



# ***Environmental & Social Management System Framework***

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# 1. Introduction

Africa Oil Corp. is a Canadian oil and gas company with a diversified African portfolio. The Company is listed on the Toronto Stock Exchange and Nasdaq Stockholm under the symbol “AOI”. Africa Oil has transitioned to a full cycle E&P growth vehicle with production, cashflow, world-class development as well as significant exploration upside. The Company’s portfolio includes development (Kenya Lokichar Basin), production (Nigeria Deepwater) and exploration (Kenya, South Africa, and others) assets.

This document describes the Framework of the Africa Oil Health, Safety and Environment (HSE) and Social Performance Management System and sets out the processes to be adopted across all HSE and Social Performance functions to achieve Africa Oil HSE and Social Performance objectives.

## 1.1 Approach

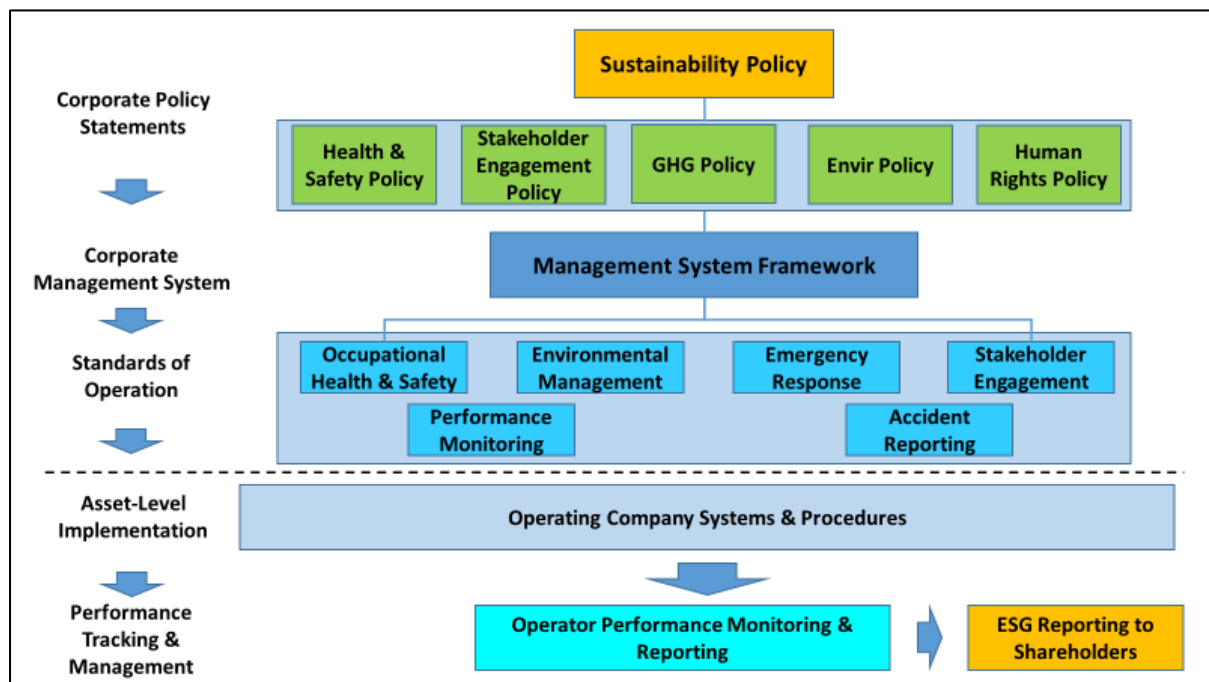
The objective is to have a single, consistent and simple approach to the planning and management of HSE and Social risks, commensurate with the nature of the risk and Africa Oil’s ability to influence operational management, whilst retaining flexibility to manage specific issues in the most appropriate manner.

Africa Oil has developed a range of corporate policy statements. These are implemented through a corporate management system which will lead to the development of corporate level Standards of Operation. Those Standards of Operation will then be adopted and implemented at an asset level, reflecting the nature of the activities and Africa Oil’s ownership interests.

Where Africa Oil is a non-operator, the focus will be on ensuring that Operator procedures are in alignment with Africa Oil Standards of Operation and that Africa Oil is able to monitor Operator performance and to support Operator improvements in performance where these are required.

Implementation is undertaken at a functional level, with separately implemented HSE and Social plans and procedures, all coordinated within a single Management System, as outlined below.

