



NOTICE OF SUPPORT FOR A CATEGORY A PROJECT

SADARA PETROCHEMICALS PROJECT, SAUDI ARABIA

1. PROJECT DESCRIPTION

ECGD has issued a Buyer Credit guarantee to finance a line of credit to support up to US\$700 million of export contracts in respect of the Sadara Petrochemicals Project, Saudi Arabia (the Project). The project involves the construction of a petrochemicals complex and associated facilities on a greenfield site within the Jubail Industrial City. Jubail Industrial City is located on the east coast of Saudi Arabia on the Arabian Gulf coast some 120 kilometres north west of Bahrain. The area comprises a bespoke industrial area dedicated predominately on downstream hydrocarbon activities.

The activities associated with the Project for which supplies from UK exporters may be sought include:

- Front end engineering and design;
- Project management services;
- Associated supply in relation to petrochemical processes.

Associated operations may include:

- Raw materials pipelines;
- Finished product pipelines;
- On-site Third Party Process Units (hydrogen peroxide, ammonia);
- Water supply systems;
- Construction Camps.

2. PROJECT SECTOR

The Project is in the petrochemical sector.

3. BORROWER

The Sadara Chemical Company.

4. UK EXPORTERS

Known exporters are Fluor, Foster Wheeler and Jacobs Engineering. Other exporters will be identified when the project company nominates supplies to be sourced from UK exporters for financing under the line of credit.

5. EXPORT CREDIT AGENT BANK

Standard Chartered Bank plc.

6. AMOUNT OF ECGD SUPPORT

The principal value of the buyer credit guarantee is US\$700 million.

7. POTENTIAL ENVIRONMENTAL, SOCIAL AND HUMAN RIGHTS IMPACTS

ECGD classified the Project as Category A (having high potential Environmental, Social and Human Rights (ESHR) impacts) in accordance with the definition in the 2007 OECD Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits (the OECD Common Approaches). As required by the OECD Common Approaches, ECGD disclosed on its website on 14th September 2012 its possible involvement in the Project and directed interested parties to the ESHR information relating to the Project that had been made public by the project company. No comments from interested parties have been received by ECGD.

8. ESHR STANDARDS

In determining whether or not the ESHR impacts of the Project were acceptable, ECGD benchmarked the project company's ESHR policies, practices and procedures against the relevant Performance Standards on Social and Environmental Sustainability (the Performance Standards) of the International Finance Corporation, a member of the World Bank Group, and other relevant guidance. The applicable Performance Standards and World Bank Group Guidance Notes were:

- 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 Resource Management;
- PS7: Indigenous Peoples;
- PS8: Cultural Heritage;
- World Bank Group Guidance Notes: Environmental, Health and Safety Guidelines as follows:
 - EHS Sector Guidelines: Large Volume Petroleum Based Organic Chemical Manufacturing;
 - EHS Sector Guidelines: Large Volume Inorganic Compounds and Coal Tar Distillation¹;
 - EHS Sector Guidelines: General EHS Guidelines;
 - IFC/EBRD Guidance Note on Worker Accommodation.

9. NATURE OF ESHR IMPACTS

ECGD's assessment of the potential ESHR impacts took into account the following impacts, receptors and issues during the construction and operational phases of the Project:

- health and safety;
- emissions to the atmosphere;
- wastewater treatment;
- waste and hazardous material management;
- marine habitats;
- construction camp conditions;
- worker conditions of contract; and
- community engagement.

10. ASSESSMENT OF ESHR IMPACTS

Nexant Limited (Nexant) was appointed as the Technical and Environmental Consultant to the lenders (commercial banks, Export Credit Agencies). The assessment included analysis of project documentation,

¹ The Coal Tar Distillation part is not relevant to the Project

analysis of proposed project processes and meetings with the project company, the Saudi Royal Commission and regulatory bodies of the Government of Saudi Arabia.

11. DECISION

ECGD assessed the financial risks arising from its potential credit exposure on the project and determined that they met its credit risk standards.

After taking account of the assessment made by ECGD's internal environmental practitioners, ECGD concluded that the Project would meet international standards in all material respects. Accordingly, ECGD decided to provide its guarantee to Standard Chartered Bank in respect of the loan to the project company to finance eligible content under UK supply contracts. A condition of support is that the project company will allow ECGD, or its appointed representative, to monitor the Project so that ECGD can continue to be satisfied that it meets the relevant international ESHR standards throughout the duration of the guarantee.

ECGD

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