



Environmental and Social Impact Assessment Volume 3: Framework for Environmental and Social Management

Caspian Sea Desalination Plant

ACWA

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Table of Contents

Basis of Report	ii
Acronyms and Abbreviations	v
1.0 Introduction	1
2.0 Requirements for Project E&S Management.....	2
2.1 National Level	2
2.2 Lenders Requirements.....	2
2.2.1 IFC Performance Standards (2012).....	3
2.2.2 OECD Common Approaches for Officially Supported Export Credits (2024)	3
3.0 Environmental and Social Management System (ESMS).....	4
3.1 Scope of ESMS.....	5
3.2 Project E&S Management Structures	6
3.3 Development of Construction Phase ESMS	6
3.4 Development of Operation Phase ESMS.....	7
4.0 E&S Policy	8
4.1 SPV E&S Policy	8
4.2 Contracted Parties	8
5.0 Identification of Legal and Compliance Obligations	9
5.1 Identification of Legal Requirements.....	9
5.2 Identification of ESIA Requirements	9
5.3 Identification of Requirements from the Statutory Authority.....	9
5.4 Identification of Requirements from the Project Lenders	9
6.0 Identification of Risks, Impacts and Opportunities	10
7.0 E&S Management Plans and Procedures	11
7.1 E&S Management Plans (CESMP and OESMP).....	11
7.2 Supporting/Complimentary Plans & Procedures.....	13
8.0 Monitoring.....	18
8.1 Monitoring Requirements from the ESIA	18
8.2 Monitoring Data.....	18
9.0 Organisational Capacity	20
9.1 Roles and Responsibilities.....	20
9.1.1 Caspian Sea Azerbaijan Project Company (Accountable Party)	20
9.1.2 EPC Contractor (Responsible Party)	20
9.1.3 Management Team.....	21
9.1.4 Responsible for Environmental & Social Management.....	21
9.2 E&S Awareness and Training	23

9.2.1 Type of Training Sessions	23
9.2.2 Planning of Training	24
9.2.3 Content of Training Sessions	24
9.2.4 Training Records	25
10.0 Audit Programme	26
10.1 Internal Audits	26
10.2 Lenders Monitoring and Reporting	26
11.0 Non-Conformity and Corrective Action	27
11.1 Corrective Action	27
12.0 Emergency Preparedness and Response	28
12.1 Incidents	28
12.1.1 Incident Response and Corrective Action	29
12.1.2 Incident Reporting	29
13.0 Stakeholder Engagement	30
13.1 Grievance Mechanism	30
13.1.1 Worker Grievances	30
13.1.2 External Grievances	30
14.0 Communication	32
15.0 Data Management and Record Keeping	33
16.0 Review	34

Tables in Text

Table 7-1 Supplementary Plans and Procedures	13
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Figures in Text

Figure 3-1 ESMS Implementation Process	5
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Acronyms and Abbreviations

CESMP	Construction Environmental and Social Management Plan
EIA	Environmental Impact Assessment
EPC	Engineering, Procurement and Construction
ESAP	Environmental & Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
E&S	Environmental & Social
GBVH	Gender Based Violence & Harassment
GRM	Grievance Redress Mechanism
H&S	Health and Safety
HSE	Health, Safety, and Environment
IFC	International Finance Corporation
JBIC	Japan Bank for International Cooperation
KPI	Key Performance Indicator
MENR	Ministry of Ecology and Natural Resources
NCR	Non-Conformance Report
NEXI	Nippon Export and Investment Insurance
OESMP	Operation Environmental and Social Management Plan
OECD	Organisation for Economic Co-operation and Development
PAPs	Project Affected Persons
PS (IFC PS)	Performance Standards
SEA	Sexual Exploitation & Abuse
SEE	State Environmental Expertise
SEP	Stakeholder Engagement Plan
SH	Sexual Harassment
SPV	Special Purpose Vehicle

1.0 Introduction

This document presents the Framework for Environmental & Social Management following on from the Environmental and Social Impact Assessment (ESIA) for the Caspian Sea Desalination Plant project (“the Project”).

This framework has been informed by the outcomes of the ESIA (Volume 2) and has been developed to establish structures for the management of Environmental and Social (E&S) risks, impacts, opportunities and compliance associated with both the construction, commissioning and operational phases of the Project. The Framework is intended to outline systematic structures and management programmes that will comprise the respective construction, commissioning and operational phase Environmental and Social Management Systems (ESMS).

Note: Further mention to ‘ESMS’ herein applies equally to the EPC Contractor and Operator ESMS respectfully.

In order to implement the mitigation and management measures established in the ESIA (Volume 2), specific management programmes will be developed to incorporate these mechanisms, as well as the requirements of the local regulator, the Ministry of Ecology and Natural Resources (MENR) of the Republic of Azerbaijan and the Project Lenders. Such documented information will be in the form of Project-specific Construction Environmental and Social Management Plan (CESMP) and Operation Environmental and Social Management Plan (OESMP) (and complimentary plans/procedures); to be developed prior to the commencement of construction, commissioning and operations respectively.

2.0 Requirements for Project E&S Management

The following applicable requirements relate to the need for the Project to implement formal or structured ESMS, or related policies, management programmes and or other E&S management processes.

These requirements are applicable during all stages of project implementation, following planning and initial permitting (i.e. construction, commissioning, operations, decommissioning and closure).

2.1 National Level

The Law of the Republic of Azerbaijan “On Environmental Impact Assessment” (No. 1175-VQ), adopted on 12 June 2018, establishes the legal, economic, and organisational framework for assessing the potential environmental and human health impacts of planned activities and strategic planning documents, requiring measures to identify, eliminate, or mitigate adverse effects. It was officially approved by a Presidential decree No.193 on 13 July 2018.

Under this law, developers are required to coordinate proposed activities with the State Ecological Expertise Agency under the Ministry of Ecology and Natural Resources (MENR). To do so, it is necessary to prepare and submit an EIA report to MENR. The objective of the law is to establish a legal framework for assessing the environmental impacts of public and private projects, with the aim of preventing or minimising negative effects on the environment and public health from the earliest stages of project planning. Preparation of an EIA report is mandatory for activities subject to the law.

2.2 Lenders Requirements

The Project is seeking an amount of project finance from financial Institutions who have their own internal environmental & social investment policies/standards or may be members of voluntary agreements such as the Equator Principles. At this stage, it is understood that ACWA is seeking an amount of project finance from financial Institutions (together “lenders”), that are Development Finance Institutions (DFIs), which will include the International Finance Corporation (IFC), Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI). ACWA’s Corporate Environmental & Sustainability Policy is to comply with World Bank/IFC international guidelines and standards, the Equator Principles and any other relevant Environmental & Social (E&S) lender requirements for all projects undertaken globally, in order to comply with international lending banks and this includes the Caspian Sea Desalination Plant project.

This framework for E&S Management has been developed in line with international best practice and the standards of the project’s financiers. Specifically, it aligns with:

- IFC Performance Standards (PS)
- OECD Common Approaches for Officially Supported Export Credits.

Collectively, these standards address the environmental management expectations of all project lenders. The framework provides the procedures, responsibilities, and monitoring mechanisms to ensure these requirements are implemented effectively during project execution.

A national ESIA has been prepared for the Project in compliance with the Azeri regulations and standards which is approved by the national environmental regulatory agency the Ministry of Ecology and Natural Resources (MENR) of the Republic of Azerbaijan. It is important to note that in addition to applicable international standards, the environmental permit requires project compliance with National standards.

2.2.1 IFC Performance Standards (2012)

The IFC Performance Standards are a key component of the IFC's Sustainability Framework and directed towards clients (i.e. party responsible for implementing and operating the project that is being financed), providing guidance on how to identify risks and impacts. The IFC Performance Standards are designed to help avoid, mitigate, and manage risks and impacts throughout the life of a project as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities.