**Figure 1 Africa Oil Policies, Management System & Implementation**

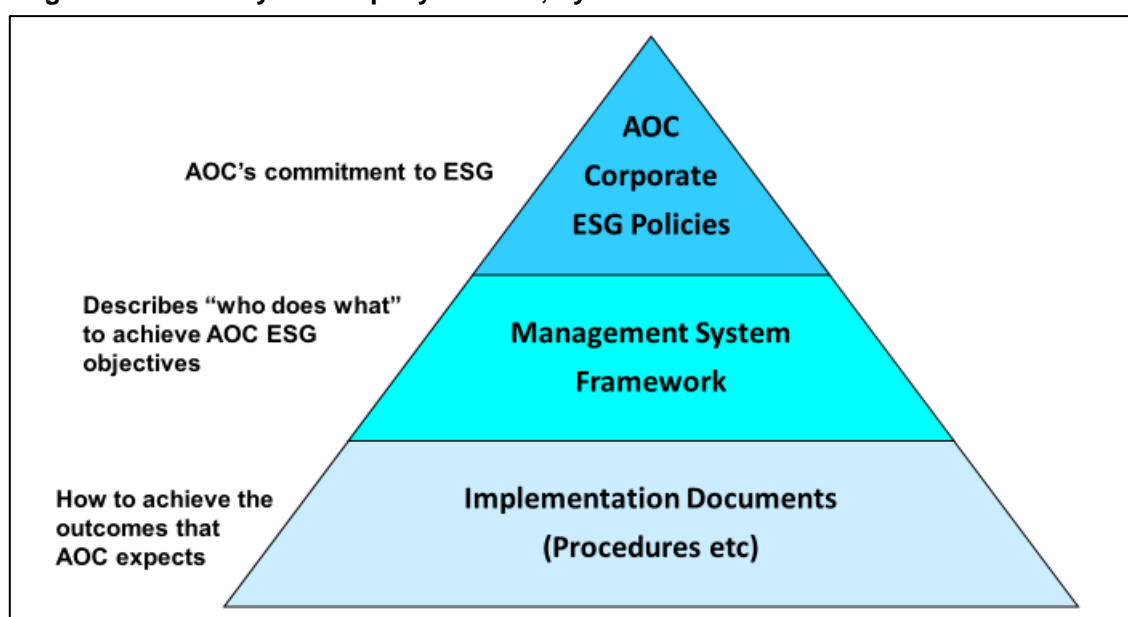


## 1.2 Africa Oil HSE and Social Management System

Africa Oil has an integrated approach and structure to the planning and management of HSE and Social risks. The hierarchy of company policies, systems and plans is set out in *Figure 2* below and comprises:

- **Africa Oil HSE and Social policies** which set out Africa Oil’s overall commitment to protect the environment, health and safety of colleagues and the communities in which it operates. These are provided in *Annex A*.
- **Operating Company HSE and Social policies.**
- The **Africa Oil HSE and Social Management System Framework** (“Management System”), and which outlines ‘who does what’ at Africa Oil.
- **Implementation documents** (Corporate Standards of Operation, and Asset Company documented plans, procedures, recommended practices and reference documents).

**Figure 2: Hierarchy of Company Policies, Systems and Plans**



## 1.3 Purpose of the Management System

The Africa Oil Management System is based on the principle of continuous improvement and is designed to:

- Define Africa Oil objectives and provide a tool to meet those objectives;
- Manage HSE and Social risks effectively during throughout the life of an asset;
- Comply with relevant national legislation and good industry practice<sup>1</sup>;
- Implement Africa Oil and Operating Company Policies, Standards of Operation and Procedures;
- Assign responsibilities to functions and personnel for Management System implementation;
- Provide a process for identifying opportunities for improvement, and to review and update the Management System.

<sup>1</sup> Namely the International Finance Corporation Performance Standards on Environmental and Social Sustainability, January 2012.

## 1.4 Management System Overview

### 1.4.1 Structure & Approach

The Management System is divided into 13 components, some of which are inter-related. Each component addresses a specific objective that enables Africa Oil to manage HSE and Social risks. Each component sets out the minimum requirements to meet each objective and refers to implementing procedures or processes.

The Management System is designed as a continual improvement cycle and adopts the methodology of “plan do-check-act”. The structure of the Management System is set out in *Figure 3* below.

