

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

Report number AC7179

**I. Basic Information**

Date prepared/updated: 11/30/2015

**1. Basic Project Data**

Country: Ukraine	Project ID: P155111	
Project Name: Ukraine Gas Supply Security Facility		
Task Team Leader: Stephanie Gil; Richard Bernard MacGeorge		
Estimated Appraisal Date: December 18, 2015	Estimated Board Date: January 21, 2016	
Managing Unit: GEE03	Lending Instrument: IPF	
Sector: Oil and gas (90%); General industry and trade sector (10%)		
Theme: Trade facilitation and market access (100%)		
IBRD Amount (US\$m.):	0	
IDA Amount (US\$m.):	0	
GEF Amount (US\$m.):	0	
PCF Amount (US\$m.):	0	
Other financing amounts by source:		
Borrower	0.00	
<u>IBRD Guarantee</u>	<u>500.00</u>	
	500.00	
Environmental Category: B		
Simplified Processing	Simple <input checked="" type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

**2. Project Objectives**

The Project's Development Objective is to enhance Naftogaz's ability to increase Ukraine's security of gas supply, by facilitating access to cost-effective financing and improving the terms of the gas supply contracts supported under the Project.

**3. Project Description**

The Project is composed of one component, which is a Guarantee instrument of US\$500 million to improve access to and terms of financing for Naftogaz's gas purchases.

The IBRD Guarantee is intended to improve the commercial terms on which Naftogaz purchases gas from gas traders in the regional gas market through the provision of a credit enhancement feature to Naftogaz's trading arrangements. For this purpose, Naftogaz will request from international commercial banks that they issue letters of credit (L/Cs) or loans in amount of up to US\$500 million for the benefit of individual gas suppliers, in support of Naftogaz's payments to each of the gas suppliers. In turn, the

L/Cs and/or loans provided by international commercial banks will be guaranteed with the IBRD Guarantee.

#### **4. Project Location and salient physical characteristics relevant to the assessment of environmental and social risks and impacts:**

The proposed project will not result in a change to the physical infrastructure of the gas delivery and transportation both inside and outside of Ukraine, nor result in changes to existing gas supply in the system. The proposed guarantee is expected to affect factors such as timing of payment and length of gas purchase contracts, but not significantly alter the volume of gas delivered to Ukraine. Since the proposed guarantee will support commercial activities with minimal or no adverse environmental or social risks or impacts, at PCN stage the proposed IBRD project was classified as Category C for purposes of OP/BP 4.03. IFC will be presenting a \$200 million investment to the Board at the end of December that will finance the sale of natural gas to Naftogaz by the gas supplier ENGIE (formerly GDF-Suez). The IFC project has been classified as Category B according to IFC's Environmental and Social Review Procedure, principally on account of the inherent environmental and social risks related to the transportation and storage of natural gas and integrity of the existing pipeline infrastructure. Although there has been no change to the environmental or social risks since the PCN Review Meeting, it has been decided to change the classification of the proposed IBRD guarantee project from C to B to make it consistent with IFC's classification.

Project preparation occurred concurrently with both the EBRD and IFC parallel facilities, enabling a joint decision-making approach to environmental and social due diligence. The Bank team considered the outcomes of both EBRD and IFC environmental and social due diligence to inform the Bank's due diligence to ensure consistency in safeguards approach and categorization.

#### **5. Environmental and Social Safeguards Specialists on the Team:**

Nina Chee (Lead Environmental Specialist)

Angela Nyawira Khaminwa (Senior Social Development Specialist)

<b>6. Applicable Performance Standards</b>	<b>Yes</b>	<b>No</b>
<b>PS 1: Assessment and Management of Environmental and Social Risks and Impacts</b>	X	
<b>PS 2: Labor and Working Conditions</b>	X	
<b>PS 3: Resource Efficiency and Pollution Prevention</b>	X	
<b>PS 4: Community Health, Safety, and Security</b>	X	
<b>PS 5: Land Acquisition and Involuntary Resettlement</b>		X
<b>PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>		X
<b>PS 7: Indigenous Peoples</b>		X
<b>PS 8: Cultural Heritage</b>		X