In accordance with IFC PS1, the project will need to: 'establish and maintain an ESMS appropriate to the nature and scale of the project. The ESMS will incorporate the following elements: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review.'

2.2.2 OECD Common Approaches for Officially Supported Export Credits (2024)

To satisfy the OECD Common Approaches, the E&S management framework establishes procedures for environmental due diligence and risk management consistent with internationally recognised export credit requirements. It defines how environmental risks are assessed, mitigated, and monitored, and ensures that reporting systems provide transparency and accountability to financiers. It also outlines the application of environmental standards across project activities to ensure that financing from export credit agencies, including JBIC and NEXI, is conditional on adherence to sound environmental management practices.

Whilst aligning with the IFC PSs, the OECD ESIA Management Programme consists of the set of mitigation and management measures to be taken during implementation of the project to avoid, reduce, mitigate, or remedy for adverse social and environmental impacts, in the order of priority, and their timelines. It may include multiple policies, procedures, practices, and management plans and actions. It describes the desired outcomes as measurable events to the extent possible, such as performance indicators, targets or acceptance criteria that can be tracked over defined time periods, and indicates the resources, including budget, and responsibilities required for implementation.

Where the buyer/project sponsor identifies measures and actions necessary for the project to comply with applicable laws and regulations and to meet the international standards applied to the project, the management programme will include an Action Plan, which is subject to disclosure to the affected communities and on-going reporting and updating.

3.0 Environmental and Social Management System (ESMS)

The Project ESMS will provide a systematic structure and approach to enable the effective implementation and management of E&S risks, impacts, opportunities and related compliance.

Effective management of E&S issues will include the following fundamental components as part of the robust ESMS:

- Project specific policies related to the environmental and social considerations (including labour, HR and external stakeholders & affected communities).
- Project-based E&S Objectives, Targets & Programme.
- Applicable E&S legal requirements and other compliance obligations (such as those required by lenders);
- E&S aspects and potential impacts, as early as possible for construction, commissioning and operation phase planning, including the incorporation of E&S considerations into staffing requirements, process plans, programming, work orders, required authorisations, and site layout;
- E&S professionals, who have the experience, competence, and training necessary to assess and manage environmental impacts and risks, and carry out specialised E&S management functions including the preparation of Project or activity specific plans and procedures that incorporate the technical requirements presented in this document;
- Prioritisation of management programmes/ strategies with the objective of achieving an overall reduction of risk to human wellbeing and the environment, focusing on the prevention of irreversible and / or significant impacts;
- Favouring strategies (where possible) that eliminate the cause of the impact at its source, for example, by selecting less hazardous materials or processes that avoid the need for environmental controls;
- When impact avoidance is not feasible, incorporating controls to reduce or minimise the possibility and/or magnitude of undesired consequences, for example, with the application of pollution controls to reduce the levels of emitted contaminants;
- Preparing workers, informing and co-operating with nearby communities and relevant stakeholders to respond to emergencies, accidents, including providing technical and financial resources to effectively and safely control such events, and restoring workplace and community environments; and
- Improving environmental performance (i.e. for continual improvement) through a combination of ongoing monitoring of facility performance and effective accountability.

Initial implementation of the ESMS will focus on setting and reviewing requirements, determining custodianship within the project team, identifying budgets, establishing target ranges for performance and establishing appropriate data gathering techniques and controls.

Performance ranges will be refined on a regular basis as more data becomes available, in turn enabling more accurate strategy development and benchmarking. As such, the ESMS documents will be treated as living documents, to be updated within a continuous process of improvement.

An outline implementation process for ESMS is illustrated in Figure 3-1 below.

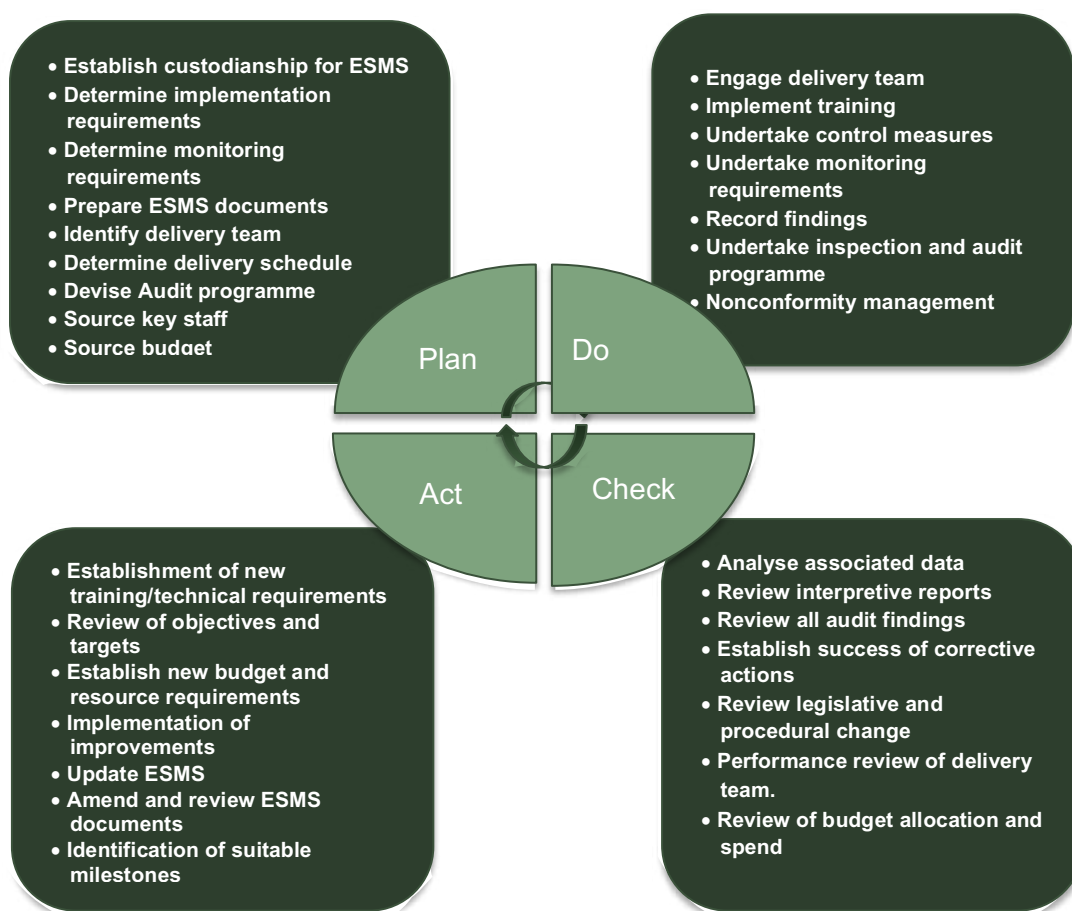


Figure 3-1 ESMS Implementation Process

3.1 Scope of ESMS

The Project will develop and implement ESMSs for the respective construction and operational phases. The scope will need to include:

- Physical elements of the project to set the boundaries of the ESMS scope (i.e. this will include the projects physical footprint and applicable associated facilities;
- Project related activities being undertaken (and relevant to that phase of the project e.g. for construction, commissioning, operation, decommissioning and if necessary, post closure);
- Compliance with applicable national regulation, lender requirements and loan covenants (including from the ESAP);
- Detailed mitigation and management measures required following construction, commissioning and operational impacts identified from the ESIA;
- Roles and responsibilities for appropriate management organisational units;
- Key risks and management requirements related to primary supply chains (which can reasonably be managed), and;
- Requirements for monitoring and reporting, including measures for inspection, audit, review and preventative action.

