



## Independent Monitoring Group:

## Fifth HSEC Monitoring Review



Africa Oil Corporation

18 May 2018

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Africa Oil Corporation

## **Independent Monitoring Group:**

## **Fifth HSEC Monitoring Review**

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For and on behalf of  
Environmental Resources Management Ltd

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Date: 18 May 2018

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## *LIST OF ABBREVIATIONS*

AOC	Africa Oil Corporation
AOI	Area of Influence
APELL	Awareness and Preparedness for Emergencies at Local Level
CPF	Central Processing Facility
CPO	Community Project Officer
EHS	Environment, Health and Safety
EHS MS	Environment, Health and Safety Management System
EHS MP	Environment, Health and Safety Management Plan
EOPS	Early Oil Pilot Scheme
EPF	Early Production Facility
EDC	Enterprise Development Centre
ERM	Environmental Resources Management Ltd
ESAP	Environmental and Social Action Plan
ESRS	Environmental and Social Review Summary
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESG	Environmental and Social Governance
EWT	Extended Well Test
FEED	Front End Engineering Design
FFD	Full Field Development
FPIC	Free Prior Informed Consent
GHG	Green House Gases
GIIP	Good International Industry Practice
HR	Human Resources
HSEC	Health, Safety, Environment and Community
IFC	International Finance Corporation
IMG	Independent Monitoring Group
JV	Joint Venture
LALR	Land Acquisition and Livelihood Restoration
LARF	Land Access and Resettlement Framework
NEMA	National Environmental Management Authority
NGO	Non-Governmental Organisation
SEP	Stakeholder Engagement Plan
SSA	Site Specific Assessment
VSO	Village Support Officer

## **EXECUTIVE SUMMARY**

*Africa Oil Corporation* (AOC) is a Canada based oil and gas exploration and development company that has been active in Kenya and Ethiopia since 2009. AOC's current interests include both operated assets (Rift Basin Area Block in Ethiopia and Block 9 in Kenya) and non-operated assets (Blocks 13T, 10BA and 10BB in the South Lokichar Basin, North-West Kenya). Its Joint Venture (JV) partner, Tullow Kenya is Operator of the non-operated assets in Kenya.

AOC entered into an Equity Subscription Agreement with the International Finance Corporation (IFC) in August 2015 to finance its oil and gas exploration, appraisal and development activities in Kenya and Ethiopia. The agreement requires AOC (and its JV partners) to conform with the IFC Performance Standards on Environmental and Social Sustainability (2012) and undertake specific actions detailed in an Environmental and Social Action Plan (ESAP) and Environmental and Social Review Summary (ESRS).

*Environmental Resources Management* was commissioned as the Independent Monitoring Group (IMG), which is a requirement for projects that have been classified by the IFC as Category A. The first four IMG reviews were undertaken in December 2015, July 2016, January 2017 and July 2017 (desk based). This report covers the findings of the fifth review, undertaken in March 2018 that comprised a review of documents, project presentations, a site visit to South Lokichar, and post visit clarifications.

The Operator is progressing with ongoing exploration, appraisal and extended well testing activities in South Lokichar as well as preparing for an Early Oil Pilot Scheme (EOPS) project. Environmental and Social Impacts Assessments (ESIAs) for EOPS and the South Lokichar Full Field Development (FFD) project are underway. To support these activities the Operator is developing and operationalising management systems, plans, procedures and guidance to ensure effective identification and management of environmental and social risks.

Decisions for future AOC operated activities in Kenya and Ethiopia over the next six-month review period are dependent on further geological data review. AOC has commissioned an ESIA for a potential single exploration well on the west side of Lake Abaya in Ethiopia, however, no decision on applying for a permit to drill has been taken. The ESIA, and associated plans and procedures, developed for this well and other potential future operations will be reviewed by the IMG within the relevant review periods, along with an assessment of progress against relevant AOC ESAP/ESRS requirements.

Observations from the documents review and field visit are presented in the main report, along an evaluation of conformance with the relevant Performance Standard and any actions required to fully conform with the

standards. Reference to previous observations are made, as required, to provide context.

In many cases the required actions are in progress, for example, they are being addressed in the current ESIA's or they are addressed in draft procedures that are undergoing internal review. There is a requirement to finalise and fully operationalise a number of these draft environmental and social management procedures to ensure conformance with the Performance Standards. This is particularly important in preparation for the increased activity that will occur when the FFD project commences.

Where appropriate, recommendations have been provided where the IMG considers that improvements could be made to meet Good International Industry Practice (GIIP).

The focus of the next review is likely to be on the South Lokichar Basin operations, EOPS and the FFD ESIA. It should be noted that the proposed pipeline along the LAPSET corridor from South Lokichar to Lamu, on the Indian Ocean coast, is outside the scope of the IMG reviews.

# 1 INTRODUCTION

## 1.1 BACKGROUND

In August 2015, *Africa Oil Corporation (AOC)* entered into an Equity Subscription Agreement with the International Finance Corporation (IFC) for financing to support its oil and gas exploration, appraisal and development activities in Kenya and Ethiopia. The agreement included a requirement for AOC to conform with the IFC Performance Standards (PS) on Environmental and Social Sustainability (the Performance Standards) and to undertake specific actions detailed in an Environmental and Social Action Plan (ESAP). The ESAP was developed by the IFC based on its Environmental and Social Review Summary (ESRS) of AOC's activities produced in June 2015.

*Environmental Resources Management Consulting East Africa Limited (ERM)* was commissioned by AOC and the IFC to act as the Independent Monitoring Group (IMG) <sup>(1)</sup>. The role of the IMG is to conduct a review of Health, Safety, Environment and Community (HSEC) aspects associated with AOC's activities related to oil and gas exploration, appraisal and development in Kenya and Ethiopia with respect to IFC's environmental and social requirements. Reviews will be conducted every six months during the exploration and development phases, and annually during the production phase. The first four IMG reviews were undertaken in December 2015, July 2016, January 2017 and July 2017 (desk based due to travel restrictions). This report covers the findings of the fifth review, undertaken in March 2018.

## 1.2 SCOPE OF THE REVIEW

AOC's current interests in Kenya and Ethiopia include both 'operated assets', where AOC leads development activities and 'non-operated assets', where development activities are led by another partner in a Joint Venture (JV). At the time of the previous and current reviews, there were no activities in AOC operated assets in Ethiopia and Kenya.

For the purposes of evaluating operational performance, the focus of the IMG reviews has therefore been directed at activities in non-operated assets. Currently these are in the South Lokichar Basin in Kenya where Tullow Kenya is the Operator. It is recognised that progress with a number of actions identified in previous IMG reviews has been delayed due to changes in the schedules for the upstream Full Field Development (FFD) and midstream pipeline projects.

(1) As required for projects classified by the IFC as Category A (projects expected to have significant adverse social and/or environmental impacts that are diverse, irreversible, or unprecedented).



It should be noted that the proposed pipeline along the LAPSSET corridor from South Lokichar to Lamu, on the Indian Ocean coast, is outside the scope of the IMG reviews. The IMG will, however, take into consideration those elements of the pipeline project that could present risks to the FFD project, taking into account AOC's control and influence over the pipeline developer's actions (as required under PS1).

### 1.2.1 *Objectives*

The overall objective of the reviews is to identify areas of non-conformance <sup>(1)</sup> within the review framework and to make recommendations for corrective actions, or improvements in line with Good International Industry Practice (GIIP). The reviews to date have covered the following areas.

- Progress against the agreed AOC ESAP and ESRS requirements.
- Tullow Kenya operational-level HSEC management plans and procedures.
- Tullow Kenya operational performance where Tullow Kenya is the Operator.

The objectives of future reviews may vary depending on activities being undertaken, eg for activities in other blocks in Kenya and Ethiopia or where AOC is the Operator.

### 1.2.2 *Approach*

The approach taken for the review was as follows.

- Conduct a desktop review of AOC's and the Operator's documentation on the social and environmental risks; HSEC policies, plans and procedures; stakeholder engagement plans; land access plans; and associated studies and reports.
- Conduct a site visit to observe representative operations, interview Operator staff, affected communities and other stakeholders.
- Review additional documentation/information provided during the site visit, request clarifications or further information from Operator staff, and report the review findings.

Each IMG report provides updated information, new observations and an update on any actions in progress. Where appropriate, information in the previous IMG review is referenced or summarised to avoid unnecessary repetition. The review methodology and action tracking procedure is presented in *Chapter 3*.

(1) The term 'compliance' relates to specific legal and regulatory measures or contract requirements, whereas the term 'conformance' relates to a standard that is outcome-based.

### 1.2.3 *Review Period*

This review covers the activities in progress between the fourth review in July 2017 and the current review in March 2018. Where reference is made in this report to the 'next review period', this would cover the approximately six-month period from March 2018 to the next review currently scheduled for the fourth quarter (Q4) of 2018.

### 1.3 *IMG REVIEW TEAM*

The ERM IMG review team comprised four consultants, covering the following skills specified in the IMG Scope of Work.

- Mark Irvine: Team Leader and Environmental Specialist.
- Tracey Draper: Social Performance and Labour and Working Conditions Specialist.
- Philip Wambua: Health and Safety Specialist.
- David Nicholson: Biodiversity Specialist.

### 1.4 *LIMITATIONS*

The findings in this report are based on the Scope of the Review described above. ERM performed these services in a manner consistent with the normal level of care and expertise exercised by members of the environmental and social consulting profession. The work is based primarily upon documents produced and studies performed by third parties, and follow-up interviews and discussions.

ERM has used information provided by AOC, Tullow Kenya and their representatives in good faith and with verification limited to requests for clarifications and additional documentary evidence. The assessment and recommendations made are based on professional judgement drawing on the available information and within the limits of the budget and schedule. The information provided in this report should be considered as technical input and not as legal advice.

### 1.5 *REPORT STRUCTURE*

The remainder of this review report is structured as follows.

- *Section 2* summarises the key AOC and JV assets and status of activities.
- *Section 3* outlines the assessment framework and applicable standards.
- *Section 4* presents an assessment of the progress against the AOC ESAP and ESRS requirements.

- *Section 5* presents the findings of the review with respect to the IFC Performance Standards along with the actions required to achieve full conformance and recommendations to meet GIIP.
- *Section 6:* presents the conclusions and recommendations for the next review.

The review is supported by the following annexes.

*Annex A:* Fifth IMG Review Programme.

*Annex B:* Additional Documents Provided by AOC and Tullow Kenya Relevant to Current Activities.

## 2.1 AOC AND JV ASSETS

Details of AOC and JV assets have been provided in the previous reviews and an update of assets and current activities is provided here. Current AOC and JV Licence Blocks in Kenya and Ethiopia referred to in this review are shown in *Figure 2.1*.

### 2.1.1 Operated Assets

#### *Kenya*

AOC is the Operator of Block 9 in Kenya and previously undertook 1,500 km of seismic survey lines and drilled three exploration wells. AOC is currently undertaking desk-based evaluation of the data from the previous exploration activities. The extended licence period expires on 30 June 2018.