**7. If PS 1 and PS 2 are NOT applicable, provide a brief explanation why:**

## **II. Key Safeguard Policy Issues and Their Management**

### ***A. Summary of Key Safeguard Issues***

Key environmental and social issues associated with this project include: i) management of environmental, social, health and safety risks associated with Naftogaz operations, ii) management of occupational health and safety (OHS) risks, iii) management of life and fire safety and emergency response, iv) energy efficiency and greenhouse gas emissions associated with gas distribution, v) human resources management and retrenchment plans. The business practices of Naftogaz are designed to meet European environmental protection policies, and basic safety standards in radiation and environmental protection. Naftogaz code of conduct was adopted in 2014 which covers its principles of the environmental policy. Additionally, regulations on occupational health are being developed by Naftogaz and its subsidiaries based on Ukrainian standards, OHSAS 18001 Occupational, Health and Safety Management Requirements and international norms. Ukrtransgaz (UTG), Naftogaz's gas transmission subsidiary, has an environmental health and safety (EHS) system in place and maintains third-party certification for ISO 9001, a quality management system; OHSAS 18001, an occupational health and safety management system; ISO 14001, an environmental management system; and ISO 15001, an energy management system.

The Bank reviewed corporate environmental and social due diligence questionnaires related to Naftogaz's environmental and social management systems and IFC's Environmental and Social Review Summary (ESRS), as well as holding several meetings with IFC and EBRD counterparts to discuss a joint approach to environmental and social due diligence. An Environmental and Social Action Plan (ESAP) has been developed with Naftogaz to ensure E&S risks are effectively mitigated. Naftogaz will be required to: i) develop an integrated Environmental, Occupational, Health and Safety and Social Management system that will incorporate the existing procedures consistent with Performance Standard 1, and ii) update existing human resource policy and procedures to

align with the requirements of Performance Standard 2 including the development and implementation of a retrenchment plan, as applicable.

The Bank also conducted a media search in both English and Russian languages of the preliminary list of pre-qualified gas suppliers to identify potential EHS reputational risks associated with each gas supplier. This review did not identify any major EHS incidents, which could potentially exclude them from participating in the facility. All potential gas suppliers will be subject to an EHS reputational risk review as part of the eligibility criteria.

{ See Environmental and Social Review Summary in Annex 1, which is also available at the following website:

<http://ifcextapps.ifc.org/IFCExt/spiwebsite1.nsf/78e3b305216fcd8a85257a8b0075079d/f9080382ef8eb0a085257f0200763ade?opendocument:> }

<b>B. Disclosure Requirements Date</b>		
<b>Environmental and Social Review Summary:</b>		
Dates of "in-country" disclosure		November 19, 2015
Date of submission to InfoShop		December 18, 2015
For Category A projects, date of distributing the Executive Summary of the client's ESIA to the Executive Directors		Not applicable.
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>		

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

<b>Client's Environment and Social Assessment</b>			
Does the project require a stand-alone Environmental and Social Assessment (including EMP) report?	Yes [ ]	No [ X ]	N/A [ ]
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [ ]	No [ ]	N/A [ ]
<b>Client's Environmental and Social Management System</b>			
Has the client developed an appropriately detailed ESMS, <u>and</u> does the client have the technical and organizational capacity to implement it?	Yes [X ]	No [ ]	N/A [ ]
<b>Labor and Working Conditions</b>			
Does the client have a written human resources policy available to all employees that describes labor and working conditions?	Yes [X ]	No [ ]	N/A [ ]
<b>Biodiversity and Natural Resource Management</b>			

