

Updated Environmental and Social Action Plan Kuwait Energy Company IFC Projects 28068 (May 2009) and 29306 (March 2010)

Please provide an update on the environmental and social action plan below.

ID	Actions	Updated Timetable	Responsibility	Status
Performance Standard 1: Social and Environmental Assessment and Management Systems				
1a	Incorporate IFC Performance Standards ¹ and the relevant elements of the applicable IFC Environmental, Health and Safety (EHS) guidelines ² into the corporate Health Safety Environment and Social Responsibility (HSESR) Management System covering: (i) social and environmental assessment, (ii) management program, (iii) organizational capacity, (iv) training, (v) community engagement, (vi) monitoring and (vii) reporting.	Oct 2010	KEC Chief Operating Officer (COO)	In Progress: - HSE-MS transferred from OSL to KEC - MS content amended in line with KEC operations and requirements. - Added Social Responsibility to the MS. - Procedural updates approximately 70% complete.
1b	Develop corporate HSESR audit protocol for new acquisitions and audits. Conduct HSESR audits for each KEC acquired operating asset in Egypt and Yemen (and assets where activities have begun) and address audit findings. Audits will consider HSE issues in relation to KEC and contractor activities against KEC policies and procedures and IFC Performance Standards and applicable guidelines. ³	Oct 2010	COO	In Progress: - Implementing pre-acceptance procedures for new rigs - Site auditing visits to in place for potential contractors - Implementing internal safety tours by company supervisors during sites visits - In Egypt - government audits by EEAA (Egyptian Environmental Affairs Authority) underway
1c	Conduct Environmental and Social Impact Assessments in accordance with PS1 (paragraphs 4-12), for exploration assets where ESIA's have not been conducted.	Mar 2010	COO	Done : - Starting assessments for new wells at BEA in Egypt and Block 49 In Yemen. - Conducting E&S screening prior to initiating any new activities
1d	Hire a corporate HSESR Manager who will advise, coordinate and monitor all HSESR issues across KEC's operations.	Sep 2009	COO	Done Corporate HSE manager hired
1e	Hire an HSESR country manager for Yemen and field level HSESR coordinators to support the HSESR country managers in Egypt, Yemen and Ukraine.	Dec 2009	COO	KEC's Organizational chart amended : - Egypt - three HSE advisors are in place in Egypt, two are KEC staff and one HSE coordinator is working with Rig Shinglie Bouhai (a KEC contractors) - Yemen - KEC Yemen HSE Staff - one in place, one more in the recruitment process. - Ukraine - one HSE advisor is in place in the office and two HSE advisors are in the field.

¹ IFC Performance Standards on Social and Environmental Sustainability.

² Two applicable HSE Guidelines: (i) [IFC Guidelines for Onshore Oil and Gas Development](#) (Weblink) and, (ii) [IFC General EHS Guidelines](#) (Weblink).

³ The audit protocol will consider: (i) Facilities and infrastructure in place including export routes; (ii) HSE awareness and procedures in place/compliance with procedures in place; (iii) HSE roles and responsibilities; (iv) Procedures not in place; (v) Waste management procedures; (vi) Effluent management and monitoring; (vii) air emissions control and monitoring; (viii) Fire and life saving facilities, Emergency preparedness, response procedures and practice; (ix) spills and spill response; (x) training requirements, (xi) labor conditions, working hours, compensation, accommodation and messing; and (xii) land acquisition, proximity of settlements, villages and other human activity in relation to activities, and proximity of ecological sensitivities and cultural heritage in relation to activities.

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1f	Develop and implement a Stakeholder Engagement Plan ⁴ (SEP) that contains consultation and disclosure procedures that comply with KEC policies and procedures and IFC Performance Standards ⁵	Finalize Apr 2010	COO	Issued but is still under management revision and approval
1g	Develop grievance mechanism to be communicated locally to potentially affected communities that contains complaints procedure clearly indicating who is responsible for receiving complaints; processes followed for recording and acting on complaints; and process for following through, communicating and closing complaints.	Finalize Apr 2010	COO	Issued but it is still under management revision and approval
1h	Develop corporate level HSESR awareness training program for implementation across all assets in Egypt, Yemen and Ukraine.	Ongoing	COO	- Egypt - three HSE Induction training courses took place during 2009 (Fire Fighting, First Aid and Hazards Identification) - Yemen – to be initiated prior to work beginning - Ukraine - HSE Induction training (Fire Fighting, First Aid and Hazards Identification) underway
1i	Implement corporate HSESR Management System for operations in Egypt, Yemen and Ukraine.	Oct 2010	COO	In progress see 1 a above
Performance Standard 2: Labor and Working Conditions				
2a	Incorporate all requirements of IFC PS2 into the corporate Human Resource Policy and Manual.	Finalize April 2010	COO	New HR policy has already been issued and it is awaiting final approval and CEO signature.
2b	Implement routine workplace monitoring of air quality, drinking water quality and noise in line with IFC's EHS General Guidelines.	Dec 2009	COO	- Air quality - monitoring system in place at the Ukraine gas plant. No air emissions program required for Egypt and Yemen current activities. - Drinking Water - bottled water is used for all drinking in the field. - Noise - measurements made and precautions are implemented in high noise areas in Egypt and Ukraine.
Performance Standard 3: Pollution prevention and Abatement				
3a	Conduct waste management options assessment that will identify the type and quantity of all waste streams generated at KEC's assets in Egypt and Yemen. The assessment will consider current methods as well as alternative and available treatment, reuse and disposal routes for these wastes.	June 2010	COO	Waste inventory to be developed for all operations and a chain of custody system planned in order to monitor all wastes transferred from KEC operational sites till their final destination.
3b	Develop project and site specific waste management plan using results of waste management options assessment (3 (a) above) ⁶ .	June 2010	COO	Plans to be developed.
3c	Conduct air emissions and effluent control, management and monitoring assessment for all KEC Egypt and Yemen assets in accordance with IFC's EHS Guidelines for Onshore Oil and Gas Development and General EHS Guidelines. Assessment should	June 2010	COO	Egypt -KEC is currently planning a feasibility study in order to establish its own waste water treatment plant. The study is pending GPC's approval to amend our current agreement regarding water treatment.

