Early Warning System

IFC-45987

Suzano Climate

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Quick Facts

Countries	Brazil
Specific Location	State of Mato Grosso do Sul
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	A
Voting Date	2022-12-15
Borrower	SUZANO S.A.
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 900.00 million
Project Cost (USD)	$ 900.00 million

Project Description

The proposed IFC investment is to support Suzano S.A. (“or the “Company”) in the construction and operation of an elemental chlorine free (ECF) pulp mill (the “Cerrado Project” or the “Project”) in the municipality of Ribas do Rio Pardo, State of Mato Grosso do Sul (MS), Brazil. The Project components include (i) ECF pulp mill with a capacity up to 2.55 million tons per year; (ii) 2 km water intake pipeline; (iii) 4 km treated effluent emissary pipeline; (iv) 138 kV transmission line (TL) (21 km) and substation; (v) 6 km railway connecting the mill with the Rumo Malha Oeste (RMO) railway; (vi) 160 m long and 6 m wide bridge over the Pardo River; (vii) 8.5 km long and 8 m wide access road connecting the bridge to the mill site. All infrastructure is located within Suzano’s properties. Associated facilities include four workers accommodations for up to 5,000 workers built, owned, and operated by third-party service providers in Ribas do Rio Pardo. Eucalyptus wood is the pulp mill’s basic raw material and will be sourced from responsible forest management, covered by FSC® [1] certification standards (FSC® Plantation Standard for the Republic of Brazil: FSC-STD-BRA-01-2014 and FSC® Controlled Wood FSC-STD-40-005). As of September 2022, the majority of the land where the plantations will be established has been incorporated in Suzano’s forestry base (owned and leased properties). The land is located in the municipality of Ribas do Rio Pardo, within a radius of 100 km from the mill. Suzano’s forestry base in MS, including plantations supplying wood to Suzano’s pulp mill in Tres Lagoas, will reach around 600,000 ha. [1] (FSC® License Code: FSC-C012430; FSC-C010014; FSC-C003231; FSC-C009927; FSC-C155943; FSC-C118283; FSC-C110130; FSC-C100704. FSC® is not responsible for and does not endorse any financial claims on returns on investments).The industrial site is adjacent to the federal highway BR-262, approximately 8 km away from the town of Ribas do Rio Pardo and 1 km from the nearest dwellings. The treated effluent discharge point on the Pardo River will be located downstream from the town of Ribas do Rio Pardo and 30 km upstream from the reservoir of the Mimoso hydropower plant (HPP). There are no large human settlements between the effluent discharge and the reservoir. The pulp mill will include the following key elements: pulp production (wood preparation, single line fiberline, drying and bailing), chemical recovery (evaporation, recovery boiler, causticizing/lime kiln), utilities (power biomass boiler, raw water treatment station, boiler feed water treatment plant, and effluent treatment plant), solid waste treatment plant, and a landfill for non-hazardous industrial and domestic waste. To meet the chemical supply requirements of the facility, a chemical plant will be developed at-site. The chemical plant will include areas for the unloading, handling and storage of sodium hydroxide, sulphuric acid, and methanol, in addition to dedicated plants to produce sodium chlorate, chlorine dioxide and oxygen. The pulp mill will have the capacity to sell approximately 180 MW of surplus energy to Brazil’s power grid and, because of the integration of wood gasification, is set to become one of Brazil’s first fossil-fuel free pulp mills, representing a new milestone in eco-efficiency and sustainability for the industry and region.The Project is estimated to cost R$ 19.3 billion (approximately US$ 3.7 billion), to be financed with long-term debt and internal cash generation. The proposed IFC investment consists of an IFC A Loan of up to US$250 million and an up to US$ 650 million B Loan. The Project started construction in November 2021 and is scheduled to commence its operations in the second half of 2024. The Project is anticipated to create an estimated 10,000 jobs during the construction phase (2021-2024) and 2,700 jobs in the mill and plantations during its operation phase. Founded 98 years ago, Suzano has grown into one of the world’s largest integrated forestry, pulp and paper companies. With 10.9 million tons of pulp production capacity, Suzano is the world’s largest producer of hardwood pulp. Suzano currently manages 2.5 million ha of forests, consisting of 1.3 million ha of productive eucalyptus plantations and 1.1 million ha in set-asides for conservation. In 2021, approximatively 82% of its forest plantations are certified by FSC® (considers the forest assets under Suzano’s management and the certified area of the units). Suzano operates 10 mills (8 pulp facilities and 5 paper mills, of which 3 are integrated) throughout 5 Brazilian States.

Investment Description

- International Finance Corporation (IFC)

Contact Information

IFC

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If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/