#### *Ethiopia*

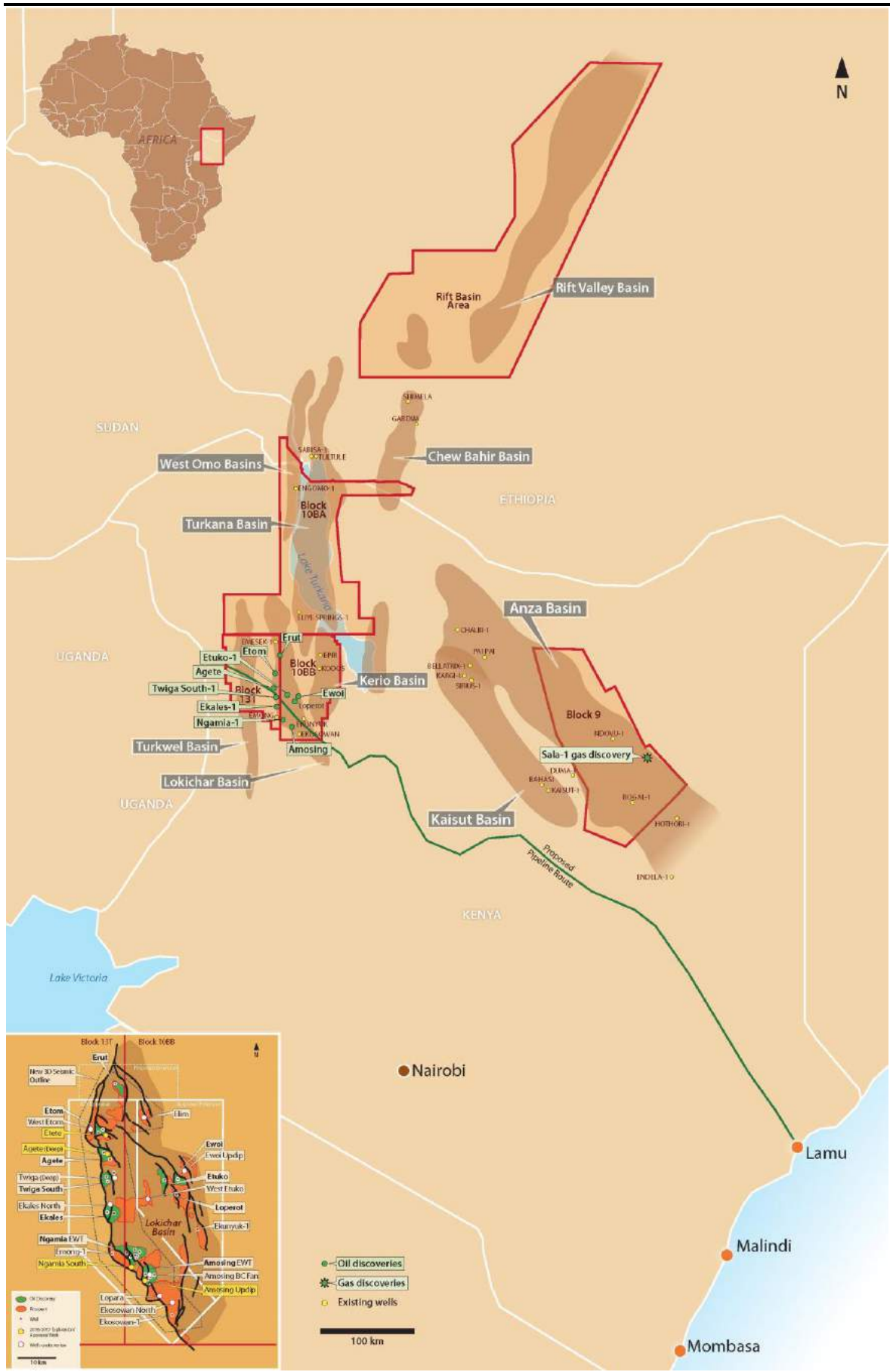
AOC is the Operator of the Rift Basin Area Block. Airborne gravity gradient surveys and a seismic survey covering approximately 600 km of survey lines was completed within the block in 2015. The current license expired at the end February 2018 and an application to extend this has been made. AOC are currently evaluating exploration data to inform decisions on further activities. An ESIA, and associated studies, to support an application to drill a single exploration ESIA well has been commissioned and is due to be completed in the second quarter (Q2) of 2018, however no decision on progressing with this application has been made.

### 2.1.2 Non-Operated Assets

#### *Kenya*

Non-operated assets in Kenya include Blocks 10BA, 13T and 10BB in Turkana County, in north-west Kenya. The assets are operated by Tullow Kenya in a JV with AOC and Maersk Oil and Gas. Further details of activities in these blocks are presented below.

Figure 2.1 Licence Blocks and Wells in Ethiopia and Kenya



Source: Africa Oil Corporation Website (Accessed April 2018)

## 2.2

### *SOUTH LOKICHAR BASIN EXPLORATION, APPRAISAL & DEVELOPMENT*

For the purposes of this report, the South Lokichar Basin comprises Blocks 13T, 10BB and 10BA. A description of the activities associated with the development of the South Lokichar Basin, along with the environmental and social context, was provided in the previous IMG reviews so is not repeated here other than a summary of the key upstream components and an update on the midstream component.

### 2.2.1

#### *South Lokichar Basin Exploration and Appraisal*

The exploration and appraisal licence covering Blocks 10BB and 13T in South Lokichar runs until September 2020. To date, 11 successful exploration well and 24 appraisal wells have been drilled. The Kenya JV has assessed potential resources of up to 1,230 million barrels of oil (1,230 mmbo). This is based on the current assessment of 90% probability of 240 mmbo, 50% probability of 560 mmbo and 10% probability of 1,230 mmbo derived from the current exploration and appraisal data.

Since the last IMG review, the operator has drilled four wells (Etiir-1, Ekales-3, Ngamia-11 and Amosing-7) and undertaken 4 well interventions (Amosing-2A single well chemical tracer test, Ngamia-11 injector completion, Ngamia-11 water injection commissioning and Ngamia-8 pump installation). In the second quarter of 2018 three well interventions are planned (Erut-1 well suspension, Amosing-7 perforation and Ngamia-3 pressure, volume and temperature sampling). The ongoing Ngamia-11 water injection pilot test will continue into the third quarter of 2018.

### 2.2.2

#### *South Lokichar Early Oil Pilot Scheme*

Tullow Kenya, under an agreement with the Government of Kenya and the Ministry of Energy, is progressing with an Early Oil Pilot Scheme (EOPS) within block 10BB designed to produce 2,000 barrels of oil a day from two existing Amosing wells (1 and 2A) and three existing Ngamia wells (3, 6 and 8), for a two-year period.

At each of the three Ngamia wells, approximately 500 barrels of oil per day (bopd) and 100 barrels of water per day (bwpd) will be produced. The produced liquids will be degassed and transported by four trucks a day to the Amosing-1 well pad. The degassing process will require gas to be flared on site. At the Amosing-1 well pad, approximately 1,500 bopd and 400 bwpd will be produced from two wells. A total of up to 2,000 bopd will therefore be produced from the EOPS.

The Early Production Facility (EPF) will be located at Amosing. The produced water will be separated at the EPF and discharged into evaporation ponds. Gas will be used for power generation on site and excess will be flared.

To transport the produced oil to the Changamwe Refinery in Mombasa, a fleet of 98 specialised trucks (with the oil transported in tanktainers) will be used with up to 14 trucks per day leaving the Amosing site for the 4-5 day 1,200 km transfer to Mombasa. A new junction will be constructed at Amosing and road upgrades are being undertaken along the C46 to Lokichar, the A1 to Kitale, and the B2 to Eldoret. From Eldoret the trucks will use the A104 to Nairobi and then the A109 to Mombasa.

Equipment is currently being installed at the Ngamia and Amosing sites, and approximately half of the tanktainers have been supplied. Road improvements are expected to be completed by May 2018. Storage at the refinery is being upgraded with three 90,000 barrel storage tanks expected to be ready by the end of May 2018. Export of crude oil from the refinery is scheduled for December 2018, pending further upgrades to the export facilities.

The EOPS will require a permit from National Environmental Management Authority (NEMA) that will need to be supported by ESIA submitted to NEMA for review and approval. The ESIA commenced in 2016, with baseline studies being undertaken through 2016 and 2017. The work suspended in June 2017 pending the resolution of a number of issues with the Government of Kenya. Stakeholder consultations, including with Turkana County Government and local communities are now required before the ESIA can be completed. Completion of the ESIA is scheduled for the end of Q2 or early Q3 2018. EOPS is scheduled to commence in Q3 or Q4 2018.

### **2.2.3** *Extended Well Tests*

Extended Well Tests (EWT) to acquire data on the behaviour of the wells during production will be undertaken at the three Ngamia wells to be used for EOPS. The tests will use some of the installed EOPS equipment to produce up to 60,000 barrels of oil (20,000 barrels from each well) over a two-year period. Production will be phased due to the on-site storage capacity with the produced oil stored on each well pad in existing 5,000 barrel capacity site tanks plus new site tanks and bitutainers to be installed and in the 50 EOPS tanktainers already on site. Water injection tests are also being undertaken at these sites.

### **2.2.4** *South Lokichar Full Field Development*

The JV is planning to develop the discoveries in phases to allow early production, and ongoing exploration and appraisal activities to run in parallel. The Phase 1 Project is likely to encompass the Amosing, Ngamia and Twiga discoveries in Block 10BB and is likely to comprise a series of well pads, interconnecting flowlines, a Central Processing Facility (CPF), and support facilities and infrastructure (eg roads, logistics base/storage areas, waste storage sites, and power and water supply). This phase would aim to produce 60-80,000 barrels of oil per day. A second Phase would bring in the discoveries in Block 13T. Phase 1 is currently undergoing pre-Front End

Engineering Design (pre-FEED) concept studies to determine the location and design of the various project components. FEED is to commence in 2018, with first oil in 2021/2022.

An ESIA for the Phase 1 Project has been underway since 2016 with environmental and social baseline studies undertaken. Further baseline studies and consultations are planned in 2018, with the ESIA due for completion during the first half of 2019 for submission to NEMA for review and approval.

### **2.2.5 Lokichar to Lamu Crude Oil Pipeline**

A Joint Development Agreement was signed between the Kenya JV and the Government of Kenya in October 2017 and a Pipeline Steering Board and Pipeline Project Management Team and established. The pipeline is planned to run from the CPF at South Lokichar to a marine export terminal to be built at the Port of Lamu.

An ESIA has been commissioned and commenced in March 2018 and a FEED contractor is expected to be appointed in Q2 2018. The ESIA is scheduled for completion in May 2019, with an IFC PS conformance supplementary assessment to be completed in Q3 2019. It is expected that land access and stakeholder engagement for the pipeline will be led by the Government of Kenya LAPSSET Corridor Development Authority, via the National Lands Commission, with land title targeted for the end of 2018.

## **2.3 SUMMARY OF ACTIVITIES IN EACH LICENCE BLOCK**

A summary of the status and main activities underway or planned for each of the licence blocks described above are presented in *Table 2.1*.



**Table 2.1. Status and Current Activity in AOC Licence Blocks**

Licence Block	Status	Current Activity
<b>Operated Assets</b>		
Block 9, Kenya	Licence period extended to the end of June 2018 to allow for further evaluation of the data from the previous exploration activities.	No current field activities.
Rift Basin Area Block, Ethiopia	Licence period expired at end of February 2018 and an extension has been applied for to allow continued evaluation of seismic data and decision to be made on future activities.	A Rapid Biodiversity Study, a Hydrological Study and an ESIA Scoping Report have been undertaken for a potential drill site on the western shore of Lake Abaya. The ESIA is due to be completed in Q2 2018. No decision on progressing with an application to drill a single well has been made.
<b>Non Operated Assets</b>		
Blocks 13T, 10BB and 10BA (South Lokichar Basin), Kenya	Exploration and appraisal licence runs to September 2020 for blocks 10BB and 13T.	Ongoing well appraisal activities, preparation for EOPS, ongoing rehabilitation activities.
	Agreement made to progress with EOPS to produce oil from five existing Amosing and Ngamia wells for a two-year period.	ESIA for the EOPS scheduled for completion in Q2 2018. EOPS schedule to commence in Q2/Q3 2018.
	The South Lokichar Full Field Development Phase 1 project (Block 10BB) is currently undergoing pre-FEED studies to determine the location and design of the various project components. FEED is targeted for 2018, with first oil in 2021/2022.	ESIA for the Phase 1 Project due for completion during the first half of 2019.
	Pipeline Joint Development Agreement signed with Government of Kenya to progress export pipeline from South Lokichar to Port of Lamu.	ESIA studies for export pipeline commenced March 2018 and is due to report in May 2019. FEED studies are scheduled to start in Q2 2018.