⁴ See IFC's [Stakeholder Engagement Good Practice Handbook](#)

⁵ Key items to include (i) Describe regulations and requirements; (ii) Identify and prioritize key stakeholder groups; (iii) Provide a strategy, timetable and tools for information sharing/consultation; (iv) Determine resources and responsibilities; and (v) Describe monitoring, recording and reporting requirements.

⁶ The management plan will contain waste inventory for all activities, documented procedures for classification, labeling, segregation, storage, treatment and disposal methods for each waste stream generated. The plan will also contain a clearly documented Duty of Care mechanism whereby the waste producer will ensure that a waste is properly managed even after that waste has been transferred to an alternative location or to a third party.

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	consider all possible options to flaring associated gas at all producing assets; and alternatives to produced water disposal at all producing assets (e.g. reinjection). Implement required measures in compliance with applicable IFC EHS guidelines.			- Flaring options assessment ongoing for Egypt operations. - Yemen - considered as part of assessments underway - Ukraine – emissions (including flaring) and effluents in optimal condition in Ukraine.
3d	Develop air emissions and effluent monitoring program that adequately demonstrates the effectiveness of KEC's emissions and effluent control strategies ⁷ .	June 2010	COO	- Egypt - measurement requirement under assessment - Yemen – measurement requirements to be assessed prior to work activities beginning - Ukraine - in place
3e	Develop specific oil and chemical spill contingency plan that will document spill prevention measures and spill response measures in relation to KEC's activities. Field specific plans will address potential oil, chemical and fuel spills from facilities, transport vehicles and loading and unloading operations. The plan should include the contents outlined in IFC's EHS Guidelines for Onshore Oil and Gas Development.	June 2010	COO	Progressing: KEC Response Plan under revision
3f	Reach a formal collaborative agreement with the relevant authorities in Egypt to determine specific actions, roles, and responsibilities for the clean-up and remediation of oil spill contaminated areas as a result of previous operators in the fields.	June 2010	COO	Based on the baseline studies carried out for Area A KEC progress includes: - Agreed baseline study to establish legacy pollution in Egypt with the government authorities. - Agreed the legacy contamination in Ukraine with government authorities. - Recover oil spills at KEC operational areas in Egypt . - Restore the legacy contamination at previously drilled well locations in KEC operational areas in Egypt.
Performance Standard 4: Community Health, Safety and Security				
4	Develop security plan and procedures for Yemen operations that ensures security of facilities and personnel using an appropriate level of security cover. Procedures will include standard contractual provisions (e.g., training requirements) to ensure appropriate conduct of security personnel. ⁸	Jan 2010	COO	Ongoing: Activities delayed. Draft of the plan has already been issued , and it is under Yemen's management revision and approval.
Performance Standard 5: Land Acquisition and Involuntary Resettlement				
5	Develop land acquisition and compensation plan as part of corporate land acquisition process that shall be in line with IFC PS5. Plan will include Company policy and procedures for all necessary land acquisition, reinstatement and compensation to land owners and any other land users who are physically or economically displaced.	Sep 2010	COO	Ongoing
Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management				

⁷ To include sampling locations, frequency and duration of sample collection and analysis methods.

⁸ Procedures and training requirements will take into account similar engagement principles and guidelines contained in the UN Code of Conduct for Law Enforcement Officials, the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials and the Voluntary Principles on Security and Human Rights.

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6	Develop specific bird protection measures in the Area A fields in Egypt. Access expert opinions through consultation with appropriate bodies. ⁹	Sep 2010	COO	Working on getting an expert opinion regarding this issue.
Performance Standard 7: Indigenous Peoples				
7	If assessments indicate presence of indigenous peoples near KEC operational areas, appropriate mitigation measures and benefit sharing mechanisms will be developed, in accordance with the provisions of PS7	To be decided in consultation with IFC	COO	To be considered in the assessments for upcoming exploration activities in new areas.
Performance Standard 8: Cultural Heritage				
8	If assessments indicate a risk to cultural heritage in KEC operational areas appropriate mitigation measures will be developed in accordance with the provisions of PS8.	To be decided in consultation with IFC	COO	• Egypt – no issues to date • Yemen - to be considered in the assessments for upcoming exploration activities in new areas • Ukraine – no issues to date
ESAP Disclosure				
	As part of Item 1g (and in accordance with IFC PS1), progress with implementation of actions in this ESAP will be periodically disclosed to local communities potentially affected by KEC operations and activities.	Annually	COO	Disclosure in preparation for IFC investment #29306 and action plan will also be posted on KEC website.

⁹ E.g., the Nature Conservancy Council of Egypt and Bird Life International.