3.2 Project E&S Management Structures

The Caspian Sea Desalination Plant will be developed, operated, and managed by a Special Purpose Vehicle (SPV), the Caspian Sea Azerbaijan Project Company LLC. The SPV will be responsible for the overall governance, strategic management, and regulatory compliance of the plant, with full oversight of all operational, environmental, social, and safety aspects of the desalination plant. The SPV will establish and maintain an ESMS to ensure that the plant development and operations comply with applicable national legislation and the environmental and social requirements of project lenders. The ESMS will define organisational responsibilities, management procedures, monitoring mechanisms, and reporting processes for E&S performance across all Project activities, including those undertaken by contractors and service providers.

The SPV will maintain an adequately staffed organisational structure to implement the ESMS. An E&S Manager will be appointed within the SPV to oversee environmental and social compliance across all project activities. The E&S Manager will be responsible for coordinating environmental and social impact management, supervising the implementation of mitigation measures, managing the project's Grievance Redress Mechanism (GRM), overseeing environmental monitoring programmes, and ensuring regular reporting to senior management, lenders, and relevant regulatory authorities.

The HSE Department will be responsible for developing and implementing occupational health and safety procedures, conducting risk assessments, ensuring adherence to safety protocols, managing incident reporting systems, and promoting a strong safety culture across plant operations. The HSE Department will work closely with the E&S Manager to ensure that environmental, social, and occupational health and safety considerations are integrated within the ESMS and consistently applied across the SPV and all contractors and other parties involved in the plant construction, operation and maintenance activities.

Overall accountability for ESMS implementation will remain with the SPV, which will ensure that all third-party operators and contractors comply with the project's environmental and social policies, management procedures, and performance standards.

3.3 Development of Construction Phase ESMS

As the overall accountable party for E&S compliance and management, the SPV will develop and implement the project specific E&S Policy. However, the main construction phase ESMS will be developed and implemented by the Engineering, Procurement and Construction (EPC) Contractor. This will be contractually captured in the EPC Contract.

The construction phase ESMS will align with the requirements outlined in IFC Performance Standard 1 and the supporting Guidance Note.

The EPC Contractor's ESMS will ensure coverage of all potential E&S risks, impacts, opportunities and related compliance associated that fall under the scope of the Project's construction phase (including potential impacts related to sub-contractors and key E&S risks in supply chains that can be influenced). This will include commissioning activities and post-construction activities such as site demobilisation, restoration of land and sea used during construction etc.

3.4 Development of Operation Phase ESMS

The ESMS for the operational phase of the plant will be developed and implemented by ACWA Operations, in its role as the Operation and Maintenance (O&M) company. The ESMS will provide the overarching framework for identifying, managing, monitoring, and reporting E&S risks and impacts associated with the desalination plant operations.

The operational ESMS will be developed in alignment with the requirements of IFC Performance Standard 1 and its supporting Guidance Notes. In accordance with these standards, the ESMS will establish policies, procedures, organisational responsibilities, and monitoring mechanisms to ensure that environmental and social risks and impacts are systematically identified and managed throughout the operational lifecycle of the Project.

The ESMS will be designed to ensure comprehensive coverage of all environmental and social aspects associated with plant operations, including potential impacts related to plant facilities, supporting infrastructure, operational activities, and associated services. The system will also extend to activities undertaken by subcontractors, service providers, and suppliers operating within the plant premises where such activities are under the control or influence of the SPV and the O&M company.

The ESMS will incorporate procedures for E&S risk assessment, implementation of mitigation measures, performance monitoring, incident reporting, and periodic review to support continuous improvement. It will also define clear roles and responsibilities for ESMS implementation across the O&M company and its operational partners, ensuring effective oversight of environmental and social performance across all operational activities.

4.0 E&S Policy

SPV will need to develop clear statements that define policy, commitments and related objectives with regard to environmental and social issues/compliance and management which are project specific.

4.1 SPV E&S Policy

To align with key outcomes and requirements identified in the ESIA is recommended that the SPV's E&S Policy includes commitments to:

- Compliance with relevant E&S legal, contractual, financing requirements and obligations. Including applicable international treaties and protocols, national legislation, permitting conditions and our lenders requirements.
- Implementation of a risk-based E&S Management System (ESMS) that aligns with good international practices and conforms with the IFC Performance Standards (as a minimum) and other applicable lender requirements for ESMS.
- Implementation of measures to manage and reduce natural resource consumption, whilst implementing specified management measures to prevent pollution that are consistent with assessment documentation, permitting and lender conditions.
- Engagement with employees and stakeholders on E&S issues and implement a robust Grievance Redress Mechanism process for project staff and third-party stakeholders.
- Uphold, respect, protect and fulfil human rights in accordance with the International Bill of Human Rights and any other instruments of international human rights such as those relating to the rights of women and children.
- Employment of staff on the basis of equal opportunities and non-discrimination, whilst adhering to the ILO Conventions stated in IFC PS2 for worker management.
- Not accept or tolerate GBVH/SEA/SH in any form.
- Establish processes to identify, investigate and remedy instances of GBVH/SEA/SH. whilst encouraging reporting of such instances, providing support to those involved and ensuring their dignity, respect and confidentiality.
- Set indicators to promote and assure E&S performance of key supply chains and service providers.
- Implement systematic feedback systems to monitor, audit and report on E&S management and performance.
- Annually review the E&S policy statement and set performance and management targets to enable continual improvement within the ESMS to be achieved.

The policy will be signed by the top management, displayed on site and will be circulated to project third parties and primary suppliers.

4.2 Contracted Parties

The EPC Contractor may also develop E&S Policies that align with the SPV's overarching project specific E&S policy. Where an E&S Policy is not developed by the EPC Contractor, the respective construction ESMSs will be spearheaded by the overarching E&S Policy of SPV.

5.0 Identification of Legal and Compliance Obligations

5.1 Identification of Legal Requirements

During the development of the ESMS, the applicable environmental and social legal requirements should be identified and documented, including:

- Legislation and Regulations of the Republic of Azerbaijan; and
- Applicable International Treaties and Conventions signed and/or ratified by Azerbaijan.

5.2 Identification of ESIA Requirements

Volume 2 of the ESIA has developed Project and/or site-specific mitigation, management & monitoring measures that must be incorporated into the respective construction, commissioning and operational phase of the project.

5.3 Identification of Requirements from the Statutory Authority

The conditions stipulated in the environmental approval based on the State Ecological expert Review issued by MENR to the Project EIA must be reviewed to ensure that all construction, commissioning and operational related conditions established are managed accordingly. Non-compliance with the approval conditions may result in a breach of legislation and permitting requirements. The approval and its conditions shall be maintained as part of the ESMS.

5.4 Identification of Requirements from the Project Lenders

Following the E&S due diligence process, the lenders will establish an 'Action Plan' that identifies E&S requirements for the Project commensurate with or supplementary to the ESIA. This will be an Environmental & Social Action Plan (ESAP). Requirements of the action plan will be a covenant of the Project loan. During the development of the ESMS' the action plan for the Project must be reviewed to ensure that all related conditions are included for compliance management. It is highlighted that non-compliance with the lenders' requirements could impact financial disbursement and other factors.

6.0 Identification of Risks, Impacts and Opportunities

One of the principal stages in the development of the Project's ESMS will be the development of a Project specific aspects/risks register linking to potential environmental or social impacts associated with the relevant activities being undertaken at that phase of the project.

Once E&S aspects and associated risks have been identified and documented (i.e. specifically in accordance with the required construction methods statements or operational activities), associated controls should be developed that are commensurate to the level of anticipated severity, likelihood and any statutory or lender requirements. The identification of risks and impacts is expected to be primarily aligned with the items identified in the ESIA, however may include additional items relates to specific working methods.

