

INFORMATION SUMMARY FOR THE PUBLIC
CBG Expansion

Host Country:	Guinea
Name of Borrower:	Compagnie des Bauxites de Guinee
Project Description:	The Compagnie des Bauxites de Guinee (“CBG”) expansion project (the “Project”) will expand the largest bauxite mining operation in Guinea from 13.5 million metric tons to 18.5 million metric tons and have a substantial development impact on the Guinean economy. CBG is the single largest contributor of revenues for the country and the expansion Project is expected to bring significant additional revenue to the Government of Guinea. CBG is also a key driver of employment in the Boke region of Guinea, with over 2,400 permanent employees. The Project will increase this amount by an additional 1,300 employees during construction and over 230 permanent employees during operations.
Proposed OPIC Loan:	Up to \$150 million
Total Project Costs:	Estimated to be \$795 million
U.S. Sponsor:	Alcoa World Alumina LLC
Foreign Sponsor:	Rio Tinto Plc. (England)
Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy, as the U.S. does not mine bauxite on a large-scale, commercial basis, and the limited bauxite mining in the U.S. does not support aluminum production. The Project is expected to have a positive impact on U.S. employment through U.S. procurement. The Project is expected to have a net negative five-year impact on the U.S. balance of payments.
Developmental Effects:	This Project is expected to have a highly developmental impact on Guinea through the expansion of an operating bauxite mine and associated facilities. Bauxite production is of strong strategic economic importance to Guinea, a low-income country, accounting for roughly 20% of the country’s gross domestic product and 80% of exports. CBG, which is 49% owned by the Government of Guinea, is the single largest contributor of government revenues, and through this expansion will increase its already substantial tax and dividend payments. The Project will generate foreign exchange earnings for Guinea through the export of bauxite to global markets. In addition, the Project is expected to create hundreds of new local construction and permanent jobs.

Environment:	<p>Clearance is in Process</p> <p>Screening: The Project has been reviewed against OPIC's categorical prohibitions and determined to be eligible. The Project has been screened as Category A because it involves a major mining complex that has potential environmental and social impacts which are diverse and potentially irreversible. The main environmental concerns are related to direct greenhouse gas emissions from the Project that are estimated to be 369,279 tons of carbon dioxide equivalent per year; impacts on biodiversity; impacts on local infrastructure; impacts to surface water due to erosion and drainage; dust and air emissions from bauxite ore preparation; integrity of marine ecosystems from port rehabilitation, wastewater and effluent discharges; water availability; waste disposal; occupational health and safety; and cumulative impact management.</p> <p>Primary social impacts include physical and economic resettlement of approximately 3,500 people in an area of limited land availability; community health, safety and security due to increased activity throughout the mine and along the railroad corridor; and legacy issues related to historical land management, community engagement, and grievance management.</p> <p>Applicable Standards: OPIC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following International Finance Corporation's (IFC) 2012 Performance Standards (PS):</p> <ul style="list-style-type: none"> -PS 1: Assessment and Management of Environmental and Social Risks and Impacts; -PS 2: Labor and Working Conditions; -PS 3: Resource Efficiency and Pollution Prevention; -PS 4: Community Health, Safety, and Security; -PS 5: Land Acquisition and Involuntary Resettlement; -PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and -PS 8: Cultural Heritage. <p>All construction activities will be undertaken within an existing mining concession, railroad corridor, and port area. Based on the information currently available, no indigenous peoples have been identified at or near the Project site and therefore, PS 7 has not been triggered.</p>
--------------	--

In accordance with PS 3, the following sector-specific IFC Guidelines apply to the Project include: Mining Environmental, Health, and Safety (EHS) (2007); General (2007); Thermal Power 2008; Ports, Harbors, and Terminals (2007); Railways (2007); and Water and Sanitation (2007).

ESIA Disclosure: The ESIA and the Supplementary Information Package (SIP) for the Project were disclosed on OPIC's website on December 10, 2015. The public comment period ended on February 10, 2016. No comments were received by OPIC.

