

Results of Environmental Review

- (1) Reference Number
22-006
- (2) Project Name
Construction of low grade ore processing plant
- (3) Project Site
Minas Gerais, Brazil
- (4) Project Outline
Construction of processing plant of low grade ore
- (5) Category
B
- (6) Reason of Categorization
The project falls into the mining sector and includes sensitive characteristics and is also located near a sensitive area under the Environmental Guidelines. However, it is not a large scale and doesn't have significant adverse impact on environment and society. Therefore, its potential adverse is not likely to be significant.
- (7) Environmental Permission / Approval by the Environmental Authority
The environmental impact assessment report has been prepared in accordance with the country's legislation, which was conditionally approved by the environmental authorities in May 2020, and approval for changes to the plan was also granted in May 2022.
- (8) Pollution Prevention
Appropriate measures are to be implemented regarding air quality, water quality, waste, noise, subsidence, and so forth.
- (9) Natural Environmental Considerations
Mitigation measures have been implemented at the mine as a whole for the surrounding protected areas, and this project will take place within

the existing mine site. Therefore, significant impacts on protected areas are not predicted.

(10) Social Considerations

Involuntary resettlement and land acquisition do not occur due to this project. Appropriate measures for the social environment have been taken, and therefore no significant concerns are envisaged.

(11) Applied International Standards

IFC Performance Standards

(12) Monitoring

Environmental Management Plan and Monitoring Plan were drawn up, and monitoring results are to be reported regularly to the environmental authority.

(end)

Questions

Q1. Please provide the address of the project site.

Address of the project site: Estrada Casa de Pedra s/nº, Zona Rural. CEP 36.410-970 - CX Postal 101 - Congonhas, MG, Brasil

Q2. Please provide brief explanation of the project.

O Projeto em questão é uma planta de beneficiamento de minério de ferro de alta sílica (42% de Fe e 37% SiO₂), com capacidade de produção anual de 15 milhões de toneladas de pellet feed. Através da implantação dessa planta, a CSN Mineração terá tecnologia que permitirá o aproveitamento de minérios mais pobres, tendo como principais ganhos o aumento de vida útil da mina, a liberação de hematita para beneficiamento na Planta Central existente.

The project is to implement an additional iron ore beneficiation plant within the current operational area. The production capacity will be 15Mtpa of Pellet Feed. The plant will enable the company to extract and use lower grade raw materials (high SiO₂ Itabirite Ore). The company will be able to beneficiate poorer part of raw material through this Itabirite plant, and high quality hematite be liberated and fed to the existing Central Plant. Such operation will bring longer life of mine to the company.

Q3. Will NEXI insurance be applied to a new project or an executing project? In case of an executing project, please inform of strong claims by stakeholders such as local residents, as well as improvement guidance or cessation orders for construction work / operations, from environmental authorities.

- | | |
|---|---|
| <input type="checkbox"/> New Project | <input checked="" type="checkbox"/> Executing Project (with Claim etc.) |
| <input type="checkbox"/> Executing Project (without Claim etc.) | <input type="checkbox"/> Others (Please specify) |

The Claims are not against a new project, Itabirite Plant I. We have established a permanent communication channel to handle the Claims and have responded appropriately, so there has been no opposition campaign to prevent us from doing our business.

Q4. In case of this project, is it necessary to execute Environmental and Social Impact Assessment (ESIA) based on the laws or regulations of the country where the project is to be implemented? If necessary, please inform the progress of ESIA.

- | | |
|--|---|
| <input checked="" type="checkbox"/> Required (Completed) | <input type="checkbox"/> Required (Under execution or under planning) |
| <input type="checkbox"/> Not Required | <input type="checkbox"/> Others (Please specify) |

Q5. In case that ESIA is already completed, please inform whether ESIA report is already approved based on the environmental and social assessment system of the country where the project is to be implemented or not. If ESIA report is already approved, please provide the date and name of authorities of the approval.

- | | |
|---|--|
| <input type="checkbox"/> Approved (without condition) | <input checked="" type="checkbox"/> Approved (conditional) |
| <input type="checkbox"/> Under approval process | <input type="checkbox"/> Others (Please specify) |

Date of Approval: May 08, 2020 (10Mtpa) and Apr 29, 2022 (+5Mtpa)

Name of Authorities: *COPAM – Conselho Estadual de Política Ambiental (The State Council of Environmental Policy) and SUPPRI – Superintendência de Projetos Prioritários do Estado de Minas Gerais (Superintendent of Priority Projects of the State of Minas Gerais)*

The company has obtained Installation License (LI) for 10Mtpa on May 08, 2020, and the additional 5Mtpa to be 15Mtpa was approved on Apr 29, 2022. The process for the additional 5Mtpa (LAS : Simplified Environmental Licensing) doesn't require new ESIA as the project area doesn't change/expand.

Q6. If environmental and social permit(s) other than ESIA is required, please provide the name of required permit(s). Have you obtained required permit(s)?