When identifying the aspects/risks and associated E&S impacts the following will be taken into account:

- Risks, impacts and opportunities linked to the Project activities (both onshore and offshore);
- Change, including planned or new development and or new/modified activities;
- Abnormal conditions and reasonably foreseeable emergency situations;
- Project timescales and potential impacts associated with seasonality;
- Stakeholder perception;
- Compliance obligations;
- Risks inherent in the supply chain in addition to those on-site; and
- Linkages with the Project's Health and Safety Management System.

The identification of aspects/risks and impacts should be documented, linked to associated proposed controls and updated as and when Project or when E&S circumstances change.

7.0 E&S Management Plans and Procedures

Once the Project-specific E&S aspects and associated risks have been identified and documented, associated controls will be developed that are commensurate to the level of anticipated severity, likelihood and any statutory or lender requirements. The identification of risks and impacts is expected to be primarily aligned with the items identified in the ESIA but may differ depending on specific working methods of the EPC Contactor / operator, as outlined earlier.

7.1 E&S Management Plans (CESMP and OESMP)

The key E&S management plans will be the environmental and social management plans CESMP and OESMP; respective to construction and operations.

The CESMP and OESMP will comprise stand-alone documents structured to detail how E&S risks, impacts, opportunities and compliance will be managed and monitored. This shall be the top-level management plan document prepared by the EPC Contractor and operator respectively.

The typical content of a CESMP/OESMP has been outlined below. This is not mandatory to be structured in this manner; however, it is expected that the headings and sub-headings are captured, in general, within the respective CESMP/OESMPs.

- Introduction
 - Background of Environmental Permitting
 - Objectives of the CESMP/OESMP
 - Scope of the CESMP/OESMP
 - Limitations
 - Structure of the CESMP/OESMP
- Project Description
 - Project Rationale and Background
 - Project Location
 - Land Use
 - Sensitive Receptors
 - Overview of Project Components
 - Overview of Associated Facilities
 - Overview of Construction/Operational Works and Workforce Requirements
 - Overview of Construction/Operational Facilities
 - Project Schedule (for CESMP)
- Regulatory Framework
 - Overview of Regulatory Framework and Compliance Obligations
 - Regional and International Treaties and Conventions (which Azerbaijan is a signatory of)
 - Azerbaijan Legislation
 - Lenders Requirements

- Environmental Standards
- Environmental and Social Management
 - Summary of Environmental and Social Management System (ESMS)
 - Reference to E&S Policies
 - Applicable SPV E&S Policy
 - Other EPC E&S Policy (if applicable)
 - Statement of other supporting/complementary Plans and Procedures
 - Organisational Structure
 - MENR
 - Lenders
 - SPV
 - EPC Contractor (for CESMP)
 - Sub-contractors
 - HSE Roles and Responsibilities
 - Environmental Awareness and Training
 - Environmental & Social Induction Training
 - Toolbox Talk Environmental & Social Training Sessions
 - CESMP/OESMP Training
 - Competency Needs and Records
 - Internal and External Communications
 - Inspections and Audits
 - Daily and Weekly Inspections
 - Internal Audits
 - Annual Internal Audits
 - External Audits
 - Non-conformity, Corrections and Corrective Action
 - Non-Conformity, Investigation and Response
 - Incident Definition, Reporting, Investigation and Response
 - Corrections and Corrective Actions
 - Control of Records
- Mitigation, Management and Monitoring
 - Air Quality
 - Noise & Vibration
 - Soil, Geology, Groundwater and Surface Water
 - Terrestrial Ecology
 - Marine Ecology

- Marine Water and Sediment Quality
- Landscape and Visual Amenity
- Socio-Economic
- Solid Waste & Wastewater Management
- Community Health, Safety & Security
- Labour & Working Conditions
- Human Rights Impact
- Climate Affairs
- Emergency Preparedness and Response
- Appendices

7.2 Supporting/Complimentary Plans & Procedures

In alignment with the expected Project impacts (based on ESIA Volume 2), the following table provides a list of plans and procedures that are expected to be linked to the CESMP and/or OESMP. This includes some key requirements for inclusion to each plan.

Table 7-1 Supplementary Plans and Procedures

Plan / Procedure	Project Phase	Purpose and Key Requirement
Stakeholder Engagement Plan (SEP)	Construction, Commissioning & Operation	Note: Being prepared in parallel to ESIA stage for the Project. To identify project stakeholders, identify communication protocols for engagement with stakeholders. To identify frequency or event-based communication with stakeholders (i.e. for emergencies and specific grievances).
Grievance Mechanism	Construction, Commissioning & Operation	Note: Being incorporated to the SEP, which is being prepared in parallel to ESIA stage for the Project. To identify the procedure for external parties and all site staff to be able to raise issues, concerns and opportunities for improvement for any aspect of their employment on the project including issues relating to GBVH and sexual exploitation. The mechanism shall be easily accessible (including for any vulnerable groups), non-discriminatory and provide a transparent process to raise concerns or complaints, which may be issued in an anonymous nature. The mechanism shall specify the roles and responsibilities of internal staff with regard to the grievance mechanism and the procedure for responding to received grievances, including the timeline for response, engagement mechanisms and record keeping.
Occupational Health & Safety Plan	Construction, Commissioning & Operation	Identify the required controls for worker health and safety during the construction, commissioning and operational phases. As a minimum, this plan will include:

Plan / Procedure	Project Phase	Purpose and Key Requirement
		- Means of identifying and minimising, so far as reasonably practicable, the causes of potential hazards to workers. - Provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances. - Provision of appropriate equipment to minimise risks and requiring and enforcing its use. - Training of workers, and provision of appropriate incentives for them to use and comply with health and safety procedures and protective equipment. - Documentation and reporting of occupational accidents, diseases and incidents.
Dredging Management Plan	Construction	To outline the procedures and mitigation measures to manage potential impacts from dredging activities, including controls on sediment disturbance, water quality, and marine ecology. It defines appropriate dredging methods, sediment handling and disposal requirements, and the use of measures such as silt curtains where applicable to limit suspended solids dispersion. The plan also includes provisions for the management of onshore sedimentation ponds to control runoff and allow settlement of dredged material prior to discharge to the sea.
Emergency Preparedness and Response Plan	Construction, Commissioning & Operation	To identify the contingencies put in place for a variety of potential emergency situations relevant to the construction, commissioning & operational phases. The plans will outline the response mechanisms, roles and responsibilities, training requirements, internal communication, equipment and relevant engagement with external stakeholders. Requirements for on-site equipment will be established based upon the potential emergency risks, including training provisions for site personnel in regard to such equipment. This plan is to include spill response and contingency in the event of accidental leaks and spills.
Waste Management Plan	Construction, Commissioning & Operation	To identify site specific requirements for waste and wastewater treatment, containment of wastes (segregation, storage area specifications and locations), collection methodologies & transport (identification of licensed contractors and the process to engage), treatment/disposal (identification of licensed treatment and disposal sites), record keeping and reporting requirements related to waste and wastewater. To include measures to limit instances of contamination to soils and groundwater.
Material handling and Storage Procedure	Construction, Commissioning & Operation	To identify locations for material storage, storage requirements and handling procedures to minimise environmental and H&S risks. Specific method statements regarding the handling of materials shall be detailed, as well as training requirements for staff involved in such activities.