**Figure 3 Management System Structure**



### 1.4.2 Contents of the Management System

This Management System Framework Document outlines:

- Roles and responsibilities of Africa Oil staff and contractors in implementing the Management System;
- Standards of Operation;
- Monitoring requirements;
- The specific Components of the Management System.

### 1.4.3 Review and Updating of the Management System

The Management System will be maintained and updated to reflect the project life cycle. This Framework Document will be reviewed at least once a year or when significant changes deem it necessary, whichever is soonest.

## 1.5 Document Control

The Africa Chief Operating Officer is accountable for the effective implementation of this Management System Framework and as such must approve all revisions and updates to this document.

## 2. Roles and Responsibilities

Table 1 below sets out roles and responsibilities amongst Africa Oil, Operating Company and Contractor staff for implementation of the requirements of this Management System.

**Table 1: Management System Roles & Responsibilities**

Role	Responsibilities
Africa Oil Chief Executive	<ul style="list-style-type: none"> <li>Provide leadership and direction to achieve HSE and Social goals, targets and objectives.</li> <li>Responsible for the implementation of review process</li> </ul>
Africa Oil Chief Operating Officer	<ul style="list-style-type: none"> <li>Provide authority and resources for effective implementation of Africa Oil policies and this Management System Framework</li> </ul>
Africa Oil Vice-President, Finance	<ul style="list-style-type: none"> <li>Ensure Africa Oil HSE and Social requirements are incorporated into the pre-qualification and tendering processes.</li> <li>Ensure Africa Oil HSE and Social requirements are included in Scopes of Work and contract terms.</li> <li>Review and assess contractor HSE and Social performance and capability.</li> </ul>
Africa Oil Vice-President, Operations	<ul style="list-style-type: none"> <li>Overall accountability for the Management System Framework implementation and for general compliance with legislation and other relevant industry HSE and Social standards.</li> <li>Monitor the implementation of the system for review, audit and measurement of HSE and Social performance for all Africa Oil staff and contractors.</li> </ul>
Africa Oil Special Advisor, ESG <i>Working with</i> AOK ESG Manager	<ul style="list-style-type: none"> <li>Development, implementation and monitoring of Africa Oil HSE and Social Management System.</li> <li>Communication of the HSE and Social Management System throughout Africa Oil.</li> <li>Ensure all incident reporting and HSE and Social performance requirements are met.</li> <li>Undertake all internal HSE and Social reporting for the Project.</li> <li>Review and assess monthly contractor monitoring.</li> </ul>
Africa Oil Personnel	<ul style="list-style-type: none"> <li>Complete required HSE and Social induction and training.</li> <li>Comply with Africa Oil HSE and Social requirements and procedures.</li> </ul>
Contractors & Sub-Contractors	<ul style="list-style-type: none"> <li>Comply with Africa Oil HSE and Social requirements in accordance with the conditions of the Contract.</li> </ul>

## 3. Standards of Operation

Africa Oil is committed to meeting Standards of Operation as part of this Management System. Standards of Operation are defined as:

- The laws and regulations of host countries (as applicable, within each country of activity).
- Applicable national regulatory permit and licence conditions applicable to Africa Oil activities.

- Good industry practice as defined by IFC Performance Standards.
- Africa Oil HSE and Social Policies (attached as Annex A).

Standards of Operation will be applicable during all activities.

Where a conflict exists between host country requirements and good industry practice, the more stringent standard or requirement will be applied in order to ensure compliance with legal requirements at all times.

### **3.1 Africa Oil Standards of Operation**

Africa Oil Standards of Operation will cover the following as a minimum:

- Performance Monitoring and Reporting;
- Reporting of Accidents and Incidents;
- Emergency Preparedness & Response;
- Worker Health & Safety;
- Community Health & Safety;
- Stakeholder Engagement & Community Relations;
- Code of Conduct.

Further Standards may be developed.

#### **3.1.1 Applicability**

Africa Oil Standards of Operation will be mandatory for all Africa Oil Operated assets.

For Non-Operated Assets, Africa Oil will seek to ensure, to the degree possible, that Operator activities are undertaken in alignment with Africa Oil Standards of Operation.

## **4. Monitoring**

Monitoring requirements are defined within each component of the Management System and reflect the requirements of Standards of Operation.

