, certified by ABS - Quality Evaluations.-----

The Health and Safety Management System is certified in OHSAS 18001:2007, effective up to February 16, 2013.-----

The Quality System is certified by ISO 9001:2008, ABS Quality Evaluations, Effective up to December 21, 2013.-----

However, the company has no procedures or methodologies aiming at tracking psychosocial impacts and/or participating in matters relating to the health and safety of the community.-----

It should be pointed out that the current assessment was conducted by adopting broader criteria due to the requirements of the Equator Principles and the IFC Guide used to perform the audit in response to the request from the project's financing agent, mainly in the external scope of the project, which were not considered fully in the evaluations for the licensing of the unit. Thus, systemic issues have been identified to be

corrected that were not previously identified due to the lower sampling adopted by the company. -----

Considering the actions taken as a result of the SGI of the company and the involvement of the staff who participated in the evaluation, even though improvements are needed in the routines related to environmental issues, as a result of the approach and coverage of this evaluation, one can confirm that Novelis do Brasil Ltda.'s project and its expansion project bring no loss to the environment and the communities. Thus we can conclude that Novelis do Brasil Ltda. meets the Equator Principles. -----

4. REFERENCES -----

- ~ International Finance Corporation, the Equator Principles. -----
- ~ International Finance Corporation, IFC: Environmental, Health, and Safety (EHS) Guidelines: GENERAL EHS GUIDELINES. -----
- ~ Specific Guide on Environment, Health and Safety for Steel Manufacture - Environmental, Health, and Safety Guidelines for Integrated Steel Mills (IFC). -----
- ~ International Finance Corporation, IFC: PERFORMANCE STANDARDS. -----
- ~ International Finance Corporation, IFC: GUIDANCE NOTES. -----

5. TEAM'S SIGNATURE -----

[Contains signature] -----

Luiz Carlos da Silva Lima -----

Auditor Lider Social Responsibility, Equator Principles -----

Lead Auditor ISO 14001 Lead Auditor audits ASR / Coordinator -----