If PS 6 is applicable, would the project result in any significant conversion or degradation of critical natural habitats?	Yes [ ]	No [ ]	N/A [ X ]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [ ]	No [ ]	N/A [ X ]
If the project entails use of living natural resources, has certification been obtained or a time-bound plan established to obtain certification?	Yes [ ]	No [ ]	N/A [ X ]
<b>Physical Cultural Resources</b>			
If PS 8 is applicable, does the project design include adequate measures related to physical cultural resources?	Yes [ ]	No [ ]	N/A [ X ]
<b>Indigenous Peoples</b>			
If PS 7 applicable, and have Indigenous Peoples communities been consulted in accordance with requirements of PS 7?	Yes [ ]	No [ ]	N/A [ X ]
Have the requirements for Free Prior Informed Consent been met, and is there reasonable evidence of broad community support by the affected Indigenous Peoples communities?	Yes [ ]	No [ ]	N/A [ X ]
<b>Involuntary Resettlement</b>			
If PS 5 is applicable, have the requirements been complied with by the client?	Yes [ ]	No [ ]	N/A [ X ]
<b>Pollution Prevention and Efficient Use of Resources</b>			
Does the project comply with good international industry practice as presented in the WBG EHSGs or a similar internationally recognized benchmark?	Yes [ X ]	No [ ]	N/A [ ]
Is the project designed for energy efficiency and waste minimization?	Yes [ ]	No [ ]	N/A [ X ]
<b>Community Health and Safety</b>			
Has the assessment determined that local communities could face significant adverse impacts in event of an accident or emergency situation associated with the project?	Yes [ X ]	No [ ]	N/A [ ]
If so, has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [ X ]	No [ ]	N/A [ ]
<b>Projects on International Waterways</b>			
Have the other riparians been notified by the Bank of the project?	Yes [ ]	No [ ]	N/A [ X ]
<b>Projects in Disputed Areas</b>			
Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared by the Bank?	Yes [ ]	No [ ]	N/A [ X ]

<b>Disclosure</b>			
If Category A or B, has the ESRS been sent to the World Bank's Infoshop?	Yes <input checked="" type="checkbox"/> ]	No <input type="checkbox"/> ]	N/A <input type="checkbox"/> ]
Have relevant assessment documents prepared by the client been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes <input type="checkbox"/> ]	No <input type="checkbox"/> ]	N/A <input checked="" type="checkbox"/> ]
<b>Monitoring and Reporting</b>			
Has the client agreed to submit an Annual Monitoring Report to the Bank to report on the management of environmental and social risks and impacts, and does the Legal Agreement contain this provision?	Yes <input checked="" type="checkbox"/> ]	No <input type="checkbox"/> ]	N/A <input type="checkbox"/> ]
Has the client agreed to report at least annually to local affected communities on how the project is performing with respect to environmental and social risks and impacts of concern to those communities?	Yes <input checked="" type="checkbox"/> ]	No <input type="checkbox"/> ]	N/A <input type="checkbox"/> ]

#### ***D. Approvals***

<b><i>Signed and submitted by:</i></b>	<b><i>Name</i></b>	<b><i>Date</i></b>
Task Team Leader:	Stephanie Gil, Richard MacGeorge	December 9, 2015
Environmental Specialist:	Nina Chee	December 10, 2015
Social Development Specialist:	Angela Nyawira Khaminwa	December 14, 2015
<b><i>Approved by:</i></b>		
Regional Safeguards Coordinator:	Zeynep Durnev Darendeliler, acting for Agi Kiss	December 18, 2015
Comments:		
Practice Manager:	Ranjit Lamech	December 18, 2015
Comments:		

## Annex 1: Environmental and Social Review Summary (ESRS)

Note that the Project will rely on the ESRS prepared by IFC for Naftogaz, for the purpose of the US\$200 million IFC loan to support gas purchases from one European supplier.

