Project Summary Information

	Date of Document Preparation: 23 June 2026
Project Name	FS Biofuel Green Financing
Project Number	P001069
AIIB member	Brazil
Sector/Subsector	Energy / Others
Alignment with AIIB's thematic priorities	Green Infrastructure; Private Capital Mobilization
Status of Financing	Approved
Objective	Support Brazil to meet its emission reduction targets by expanding sustainable biofuel production from FS Group (FS, or "the Company"), a leading ethanol producer.
Project Description	The Project proposes to provide an up to USD70 million corporate loan to support the fourth ethanol production facility of FS Group in Mato Grosso, Brazil. FS is a leading producer of corn-based ethanol in Brazil, with integrated operations spanning bioethanol, animal nutrition products (e.g., dried distillers grains, [DDG]), technical corn oil and bioenergy generation. FS established Brazil's first corn-based ethanol plant in 2017 and currently operates three ethanol plants in the state of Mato Grosso, with aggregate annual production capacity of 2.5 billion liters. In 2025, FS approved an investment into a fourth ethanol production facility in Campo Novo do Parecis (CNP), which will add 540 million liters of capacity to its existing production base. This will support the Company's expansion strategy and capitalizes on supportive biofuels regulation in Brazil, including the approval of 30% anhydrous ethanol blending mandate (E30) in gasoline under the Fuel of the Future Bill. AIIB's proceeds will be used to refinance shorter-dated commercial bank loans contracted for the CNP facility.
Expected Results	Project indicators include the following: - GHG emissions avoided (tons of CO_2). - Additional bioethanol production capacity installed (liters). - Percentage of certified ethanol production under RenovaBio (%). - Traceability of feedstock (corn) (%).

	- Traceability of feedstock (biomass) (%). - Female employees employed during production (%).
Environmental and Social Category	B
Environmental and Social Information	**Applicable Policy and Categorization.** AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL), Environmental and Social Standard (ESS) 1 on Environmental and Social Assessment and Management, will apply to the Project. ESS 2 on Land Acquisition and Involuntary Resettlement and ESS 3 on Indigenous Peoples will not apply. The environmental and social (ES) impacts during construction and operation of the CNP refinery are not expected to be significant. Based on the findings of ES due diligence (ESDD), the Project is classified as Category B since (a) it has a limited number of potentially adverse ES impacts and (b) the impacts are not unprecedented; few if any of them are irreversible or cumulative and they are limited to the Project area. Furthermore, the Project area is not located within critical habitats, and there has been no physical displacement. **Environmental and Social Instruments.** FS has an established Environmental and Social Management System (ESMS), with corporate-level policies and procedures. In line with this ESMS, FS evaluated Project-specific ES impacts during the design phase and identified the mitigation measures to be implemented across construction and operational phase. FS also has dedicated procedures for managing its supply and sales chains for responsible sourcing and alignment with international standards. FS demonstrates a high level of institutional maturity and a strong track record in managing ES risks. For the construction of the CNP plant, an Environmental and Social Impact Assessment (ESIA), an Environmental and Social Management Plan (ESMP) and a Stakeholder Engagement Plan (SEP) were prepared in accordance with applicable national regulations. In addition, ESDD did not identify any legacy issues associated with the construction phase. To further strengthen the management of ES risks during the operational phase, an Environmental and Social Action Plan (ESAP) has also been prepared which sets out clear time-bound actions for project implementation in line with AIIB ES requirements. **Environmental and Social Aspects.** The Project presents material environmental risks during construction, including land disturbance, soil erosion and sedimentation, construction wastewater, dust and noise emissions, increased traffic and road safety pressures, and generation of construction and hazardous wastes. During operations, key risks include high water abstraction and consumption, generation of industrial wastewater from