### 3.1 ASSESSMENT FRAMEWORK

The IMG review of AOC's and its JV partners plans and activities was undertaken through a combination of document review, presentations and interviews. The assessment was undertaken against the following environmental and social standards.

- Environmental and social laws and regulations of Kenya in force at the time of the assessment.
- AOC's agreed ESAP and ESRS requirements (disclosed by the IFC on 31 August 2015).
- IFC Performance Standards on Environmental and Social Sustainability (2012) and related policies and guidance, including:
  - Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts;
  - Performance Standard 2: Labour and Working Conditions;
  - Performance Standard 3: Resource Efficiency and Pollution Prevention;
  - Performance Standard 4: Community Health, Safety and Security;
  - Performance Standard 5: Land Acquisition and Involuntary Resettlement;
  - Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;
  - Performance Standard 7: Indigenous Peoples; and
  - Performance Standard 8: Cultural Heritage.

The review considered the sector-specific guidelines of the World Bank Group as referenced in the Performance Standards including:

- General Environmental, Health and Safety General Guidelines (April 2007); and
- Environmental, Health, and Safety Guidelines for Onshore Oil and Gas Development (April 2007).

The proposed pipeline along the LAPSET corridor from South Lokichar to Lamu is considered as associated development. With respect such third party development, PS1 (paragraph 9) states:

*In the event of risks and impacts in the project's area of influence resulting from a third party's actions, the client will address those risks and impacts in a manner commensurate with the client's control and influence over the third parties, and with due regard to conflict of interest.*

The IMG will review the KJV approach to addressing these issues and any key documents made available such as ESIA Scoping Report and Terms of

Reference, land access arrangements and stakeholder consultation frameworks.

A summary of relevant Kenyan laws and regulations currently in force was provided in the first IMG review so is not repeated here. There are a number of pieces of emerging legislation or legislation yet to come into force that are relevant to oil and gas activities in Kenya. These include the following.

- *Community Land Act (2016)*;
- *Petroleum (Exploration, Development and Production) Bill (2015)*;
- *Natural Resources (Classes of Transactions Subject to Ratification) Bill (2015)*;
- *The Energy Bill (2015)*; and
- *Land Laws (Amendment) Bill (2015)*.

Of note is the *Petroleum (Exploration, Development and Production) Bill*, which will establish a government authority to regulate, monitor and supervise upstream petroleum operations. This Bill underwent parliamentary readings and has now been passed to the Senate. At this stage, it is not known when this Bill, and the other pieces of relevant legislation, will be enacted, and hence their applicability to the project within the next review period.

## 3.2 *METHODOLOGY*

### 3.2.1 *Overview*

The IMG review comprised the following main activities.

- A review of relevant environmental and social documentation and information. Presentations were made by AOC and Tullow Kenya functional heads at a meeting in Nairobi, and copies of presentations and related documents were provided.
- A site visit was conducted and visual observations were made of the areas directly and indirectly affected by the Operator's activities in South Lokichar. Individuals responsible for Operator activities were interviewed in the field and a number of discussions with community members and other stakeholders were held. Follow up queries were made to AOC and Tullow Kenya functional leads by emails.
- Activities were evaluated against the assessment framework to determine compliance with national laws and regulations, corporate requirements, and conformance with lender requirements. Actions that the IMG consider are required to conform with the ESAP/ESRS commitments and the relevant PSs are provided. In addition, recommendations have been made, where applicable, to improve performance and to meet GIIP. These recommendations are expected to be considered by AOC/Operator as part of continuous improvement.

### 3.2.2 *Document Review and Presentations*

HSEC documents covering AOC's corporate management plans and Tullow Kenya's operational policies, procedures and plans were provided prior to and during the previous IMG reviews with updated and additional plans, procedures and associated documents provided for the current IMG review. Details of the documents provided for the current review are presented in *Annex B*. The documents submitted for the previous IMG reviews are listed in the previous reports.

An operational update was presented to the IMG by AOC and Tullow Kenya outlining operations and HSEC issues and management plans along with progress on actions from the previous IMG review.

These covered the following main areas.

- Overview of AOC current and planned operations.
- Overview of Tullow Kenya Exploration and Appraisal Operations (South Lokichar Basin).
- Early Oil Pilot Scheme update and ESIA status.
- Full Field Development update and ESIA status.
- Pipeline update and ESIA status.
- Site Restoration.
- Field Environmental Monitoring.
- Waste Management.
- External Affairs.
- Field Social Performance.
- Social Investment.
- Land Access and Agreements.
- Water Resources.
- Contractor Management and Grievance Management.
- Recruitment and Training.

### 3.2.3 *Performance Evaluation*

The status of the findings from this review, and the overall HSEC performance was rated and evaluated according to the categories presented in *Table 3.1* and *Table 3.2*.

**Table 3.1. Performance Status Ratings**

Status Rating	Criteria	Action
When Required	Work to meet the requirements has not commenced, as the relevant phase of the project has not started.	Workplan to be agreed prior to relevant phase commencing.
Open	Work to meet the requirements has not commenced. This may be because a new action has been identified.	Workplan to be agreed with an agreed time period.
In Progress	Work to meet requirements is in progress. Some parts of the requirements may be closed and others are planned within a defined time period.	Workplan to be completed with an agreed time period. Some items stated to have been completed may require verification before being closed.
Closed	Requirements have been fully met.	No further action required, but will require ongoing monitoring to ensure future conformance. Closed items are shown on the ESAP/ESRS items to demonstrate progress. Closed items are removed from the PS Conformance Actions

**Table 3.2 Assessment Ratings**

Assessment Rating	Criteria	Action
Requirement not met – Level I	Issue or situation not consistent with Applicable Standards or commitments but without an immediate risk or impact to resource or receptors.	Level I Non Conformances will be recorded, along with a recommendation for corrective action to the Company
Requirement not met – Level II	Issue or situation not consistent with Applicable Standards or Company commitments that has not yet resulted in clearly identified damage or irreversible HSEC impacts, but which requires immediate corrective action to prevent risk of impact to resources or receptors.  Recurring issue or situation not consistent with Applicable Standards or Company commitments but without an immediate risk of impact to resource or receptors generally requiring systems-level corrective action.	Level II Non Conformances will generate a corrective action request, and will be recorded.  Level II Non Conformances may result in a recommendation to ‘Stop Work’, in those situations where work activity presents on-going HSEC risks.
Requirement not met – Level III	Issue or situation not consistent with Applicable Standards or Company commitments that has resulted in significant observed impact to resources or receptors, or which has a reasonable expectation of imminent damage or irreversible HSEC impacts, and which requires immediate corrective action.  Action that indicates intentional disregard for Applicable Standards or Company commitments that has not necessarily resulted in significant impact, generally requiring systems-level corrective action.	Level III Non Conformances will result in a recommendation to the Company to ‘Stop Work’, which will be reported to IFC.  The Company will agree a time-bound Action Plan to address the non-conformance to the satisfaction of the Independent Monitoring Group.

#### 4.1 CONFORMANCE WITH ESAP AND ESRS REQUIREMENTS

Table 4.1 presents the tasks identified in the AOC Master Action Plan together with reference to the agreed IFC ESAP and ESRS requirements, and the current status. It is recognised that the original anticipated completion date has passed for some actions, however, this is linked to the delays to commencement of operational activities.

AOC has produced a number of management plans, in the form of framework documents, outlining the requirements that would apply to any operational plans to be produced when AOC recommence field operations. Comments have been made on these framework documents in previous IMG reviews and updated documents provided. In most cases, these have been assigned as 'closed'. Where the IFC has accepted documents as final version then these items are also assigned as 'closed'.

AOC has commissioned an ESIA for potential drilling on the west coast of Lake Abaya in the Rift Area Basin Block in Ethiopia. The ESIA is due for completion in Q2 2018, although a decision on making an application to drill a well has not been taken. To support the ESIA, AOC commissioned a hydrological study and rapid biodiversity study. If a decision were taken to apply for a drilling permit then a series of project-specific plans and procedures linked to the management framework documents would be required. These project-specific plans and procedures have been assigned as 'when required'.

The ESAP and ESRS requirements relevant to the current and planned Tullow Kenya operations in the South Lokichar Full field Development Project area are mainly closed, with some assigned as 'in progress', pending finalisation of documents or completion of current ESIA's. The more detailed project-specific requirements are presented in *Section 5*.

It is noted that for future activities, site and project specific plans and procedures will be required to address the relevant ESAP and ESRS requirements where there are currently framework documents in place or where the plans and procedures are specific to the South Lokichar Basin Development project. These will need to be identified through AOC's/Operator's Risk Assessments and Site Specific Assessment Procedure, as appropriate.

**Table 4.1** *Evaluation of ESAP and ESRS Requirements*

Index	Task Title & Description	Anticipated Completion Date	Status	Discussion
ESAP 1.1	The Company will enhance HSE capacity through i) an IFC Performance Standard focused training for senior management and operational teams	12/31/15	Closed	Training process established and training undertaken
ESAP 1.2	(ii) hiring an Environmental, Social and Governance Manager.	12/31/15	Closed	ESG Manager appointed 9 November 2015.
ESAP 2.1	The Company will develop Stakeholder Engagement Plans (SEP), for its Kenya and Ethiopia activities per the requirements of Performance Standard 1.	3/31/16	When required	Framework document has been produced and approved by IFC. Project specific plans will be developed when required for any future project where AOC is Operator. For the current exploratory drilling ESIA, an outline SEP will be included and if a decision to taken to apply for a drilling permit then a project-specific SEP will be produced.
			Closed	For the South Lokichar Basin FFD Project, Tullow Kenya has prepared a Stakeholder Engagement Framework and Pre-Development Stakeholder Engagement Plan. These have been finalised following approved by the IFC.
ESAP 2.2	Company to prepare and submit ESIA's to IFC for review and approval – undertaken per project.	No date	In Progress	AOC has commissioned an ESIA for potential drilling on the west coast of Lake Abaya in Ethiopia. The ESIA is due for completion in Q2 2018, although a commercial decision on whether to drill a well has not been taken.
ESAP 3	The Company will complete the additional requirements for Free Prior Informed Consent (FPIC), per the circumstances listed in Performance Standard 7, and complete a mutually acceptable process between Company and affected community and provide evidence of an agreement between the two parties on the outcome of the negotiation	03/31/16	When required	Additional requirements will be completed when required for any future project where AOC is Operator. This project specific requirement will depend on the determination of the existence of and impacts on Indigenous Peoples in AOC's area of operations as determined through the relevant ESIA processes.
			Closed	For the South Lokichar Basin development, Tullow Kenya has prepared a <i>Stakeholder Engagement Framework, Pre-Development Stakeholder Engagement Plan and Land Acquisition and Resettlement Framework</i> that outlines the approach required to achieve and document FPIC based on the definition of the project footprint and specific impacts. These have been finalised following approved by the IFC.

