

EDC PROJECT REVIEW SUMMARY: Wa'ad Al Shamal Phosphate Project

Project Description	Development of a greenfield integrated phosphate mining and fertilizer production project
Sponsors	Saudi Arabian Mining Company (Ma'aden), Mosaic, and Saudi Basic Industries Corporation
Country	Kingdom of Saudi Arabia
Project Category	A
Canadian Exporter(s)	Various
Description of capital goods and/or services	Sale of various Canadian goods and services
EDC Product	Financing
Date of publication on EDC's website (dd/mm/yy)	24/03/14
Date of Signing (dd/mm/yy)	30/06/14

Project Categorization

The Project will consist of facilities in two distinct locations within the Kingdom of Saudi Arabia (KSA): (i) phosphate mine and chemical plants in the northern part of the KSA; and (ii) ammonia, mono-ammonium phosphate, di-ammonium phosphate, and compound fertilizer nitrogen phosphate potash plants, located in the eastern KSA. The two components of the Project are located approximately 1600 km apart, and will be connected through an existing railway. The Project will require significant third-party labour resources and result in substantial greenhouse gas emissions. The Project was classified as Category A. (Category definitions can be found [here](#), see D3 Environmental & Social Reporting).

Summary of EDC's Review

EDC reviewed the project in accordance with the requirements of our *Environmental and Social Review Directive* and the *Equator Principles*, and concluded that the project is designed to meet or exceed internationally recognized good practices, guidelines or standards. In reaching this conclusion, EDC reviewed Project Environmental and Social Impact Assessments which were benchmarked against relevant international environmental and social standards, and reviewed for appropriate mitigation measures against the project's potential environmental and social effects, and assessed the project's stakeholder engagement activities.

Key environmental and social issues associated with the project, and related mitigation measures reviewed by EDC include, but are not limited to, the following:

Labour: Management of a large temporary workforce in both Project areas during construction.

Mitigation measures include: Requirement for all contractors to the Project to ensure that worker accommodation and labour practices comply with, among others, international workers accommodation guidelines and applicable labour laws. Contractors will be monitored and audited against these requirements by the Project sponsors. The Project has also developed a grievance mechanism for workers, which is included as part of the Project's human resources policies and procedures.

Greenhouse Gases: Emissions of GHGs during operations, primarily carbon dioxide (CO₂).

Mitigation measures include: Implementation of best available techniques in the design of Project components; completion of an alternatives analysis to consider potential design options. Further potential Project alternatives to further reduce direct GHG emissions include the use of CO₂ in various production processes, or selling captured CO₂ for secondary oil recovery purposes.

Community Health and Safety: Potential risks to communities along the rail corridor between the Project sites due to the transportation of hazardous goods.

Mitigation measures include: Development of an Environmental Emergency Response Plan, which maintains an inventory of all materials stored, handled and transported; undertakes an evaluation of all hazardous materials; evaluates conditions that could create an accident or emergency situation; and prepares procedures that would provide instructions in the event of an accident or emergency situation. The Environmental Emergency Response Plan will be prepared in consultation with KSA emergency services, Project personnel and stakeholders.

Stakeholder engagement: Addressing concerns from local industries and communities.

Mitigation measures include: Stakeholder Engagement Plans developed to identify and manage key stakeholders, including government and/or regulatory agencies and local communities. Community grievances during construction and operation will be addressed by Project community relations management/grievance procedures. The Project will engage community relations managers, who will liaise with government and community groups; publicize and explain the complaint resolution process to community members; ensure sufficient community complaint awareness training is provided for all employees and contractors; and report on community complaints regularly to Project management.

Documentation Reviewed:

- Environmental and Social Impact Assessments (August, 2013);
- Construction Environmental and Social Management Plans (March, 2014); and
- Independent Technical & Environmental Review prepared for prospective lenders (May 2014).

**Applicable International Finance Corporation (IFC) Environmental and Social Standards used by EDC
(in addition to host country requirements):**

- 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; and
- Performance Standard 4: Community Health, Safety and Security.