



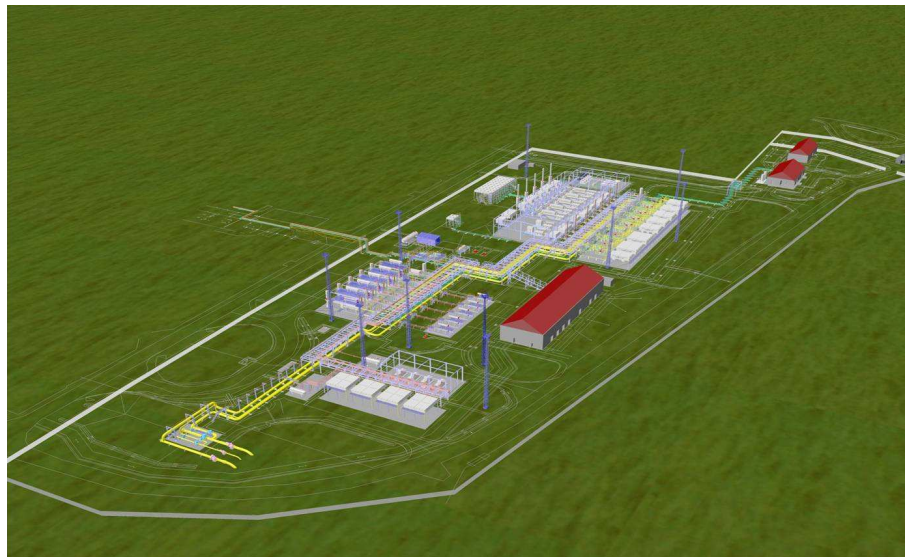
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ENVIRONMENTAL AND SOCIAL ACTION PLAN

MMBF Underground Gas Storage Project

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REPORT

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EBRD
MMBF/MOL



A world of
capabilities
delivered locally

involving

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MacDonald
as subcontractor

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Signature page

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1. INTRODUCTION

The European Bank for Reconstruction and Development (EBRD) is considering financing the completion of the MMBF Underground Gas Storage Site (Facility) in the neighbourhood of Algyő, in the vicinity of the city of Szeged, South Hungary.

Golder Associates (Hungary) Kft. was appointed on the 9th of April, 2009 to conduct an Environmental and Social Due Diligence audit on the Facility. The objective of the assignment is to identify potential environmental and social impacts and the risks associated with the design, construction, operation and future decommissioning of the Facility, and to assess how these are being, have been and will be managed. To perform the assignment within the given short timeframe, Golder involved Mott Macdonald Magyarországi Kft. (together: Team), who had knowledge of the Facility through a social and environmental review of the application based on the Equator Principles, carried out in 2008, and prepared the Environmental Management Plan (EMP) and the Social Management Plan (SMP).

The Facility is being built on the Szőreg-I field, an oil and gas reservoir still under exploitation. The Facility will serve strategic and commercial purposes: 1.2 bqm (billion cubic meter) of natural gas will be held for strategic reasons (fulfilling the requirements prescribed in national Act XXVI of 2006, the Act on Strategic Storage of Natural Gas) while 0.7 bqm will be available for commercial utilisation.

As the owner, MMBF contracted MOL to construct and commission the Facility, the contract for operation is currently undergoing the approval process of the Hungarian Energy Office (HEO). The construction was more than approximately 70% complete on the 15 April, 2009 when the Team made their Site visit. The Facility is planned to be ready for the initial commissioning in August 2009.

EBRD designated the Facility as class B¹ as defined in the EBRD's Social and Environmental Policy, which was published in May 2008 and came into effect in November 2008. Category B projects can have potential adverse environmental and/or social impacts. These impacts, that it may give rise to, are typically site-specific, and/or readily identified and addressed through mitigation measures. These impacts could be from past, current or future activities.

As part of the assignment the Team has prepared this Environmental and Social Action Plan. The aim of this Plan is to provide a consolidated Process Description to both the EBRD and MOL/MMBF that summarises actions to assure compliance with EBRD requirements². Compliance with national regulations and other (e.g. permit) requirements are considered as a must and not enlisted in the below table.

The ESAP and all the actions it contains are the bases for the regulation of future activities for the Facility. Actions related to the construction of the Facility are targeted at the remaining relatively short time of the construction phase, and only activities that are still actually taking place. Past activities, like design and the major part of the construction of the Facility have previously been reviewed, and in this report no individual actions are identified for these past activities.

Actions addressing the mitigation and handling of the identified gaps are included in the accompanying tables. The gaps are not merely identified, but discrete actions are clearly identified that provide practical solutions to filling gaps.

