EDC PROJECT REVIEW SUMMARY: Emirates Aluminium Phase II Project

Project Description	Phase II expansion of the existing Aluminium smelting complex
Sponsors	Dubai Aluminium Company and state-owned Mubadala Development Company
Country	United Arab Emirates
Project Category	A
Canadian Exporter	Various Canadian Exporters
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)	21/11/2012
Date of Signing (dd/mm/yy)	28/03/13

Project Categorization

The Project involves the expansion to Emirates Aluminium Phase 1 including one potline with two potrooms; additional capacity for the power plant and the desalination plant; a carbon plant; an extension to the casthouse; and ancillary services, warehouses and storage buildings. The Project is located within the same physical boundaries as Phase I which is located in the Khalifa Port and Industrial Zone (KPIZ), a zoned industrial area halfway between the cities of Abu Dhabi and Dubai. 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 a project environmental and social impact assessment which was benchmarked against relevant international environmental and social standards, and reviewed for appropriate mitigation measures against the project's potential environmental and social effects. EDC's review also included an assessment of 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:

Air quality: Atmospheric emissions from the smelter and power plant during operations
Mitigation measures include: Use of best available technology, including dry gas scrubbers, low NOx burners, and use of continuous emissions monitoring system.

Greenhouse gases: Carbon dioxide, methane, nitrous oxide, tetrafluoromethane, hexafluoroethane from operations.
Mitigation measures include: Use of best available technology. EMAL has prepared a Greenhouse Gas Inventory Management System (GHGIMS). Ongoing greenhouse gas monitoring and quantification based on internationally recognized methodology.

Biodiversity: Potential impacts to marine and terrestrial habitats.
Mitigation measures include: Implementation of a comprehensive terrestrial and marine management plan which includes mitigation and monitoring as well as the rehabilitation of impacted areas.

Documentation Reviewed:

- Emirates Aluminium Environmental Impact Assessment, Volumes I and II (2007)
- Emirates Aluminium Project Environmental Update, Final Report (2011)
- Construction Environmental and Social Management Plan for the EMAL Smelter Project Complex Phase 2 (2012)
- Operations Environmental & Social Management Plan for Phase I of the EMAL Smelter Project Complex (2010)
- Lenders Environmental and Social Review of Phase 2 Expansion (2011)
- Memorandum: Update of Lenders Environmental and Social Review (2012)
- Greenhouse Gas Management System (2010)
- Emirates Aluminium Public Consultation Program (undated).

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[1]
- Performance Standard 4: Community Health Safety and Security
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

[1] Performance Standard 3 references the sector-specific IFC Environmental, Health and Safety (EHS) Guidelines and EAS has considered these guidelines in conducting its review. EAS has considered the relevant aspects of the IFC EHS Guidelines for *Base Metal Smelting and Refining* (April 2007), *Thermal Power* (December 2008) and the *General EHS Guidelines* (April 2007).