Index	Task Title & Description	Anticipated Completion Date	Status	Discussion
ESAP 4a	The Company will develop an overarching human resource policy (HR) for Kenya and Ethiopia, which will make reference to Performance Standard 2 and ILO conventions, and will include associated country specific implementation procedures	3/31/16	When required	Framework document has been produced and approved by IFC. Project specific plans will be developed when required for any future project where AOC is Operator.
			Closed	Tullow Kenya has an Employee's Handbook that includes a Human Resources Policy. This has been reviewed by the IFC and confirmed as acceptable.
	(ii) The Company will develop a Retrenchment Framework Plan that aligns with the requirements of Performance Standard 2 and that should be utilised in cases of collective dismissal by the Company and/or contractor/subcontractor	3/31/16	When required	Retrenchment Framework Plans will be developed prior to commencement of relevant projects where staff/contractors are employed.
			When required	Tullow Kenya follows national law and conformance with IFC requirements regarding retrenchment. It has prepared plans for previous retrenchment requirements. For any future retrenchment, specific plans will be prepared.
	(iii) The Company will develop and implement a formal internal grievance mechanism applicable to all employees and workers employed at Company's sites by contractors and sub-contractors.	3/31/16	Closed	Framework document has been produced and approved by IFC.
			When required	AOC will develop a formal worker grievance mechanism when required for any future project where AOC is the Operator.
Closed.			Tullow Kenya has an Employee's Handbook that includes a Human Resources Policy. This has been reviewed by the IFC and confirmed as acceptable.	
ESAP 4b	The Company will prepare a security risk assessment and develop Security Management Plans that are aligned with Performance Standard 4. These will be reviewed and updated as the project evolves.	3/31/16	Closed	Framework document has been produced and approved by IFC.
			When required	Project specific Security Management Plans will be developed when required for any future project where AOC is Operator.
			Closed	Tullow Kenya has prepared Security Management Plans for ongoing activities, and submitted these and supporting studies to IFC for review and they have been confirmed as acceptable.
ESAP 5.1	The Company will develop Land Acquisition and Livelihood Restoration (LALR) Plans for each of the two countries (Kenya, Ethiopia).	3/31/16	Closed	Framework document has been produced and approved by IFC.
			When required	Project specific LALR plans will be developed when required for any future project where AOC is Operator.
			In Progress	A draft Land Access and Resettlement Framework (LARF) has been prepared for the South Lokichar Basin Development project. This has been approved by the KJV and is now under review by the Government of Kenya. This item will be closed once the final version is issued.
ESAP 5.2	The Company will redesign its compensation plan in Ethiopia to incorporate procedures to	07/31/16	Closed	Compensation Plan redesigned and the Management of Change provided to IFC as evidence.



Index	Task Title & Description	Anticipated Completion Date	Status	Discussion
	compensate prior to commencing work, vacating land and any potential damage that could occurred after seismic survey.			
ESAP 6.1	(i) The Company will develop a biodiversity strategy for Kenya as described in the ESRS.  (ii) The Company will develop a similar plan prior to any substantive work related to development of successful wells in Ethiopia	4/31/16  No date	Closed	AOC have issued a <b>Biodiversity Management Strategy (KE/ESG/FRM/BD/2017/8)</b> that has been aligned with the Operators Biodiversity Management Framework that has been accepted by the IFC (see below).
			When required	AOC will prepare and submit project-specific Biodiversity Strategies prior to future operational activities. It is noted that AOC has undertaken a Rapid Biodiversity Study to inform the ESIA for the potential exploratory drilling site at Lake Abaya in the Rift Area Basin Block.
			Closed	For blocks where Tullow Kenya is the Operator, a Kenya Biodiversity Management Framework has been produced and accepted by the IFC. In the event that critical habit is identified in later stages of the project or in new areas, then the strategy will require to be updated to address the relevant PS requirements.
			Closed	A biodiversity panel has been set up and a Terms of Reference agreed (commented on by the IMG during the fourth review). This first panel meeting was held in early April 2018.
ESAP 7	The Company will prepare and submit ESIA's to IFC addressing local regulatory requirements and IFC Performance Standards in any case where wells progress to production. These will be presented to IFC for review and approval at least four months prior to start of any substantive construction.	12/31/16	In Progress	AOC has commissioned an ESIA for the potential exploratory drilling well at Lake Abaya. The ESIA is due for completion in Q2 2018.
			In Progress	Tullow Kenya has completed ESIA's/ SSAs or will produce SSAs for all exploration and appraisal activities currently underway and planned for 2018. An ESIA for the EOPS is expected to be completed in Q2 or early Q3 2018 and the South Lokichar Basin FFD ESIA is expected to be completed in the first half of 2019.
ESRS 1	PS3: Hydrogeological study of Ethiopian blocks if there is further operational activity	No Date	Closed	AOC has undertaken a hydrological study for potential exploratory drilling site at Lake Abaya in the Rift Area Basin Block. This draft study is linked to the ESIA (see ESAP 2.2). In the event that other wells are planned then further hydrological studies would be required.
ESRS 2	PS3: Quantify and report greenhouse gas (GHG) emissions for all activities	No Date	Closed	AOC has developed a system for tracking company GHG emissions and commenced tracking of GHG at the start of 2016 with results reported in its Sustainability Report.

Index	Task Title & Description	Anticipated Completion Date	Status	Discussion
			When required	At a project level, full implementation of this requirement is pending commencement of AOC Operator led activities.
			In Progress	Tullow tracks Company-wide GHG emissions data, however, Project level emissions data will be required for South Lokichar Development Project and EOPS to assess conformance with PS 3 requirements. This is expected to be undertaken through the current ESIA processes, along with identifying any mitigation measures to reduce emissions, and thereafter a process for annual quantification at a project level will be required.
ESRS 3	PS 8: Ensure cultural heritage management plan is in place for future exploration and development activities	No Date	When required	Framework document has been produced and approved by IFC. For the current exploratory drilling ESIA potential impacts to cultural heritage will be assessed and if a decision to taken to apply for a drilling permit then mitigation and management actions will be taken forward to a project-specific Cultural Heritage Management Plan.
			Closed	For the South Lokichar Basin exploration, appraisal and development Tullow Kenya has a Cultural Heritage Management Procedure in place.

Note: grey shaded items are closed.

## 5.1 INTRODUCTION

As in the previous IMG reviews, the focus of the fifth IMG review was the activities that have been undertaken and planned for the near future in the South Lokichar Development Project area <sup>(1)</sup> and the systems and processes that the Operator, Tullow Kenya, has in place or is developing.

Comments on progress that has been made since the last review to address the previous observations and recommendations are presented under each Performance Standard below. Reference numbers for observations made under each Performance Standard are provided indicating which review they were originally made (Review 1 as Rev1, Review 2 as Rev2, etc). Where required, a summary of the findings of previous reviews are included to provide context and, in some cases, a number of related observations from previous reviews have been consolidated for clarity.

Where observations are not considered to fully conform with the provisions of the IFC PSs these are summarised in *Table 5.1*, along with a status rating and an assessment rating (as defined in *Table 3.1* and *Table 3.2* respectively).

Where recommendations have been made, for example, where opportunities for improvements have been identified or where the current activities are not considered by the IMG to follow GIIP these are summarised in *Table 5.2*.

## 5.2 PERFORMANCE STANDARD 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

### 5.2.1 Observations Related to Previous Review Findings

*Environmental and Social Assessment Management Systems, Policy, Identification of Risks and Impacts, and Management Programmes (Rev1-PS1-1, Rev2-PS1-1)*

Previous IMG reviews identified the need to finalise and make the various EHS management plans and procedures fully operational and issued as controlled documents. These need to be incorporated within an integrated ESMS to demonstrate that project risks and impacts are being managed systematically.

For the fourth IMG review, a draft *Tullow Kenya Environmental and Social Management System Manual* was provided which described the ESMS and listed the key management plans and procedures. The overall approach was considered comprehensive and addressed the key concerns raised in the

(1) The Development Project area means the area that includes the primary project site(s) and related facilities that the client (including its contractors) develops or controls.

previous IMG reviews with respect to conformance with the requirements of PS1.

During the Fifth IMG review it was reported that the ESMS is now in place and operational and will be updated at planned stages related to various project activities, such as the start of EOPS. The IMG noted that the current version of the ESMS is an unnumbered document and is marked 'draft for review'. Finalisation of the ESMS document and its associated controlled documents is required as these are key documents describing how current and future project risks are to be identified and managed.

*Stakeholder Engagement, Disclosure of Information and Grievance Mechanism  
(Rev1-PS1-4)*

The *Pre-development Stakeholder Engagement Plan for the South Lokichar Basin* (T-KE-ESP-FRM-0002) presents a comprehensive set of procedures for the development and management of stakeholder relationships and provision of information to national and county government, local communities and other stakeholders. At the time of the fourth IMG review, it was noted that SEP had been issued as a controlled document and posted on the Operator's website.

The fifth IMG review found that the SEP was being implemented appropriately. The Operator has a stakeholder engagement team consisting of 13 Stakeholder Engagement Officers, 7 Communication Officers, 2 Grievance Officers, 20 Village Support Officers (VSOs) and 20 part-time Community Project Officers (CPOs). The stakeholder engagement team is supported by technical personnel, providing strong cross-functional support for social performance. For example, the Senior Production Engineer has been involved in community engagements regarding the development of the Amosing and Ngamia wells as part of the EOPS development. Other technical personnel have also been involved in stakeholder engagement. The cross-functional approach is supported by the inclusion of stakeholder engagement officers in weekly meetings. It was evident that stakeholder engagement officers are confident in their understanding of project activities and the weekly plans and this supports their engagement planning.

Discussions with VSOs and Stakeholder Engagement Officers in Lokichar EDC and at the Nakukulas Demonstration Farm confirmed that they participated in weekly meetings and toolbox discussions. The recent SSA (August 2017) for the well at Amosing 7 recorded key informant interviews with local stakeholders in Nakukulas and Lokosim Ekori. The SSA documented and outlined local expectations associated with the activities.

Data is being entered into Borealis stakeholder management software and is included in the Operator's monthly reports, which provides information on grievance and forced engagements. The grievance process is also being managed using the Borealis software. It was noted that grievance close out time was extended from seven to fifteen days and that this revised target is

not always met. The majority of grievances result from contractor payments to staff. This issue is addressed further in *Section 5.3*.

Based on evidence of implementation of the SEP, the IMG considers that there are no further actions to develop the SEP. Implementation will continue to be monitored during subsequent site visits.

#### *Organisational Competency, Capacity and Training (Rev-3 PS1-2)*

Previous IMG reviews have concluded that whilst the Operator is managing the HSEC issues associated with on-going activities, increased capacity and on-going training will be required for the more intensive activities for example during the Full Field Development activities. At the previous IMG review, it was reported that the Operator undertakes an annual review of planned activities and likely resource requirements and training needs and a draft procedure addressing resource planning was submitted for IMG review.

For the current IMG review the Operator has provided evidence of training calendars, training request forms and examples of training attendance records for staff. In addition, the *Local Content and Capacity Building Framework (T-KE-LOC-FRM-0001)* addresses training and capacity building for local contractors.

The operator is developing a Human Resources Procedure including competency frameworks. It was reported that some of these have been completed and others are under development. It is expected that this document will be finalised and operationalised as a formal and controlled document within the next review period. This is required to ensure and demonstrate that a robust process is in place prior to increased work activities, and to fulfil the requirements of IFC PS1.

### **5.2.2 *Additional Observations***

#### *Environmental and Social Assessment Management Systems, Policy, Identification of Risks and Impacts, and Management Programmes (Rev5-PS1-1)*

Previous IMG reviews identified that to meet the requirements of IFC PS1 the Site Specific Assessment (SSA) procedure needed to be revised and fully embedded in the site selection, site assessment and EHS management process with activities and decisions formally documented.

