



Independent Monitoring Group:

Second HSEC Monitoring Review

Africa Oil Corporation

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For and on behalf of
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Date: 12 September 2016

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LIST OF ABBREVIATIONS

AOC	Africa Oil Corporation
AoI	Area of Influence
CLO	Community Liaison Officer
CPF	Central Processing Facility
CRC	Community Resource Centre
EDC	Enterprise Development Centre
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
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
FEED	Front End Engineering Design
FPIC	Free Prior Informed Consent
FTG	Full Tensiometer Gravity
GHG	Green House Gases
HR	Human Resources
HSEC	Health, Safety, Environment and Communities
IFC	International Finance Corporation
IMG	Independent Monitoring Group
JV	Joint Venture
LALR	Land Acquisition and Livelihood Restoration
NMK	National Museums of Kenya
NEMA	National Environmental Management Authority
NGO	Non-Governmental Organisation
SEP	Stakeholder Engagement Plan
SCM	Supply Chain Management
SSA	Site Specific Assessment
SNNP	Southern Nations, Nationalities and Peoples
VSO	Village Socialisation Officer

EXECUTIVE SUMMARY

Africa Oil Corporation (AOC) is a Canada based oil and gas exploration and development company. AOC has been active in Kenya and Ethiopia since 2009 when it acquired an interest in blocks in Kenya and Ethiopia. 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, 10BB and 12A in Kenya and South Omo Block in Ethiopia). AOC's Joint Venture (JV) partner, Tullow Kenya and Tullow Ethiopia (Tullow) is operator of the non-operated assets in Kenya and Ethiopia respectively. AOC is also in JVs with Delonex Energy and Maersk Oil and Gas for different operated and non-operated blocks in Kenya and Ethiopia.

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 comply with the IFC Performance Standards and undertake specific actions detailed in an Environmental and Social Action Plan (ESAP) and Environmental and Social Review Summary (ESRS).

AOC's exploration, appraisal and development activities have been classified by the IFC as Category A. Category A projects require independent review with respect to the requirements of national environmental and social laws and regulations and the IFC Performance Standards on Environmental and Social Sustainability (2012). Environmental Resources Management (ERM) was commissioned to act as the Independent Monitoring Group (IMG) to carry out this independent review.

The first IMG review was undertaken in December 2015 and reported in January 2016. This report presents the finding of the second review undertaken in July 2016. The second review involved review of documents provided by AOC and Tullow and a site visit. The site visits covered a range of Tullow operational areas and interviews with staff from Tullow.

In summary, the reviews to date found that AOC and Tullow have the policies, plans and procedures in place to manage the risks and impacts of the on-going and proposed activities. Overall, AOC and Tullow are performing in conformance with lender environmental and social requirements. No non-conformances were identified. With respect to the requirements of the IFC ESAP and ESRS, eleven commitments remain in progress, mainly pending document reviews, with three items completed.

The first IMG review identified a number of areas for improvements. Some of these have been closed off since the last review but the majority are in progress with revised and new plans and procedures drafted and subject to management and IFC review. It is expected that most of these plans and

procedures will be issued as controlled documents within the next review period. A number of issues identified at the first IMG review will be addressed in the South Lokichar Development Project Phase 1 Environmental and Social Impact Assessment (ESIA), which is due for completion by early 2018.

The following additional recommendations were made.

- All management documents relevant to conformance with IFC PS should be listed within the overall ESMP giving their name, reference number, revision number and review date so that these can be effectively tracked. In addition to HSEC management documents the list should include relevant Human Resource, Grievance Mechanism and Contractor Management documents
- The draft *Workers Council Framework* should be strengthened with additional detail outlining the scope, role and implementation of the Workers Councils and that the employee and contractor grievance mechanisms are updated to address the rights of workers to seek redress in law if grievances cannot be settled through internal procedures.
- The existing sediment and erosion control methods should be revised to better manage project contributions to soil erosion from seismic line clearance activities and other activities such managing runoff and soil erosion from roads, drill pads, camps and storage areas.
- Site restoration pilot schemes should be progressed in collaboration with technical partners to investigate methods to improve and monitor site restoration in South Turkana. The outcome of these studies would inform the development of a more detailed site rehabilitation procedure.
- For new Site Specific Assessments (SSA) and ESIA's undertaken for activities such as exploration drilling or full field developments within the existing licence blocks a spatial assessment of Natural Habitat and Modified Habitat within the relevant project areas should be undertaken. Criteria to define the different habitat types would need to be developed and the distribution of these habitats within the areas that may be affected by the project activities mapped. This would allow an assessment of impacts on habitats, as defined in IFC PS6, and the development of appropriate mitigation measures. The assessment is best undertaken using satellite imagery although additional baseline data may be required to inform the assessments.
- A procedure for assessing risks and managing invasive species within licence blocks should be developed. Such procedures should be linked to the developing SSA procedure and site specific management planning.

The next IMG review will be undertaken in approximately six months. Between now and then no site-based activities are planned for Block 9 in Kenya and the South Omo Block in Ethiopia. Some further environmental assessment work may take place in the Rift Basin Area Block with any further

exploration activity likely to be after the next review period (schedule for December 2016 or January 2017). The focus of the next review is therefore likely to be on the South Lokichar (Blocks 10BA, 13T and 10BB) and Block 12A activities where further exploration, appraisal and field development activities are planned.

The Early Oil Pilot Scheme ESIA is scheduled to be completed in early 2017. The South Lokichar Phase 1 Development Project ESIA is scheduled to be completed by early 2018 with the pre-Front End Engineering Design (pre-FEED) concept studies to determine the location and design of the various project components scheduled for completion mid-2017. In parallel with these processes various Tullow Kenya and AOC systems, frameworks, plans, procedures and guidance documents are being developed. For the next review the focus will be on the progress of these documents and, where relevant, how they are being implemented at the operational level.

The next review will include an assessment of progress against the recommendations presented in the first and second review with items being closed, left open or amended, depending of the project activities and schedule.

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 comply with the IFC's environmental and social standards (the Performance Standards) and to undertake specific actions detailed in an Environmental and Social Action Plan (ESAP) developed by the IFC and based on the IFC's Environmental and Social Review Summary (ESRS) of AOC's activities that followed the initial IFC site visit in June 2015.

AOC's exploration, appraisal and development activities have been classified by the IFC as a Category A, which is defined in IFC's policies as 'projects expected to have significant adverse social and/or environmental impacts that are diverse, irreversible, or unprecedented'. As such, there is a requirement for an independent monitoring of performance with respect to IFC's environmental and social policies.

Environmental Resources Management (ERM) was commissioned by AOC and the IFC to act as the Independent Monitoring Group (IMG) and carry out 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. The reviews will be conducted every six months during the exploration and development activities, and annually during the production phases. The first IMG review was undertaken in December 2015 and reported in January 2016. This report presents the findings of the second review, undertaken from 11 to 15 July 2016.

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 the joint venture. AOC operated assets include Block 9 in Kenya and the Rift Lakes Area Block in Ethiopia. Non-operated assets include assets that AOC farmed-out to other companies including Blocks 13T, 10BA, 10BB and 12A in Kenya that are operated by Tullow; and South Omo Block in Ethiopia also operated by Tullow.

At the time of the first 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 first IMG review was therefore directed at activities in non-operated assets in the South Lokichar Basin in

Kenya (covering Block 10BB and Block 13T). The second review revisited the South Lokichar Basin area of operations and also visited the exploration operations in the Kerio Basin (non-operated Block 12A) where Tullow is also the operator.

It is recognised that progress across the various AOC and JV operated blocks has been delayed over the previous review period due to issues related to the low oil price. A number of actions that were due to be closed within this review period will be implemented when the relevant project activities recommence.

1.2.1 *Objectives*

The overall objective of the first and second reviews was to identify areas of non-conformance ⁽¹⁾ within the review framework and make recommendations for corrective actions. The current review covered the following.

- Progress against the AOC ESAP and ESRS requirements agreed with the IFC in August 2015.
- Tullow Kenya operational-level HSEC management plans and procedures.
- Tullow Kenya operational performance where Tullow is the operator.

The objectives of future reviews will 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 desk-top review of 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 representative operations, interview the operator staff, affected communities and other stakeholders, visually assess operations, and review additional documentation.
- Prepare a report of the review findings.

This review report builds on the first IMG review report, updating information where required. Where appropriate, information in the first IMG

(1) The term 'conformance' is used to acknowledge that the range of environmental and social requirements includes specific legal and regulatory measures where compliance can be measured as well as performance standards that are outcome-based.

review is referenced to avoid unnecessary repetition. The review methodology and action tracking procedure is presented in *Chapter 3*.

1.2.3 *Review Period*

This review covers the activities in progress between the first review in December 2015 to the second review in July 2016. Reference is made in this report to the 'next review period', which would cover the approximately six month period from July 2016 to the next review, likely to be in December 2016 or January 2017.

1.3 *IMG REVIEW TEAM*

The ERM IMG comprised four consultants.

- Mark Irvine: Team Leader and Environmental Specialist.
- David Nicholson: Biodiversity Specialist.
- Callie Phillips: Social and Health Specialist.
- Wanjiku Githinji: Social Specialist.

The ERM specialists conducted a review of documentation and two consultants attended the site visit (Mark Irvine and David Nicholson). The ERM specialists were supported by other ERM subject matter experts on a consultative basis for document review and reporting.

1.4 *LIMITATIONS*

The findings of this review are based on the Scope of Work as described. ERM performed these services in a manner consistent with the normal level of care and expertise exercised by members of the planning and environmental consulting profession.

The work is based primarily upon documents produced and studies performed by third parties, and interviews, discussions and observations over the five day period of the country visit. With regard to information provided by AOC, Tullow Kenya and their representatives, ERM has used such information in good faith and with verification limited to the site visit and as detailed in this report. The assessment and recommendations made are based on professional judgement drawing from 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.

The remainder of this review report is structured as follows.

