



**Environment, Social, Health and Safety
Management System (ESHS MS)**

Management of Change (MOC) Procedure

**Document Number:
02/GP/PJ/PR/009/A01**

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1.0 INTRODUCTION

Peru LNG (Company) recognizes that changes are inevitable and initiated during the course of project development and execution, these changes may or may not have a significant impact upon Environment, Community, Safety, Integrity, Cost or Schedule. Notwithstanding the severity or magnitude of the change, the processes for managing changes will be according to this document supplemented by other procedures from the suite of change control processes e.g. Technical Queries, Deviations, ESHS Non Conformances, Variations Orders, etc.

Change Management Procedures are developed to ensure that changes are properly reviewed and approved by persons with the required expertise prior to implementation, to eliminate workplace hazards that could lead to injuries, equipment damage, production losses, Project reputational impact or environmental impact. Also, that there is accountability for proper change implementation. Change Management review procedures will address both permanent and temporary changes. Temporary change reviews and approvals will specify the duration of the change and will require review if an extension is required. Temporary changes are to be considered in the same manner as permanent changes.

2.0 DEFINITIONS AND ABBREVIATIONS

CN	Change Notification
DCC	Document Control Center
ESHS	Environmental, Social, and Health & Safety
GM	COLP General manager
IFIs	International Financial Institutions providing finance to the Projects
MCC	Management of Change Control Coordinator
PM	COLP Project Manager
PCMT	Project Construction Management Team - Group consisting of representatives from each of the "Key Areas"
RPNR	Reassessment of Project requirements in terms of Project design capacity, consumption demands, or technical improvements
VO	Variation Order
VOR	Variation Order Request
Deviations	This is the formal documentation that a change which does not affect the Scope of Work (e.g. quantity and price fluctuations, productivity trends, errors and omissions) has occurred
Key Areas	Those disciplines or departments that may be affected by the change and must, therefore, be informed and participate in the decision making process regarding the Change Notice and MOC Procedure.
Project Sponsors	Peru LNG and all or any of its co-investors who hold a financial interest in the Project

3.0 RESPONSIBILITIES

All members of the project team, including Company, Project Sponsors, contractors and vendors are responsible for identification, communication and management of change. The Management of Change process provides project team with an early warning of conditions that might affect one or more of the following "Key Areas":

- Reassessment of Project Needs or Requirements (RPNR)
- Equipment
- Materials
- Documentation (Drawings, Plans, Specifications, Procedures)
- Organizational
- Environmental, Social, and Health & Safety,
- Cost and/or Schedule
- Logistics
- Security
- Other

It is important when reviewing a potential change, that each of the above 'Key Areas' is considered, as each one could be influenced by, and in turn affect, others. Also, the potential changes should be circulated around the project in an expeditious manner so that a positive and prompt response can be issued to the initiator of the change notice.

The Management of Change process Project Communication Routes are illustrated on Appendix 1.

4.0 ACCOUNTABILITY

A Management Change Coordinator (MCC) shall be appointed for the LNG plant and pipeline construction project. The discipline of the MCC will depend on the nature of the change. Where the change affects the whole project and not just one of the functions the Construction Manager shall take the lead. The responsible person shall remain the Plant or Pipeline Construction Manager even when the MCC has been delegated the task. The appointed Management Change Coordinator shall ensure that the requirements of this procedure are followed and fully implemented.

5.0 PROCESS

The early identification, communication and management of change are the responsibility of all members of the project management team, Contractors and Suppliers. The management of change review process is illustrated Figure 1. Once a potential change is identified, the initiator shall advise the Project Construction Management Team via a Change Notification (CN) form (Appendix 2). The Construction Manager will then designate an MCC to complete sections 1, 2 of the CN Form and the reviewers required part in section 3. Each CN form will have a unique number.

The Change Notice Request Form shall then be sent to all identified reviewers, and the accountable person for the Plant or Pipeline.

The impact with an estimate of accuracy and the forecasted effect on the schedule (days/weeks) should be added to the Change Notification (CN) Form. Any extended comments and relevant backup documents should then be attached to and become part of the CN Form.