Where any limits are exceeded (eg emissions limits) or non-compliances noted, the Management System requires that these exceedances or non-compliances are recorded, reported and investigated.

Recommended actions from the review of monitoring results are documented, accountability for follow-up assigned and actions are tracked until completion.

### **4.1 Key Performance Indicators**

Key Performance Indicators (KPIs) are set out to measure the effectiveness of implementation of this Management System. Specific KPIs are also defined to assess the effectiveness of specific control measures set out within the Management System (under Component 8).

### **4.2 Performance Tracking**

Africa Oil HSE and Social performance will be tracked in the following reports:

- Monthly Operator (HSE and Social) reports to Senior Africa Oil Management.
- Quarterly HSE and Social performance report to Senior Management

- Annual reporting in disclosed Africa Oil Annual Report.

All operated and non-operated assets will provide monthly HSE and Social performance to Africa Oil which will form the basis of performance monitoring by Africa Oil and any necessary corrective actions or improvements.

## 5. Africa Oil HSE and Social Management System

The Africa Oil HSE and Social management system is based on the “Plan-Do-Check-Act” format. This is a widely-used structure that is focused on driving continuous improvement and is consistent with internationally-recognized management system standards.

The key components of the management system are outlined in *Table 2* below.

**Table 2 Key Components of the Management System**

Activity	Component
“Plan”	1: Policy & Compliance
	2: Risk Assessment & Management
	3: Objective & Target-Setting
“Do”	4: Organisation, Accountabilities & Responsibilities
	5: Competency & Training
	6: Communication & Consultation
	7: Management of Change
	8: Operational Control of the ESMS Framework
	9: Emergency Preparedness
	10: Supplier & Contractor Management
“Check”	11: Monitoring & Evaluation
	12: Non-Conformance, Incident and Action Management
“Act”	13: Management Review

Each component is described and defined below.

### 5.1 Component 1 – Policy & Compliance

#### Objective

Define and comply with all HSE and Social policy and legal and permitting requirements.

#### Scope

All Africa Oil activities throughout the life of the business.

#### Procedure and Responsibility

- Establish and implement Africa Oil HSE and Social policies and management system.
- Ensure policies are communicated internally and disclosed externally.
- Establish and manage a Commitments Register to include legal, permitting and other requirements and update by periodic review.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.



### **Additional Documents**

- Africa Oil HSE and Social policies.
- Africa Oil Environmental & Social Management System Framework.
- Africa Oil Commitments Register.

## **5.2 Component 2 – Risk Assessment and Management**

### **Objective**

To identify, assess and manage HSE and Social risks.

### **Scope**

All Africa Oil Operated Assets throughout the life of the business.

### **Procedure and Responsibility**

- For Non-Operated Assets, establish hazard and risk management procedure to identify appropriate material HSE and Social Performance issues to address as a non-operating partner/investor.
- For Operated Assets, establish hazard and risk management procedure to address all HSE and Social Performance issues including pre-task hazard assessments, qualitative risk assessments and quantitative risk assessments.
- Document risks and actions according to a defined risk classification within Africa Oil Risk Register.
- Develop plans to manage identified risks.
- Document the close-out of risk management actions through quarterly review of Risk Register.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

### **Additional Documents**

- Hazard and Risk Management Procedure.
- .

## **5.3 Component 3 – Objective and Target Setting**

### **Objective**

To set objectives and processes for continual improvement planning in HSE and Social management.

### **Scope**

All Africa Oil activities throughout the life of the business.

### **Procedure and Responsibility**

- Annual review of HSE and Social performance to be undertaken against targets and objectives set out in Commitments Register
- Annual improvement plans to be developed and integrated into overall annual business planning processes.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

### **Additional Documents**

HSE and Social performance assessment and improvement planning procedure

## 5.4 Component 4 – Organisation, Accountabilities and Responsibilities

### Objective

To ensure that resources and responsibilities are appropriately allocated to implement and continually improve HSE and Social management.

### Scope

All Africa Oil activities throughout the life of the business.

### Procedure and Responsibility

- Senior Africa Oil management representative identified and given responsibility for implementation of the HSE and Social Management System, including resource allocation.
- HSE and Social Management Committees established and Terms of Reference for their activities documented.
- HSE and Social roles and responsibilities documented.
- An HSE and Social organizational chart is prepared and made available to all employees.
- All HSE and Social responsibilities are documented in individual role/job descriptions where relevant.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

### Additional Documents

- HSE and Social organization chart.
- Terms of Reference for HSE and Social Management Committees.
- HSE and Social roles and responsibilities.

