NOTICE OF SUPPORT FOR A CATEGORY A PROJECT

JAMNAGAR REFINERY PROJECT, GUJURAT STATE, INDIA

1. PROJECT DESCRIPTION

UK Export Finance has issued a guarantee in respect of a US $300 million export credit loan facility to Reliance Industries Limited (RIL) for the Jamnagar Refinery Project in Gujarat State of India. The loan will finance export contracts with UK suppliers relating to the extension of a petrochemicals complex located within a multi-product Strategic Economic Zone (SEZ). The SEZ is located 815km from Mumbai and approximately 25km from the city of Jamnagar and is located close to the Gulf of Kutch.

The Project includes:

- debottlenecking an existing refinery and extending petrochemical units;
- associated facilities; and
- a residential township.

The activities associated with the Project for which supplies will be made from the UK include a range of products and services.

2. PROJECT SECTOR

The Project is in the refining and petrochemical sector.

3. PROJECT SPONSORS

RIL.

4. UK EXPORTERS

Bechtel, Foster Wheeler and others.

5. EXPORT CREDIT AGENT BANK

HSBC Limited.

6. AMOUNT OF ECGD SUPPORT

The principal value of the export credit loan is US $300 million.

7. POTENTIAL ENVIRONMENTAL, SOCIAL AND HUMAN RIGHTS IMPACTS

UK Export Finance categorised the Project as Category A (having high potential environmental, social and human rights (ESHRI) impacts) in accordance with the definition in the OECD Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credit (the OECD Common Approaches).
As required by the OECD Common Approaches, UK Export Finance publicly disclosed its possible involvement in the Project. A notification was posted on the UK Export Finance’s website on 5th June 2013, which directed interested parties to the environmental information, in accordance with the OECD Common Approaches. A joint response was received from The Corner House, Amnesty International UK, and Jubilee Debt Campaign and which requested the location of the project-related environmental documentation, and an explanation of the resettlement process undertaken in relation to the project. There has not been any resettlement in relation to the expansion project that UKEF has been asked to support.

8 ESHR STANDARDS

Environmental and Social Management Plans were reviewed for their compliance against the IFC Performance Standards on Social and Environmental Sustainability and the World Bank Group Guidance Notes. The applicable IFC Performance Standards are:

- PS1: Social and Environmental Assessment and Management Systems;
- PS2: Labour and Working Conditions;
- PS3: Pollution Prevention and Abatement;
- PS4: Community Health, Safety and Security;
- PS5: Land Acquisition and Involuntary Resettlement;
- PS6: Biodiversity Conservation and Sustainable Natural Resource Management;
- PS7: Indigenous Peoples;
- PS8: Cultural Heritage.

The applicable IFC EHS Guidelines are:

- IFC EHS Guidelines for Petroleum Based Polymer Manufacturing, 2007;
- IFC EHS Guidelines for Large Volume Petroleum based Organic Chemicals Manufacturing, 2007;
- IFC EHS General Guidelines, 2007

9 NATURE OF THE ESHR IMPACTS

UK Export Finance’s assessment of the potential ESHR impacts took account of the following impacts, receptors and issues during the construction and operations phases:

- Health and safety (of workers and local communities);
- Emissions to the atmosphere (including land, air and water);
- Wastewater treatment;
- Waste and hazardous materials management;
- Labour camps;
- Community engagement;
- Grievance mechanisms;
- Emergency Response; and
Following a review of the Environmental and Social Impact Assessment (ESIA), UK Export Finance undertook a number of visits to the project sites and engaged directly with RIL to review documents, its systems, processes and procedures to identify, and, where appropriate manage and mitigate ESHR impacts together with the impact monitoring arrangements in line with the international standards.

10 DECISION

UK Export Finance assessed the financial risks arising from its credit exposure on RIL and determined that they met credit risk standards.

After taking account of the assessment made by UK Export Finance’s internal environmental practitioners, UK Export Finance concluded that the Project should meet international standards. Accordingly, UK Export Finance decided it would provide its guarantee to RIL with respect to the loan facility to the Jamnagar Project to finance the purchase of UK supplies.

A condition of support is that UK Export Finance will monitor the Project so that it can continue to be satisfied that the Project meets the relevant international standards. UKEF will undertake monitoring during the construction and operation phases throughout the period of the guaranteed loan.

UKEF

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