- *Section 2* describes the key project components and status of activities.
- *Section 3* outlines the assessment framework and applicable standards.
- *Section 4* presents an assessment of the progress against the ESAP and ESRS requirements.
- *Section 5* presents the findings of the review with respect to the IFC Performance Standards.
- *Section 6:* presents the conclusions and summarises the findings of the review and recommended actions.

The review is supported by the following annexes.

Annex A: IMG July 2016 Site Visit Programme.

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

2.1 COMPANY OVERVIEW AND ASSETS

AOC is a Canada-based oil and gas exploration and development company. AOC has been active in Kenya and Ethiopia since 2009 when it acquired an interest in a number of blocks in Kenya and Ethiopia. AOC's current interests include both operated assets and non-operated assets as summarised below.

2.1.1 *Operated Assets*

Kenya

In Block 9 in Kenya, AOC conducted exploration activities that included seismic survey over approximately 1,500 km of survey lines and drilling of three exploration wells. The exploration sites including cleared survey lines, well pads and worker camps are being decommissioned and rehabilitated. Following restoration, some of the well sites and infrastructure are being transferred back to the local communities. AOC's licence period for Block 9 has been extended by the Government of Kenya until mid-2017 to allow for further data evaluation. AOC is in a joint venture with Delonex in this block. AOC is the operator of the block.

Ethiopia

The Rift Basin Area Block is located in Southern Ethiopia and crosses parts of the Oromia Region and Southern Nations, Nationalities and Peoples (SNNP) Region. AOC has conducted airborne gravity gradient surveys and has completed a 2D seismic survey covering approximately 600 km of survey lines within the Block. The survey covered onshore and lake areas. The Environmental and Social Impact Assessment (ESIA) ⁽¹⁾ and Environmental and Social Management Plan (ESMP) for the survey were completed in 2013. The Government of Ethiopia granted an extension of the license until February 2017 to allow AOC to evaluate exploration data and make a decision on further activities, eg further seismic surveys or exploratory drilling. AOC is in a joint venture with Delonex and Maersk in this block. AOC is the operator of the block.

2.1.2 *Non-Operated Assets*

Kenya

Non-operated assets in Kenya include Blocks 10BA, 13T and 10BB in the region of Turkana County, and Block 12A encompassing parts of Turkana, Samburu, Laikipia, Baringo, Elgeyo Marakwet and West Pokot counties.

(1) For the purposes of this report the terms EIA and ESIA are interchangeable. The term EIA complies with the Kenyan legislation whereas the term ESIA is more commonly used with reference to the IFC Performance Standards.

The assets are operated by Tullow Kenya in a JV with AOC and Maersk. Block 12A is operated by Tullow in a JV with AOC and Delonex.

The JV has drilled 35 exploration and appraisal wells since 2012, primarily within the South Lokichar Basin covering Block 10BB and Block 13T (including Etuko, Ewoi, Ekunyuk, Amosing, Ngamia, Etom, Agete, Twiga and Ekales Fields) as shown in *Figure 2.1*.

Extended well tests have been completed at Amosing and Ngamia. Demobilisation and rehabilitation of a number of camps and well pads have been completed whilst some well pads have been maintained pending final decision on the development phase requirements.

The discoveries in the South Lokichar Basin indicate oil reserves of 750 million barrels and the JV is proposing to further develop the discoveries. Further details of the project are provided in *Section 2.2* below.

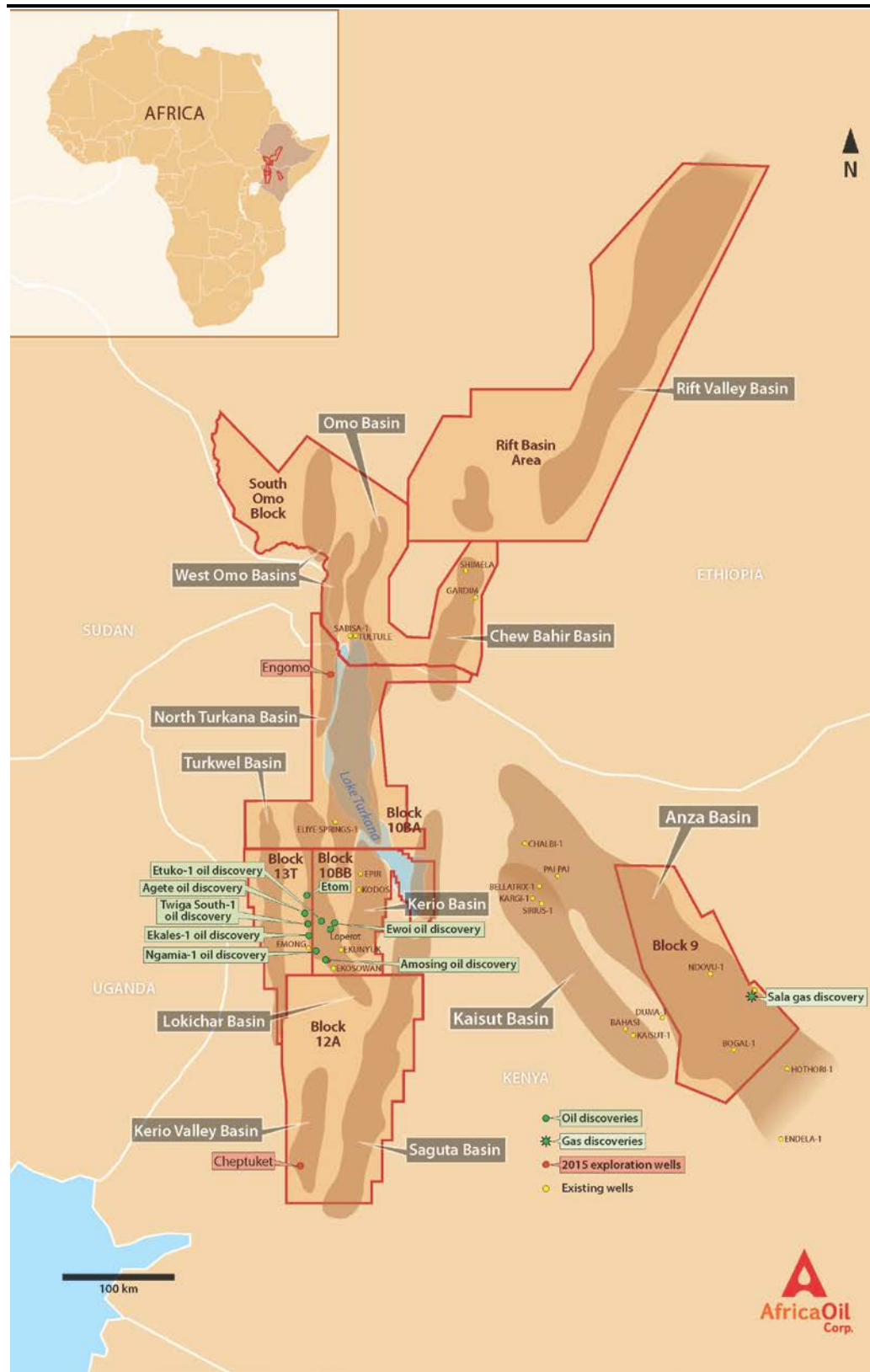
In early 2016 the JV was granted an 18 month extension for further exploration in Block 10BA, pending further evaluation of the data from Block 13T and Block 10BB.

The first well in Block 12A in the Kerio Valley Basin (named Cheptuket-1) was drilled in early 2016. At the time of the site visit the well pad was being leased from a group of local landowners pending completion of equipment demobilisation. The lease expires in November 2016 but could be extended as required, subject to agreement with the landowners, after which it will be rehabilitated and returned to the landowners. Tullow Kenya are currently evaluating the data to determine what further exploration activities may be undertaken *eg* infill seismic and/or additional wells.

Ethiopia

The non-operated asset in Ethiopia is the Tullow-operated South Omo Block located in the Southern Rift Basin in the southwest of the country. The block falls within the SNNP and covers a surface area of 29,465 square kilometres. ESIA's were conducted for seismic and drilling operations. Seismic surveys have been completed in the block and four wells have been drilled to date. Drilling activities have been completed and the well pads and worker camp sites have been rehabilitated. There are currently no activities in the South Omo Block. The Government of Ethiopia has extended the licence until the end of 2017 to allow for further evaluation of geological data to make a decision whether to undertake further exploration activities. South Omo is operated by Tullow in a JV with AOC, Delonex and Maersk.

Figure 2.1 Licence Blocks and Discovery Wells in Ethiopia and Kenya



Source: Africa Oil Corporation (website accessed 22 July 2016)

The South Lokichar Development Project is the most advanced of AOC's assets in terms of development activities following successful exploration drilling and is therefore the focus of the initial and current IMG reviews. A description of the South Lokichar development along with the environmental and social context was provided in the first IMG review so is not repeated here other than a brief summary of the key components and an update on the midstream component.

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 Block 10BB and 13T discoveries and is currently undergoing pre-Front End Engineering Design (pre-FEED) concept studies to determine the location and design of the various project components. Pre-FEED is scheduled for completion mid-2017. The Phase 1 Project is likely to comprise a series of well pads in different fields, interconnecting flowlines, a Central Processing Facility (CPF), and support facilities and infrastructure (eg roads, logistics base/storage areas, and power and water supply).

An ESIA for the Phase 1 Project is due for completion in early 2018 and will be submitted to the Kenyan National Environmental Management Authority (NEMA) for review and approval.

The midstream components of the Phase 1 Project will comprise an export pipeline from the CPF to a marine export terminal. Early concepts for the pipeline included links from Uganda and potentially from South Sudan and Ethiopia. In April 2016 the governments of Uganda and Kenya announced that separate pipelines would be developed to export oil from each country. The proposed standalone Kenyan export pipeline is expected to take into consideration potential future links with other bordering countries. No further midstream ESIA or FEED studies have been completed within the last review period and it has not been confirmed which parties will progress the pipeline development.

