

## 2 Policy, Legal and Administrative Framework

### 2.1 Background Information

These are the procedures to carry out at Corporinoquia:

- To submit a document in accordance with the terms of reference for granting environmental management measures to establish and manage commercial forest projects in Corporinoquia's jurisdiction, as provided in Ruling 500.41-15-1753 of 2015.
- To submit a Forest Use Permit; the person who is willing to exploit the Forest's natural resources to satisfy basic needs, market their products, conduct scientific research or construct works, must request the respective permit at the Corporation, in accordance with the requirements.

Inventory requirements:

- Detailed description of the methodology to be developed, including the location, description of the areas, plans and tables of the areas' coordinates and each inventoried species, photographic record, field sheets
- Submission of scale plans that allow to visualize the different coverages to be exploited such as natural forests, planted forests, stands, stratifications and vegetation of the project's entire area according to the successional states, determining their classification
- Total height of the species, diameter at breast height (DBH), crown height, repetition height and crown diameter
- Identification and description of the inventoried species and the species threatened or prone to closure to some extent at local, regional or national levels
- Calculation of the area, total volume and number of species to be removed for each type of vegetation, according to the classification submitted; this information must be accompanied by the pertinent sheets and cartographic information that allow to visualize the individuals to be removed at a suitable scale
- Technical justification of forest use where the best soil use is shown, especially in those areas where its proposed use is related to the establishment of seed lots, including those areas where the presence of tree species with DBH exceeding 10 cm is little or non-existent.
- Permit for Surface or Subterranean Water and Exploration of Groundwater: The natural person or legal entity that requires to exploit surface water or groundwater to satisfy basic needs and for agricultural and industrial projects, must request the respective permit at Corporation, in accordance with the requirements.

Exploration and groundwater exploration:

- Project's general description, hydrogeological characteristics of the area where the well will be developed (hydrogeological study if any, or preparation and interpretation of vertical electric soundings carried out by suitable companies), well's preliminary design
- Detailed IGAC 1:10,000 or maximum sheet available for the area, where the property and well are located

Concession of groundwater:

- Project's general description (to be built, site's physical-biotic and socioeconomic characterization, purpose of the water concession, etc.) including information on the bypass, capturing, adduction, treatment, conduction, storage, distribution, residue return and drainage systems.
- Supply calculation (pumping test with the respective result interpretation and the deep well's final design).

- Demand calculation (based on RAS 2000 and its 2009's modification, as well as 2010's Corporinoquia consumption modules).
- Identification of underground water points (well, reservoir, jagüey, etc.) near the built-up well on which the concession is being requested
- In the event of rural or municipal aqueducts, user census
- In the event of concessions with special characteristics (aqueducts for domestic use; agricultural use, irrigation and drainage; industrial use; energy use; mining and oil uses; and wood floating), a technical document that complies with Articles 67 to 86 of Decree 1541 of 1978 on "non-maritime waters"; a revision is recommended by the technical area professional
- Plans, memories and calculations of the works to be built

#### Surface water concession:

- Project's general description (to be built, site's physical-biotic and socioeconomic characterization, purpose of the water concession, etc.) including information on the bypass, capturing, adduction, treatment, conduction, storage, distribution, residue return and drainage systems
- Supply calculation (based on IDEAM's information, assessments or methodologies that include the source's determined flow during winter and summer seasons).
- Demand calculation (based on the RAS 2000 and its 2009's modification, as well as 2010's Corporinoquia consumption modules).
- User identification upstream and downstream from the capturing point.
- In the event of rural or municipal aqueducts, user census
- In the event of concessions with special characteristics (aqueducts for domestic use; agricultural use, irrigation and drainage; industrial use; energy use; mining and oil uses; and wood floating), a technical document that complies with Articles 67 to 86 of Decree 1541 of 1978 on "non-maritime waters"; a revision is recommended by the technical area's professional
- Plans, memories and calculations of the works to be built
- Dumping Permit: The natural person or legal entity that requires to dump wastewater into bodies of water or open field, for agricultural, industrial or sanitary infrastructure projects, must request the respective permit at the Corporation, according to the requirements.
  - Document Containing: Items 1) Source of water supply indicating the hydrographic basin to which it belongs 2) Characteristics of the activities that generate the dumping 3) Name of the source receiving the dumping indicating the hydrographic basin to which it belongs 4) Discharge stream in liters per second (l/sec) 5) Discharge frequency in days per month (d/month) 6) Discharge time in hours per day (h/day) 7) Type of discharge flow indicating whether it is continuous or intermittent 8) Location (geographic coordinates) 9) Description of the operation of the treatment system 10) Technical memories and conceptual and basic engineering design 11) Detailed plans of the treatment system and efficiency conditions of the treatment system to be adopted 12) When the dumping is made into the ground, the infiltration and/or percolation test must be attached.
  - The studies, designs, memories, plans and other specifications of wastewater collection and treatment systems must be prepared by specialized companies or qualified professionals with their respective professional license in accordance with current regulations."
  - Map identifying the origin, quantity and geo-referenced location of the discharges into the body of water or the ground (infiltration field), which should be submitted in an identical size (A0) 100 cm x 70 cm. (The maps