The reviewers shall review the data supplied and form a team; whether this is physical team that is able to meet depends on the locations of the individuals. As a minimum the team should meet, via conference call if required, to discuss each reviewer's perspective on the proposed change.

If the change notice can not be accepted in its present form the reviewers may request risk assessments or mitigation measures to be developed and implemented. The parties involved shall include the following:

- **Initiator** – the party identifying the change or initiating the MOC Process
- **Responsible** – Plant and Pipeline Construction Managers
- **Accountable** – Plant and Pipeline Project Managers

- **Consulted** – Engineering Manager, H&S Manager, Environmental and Community Affairs Manager, Environmental Supervisors, Community Affairs Supervisors, Security Director

All parties involved can question the change. All questions must be resolved before the CN can be approved for implementation. Reviewers may reject the change if their concerns can not be allayed through risk assessment or identified mitigation measures being implemented.

Common Justifications for a Change

The most common justifications for changes are listed on the CN form, and include the following:

NO.	TYPE OF ISSUE	DESCRIPTION
1.	RPR Change	Partners require a Technical Scope Change.
2.	ESHS	The change will potentially affect the health and safety of persons, or protection of the environment and community, during fabrication, construction, commissioning, operations, maintenance or decommissioning. The change could be outside of the scope of approvals received and may require additional approvals/notifications.
3.	Functional	The facilities cannot function/be operated /be maintained as required without the change.
4.	Constructability	The facilities cannot be fabricated or constructed as designed or specified.
5.	Statutory	The change is necessary to comply with legislation or other mandatory requirements.
6.	Schedule	The schedule may be at risk if the change cannot be accommodated.
7.	Procurement	Supplier cannot meet previous commitments and obligations.
8.	Security	Exposure to security risk is increased/decreased.

Routing of the CN

The assignment of file numbers to CN Forms shall be responsibility of the Company's Management of Change Coordinator (MCC). The CN Form, with any associated reference documents, is raised and signed by the originating entity; this shall include details of estimated costs and schedule impact.

The impact with an estimate of accuracy and the forecasted effect on the schedule (days/weeks) should be added to the CN. Any extended comments and relevant backup documents should then be attached to the CN and become part of the CN.

All CNs are to be signed by the Technical Authority who then forwards to the Company's MCC, who shall, in turn, facilitate the required Company signatures.

Subsequently, the MCC then passes the CN around the project for input (if applicable), on the 'Key Areas' by each of the following COMPANY departments:

- Construction Management
- Environment and Social
- H&S Department (for H&S issues)
- Other personnel, if applicable, for specialist topics
- Project Management, and above, where financial authorities are exceeded

It should be noted that at any of the above reviews, the basis of the CN can be rejected/questioned and these must be resolved, if the CN is to be approved for action or formally rejected.

When fully approved the Company's MCC enters details and forwards copies of the CN and attachments to the Project manager, CN originator and Company's Document Control Center.

Distribution of the CN

The CMT CCC will issue both approved and rejected CNs to the Company's CCC, DCC and the CN originator.

Changes Originating from a Project Sponsor

All communications received by the Project management Team shall be checked for any change in the 'Key Areas' of the project or the level of involvement of any of the Project Sponsors. If these communications on changes are received by telephone the originator is to be requested to confirm the change in writing, preferably by letter.

All requests for changes received from a Sponsor are to be logged and managed by Project Change Control Coordinator and a notification sent to the originator that the change is being reviewed. A summary of all changes shall be circulated to all Sponsors with the monthly report.

Changes Originating from a Contractor

Changes originating from a Contractor are to be reviewed by the COMPANY Project Management Team and if valid, will be converted to a CN by Company's CCC and processed in accordance with this procedure.