2.2.1

South Lokichar Early Oil Pilot Scheme

Tullow are investigating an Early Oil Pilot Scheme (EOPS) designed to produce 2,000 barrels of oil a day from existing Amosing and Ngamia wells for a two year period. The oil would be stored in the tanks at the Amosing Extended Well Test site before being transported by road to oil storage, refinery and oil terminal facilities in Mombasa.

The EOPS would help test the reservoir behaviour and the midstream process to inform the future Phase 1 South Lokichar Development Project. At this stage Tullow have commissioned an ESIA for the upstream component of the scheme and are undertaking its own Environmental and Social Due Diligence

Study for the midstream component. As this potential scheme is currently still in early evaluation by Tullow it did not form part of the current IMG review.

2.3

BLOCK 12A

Block 12A is within the Kerio Basin area and is located within six counties in Kenya (Turkana, Samburu, Laikipia, Baringo, Elgeyo Marakwet and West Pokot) and is located south of the Lokichar Basin.

The JV has undertaken two phases of 2D seismic surveys in 2013/2014 covering 550 km of survey lines in the South Kerio Basin in Baringo and Elgeyo Marakwet counties. Following data interpretation the JV drilled one well in Elgeyo Marakwet County (Cheptuket-1) in early 2016 to a depth of over 3,000 m that encountered oil shows across an interval of over 700 m. A block-wide ESIA was undertaken for Block 12A drilling operations in 2014. At that stage the well site had not been selected and therefore identification of risks, assessment of impacts and development of mitigation measures were generic in nature.

At the time of the review an aerial survey was underway covering areas within Turkana, Baringo, Elgeyo Marakwet and West Pokot counties. The Full Tensiometer Gravity (FTG) survey will provide further information on the delineation of geological structures within the Kerio Valley Basin to inform future exploration decisions.

3.1 ASSESSMENT FRAMEWORK

The IMG review was undertaken through a combination of document reviews, presentations, interviews and a site visit. A summary of the activities undertaken is presented below, with details of the site visit and documents provided for review presented in *Annex A* and *Annex B* respectively.

An evaluation of the AOC's and Tullow's plans and activities was undertaken against agreed environmental and social standards. For this assessment, the framework comprised the following.

- 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 IFC on 31 August 2015).
- IFC Performance Standards on Environmental and Social Sustainability (2012) (Performance Standards) and related policies 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).

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 relevant to oil and gas activities in Kenya. These include the following.

- *Community Land Bill (2015);*
- *Petroleum (Exploration, Development and Production) Bill (2015);*
- *Natural Resources (Benefits Sharing) Bill (2015);*
- *The Energy Bill (2015);*
- *Land Laws Amendment Bill (2015).*

Of note is the *Petroleum (Exploration, Development and Production) Bill*, that was due to come into force later in 2016, which will establish a government authority to regulate, monitor, and supervise upstream petroleum operations.

3.2 *METHODOLOGY*

3.2.1 *Overview*

The scope of work entailed the independent assessment of environmental and social aspects of the Company's and Operator's assets and operations within the applicable regulatory and performance framework.

The assessment comprised the following.

- Relevant environmental and social documentation and information were reviewed. Presentations were made by AOC and Tullow Kenya functional heads in Nairobi and in the field, 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 Block 13T/10BB and Block 12A. Individuals responsible for operator activities were interviewed in the field with regards to environmental and social issues, and a small number of discussions with community members and other stakeholders were held.
- Operator activities were evaluated against the reference framework to determine compliance with national laws and regulations, corporate requirements, and conformance with lender requirements. Recommendations were made where applicable to address deficiencies or to improve performance.

3.2.2 *Additional 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 first IMG visit in December 2015. Updated and additional plans, procedures and associated documents were provided prior to and during the second IMG visit in July 2016. Additional sources of information identified over the course of the site visits were requested and subsequently provided. The list of Tullow documents provided is presented in *Annex B*.

A series of presentations were delivered to the IMG by AOC and Tullow Kenya outlining operations and HSEC issues and management plans. These covered the following main areas.

- Overview of AOC current and planned operations and progress with its ESAP and ESRS.
- Overview of Tullow Kenya Operations (South Lokichar Basin and Block 12A).
- Security and Asset Protection.
- National Content.
- Land Access.
- Water Resources.
- Environment, Health and Safety Compliance.
- South Lokichar Development ESIA update.
- Early Oil Pilot Scheme.

3.2.3 *Site Visit and Interviews*

A site visit was conducted to verify the information provided in the documentation through interviews, direct observation and site-based document review. The second site visit covered previous and on-going activities as well identifying environmental and social risks associated with planned operations.

The site visit was conducted over approximately two and a half days (from the morning of 12 July to early afternoon on the 14 July 2015) and included a tour of a number of the existing operational sites and the location of previous operational sites. These included the following.

- Nakukulas village water point.
- Ngamia Extended Well Test site.
- Previous Emong well pad site (removed and rehabilitation)
- Previous Ekales seismic camp site (removed and rehabilitated).
- Lokichar Tullow Oil Community Resource Centre (CRC) and Enterprise Development Centre (EDC).
- Agete-3 well site and previous 2D and 3D seismic survey area.
- Block 12A Cheptuket-1 well site.

During the site visit discussions were held with Tullow and contractor representatives with operational responsibilities for the environmental, health and safety and community management planning. In addition discussions were held with community representatives at the outreach meetings and at the Lokichar Tullow Oil CRC/EDC.

3.2.4 *Performance Evaluation*

In this review, performance was evaluated and rated according to the categories presented in *Table 3.1*.

Table 3.1 *Assessment Criteria Used in the Review*

Assessment Rating	Criteria
CLOSED	Requirements have been fully met.
IN PROGRESS	Work to meet requirements is in progress. Some parts of the requirements may be closed and others are planned within the next monitoring period, or some items stated to have been completed require verification.
RECOMMENDATION	Issue or situation where performance could be improved to better meet good international industry practice.
REQUIREMENT NOT MET - LOW RISK	Issue or situation not consistent with Applicable Standards or commitments but without an immediate risk of impact to resource or receptors.
REQUIREMENT NOT MET - MEDIUM RISK	Issue or situation not consistent with Applicable Standards or commitments with immediate risk of impact to resources or receptors and requiring corrective action. Recurring issue or situation not consistent with Applicable Standards or commitments but without an immediate risk of impact to resource or receptors generally requiring systems-level corrective action.
REQUIREMENT NOT MET - HIGH RISK	Issue or situation not consistent with Applicable Standards or commitments that has resulted in significant impact to resources or receptors and requiring corrective action. Action that indicates intentional disregard for Applicable Standards or commitments that has not necessarily resulted in significant impact, generally requiring systems-level corrective action.

4.1 INTRODUCTION

AOC presented an update on progress to date against the IFC ESAP and ESRS requirements at a meeting with the IMG on the 11 July 2016. As AOC are not currently operators, it was agreed with the IFC at the time of the first IMG review that a number of management plans should be produced in the form of framework documents outlining the requirements that would apply to any operational plans to be produced at a later date.

The series of draft plans and framework documents listed in the first IMG review are currently being reviewed by the IFC and therefore were not available during this review period. It is expected that these will be finalised by the time of the next review.

4.2 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. Although the anticipated completion date has passed for most action items, draft documents have been produced and are currently pending review by the IFC and recommencement of project activities. These items are therefore assigned as 'in progress'.

It is noted that to meet the ESAP and ESRS requirements for activities in non-operated assets then JV partner's documentation (policies, plans and procedures) will require to meet the relevant Performance Standards. A number of Tullow documents are referred to in *Table 4.1* with respect to activities in South Lokichar Development Project area and in Block 12A.

4.3 ADDITIONAL RECOMMENDATIONS

There are no additional recommendations resulting from the current review.

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 was undertaken on 2-3 March 2016 and attended by 19 people from AOC/AOK/AOE (12 staff members) as well as JV partners Tullow (6 staff members) and Maersk (1 staff member). Training will continue in the future for new staff member as required.
ESAP 1.2	(ii) hiring an Environmental, Social and Governance Manager.	12/31/15	Closed	AOC hired a qualified ESG Manager on a fulltime basis to lead Company HSE management. The ESG Manager commenced work on 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	In progress	<p>AOC prepared a draft Stakeholder Engagement Plan Framework which was submitted for IFC review on 31 March 2016. Comments from the IFC are pending and it is expected that this task will be completed by within the next review period.</p> <p>For the South Lokichar Basin development Tullow has prepared a Draft Stakeholder Engagement Framework and Pre-Development Stakeholder Engagement Plan. These have been approved by the IFC with minor revisions required.</p>
ESAP 2.2	Company to prepare and submit ESIA's to IFC for review and approval – undertaken per project.	No date	In progress	As there are no current activities where AOC are Operator this task is pending individual project initiation.
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	In progress	<p>This is project specific and is dependent 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.</p> <p>For the South Lokichar Basin development Tullow has prepared a Draft Stakeholder Engagement Framework that outlines the approach required to achieve and document FPIC based on the definition of the project footprint and specific impacts. This has been approved by the IFC with minor revisions required.</p>
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	3/31/16	In progress	AOC has prepared a Human Resources Policy Framework and formal internal Grievances Mechanism (<i>ie</i> workers grievances). These were submitted to IFC for review on 31 March 2016. Comments from the IFC are pending and it is