A more comprehensive and risk-based SSA Procedure was developed (T-KE-ESP-PRO-0003 Rev 3) and evidence has been provided during the current review of its continued application for new activities (for the Amosing-7 well site). The IMG considers that the revised procedure contains good processes to guide the assessment of PS values for sites and therefore broadly addresses this issue.

The Amosing 7 SSA included an Environmental and Social Management Plan (ESMP) that addressed the main impacts identified. By applying quantitative assessment criteria (where these exist or can be developed), for example for noise and air quality impacts, the SSA would be more aligned with GIIP.

Comments from previous reviews (Rev-1-PS1-5, Rev-1-PS3-1, Rev-1-PS3-2 and Rev-1-PS3-3) have been consolidated under this observation.

*Environmental and Social Assessment Management Systems, Policy, Identification of Risks and Impacts, and Management Programmes (Rev5-PS1-2)*

The current IMG review site visit included visits to the Operator's social-economic investment projects. This included visits to the agriculture projects run by Barefoot in Kapese and Nakukulas, the community implemented Kochodin Ngamia secondary school, and observation of Invest in Africa training at Lokichar Enterprise Development Centre (EDC). Meetings were also held with community committees, including representatives of the Land Acquisition Committees.

The *Kenya Joint Venture Socio-Economic Investment Strategy in Turkana 2017 – 2018* (T-KE-ESP-PLN-0006) was available for review. This document incorporates the main elements expected in a strategic approach including key themes and alignment between business, local priorities and national / donor development priorities and initiatives. The Socio-Economic Investment Strategy is considered by the IMG as an important non-technical risk management document.

The Socio-Economic Investment Strategy is also supported by the *Sponsorship and Donations Procedure* (T-KE-CAF-PRO-0001), the *Development & Partnership Opportunities in Turkana Guideline* (T-KE-ESP-GUD-0004) and the *Local Content and Capacity Building Framework* (T-KE-LOC-FRM-0001), all of which were reviewed by the IMG. They provide a good platform for the implementation of social investment.

The site visit illustrated socio-economic investment in action and positive partnerships for implementation and the projects observed in the field, including partnerships with Barefoot Solutions and Invest in Africa, align with the priorities identified in the Socio-Economic Investment Strategy.

The IMG considered that there was a lack of clarity between the Socio-Economic Investment Strategy and the land access community projects. As the project develops, it is recommended that the Operator should consider a more strategic approach to encourage synergies between socio-economic projects and land access projects. For example, a meeting with representatives of the land access committees indicated that they needed a fodder project, which is also a key theme for the Socio-Economic Investment Strategy. Other land access community projects such as school classrooms and boreholes also align with the Socio-Economic Investment Strategy, but it was not evident

from the site visit and documents reviewed that this alignment was clearly articulated or that socio-economic investment targets were clear.

It is recommended that the Operator produces an annual report that summarises the achievements of the Socio-Economic Investment Strategy against clear targets, budgets and Key Performance Indicators (KPIs). This report could provide an overview of the implementation institutional architecture, the main committees involved, the participatory prioritisation and decision making processes, and the role and participation of women and vulnerable groups.

Such a report would demonstrate a strategic approach and support the Operator in communicating the work being undertaken by them and their partners (such as Barefoot Solutions, Technoserve, Invest in Africa, and ACT!) and the positive outcomes from these efforts. Annual reporting would also provide transparency to reduce the risk of inter and intra-community conflict over perceived benefit sharing and provide clarity on who the beneficiaries are.

### 5.3 **PERFORMANCE STANDARD 2: LABOUR AND WORKING CONDITIONS**

#### 5.3.1 **Observations Related to Previous Review findings**

##### *Contractor Management and Monitoring (Rev1-PS2-1)*

In previous IMG reviews, the issue of contractor management and performance monitoring was identified as a project risk. To address this issue the Operator drafted *HR Guidelines for Contractors* and a draft *Contractor Non-Technical Risk Management Procedure* (which covers the expectations of contractors and their key obligations for delivering a Non-Technical Risk Management Plan for their specific activities). The IMG provided comments on the draft *Contractor Non-Technical Risk Management Procedure* at the last review, however it was reported during the current review that this procedure was undergoing further development and the revised procedure is not currently available. The revised *Contractor Non-Technical Risks Management Procedure*, along with a proposed *Contractor Management Framework* document will aim to categorise contractors according to their risk and the level of control / assurance required. The *Employee Handbook* and *HR Guidelines* are also still undergoing internal review and revised drafts were not available at the time of the current IMG review. These are considered by the IMG to be key risk management procedures and guidelines and it is expected these will be operational by Q4 2018 and therefore documents will ready for review during the next IMG review.

##### *Formalisation of Worker Grievance Mechanism (Rev1-PS2-2)*

The draft *Contractor Employee Grievance Management Guidelines* (dated 4 July 2016) was provided at the time of the third IMG review. The revised *Employee*

*Handbook* (which outlines the employee grievance mechanism) was not available for review during the current IMG review.

Meetings with local contractors during the current IMG review indicated that there are some concerns with the implementation of the contractor grievance mechanism. At present, local contractors and contract staff are defaulting to the community grievance process to raise a grievance. As a result, a high proportion of community grievances logged with the Operator relate to contractor payment and wages. It is also expected that contractor grievances will be channelled through the planned Workers Councils, once they are operational, reducing pressure on the community grievance mechanism. The draft *Workers Council Framework* (dated 7 July 2016) was provided at the time of the third IMG review and recommendations were made for improvements. This document was undergoing internal Operator review and a final version was not available at the time of the current review.

The recommendation for an Action Plan, developed through the Socio-Economic Investment Strategy described above, to address late payment issues should help to reduce contractor and contractor employee grievances.

This item therefore remains open pending finalisation and operationalisation of the *Contractor Employee Grievance Management Guidelines* and the *Workers Council Framework*.

### 5.3.2

#### ***Additional Observations***

##### *Contractor Management and Monitoring (Rev5-PS2-1)*

The *Contractor Local Procurement Guidelines* (T-KE-SCM-GUD 0001), dated 30 June 2017, and *Contractor Employee Grievance Management Guidelines*, dated 4 July 2016, were made available during the current IMG review. The *Contractor Local Procurement Guidelines* prioritise local procurement opportunities and outline a procedure that promotes transparency, providing a seven-week advertising timeframe and the IMG found this document to be supportive of risk management associated with local procurement. The content of the *Contractor Local Procurement Guidelines* focuses on ensuring opportunities for local procurement and they generally align with the aspirations of the Socio-Economic Investment Strategy.

Meetings with local contractors during the current IMG review indicated that the *Contractor Local Procurement Guidelines* are being implemented.

Contractors also confirmed that they were audited monthly. The site visit identified delays in payments to contractors, however, which in turn, is resulting in delayed payment of wages, particularly for local contractors without cash reserves to manage delayed payments. Local contract managers also explained that framework contracts were problematic for smaller contractors who may need to access loans since the contracts provide no guarantees of work and are time limited.



Some larger contractors who have had problems with receipt of payments were able to absorb delayed payments and are able to raise their grievances at a higher level with the Operator. However, this puts a commercial strain on these and smaller contractors and therefore it should not be assumed that they are able to continue to provide services in the event of future delayed payments.

Delayed payment of contractors is a risk to the project, particularly as the project grows. Grievance amongst local contractors (and their workers) may result in delays and stoppages that become difficult to manage as the project moves from EOPS to FFD.

IMG recommends that contractor payment procedures be reviewed to ensure timely payments to contractors. In addition, it is recommended that this issue be reviewed through the Socio-Economic Investment Strategy, with support from the Operator's partners (eg Technoserve, Invest in Africa or other similar partners) to make the procurement system more accessible for local contractors. This could be addressed through an Action Plan identifying commercial barriers for local contractors and solutions to reduce the incidence of late or delayed payments. The provisions of the Action Plan could then be incorporated into the existing *Contractor Local Procurement Guidelines* to reflect any additional measures required to support local contractors from the Project area.

#### **5.4** *PERFORMANCE STANDARD 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION*

##### **5.4.1** *Observations Related to Previous Review findings*

###### *Sediment and Erosion Control (Rev1-PS3-4 and Rev2-PS3-4)*

During previous reviews, the IMG had commented on sediment and erosion control measures for operations, including road construction, line clearance well pad restoration. The Operator has previously provided the *Line Clearance and Restoration Guidelines* (T-KE-EHS-GUD-0003 Rev02) for review by the IMG. Generally, the document provides a good framework for managing sediment and erosion during activities.

It is recommended that that this document be subject to ongoing review and update as lessons are learned from current and future restoration activities on what measures are successful and the need for further pilot studies, staff training (see also *Section 5.7* below regarding the draft *Emong Full Restoration Plan* and *Emong Revegetation Project*).

###### *Consumption of Water and Energy (Rev 3-PS3-5)*

During the previous IMG reviews, the Operator presented details of the technical hydrology studies and strategic option appraisal that was being

undertaken to assess the needs and water supply options for the long-term provision of water for the Full Field Development. The IMG considers the approach being taken to be comprehensive, with detailed information on the practical options being collected and evaluated. The final decision on the preferred option will be made on the basis of the overall most secure, deliverable and sustainable option, which will be informed by the FFD FEED and the FFD ESIA (now due in Q1/Q2 2019), will then be subject to Government of Kenya permitting approval. There are no further IMG observations at this stage, pending the conclusion of the evaluation process.

#### 5.4.2

#### *Additional Observations*

##### *Greenhouse Gases (Rev5-PS3-1)*

The Operator currently tracks Company-wide GHG emissions. Under PS3 Paragraph 8, for projects that are expected to or currently produce more than 25,000 tonnes of CO<sub>2</sub>-equivalent annually, direct emissions from the on-site facilities and indirect emissions associated with the off-site production of energy used by the project should be quantified. As the FFD project and EOPS are currently under development, the initial quantification estimates should be undertaken within the relevant ESIA's. A system should then be established for annual quantification at a project level, in accordance with internationally recognised methodologies and good practice.

##### *Waste Management (Rev5-PS3-2)*

The *South Lokichar Development Project Integrated Waste Management Concept Study* (October 21017) was submitted to the IMG during the current review. The report systematically assessed the available waste management options for different hazardous and non-hazardous waste streams to be produced by the various phases of South Lokichar Development Project. Options have been evaluated and compared using a Best Practical Environmental Options approach.

The report recognises the current lack of available waste storage, treatment and disposal sites; the limited markets for recyclables; and the lack of effective waste management regulation and enforcement in Turkana County. The report concludes that up to two interim solid waste storage sites would be needed during the FFD drilling campaign and wastewater storage would be needed. Landfilling of wastes, after treatment, is likely to be the longer term waste management solution for the majority of the wastes, however, the report highlights to need for the Operator to monitor local alternative reuse, recycling or treatment options that may develop over time.

The IMG considers that the report comprehensively addresses the key waste management issues associated with the project and identifies the practical options for further development. The IMG will review project-specific waste management plans and practices as the FFD project develops in future IMG reviews.

## 5.5 *PERFORMANCE STANDARD 4: COMMUNITY HEALTH, SAFETY AND SECURITY*

### 5.5.1 *Observations Related to Previous Review Findings*

#### *Emergency Response Plan (Rev1-PS4-1)*

The Operator's updated *Emergency Response Plan* and Awareness and Preparedness for Emergencies at the Local Level (APELL) approach have previously been reviewed. Discussions with the FSEO and Senior Production Engineer at the Ngamia well site provided information on the community engagement that had been undertaken in relation to community health and safety, and emergency response during the Extended Well Tests. Other technical functions are also involved in this engagement, demonstrating that a pro-active stakeholder engagement programme is being implemented on health and safety and emergency response.