6.0 E&S RATING CRITERIA

Management of change from an environmental and social perspective must be tested against the following rating criteria to adequately classify the effects of the change on community and environment:

- Changes to the execution strategy and methodology which have the potential to affect implementation of key mitigation measures¹ agreed through the ESIA process and other commitments,
- Contract deviation requests which have the potential to impact environmental and social mitigation measures or the functioning of the ES Management System;
- Design changes initiated by either Company or the construction contractors and subcontractors that have the potential to impact the ability for the project to meet Project

¹ Key environmental and social mitigation measures include the following but are not limited to:

(1) Seasonal and Geographical construction constraints (e.g. Environmentally sensitive areas; Culturally sensitive areas)

(2) Key reinstatement safeguards ensuring

- Minimization of Project Footprint
- Protection of Buffer zones and Pinchpoints (Waterbodies and Wetlands)
- Protection of the long term viability of Topsoil (either the seed bank and soil structure)
- Erosion and Sedimentation Control
- Pollution Prevention
- Bioremediation to restore natural habitat
- Limits on open ROW – width or length
- Limits on open Trench

(3) River Crossing Mitigation measures including special method statements

(5) Measure which ensure disruption to communities along ROW is minimized (disruption by construction workers, traffic, construction activities – location and timing, infrastructure impacts)

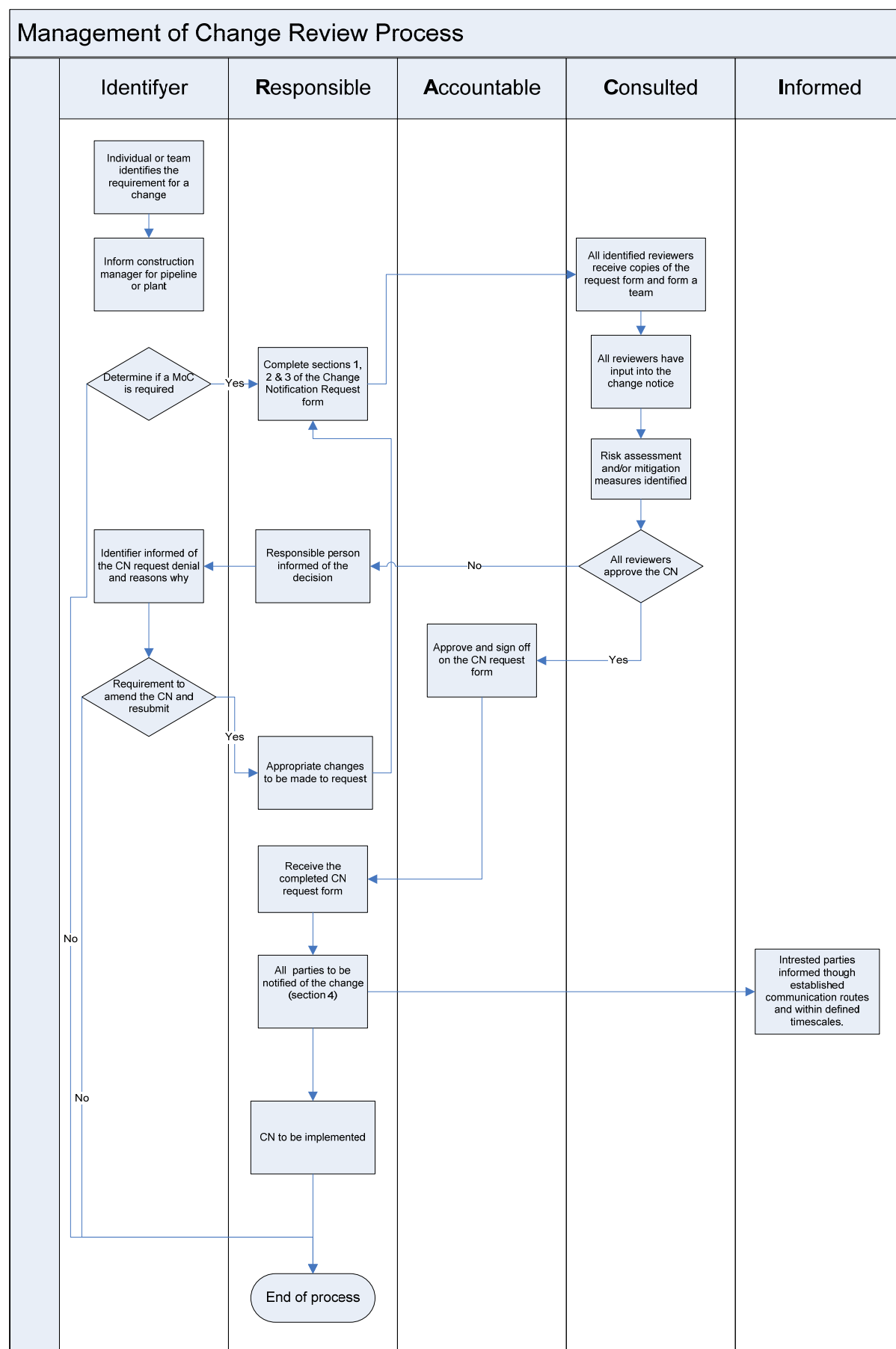
(6) Construction contractors failure to meet objectives, targets, or KPIs