### ENVIRONMENTAL & SOCIAL REVIEW SUMMARY

This Environmental and Social Review Summary (ESRS) is prepared by IFC to disclose its findings and recommendations related to environmental and social considerations regarding potential investments. Its purpose is to enhance the transparency of IFC's activities. For any project documentation or data included or attached herein that has been prepared by the project sponsor, authorization has been given for public release by the project sponsor. IFC considers that this ESRS is of adequate quality for release to the public, but has not necessarily independently verified all of the project information therein. It is distributed in advance of IFC Board of Directors' consideration and may be periodically updated thereafter. Board dates are estimates only and this document should not be construed as presuming the outcome of the Board Directors' decision.

<b>Project number</b>	36113
<b>Country</b>	World Region
<b>Region</b>	WORLD
<b>Sector</b>	O-AK - Commercial Banking - Trade and Supply Chain
<b>Department</b>	Global Industry, Financial Markets
<b>Company name</b>	ENGIE SA
<b>Environmental category</b>	B
<b>Date ESRS disclosed</b>	November 19, 2015
<b>Status</b>	Pend FAP

### Overview of IFC's scope of review

Incremental environmental and social (E&S) risk arising from the proposed project compared with the without-project case arises in UTG's gas storage and distribution infrastructure. IFC's scope of review therefore focused on these operations along with E&S management practices established by NAK. IFC also reviewed ENGIE's E&S management practices, but given that incremental risk is in Ukraine the remainder of this review summary will describe only the NAK and UTG operations.

IFC's appraisal of this project included meeting with NAK management in Kyiv and site visits in December 2014 to the UTG's Dashava gas storage facility in Lviv, and associated pipelines. IFC also reviewed NAK's and UTG's environmental and social policies, management systems and related procedures, including those related to Occupational Health and Safety (OHS).

Meetings were held with the NAK's Chief Executive Officer (CEO), Deputy Director of Labor Protection, Industrial Safety and Reliability of Gas and Oil Transportation, Chief Advisor to the Chairman of Board and the Deputy Head of Human Resources (HR) and Social Department.

### Project description

The proposed project consists of a trade finance facility of up to US\$200 million (Facility), for up to one year to cover importation of natural gas to Ukraine during the 2015-2016 winter season. Gas will be purchased by the state-owned National Joint Stock Company Naftogaz of Ukraine (Naftogaz or NAK). Gas will be supplied by ENGIE (previously named Gaz de France (GDF) SUEZ) a major European supplier of natural gas, from existing gas distribution infrastructure in Germany and Austria through the Slovakian gas transmission company Eustream, under ENGIE's natural gas supply framework contract with Naftogaz.

Naftogaz (NAK), the recipient of the gas, is a state owned company founded in 1998 and is one of Ukraine's largest companies. It is a vertically integrated oil and gas company engaged in the full cycle of gas and oil field exploration and development, production and exploratory drilling, gas and oil product processing, transport and storage, and supply of natural gas and LPG to consumers, through its different enterprises.

Naftogaz's gas transmission subsidiary is Ukrtransgaz (UTG). UTG's main activities are: natural gas transmission via trunk gas pipelines; storage of natural gas in underground storage facilities; supplying natural

gas to consumers; operation, reconstruction and servicing of gas mains and associated facilities; capital construction of gas pipelines and other facilities; production of compressed natural gas and filling vehicles with it at gas-filling compressor stations.

The proposed IFC project complements a \$300 million agreement signed in October 2015 between the European Bank for Reconstruction and Development (EBRD) and Naftogaz. For this proposed transaction IFC has aligned with the approach to environmental and social (E&S) management agreed between EBRD and Naftogaz even though the due dates of some actions extend beyond the maturity of the proposed IFC loan. IFC and Naftogaz have agreed interim measures towards delivery of the agreed E&S commitments and IFC will monitor Naftogaz's progress on these measures during the life of the proposed IFC loan.