Index	Task Title & Description	Anticipated Completion Date	Status	Discussion
	<p>associated country specific implementation procedures</p> <p>(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</p> <p>(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.</p>			<p>expected that this task will be completed within the next review period.</p> <p>Retrenchment Framework Plans will be developed prior to commencement of relevant projects where staff/contractors are employed.</p> <p>Tullow has an Employee's Handbook that includes a Human Resources Policy. This has been reviewed by the IFC and confirmed as acceptable. Tullow follows national law with regards to retrenchment and are preparing documentation of its retrenchment process for submission to the IFC for review. This action will be closed pending review and confirmation that it is acceptable to the IFC</p>
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	In progress	<p>AOC has prepared a Security Policy and submitted it to IFC for review on 31 March 2016. This element of this action will be closed pending review and approval from the IFC that it meets requirements of relevant IFC PS. AOC will prepare and submit specific Security Management Plans prior to future operational activities.</p> <p>Tullow 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.</p>
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	In progress	<p>AOC has prepared a LALR Framework and submitted it to IFC for review on 31 March 2016. This element of this action will be closed pending review and confirmation that it meets requirements of relevant IFC PS.</p> <p>AOC will prepare and submit specific LALR Plans for prior to future operational activities.</p> <p>Tullow has prepared a Draft Land Access Framework. This has been approved by the IFC with minor revisions required. This element of this action will be closed pending finalisation of the Framework.</p>
ESAP 5.2	The Company will redesign its compensation plan in Ethiopia to incorporate procedures to compensate prior to commencing work, vacating	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
	land and any potential damage that could occurred after seismic survey.			
ESAP 6.1	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	In progress	AOC submitted a draft Biodiversity Guidance to the IFC on 31 March 2016. Comments were received from the IFC on 1 June 2016 and a second draft is being prepared. It is expected that this task will be completed within the next review period. AOC will prepare and submit specific Biodiversity Strategy (including establishing a Biodiversity Panel) prior to future operational activities. Tullow has prepared a Kenya Biodiversity Management Framework that has been reviewed by the IFC and finalised. This part of the task is closed.
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	It is noted that AOC and Tullow have completed ESIA's for all activities currently underway and planned for 2016. An ESIA for the EOPS is expected to be completed in early 2017 and the Upstream South Lokichar Development Project ESIA is expected to be completed by early 2018.
ESRS 1	PS3: Hydrogeological study of Ethiopian blocks if there is further operational activity	No Date	In progress	AOC intends to complete such a study prior to commencement of any work and has sought clarification from the IFC on the detail of this requirement.
ESRS 2	PS3: Quantify and report greenhouse gas (GHG) emissions for all activities	No Date	In progress	AOC has developed a system for tracking GHG and commenced tracking of GHG at the start of 2016. Full implementation of this requirement is pending commencement of AOC operator led activities. For blocks where Tullow are the operators a data gathering and reporting mechanism is in place.
ESRS 3	PS 8: Ensure cultural heritage management plan is in place for future exploration and development activities	No Date	In progress	A Draft Cultural Heritage Management Framework was submitted to the IFC on 31 March 2016 for review. Comments from the IFC are pending and it is expected that this task will be completed by within the next review period. For the South Lokichar Basin development cultural heritage surveys have been undertaken as part of the development ESIA baseline studies

5.1 INTRODUCTION

The focus of the second IMG review was the activities that have been undertaken and planned for the near future in the South Lokichar Development Project area ⁽¹⁾, and activities in Block 12A, and the systems and processes that the operator Tullow has in place and/or is developing. The term 'Operator' in this section therefore refers to AOC's JV partner Tullow.

The overall Operator strategies covering the requirement of the eight Performance Standards were presented in the First IMG Review report and are therefore not repeated here, as these still apply to the existing activities. For future reviews additional comments on project strategies may be required as the projects develop and move into different phases or in new licence areas.

Observations are presented below with respect to advances that have been made since the last audit to address the recommendations made (reference numbers to the previous audit summary are included). In addition, new observations arising from the second IMG review have been added as required. As there was a low level of activity at the sites visited (*ie* no current exploration, appraisal or development drilling, and no seismic surveys underway), the additional observations are mainly related to additional documents that have been provided and the visit to Block 12A, which was not visited in the first IMG review.

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)

The first IMG review identified that the various project and company documents were a combination of controlled documents and uncontrolled documents and reports without authors' names, issue dates and revision/status. A number of these documents are still being revised and new documents are being written. The review also recommended that AOC should organise its corporate EHS policy, plans and procedures into an EHS Management System with all relevant documents being controlled documents with relevant names, numbers and review cycles.

(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.

The Operator indicated that the majority of documents relevant to the South Lokichar Development Project will be available within the next review period and will therefore form part of future IMG reviews.

Organisational Competency, Capacity and Training (Rev-1 PS1-2)

In the first IMG review the lessons learned and areas for improvement as to how communities were engaged and grievances managed during the initial exploration phase were discussed along with the steps being taken to address these issues through team capacity building. In particular there were challenges in addressing the key issues of land access, community engagement and security.

During the current IMG review interviews were held with Operator staff and communities in South Lokichar and Block 12A that provided evidence that community consultations and land access issues were being addressed satisfactorily by the Operator's social performance and EHS field teams. The Operator also provided registers of the training undertaken for Marriot staff at the Cheptuket-1 well pad in Block 12A (document dated 20 January 2016).

Emergency Preparedness and Response (Rev1-PS1-3)

The IMG observed in the previous audit that emergency response plans and procedures, including *Incident Investigation Procedures*, are in place covering credible incidents within operational sites. However, it was not clear to what extent the communities have been informed about the risks and response measures, particularly where there could be community exposure to risks (eg, vehicle accidents on roads, accidental release of hazardous materials).

Information was provided by the Operator and feedback given by local stakeholders (both in the Turkana and 12A blocks) that emergency preparedness information has been provided. No issues were raised by community representatives during consultation sessions in relation to specific concerns with emergency events.

The requirement for a procedure to inform communities about risks and response measures in the event of an incident are addressed below under *Rev1-PS4-1: Emergency Response Plan*.

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

The previous IMG visit identified that a more comprehensive Pre-development Community SEP was being prepared to better address community relationships following disruption to activities that occurred in 2013. This included addressing the requirement for Free Prior Informed Consent (FPIC) as required under IFC Performance Standard 7, where this is applicable.

The draft *Pre-development Community Stakeholder Engagement Plan for the South Lokichar Development Project* presents more comprehensive and robust procedures for the development of relationships and provision of information to national and county government, local communities and other stakeholders. The SEP also addresses the issue of community engagement for the permanent land access that will be required for the Development Project.

One issue raised by the Operator and by community representatives spoken to was the management of stakeholder engagement undertaken by contractors.

The previous IMG visit identified that grievances for contractors were being channelled through the community grievance mechanism rather than through a specific contractor grievance channel. The community grievance mechanism is the responsibility of the Grievance Officer supported by the Community Liaison Officers. Their prime focus and responsibility is in dealing with community grievances rather than addressing issues related to labour and working conditions Tullow employees and contractors. This issue is addressed below under *Formalisation of Worker Grievance Mechanism* (see Rev1-PS2-2).

Monitoring and Review (Rev1-PS1-5)

The previous IMG visit identified that auditing and compliance procedures should be developed that are more measurable and evidence based. Further, the recommendation included improving linkages to the SSAs procedures to improve transparency and accountability.

By way of background, the IMG was presented with information on the Operator's current audit system during the current review, that is based on a 'four tiered' approach. The tiers are based on escalated levels of audit (with Tier 3 being the lowest and Tier 0 the highest). The system includes a Corrective Action Register that tracks the results of audits to ensure that they are acted upon.

The IMG was informed that as part of the review of the SSA procedures (refer to response *Rev1-PS3-2*) a revised audit procedure will be developed to enable a more auditable/measurable approach. Additionally, site specific EMPs will be developed that document the outcomes of the SSA recommendations.

The IMG was presented with a draft of the proposed procedure.

The Operator indicated that the revised SSA Procedure (*T-KE-ESP-PRO-0003*) and site specific EMP procedures are being developed and will be available within the next review period.

5.2.2 *Additional Observations*

In the first IMG review reference was made to the need for management plans, procedures and guidance documents to be issued as controlled documents (see Rev1-PS1-1 above). It is further recommended that all documents relevant to conformance with IFC PS are listed within the overall ESMP giving their name, reference number, revision number and review date so that these can be effectively tracked. These should include relevant HR documents on contractor management and grievance mechanisms.

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)

At the first IMG review a recommendation was made to ensure that the Operator's contract holders have the capacity and resources to manage and monitor the performance of their contractors, and that a review of contractual agreements is undertaken to ensure performance measures and corrective measures that may be required to address non-compliance are captured in the agreements.

The IMG reviewed the 2016 *Quarter 1 Kenya Functional Risk Register* provided by the Operator, which identifies key project risks and mitigation strategies. Poor contractor performance (through poor selection of the contractor and contracting strategy or lack of Tullow control) was identified as a residual risk.

A contractor management strategy is currently under development and the need for robust contractor management systems and performance indicators in contracts has been identified by the Operator to reduce the project risks. These requirements will need to be included in contracting guidelines and procedures.

It is expected that these documents will be finalised and issued as controlled documents within the next review period.

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

The first IMG review recommended that Worker Councils should be formed to represent the different contractors, manage labour and working conditions, manage the relationship between Tullow and the workforce, and to participate in the grievance procedures, in line with the Grievance Management Guidelines, to avoid workers using the community grievance process.

Copies of the draft *Contractor Employee Grievance Management Guidelines* (dated 4 July 2016) and a copy of the draft *Workers Council Framework* (dated 7 July

2016) were provided to the IMG to address the gaps identified in the first IMG review.

Internal Communication Procedure (Rev1-PS2-3)

The previous IMG visit recommended that the Operator develop and formalise a procedure to ensure that there is internal communication and feedback between the various internal departments and the HR Department, particularly with respect to notifying the HR department of any planned recruitment.

Documentation has now been provided showing that there is now a requirement for HR to acknowledge that they have been informed of planned recruitment (*Request for Approval to Hire Form* dated 22 April 2016).

5.3.2

Additional Observations

It is noted the Grievance Mechanisms in the *Tullow Employee Handbook* and the draft *Contractor Employee Grievance Management Guidelines* that no reference is made to workers' rights to seek recourse in law if grievances cannot be settled through internal procedures. Whilst this right exists under Kenyan Law, it is recommended that the grievance mechanisms and related contract documents are updated to specifically make reference to this right to demonstrate compliance with IFC PS2.