Site Visit: OPIC's environmental and social due diligence included a site visit during the week of January 4, 2016. In addition to visiting existing and planned Project sites around Sangaredi and Kamsar, meetings were held with the Project's environmental, health and safety team, including the community relations department; national regulators in Conakry that review environmental and social impact assessments, including an agency focused on protected areas and biodiversity; representatives of the Kamsar community, local neighbors of the existing port facilities, and representatives of the fishing and smoked fish associations; representatives of the Boke Prefecture in Sangaredi, and members of the communities of Hamdallaye and Fassaly Fouthabe who will be displaced; representatives of the regional herders association; and a women's gardening association in a village along the existing rail corridor.

Environmental and Social Risks and Mitigation:

Environmental and social due diligence is ongoing. Additional studies on biodiversity, review of available census details, and the assessment and management of cumulative impacts are in progress. The primary environmental and social risks that have been identified to date are described here.

The major potential environmental and social impacts associated with the Project can be described within the three separate zones of area of influence of the Project: the mine (Sangaredi), the port area and processing plant at Kamsar, and the rail corridor between Sangaredi and Kamsar.

The major environmental and social impacts associated with the bauxite mining area around Sangarédi include:

- Impacts on biodiversity including potentially significant risks to critically endangered and endangered species;
- Air quality changes resulting from increased dust emissions and the effects that these have on local flora, fauna, human health and community safety (related to the visibility of drivers of the trailing vehicles);
- Quality and flows of freshwater available to local communities as a result of surface water and groundwater alterations resulting from Project activities;
- Increase in noise and vibration from mining operations;
- Impacts on groundwater quantity, quality, and flow because of increased water usage in mining activities;
- Erosion and loss of soil due to land clearance for new pits and roads;
- Physical and economic resettlement due to increased mining activities and associated infrastructure; and
- Potential impacts on community health, safety and security due to the expanding mine footprint and intensification of ore movement.

The major environmental and social impacts at the ore processing plant at Kamsar and the ore loading port include:

- Potential for water quality and sediment quality degradation from dredging;
- Impacts on marine and estuary biodiversity including potentially significant risks to critically endangered and endangered species;
- Increased risk of marine accidents;
- Disturbance of fishing activity;
- Increased ship traffic congestion in the estuary;
- Air emissions from ore drying and other ore preparation activities; and
- Physical and economic resettlement due to expansion of port infrastructure.

The major environmental and social impacts associated with the corridor along the railroad between Sangarédi and Kamsar include:

- Increase in noise and vibration;
- Potential physical and economic resettlement of individuals in communities along the railroad corridor; and
- Increased potential for rail accidents involving community members especially at road and pathway crossings.

CBG has developed frameworks to address the major issues (such as biodiversity and resettlement) and is further developing plans to identify the specific mitigation measures within each of the frameworks. CBG is also developing plans to address other impacts associated with land restoration, sediment dredging and port infrastructure, railroad, ambient air quality, water availability and wastewater discharges, solid waste management, and community safety. Management plans to address cumulative impacts are being developed in coordination with other mining companies in the Sangaredi-Boke area.

Biodiversity:

CBG has developed a Biodiversity Management System (BMS) to manage the Project's biodiversity impacts to acceptable levels and the BMS will evolve over time as additional habitat information becomes available. The additional monitoring data will be used to refine the mitigation measures in order to improve their effectiveness. The BMS updates will also address cumulative impacts based on the availability of additional data on the nearby mining projects and facilities.

The key features of BMS are: (a) avoidance of impacts on critically endangered and endangered species by establishing a buffer zone around the known habitats of such species; (b) establishing offsets for endangered chimpanzee habitat impacts; (c) reducing noise impact and vibrations by using surface mining techniques instead of blasting near the habitats of these species; (d) avoiding dredging and other marine activities during the species' breeding season; (e) establishing navigational procedures in order to avoid collision with large marine species; and (f) diverting surface drainage from the mining areas away from habitats for these species.