Plan / Procedure	Project Phase	Purpose and Key Requirement
		The plan will identify locations for hazardous material storage, storage requirements (specifications of bunds and buildings/warehouses to ensure environmental and H&S protection, segregation requirements etc.) and handling procedures to minimise environmental risk. The plan will outline record keeping as per chain of custodies, requirements for MSDS and roles & responsibilities. Staff involved in chemical management, procurement or overseeing on-site deliveries shall be specified in the plan and provided with training for the provisions of this plan (all training to be linked to the training plan). To identify locations for any fuel and chemical unloading, associated training requirements and associated pollution attenuation/spill response equipment that are to be in place regarding any unloading of fuel to larger tanks or chemicals to storage areas on-site. This should be linked or inclusive to the pollution prevention plan.
Environmental & Social Monitoring Plan	Construction, Commissioning & Operation	Monitoring is required to demonstrate compliance with national environmental & social standards and lender requirements. The monitoring plan is to specify monitoring requirements for all ESIA parameters (as specified in ESIA Volume 2 – as a minimum). The plan will therefore need to include: • What parameters need to be monitored and measured and at what locations. • The methods for monitoring measurement, analysis and evaluation to ensure valid results. • The criteria against which compliance and performance should be measured. • When and at what frequency monitoring needs to be performed. How the results from monitoring and measurement should be analysed and evaluated (independent or internal).
Traffic & Transportation Management Plan	Construction, Commissioning & Operation	The plan will identify any specific requirements for heavy, or oversize loads and other type of vehicles, including timings of deliveries, specific routes (to minimise disruption for the communities), engagement mechanisms with external transport authorities (as per the SEP, e.g. local government). To include measures to minimise congestion, fuel use and risks to the public and site staff. Deliveries will be guided by a Traffic Management Plan. Moreover, this plan will focus on safety mitigation measures such as signage, continues training of the Project drivers, speed bumps and other protection practices for the communities that use the routes the Project will use.
Biodiversity Management Plan	Construction, Commissioning & Operation	To outline measures to avoid, minimise, and manage potential impacts. The document will include mitigation measures, monitoring requirements, habitat

Plan / Procedure	Project Phase	Purpose and Key Requirement
		management actions, and procedures for protecting sensitive species and habitats identified in the ESIA.
Groundwater Management Plan	Construction	To define measures for handling, treatment, and controlled discharge of groundwater encountered during excavation, including procedures for managing any contamination and preventing impacts to surrounding land and water receptors.
Human Resources Policy (and related Procedures)	Construction, Commissioning & Operation	Human resources policies and procedures will be adapted appropriate to the size of the workforce required for operation and maintenance requirements. Policies and procedures must be prepared to demonstrate consistency with the requirements of national legislation and lenders requirements. There is a need to prepare a workers 'Code of Conduct'.
Labour and Working Conditions Management Plan	Construction, Commissioning & Operation	To set out requirements in line with IFC PS2 covering fair employment practices, worker welfare, occupational health and safety, and grievance mechanisms.
Gender based Violence and Harassment Plan	Construction, Commissioning & Operation	To prevent and address potential risks related to gender-based violence and harassment associated with the project workforce and its interaction with local communities. The plan will include awareness training, codes of conduct for workers, confidential grievance mechanisms, and procedures for reporting and responding to incidents.
Community Health and Safety Management Plan	Construction, Commissioning & Operation	To establish controls to protect nearby communities from construction-related risks, including traffic, site access, pollution, and worker-community interactions, supported by appropriate communication and emergency response measures.
Workers Accommodation Plan	Construction	This plan will outline the process and standards for the accommodation for the Project workforce. It will include accommodation areas directly managed by the Project or rented/shared to accommodate direct Project employees and/or temporary or other contract staff (dedicated to the project). Accommodation areas in use by sub-contractor companies/staff (where staff are dedicated for the Project) will also be included.
Security Plan	Construction & Operation	The security plan will be based on a security risk assessment of the reasonably foreseeable security risks (linked with security risks in the Emergency Preparedness and Response Plan), and tailored with the necessary management provisions, staffing requirements, equipment, training and defined processes to implement effective mitigation to manage or prevent these risks. The security plan will ensure applicable alignment to the necessary codes of conduct required by law enforcement under the United Nations principles for Law Enforcement Officers.
Recruitment Plan	Construction & Operation	This plan will provide set of actions for the recruitment of the workforce. The plan will detail the procedure for effective recruitment of local staff (where available), the

Plan / Procedure	Project Phase	Purpose and Key Requirement
		positions that could be filled by unskilled, semi-skilled and skilled local workforce, mechanisms that will be in place to ensure there is non-discrimination of women in assessing recruitment procedures and the training to be provided for each job role. The plan will also specify how working conditions and terms of employment are compliant with national labour, social security and occupational health and safety laws.
Training Plan	Construction, Commissioning & Operation	A plan defining the training and capacity-building requirements necessary to support effective implementation of the ESMS. This will include general ESMS awareness training as well as specialised operational training relevant to Project/Plant activities, including environmental management, emergency preparedness, occupational health and safety procedures.
Influx Management Plan	Construction	The EPC Contractor will develop an Influx Management Plan to provide a clear set of actions that will be undertaken for the management and mitigation, monitoring and evaluation of impacts related to worker influx in the Project area.
Local Content Plan	Construction	This plan will clearly identify the Project commitment to purchasing goods and services (where practicable without compromising on the quality and standard requirements for the Project). It will also set expectations with regards to the extent goods and services can be purchased from the local market in order to benefit local businesses without potentially leading to higher prices for local consumers. This plan will be shared with local businesses interested in providing goods and services to the Project.
Supply Chain Management Plan (E&S Requirements)	Construction	The Project Company will develop a Supply Chain Management Plan which will include: - The requirement for Project Company's HR policy and procedures and worker Code of Conduct will be applied to all suppliers; - The pre-qualification assessment & process to be undertaken prior to engaging core suppliers (to include review potential supplier/vendor labour issues and risks); Monitoring/audits to be undertaken to evaluate suppliers' compliance and adequacy of implemented measures, etc.
De-commissioning Plan	De-commissioning	Decommissioning Plan will be developed 12 months prior to decommissioning, and this will include detailed methods for material re-use, recycling and disposal of wastes.

8.0 Monitoring

Environmental monitoring is required during both construction, commissioning and operation to evaluate whether the project is following the applicable national regulations/standards and applicable lender requirements.

8.1 Monitoring Requirements from the ESIA

The specific 'Environmental & Social Monitoring Plan' to be developed for construction, commissioning and operation shall include measures recommended in parameter specific chapters of ESIA Volume 2 and supplemented by detailing:

- What parameters need to be monitored and measured and at what locations;
- The methods for monitoring measurement, analysis and evaluation to ensure valid results;
- The criteria against which compliance and performance should be measured;
- When and at what frequency monitoring needs to be performed;
- How the results from monitoring and measurement should be analysed and evaluated (independent or internal);

The outcomes of the monitoring regime should ensure;

- The timing of monitoring and measurement is coordinated with the need for analysis and evaluation of results;
- The results of monitoring and measurement are reliable, reproducible and traceable; and
- analysis and evaluation are reliable and reproducible and enable the project to report trends.

8.2 Monitoring Data

Monitoring results should be compared against relevant standards, permit requirements, required thresholds, received complaints, audit findings, CESMP and OESMP requirements. The E&S Management team for the EPC Contractor or Operator will need to define appropriate action to follow in the instance that any exceedances in monitoring limits are confirmed or adverse impacts identified, including:

- Communication protocol in the event that an exceedance is identified;
- Internal review process of recently performed maintenance and inspection;
- Review of previous monitoring data to identify any potential associated variations or trends in results;
- Recommendations for quarantine of equipment or change in work practices; and
- Review of monitoring frequency to ensure the issue does not re-occur.