#### *Health Profiles of Potentially Affected Communities (Rev1-PS4-1)*

In previous IMG reviews, a gap was identified in the documentation of health profiles of the potentially affected communities to understand the existing health baseline conditions and the risk of community exposure to disease, including the potential impact of project activities on local communities such as workforce interaction with communities. The ESIA currently being conducted for the FFD will address this requirement, and will provide input to further developing the *Community, Health, Safety and Security Management Plan*. The item remains open pending review of the ESIA that is now due for completion in the first half of 2019.

### 5.5.2 *Additional Observations*

#### *Participatory Monitoring (Rev5-PS4-1)*

To help to build understanding and trust with local communities regarding project impacts it is recommended that a programme of participatory monitoring of environmental parameters affecting health be undertaken and that the results are shared with the relevant communities. This could include noise, air quality, traffic, and where relevant, water quality. It is recommended that the Operator, or its specialist subcontractors, leads on the technical work with participation of local community members. For example, community representatives could participate in air quality monitoring at the Ngamia EWT operations to address concerns associated with flaring.

#### *Community Contractor Safety (Rev5-PS4-1)*

It was observed that not all employees (particularly women) of community contractors were wearing appropriate PPE at the Kochodin Ngamia Secondary School dormitory project building site. The contractor explained that there were cultural reasons for Turkana women not wearing PPE, however, Turkana women were observed to be wearing PPE at the Nakukulas

Demonstration Farm project, indicating that it is possible to ensure that community health and safety issues can be addressed in a culturally appropriate manner.

PS4 does not explicitly address the issue of the health and safety of community-contracted workers working on social investment projects that are financed by and overseen technically by the developer. Whilst the IMG supports the approach allowing communities to choose their own contractors for community projects, it is recommended that training be implemented through the Socio-Economic Investment Strategy for community committees on health and safety requirements of their contractors, and for health and safety awareness raising to form part of the project implementation oversight provided by the Operator.

## **5.6 PERFORMANCE STANDARD 5: LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT**

### **5.6.1 Additional Observations**

#### *Land Access and Resettlement Framework (Rev5 PS5-1)*

The revised *Land Access and Resettlement Framework (LARF)* (Draft December 2017) was available for review and was considered by the IMG to be aligned with the requirements of IFC PS5. The Operator was still in the process of final consultation with the Government of Kenya regarding the land access approach described in the LARF. The LARF also presents detail on the establishment of a LARF Steering Committee, which includes government representation.

The final LARF will be reviewed when available (expected at the next scheduled IMG review) and subsequent IMG reviews will assess implementation of the LARF.

## **5.7 PERFORMANCE STANDARD 6: BIODIVERSITY AND SUSTAINABLE MANAGEMENT OF LIVING RESOURCES**

### **5.7.1 Observations Related to Previous Review Findings**

*Baseline Biodiversity and Habitat Assessment; Ecosystem Services Screening; Conservation Significance Mitigation; Supply Chain Sustainability Assessment; and Monitoring and Evaluation Criteria (Rev1-PS6-1, 6-2, 6-3, 6-5, 6-6, 6-7, 6-8, Rev2-PS6-9).*

The IMG observed during previous reviews that several elements of IFC PS6 were being assessed through the ESIA for the FFD project. These include mapping and assessment of Natural Habitat, Modified and Critical Habitat, an assessment of impacts on Ecosystem Services, the sustainability of natural resources supplied to the project, and monitoring and evaluation criteria for biodiversity impacts. The FDD ESIA is due to report in Q2 2019.

#### *Biodiversity Action Plan (Rev1-PS6-4)*

The IMG was informed, in the current review, that habitat mapping has now been completed and no critical habitat had been identified within the FFD project area. This mapping will contribute to the baseline and impact assessment sections of the EOPS and FFD ESIA's. The IMG recommends that this part of the Biodiversity Strategy be kept under review in case critical habitat is identified in later stages of the project that would require the strategy to be updated to address the relevant issues.

#### *Restoration Activities (Rev2-PS6-10)*

At the last IMG review the *Line Clearance and Restoration Guidelines (T-KE-EHS-GUD-0003 REV02)* was provided that outlined the approach to manage restoration of disturbed sites. In addition, the draft *Emong Full Restoration Plan (T-KE-EHS-PLN-XXXX)* was also provided for review. The plan is considered by the IMG to provide a good framework for restoration activities and it is expected that this will be updated as lessons are learned from the ongoing planting trial at the Emong site.

It was noted that the progress report submitted during the current review (*Emong Well Site Restoration Report*) does not include information on the success of rehabilitation, the measures required to improve the site restoration or monitoring results assessed against the parameters contained in the *Emong Full Restoration Plan*.

From the site visit during the current IMG review it was observed that many of the protective wire cages missing or knocked over. Fixing these wire cages to the ground with a length of rebar driven into spoil (or similar fixings) may help prevent these cages being knocked over and reduce the grazing pressure on the planted shrubs and trees. In addition, the 90 days of watering during the dry seasons may not be sufficient to allow these seedlings to establish. For the purposes of a pilot scheme, having a range of watering regimes over several seasons would provide important information for future planting schemes. Invasive species that have become established on sites being reinstated should be removed to reduce further spread of invasive species resulting from project activities in conformance with the provisions of PS6.

Whilst the success of the pilot restoration study will not be known for several years, it is recommended by the IMG that a greater level of ongoing maintenance and monitoring be undertaken at this site. It is considered that this would enhance the chances of success (ie by reducing the level of damage from grazing and allowing more of the planted trees and shrubs to establish) and would allow more useful data on the success of the site to be gathered to inform future restoration schemes.

#### *Management of Invasive Species (Rev2-PS6-11)*

A draft *Invasive Species Management Procedure* (dated September 2016) was provided for the Third IMG review. At the current review, a specific assessment for the invasive species *Prosopis juliflora* (Baseline Study On Existing Invasive Species In Tullow Kenya By Operations -A Study on *Prosopis juliflora*) was provided. The study assesses the risks associated with this species and provides practical solutions for management.

To conform to the requirements of the PS a final *Invasive Species Management Procedure* is required. This needs to address *Prosopis* and other invasive species likely to be present within the Project area and be focused on the Operators activities. International guidance tools (such as the Global Invasive Species Directory and the Invasive Species Compendium) are available to inform this requirement. The procedure should reference the working being undertaken by the Turkana Government to develop a County Plan to provide context with respect to the KJV's activities.

## 5.8 **PERFORMANCE STANDARD 7: INDIGENOUS PEOPLES**

### 5.8.1 **Observations Related to Previous Review Findings**

#### *Free Prior and Informed Consent for Land Access (Rev1-PS7-1)*

The draft *Land Access Framework for the Project Development Phase of the South Lokichar Basin* provided at the third IMG review included an approach to land access in Turkana County that makes specific reference to application of the FPIC requirement, including a template Consent Agreement. The revised *Land Access and Resettlement Framework* (Draft December 2017) also provides detail on the need to secure FPIC for specific locations in Turkana (see *Section 5.6*).

Additional land access agreements were reviewed during the current IMG review, including signed consent agreements, indicating that the FPIC process was being implemented appropriately.

There are no current actions or recommendations on this issue, however, implementation of FPIC will continue to be monitored during future IMG reviews.

## 5.9 **PERFORMANCE STANDARD 8: CULTURAL HERITAGE**

### 5.9.1 **Additional Observations**

#### *Cultural Heritage (Rev5-PS8-1)*

The current revision of *Cultural Heritage Management Procedure* (T-KE-EHS-PRO-024) dated 5 May 2017 was provided. Issues raised in previous IMG reviews in relation to inclusion of roads and a procedure for addressing chance finds (such as gravesites) have been adopted.

The current IMG review also noted that the revised SSA procedure (*T-KE-ESP-PRO-0003*) (April 2018) requires collaboration with the National Museums Kenya and / or Turkana Basin Institute to determine whether the site may be archeologically significant. The significance scale rating also considers the type and significance of cultural heritage, including physical and intangible cultural heritage. The linkages between these two procedures is considered by the IMG to represent good HSEC management practice.

**Table 5.1 Evaluation of IFC Performance Standard Requirements**

Review Date/ Reference	Category	Summary of Findings	Actions	Responsibility and Timing/Revised Timings	Current Status/Comment on Progress	Current IMG Rating
<b>Performance Standard 1 Assessment and Management of Environmental and Social Risks and Impacts</b>						
Dec 2015 Rev1-PS1-1  Jun 2016 Rev2-PS1-1	<i>Environmental and Social Assessment Management Systems, Policy, Identification of Risks and Impacts, and Management Programmes</i>	Previous IMG reviews identified that the various project and Company documents were a combination of controlled documents and uncontrolled documents and reports without issue dates and revision/status.	ESMP and associated documents should be finalised to demonstrate that a robust process is in place to identify and manage project risks as required by PS1.	Operator HSE and SP Teams with respect to their relevant operations.  This is required by the next review at the end of Q3 2018	<b>In Progress</b>  A draft ESMS Manual was reviewed during the Fourth IMG review and comments provided. A number of referenced management documents are also still in draft form.	Level I  Action required to address this issue to avoid future risks
Jan 2017  Rev3-PS1-2	<i>Organisational Competency, Capacity and Training</i>	The Operator reported that an annual review of planned activities, resource requirements and training needs is undertaken and that the requirements are reviewed when there are significant changes to planned activities.  The operator is developing a Human Resources Procedure including competency frameworks. It was reported that some of these have been completed and others are under development.	It is expected that the Human Resources Procedure will be finalised and operationalised to ensure and demonstrate that a robust process is in place prior to increased work activities, and to fulfil the requirements of PS1.	Operator HR Department  This is required by the next review at the end of Q3 2018	<b>In Progress</b>  Ongoing training has been evidenced. A Human Resources Procedure is being developed.	Level I  Action required to address this issue to avoid future risks
<b>Performance Standard 2 Labour and Working Conditions</b>						
Dec 2015  Rev1-PS2-1	<i>Contractor Management and Monitoring</i>	Previous reviews of contractor management and performance monitoring was identified as a residual project risk.	<i>The HR Guidelines for Contractors, and the Contractor Non-Technical Risk Management Procedure (which covers the expectations of contractors and their key obligations for delivering a Non-Technical Risk Management Plan</i>	Operator EHS Team  It is expected that these procedure will be finalised and made fully	<b>In Progress</b>  <i>Draft HR Guidelines for Contractors (1 July 2016) is undergoing review and was not available for IMG review</i>	Level II- recurrent issue  Action required to address this issue



