

Partners for COMPERJ

Petrobras establishes
Rio de Janeiro Petrochemical
Complex subsidiaries.

by Maria Fernanda Romero

As part of the implementation of the Rio de Janeiro Petrochemical Complex (COMPERJ), currently under construction, on 5 February Petrobras incorporated six public companies in Rio de Janeiro State as wholly-owned subsidiaries. The oil giant's idea is to hold 100% of the total and voting capital of these companies at the initial stage when the integration model and the relationship between Comperj's companies will be implemented. With these companies established, Petrobras has laid the foundations for the entry of potential partners. The six subsidiaries are as follows:

- Comperj Participações S/A: a specific purpose company that will hold Petrobras' stakes in Comperj's production companies;
- Comperj Petroquímicos Básicos S/A: basic feedstock petrochemicals production;
- Comperj Estirênicos S/A: styrene production;
- Comperj MEG S/A: ethylene glycol and ethylene oxide production;
- Comperj Poliolefinas S/A: polyolefin (PP/PE) production;
- Comperj PET S/A: PTA/PET production.

"This model seeks to capture synergies arising from the location of various companies at a single production site. In due course, Petrobras will transfer the property plant and equipment, obligations and rights pertaining to COMPERJ to these companies," the oil giant explained.

According to Petrobras' plans, COMPERJ will process 150,000 barrels per day of heavy crude from Campos Basin, producing a wide range of second-generation petrochemical products. Startup of activities at COMPERJ is scheduled for 2012, and its construction will





generate more than 200,000 direct, indirect and "income-effect" jobs in Brazil. At the moment, earthworks are well underway, and are due for completion in December 2009.

The COMPERJ project is aligned with Petrobras' strategic objectives of raising its output of basic petrochemicals and integrating petrochemical operations with the group's other activities, adding value to Brazilian oil, and meeting rising domestic demand for petrochemical products. COMPERJ will contribute to Petrobras' value chain through growth in the domestic petrochemical market, the utilization of crude from Campos Basin, and the capture of synergies from existing infrastructure in the region. The project will also boost the country's trade balance in oil, byproducts and petrochemicals.

The decision to build the complex in Rio de Janeiro was based on preliminary studies of technical, economic, environmental and social aspects, in order to ensure the project's long-term feasibility.

The municipality of Itaboraí was chosen because of its logistical infrastructure, its proximity to the ports of Itaguaí (103 km) and Rio de Janeiro, and the terminals of Angra dos Reis (157 km), Ilhas d'Água and Redonda (30 km), and because of its road and rail links, as well as synergies with the Reduc refinery (50 km) and Petrobras' research center, Cenes (38 km).

The initial business planning and conceptual design phase for COMPERJ was conducted by a partnership between Petrobras, Grupo Ultra and BNDES. Currently in preliminary design phase, all stages are being led by Petrobras until a definitive corporate structure is established.

Photo: Nelson Chinella, Replan



COMPERJ Integration Center

Officially opened on 21 January by Paulo Roberto Costa, Petrobras's downstream director, and Aparecida Panisset, mayor of São Gonçalo, the 3,000 m² Comperj Integration Center will provide training for up to 30,000 professionals from the region surrounding the petrochemical complex. Free courses will be provided in 60 different subjects, with capacity for up to 370 students at the same time.

"The most significant thing about this center is the possibility for better training for a segment of the Brazilian population. Since September 2007, we have already trained 3,375 people in a wide range of courses. This year alone, more than 5,000 places will be offered. This confirms Petrobras' role as a conscientious company, bringing social and economic benefits to the area around COMPERJ," said Costa.

An important part of Brazil's Domestic Oil and Gas Industry Mobilization Program (PROMINP), the Integration Center's training programs will help to ensure that local workers are employed in the COMPERJ project. The center covers the 11 municipalities that are members of the CONLESTE

organization, which represents the interests of the local governments in the region surrounding Comperj: Itaboraí, São Gonçalo, Cachoeiras de Macacu, Casimiro de Abreu, Guapimirim, Niterói, Maricá, Magé, Rio Bonito, Silva Jardim and Tanguá. People doing courses at the center will have better prospects of finding work, either on the COMPERJ project itself, or at one of the many companies that are likely to be attracted to the region.

Local training programs began in 2007. In the first "cycle" of the program, more than 3,000 people benefited from free courses in civil construction, which were held in locations provided by municipal governments in the areas surrounding COMPERJ. In all, around 30,000 local people will receive training, in 60 professional categories (82% at basic level, 17% at technical level and 1% at higher-education level). The center's site was provided by the municipal government of São Gonçalo.

Five thousand people took part in a selection test for 350 places, for both basic level courses (piping, assembly and soldering) and intermediate level courses (structural supervision,

topography, piping design and PDMS design). Classes will begin in March. The center is equipped with an auditorium, library and IT laboratory.

Ecological Corridor project

On 5 June, World Environment Day, 2007, Petrobras and partners launched a tree planting program to connect the mangrove and Atlantic forest ecosystems in an area close to COMPERJ. In all, around four million seedlings will be planted in the Ecological Corridor. The first property to benefit from the project, the Fazenda do Viveiro in Sambaetiba, has been planted with around 2,500 seedlings of around 30 different tree species.