- Obtained
 Not required

- Required, but not obtained yet
 Others (Please specify)

Name(s) of required permit(s): Vegetal Suppression

Q7. Will the insurance be used for the undertaking that cannot specify the project at this stage (e.g. export or lease of machinery that has no relation with specific project, or Two Step Loan that cannot specify the project at the time of loan agreement)?

(~~Yes~~ / No)

If you answered "Yes", it is not necessary to reply to the following questions.
 If you answered "No", please reply to the following questions.

Q8. Are there any environmentally sensitive area(s) shown below in and around project site(s)?

(Yes / ~~No~~)

If you answered "Yes", please select applicable items by marking, and reply to the following questions.
 If you answered "No", please reply to the questions 9 and after.

- (1) National parks, nationally-designated protected areas (coastal areas, wetlands, areas for ethnic minorities or indigenous peoples and cultural heritage, etc. designated by national governments)
 (2) Forests with important ecological value (including primary forests and natural forests in tropical areas)
 (3) Habitats with important ecological value (including coral reefs, mangrove wetland and tidal flats)
 (4) Habitats of rare species requiring protection under domestic legislation, international treaties, etc.
 (5) Areas in danger of large-scale salt accumulation or soil erosion
 (6) Areas with a remarkable tendency towards desertification
 (7) Areas with unique archaeological, historical or cultural value
 (8) Areas inhabited by ethnic minorities, indigenous peoples or nomadic peoples with traditional ways of life (including areas which are used for cultural or spiritual purposes) and other areas with special social value

Note environmentally sensitive area under this question is not in a new project site, but only around. Building and operation of Itabirite Plant 1 will not have an adverse effect around the environment.

Q9. Does the project involve following characteristics?

(Yes / ~~No~~)

If you answered "Yes", please describe the scale of applicable characteristics, and reply to the questions 10 and after.

If you answered "No", please reply to the questions 11 and after.

- (1) Involuntary resettlement and/or loss of means of livelihood (Number of affected people:)
 (2) Pumping of groundwater (Scale: 2,500,000m³ /year)
 (3) Land reclamation, development and/or clearing (Scale: 27.09ha)
 (4) Deforestation (Scale: 7.9ha)

Q10. Under the environmental and social impact assessment system of the country where the project is to be implemented, do the applicable characteristics from (1) – (4) of the questions 9 and their scale serve as basis for executing an ESIA for the project?

- They do They do not
 Others (Please specify)

Q11. May the project involve significant social impacts?

(~~Yes~~ / No)

If you answered “Yes”, please describe the outline of the impacts, and reply to the questions 12 and after.
If you answered “No”, please reply to the questions 12 and after.

- The likelihood of severe project-related human rights impacts ()
- Others ()

Q12. Will the value insured by NEXI in the export, loan or investment project be equal or less than 5% of the total project cost, or equal or less than SDR 10 million? (In the case of additional support for a past project, this shall be the accumulated total amount)

(~~Yes~~/ No)

If you answered “Yes”, it is not necessary to reply to the following questions.
If you answered “No”, please reply to the questions 13 and after.

Q13. Does the project belong to either of the sectors that impact on the environment and society is deemed immaterial or is not anticipated under normal conditions (e.g. maintenance of the existing facilities, non-expansory renovation project, and acquisition of rights and interests without additional capital investment)?

(~~Yes~~/ No)

If you answered “Yes”, it is not necessary to reply to the following questions.
If you answered “No”, please reply to the questions 14 and after.

Q14. Does the project belong to the following sectors?

(Yes / ~~No~~)

If you answered “Yes”, please specify the sector by marking, and reply to the questions 15 and after.
If you answered “No”, it is not necessary to reply to the following questions.

- (1) Mining
- (2) Oil and natural gas development
- (3) Pipelines
- (4) Iron and steel (projects that include large furnaces)
- (5) Non-ferrous metals smelting and refining
- (6) Petrochemicals (manufacture of raw materials; including complexes)
- (7) Petroleum refining
- (8) Oil, gas and chemical terminals
- (9) Paper and pulp
- (10) Cement plants (including a greenfield quarry)
- (11) Manufacturing and transport of toxic or poisonous substances regulated by international treaties, etc.
- (12) Thermal power
- (13) Nuclear power
- (14) Hydro power, dams and reservoirs
- (15) Power transmission and distribution lines involving large-scale involuntary resettlement, large-scale logging or submarine electrical cables
- (16) Roads, railways and bridges
- (17) Airports
- (18) Ports and harbors
- (19) Sewage and wastewater treatment having sensitive characteristics or located in sensitive areas or their vicinity
- (20) Waste management and disposal
- (21) Agriculture involving large-scale land clearing or irrigation
- (22) Forestry
- (23) Tourism (Construction of hotel, etc.)

Q15. Please provide information on the scale of the project (project area, area of plants and buildings, production capacity, amounts of power generation, etc.) Further, please explain whether an execution of EISA is required on account of the large scale of the project in the country where the project is implemented.