Review Date/ Reference	Category	Summary of Findings	Actions	Responsibility and Timing/Revised Timings	Current Status/Comment on Progress	Current IMG Rating
			for their specific activities) are considered by the IMG to be key risk management procedures and guidelines. These need to be finalised and operationalised, particularly prior to the increase in activities as the FFD project progresses.	operational over the next review period.	Draft <i>Contractor Non-Technical Risk Management Procedure</i> is undergoing a reworking and is not yet available for IMG review.	to avoid future risks
Dec 2015 Rev1-PS2-2  Jun 2016 Rev2-PS2-2	<i>Formalisation of Worker Grievance Mechanism</i>	Workers and contractors are using the community grievance mechanism to raise grievances, for example over delays in payments.  The grievance mechanisms in the <i>Tullow Employee Handbook</i> and the draft <i>Contractor Employee Grievance Management Guidelines</i> make no reference to workers' rights to seek recourse in law, if grievances cannot be settled through internal procedures.	A functional worker grievance mechanism is required.  As workers have this right under Kenyan law the <i>Tullow Employee Handbook</i> and the grievance mechanism should be updated to specifically address this requirement.	Operator HR Department  This is required by the next review at the end of Q3 2018	<b>In Progress</b>  <i>Contractor Employee Grievance Management Guidelines and Employee Handbook</i> to be finalised and operational.	Level II- recurrent issue  Action required to address this issue to avoid future risks
<b>Performance Standard 3 Resource Efficiency and Pollution Prevention</b>						
Mar 2018 Rev5-PS3-1	<i>Greenhouse Gas Emissions</i>	The Operator collates companywide CO <sub>2</sub> emissions through Procedure (T-KE-ESP-PRO-0004) and (T-ESP-PRO-0001).	A procedure for the collation and reporting of greenhouse gas emissions at project level should be prepared.  An assessment of project specific emissions will be required in the relevant ESIA's and where emissions are estimated to be more than 25,000 tonnes per annum then options to improve efficiency and preventative maintenance plans will be required.	Operator EHS Team  Project-specific procedure to be developed by the next review at the end of Q3 2018 and data collated annually thereafter.	<b>In progress</b>  A Project-specific procedure, based on the corporate reporting procedure should be developed. Data on predicted project emissions is being gathered as part of the current ESIA's.	Level 1  Action required to address this issue to avoid future risks

Review Date/ Reference	Category	Summary of Findings	Actions	Responsibility and Timing/Revised Timings	Current Status/Comment on Progress	Current IMG Rating
<b>Performance Standard 4 Community Health, Safety, and Security</b>						
Dec 2015 Rev1-PS4-1	<i>Health Profiles of Potentially Affected Communities</i>	A gap was identified in the documentation of health profiles of the potentially affected communities to understand community exposure and risk to disease, including the potential impact of project activities on local communities such as workforce interaction with communities.	A health profile for the affected communities should be developed to understand potential health risks and impacts to the community and local Project workforce.	Community Health profiles to be addressed in South Lokichar Development Project Phase 1 ESIA, due for completion in Q2 2019.	<b>In Progress</b>  ESIA Terms of Reference for health baseline data gathering to be provided for IMG review prior to completion of the ESIA studies.	Level I  Action required to address this issue to avoid future risks
<b>Performance Standard 5 Land Acquisition and Involuntary Resettlement</b>						
Mar 2018 Rev5-PS5-1	<i>Land Access and Resettlement Framework</i>	The draft Land Access and Resettlement Framework reviewed during the current IMG review is aligned with PS 5	Finalise the Land Access and Resettlement Framework following final consultation with government to close this item.	Operator Social Performance Team  Final document operational by the next review at the end of Q3 2018	<b>In Progress</b>  The draft LARF is considered to meet the requirements of PS5. Once the document is finalised and fully operationalised this item can be closed.	Level I  Action required to address this issue to avoid future risks
<b>Performance Standard 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>						
Dec 2015 Rev1-PS6-1  (Rev1-PS6-1, 6-2, 6-3, 6-5, 6-6, 6-7, 6-8,  Jun 2016 Rev2-PS6-9).	<i>Baseline Biodiversity and Habitat Assessment; Ecosystem Services Screening; Conservation Significance Mitigation; Supply Chain Sustainability Assessment; and Monitoring and</i>	Several elements of IFC PS6 were being assessed through the ESIA for the FFD project. These include mapping and assessment of Natural Habitat, Modified and Critical Habitat, an assessment of impacts on Ecosystem Services, the sustainability of natural resources supplied to the project, and monitoring and evaluation criteria for biodiversity impacts.	A baseline assessment is required to define the biodiversity values that are likely to be present within the project area. The baseline assessment should focus on species of conservation significance and their habitats.  An assessment of impacts on ecosystem services and the supply chain to determine the sustainability of Natural Resources supplied should be undertaken as part of the ESIA.	Operator HSE Team  The Natural/Modified Habitat mapping was completed in Q1 2017.  EOPS ESIA, due for completion in Q2/Q3 2018.  The FFD ESIA due to be completed by Q2 2019.	<b>In Progress</b>  To be included in the EOPS and FFD ESIA.	Level I  Action required to address this issue to avoid future risks

Review Date/ Reference	Category	Summary of Findings	Actions	Responsibility and Timing/Revised Timings	Current Status/Comment on Progress	Current IMG Rating
	<i>Evaluation Criteria</i>		The ESMP developed from the ESIA's should address monitoring and evaluation criteria for biodiversity impacts.			
Dec 2015 Rev1-PS6-5 Jun 2016 Rev2-PS6-11	<i>Invasive Species Management</i>	<p>It is a requirement of IFC PS6 that the risk of introducing invasive species be assessed and managed, where appropriate, to reduce risks of further transmission and proliferation due to project related activities.</p> <p>The existing invasive species management list is contained in the broader Kenyan Biodiversity Management Plan.</p>	<p>An <i>Invasive Species Management Procedure</i> should be produced to relate to site-specific requirements and incorporated into site specific EHS MPs.</p> <p>This procedure should be linked to the SSA procedure are to address the transmission and management of invasive species.</p>	<p>Operator HSE Team</p> <p>The draft was to be finalised by Q4 2017</p> <p>This is required by the next review at the end of Q3 2018.</p>	<p><b>In Progress</b></p> <p>The SSA Procedure (T-KE-ESP-PRO-003) has been revised to address these issues.</p> <p>The operator has undertaken a Baseline Study On Existing Invasive Species In Kenya and a study on <i>Prosopis juliflora</i> has been prepared that addresses specific risks from this species. The procedure now requires to be updated to comply with the PS requirements. The procedure should reference the work being undertaken by the County Government to provide context.</p>	<p>Level I</p> <p>Action required to address this issue to avoid future risks</p>

**Table 5.2 Good Practice Recommendations**

Review Date/ Reference	Category	Summary of Findings	Recommendations
<b>Performance Standard 1 Assessment and Management of Environmental and Social Risks and Impacts</b>			
Mar 2018 Rev5-PS3-1	<i>Environmental and Social Assessment Management Systems, Policy, Identification of Risks and Impacts, and Management Programmes</i>	<p>Previous IMG reviews identified that to meet the requirements of IFC PS1 the Site Specific Assessment (SSA) procedure needed to be revised and fully embedded in the site selection, site assessment and EHS management process with activities and decisions formally documented.</p> <p>A more comprehensive and risk-based SSA Procedure was developed (T-KE-ESP-PRO-0003 Rev 3) and evidence has been provided during the current review of its continued application for new activities (for the Amosing-7 well site). The Amosing 7 SSA included an Environmental and Social Management Plan (ESMP) that addressed the main impacts identified.</p>	By applying quantitative assessment criteria (where these exist or can be developed), for example for noise and air quality impacts the SSA would be more aligned with GIIP.
Mar 2018 Rev5-PS1-2	<i>Environmental and Social Assessment Management Systems, Policy, Identification of Risks and Impacts, and Management Programmes</i>	<p>The socio-economic projects observed during the site visit were considered by the IMG to be aligned with the Socio-Economic Investment Strategy and were delivering results in training and capacity building for potential contractors. Progress with the pastoralist livelihoods / fodder projects and demonstration farms were also very positive.</p> <p>It was considered that more clarity on how these projects align with expected socio-economic targets, budgets and KPIs is needed. The different activities associated with the Socio-Economic Investment Strategy the land access community projects has the potential to lead to a certain amount of confusion within communities which are likely to lead to expectation management and delivery issues as the development progresses to FFD.</p>	<p>It is recommended that the Operator produces an annual report summarising the achievements of the Socio-Economic Investment Strategy against clear targets, budgets and expenditure and KPIs.</p> <p>The report should also describe the key institutional arrangements for implementation, including representation, participatory decision making processes and how committees are coordinated.</p> <p>This report should also reference land access community projects and present an implementation plan for the following year. This document can be used to support external relations dialogue on local content and community development.</p> <p>It will also help maintain transparency, which will be important to the project in maintaining social license to operate as the Project develops.</p>

Review Date/ Reference	Category	Summary of Findings	Recommendations
<b>Performance Standard 2 Labour and Working Conditions</b>			
Mar 2018 Rev5-PS2-1	<i>Contractor Management and Monitoring</i>	There are contractor management risks associated with the payment of contractors. This is a particular issue for smaller contractors who cannot absorb late payments and must pass this on to their employees and face barriers in providing services. In addition, they struggle to obtain loans from banks due to short-term framework contracts and no guarantees of work.	Contractor holders currently undergo training sessions. It is recommended that these sessions aim to understand the barriers contractors face in managing their contracts under existing Operator payment terms. An Action Plan could be developed, as part of the Socio-Economic Investment Strategy, outlining the barriers and agreed solutions. This may include, for example, additional support in accessing micro-loans.  Support for contractors could be incorporated into the draft <i>Contractor Non-Technical Risks Management Procedure</i> .
<b>Performance Standard 3 Resource Efficiency and Pollution Prevention</b>			
Dec 2015 Rev1-PS3-4  And  Jun 2016 Rev2-PS3-4	<i>Sediment Erosion Control</i>	The first IMG review recommended that a sediment and erosion control plan be developed for specific project activities and linked to the SSA procedures. At the Second IMG review the Operator provided final <i>Line Clearance and Restoration Guidelines</i> (T-KE-EHS-GUD-0003) Rev02 that provides guidance on management of soil erosion from line clearance activities.	The existing sediment and erosion control methods within the guidance should be updated to make them consistent with the latest SSA procedure (T-KE-ESP-PRO-003) and GIIP, and to address the provision of specific training for field staff on the application of the Guidelines to prevent soil erosion to restore disturbed land surfaces.  Additional recommendations have been provided by the IMG including suggested reference to GIIP methods to help field operatives identify suitable methods
<b>Performance Standard 4 Community Health, Safety, and Security</b>			
Mar 2018 Rev5-PS4-1	<i>Participatory Monitoring</i>	With the development of EOPS and the Amosing and Ngamia wells, grievance associated with air quality, noise and traffic are likely to increase regardless of the strong engagement programme.	It is recommended that a programme of participatory monitoring of environmental parameters be implemented to provide further reassurance and transparency on project health impacts. It is recommended that the Operator, or its specialist contractors, leads on the technical work with participation of local community members. For example, community members may be invited to join data collection as part of routine air quality monitoring.
Mar 2018 Rev5-PS4-2	<i>Community Contractor Safety</i>	It was observed that not all employees of community contractors were wearing PPE. Women were working on the Kochodin Ngamia Secondary School dormitory project without appropriate footwear or hard hat. The men were observed wearing more appropriate PPE. The contractor explained that there were cultural reasons for Turkana women not wearing PPE, however, Turkana women were	Community committees appoint local contractors directly for community projects. Although these local contractors are not recruited by the Operator and are not working directly on any project assets, the projects are funded by the Operator and Operator personnel are providing technical oversight of the work.