must contain the description of the coordinates, which must be taken in geographical origin, include a table of conventions, scale rule and all must be approved and/or signed by an appropriate professional).

- Current characterization of the existing dumping or final state provided for the dumping projected in accordance with the current regulation in terms of dumping, specifying the type of discharge flow (The sample analysis must be conducted by laboratories approved by IDEAM, in accordance with the provisions of Decree 1600 of 1994 or the regulation that modifies, adds or replaces it). The representative sampling must be conducted in accordance with the Protocol for the Monitoring of Dumping into in Surface and Subterranean Waters.
  - Environmental assessment of the dumping, when generated by industrial, commercial and service activities, as well as the dumping arising from residential complexes (When the environmental authority demands so). In accordance with the requirements provided in Article 43 of Decree 3930 of 2010, they must be prepared by specialized companies or qualified professionals for that purpose, with their respective professional registration according to the current regulations.
  - Risk Management Plan for Dumping, for industrial, commercial and service activities. It must include risk analysis, prevention and mitigation measures, emergency and contingency protocols, and rehabilitation and recovery program.
  - Contingency Plan for the Prevention and Spill Control, when necessary.
- Authorization for the management and final disposal of solid waste

For each procedure, the following legal documents must be submitted, depending on the case:

- National application form duly completed and signed, for each permit to be requested
- Form for determining the project's costs duly completed and signed
- When the applicant is a legal entity: certificate of existence and legal representation or documents proving such legal status with dates of issue not exceeding three (3) months
- When the applicant is a natural person: copy of their identity document
- When the applicant is a legal entity: copy of the identity document of its legal representative
- Power of attorney duly authenticated, when the applicant acts through a proxy
- Certificate of tradition and freedom for the property where the works will be developed (with date of issue not exceeding three (3) months), or equivalent document indicating sound possession
- If the works are developed in a property that is not owned by the applicant, an authorization from the owner duly approved (authenticated)
- Current certificate of land use, issued by the municipal planning office

## **2.2 Applicable host country environmental and occupational safety and health laws and regulations**

### **2.2.1 Legal Context**

- Ruling 500.41-15-1753 dated December 3, 2015: "By means of which it is split from Ruling 200.41.11-1130 dated June 22, 2011, partially modified by Ruling 500.41.13-1571 dated November 6, 2013 and 500.41.15-1241 dated August 24, 2015, the regional environmental criteria for the development of forest projects in Corporinoquia's jurisdiction and other decisions are established."
- Law 99 of 1993, by which the Ministry of the Environment is created, the Public Sector in charge of environmental and renewable natural resource management and conservation is reorganized, the National Environmental System (SINA) is organized, and other dispositions. (SINA's creation).

- Decrees 1541 of 1978, by which Decree's Part III of Book II - Law 2811 of 1974 is regulated: "Non-maritime waters" and partially Law 23 of 1973.
- Decrees 1594 of 1984, by which Law 9 of 1979's Title I is partially regulated, as well as the Decree's Chapter II of Title VI (Part III) Book II and Title III of Part III (Book I) - Law 2811 of 1974 regarding water and liquid waste uses.
- Decree 3930 of 2010, by means of which Law 9 of 1979's Title I is partially regulated, as well as the Decree's Chapter 11 of Title VI (Part 11I) Book 11 - Law 2811 of 1974 regarding water and liquid waste uses and other provisions are dictated (liquid waste and regulation on water resources).
- Decree - Law 2811 of 1974, by which the National Code for Renewable Natural Resources and Environmental Protection is issued. (Code of Natural Resources).
- Decree 1076 of 2015, by means of which the Sole Regulatory Decree of the Environment and Sustainable Development is issued. (Sole regulatory decree for the environment and sustainable development).
- Decree 1449 of 1977, by which subsection 1 of section 5 of article 56 of Law number 135 of 1961 and Decree-Law number 2811 of 1974 are partially regulated. (Conservation of natural resources by owners)
- Ruling 200.41.11.017 dated February 2, 2011, by means of which the parameters and the procedure to charge the assessment and follow-up fees for Environmental Licenses, Permits, Concessions, authorizations and other control and environmental management instruments are established.
- Ruling number 200.41.11.0689 dated May 6, 2011, by means of which Ruling 200.41.11.0172 dated February 2, 2011 is modified, by means of which the parameters and the procedure to charge the assessment and follow-up fees for Environmental Licenses, Permits, Concessions, authorizations and other control and environmental management instruments.