Brazilian agricultural research institution Embrapa created the overall conceptual plan for the corridor, while the Federal Rural University of Rio de Janeiro (UFRRJ) is responsible for plans to restore degraded areas. Community organization Oscip Innatus has provided training to some 400 local people through six-month courses on silviculture and handcrafts.

To ensure the recovery of native flora, Petrobras will maintain a tree nursery at the Fazenda do Viveiro

capable of producing 300,000 seedlings of Atlantic forest species per year. This nursery will be open for visits from local schools.

Comperj Stakeholder Relations Plan

In addition to Petrobras' Communications and Social Responsibility Program, which is part of its Environmental Impact Assessment and Environmental Impact Report, the company, based on its social and environmental responsibility policies and guidelines, has prepared a stakeholder relations plan for Comperj, which sets out initiatives for local sustainable

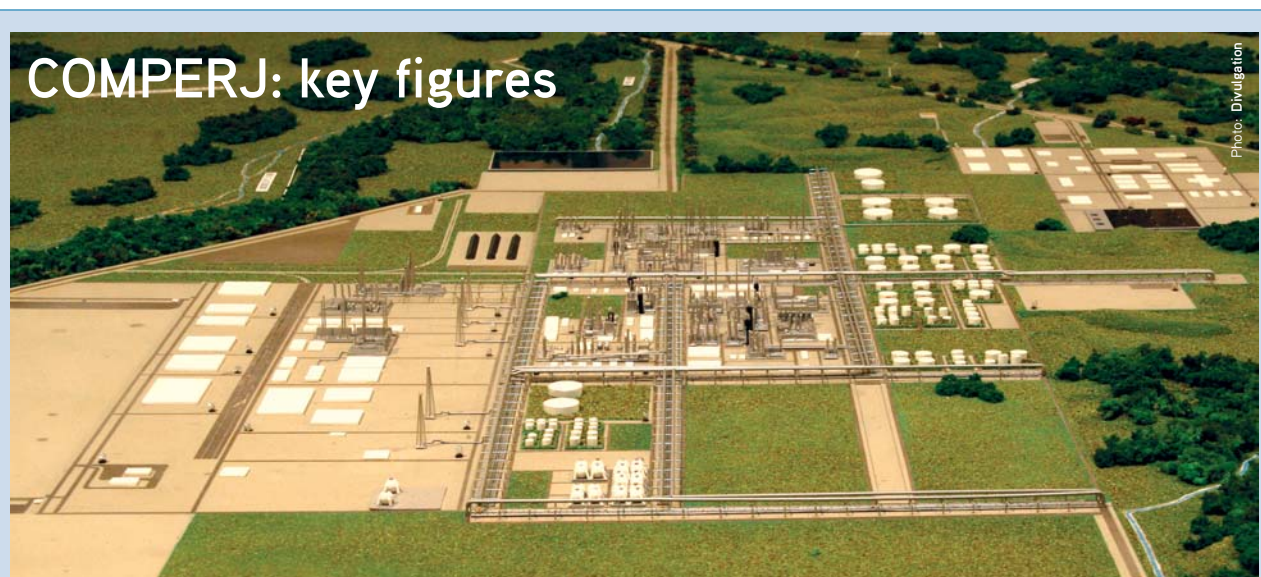
development and ongoing dialogue with the community.

The Agenda 21 methodology has been adopted to structure relationships involved in the Rio de Janeiro Petrochemical Complex (Comperj), which affects various municipalities in the state. The Comperj Management Group, composed of the Environment Ministry, the Environment Secretariat of the state of Rio de Janeiro and Petrobras, decides the methodology and monitors the execution of the work.

Local agendas 21s are action plans prepared through socially-participatory planning, involving

representatives of all sections of society, to define priority issues for local sustainable development. They involve forming short-, medium- and long-term partnerships and commitments to solve the problems identified.

Within the area affected by COMPERJ, local agenda 21s have an important municipal and indeed regional impact. The objective is to make agreements based on sector policies and local projects. Community work is undertaken through partnerships with non-governmental organizations with a social or environmental track record.



- Investment of US\$8.5 billion.
- The complex will be capable of processing 150,000 barrels per day of heavy Brazilian crude.
- The complex will host a refining plant and petrochemical plant to produce basic petrochemicals, as well as a set of second generation plants (associated petrochemical plants), which will transform these basic products into petrochemical products. There will also be a utilities center to supply the water, steam and electricity required by the complex.
- Basic (first generation) petrochemicals: ethylene (1.3 million tons per year), propene (880,000 tons per year), benzene (600,000 tons per year), butadiene (157,000 tons per year) and paraxylene (700,000 tons per year).
- Second generation petrochemicals: styrene (500,000 tons per year), ethylene glycol (600,000 tons per year), polyolefin (800,000 tons per year), polypropene (850,000 tons per year) and PTA/PET (500,000/600,000 tons per year).
- Third generation firms, which may be attracted by the complex to locate in neighboring areas and along the Metropolitan Bypass, which will connect Itaboraí to the Port of Itaguaí, will transform these second generation petrochemical products into final goods, such as plastic cups, components for the car industry, surgical materials, and household appliances.
- More than 200,000 direct, indirect and "income-effect" jobs will be generated in Brazil during the five years of construction work and after the project enters production.
- A 3,000 m² Integration Center will train up to 30,000 people in the region, with capacity for 370 students at any one time.
- Ecological Corridor: 3.6 million trees planted.
- Reuse of water: R\$30 million investment; supply of more than 100 liters per second of treated water, half of which is destined for the local population.
- Foreign exchange savings of more than US\$2 billion per year for Brazil.