The repetition of measurements is an essential part of monitoring as it detects changes over time and should alert to potentially positive or negative effects of an activity. Adverse effects should trigger a review of mitigation measures and determination of the likely source of the impact. Should no effect be detected it may demonstrate a lack of effect, success of mitigation measures or the requirement to continue monitoring over a longer period of time.

Data from the monitoring for comparison against baseline and all previous monitoring efforts to identify trends in condition and make inferences on the success of implemented mitigation measures.

9.0 Organisational Capacity

9.1 Roles and Responsibilities

The ESMS will require qualified personnel and adequate resources to ensure effective implementation.

9.1.1 Caspian Sea Azerbaijan Project Company (Accountable Party)

As the Project Company/SPV, the Caspian Sea Azerbaijan Project Company will have overall responsibility for E&S compliance. Therefore, the SPV will appoint E&S personnel which will include staff that will be appointed prior to mobilisation of construction activities who will be site based and dedicated to the Project. To ensure ESMPs are implemented in line with the requirements, in addition to including them in the contractual obligations, the SPV will provide the following practices at a minimum during the construction and operation phases;

- Providing sufficient HSE and E&S personnel within the organisational structure;
- Reviewing the EPC Contractor's monthly ESMP Performance Monitoring Reports;
- Conducting monthly E&S monitoring meetings, including the subjects in ESMPs and Project KPIs;
- Conducting regular HSE and E&S inspections of the Project site.
- Pro-active engagement with the EPC Contractor on the non-conformities and any subject that needs to be improved; and
- Monitoring all the corrective actions from non-conformities found at the inspections and audits.

9.1.2 EPC Contractor (Responsible Party)

It is expected that the SPV in their role as the Project Company will contractually delineate responsibility for E&S management and compliance with the EPC Contractor during construction. That being said, it is expected that the EPC Contractor will specify certain roles and responsibilities for ESMS implementation to the Project staff.

To fulfil its E&S obligations, the EPC contractor will appoint a dedicated team who will address and manage E&S related matters during construction. This will primarily include an E&S Manager who will be responsible for day-to-day management, monitoring and maintenance of E&S (including labour welfare unless a dedicated human resources staff is appointed) performance during construction and commissioning activities. Additional related roles are likely to include:

- Community Liaison Officers
- Senior Health and Safety (H&S) Manager
- Environmental Manager
- H&S/Environment Officers
- Human Resources Manager

Further details related to organisational structure and roles and responsibilities will be included in the contractor's Construction Environmental and Social Management Plan (CESMP).

9.1.3 Management Team

In order to effectively implement the Project ESMS, management will need to:

- Fully support the implementation of the E&S Policy and the internally developed ESMS;
- Ensure that the E&S Policy is included/referenced as part of sub-contractor agreements;
- Promote a positive E&S culture and good practices by personal example and leadership;
- Review and approve EPC Contractor / Operator E&S management budgets, resourcing and staffing;
- Ensure resources (human and financial) are allocated appropriately in practice to manage the ESMS;
- Conduct regular site tours that include a specific focus on E&S elements;
- Promote discussion of E&S management at team meetings; and
- Monitor and report on environmental management and performance.

9.1.4 Responsible for Environmental & Social Management

The EPC Contractor and the Operator will need to delegate responsibility for implementation of the ESMS and wider E&S management and compliance to a full-time member(s) of staff at the Project site.

The staff may be the HSE Manager or the E&S Manager, a member of the HSSE Team or a specific Environmental & Safety Officer. Regardless of the 'title' of this role, this person will be the primary project contact (beneath the Project Company, during construction) to implement the ESMS and will report to project management.

A guide for the applicable E&S responsibilities of this role are listed below:

9.1.4.1 HSE / E&S MANAGER (Or Commensurate Position)

Key responsibilities of this position will include the following:

- Fully support the implementation of the E&S Policy;
- Prepare, implement and manage the EPC Contractor / Operator project specific ESMS;
- Engage with the project management regularly on E&S issues, risks and compliance management;
- Oversee and ensure execution of the E&S management programmes by other project parties (such as sub-contractors and key suppliers);
- Review EPC Contractor/ Operator personnel, qualifications, competency and environmental performance;
- Monitor the Project to ensure E&S compliance (including for sub-contractors and supplier - as per the scope of the ESMS);
- Advise management on matters pertaining to the E&S elements;
- Investigate E&S issues, incidents and non-conformances, implement corrective actions and report those to the management/relevant authorities;

- Maintain applicable E&S records as required by the ESMS (e.g. incident registers, NCR reports, corrective action reports, grievance register etc.);
- Ensure monitoring programmes are implemented by qualified personnel and report the results to the Project management for review and as a basis for continuous improvement;
- Display and monitor site bulletin boards to ensure they remain 'live' and 'up-to-date' with relevant environmental & social information;
- Coordinate, plan, formulate and/or deliver E&S induction training to all project personnel (including subcontractors) as well as regular toolbox talk environmental training sessions;
- Organise programmes and activities to promote environmentally responsible conduct in the prevention of injury, ill health and environmental impact throughout the workforce;
- Stop any unsafe activity which is not compliant with environmental legislation or lender requirements, and correct such work practice and/or conditions before allowing work to resume/commence;
- Act as point of contact for any sub-contractor with regard to environmental issues;
- Ensure that each sub-contractor is aware, compliant and implementing the requirements of the ESMPs;
- Review subcontractor's personnel, qualifications, competency and environmental performance; and
- Undertake regular internal ESMS audits to assess compliance and implement corrective & preventative actions – audits are to include all sub-contractors at the project.

9.1.4.2 HSE Engineer / E&S Engineer

Key responsibilities of this position will include the following:

- Fully support the implementation of the E&S Policy;
- Implement and assist management of the EPC Contractor / Operator project specific ESMS;
- Work with and engage with the EPC/Operator HSE/E&S Manager regularly in regard to E&S management;
- Actively ensure that E&S management programmes by other project parties are being undertaken as per project requirements (such as sub-contractors and key suppliers);
- Monitor the Project to ensure E&S compliance (including for sub-contractors and supplier - as per the scope of the ESMS);
- Advise HSE/E&S Manager on matters pertaining to the environmental and/or social elements;
- Actively investigate E&S issues, incidents and non-conformances, implement corrective actions;
- Maintain applicable E&S records as required by the ESMS (e.g. incident registers, NCR reports, corrective action reports, grievance register etc.);

- Ensure monitoring programmes are undertaken and reported;
- Prepare and monitor site bulletin boards to ensure they remain 'live' and 'up-to-date' with relevant environmental & social information;
- Alongside the HSE/E&S Manager, coordinate, plan, formulate and/or deliver E&S induction training to all project personnel (including sub-contractors) as well as regular toolbox talk environmental training sessions;
- Undertake programmes and activities to promote environmentally responsible conduct in the prevention of injury, ill health and environmental impact throughout the workforce;
- Stop any unsafe activity which is not compliant with environmental legislation or lender requirements, and correct such work practice and/or conditions before allowing work to resume/commence;
- Alongside the HSE/E&S Manager, act as point of contact for any sub-contractor with regard to environmental issues;
- Monitor on a daily basis that sub-contractor is aware, compliant and implementing the requirements of the ESMPs;
- Alongside the HSE/E&S Manager, review subcontractor's personnel, qualifications, competency and environmental performance; and
- Alongside the HSE/E&S Manager, undertake regular internal ESMS audits to assess compliance and implement corrective & preventative actions – audits are to include all sub-contractors at the project.

9.2 E&S Awareness and Training

E&S implementation will not be effective unless the project workforce are aware of their specific responsibilities with regard to environmental protection and social safeguarding. It is therefore necessary for the EPC Contractor/Operator to ensure that the workforce are trained appropriately according to the relevant elements of the project ESMS.