Review Date/ Reference	Category	Summary of Findings	Recommendations
		observed to be wearing PPE at the Nakukulas Demonstration Farm project, indicating that it is possible to ensure that community health and safety issues can be addressed in a culturally appropriate manner.	It is recommended that these committees undergo training (this could be as part of the Socio-Economic Investment Strategy) on the health and safety requirements and behaviours expected of local contractors. Operator workers providing oversight should review H&S local contractor compliance as part of the performance supervision function to manage risk associated with local contractor performance.
<b><i>Performance Standard 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources</i></b>			
Dec 2015 Rev1-PS6-4	<i>Biodiversity Action Plan</i>	The IMG was informed, in the current review, that habitat mapping has now been completed and no critical habitat had been identified within the FFD project area. This mapping will contribute to the baseline and impact assessment sections of the EOPS and FFD ESIA's.	The IMG recommends that this part of the Biodiversity Strategy be kept under review in case critical habitat is identified in later stages of the project that would require the strategy to be updated to address the relevant issues.
Dec 2015 Rev1-PS6-6 Jun 2016 Rev2-PS6-10	<i>Restoration Activities</i>	There were a limited number of sites that had been rehabilitated to date but as the development project progresses there would be a requirement to have a more detailed procedure for site rehabilitation to reduce net loss of habitats and grazing areas.  Line Clearance and Restoration Guidelines T-KE-EHS-GUD-0003 REV02 have been produced.  A pilot restoration site has been established at the Among well pad site and indigenous trees and shrubs have been planted.	To improve and monitor the site restoration pilot scheme it is recommended that more effective protection of the seedlings from grazing and a variety of watering regimes are used to establish the optimal requirements to allow the seedlings to establish. Invasive species should also be removed as part of ongoing maintenance of the reinstatement sites.  It is further recommended that training is provided to ensure that the contractors are knowledgeable of the contents of the Guidelines and the reporting requirements as the current reports do not follow the requirements of the guidelines.

## 6 CONCLUSIONS

### 6.1 ESAP REQUIREMENTS

This review presents an assessment of AOC progress with ESAP/ ESRS requirements, identifying those actions that have been completed, are in progress and are pending commencement of activities. A number of AOC ESG Framework documents have been produced and reviewed by the IFC. Project specific plans and procedures will be produced prior to any operations commencing in Block 9 or the Rift Basin Area Block.

AOC has commissioned an ESIA for a potential single exploration well on the west coast of Lake Abaya in Ethiopia, however, no decision on applying for a permit to drill has been taken. The ESIA, and associated plans and procedures, developed for this well, and other potential future operations, will be reviewed within the relevant review periods, along with an assessment of progress against relevant AOC ESAP/ESRS requirements.

The ESAP/ESRS requirements relevant to the current and planned Tullow Kenya operations in South Lokichar are mainly closed, with some pending revisions to draft documents or completion of current ESIA's. For future JV-led activities additional site-specific plans and procedures may be required to address relevant ESAP and ESRS requirements. These will be identified through the Operator's Site Specific Assessment Procedure.

### 6.2 IFC PERFORMANCE STANDARDS REQUIREMENTS

Overall, the Operator's current activities are considered to meet the requirements of the IFC Performance Standards. The Operator is continuing to develop and operationalise relevant management systems, plans, procedures and guidance to ensure effective identification and management of environmental and social risks in readiness for the increased activities that will be associated with EOPS and FFD.

Progress has been made on the Environmental and Social Management System and a more comprehensive Site Specific Assessment procedure. Further progress in developing and finalising a number of guidelines and procedures, including contractor management guidelines and procedures, HR guidelines and recruitment procedures, and well as the other key HSEC management documents is now required and all relevant systems and documents require to be made fully operational.

### 6.3

#### *RECOMMENDATIONS FOR NEXT REVIEW*

The focus of the next review is again likely to be on the South Lokichar Basin exploration and appraisal operations, EOPS, progress with the FFD ESIA, and continued progress in finalising and making relevant ESG systems, plans, procedures and guidance fully operational and embedding these as controlled EHS management documents.

A review of the Lake Abaya ESIA will also be undertaken and, if a decision to drill the well is taken, progress with the required HSEC project plans and procedures will be reviewed.



Annex A

## Current Project Activities and Progress since Last IMG Review

**Tuesday 20<sup>th</sup> March 2018**

<b>TIME</b>	<b>ACTIVITY</b>	<b>REMARKS/ACTION</b>
0830-1030	<b>Update Briefing by AOC on progress with current and future activities -</b> <ul style="list-style-type: none"> <li>• Pipeline status update                             <ul style="list-style-type: none"> <li>○ Update on ESAP requirements</li> <li>○ Rapid Biodiversity Study</li> <li>○ Hydrology Study</li> </ul> </li> <li>• Ethiopia ESIA</li> <li>• Biodiversity panel</li> </ul>	<ul style="list-style-type: none"> <li>• Linda Were</li> <li>• Alex Mayhook-Walker</li> <li>• Donald Mahaga</li> </ul>
1100-1630	Update Briefing by TKBV on Upstream Status <ul style="list-style-type: none"> <li>• EHS Induction</li> <li>• Overall company update</li> <li>• E&amp;A status update</li> <li>• EOPS status update</li> <li>• Full Field Development status</li> <li>• Conformance Tracking and follow-up from previous audit</li> <li>• Enabling Functions overview (NC/LC, Strategic Partnerships, Water and Land)</li> <li>• ESIA</li> <li>• Site restoration plans</li> </ul>	<ul style="list-style-type: none"> <li>• Madhan Srnivasan - East Africa Developments Director</li> <li>• Reshma Shah - Head of Non-Technical Delivery-FFD</li> <li>• Paul Mowatt - Environmental Manager - Kenya Developments</li> <li>• Gordon Scott - EHS Manager</li> <li>• Benard Ambasa - Head of Human Resources</li> <li>• Sean McMurtry - Asset Protection Manager</li> <li>• Mirko Palmesi - Land and Social Performance Manager</li> <li>• Oliver McCredie - Senior Social Performance Advisor</li> <li>• Ken Kamau - Senior Environmental Advisor</li> <li>• Joseph Loibach - Project Partnership Coordinator</li> <li>• Nancy Asiepet - Land &amp; NTR Coordinator</li> </ul>

**Wednesday 21<sup>th</sup> March 2018**

<b>TIME</b>	<b>ACTIVITY</b>	<b>REMARKS/ACTION</b>
0700 -1100	Flight to Kapese and camp induction	
1100	<b>Briefing/Update on field activities</b> <ul style="list-style-type: none"> <li>• Field Operations</li> <li>• External Affairs</li> <li>• Field Social Performance</li> <li>• Field Health and Safety</li> <li>• Field Environmental</li> </ul>	<ul style="list-style-type: none"> <li>• Caroline Ongeru - General Manager-External Affairs</li> <li>• John Ewoi - Land Access and Resettlement Supervisor</li> <li>• Peter Muriuki - Field Environmental Monitor</li> </ul>

Wednesday 21 <sup>th</sup> March 2018		
TIME	ACTIVITY	REMARKS/ACTION
		<ul style="list-style-type: none"> <li>• David Ndago – Field Water Resources Supervisor</li> <li>• Michelle Boit – Senior Production Engineer</li> <li>• Hillary Mugeru - EHS Advisor</li> <li>• Paul Mowatt</li> <li>• Mirko Palmesi</li> <li>• Ken Kamau</li> <li>• Nancy Asiepet</li> </ul>
1245 -1800	<b>Site visit</b> <ul style="list-style-type: none"> <li>• Kapese fodder demonstration farm</li> <li>• Local enterprise initiatives-discussion with Techno serve, Technoserve beneficiaries and Tullow staff (Lokichar EDC)</li> <li>• Meeting with successful committees - Community Implemented Land Access Project (Lokichar EDC)</li> </ul>	<ul style="list-style-type: none"> <li>• Kenneth Ogutu - Social Investment Project Advisor</li> <li>• John Ewoi</li> <li>• Mirko Palmesi</li> <li>• Nancy Asiepet</li> <li>• Paul Mowatt</li> <li>• Kenneth Kamau</li> </ul>

Thursday 22 <sup>nd</sup> March 2018		
TIME	ACTIVITY	REMARKS/ACTION
0700-1800	<b>Site visits</b> <ul style="list-style-type: none"> <li>• EOPS site at Ngamia 8</li> <li>• Community Implemented Project – Kochodin Ngamia 1 Secondary School</li> <li>• Livelihood restoration activities at Nakukulas demonstration farm</li> <li>• Site restoration activities Emong well pad</li> </ul>	<ul style="list-style-type: none"> <li>• Clarission Ing’olan - Community Communications Coordinator</li> <li>• Michelle Boit</li> <li>• John Ewoi</li> <li>• Mirko Palmesi</li> <li>• Nancy Asiepet</li> <li>• Paul Mowatt</li> <li>• Kenneth Kamau</li> </ul>
1930	IMG report-back to AOC/TLW <ul style="list-style-type: none"> <li>• Key findings (conformance issues, observations, recommendations)</li> </ul>	<ul style="list-style-type: none"> <li>• Kapese VC Room</li> </ul>

The IMG were accompanied on the site by the following people from AOC: Alex Mayhook-Walker, Donald Mahaga and Linda Were.

Annex B

Additional Documents  
Provided by AOC and  
Tullow Kenya Relevant to  
Current Activities

SOURCE/TOPIC	DOCUMENT TITLE
AOC ESG Documents	Africa Oil Corp. 2017. Sustainability Report.
	KE/ESG/FRM/BD/2017/8. Biodiversity Management Framework. Rev 0.
	Africa Oil Corp (undated). Terms of Reference for Biodiversity Panel.
Africa Oil Ethiopia ESIA Documents	TS Environment, 2017. Draft Baseline Hydrological Study Report. Prepared for Africa Oil Ethiopia BV for Project Site A1. September 2017.
	TS Environment, 2017. Rapid Biodiversity Study Report. Prepared for Africa Oil Ethiopia BV. October 2017.
	TS Environment, 2018. Hamessa 1 Exploratory Drilling Operations. ESIA Scoping Study Report. Prepared for Africa Oil Ethiopia BV. January 2018.
Tullow Kenya General EHS	T-KE-ESP-PRO-0007 Environment and Social Commitments Procedure 07 11 2012 FINAL
	T-KE-ESP-PRO-003 Site Specific Assessment Procedure Rev2
	T-KE-ESP-STU-0006 Amosing 7 Development Well SSA Report Final
	T-KE-ESP-STU-0006 - Amosing 7 - ESMP
	Tullow Civils Erosion Control procedure 28 Feb 2017 (002)
	Waste Management update Jan 2018
	FFD ESIA - Summary of technical work completed to date
	FFD ESIA- EOPS Project Report 21 July 2016
Tullow Kenya Biodiversity, restoration and invasive species	T-KE-ESP-FRM-0001 Biodiversity Final
	T-KE-DEV-RPT-0067 Emong- End of Project Report R1
	T-KE-OPS-STU-0001 Baseline Study on Existing Invasive Species in Tullow Kenya BV Operations A study on Prosopsis Juliflora
Land Access	Land Access and Resettlement Framework Draft V1 Jan 2018
	Community Agreements for land access for Ekales C, Emekuya, and Etiir A well sites
Tullow Kenya Stakeholder Engagement and Social Investment	T-KE-ESP-GUD-0004 - Development and Partnership
	T-KE-ESP-PLN-0006 - KJV Social -Economic Investment Strategy in Turkana 2017-2021
	T-KE-CAF-PRO-0007 Tullow Kenya Sponsorships Donations ProcedureV3 (002)
	Social Investments Project 2018 FootPrint Map
	Turkana-CIDP-2013-2017
	Actions Arising from the Turkana Leaders Meeting
Tullow Kenya HR/Contracting	T-HRS-PRO-0001 Group Recruitment Procedure
	T-KE-SCM-GUD-0001 Local Recruitment Guidelines Rev 4 30Jun17
	Draft Recruitment Procedure Kenya- under internal review
	Contractor Employee Grievance Management Guidelines - Version 2
	HR Guidelines Draft Review and Works Council guidelines
	T-KE-LOC-FRM-0001 Local Content and Capacity Building Framework - final.
	Minutes of Field HR meeting
	Learning and Development Update - Training plan 2017
	Trainings-Attendance Records