The draft *Workers Council Framework* is generally aligned with the requirements of IFC PS2. It is considered that the framework would benefit from additional detail outlining the scope, role and implementation of the Workers Councils to ensure full compliance with the requirements of the Performance Standard. This should include guidance or minimal requirements on how often the various levels of workers councils should meet, how representatives will be selected and how issues will be taken forward from individual contractors workers councils to the joint workers council and then fed back to the employees and how the workers councils will interact with other worker management functions including worker grievances, Human Resources and Legal.

The drafts are not currently controlled documents and it is expected that these drafts will be finalised and issued as controlled documents within the next review period.

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

5.4.1 **Observations Related to Previous Review Findings**

Site Specific EHS Management Plans (Rev1-PS3-1)

The IMG identified during the previous visit that general management plans have been developed for block wide/operational requirements for various environmental elements. It was observed that these plans were not tailored for specific sites or operations and that site specific plans would enable specific risks to be identified and managed at a site specific level.

The IMG observed that a revised Site Specific Assessment (SSA) procedure was being developed that also included provision for the development of site specific EHS management plans (see response to *Rev1-PS3-2* and *Rev1-PS3-3* below).

Site Specific Assessments (SSA) Criteria (Rev1-PS3-2) & Measurable HSE Components (Rev1-PS3-3)

Site specific assessments have been used to undertake environmental, social and cultural heritage assessments for exploration activities such as seismic surveys, construction of well pads and roads, and drilling operations that were not fully assessed during the block-wide ESIA. The IMG previously recommended that the SSA procedures required review to enable more site-specific and measurable assessments and to improve applicability, transparency and auditability.

Information provided by the Operator indicates that revisions to the SSA procedures are in progress. The IMG was presented with a draft of the proposed procedure (*Revised SSA Procedure T-KE-ESP-PRO-0003*). The changes to the procedure propose a more comprehensive risk based and site specific assessment of environmental, social and cultural heritage activities for both exploration and operation activities. Further refinement of these procedures is recommended including the development of criteria to fit within a framework that assesses the significance of receptors and the magnitude of impacts for different environmental and cultural heritage elements.

The IMG understands that these procedures will be used to complement the operational ESIA process and proposed future exploration activities to better quantify environmental impacts for project components that cannot be readily defined at the outset. The procedures will enable the Operator to improve the environmental assessments for these types of activities.

It is expected that the revised SSA Procedure (*T-KE-ESP-PRO-0003*) and site specific EMP procedures will be available within the next review period.

Sediment and Erosion Control (Rev1-PS3-4)

The previous IMG visit recommended that a sediment and erosion control plan be developed for specific project activities and linked to the SSA procedures.

The IMG was informed during the recent visit that the Operator's Civil Engineering Department are to include improved requirements in contracts to address erosion and sediment control of at sites. A copy of the *Line Clearance and Restoration Guidelines* (T-KE-EHS-GUD-0003) was provided by the Operator that provides guidance on management of soil erosion from line clearance activities.

Greenhouse Gas Emissions (Rev1-PS3-5)

Procedure for gathering data on fuel and energy usage (T-KE-ESP-PRO-0004) and calculation of greenhouse gas emissions (T-ESP-PRO-0001) have been developed by the Operator.

5.4.2 Additional Observations

Consumption of Water and Energy

The Operator provided advice on assessments being undertaken on the future provision of water for operations. The current exploration activities have to date been supplied with borehole water for drilling activities and other requirements on site in South Lokichar and Block 12A. To identify a long-term and sustainable supply of water for the South Lokichar Development Project, a water resources study is currently underway to examine the water needs and potential water supply options. Supply options are under consideration and the final decision will be informed by FEED and the development ESIA

Further development of these options and a decision on the final preferred option is ongoing and may be available by the time of the next IMG review.

Hazardous Materials Management

The Operator provided additional information on the management of hazardous materials from activities. Drill cuttings from drilling operations using synthetic oil based drilling fluids were sent to a NEMA approved waste management facility in Nairobi for incineration. At the time of the first review it was noted that a Thermal Desorption Unit has been installed in the field to treat the drilling wastes with the residue being transported and disposed at a NEMA approved hazardous waste disposal facility in Nairobi (pending a decision on alternative usages). Due to permitting difficulties, this option of treatment and alternative usage is no longer available and therefore the untreated cuttings will continue to be transported to the NEMA approved

waste management facilities in Nairobi for incineration. It is noted that non-hazardous waste drill cuttings generated using water based muds are mixed with soil and buried on site.

Sediment and Erosion Control

Observations were made during the site visit in Block 12A of sheet and gully erosion of soils along graded seismic lines that are the subject of current grievances from some landowners.

It is noted that this part of the valley floor below the steep slope at the edge of the Rift Valley has evidence of substantial erosion and deposition of soil and the high seasonal rainfalls are likely to mobilise these sediments following prolonged dry periods. Within the seismic survey area it was noted that the erosion occurs towards existing drainage features in a landscape with evidence of broad scale erosion that is likely exacerbated by the exposure of soil surfaces to water runoff due to reduced vegetation cover from livestock grazing.

The Operator is currently addressing landowner grievances regarding areas of soil erosions along the seismic survey lines, including rehabilitation of sites and exploring options for training for landowners on land management practices to reduce soil erosion.

It is recommended that the existing sediment and erosion control methods within the *Line Clearance and Restoration Guidelines* (T-KE-EHS-GUD-0003) are reviewed and updated to better manage future project contributions to soil erosion from line clearance activities. The mitigation measures in the Guidelines would benefit from specific information on in-field practices to prevent soil erosion and restore disturbed land surfaces. Detailed industry guidance is available for such measures. These measures would equally apply to other activities such as methods to manage runoff and subsequent soil erosion from roads and other linear impacts; and management of runoff from drill pads, camps and storage areas.

Sediment and erosion control should be addressed as part of the SSA for activities such as seismic surveys and road and drill pad construction taking into consideration the operational seasons and site characteristics (soil type, vegetation cover, slope and hydrology).

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)

In the first IMG review it was recommended that the Operator's existing *Emergency Response Plan* be updated to include involvement of the community and local authorities when responding to emergency situations and that updates to the ERP be disclosed to local communities, as well as relevant government bodies (eg emergency services, healthcare facilities and police).

A draft *Incident Management Provision: Briefing Note for External Stakeholders* has been produced by the Operator that identifies potential incidents related to the Operator's operations that could affect communities the Operator's emergency response organisation and process. It is expected that this will be finalised and issued as a controlled document within the next review period.

Health Profiles of Potentially Affected Communities

In the first IMG review 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. It is understood that the ESIA currently being conducted for the South Lokichar Development Project Phase 1 will address this requirement, and will provide input to further developing the Community, Health, Safety and Security Management Plan. The ESIA is due for completion within the next review period.

5.5.2 *Additional Observations*

The draft *Incident Management Provision: Briefing Note for External Stakeholders* could be simplified to facilitate effective communication of the key hazards with communities. For example the use of illustrations similar to those used to explain drilling and seismic activities in the draft *Tullow Pre Development Stakeholder Engagement Plan, South Lokichar Basin (Appendix 1)* would help the Village Socialisation Officers and Community Liaison Officers to communicate with communities and others unfamiliar with oil and gas operations

5.6 PERFORMANCE STANDARD 5: LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT

5.6.1 Observations Related to Previous Review Findings

Free Prior and Informed Consent for Land Access (Rev1-PS5-1)

The first IMG review identified a gap within the existing *Land Access Procedure* regarding community engagement with respect to the requirements of Performance Standard 7 for documentation of Free, Prior and Informed Consent (FPIC) in land access engagements. This issue is addressed under PS 7 in *Section 5.8* below.

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; Biodiversity Action Plan; Invasive Species Management; Decommissioning and Restoration; Supply Chain Sustainability Assessment; and Monitoring and Evaluation Criteria (Rev1-PS6-1 to Rev1-PS6-8)

The IMG observed during the previous review that several elements of IFC PS6 were being assessed through the current ESIA for Phase 1 of the South Lokichar Development Project. Gaps were observed in the Scopes of Work for the ESIA for the assessment of biodiversity and ecosystem services values. In particular, the assessment of distribution of Natural Habitat and Modified Habitat across the operational area had not been clearly defined. Inputs into the process were evident within the documentation however a more explicit process to spatially define the extent of habitat types as required by IFC PS 6 is required.

This assessment should refer to the definitions within IFC PS6 which state:

“Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area’s primary ecological functions and species components.”

“Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area’s primary functions and species composition.”

The assessments should develop a clear metric to define, based on the type and condition of the biodiversity values present, the level of modification that would enable classification of the habitat as either ‘natural’ or ‘modified’.

Compliance with IFC Performance Standards in Exploration Blocks

It was observed in the field and through review of documentation that there may be gaps in the application of Performance Standard 6 for exploration activities in licence blocks where the block-wide ESIA has not fully addressed biodiversity issues. For the South Lokichar blocks this issue is being addressed through the Development Phase ESIA. Within Block 12A the identification of Modified Habitat and Natural Habitat and Critical Habitat screening across the potential exploration and development areas has not been undertaken. This would be required prior to further exploration work to inform the application of the Mitigation Hierarchy to achieve no-net-loss/net gain goals across the exploration areas.

For new SSAs and ESIA's undertaken for activities such as exploration drilling or full field developments within the existing licence blocks a spatial assessment of Natural Habitat and Modified Habitat within the relevant project areas should be undertaken. Criteria to define the different habitat types with areas that may be affected by project activities would need to be developed and the distribution of these habitats within the areas that may be affected by the project activities mapped. This would allow an assessment of impacts on habitats, as defined in IFC PS6, and the development of appropriate mitigation measures (for example by avoiding areas of Natural Habitat or Critical Habitat for exploration activities where possible). The assessment is best undertaken using satellite imagery although additional baseline data may be required to inform the assessments.

Restoration Activities

The IMG was informed that the development of procedures and pilot studies to enhance land restoration have been delayed pending identifying a suitable scientific research partner. A number of potential service providers, including universities, have been identified that could assist with restoration advice and schemes but to date no provider has been contracted.

