

INFORMATION SUMMARY FOR THE PUBLIC
AZUL

Host Country	Brazil
Name of Borrower(s)	Azul Linhas Aéreas Brasileiras S.A., a <i>sociedade por ações</i> incorporated under the laws of Brazil
Project Description	The Borrower will apply the proceeds of the OPIC Loan to finance engine maintenance services for aircraft engines on the Borrower’s Embraer E-Jet fleet that fly domestic routes. The services will be performed under a maintenance contract with GE Engine Services, LLC. and GE Celma, Ltda., each a subsidiary of GE Aviation (the “ Project ”). All engine maintenance services will be performed at the GE Celma plant located in Petropolis, Brazil approximately 37 miles north of Rio de Janeiro.
Proposed OPIC Guaranty	Up to \$250,000,000 or 75% of the Total Project Costs.
Total Project Costs	\$333,333,332
U.S. Sponsor	n/a
Foreign Sponsor	Azul, S.A.
Policy Review	
U.S. Economic Impact	The Project is not expected to have a negative impact on the U.S. economy or employment as this Project involves maintenance performed on engines used for domestic flights in Brazil. This Project is expected to have a neutral impact on U.S. employment and on the U.S. trade balance.
Developmental Effects	This Project is expected to have a positive developmental impact in Brazil by providing maintenance for engines used in aircraft that fly domestic routes to underserved markets in Brazil, including rural areas in the country’s agricultural interior. Azul is the sole carrier servicing 71 percent of its routes, and operates a low-cost carrier model targeting middle-income Brazilians. The Project is expected procure over \$300 million in local goods and services, which the Project Company expects to create over 100 jobs in Brazil.
Environment	Screening: The Project has been reviewed against OPIC’s environmental and social policies and determined to be categorically eligible. The Project has been screened as Category B because the maintenance of aircraft engines has limited environmental and social impacts, which can be effectively mitigated to acceptable levels by adopting good

management practices. Key issues of concern include the need for: (a) strong and effective environmental and social management systems; (b) proper maintenance of aircraft engines to internationally acceptable levels; (c) proper management of oily and other hazardous wastes; (d) proper management of wastewaters; (e) workplace safety during aircraft maintenance; and (f) community safety.

Applicable Standards: OPIC's environmental and social due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation's (IFC) 2012 Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS2: Labor and Working Conditions;
- PS3: Resource Efficiency and Pollution Prevention; and
- PS4: Community Health, Safety, and Security.

Aircraft maintenance will take place within the existing GE Celma Facilities and impacts on biodiversity and natural resources are not anticipated; therefore PS6 is not triggered.

In accordance with PS 3, IFC's General Environmental, Health, and Safety (EHS) Guidelines is also applicable to the Project.

The Project's greenhouse gas (carbon dioxide equivalent) emissions are estimated to be less than 10,000 tons per year based on the maintenance of less than 40 aircraft engines in a year.

Environmental and Social Risks and Mitigation Measures: The Borrower has developed a Social and Environmental Management System (SEMS) for comprehensively managing its environmental and social risks associated with its operations including aircraft engine maintenance. In addition, the Borrower ensures compliance of its operations with the International Civil Aviation Organization's (ICAO) guidelines and the local regulatory requirements, both of which are consistent with the IFC's Performance Standards. The Borrower has identified the risks associated with its aircraft engine maintenance and developed policies and procedures to mitigate them to internationally acceptable levels. An environmental management plan has been developed to properly manage the identified social and environmental risks

to acceptable levels. Organization capacity, training, monitoring, and reporting are all designed to comprehensively manage the identified environmental, safety, and social risks to acceptable levels.

The airline's operations have been approved by the ICAO, the International Air Transport Association (IATA), and the U.S. Federal Aviation Administration (FAA). As the airline serves a few airports in the U.S., the FAA reviewed the safety of its operations, including maintenance operations, and determined them to be acceptable. The airline is subject to biennial IATA Operational Safety Audits (IOSA), which is an internationally recognized system designed to optimize the operational management and control systems of an airline and ensure the safety and efficiency of operations.

In addition to regular health and safety audits to maintain its international aviation certifications, the airline is subject to annual audits by the local regulatory authority to ensure compliance with all statutory environmental requirements applicable to its engine maintenance operations including air emissions, wastewater discharges, and the management of solid and hazardous wastes. Similarly, the airline is subject to annual workplace health and safety audits by the Brazilian Department of Occupational Health and Safety. Licenses issued to the airline by these regulating bodies are current.

The Borrower's Technical Department utilizes the industry standard Maintenance Repair and Overhaul (MRO) system for tracking all scheduled aircraft maintenance. The Technical Department carries out routine equipment integrity checks in accordance with IATA protocols for the airline's entire fleet. Heavy maintenance and engine overhauls are outsourced to GE Celma, an IATA-approved aircraft engine maintenance facility.

GE Celma maintains a comprehensive life and fire safety management program for all its aircraft maintenance facilities. GE Celma also ensures community safety and has developed adequate emergency preparedness and response programs. Solid wastes and wastewater management practices are also well managed and involve recycling of metallic wastes. Solid wastes that cannot be recycled are sent to municipal landfills. Oily (such as spent lubricants) and other hazardous wastes are also properly managed in compliance with the local regulations.

	<p>The Borrower is expected to continue implementing its Social and Environmental Management System and monitor the environmental and social performance of its operations. The Borrower is also expected to manage its aircraft maintenance activities in accordance with IFC's 2012 Performance Standards and EHS General Guidelines.</p>
<p>Social Assessment</p>	<p>The Project will have impacts that must be managed in a manner consistent with the International Finance Corporation's Performance Standards, OPIC's Environmental and Social Policy Statement and applicable local laws. OPIC's statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.</p> <p>The Borrower has in place environmental and social policies that address social risk, including labor, commensurate with the risks associated with the Project. The Borrower's labor management system, includes human resource policies, employment contracts, employee grievance mechanism, and a collective bargaining agreement. Operations at the GE Celma plant are subject to GE's Code of Conduct as well as Azul's Code of Ethics standards, which include social and labor standards and policies.</p> <p>This review covers the commensurate human rights risks associated with airline maintenance in Brazil.</p>