

Project Summary for Public Disclosure

Project Overview	
Project Name	Environmental Protection Project
Country	Brazil
Sector	Sustainable Infrastructure
Approval Date (by the Board)	28 May 2018
Total Project Cost	USD 340 million
Loan Amount	USD 200 million
Borrower	Petroleo Brasileiro S.A. (“Petrobras”)
Implementation Agency	Not Applicable

I. Introduction

Petrobras is one of the world’s largest integrated oil and gas companies, and one of the largest corporations in Brazil, with USD 89 billion in revenues in 2017. The Company’s current activities account for the significant majority of Brazil’s petroleum industry. Petrobras maintains market leadership in all vertical of the hydrocarbon sector, from upstream where it holds large proved reserves, to its dominant downstream refining capabilities, and to a fully developed distribution infrastructure. In line with NDB Policy on Transactions without Sovereign Guarantee, the Project will have significant developmental impacts, in particular related to environmental and social benefits from reduced water contamination and improved emissions. In this context, the Project is designed with financing from NDB to support Petrobras to improve its environmental protection track record and comply with new regulatory requirements.

II. Project Description

The Project consists of upgrades in infrastructure and equipment of two existing refineries that will improve the Company’s environmental performance and address new regulations required by local environmental legislation. As a result of the Project, harmful emissions will be significantly reduced and water and soil contamination will be avoided. NDB will support the Project through a senior, unsecured corporate loan of up to USD 200 million.

The Project's components are divided into four sub-projects in two different refineries – REGAP (located in the municipality of Betim, in the state of Minas Geras) and REDUC (located in the municipality of Duque de Caxias, in the state of Rio de Janeiro).

III. Environmental and Social Aspects

The Project will bring significant developmental impacts, particularly related to environmental and social benefits from reduced water contamination and improved emissions. The Project interventions which are based on international best practices and best environmental technology and processes will improve the company's environmental performance significantly.

The Project is categorized as "B" in accordance with the NDB Environment and Social Framework with no irreversible adverse social and environmental impacts. Identified negative impacts are site-specific and in most cases mitigation measures can be readily implemented.

IV. Financials

The total cost of the Project is estimated to be USD 376.8 million. NDB will support the Project through a senior, unsecured corporate loan of USD 200 million, accounting for 53% of the total cost. The balance of USD 176.8 million will be financed by Petrobras.

Financier	Amount (\$ million)
New Development Bank	200
Petrobras	140

V. Implementation

The Project is estimated to be implemented over 6 years between 2016 and 2021. Suppliers for the Project will be selected through competitive and transparent bidding process.