Currently there are a limited number of sites that have been rehabilitated but as the development project progresses there will be a requirement to have a more detailed procedure for site rehabilitation to reduce net loss of habitats and grazing areas.

It is recommended that the Operator should review and update the current Terms of Reference prepared for restoration activities and identify project partners to be contracted to develop pilot schemes to determine options for site restoration and monitoring within different environments. The outcome of these studies would inform the development of a more detailed site rehabilitation procedure.

Management of Invasive Species

The IMG observed in Block 12A potential invasive species within the landscape. Land was observed within Block 12A to contain infestations of the species, *Lantana camara*, which is listed as an invasive species in Kenya¹. 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. The provisions of IFC PS6 require that Projects “*not intentionally introduce any new alien (invasive) species that are not currently established in the country or region of the project. If alien species are already established in the country or region of the proposed project, the project will exercise diligence in not spreading them into areas in which they have not already been established. As practicable, the client should take measures to eradicate such species from the Natural Habitats over which they have management control*”.

A procedure for assessing risks and managing invasive species within licence blocks should be developed to be applied to proposed development areas to comply with the PS requirements.. Such procedures should be linked to the developing SSA procedure and site specific management planning. Published guidance in relation to the management of invasive species for onshore oil and gas projects is available through industry bodies such as IPIECA.

5.8 PERFORMANCE STANDARD 7: INDIGENOUS PEOPLES

5.8.1 Observations Related to Previous Review Findings

In the first IMG review, a gap was identified within the existing Land Access Procedure regarding documentation of Free, Prior and Informed Consent (FPIC). In specific locations such as Turkana, FPIC should be applied in the land acquisition process to address the particular social sensitivities. It was noted that elements of the FPIC were being undertaken, as the Operator already undertook detailed engagement when seeking the consent of the affected community during the land access process. However the existing documentation did not formalise or reference the FPIC process, and identify that obtaining community consent is a key objective of the procedures.

During the second IMG review a revised draft *Land Access Framework for the Project Development Phase of the South Lokichar Basin* (dated April 2016) was submitted to the IMG that includes a revised approach to land access in Turkana County and makes specific reference to the FPIC requirement, including a draft template Consent Agreement. At the time of the IMG review this document was still a draft and was undergoing Tullow management and IFC review.

¹ GISD (2006). Global Invasive Species Database online data sheet. *Lantana camara* (shrub). www.issg.org/database.

In addition, the revised draft *Pre-Development Stakeholder Engagement Plan for the South Lokichar Basin* now includes specific details of the FPIC process that has been adopted and the circumstances where it applies.

It is expected that this document will be finalised and issued as a controlled document within the next review period.

5.9 *PERFORMANCE STANDARD 8: CULTURAL HERITAGE*

5.9.1 *Observations Related to Previous Review Findings*

Cultural Heritage Training Rev1-PS8-1

The previous IMG visit identified that although overarching management measures are in place, the site specific assessment is not being applied to road development activities and as such no determination of the need for a *Cultural Heritage Management Plan* was being made. It was further recommended that ongoing training is required for field staff in assessing cultural heritage issues during SSAs and during field operations.

During the recent visit, the IMG was advised that the revised SSA procedure would be applied to roads and other supporting infrastructure, including the requirement for training and to have representation from NMK and/or TBI, as required.

It is expected that Rev 03 of the SSA procedure (T-KE-ESP-PRO-0003) will be issued within the next review period.

6.1 ESAP REQUIREMENTS

An assessment of AOC progress with ESAP requirements and recommendation is provided in *Chapter 4* identifying those actions that have been completed and those that are in progress. A discussion on progress is provided against each ESAP item. As the delivery date for the majority of the ESAP items are within the next review period the status of each item will be reviewed at that time.

6.2 IFC PERFORMANCE STANDARDS REQUIREMENTS

An assessment of the Operator's performance with the IFC Performance Standards is provided in *Chapter 5*.

The assessment criteria applied to issues identified in the review are divided into 'Observations' where it is considered that improvements can be made and 'Non-Conformances' where there is an actual observed impact or likely impact to receptors and resources.

The Operator is actively managing the risks and potential impacts identified through previous ESAs and more importantly through direct experiences during the exploration and appraisal phases where there were significant issues, not least with community relationships. It has strengthened its capability and capacity with staffs that are adequately qualified, trained and experienced and is developing a comprehensive set of management plans and procedures for the development phase. Positive results of the improved approach to HSEC issues are already evident in the field.

Overall the Operator's current activities are considered to meet the requirements of the IFC Performance Standards. There are no current non-conformances or situations judged to have had significant impacts, or present an immediate risk of impact, to receptors or resources that require corrective action.

A series of recommendations have been made to address where performance could be improved to address observations and to reduce environmental and social risks in future activities.

Table 6.1 present the recommendations made following the assessment of the Operators activities against each of the IFC Performance Standards. Each item has been assigned a code to allow for tracking during future IMG reviews ('Rev1' refers to the first IMG review and each recommendation is number

sequentially by Performance Standard). 'Rev2' actions have been highlighted in grey in the table.

The rating (Observation or Non-conformance) and the current status (Open, In Progress or Closed) of each recommendation is also provided.

It should be noted that where the immediate actions required for an item have been addressed the item may be closed, however, new items may be opened in future audits if there are issues in the implementation of the actions. The status 'in progress' is used when the actions are ongoing and likely to be closed in the next review period; however, the evidence was not available at the time of the current review. Open items are generally items that have not yet commenced. Open items may have a scheduled completion date or may be subject to a review of progress at the next IMG review.

6.3 RECOMMENDATIONS FOR NEXT REVIEW

In the current schedule there are no site-based activities planned for Block 9 in Kenya and South Omo Block in Ethiopia over the next six month review period. It is possible that some environmental assessment work will commence in the Rift Basin Area Block in late 2016 but further exploration activities are not planned within the next review period.

Focus of the next review is likely to be on the South Lokichar Basin and Block 12A activities (further appraisal drilling operations, the EOPS and possible seismic surveys). The South Lokichar Development Project Phase 1 ESIA is also scheduled to be completed in late 2016.

As these exploration, appraisal and development activities progress and the operators develop, finalise and implement new ESMPs, procedures and guidance then the next IMG review needs to look more closely at the detail of systems, plans, procedures and guidance to assess the applicability and effectiveness of the measures and the corrective actions taken. This may include planned operations where documentation has been produced but activities have not yet commenced. The next review will include an assessment of progress against the AOC ESAP and ESRS requirements as well as the recommendations presented in this first and second IMG reviews with items being closed, left open or amended depending of the project activities and schedule.

Table 6.1 Evaluation of IFC Performance Standard Requirements

Index	Category	Action	Rating	Status	Timing
Performance Standard 1 Assessment and Management of Environmental and Social Risks and Impacts					
Rev1-PS1-1	<i>Environmental and Social Assessment Management Systems, Policy, Identification of Risks and Impacts, and Management Programmes</i>	AOC should organise EHS policy, plans and procedures into an EHS Management System. This should start with review and update of documentation and finalisation and control (assigned document numbers, dated, signed off). A comprehensive EHS document register listing the in-date controlled documents, the planned review cycle and the status of supporting documents would be a first step in this process.	Recommendation	In Progress. Document Register produced and plans and procedures currently undergoing IFC review	Reviews due to be complete within next 6 month review period
Rev2-PS1-1	<i>Environmental and Social Assessment Management Systems, Policy, Identification of Risks and Impacts, and Management Programmes</i>	All management documents relevant to conformance with IFC PS should be listed within the overall ESMP giving their name, reference number, revision number and review date so that these can be effectively tracked. In addition to HSEC management documents the list should include relevant Human Resource, Grievance Mechanism and Contractor Management documents	Recommendation	Open	To be complete within next 6 month review period
Rev1-PS1-2	<i>Organisational Competency, Capacity and Training</i>	The Operator is managing the issues associated with on-going activities well, however, increased capacity and on-going training is recommended for the more intensive activities during the Development Project.	Recommendation	Closed Operator competency, capacity and training meets current requirements	
Rev1-PS1-3	<i>Emergency Preparedness and Response</i>	Community engagement as part of the SSA procedure is recommended to inform communities of risks where accidents and emergencies may occur, potential impacts and response procedures, including community communication. This should be extended to cover potential road transport incidents and other offsite emergencies.	Recommendation	In Progress Revised SSA procedure and briefing note for external stakeholders undergoing development and review	Revision 03 of SSA procedure expected to be completed within next 6 month review period
Rev1-PS1-4	<i>Stakeholder Engagement, Disclosure of Information and Grievance Mechanism</i>	Outcomes of future SSAs undertaken for site specific activities should be disclosed to neighbouring communities and other stakeholders with an interest in EHS issues.	Recommendation	In Progress Revised SSA procedure undergoing development and review	Revision 03 of SSA procedure expected to be completed within next 6 month review period
		The Grievance Mechanism for contractors needs to be improved and communicated to all contractor employees.	Recommendation	In Progress Draft Contractor Employee Grievance Management Guidelines produced	It is expected that these guidelines will be finalised and issued as a controlled document within