(7) Special RoW Stabilization Measures (including special protection for geohazard areas)

adopted environmental and social standards (e.g. emissions, discharges, noise, vibrations, water use constraints, etc.)

- Changes to pipeline route, access roads, or any other site affecting the Project Footprint minimization objectives
- Changes to locations for temporary facilities (pipe storage yards, camps,) to those contained in the ESIA (e.g. camp location not covered by ESIA or project description)
- New activities which have not been assessed as part of the ESIA process.
- Route changes Major changes to construction planning such as an introduction of additional spreads and implications on training and resources and community issues

Figure 1 – Management of Change Review Process



7.0 CLASSES OF CHANGE FOR E&S IMPACT

SIGNIFICANCE RANKING	DESCRIPTION
Class I - Major	<p>Changes include PLNG Project activities or facilities with potential impacts on the environment, neighboring communities, occupied residences, utilized social infrastructure, or cultural resources that are not detailed in the ESIA's or fall outside 500 meters from the pipeline route corridor and access routes described in the ESIA or in the pipeline corridor, where either:</p> <ul style="list-style-type: none"> (i) one or more of the following conditions are encountered or otherwise might be irreversibly impacted: <ul style="list-style-type: none"> a. significant cultural properties where data recovery will be required, b. critical natural habitat, c. protected species d. permanently exceeding Project environmental effluent and emissions standards unless corrected as per proposed MOC; or (ii) physical relocation or economic displacement of households not covered by the principles and types of compensation measures addressed in the applicable compensation plan. <p>Suggested change falls outside ESIA study area and will require substantial additional environmental and social assessment and mitigation measures to ensure that it does not irreversibly impact important resources. Will have an impact on project schedule.</p>
Class II – Moderate	<p>Changes requiring a development or other project activity outside of the ESIA study area where no critical habitats or species are disturbed.</p> <ul style="list-style-type: none"> • Does not impact significant cultural/archaeological finds or social infrastructure, either because none exist in the impacted area or they can be avoided or approved mitigation measures implemented. • Does not result in significant impacts to communities, possessors of land, or landowners that are not covered by mitigation, compensation or other measures previously adopted by the project. • Additional land purchase may be required but can be covered by existing mechanisms as outlined in the Compensation Management Plan. • The change has ramifications related to the ESHS MS – i.e. changes to the ESHS MS provisions (e.g. resources, training, procedures) are required, although these changes are not significant. <p>PLNG will conduct archaeological survey, or environmental and social assessments appropriate to the proposed change of the area affected. The assessment will require additional but limited study or survey and may impact the construction schedule.</p>
Class III – Minor	<p>Changes to the LNG plant, marine facilities, quarry, pipeline, accesses, construction camps, and pipeyards within the corridor/area studied in the ESIA.</p> <p>The changes do not impact the ability to meet project environmental and social standards or any of the key ESIA mitigation safeguards. The assessment of the change can be conducted with limited or no additional environmental or social study or survey and the required environmental and social appraisal will not impact construction schedule.</p>

8.0 RESULTING ACTIONS

Each Affected Party initiates its own change implementation process following approval of the change. For the incorporation into the plant design and construction, the Plant PMT will ensure that Contractors have incorporated the change technically and commercially by reviewing the appropriate drawings (e.g. P&IDs, layouts) and invoices. Plant Project Controls Manager will also notify Finance and Accounting of the change if it affects project cost or timing. Similar for the pipeline.