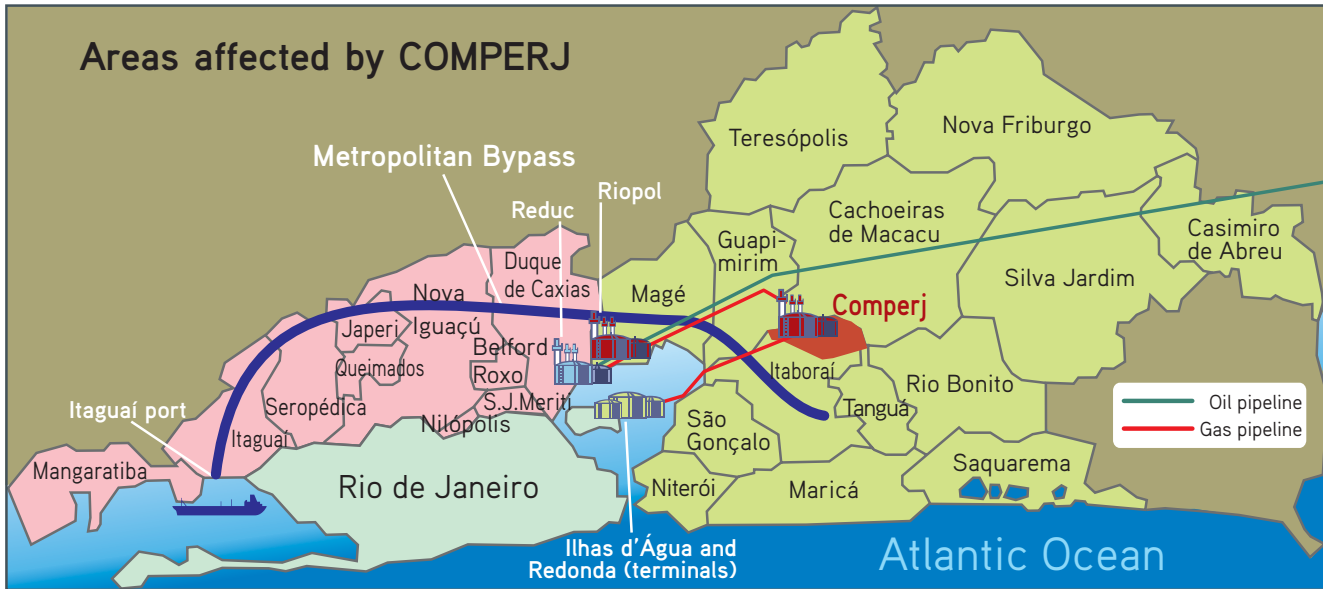


Photo: Bruno Veiga, Petrobras

Health in COMPERJ region is theme of discussion

EXPANSION OF THE HOSPITAL network, construction and equipping of health centers, the need for more qualified professionals, preventing and combating outbreaks of disease: these were some of the themes debated during a meeting organized jointly by the Rio State Medical Academy (AFM) and Álvaro Adolpho, the director-general of CONLESTE, an organization representing the interests of 11 municipal governments in the region surrounding COMPERJ.

The meeting, held on February 6, was considered highly productive by both organizations, and has already had one positive outcome: academics participating in the meeting agreed to produce a report for CONLESTE listing health priorities to be observed by federal, state and city public administrators.

"We are in a race against time, since the petrochemical complex is due to start up in 2012, and there is a wide array of measures to be taken before then. We know that a project of this nature, which will involve almost US\$8.5 billion, will bring profound economic, social and behavioral changes, not just in the municipality where it is located, but throughout the surrounding region," said the president of the AFM, Alcir Chácar.

Agenda 21s are becoming a basic requirement for Petrobras' social and environmental projects, explained Gilberto Puig, the company's institutional relations manager, during a debate at the ninth World Social Forum, held from 27 January to 1 February in Belém in the Amazonian state of Pará.

According to Puig, Agenda 21 can be understood as an intense negotiation process between diverse social stakeholders. In practice, it is a socially-participatory action plan that seeks to find solutions, in a consensual and co-

responsible way, for key issues in a determined community or municipality.

The Agenda 21 methodology arose during the United Nations Earth Summit in 1992, held in Rio de Janeiro, which aimed to promote sustainable development for the 21st century. Agenda 21 stimulates the exercise of citizenship, social mobilization and the creation of partnerships between diverse areas of society, in order to contribute towards social, environmental and economic sustainability. ■