Index	Category	Action	Rating	Status	Timing
					the next 6 month review period.
Rev1-PS1-5	<i>Monitoring and Review</i>	Refinement of auditing and compliance procedures should be considered to be more measurable and evidence based. Based on improved criteria included in SSAs and site specific EHS MPs, auditing and compliance assessments could move to a measurable and evidence based approach, reducing subjective judgments on compliance.	Recommendation	In Progress Revised SSA procedure undergoing development and review	Revision 03 of SSA procedure expected to be completed within next 6 month review period
Performance Standard 2 Labour and Working Conditions					
Rev1-PS2-1	<i>Contractor Management and Monitoring</i>	<p>Training sessions should be provided to contractor holders to ensure that contract holders have the capacity and resources required to manage and monitor contractor performance. Training should include an identification of any gaps in capability to manage contractors, as well as development of measures required to fill these gaps.</p> <p>Existing contractual agreements should be reviewed to ensure that contractor performance requirements are captured within the agreements, as well as detailing corrective measures that may be required to address any non-compliance.</p>	Recommendation	In Progress A Contractor Management strategy along with Contracting Guidelines and Procedures are currently under development that will address these issues	It is expected that these documents will be finalised and issued as controlled documents within the next 6 month review period.
Rev1-PS2-2	<i>Formalisation of Worker Grievance Mechanism</i>	Worker Councils should be formed to represent the different contractors, and provide a functional worker grievance mechanism.	Recommendation	In Progress Contractor Employee Grievance Management Guidelines and Workers Council Framework are under development.	It is expected that these documents will be finalised and issued as controlled documents within the next 6 month review period.
Rev2-PS2-2	<i>Formalisation of Worker Grievance Mechanism</i>	<p>It is noted the grievance mechanisms in the <i>Tullow Employee Handbook</i> and the draft <i>Contractor Employee Grievance Management Guidelines</i> that no reference is made to workers' rights to seek recourse in law if grievances cannot be settled through internal procedures. Whilst workers have this right under Kenyan law it is recommended that the Tullow employee handbook and the grievance mechanisms are updated to specifically address this requirement.</p> <p>The draft <i>Workers Council Framework</i> is generally aligned with the requirements of IFC PS2. It is recommended that the framework is strengthened with additional detail outlining the scope, role and</p>	Recommendation	Open This action is linked to Rev1-PS2-2 above	It is expected that these documents will be finalised and issued as controlled documents within the next 6 month review period.

Index	Category	Action	Rating	Status	Timing
		implementation of the Workers Councils to ensure full compliance with the requirements of the Performance Standard.			
Rev1-PS2-3	<i>Internal Communication Procedure</i>	Develop and formalise a procedure to ensure that there is internal communication and feedback between the various internal departments and the HR Department. The procedure should include requirements for all departments to notify the HR department of any planned recruitment. Use of the Monday morning briefing meetings was recommended as one of the mechanisms to inform the HR Department of any planned recruitment.	Recommendation	Closed New Request for Approval to Hire Form addresses the issue	-
Performance Standard 3 Resource Efficiency and Pollution Prevention					
Rev1-PS3-1	<i>Site Specific EHS Management Plans</i>	General EHS MPs have been developed for waste; water; air; OHS; and emergencies on site; however these plans have not been tailored for specific sites or operations. Site specific EHS MPs for each well pad, camp and other significant infrastructure would enable specific risks to be identified and managed at a site specific level.	Recommendation	In Progress Revised SSA procedure undergoing development and review	Revision 03 of SSA procedure expected to be completed within next 6 month review period
Rev1-PS3-2	<i>SSA Criteria</i>	To enable a more rigorous and evidence based assessment of site specific environment, health and safety requirements, recommendations have been made to improve the SSAs. The SSA procedures should include road design criteria to apply when developing the road network. Given the level of ground disturbance likely from road construction and maintenance, site specific guidance and criteria should be developed for the road network.	Recommendation	In Progress Revised SSA procedure undergoing development and review	Revision 03 of SSA procedure expected to be completed within next 6 month review period
Rev1-PS3-3	<i>Measurable HSE Components</i>	Expansion of the existing SSA questionnaire based approach to include measurable environmental and health based components should be developed. This will also enable compliance against criteria to be more easily demonstrated.	Recommendation	In Progress Revised SSA procedure undergoing development and review	Revision 03 of SSA procedure expected to be completed within next 6 month review period
Rev1-PS3-4	<i>Sediment Erosion Control</i>	A sediment and erosion control plan should be developed to relate to project activities and linked to the SSA procedures. Although erosion and subsequent water pollution is likely only to occur during infrequent high rainfall events, measures should be made to reduce soil erosion damage to infrastructure, especially roads and drill pads.	Recommendation	In Progress Revised SSA procedure undergoing development and review.	Revision 03 of SSA procedure expected to be completed within next 6 month review period
Rev2-PS3-4	<i>Sediment Erosion Control</i>	It is recommended that the existing sediment and erosion control methods within the <i>Line Clearance and Restoration Guidelines</i> (T-KE-EHS-GUD-0003) are reviewed and updated to better manage project	Recommendation	Open	It is expected that these guidelines will be finalised and

Index	Category	Action	Rating	Status	Timing
		contributions to soil erosion from line clearance activities. The mitigation measures in the Guidelines would benefit from specific information on in-field practices to prevent soil erosion and restore disturbed land surfaces. Detailed industry guidance is available for such measures. These measures would equally apply to other activities such as methods to manage runoff and subsequent soil erosion from roads and other linear impacts; and management of runoff from drill pads, camps and storage areas.			issued as controlled documents within the next 6 month review period.
Rev1-PS3-5	<i>Greenhouse Gas Emissions</i>	A procedure for the collation and reporting of greenhouse gas emissions should be prepared.	Recommendation	Closed Addressed through Procedure (T-KE-ESP-PRO-0004) and (T-ESP-PRO-0001).	-
Performance Standard 4 Community Health, Safety, and Security					
Rev1-PS4-1	<i>Emergency Response Plan</i>	Update the existing Emergency Response Plan to include consideration of responding to emergency situations, taking the community and local authorities into account. This will involve engagement with relevant communities and government bodies on the types of potential emergency situations, measures required to manage an emergency situation, and the required resources and responsibilities required to respond to emergency situations. Updates to the Emergency Response Plan should be documented, and disclosed to local communities, as well as relevant government bodies (eg, emergency services, healthcare facilities and police). In the first IMG review 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.	Recommendation	In Progress Draft Incident Management Provision: Briefing Note for External Stakeholders has been produced Community Health to be addressed in South Lokichar Development Project Phase 1 ESIA.	It is expected that this will be finalised and issued as a controlled document within the next 6 month review period. ESIA due for completion within next 6 month review period
Performance Standard 5 Land Acquisition and Involuntary Resettlement					
Rev1-PS5-1	<i>Free Prior and Informed Consent for Land Access</i>	Formalise the FPIC process and incorporate this into the existing Land Access Procedure, as well as the Land Access Framework for the development phase. This should clearly outline the objectives and activities required to achieve FPIC. Implementation of the FPIC process should be documented and provide evidence of the agreement between the two parties on the outcome of the negotiation.	Recommendation	Closed Undergoing Operator and IFC review.	Now covered under Rev-1 PS7-1

Index	Category	Action	Rating	Status	Timing
Performance Standard 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources					
Rev1-PS6-1	<i>Baseline Biodiversity and Habitat Assessment</i>	<p>A comprehensive baseline assessment is required to define the biodiversity values that are likely to be present within the AOI and specifically the Development Project area. The baseline assessment should focus on species of conservation significance and their habitats.</p> <p>A spatial assessment of the distribution of Natural and Modified Habitats within the AOI and Development Project area is required. This assessment should define and justify the criteria used to spatially define the extent of natural and modified habitats.</p> <p>Using the updated baseline assessment and the definition of natural and modified habitats, critical habitat triggers should be screened and assessed for the AOI and Development Project area.</p>	Recommendation	In Progress To be addressed in the ESIA for Phase 1 of the South Lokichar Development Project.	The ESIA is expected to be completed within the next 6 month review period
Rev1-PS6-2	<i>Ecosystem Services Screening</i>	In conjunction with the social assessment being undertaken as part of the Development ESIA process, screening of ecosystem services relevant to the Development Project area should be undertaken. Where necessary, additional baseline data should be collected.	Recommendation	In Progress To be addressed in the ESIA for Phase 1 of the South Lokichar Development Project.	The ESIA is expected to be completed within the next 6 month review period
Rev1-PS6-3	<i>Conservation Significance Mitigation</i>	<p>Based on the spatial definition of natural, modified and critical habitats and data in relation to the distribution and utilisation of species of conservation significance within the AOI, the mitigation hierarchy should be applied to the likely Development Project area. Specific mitigation measures should be developed to limit impacts on species of conservation significance and their habitats.</p> <p>Following application of the mitigation hierarchy, any residual impacts on biodiversity values and ecosystem services should be measured using an appropriate metric to demonstrate compliance with no-net-loss or net gain goals. If required, biodiversity offsets can be considered to assist in achieving the goals. Consultation with relevant stakeholders such as government agencies and NGOs should be undertaken as required.</p> <p>Mitigation measures defined during the application of the mitigation hierarchy should be outlined and incorporated into the EHS MP and site specific EHS MPs</p>	Recommendation	In Progress To be addressed in the ESIA for Phase 1 of the South Lokichar Development Project.	The ESIA is expected to be completed within the next 6 month review period