Upon receipt of the signed/approved CN, the MCC shall advise the Project Manager(s) of the outcome so that work may proceed accordingly. Any instruction to a Contractor is to be made in writing through the Company Contracts Administration Department following the Contract Variation Order Request (VOR) and Variation Order (VO) procedures.

9.0 ADVISING PARTNERS OF CHANGE

Partners are consulted with via the Peru LNG Technical and Management Committee members as an “affected party” on Major changes. Partners are advised about all changes in accordance with the Share holder Agreements. Communication with Partners is via the General Manager, Peru LNG.

10.0 ADVISING REGULATORS OF CHANGE

Regulators are consulted with (via Plant Permit Coordinator) and their approval sought (as part of the change impact assessment process) if the change affects information previously used for obtaining permits.

Once a decision is made to incorporate the change, revised documentation will be submitted and new permits obtained (if necessary) prior to implementation of the change at the plant site.

11.0 ADVISING LENDERS OF CHANGE

The Lenders shall be notified of significant changes depending upon the significance and scope of the change, and in particular those changes with associated potential environmental and social impacts. The changes could include, for example:

- Pipeline Right-of-Way Re-routes
- Construction methodology
- Location and details of infrastructure and temporary facilities (access roads, camps, pipe storage yards, borrow and spoil sites)
- Design specifications and operating specifications, including emissions
- Any change that potential differs, or goes beyond, from what was described in the ESIA and other project definition documents

Decisions regarding the notification method will be based on the three-tiered change classification structure described above. The Management of Change Coordinator views all proposed changes and is in the best position to ensure that each change is assigned a significance ranking. The Change Control Coordinator should liaise with Company's Environment and Social Manager for advice on the appropriate ranking assignment.

Lenders will be specifically notified on changes that fall into Class I due to E&S reasons. Notification of other changes will be in accordance with the loan agreements reached with Peru LNG.

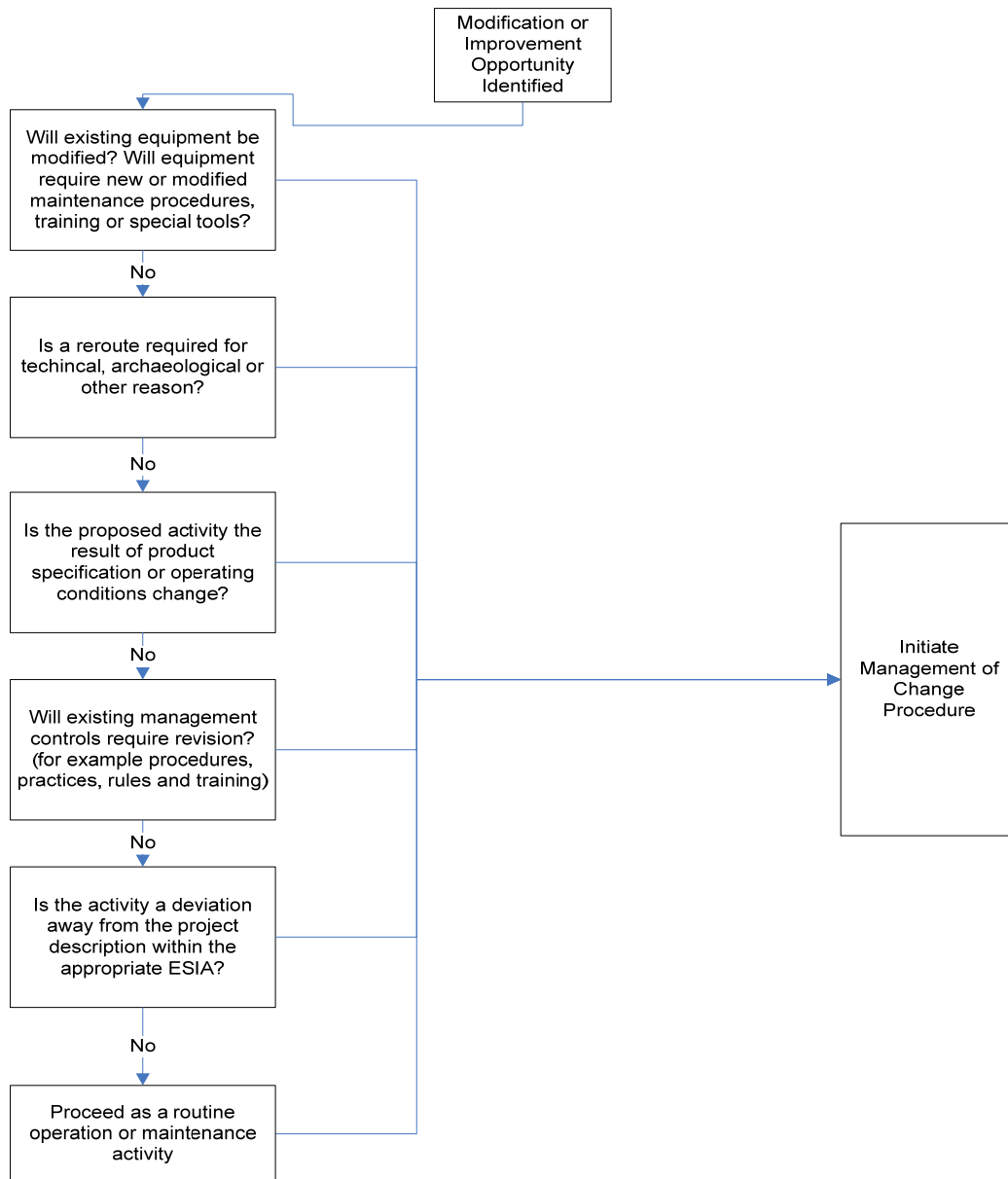
Communication with Lenders of a Class I E&S change is the responsibility of the Company's environmental and Social Manager. Consequently, any Class I change needs to be immediately