#### **Identified applicable performance standards**

PS 1 – Assessment and Management of Environmental and Social Risks and Impacts  
PS 2 - Labor and working conditions  
PS 3 - Resource Efficiency and Pollution Prevention  
PS 4 – Community Health, Safety and Security

#### **Environmental and social categorization and rationale**

The proposed investment classified as an E&S Category B project according to IFC's Policy on Environmental and Social Sustainability as the environmental and social impacts of the projects are limited, site-specific and can be avoided minimized, or mitigated by adhering to generally recognized performance standards, guidelines, or design criteria. Key environmental and social issues associated with this project include i) management of environmental, social, health and safety risks associated with UTG and how these are identified and assessed by Naftogaz, ii) managing Occupational Health and Safety (OHS) risks; iii) management of life and fire safety and emergency response; iv) energy efficiency and greenhouse gas emissions associated with gas distribution; v) human resources management and retrenchment plans.

#### **Main Environmental & Social Risks-Impacts of the Project and Key Mitigation Measures**

##### **PS 1: Assessment and Management of Environmental and Social Risks and Impacts**

###### **Policy**

The business practices of Naftogaz are designed to meet European environmental protection policies and basic safety standards in radiation and environmental protection. NAT code of conduct adopted in 2014 covers its principles of the environmental policy including responsibility and awareness, balance between economic, environmental and social interests, effective environmental management, and implementation of modern environmentally safe technologies, prevention measures, improving environmental education and culture, and open access to information and transparency of decisions.

In addition, regulations on occupational health are being developed by NAT and its subsidiaries. These will be based on Ukrainian standards, OHSAS 18001 Occupational Health and Safety Management Requirements, and international norms.

###### **Environmental and Social Assessment and Management System**

UTG has an environmental, health and safety system in place and is certified against ISO 9001, a quality management system; OHSAS 18001, an occupational health and safety management system; ISO 14001, an environmental management system, and ISO 15001, an energy management system. Naftogaz supervises the operations of UTG through periodical audits covering both safety and environment matters. Naftogaz has a safety management system and procedures in place, though it manages environmental, safety and social issues separately rather than in an integrated manner.

Thus, as set forth in the ESAP, Naftogaz will integrate its existing approach to safety and E&S into an integrated Environmental and Social Management System and enhance this as necessary such that it aligns with Performance Standard 1.

###### **Identification of Risks and Impacts**

UTG has a hazards identification and risk assessment system that was last updated in May 2014. The system outlines the criteria to identify the risk and assessment procedures and illustrates the roles and responsibilities in identifying and managing these risks. Risks associated with UTG



activities covering both pipelines and the storage facilities as identified in the UTG system include explosion, failure of the storage cavity, traffic accidents, falling from heights (in well and pits), electric hazards, noise, fire, handling and management of hazardous chemicals such as methanol, and gas leakages.

Preventive measures taken by UTG includes continuous training of workers on Occupational Health and Safety (OHS) and fire safety; ensuring that all workers are wear personal protective equipment; inspection, testing and repairing of equipment, conducting fire and emergency drills, having safety signs clearly placed at the sites; and adopting and being certified against internationally accepted management system requirements for OHS and environment.

#### **Organizational Capacity and Competency**

NAK has assigned a safety officer and UTG has in each facility three safety engineer, one ecology engineer and five geology engineers. The safety officer has to pass an exam every three years by the government. The safety officer as part of the requirements of the Government is required to take a re-certification test every three years.

The induction training of all workers include labor safety and fire safety. In addition, workers receive training related to OHS and emergency preparedness on annual basis. At the end of the training there is an exam and the trainees receive a certificate of completion.

#### **Emergency Preparedness and Response**

UTG has an emergency preparedness plan and procedures for each of its facilities and all employees are trained on responding in cases of emergency. The plan is approved by the local authorities and is reviewed and updated periodically. A firefighting system and plan is also in place. Firefighting drills are carried out on quarterly basis.

#### **Monitoring and Review**

UTG has monitoring plans and conducts continuous monitoring of soil, groundwater, ambient noise and air emission as well as workplace parameters at each of its facilities. The monitoring results are in compliance with national regulations and European commission standards.

Geotechnical investigations are conducted on annual basis by a specialized scientific research center. Soil and ground water analysis are carried out at the end of each season. UTG carries out visual inspection around the main pipelines every 10 days. All monitoring records are reported by UTG to NAK. In addition, ecological and safety inspections are carried out by the Ukrainian authorities.

