

Public Information Summary

Host Country	Morocco, India, South Africa
Name of Borrower	Averda Holdings International Ltd.
Project Description	Development, construction and initial operation by the Borrower of five low-density polyethylene (“LDPE”) and high-density polyethylene (“HDPE”) recycling facilities in Morocco, India, and South Africa (the “Project”).
Proposed DFC Loan	\$45,000,000 8-year loan
All-Source Funding Total	\$56,250,000
Policy Review	
Developmental Objectives	The Project is expected to have a highly developmental impact in the Project countries through building additional plastics recycling capacity, deploying a relatively new business model in the target markets, and increasing local income and tax payments. The overall recycling rates of India, Morocco, and South Africa are generally quite low, respectively estimated by the World Bank to be five, eight and 28 percent. In addition to building new recycling capacity through the Project, the sponsor’s forward vertical integration from waste management into processing of recycled plastic resins is expected to improve the demand stability for local plastics collection. In addition to the associated potential demonstration effects for future such investments, the Project is also expected to generate significant additional permanent employment.
Environment and Social Assessment	Screening: In accordance with DFC’s Environmental and Social Policy and Procedures (“ESPP”), the Project has been determined to be categorically eligible. The construction and operation of recycling facilities are screened as a Category B for the purpose of environmental and social assessment because impacts are site specific and readily mitigated to acceptable levels by adopting good management practices. The major environmental and social issues associated with the Project are effective environmental and social management systems, proper management of small quantities of specialty chemicals used in the plastic recycling process, safety in the workplace, labor management, contractor management, and community grievance mechanism. The Project is subject to an assessment of climate resiliency pursuant to E.O. 13677.

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

PS1: Assessment and Management of Environmental and Social Risks and Impacts;

PS2: Labor and Working Conditions;

PS3: Resource Efficiency and Pollution Prevention;

PS4: Community Health, Safety and Security; and

PS5: Land Acquisition and Involuntary Resettlement.

A desktop review based due diligence assessment indicates the Project will lease available plots within existing industrial complexes and will not have significant impacts with respect to biodiversity, Indigenous Peoples, or cultural heritage. The Project involves the establishment of plastic recycling operations in industrial areas where there are no known biological resources which merit conservation. Therefore, PS 6 (Biodiversity Conservation and Sustainable Natural Resource Management) is not expected to be triggered. There are no indigenous people or cultural properties in or near the Project Facilities. Therefore, impacts related to PS 7 and 8 are also not anticipated.

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

The Project's Greenhouse Gas (carbon dioxide equivalent) emissions are estimated to be less than 5,000 tons per year.

Environmental and Social Risks and Mitigation Measures: The Borrower has developed an Environmental and Social Management System (ESMS) which provides a comprehensive approach to managing environmental and social (E&S) risks in compliance with the IFC's Performance Standards. This ESMS will be used to manage the E&S impacts at each of the five plastic recycling facilities. The Borrower has comprehensively identified the risks associated with its plastic recycling operations. A draft Environmental and Social Management Plan (ESMP) has been developed to manage the identified environmental and social risks to acceptable levels and this ESMP will be updated as the Project progresses. Organizational capacity, training, monitoring, and reporting are all being augmented as the Project progresses to properly manage the environmental, safety, and social risks to acceptable levels. Since all the five recycling facilities have to be established, the E&S

risks would first need to be managed during construction and then during operations. The environmental and social risks associated with the construction of low-density polyethylene (“LDPE”) and high-density polyethylene (“HDPE”) recycling facilities within established industrial areas will primarily involve worker safety, labor management, contractor management, and community grievance mechanism.

The Project’s primary environmental risk relates to worker safety and the Borrower plans to implement standard operating procedures to ensure worker safety and also plans to provide adequate personal protective equipment and training to the workers.

Solid waste and wastewater management practices are expected to be acceptable and will involve recycling of plastic wastes and discharges of wastewaters to the municipal sewerage networks. Solid wastes that cannot be recycled will be sent to the municipal landfills. Small quantities of specialty chemicals (such as plasticizers and colorants), fuel, and lubricants that will be used at the plastic recycling facilities will also be properly managed in compliance with the local regulations and the respective Material Safety Data Sheets (MSDS) or their equivalent. In addition, adequate fire prevention and control and other safety measures will also be put in place.

The social risks associated with operations include labor management, contractor management, and community grievance mechanism. The Project has human resources policies and employment contracts that mostly align with IFC Performance Standard 2, and identified gaps will be required to be addressed. Additionally, the Project manages and monitors the working conditions and labor performance of contractors. While the Project provides several points of contact, it will be required to provide evidence that it has implemented robust external grievance mechanism.

The Borrower is expected to properly implement its ESMS and monitor the environmental and social performance of its operations. In addition, the Borrower is expected to manage its plastic recycling activities in accordance with IFC’s 2012 Performance Standards and EHS General Guidelines.