reported to Company's Environmental and Social Manager (Management of Change Coordinator is responsible for this reporting).

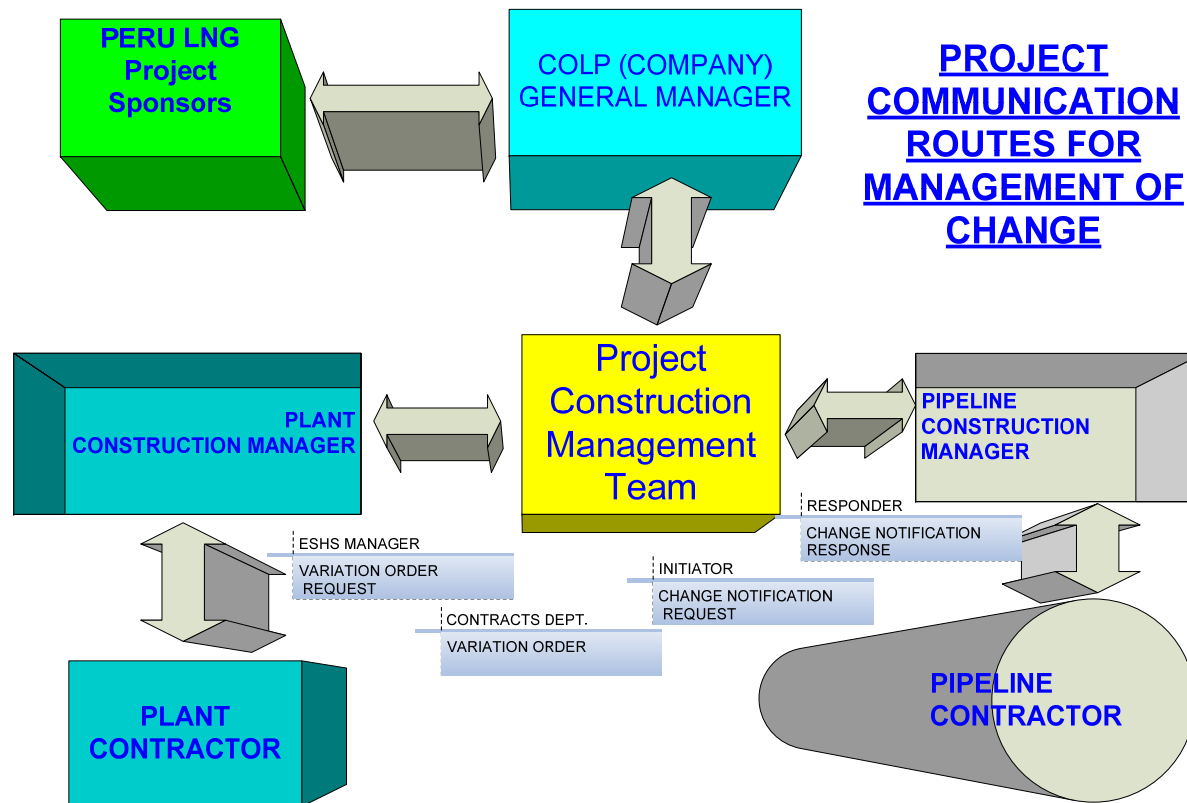
12.0 UPDATES REQUIRED

On completing and approving the CN the reviewers will assist the MCC in identifying all the documentation and processes that require updating and revising. The document number, date action was assigned and responsibility shall be completed on the CN Request Form. The MCC shall follow up until all actions are closed.

Figure 2 – MOC Decision Tree



APPENDIX 1 – Project Communications Routes



APPENDIX 2 - Change Notification Form

Note: Utilize this link to go to [Form Template](#).

Section 1: Change Notification Request Form				
Facility:	Area:	Equipment I.D.:	Originator:	Date: (MM/DD/YY)
Description of Proposed Change/Modification:		CN NO:	<input type="checkbox"/> Permanent	<input type="checkbox"/> Temporary
<input type="checkbox"/> Equipment				
<input type="checkbox"/> Materials				
<input type="checkbox"/> Documentation				
<input type="checkbox"/> Organization				
<input type="checkbox"/> EHS				
<input type="checkbox"/> Cost and/or Schedule				
<input type="checkbox"/> Logistics				
<input type="checkbox"/> Other _____				
Section 2: Technical Basis for the Change/Modification (cost/benefit)				
<input type="checkbox"/> Essential & Immediate	<input type="checkbox"/> Construction Need	<input type="checkbox"/> Safety Need	<input type="checkbox"/> Environmental Need	<input type="checkbox"/> Desirable
Requires Project Shutdown or Major Downturn:		<input type="checkbox"/> Yes	<input type="checkbox"/> No	Preferred Date: (MM/DD/YY)
Temporary Changes:	From	(YR/MM/DD)	To	(YR/MM/DD)