	fermentation and cleaning processes, air emissions (particulate matter, nitrogen oxides [NOx]) and ongoing handling and storage of solid and hazardous waste generation. These risks have the potential to affect local air and water quality, surface and groundwater resources and nearby communities. An operational ESMP will be developed as part of the ESAP. Supplemental air quality baseline and monitoring programs, including air dispersion considerations and receptor analysis, as well as groundwater quality baseline and monitoring programs, will be established to support the assessment of FS's adherence to good international industry practice. In addition, no resettlement risks or indigenous peoples communities have been identified within the planned industrial footprint. The Project is located in an area used predominantly for agricultural and industrial production, where no displacement or indigenous peoples' presence has been recorded and no involuntary land acquisition took place. Likewise, no indigenous peoples have been identified within or near the Project area. In addition, FS will also prepare and implement a GBV/SEA Management Plan for the CNP plant, as required under the ESAP, to strengthen the management of gender-related risks during the operational phase. **Feedstock Supply Chain Risks**. FS's feedstock sourcing model is exposed to the principal ES risks typically associated with corn and biomass supply chains in Mato Grosso, including direct and indirect land use change, biodiversity impacts, and supply chain integrity concerns. The risks include overlap with embargoed areas, protected areas, indigenous peoples' lands, Quilombola territories and other environmentally sensitive zones, as well as social risks linked to labor conditions, land-related disputes and potential impacts on vulnerable and traditional communities. These risks are managed through FS's Feedstock Supply Chain Management System, which includes requirements for active or regularizing CAR registration, and exclusion of sourcing from illegally deforested areas, and from areas legally deforested after Jan. 1, 2022, screening against significant labor and working conditions-related listings, and restrictions on sourcing from indigenous lands, Quilombola territories, full protection conservation units and other sensitive areas. **Occupational Health and Safety (OHS), Labor and Employment Conditions.** Labor and working conditions are governed by FS's corporate ESMS, which includes an established Code of Ethics, anti-corruption measures aligned with Brazilian law and the United States Foreign Corrupt Practices Act, and recurring staff training programs. During the construction of the new facility, the principal labor-related social risks will stem from contractor management, occupational safety during heavy machinery use, and measures needed to prevent heat stress and provide safe traffic and logistics operations. Site observations during due diligence indicate that the

	Company appears to adhere closely to national labor laws, including working hours and compensation requirements, which reduces the risk of labor-related grievances. OHS policies and procedures are in place and visibly communicated across the site. **Stakeholder Engagement, Consultation and Information Disclosure.** Stakeholder engagement was conducted during the ESIA phase in line with Brazilian environmental licensing requirements, which include public disclosure and consultation as part of the environmental assessment process. During ESDD, it was verified that FS has continued engaging with local communities and relevant stakeholders beyond the ESIA stage, including through ongoing communication and relationship-building activities in the Project area. For the CNP plant, this process has included the disclosure of Project information and engagement with local communities, municipal authorities, agricultural associations, and other relevant stakeholders. Furthermore, FS's ESMS summary has been disclosed in a timely manner in English and Portuguese. **Project Grievance Redress Mechanism (GRM).** The ESDD confirmed that FS has a strong and functioning GRM, which is monitored by FS's compliance team. The GRM is visible on site and accessible to both communities and Project contracted workers, providing clear channels for the submission and resolution of complaints. Relevant policies, including health, safety and environmental commitments, are also visibly communicated. The information of the established GRM and AIIB's Project-affected Peoples Mechanism (PPM) will be disclosed timely in an appropriate manner. **Monitoring and Supervision Arrangements.** AIIB will maintain close engagement with FS on ES requirements and reporting. FS will submit biannual ES performance reports for the first two years of operation based on an agreed format, and followed by annual reporting thereafter, including annual feedstock traceability updates. In addition, ES monitoring reports will be submitted periodically to the Lender, including reporting on incidents, corrective actions and ongoing operational environmental performance. AIIB will reserve the right to conduct at least one field monitoring mission per year.
Cost and Financing Plan	USD70 million
Borrower	FS S.A.
Guarantor	FS LTDA

Estimated date of disbursement	Q3 2026	
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Date of Concept Decision	14 January 2026	
Date of Final Decision	20 May 2026	
Date of Financing Approval	23 June 2026	

Independent Accountability Mechanism	AIIB's Policy on the Project-affected Peoples Mechanism (PPM) applies to this Project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or the processes of AIIB's Management. Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.