## 5.5 Component 5 – Competency and Training

### Objective

To establish processes to provide the necessary training and competency to manage HSE and Social risks.

### Scope

All Africa Oil activities throughout the life of the business. Training will be focused on those involved with HSE and Social activities, and any staff working on Operated Assets.

### Procedure and Responsibility

- Africa Oil HSE and Social training needs assessment undertaken on an annual basis.
- HSE and Social training requirements and plans identified and implemented for all personnel.
- HSE and Social induction training for new personnel (including contractors).
- HSE and Social induction training for visitors to Operated Assets.
- For Operated Assets, specific competency requirements and selection criteria (fitness for work) defined for all personnel performing tasks and work activities containing significant HSE and Social risks.
- All roles requiring technical certification, registration or licensing to be documented.
- HSE and Social awareness training to be provided to all staff on an annual basis as a minimum.
- Records of all induction, awareness and competency-based training to be retained.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

#### **Additional Documents**

- Annual Africa Oil HSE and Social training needs assessment
- Individual HSE and Social training plans and records
- HSE and Social induction training
- HSE and Social general awareness training
- HSE and Social training records (including all contractors)

### **5.6 Component 6 – Communication and Consultation**

#### **Objective**

To engage effectively with staff, contractor personnel and external stakeholders on the management of HSE and Social risks.

#### **Scope**

All Africa Oil activities throughout the life of the business. The focus will be on those involved with HSE and Social activities, and any staff working on Operated Assets.

#### **Procedure and Responsibility**

- Define process for communication with all workers on HSE and Social issues.
- Ensure all workers are made aware of HSE and Social issues and opportunities to participate in HSE and Social matters.
- Establish regular communication channels to all workers on HSE and Social issues. This includes but is not limited to
  - Internal awareness raising
  - Awareness of HSE and Social risks
  - Pre-start meetings
  - Lessons learnt from accidents, incidents and near-misses
  - External stakeholder concerns, complaints and grievances
- Define procedures for engagement with external stakeholders on relevant HSE and Social issues including periodic disclosure of HSE and Social performance, including an Annual Sustainability Report.
- Establish a process for encouraging and receiving suggestions from workers.
- Establish a procedure for receiving and responding to worker questions, complaints and grievances in a confidential manner.
- Establish a procedure for receiving and responding to external stakeholder questions, complaints and grievances.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

#### **Additional Documents**

- Internal communications procedures.
- Stakeholder Engagement Plan.
- Worker Complaints and Grievance Procedure.
- Community Complaints and Grievance Procedure.

## 5.7 Component 7 – Management of Change

### Objective

To manage the HSE and Social risks associated with any change to business processes.

### Scope

All Africa Oil Operated Assets throughout the life of the business.

### Procedure and Responsibility

- Establish Management of Change Procedure to identify and manage changes to any business process that may impact HSE and Social performance based on a risk assessment.
- Establish procedure to notify regulators and other key stakeholders (such as Lenders) about proposed changes and secure agreement prior to implementing the change.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

### Additional Documents

- Management of Change Procedure

## 5.8 Component 8 – Operational Control of the ESMS Framework

### Objectives

To manage HSE and Social risks associated with Africa Oil operations by implementation of HSE and Social Management Plans and Commitments Register to control risks to “As Low As Reasonably Practicable”.

To set out and document the key requirements and processes required for the effective operation of the Management System.

### Scope

All Africa Oil activities throughout the life of the business.

### Procedure and Responsibility

- Management Plans will be developed for the key HSE and Social issues on an asset-specific basis. This will reflect the degree of control that Africa Oil holds (ie Operated vs Non-Operated) and the stage of activities (Exploration, Development, Construction, Operations, Closure).
- Management Plan commitments will be tracked and managed through a Commitments Register which will be subject to regular review and updates.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

### Additional Documents

- HSE and Social Management Plans (asset-specific).
- Commitments Register.

## 5.9 Component 9 – Emergency Preparedness

### Objective

To ensure that adequate measures to protect worker and community health and safety and the environment are implemented in the event of an emergency.

### Scope

All Africa Oil Operated Assets throughout the life of the business.