Tailored training requirements relevant to elements of works will need to be developed and defined as part of the ESMS (e.g. personnel associated with waste management should require training on relevant components of the waste management plan).

9.2.1 Type of Training Sessions

The EPC Contractor/Operator (and as applicable the Sub-contractors) will deliver applicable elements of E&S training within:

- Induction Training
 - To the entire workforce, to include key environmental and social components linked to the E&S Policy and developed ESMS; that are applicable to all employees.
- Tool-Box Talks
 - Environmental & Social tool-box talk training sessions on regular basis to remind workers of E&S considerations when undertaking normal day-to-day activities; and
- Specific training sessions on ESMS and E&S Management Plans
 - To ensure staff are competent to implement the ESMS, or undertake activities that may have inherent E&S risks or potential impacts to receptors. All staff with

specific responsibilities and with authority to implement mitigation measures and monitoring/audit commitments should be trained in regard to such plans/procedures.

9.2.2 Planning of Training

In order to record identified training needs, the EPC Contractor/Operator will develop and maintain a project E&S training matrix (falling under wider HSE training) to identify the training type and frequency required for each staff role.

A training plan/programme will also be prepared to set out the frequency of training requirements.

All training material will be prepared in advance and documented. It will be prepared in English language and applicable local languages or those languages that apply to the engaged workforce. Where necessary translators may be required for specific sessions.

9.2.3 Content of Training Sessions

9.2.3.1 Induction Training

During project inductions, all project workforce and visitors will receive an element of E&S induction classroom training, which as a minimum will include an overview of:

- E&S Policy;
- Contact details for the EPC Contractor/Operator E&S Manager and E&S Engineer;
- Main topics of E&S risk/impact (which will include noise);
- Environmental incident response and internal reporting requirements including who shall be contacted in the instance of an incident;
- Duty of care, highlighting that all staff have a responsibility to carry out their duties in accordance with the E&S Policy and related ESMS and to report any and all environmental incidents.

The induction shall make it clear that activities that result in polluting the marine environment shall be strictly prohibited. The training session will also highlight the importance of maintaining E&S awareness; its seriousness and that compliance is a condition of employment.

9.2.3.2 Toolbox Talks

The topic of toolbox talks will be varied depending on the risks, impacts, opportunities and compliance related to specific activities by construction/operational teams, but may include the following (provided as examples):

- Air quality emissions and control measures for vehicles, plant and equipment drivers/operators;
- Managing and monitoring discharges to the marine environment;
- Dust control and dust mitigation techniques for heavy vehicles' drivers and dust generating equipment operators;
- Erosion and sediment control for operators of earth moving equipment;
- Hazardous materials handling including handling, transportation and storage of hazardous materials as well as maintenance and refuelling of vehicles and machinery;

- Spill prevention and response for personnel involved in the storage of fuel and other hazardous materials;
- Ecologically significant fauna and mitigation measures for all construction personnel. This includes the actions to be implemented in case of trapped or injured fauna etc.
- Noise control and mitigation measures for vehicles, plant and equipment drivers/operators;
- Traffic control and mitigation techniques for vehicle drivers (e.g. cars, buses, heavy goods vehicles, etc.);
- Waste management and chemicals and hazardous materials management, including transportation and disposal for all construction personnel;
- Emergency management and incident response for all construction personnel;
- Grievance procedure including methods to submit a complaint, review and response period; and
- Gender Based Violence & Harassment (GBVH) including Sexual Exploitation & Abuse (SEA) reporting system and company/legal sanctions for such behaviour.

9.2.3.3 Specific Training Sessions on ESMS and E&S Management Plans

Training sessions on the ESMS or specific activities or plans/procedures will need to be tailored and delivered to staff based on their specific content and key considerations. As a minimum, training will be provided for the following management plans/procedures due to the specific risks associated with these aspects:

- Offshore activities including monitoring of dredging;
- SEA & SH Prevention & Response Action Plan;
- Waste Management
- Handling of fuels and hazardous materials;
- Gender Based Violence & Harassment Policy etc.

9.2.4 Training Records

Further to the training being undertaken the environmental training records will identify as a minimum:

- Description and purpose of training;
- Date and location;
- Trainer and attendees (with attendance signatures);
- Photos or other documents as attachments to evidence the training.

A consolidated record of training undertaken by all workers will be maintained and will be comparable against the training matrix.

10.0 Audit Programme

Auditing is an integral requirement of any management system during both construction and operation and should be considered as a continual process to ensure the successful implementation of the ESMSs developed by the EPC Contractor and Operator respectively.

10.1 Internal Audits

The ESMSs will establish, implement and maintain an internal audit programme that identifies the frequency, methods, responsibilities, planning requirements and reporting of audits and inspections.

When establishing an audit and inspection programme, the organisation should consider the potential frequency and significance of environmental and social risks relative to the construction and operational phase and adjust the audit scope and frequency accordingly.

When developing and undertaking audits the following will need to be established:

- Define scope, audit criteria and the objectives of each audit;
- Select audit staff competent in the audit process and subject matter; and
- Ensure that audit results are reported to relevant senior management.

The audits will be undertaken on a quarterly basis during the construction/commissioning phase and annually during the operational phase.

10.2 Lenders Monitoring and Reporting

Monitoring requirements will be established with the lenders and monitoring reports will be provided and reported to the lenders. These reports are likely to be based upon site visits to evaluate the implementation of both the ESAP (a covenant to the loan), and the suitability & effectiveness of the established ESMS in practice. The frequency for these will be stated in the ESAP.

11.0 Non-Conformity and Corrective Action

All non-conformances identified during audits, inspections and monitoring activities will be recorded and followed up as non-conformity. This will be undertaken by both the EPC Contractor and Operator respectfully.

Non-conformances are instances where Project compliance obligations (such as a legal requirement, or ESMS requirement) are not being fulfilled or cannot be evidenced. Examples of non-conformity include, but are not limited to:

- Breach of an environmental standard;
- Commencement of works without an approved risk assessment and method statement that covers environmental issues identified herein;
- No review of risk assessment and method statements following any significant changes in requirements that could adversely impact the environment;
- Appointment of a waste transport/disposal service provider that is not appropriately licensed;
- Failure to comply with waste storage/disposal requirements as identified by risk assessment and/or method statement;
- Failure to comply with chemical storage and/or handling requirements;
- Undertaken works outside the scope defined within the risk assessment and method statement; and,
- Discharge of untreated, contaminated wastewater to the environment.

Each non-conformance and near miss will be recorded utilising a developed reporting process. All non-conformances and near misses shall include the following information:

- Location and description of the non-conformance and the criteria/requirement that has been breached;
- The proposed corrective action including who holds responsibility for undertaking this action;
- The proposed preventative action to ensure against reoccurrence of the non-compliance;
- Any required monitoring and follow up; and
- Key performance indicators and a deadline for the successful completion of the corrective and preventive action.

11.1 Corrective Action

Any situation or condition that is non-conforming or otherwise poses an imminent risk to the environment, or social welfare should be immediately resolved. It is expected that a corrective action plan will be developed by the EPC contractor (during construction) and the Operator (during operations) to respond to individual non-conformances. The corrective action plan shall include determination of root cause, proposed actions, timelines, required resources and any changes needed to ESMS documentation. The corrective action plan should be approved by a responsible person for managing the ESMS. Records of implemented corrective actions shall also be maintained.

If a situation or condition cannot be corrected immediately, temporary measures such as necessary for the protection of the environment should be implemented.

12.0 Emergency Preparedness and Response

The likelihood of an E&S incident can be minimised by effective risk management planning and development of applicable response plans as part of an ESMS.

All risk assessments and method statements will need to include consideration of the potential for environmental incidents. Suitable incident response equipment should be maintained at appropriate locations on site and Project staff be suitably trained to use such equipment and respond to such emergencies.