#### **External Communications and Grievance Mechanisms**

UTG has an external communication mechanism which allows the external stakeholders to raise their concerns. UTG has a website where the public can place complaints and grievances. The complaints are delivered and handled directly by UTG president office and are processed and documented according to the nature of the complaint. UTG will clarify that its existing grievance mechanism can receive and facilitate resolution of concerns and grievances about UTG's environmental and social performance, in line with PS 1 requirements.

### **PS 2: Labor and Working Conditions**

#### **NAK Human Resources Policies and Procedures**

Naftogaz has 721,000 employees, 47% of which are women. The minimum age of recruitment per Naftogaz policies is 18 years. Student internships are accepted at the age of 17.

Naftogaz has a code of ethics which covers equal opportunity policy, conflict of interest, labor and safety. Naftogaz has a grievance mechanism policy issued by an internal order by the CEO

As set forth in the ESAP, the company will update its HR policy to be aligned with PS2 requirements to cover non-discrimination and equal opportunity, grievance mechanism, employee performance, workers organization, OHS, and training and development.

#### **Retrenchment**

Naftogaz is currently in the process of downsizing the number of employees at the corporate level by 15%. As per the Ukrainian Labor law the employer is required to pay severance for a one-month period. Naftogaz pays an additional 1-3 months to the employees being downsized.

As set forth in the ESAP, NAK will develop and implement a retrenchment plan to reduce the adverse impacts of retrenchment on workers.

### **Workers Organization**

UTG has a collective bargaining agreement for 2013-2015. The collective bargaining agreement covered more than 23,100 workers and 9,900 UTG's non-working pensioners who were members of the Ukrainian trade union association as of January 2015.

Under the collective bargaining agreement UTG pays considerable attention to the social protection of pensioners who have served the company. Guarantees and compensation are stipulated in collective agreements and support for pensioners is reflected in social assistance and benefits.

### **UTG Occupational Health and Safety**

UTG keeps records of incidents and accidents that occurs in each of its facilities. One fatality was been reported in the last three years but there were no other major accidents. The death was due to an explosion where a worker was attempting to repair a leak in a pipeline. Investigation and corrective measures were taken to prevent similar accidents from occurring. As part of their continuous training UTG has incorporated training programs to mitigate this type of accidents.

### **PS 3: Resource Efficiency and Pollution Prevention**

#### **Energy Efficiency and Greenhouse Gas Emissions Reduction Projects**

UTG adopts international energy management standards as set by ISO 15001. Since 2005, UTG has adopted measures, which resulted in reduction of natural gas internal consumption and losses by 68% by 2011 compared to the level in 2005.

UTG has reduced gas losses procuring and applying high-quality sealant materials, implementing innovative pipeline and joint repair methods, using a technology that functions like a composite wrap, and by creating six ecological laboratories that are trained, equipped, and staffed to implement inspection and maintenance programs throughout UTG's system. UTG also replaced gas-turbine driven compressors by electric compressors.

#### **Air Emissions and Ambient Air Quality**

The main source of air emissions is through natural gas leaks as a result of normal operations and equipment venting. In order to prevent leakage UTG ensures that the pipelines meet international standards for structural integrity and operational performance. In addition, UTG has a program for periodic leak and corrosion detection. Moreover, through continuous monitoring of the amount of gas transmitted leakages in the system are being tracked.

Point source air emissions from fuel combustion in stand-by generators and turbines are also being monitored to ensure compliance with regulatory limits.

### **PS 4: Community Health, Safety and Security**

#### **Infrastructure and Equipment Design and Safety**

The natural gas pipelines network was mostly (approximately 98% of the pipelines) constructed during the period from 1960 to 1980, where the land was state owned.