				(Approval required for extension) <input type="checkbox"/> Yes <input type="checkbox"/> No
Please attach: Supporting Documentation: (drawings, calculations, documents, etc.)				
Section 3: Review and Endorsement				
Participants	Req'd	Approved	Signature	Date
Operations	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
First Line Management	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Maintenance	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Safety	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Environment	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Engineering	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Inst / Elect	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Prod Accounting	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Other _____	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Section 4: Notifications/Updates Required				
<input type="checkbox"/> Partners	<input type="checkbox"/> PLNG Gen Manager	<input type="checkbox"/> Regulator	<input type="checkbox"/> Lenders Group	
Updates Required	Document Ref.	Date Assigned	Responsibility	
<input type="checkbox"/> File(s)				
<input type="checkbox"/> Drawing(S) - PFD's, P&ID's				
<input type="checkbox"/> SLD's, Plot Plans/Layouts/ General Arrangements				
<input type="checkbox"/> Major Equipment / LGC Diagrams / SD Key				
<input type="checkbox"/> EHS Management System Element				
<input type="checkbox"/> Contingency Plan				
<input type="checkbox"/> Construction Procedures				
<input type="checkbox"/> Training				
<input type="checkbox"/> Standing Order / Rules				
<input type="checkbox"/> Other _____				
Project Approved:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Signature:	Date: (MM/DD/YY)	