### **2.3 Requirements of potential investors, lenders and insurers**

FFC is required by FinnFund to ensure that it complies with all Colombian laws, regulations and administrative requirements applicable to forestry, and international best practice in the form of the IFC Performance Standards.

#### **2.3.1 International Finance Corporation (IFC) Performance Standards**

The IFC Performance Standards on Environmental and Social Sustainability form part of the IFC's Sustainability Framework. The Performance Standards provide guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way. The Performance Standards include measures for stakeholder engagement and the disclosure of a clients obligations in relation to project-level activities. The Performance Standards are intended to be applied in order to enhance development opportunities while managing environmental and social risks and impacts.

The Performance Standards may be summarized as follows:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety, and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

### 2.3.2 IFC Environmental Health and Safety (EHS) General Guidelines

The IFC EHS General Guidelines comprise a technical reference document which contains general and industry-specific examples of Good International Industry Practice (GIIP). They contain the performance levels and measures that are considered to be achievable in new projects utilizing existing technology at reasonable costs. The EHS General Guidelines contain information on the following aspects:

- Environmental
  - Air Emissions and Ambient Air Quality
  - Energy Conservation
  - Wastewater and Ambient Water Quality
  - Water Conservation
  - Hazardous Materials Management
  - Waste Management
  - Noise
  - Contaminated Land
- Occupational Health and Safety
  - General Facility Design and Operation
  - Communication and Training
  - Physical Hazards
  - Chemical Hazards
  - Biological Hazards
  - Radiological Hazards
  - Personal Protective Equipment (PPE)
  - Special Hazard Environments
  - Monitoring
- Community Health and Safety
  - Water Quality and Availability
  - Structural Safety of Project Infrastructure
  - Life and Fire Safety (L&FS)
  - Traffic Safety
  - Transport of Hazardous Materials
  - Disease Prevention
  - Emergency Preparedness and Response
- Construction and Decommissioning
  - Environment
  - Occupational Health & Safety
  - Community Health & Safety

#### 2.3.2.1 IFC EHS Guidelines for Forest Harvesting Operations

The IFC's industry specific EHS Guidelines for Forest Harvesting Operations include information relevant to the management of both plantation and natural forests, in temperate, boreal and tropical zones. The Guidelines contain information on industry-specific impacts and management as well as performance indicators and monitoring measures. The Guidelines can be summarized as follows:

- Environment
  - Habitat alteration and loss of biodiversity

- Exotic species
  - Resource sustainability for tropical forests
- Water quality
- Soil erosion
  - Timber harvesting
  - Roads
  - Skid trails and landings
  - Stream crossings
- Soil productivity
- Hazardous materials management
  - Use of fuels and lubricants
  - Use of pesticides
  - Alternatives to pesticide application
  - Pesticide application
  - Pesticide handling and storage
- Visual impacts
- Occupational Health and Safety
  - Physical hazards
    - Cutting equipment
    - Falling trees and cable use for log extraction
    - Machinery and vehicles
    - Lone and isolated workers
    - General Facility Design and Operation
  - Noise and vibrations
  - Fire
  - Chemical Hazards
    - Exposure to pesticides
- Community Health and Safety
  - Water resources
  - Fire
  - Transportation
  - Pesticide Exposure

### 2.3.2.2 IFC EHS Guidelines for Sawmilling and Manufactured Wood Products

In the event that FFC processes wood harvested at the forestry project the IFC's industry specific EHS Guidelines for Sawmilling and Manufactured Wood Products may be applicable. The Guidelines contain information on industry-specific impacts and management as well as performance indicators and monitoring measures. The Guidelines can be summarized as follows:

- Environment
  - Sustainable forestry practices
  - Solid waste generation
    - Conversion efficiency
    - Recycling and disposal
  - Emissions to air
  - Wastewater
    - Industrial process wastewater

- Process wastewater treatment
  - Other wastewater streams and water consumption
- Hazardous materials management
- Noise
- Fire
- Occupational Health and Safety
  - Physical hazards
    - Machine safety
    - Log handling activities
    - Conveyor systems
    - Lifting, repetitive work and work posture
  - Noise
  - Dust
  - Chemicals
  - Explosions
  - Confined spaces
- Community Health and Safety
  - Water resources