The Project has not yet identified chimpanzee habitat offset locations. Some offset locations may require additional physical resettlement and economic displacement.

Resettlement:

The Project has developed an initial framework policy to determine when and how physical and/or economic resettlement will be carried out in compliance with the Performance Standards. Specific resettlement action plans and livelihood restoration plans will be required prior to the initiation of these activities for the expansion. Additionally, the Project will be required to further develop its community and stakeholder

engagement management, implement its newly developed grievance management system, and onboard the necessary personnel to oversee the economic and physical resettlement in parallel to ongoing and additional stakeholder engagement activities.

Other Significant Impacts:

Other significant impacts such as land reclamation, sediment dredging to maintain the draft for the shipping vessels servicing the port, air emissions at the port and the dust releases at the mine, noise and vibrations, soil erosion, surface runoff, water availability both in terms of quantity and quality, sewage and wastewater discharges, marine traffic, disturbance to fishing activities, and community safety will be properly managed and specific plans are being developed to address each of these issues. CBG will be required to mitigate these impacts and ensure compliance with the IFC's Performance Standards and EHS Guidelines.

Cumulative Impacts:

CBG has developed a plan to manage cumulative impacts. One of the major cumulative impacts is related to chimpanzees whose foraging areas may be affected by several mining projects in the Sangaredi-Boke area and from an increase in human population related to mining activities. The BMS and the Chimpanzee Offset Pre-feasibility Study have been designed to address the cumulative impact on chimpanzees. Other cumulative impacts such as the water availability, ambient air quality, marine traffic, and the expansion of railroad and port are being addressed in management plans designed to specifically address these specific issues.

In addition to the above-mentioned issues, COBAD (a subsidiary of RUSAL, a Russian mining company) has a mining concession adjoining to CBG's concession in the Sangaredi area and plans to share some of CBG's infrastructure including the railroad. COBAD is currently constructing a road through the western part of the CBG concession to access the railroad. CBG and the lenders are currently reviewing the impacts of the COBAD road to determine if the construction of this access road would affect the Project's ability to comply with the Environmental and Social Standards.

The Project will be required to: (i) submit annual reports on its environmental and social performance; (ii) develop and implement its Environmental and Social Action Plan; (iii)

	<p>continue developing, implementing and improving their stakeholder engagement system, which includes the grievance redress mechanism; and (iv) conduct an independent audit of their environmental and social performance.</p> <p>Community Consultations: CBG held two public hearings in 2015 and also conducted several information sharing sessions during the scoping phase of the ESIA development (in 2014 and 2015) and after issuance of the ESIA. These public hearings were attended by the representatives of the potentially impacted communities. The Ministry of Environment has confirmed that the Project has met all national requirements for public consultation and disclosure. The Project's community relations team is working with the consultants to design a community and stakeholder engagement system, including information disclosure, consultation and grievance redress management in order to meet the Environmental and Social Standards.</p>
Workers Rights:	<p>The Project will be required to operate in a manner consistent with the International Finance Corporation's Performance Standard 2 on Labor and Working Conditions, OPIC's Environmental and Social Policy Statement, and applicable local labor laws.</p> <p>OPIC's statutorily required standard worker rights language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age of employment, prohibition against the use of forced labor, non-discrimination, and hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.</p> <p>CBG's current Labor Management System (LMS) has been evaluated against the IFC Performance Standards, OPIC's Environmental and Social Policy Statement, and applicable local labor law. The LMS includes human resources policies, employment contracts, a grievance mechanism for employees, and Code of Ethics and Business Conduct. CBG's current LMS appears to be operating in accordance with local law. However, as part of the Environmental and Social Action Plan developed by IFC and OPIC, CBG will be required to update each of these documents to also be consistent with the IFC Performance Standards and OPIC's Environmental and Social Policy Statement, as well as develop a security management plan. CBG will also be required to develop a construction winding-down retrenchment plan for the construction phase of</p>

	the Project. The Project will be subject to third-party monitoring.
Human Rights:	OPIC issued a human rights clearance for the project on February 9, 2016.