There is a right of way for the natural gas pipelines which ranges from 5 meter to 50 meter, based on the type of pipeline. There are restrictions on the use of heavy equipment in the area surrounding the pipelines. For pipelines passing in agricultural land, it is requested that heavy equipment such as tractors not be used. Inspection of the pipelines is carried out periodically to ensure that there are no leaks. Automatic monitoring devices are installed throughout the pipeline to monitor the pressure and gas flow and to detect, leaks and corrosion.

Protection of underground infrastructure from soil corrosion and other natural phenomena is performed by cathodic protection installations, drainage protection units and other protection units which maintain the system's reliability.

In order to rapidly identify and address gas transportation system operational issues, UTG conducts regular comprehensive surveys of all relevant equipment. Evaluation of all infrastructure is carried out using modern methods including magnetic particle inspection of intra-tube pistons. According to the results any operational issues are resolved without interrupting their work.

#### **Emergency Preparedness and Response**

The emergency response plan addresses civil protection from different types of emergencies as well as natural and manmade disasters such as terrorist attacks. The emergency response plans are discussed and communicated with the administrative authorities in each of the locations with UTG facilities are located.

#### **Security Personnel**

UTG sites protection is carried out as mandated by the Laws of Ukraine on Pipeline Transport, Oil and Gas, Security Activity, and Security Rules for Main Pipelines, approved by the Regulation of the Cabinet of Ministers of Ukraine number 1747 dated November 16, 2002.

The security structure and procedures of UTG is set out in coordination between UTG, NAT, and the Ministry of Energy and Coal Industry of Ukraine. These agencies foresee the programs and plans, such as financial, logistics, procurement of works and services, capital investment, maintenance, repairs, and anti-terrorism measures, etc.

Under these programs, the critical facilities are protected by the State Security Service of Ukraine units under the Ministry of Internal Affairs and by the specialized guard units of the Ministry of Energy and Coal Industry.

The non-critical facilities are guarded by private subcontracted security personnel. Contracted security also assist the state security forces in the protection of critical facilities. Security companies can be contracted by UTG only by means of open tender procedure, in accordance with the Law of Ukraine on Public Procurement. Terms of site protection, training, equipping and monitoring of contracted security companies are prescribed in the tender documents. The agreed terms are included in the contract. The government security personnel meet the regulatory requirements in terms of procedures and equipment they use in protection of critical facilities. Training requirement for contracted security personnel are stipulated by national regulations and includes the use of weapons, understanding the risks associated with the protected facilities, and protection of the facilities as well as civil protection.

In the event of emergencies and protection of critical facilities, UTG security personnel, local government and national government agencies prepare security management plans in conjunction.

## **Client's Stakeholder Engagement**

### **Clients Community Engagement**

UTG has identified their stakeholders including specialists of the gas transportation and energy industries, journalists, representatives of state authorities, representatives of regulatory bodies, representatives of international companies and organizations, and the public.

Within the scope of the ESIA carried out at project inception scoping and disclosure consultation meetings were held where representatives from the identified stakeholders were in attendance.

UTG has an access to information policy which is disclosed on the company's website. Daily data on underground gas storage levels is available as well as daily statistics on gas transit flows through Ukraine. In addition, disclosed information includes the environmental and social policy. Through the company's website, individuals can send requests for additional information and data.

### **Local access of project documentation**

The ESRS and the ESAP will be translated into the Ukrainian language and made available at the company premises at the following address.

The documents will also be published on Naftogaz's website <http://www.naftogaz.com>

For more information, enquiries and comment please contact

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## **Environmental & Social Action Plan**

### **Environmental & Social Action Plan -Appraisal**

<b>Task Title &amp; Description</b>	<b>Anticipated Completion Date</b>
Develop an integrated Environmental, Occupational Health and Safety and Social Management System that will incorporate the existing procedures, and is consistent with the requirements of IFC Performance Standard	04/30/2018
Update existing human resource policy and procedures to align with the requirements of Performance Standard 2 including development and implementation of a retrenchment plan as applicable	04/30/2018

**Client's Documentation**

There are no attachments for this document