The Project will prepare and implement an Emergency Preparedness and Response Plan to include requirements for co-ordination with the applicable external agencies (i.e. emergency services), impacted stakeholders and statutory authorities in the instance that a pollution incident occurs.

The plan will identify procedures for reasonably foreseeable emergency situations. This should include drills at the Project site and any relevant training to specifically involved personnel.

When establishing the Emergency Preparedness and Response Plan, the following should be considered:

- The most appropriate method for responding to an emergency situation;
- Internal and external communication process;
- The action required to prevent or mitigate environmental impacts;
- Mitigation and response actions to be taken for different types of emergency situations;
- The need for post-emergency evaluation to determine and implement corrective and preventative actions;
- Periodic testing of planned emergency response actions;
- Training of emergency response;
- A list of key personnel and aid agencies, including contact details (such as fire department, spillage clean-up services);
- Evacuations routes and assembly points; and
- The possibility of the need for mutual assistance from neighbouring organisations/projects.

12.1 Incidents

An environmental or social incident is a planned or unplanned event or set of circumstances, as a consequence of which a social issue/disruption, pollution or an adverse environmental impact has occurred or is occurring.

Regardless of the cause, this may include incidents that are due to negligence, are accidents and/or are caused by external parties or natural hazards. E&S incidents are important and may have consequences including claims for liability; adverse publicity and public reaction; reputational damage; actual environmental damage & associated remediation costs; and prosecution from external parties or authorities.

An E&S incident is an event that aligns with any one of the following:

- An environmental or social related event that triggers emergency response procedures.

- An environmental or social related event that either impacts or requires third parties/nearby communities to take actions to avoid impacts.
- An environmental or social related event that requires response actions from external parties (such as emergency services or specialists).
- An impact that results in pollution/degradation to the natural environment, sensitive habitats, or has potential effects upon nearby sensitive receptors.
- A related event that causes injury or death to humans or animals.
- An event that causes property damage or destruction (including tangible and intangible cultural heritage).

12.1.1 Incident Response and Corrective Action

Some E&S incidents may require emergency response procedures to be triggered. All actions related to such actions should be defined in the applicable 'Emergency Preparedness and Response Plan' (or commensurate).

Where emergency response procedures are not triggered, as a minimum the project management shall be alerted immediately.

All classified E&S incidents require investigation, root cause analysis and corrective action, in a systematic response structure to ensure effectual response and to prevent reoccurrence.

When it is safe to do so and after any necessary immediate actions are taken, an incident investigation shall be conducted. Depending on the severity of the incident, this may require assistance from external or independent parties.

All incident investigations and reports shall be documented and may require internal ESMSs to be updated. Depending on the incident, this may require upgrades to equipment, or entail edits to management plans, procedures and may require training.

12.1.2 Incident Reporting

It is common for regulators to be informed and provided with reports on incidents as soon as possible in case actions on the part of the regulator are required. It is of importance that the timeline for reporting to regulators is known and accounted for in incident response processes, stakeholder engagement plans, or other external communication protocols.

Lenders may require immediate or periodic reporting in regard to incidents. The processes and requirements for this reporting will typically be stated in the ESAP.

13.0 Stakeholder Engagement

The project has developed a Stakeholder Engagement Plan (SEP), which will be implemented during both construction, commissioning and operations. As a live document this will need to be updated as and when is necessary to ensure the document remains valid with respect to the Project and the applicable stakeholders. The SEP includes a suitable grievance mechanism to allow local community complaints to be raised in a clear process.

Note: All processes relating to Stakeholder Engagement should refer to the Project Specific SEP.

Stakeholder engagement can be described as a systematic effort to understand and involve stakeholders and their concerns in the Project activities and decision-making processes. Stakeholders are defined as any group or individual who can affect, or can be affected by, the Project.

The main objectives for stakeholder engagement are:

- To inform the relevant stakeholders about the Project;
- To capture views and concerns of the relevant stakeholders with regard to the project;
- To enhance ownership of the project within the host community;
- To provide a basis for stakeholder participation in impact identification and mitigation.

Consultation is not a single conversation but a series of opportunities to create understanding about the Project among those that are likely to be affected or might have an interest in it, and to learn how these stakeholders view the project and its related risks, impacts, opportunities, and mitigation measures. Listening to stakeholder concerns and feedback can be a valuable source of information to help identify environmental and social risks (real and perceived) and improve project management.

13.1 Grievance Mechanism

13.1.1 Worker Grievances

The SEP includes a grievance procedure for workers to raise workplace concerns. The procedure includes an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution. The mechanism allows for anonymous complaints to be raised and addressed.

The grievance mechanism must not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

All staff will need to be informed of the grievance procedure during their induction to the project and the procedure will be made readily available and easily accessible.

13.1.2 External Grievances

The SEP also includes a procedure for external grievances that establishes methods to receive and register communications from external parties (e.g. Project Affected Persons and Interest based stakeholders). This includes:

- A method to screen and assess the issues raised and determine how to address them;

- A method to provide, track, and document responses, if any; and
- A method to adjust the ESMS management program, as appropriate, in response to external grievances.

The grievance procedure shall be reviewed and updated (as applicable) to ensure it remains scaled to the risks and adverse impacts of the project and include consideration of any affected stakeholders.

It must seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate and readily accessible, and at no cost and without retribution to the party that originated the issue or concern. The mechanism should not impede access to judicial or administrative remedies.

14.0 Communication

The EPC Contractor and Operators ESMS' will establish, implement and maintain processes needed for internal and external communication relevant to environmental and social performance of the Project relevant to the phase of the project and the allocated responsibilities.

Lines of communication relevant to the construction phase will be clearly defined within the CESMP whilst lines of communication relevant to the operational phase will be clearly defined within the OESMP.

Associated processes will establish:

- What will be communicated
- When it will be communicated
- With whom to communicate
- How to communicate

When establishing communication processes relevant to the ESMS, particular note will be made to

- Compliance obligations, including any reporting requirements to the statutory environmental authority
- Reporting requirements required by the Project lenders.

15.0 Data Management and Record Keeping

The implementation of the ESMS will generate data, that will be required to be managed. The appropriate management of records is a requirement of any successful ESMS and can be used to track progress, review effectiveness and demonstrate compliance.

The ESMS relevant to both the construction, commissioning and operational phases should include the collation of the records including (but not limited to) the following:

- Environmental and Social induction and training records;
- Relevant records of competence/qualifications;
- Accident Investigation Reports;
- Grievance register;
- Internal Audits reports (including close-out);
- Non-Conformance Reports;
- Incident Reports;
- Environmental & Social Inspection & Audit Reports (including corrective action reports);
- Environmental & Social Monitoring Results;
- Waste Manifest Forms and Chain of Custodies;
- Environmental & Social Risk Assessments and Method statements;
- Equipment & Social Inspections/Certifications;
- Independent Audit Reports for Lenders (including corrective action reports); and
- Emergency events.

Human Resources documents including contract terms, payroll sheets, overtime payments, payments for support on social security payments, liquidation, and closure of contracts will be maintained for records. Such records will need to be included on the ESMS register and updated as applicable.

16.0 Review

Project ESMS documentation will be a ‘live document’ and will need to be reviewed and updated in relation to changes in project circumstances, activities, environmental sensitivities and future requirements defined by respective regulatory authorities and Project Lenders.

The ESMS should be regularly reviewed according to any changes in construction, commissioning or operational activities, new (applicable) regulation and in response to results from monitoring, audits and inspection.

Reviews should be undertaken at a frequency to ensure adequacy of the ESMS and to ensure that all potentially significant adverse impacts are identified and that associated control measures are appropriate to the Project.



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