Index	Category	Action	Rating	Status	Timing
Rev1-PS6-4	<i>Biodiversity Action Plan</i>	If Critical Habitat is identified and impacted by the project, a Biodiversity Action Plan should be prepared in relation to the management of any critical habitats by the Operator.	Recommendation	In Progress To be addressed in the ESIA for Phase 1 of the South Lokichar Development Project.	The ESIA is expected to be completed within the next 6 month review period
Rev1-PS6-5	<i>Invasive Species Management</i>	The existing invasive species management list contained in the broader Kenyan Biodiversity Management Plan should be updated to relate to site-specific requirements and incorporated into the EHS MP and site specific EHS MPs.	Recommendation	In Progress To be addressed in the ESIA for Phase 1 of the South Lokichar Development Project.	The ESIA is expected to be completed within the next 6 month review period
Rev1-PS6-6	<i>Decommissioning and Restoration</i>	The Decommissioning and Restoration Guidance and Reinstatement and Restoration Plan should be refined based on the outcomes of the ESIA process and advice from technical specialists	Recommendation	In Progress To be addressed in the ESIA for Phase 1 of the South Lokichar Development Project.	The ESIA is expected to be completed within the next 6 month review period
Rev1-PS6-7	<i>Supply Chain Sustainability Assessment</i>	An assessment of the supply chain to determine the sustainability of Natural Resources supplied should be undertaken.	Recommendation	In Progress To be addressed in the ESIA for Phase 1 of the South Lokichar Development Project.	The ESIA is expected to be completed within the next 6 month review period
Rev1-PS6-8	<i>Monitoring and Evaluation Criteria</i>	Monitoring and evaluation criteria should be defined and incorporated into the EHS MS; site specific plans, BMP (if required) and relevant revised restoration plans.	Recommendation	In Progress To be addressed in the ESIA for Phase 1 of the South Lokichar Development Project.	The ESIA is expected to be completed within the next 6 month review period
Rev2-PS6-9	<i>Compliance with IFC Performance Standards in Exploration Blocks</i>	The IMG recommends that for new Site Specific Assessments (SSA) and ESIA's undertaken for activities such as exploration drilling or full field developments within the existing licence blocks a spatial assessment of Natural Habitat and Modified Habitat within the relevant project areas should be undertaken. Criteria to define the different habitat types would need to be developed and the distribution of these habitats within the areas that may be affected by the project activities mapped. This would allow an assessment of impacts on habitats, as defined in IFC PS6, and the development of appropriate mitigation measures. The assessment is best undertaken using satellite imagery although additional baseline data may be required to inform the assessments.	Recommendation	Open	To be reviewed at next 6 month Review
Rev2-PS6-10	<i>Restoration Activities</i>	Site restoration pilot schemes should be progressed in collaboration with technical partners to investigate methods to improve and	Recommendation	Open	To be reviewed at next 6 month

Index	Category	Action	Rating	Status	Timing
		monitor site restoration in South Turkana. The outcome of these studies would inform the development of a more detailed site			Review
Rev2-PS6-11	<i>Management of Invasive Species</i>	A procedure for assessing risks and managing invasive species within licence blocks should be developed. Such procedures should be linked to the developing SSA procedure and site specific management planning.	Recommendation	Open	To be reviewed at next 6 month Review
Performance Standard 7 Indigenous People					
Rev1-PS7-1	<i>Free Prior and Informed Consent for Land Access</i>	It is recommended that the Operator formalise requirements to undertake FPIC through the revision of the Land Access Procedure for the development project to reflect FPIC requirements. The implementation of FPIC should ensure that the following is achieved and documented: <ul style="list-style-type: none"> engagement and negotiation processes including documentation of key milestones, agreements and feedback from the affected community; detail of the community members involved in the FPIC process; and ensuring that the affected community are fully informed of the land access process, and objectives of FPIC. 	Recommendation	In Progress Issues addressed in revised draft Stakeholder Engagement Framework, and revised draft Land Access Framework for the South Lokichar Development Project.	It is expected that this document will be finalised and issued as a controlled document within the next 6 month review period.
Performance Standard 8 Cultural Heritage					
Rev1-PS8-1	<i>Cultural Heritage Training</i>	Maintain relevant training requirements for field staff that will be responsible for the management of impacts to cultural heritage resources. This will involve working with the necessary teams in the field to ensure that cultural heritage management measures are in place, and implemented when necessary. Apply SSA process to road development activities	Recommendation	In Progress Revised SSA procedure undergoing development and review to include training needs and representation from NMK and/or TBI as required	Revision 03 of SSA procedure expected to be completed within next 6 month review period

Key: grey shaded rows are closed items and blue shaded rows are new items.

Annex A

IMG Review Schedule

11-15 July 2016

IMG REVIEW VISIT PROGRAMME

Monday 11 th July 2016		
TIME	ACTIVITY	REMARKS/ACTION
0800hrs. <i>Duration: 2hrs.</i>	Briefing by AOC on progress against ESAP/ESRS requirements Future plans for ESIA/drilling in Ethiopia.	<ul style="list-style-type: none"> Alex Budden Mark Dingley
1040hrs.	Arrival at Tullow offices.	Tullow Leading
1100 - 1300hrs. <i>Duration: 2hrs</i>	Briefing by Tullow on <ul style="list-style-type: none"> Project Update ESAP/ESRS Update 	<ul style="list-style-type: none"> Rob Gerrits Gordon Scott Alex Mutiso
1400 - 1700hrs. <i>Duration: 3hrs</i>	Updates on <ul style="list-style-type: none"> Security National Content Land Access Water EHS Compliance/Development ESIA EOPS 	<ul style="list-style-type: none"> Levi Senoga Susan Munyori Susan Muchiri Richard Boak Gordon Scott Alex Mutiso Paul Coward

Tuesday 12 th July 2016		
TIME	ACTIVITY	REMARKS/ACTION
0700hrs. <i>Duration: 1hr 15min.</i>	Depart for Kapese Camp.	
0815hrs. <i>Duration: 1hr 45min.</i>	Site introduction and HSE brief by Tullow	Tullow Leading
1000 hrs. <i>Duration: 2hrs</i>	<ul style="list-style-type: none"> Nakukulas water point Ngama EWT Emong well pad site rehabilitation Ekales seismic camp site rehabilitation 	Tullow Leading
1400hrs <i>Duration: 3hrs</i>	Enterprise Training Centre <ul style="list-style-type: none"> VSO meeting Equity Bank target group meeting Meeting Women's Association (suppliers) 	Tullow Leading

Wednesday 13 th July 2016		
TIME	ACTIVITY	REMARK/ACTION
0800 hrs. <i>Duration: 4hrs.</i>	<ul style="list-style-type: none"> Review Site Scouting/Site Specific Assessment (SSA) approach Site scouting – visit to Agete 3 well site Meeting with Women group at Agete 3 well site Meeting with pastoralist NGO 	Tullow leading
1400hrs <i>Duration: 2.5 hrs</i>	Depart for Eldoret by flight and road transport	AOC leading
1630hrs	Arrive Kerio View Hotel	AOC leading

IMG REVIEW VISIT PROGRAMME

Thursday 14 th July 2016		
TIME	ACTIVITY	REMARK/ACTION
0700hrs. <i>Duration: 5hrs</i>	Overview of 12A Plans Site Visit to Cheptuket Well Pad (Marriot) <ul style="list-style-type: none"> • Community Meeting with Land Owners • Community Meeting with Area chief, Community Chairman and Opinion Leaders 	Tullow Leading
1300hrs <i>Duration: 1hr.</i>	Site visit to seismic survey lines subject to grievances about soil erosion	Tullow Leading
1400hrs <i>Duration: 2hrs</i>	Depart Block 12A for Eldoret airport	
1600hrs <i>Duration: 1hr.</i>	Return flight to Nairobi	

Friday 15 th July 2016		
TIME	ACTIVITY	REMARK/ACTION
0800 – 1200 hrs. <i>Duration: 4hr.</i>	Preparation of Draft IMR presentation.	
1300 – 1500 hrs.	ERM Presentation of Draft IMR to IFC/AOC/TLW & discussion	

The site visit was also attended by the following people.

- Andrew Britten and Beatrice Porrer representing AOC.
- Rob Gerrits, Gordon Scott, Alex Mutiso, representing Tullow Kenya.
- Hari Kumar representing Delonex Energy.

Annex B

List of Additional
Documents Provided by
AOC and Tullow Kenya
Relevant to current
Activities

TOPIC	DOCUMENT
General EHS	Kenya Biodiversity Management Framework (ESAP requirement) June 2016
	Site Specific Assessment (SSA) Procedure (T-KE-ESP-PRO-0003) Rev 02 19 June 2016.
	Environmental Reporting Procedure (T-ESP-PRO-0001) Rev 0 10 February 2015
	Environmental Statistics Reporting Procedure (T-KE-ESP-PRO-0004) Rev 0 10 March 2016
	Tullow Kenya - Kapese IOB Action Tracker
	YTD Marriott Rig 46 EHS Assurance Inspection Record 03-02-16
	Rig Floor Audit Cheptuket 06-02-2016
	Hazardous Material Storage - Handling Audit Cheptuket 23-02-16
	2016 Q1_Kenya Functional Risk Register
	2016 Q1_EOPS Risk Register
	Marriott training Cheptuket -20-01-16
	MDAL Rig 46 Safety Case Rev 6 11-11-14
	TKBV Well - Risk Register Cheptuket 08-12-15
	Proposed MDAL EHS Scorecard 2015 EHS Plan V1
	T-KE-EHS-BRD-0004 TKBV - MDAL 2015 27-07-15
Line Clearance and Restoration Procedures. T-KE-EHS-GUD-003	
Stakeholder Engagement	Pre-Development Stakeholder Engagement Plan (ESAP requirement)
	Incident Management Provision - Briefing Note for External Stakeholders
	Full Tensiometer Gravity (FTG) Survey, 2016 Stakeholder Engagement Plan. Block 12A. Rev 01
	Background and Status Report Block 12A Post Seismic Grievances June 2016
Land Access	Land Access Framework V3 Draft April 2016. (ESAP requirement)
	Revised E&A Land Access Procedure for Community Land
	Nakukulas settlement Baseline Mapping Report Rev 0 4 November 2014
	Agete Ere mapping Report (Draft) June 2016
Security & Human Rights	Security Management Plan (T-KE-HSS-PLN-0089) Rev 0 June 2016. (ESAP requirement)
South Lokichar Development Project ESIA	<ul style="list-style-type: none"> • Biodiversity Plan of Study • Biodiversity (Mammals) Plan of Study • Biodiversity (Birds) Plan of Study • Biodiversity (Wet Season) Plan of Study • Lokichar Upstream ESIA Critical Habitat Screening
HR/Contracting	<p>Supply Chain Management (SCM)</p> <ul style="list-style-type: none"> • Getting the Basics Right - Contractor Management • TKBV Supplier Prioritisation Matrix

TOPIC	DOCUMENT
	<ul style="list-style-type: none"> • SCM 1st Quarter Review 2016
	Revised Local Recruitment Acknowledgement Form
	Employee Grievance Management Guidelines for Sub-Contracted Company
	Workers Council Framework