### **Procedure and Responsibility**

- Establish an Emergency Preparedness and Response Plan.
- Implement and test the Emergency Preparedness and Response Plan for Operated assets and request Operators of Non-Operated Assets to undertake the following as a minimum:
  - Annual desktop exercise
  - Full-scale exercise every two years
  - Ensure personnel are appropriately trained.
  - Ensure Plan is developed in consultation with local emergency services and local authorities.
- The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

### **Additional Documents**

- Emergency Preparedness & Response Plan.

## **5.10 Component 10 – Supplier and Contractor Management**

### **Objective**

To ensure HSE and Social risks associated with procurement, equipment, services and labour are effectively managed.

### **Scope**

All Africa Oil Operated Assets throughout the life of the business.

### **Procedure and Responsibility**

- For Operated Assets, establish procedure to assess HSE and Social risks related to planned procurement of materials, equipment, services and labour
- For Operated Assets, establish procedure to ensure that HSE and Social requirements are set out in tender specifications or design criteria
- For Operated Assets, establish procedure to define criteria for supplier and contractor selection based on defined HSE and Social requirements
- For Operated Assets, all materials, equipment, services and labour must meet the required specifications for the control of HSE and Social risks.
- For Operated Assets, establish an inventory of hazardous materials that are approved for use onsite
- For Operated Assets, legally compliant Material Safety Data Sheets (MSDS) must be available prior to the delivery and use of hazardous materials
- Establish contractor management procedures including training and monitoring related to HSE and Social risks

The AOC Chief Operating Officer is responsible for implementation of this Component.

### **Additional Documents**

- Procurement procedures (to include HSE and Social risk assessment, specification and evaluation requirements)
- Hazardous materials inventory
- Contractor management procedures

## 5.11 Component 11 – Monitoring and Evaluation

### Objective

To assess hazards or the impact of Africa Oil's activities and evaluate the effectiveness of management controls.

To monitor the workplace and environmental performance to assess conformance and compliance.

### Scope

All Africa Oil activities throughout the life of the business.

### Procedure and Responsibility

- Establish procedure for HSE and Social performance monitoring, data evaluation and improvement planning for Operated and Non-Operated Assets.
- Establish medical surveillance programme for workers (Operated Assets with field activities).
- For Operated Assets, establish procedure for Environmental performance monitoring, data evaluation and improvement planning.
- For Operated Assets, establish procedure for Community Relations performance monitoring, data evaluation and improvement planning.
- Establish procedure for periodic performance reporting by Operators of Non-Operated Assets to Africa Oil.
- Establish procedure for annual reporting to external stakeholders (Annual Report).

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

### Additional Documents

- HSE and Social Performance monitoring procedure.
- Medical surveillance programme (Operated Assets).
- Environmental monitoring procedure (Operated Assets).
- Community Relations monitoring procedure (Operated Assets).

## 5.12 Component 12 – Non-Conformance, Incident and Action Management

### Objective

To ensure that all non-conformances, incidents and lessons learnt are recorded and corrective actions identified and communicated.

### Scope

All Africa Oil activities throughout the life of the business.

### Procedure and Responsibility

- Ensure procedures agreed with Operators of Non-Operated Assets to report notifiable accidents and incidents to Africa Oil within an agreed timeframe.
- All non-conformances, incidents and near misses must be investigated to a level commensurate with the potential risk or outcome, to include lessons learnt and improvement recommendations.
- All incidents must be reported internally on the same work-day on which it occurs.

- Depending on the actual consequences and maximum reasonable outcome of the impact, relevant internal and external parties must be notified in accordance with established timeframes and legal requirements.
- All reportable incidents causing personal injury or personal illness must be reported in monthly performance statistics.
- Establish incident management procedure, including reporting and notification requirements.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

#### **Additional Documents**

- Incident Reporting Procedure.

### **5.13 Component 13 – Management Review**

#### **Objective**

To ensure that the Africa Oil Management System is efficient and effective in managing HSE and Social performance and meeting Africa Oil requirements.

#### **Scope**

All Africa Oil activities throughout the life of the business.

#### **Procedure and Responsibility**

- Establish procedure for undertaking an annual review of the performance and effectiveness of the Management System to be led by Africa Oil senior management.
- Ensure that findings from audits are considered and included in relevant performance improvement plans.

The Africa Oil Chief Operating Officer is responsible for implementation of this Component.

#### **Additional Documents**

- Management System review procedure.

## Annex A: Africa Oil Policies