

<b>Host Country</b>	India
<b>Name of Borrower</b>	Dalmia Polypro Industries Private Limited (“Dalmia”)
<b>Project Description</b>	The proceeds of the Loan will be used to finance (in two phases) the design, development, construction and operation of a new 171,000 metric tons per annum plastic waste recycling facility in Nashik, India
<b>Proposed DFC Loan/Guaranty</b>	\$30,000,000 direct loan
<b>All-Source Funding Total</b>	\$49,400,000
<b>Policy Review</b>	
<b>Developmental Objectives</b>	The DFC investment is expected to have a positive development impact in India by expanding plastic waste recycling capacity while creating jobs and providing economic opportunities for informal workers and small and medium enterprises (SMEs) in the plastics recycling supply chain. India generates about 3.5 million tonnes of plastic waste per year, with per capita waste generation doubling in the last five years. The Project will recycle 171,000 metric tonnes per annum (MTPA) of plastic waste, while supporting new jobs and creating economic opportunities for the SMEs and informal workers supplying plastic for processing.
<b>Environment and Social Assessment</b>	<p><b>Screening:</b> The Project has been reviewed against DFC’s environmental and social policies and determined to be categorically eligible. The Project has been screened as Category B because it involves the expansion of manufacturing operations by building a new plant, which has the potential to result in limited environmental and social (E&amp;S) impacts that can be mitigated to acceptable levels by adopting good E&amp;S management practices. Key issues of concern include the need for: (a) strong and effective environmental and social management systems; (b) proper management of small quantities of specialty chemicals used in the manufacturing process; (c) safety in the workplace; (d) a strong labor management system; (e) adequate oversight and management of contractors, particularly for those employing migrant workers; and (f) management of labor risks among informal waste pickers in the supply chain.</p> <p><b>Applicable Standards:</b> 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 (PS):</p>

PS1: 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.

The Project involves the expansion of existing operations by building a new plant. The Borrower represents that land for the Project was purchased through a voluntary transaction at market rates and that no one was living on or using the land prior to the acquisition. There are no known indigenous people, cultural properties, nor biological resources which are of conservation concern located in and near the Project site and therefore, PS 5, 6, 7, and 8 (Land Acquisition and Involuntary Resettlement; Biodiversity Conservation and Sustainable Management of Living Natural Resources; Indigenous Peoples; and Cultural Heritage) are not triggered by the Project.

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. In addition, the Project will be required to comply with the IFC's and EBRD's Guidance Note on Workers' Accommodation.

**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 risks in compliance with the IFC's Performance Standards. The Borrower has performed an environmental and social (E&S) review of its operations and identified the risks associated with its manufacturing operations. The ESMS will be used to manage the identified environmental risks to acceptable levels. The Borrower's organizational capacity, training, monitoring, and reporting are all adequate to manage the environmental, and safety risks to acceptable levels.

Solid waste and wastewater management practices are acceptable and involve recycling of plastic wastes and discharge of wastewaters to the municipal sewerage network. Solid wastes that cannot be recycled will be sent to the municipal landfills. Small quantities of specialty chemicals (such as colorants), fuel, and lubricants used at the manufacturing facilities will also be properly managed in compliance with the local regulations and IFC's EHS Guidelines. In addition, adequate fire prevention and control and other safety measures will also be put in place.

	<p>The Borrower is expected to continue implementing its ESMS and monitor the environmental and social performance of its operations. In addition, the Borrower is expected to manage its manufacturing activities in accordance with IFC's 2012 Performance Standards and EHS General Guidelines. The Borrower will be required to develop and implement an external grievance mechanism that meets the requirements of IFC Performance Standard 1. In addition, the Borrower will be required to provide an annual report to DFC on E&amp;S performance.</p> <p>The Borrower has in place a labor management system for its workers, including human resources policies. However, it will be required to update its internal grievance policy to provide an anonymous channel and ensure access to a grievance mechanism for contracted workers. The Borrower will also be required to update its human resources policies to ensure alignment with local law and IFC Performance Standard 2 and to provide a plan to ensure that staffing of the Human Resources Department is commensurate with the size of the expanded workforce for the Project. In addition, the Borrower will be required to develop and implement a documented contractor management plan for labor and gender-based violence and harassment (GBVH) risks as well as ensure that the workers' accommodations comply with the IFC's and EBRD's Guidance Note on Workers' Accommodation.</p> <p>DFC will also require the Borrower to develop and implement a supply chain management system for labor risks, which will include supplier mapping, due diligence, and monitoring and will be in alignment with IFC Performance Standards 1 and 2.</p>
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