This ESAP report lists the actions which require immediate implementation prior to the commissioning of the facility.

The ESAP does not provide full method statements for the execution of these actions but aims to identify and highlight the necessary measures that need to be taken. References to previous reports (Gap Report, Stakeholder Engagement Plan), EBRD's Performance Requirements are identified where applicable. Also identification of responsibilities and resources are provided in order to help the management to assess the requirements of the implementation of these actions. Targets and/or evaluation criteria forms

¹ EBRD categorises proposed projects as A/B/C/FI based on environmental and social criteria to: (i) reflect the level of potential environmental and social impacts and issues associated with the proposed project; and (ii) determine the nature and level of environmental and social investigations, information disclosure and stakeholder engagement required for each project, taking into account the nature, location, sensitivity and scale of the project, and the nature and magnitude of its possible environmental and social impacts and issues.

² EBRD Environmental and Social Policy, May 2008

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an important part of this assessment, since it sets the effective evidence base that needs to be provided in order to ensure that the action in question has been addressed and carried out adequately. It also provides a clear mechanism for management to monitor the compliance with this action plan.

2. ACTION PLAN

(see next page).

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No	Action	Environmental and Social Risks Liability / Benefits	Legislative requirement/ PRs ³ /Best practice	Resources/ Responsibility	Timetable	Target and Evaluation Criteria	Comment
1.	Compliance with the Stakeholder Engagement Plan (May 2009, ref. No 09506130035/SEP).	Stakeholder engagement is according to requirements.	<ul style="list-style-type: none"> (PR10) 11, 21 	Management's time	Continuously.	<ul style="list-style-type: none"> Documentations required by SEP. 	
2.	Updating and Implementation of the existing MMBF Environmental Management Plan (Virtual Data Room Chapter 07.03.05) and the Social Management Plan (Virtual Data Room Chapter 07.03.06) to comply with PRs.	EBRD expectations will be adequately managed.	<ul style="list-style-type: none"> (PR1) 20, 21 	MOL US SD&HSE, MOL E&P ACR Management time	Continuously.	<ul style="list-style-type: none"> Updated EMP and SMP. 	
3.	Documentation of consultations with stakeholders and disclosure activities.	Documentation is transparent and traceable.	<ul style="list-style-type: none"> (PR10) 16 	Worker's time	Continuously	Written documentation of consultations.	
4.	Development and operation of adequate training procedure for the employees with social task	Adequate management of disclosure and communications with the Stakeholders.	<ul style="list-style-type: none"> (PR1) 18 	Management and attending workers time + Cost for trainers / MOL E&P ACR	Continuously, in advance of new workers or subcontractor entering the site	<ul style="list-style-type: none"> Training document with attendance sheet or list of recipients (in case of e-mail dissemination) 	
5.	Preparation and provision of annual reports to EBRD as set forth in the standard report format, information to include status of the ESAP, overall environmental compliance, fees and fines paid, data on GHG emission and inventory of all emissions and waste generated.	Public relations are transparent and well-maintained.	<ul style="list-style-type: none"> (PR1) 24 (PR3) 15 (PR10) 14, 22, 23, 25 	Management's time Worker's time MOL US SD&HSE, MOL E&P ACR	annually	<ul style="list-style-type: none"> A copy of each report. 	
6a.	Preparation of Conceptual Decommissioning and Demolition Plan, including overall goals, principles and objectives of decommissioning.	Preparedness for Facility decommissioning.	<ul style="list-style-type: none"> (PR3) 10 	Management's time + cost of designer	Within two years after start of operation	<ul style="list-style-type: none"> Conceptual Decommissioning Plan. 	
6b.	Preparation of Decommissioning and Demolition Plan.	Preparedness for Facility decommissioning.	<ul style="list-style-type: none"> (PR3) 10 	Management's time + cost of designer	Within ten years after start of operation	<ul style="list-style-type: none"> Decommissioning Plan. 	
7.	Development of required documentations and standards to comply with Seveso II directive.	Emergency situations are adequately handled, stakeholders are informed on potential risks and issues.	<ul style="list-style-type: none"> (PR1) 8, (PR3) 14 (PR4) 19, 22 	Management's time + MOL US SD&HSE + cost of external experts	Within three years after start of operation	<ul style="list-style-type: none"> a policy on prevention and mitigation of major accidents management system 	
8.	Performing exercise and drills of prevention and response plans on a schedule appropriate to the sector and risk.	Minimise possible panic situations in case of emergency	<ul style="list-style-type: none"> (PR4) 21 	Management's and workers' time + MOL US SD&HSE	annually	<ul style="list-style-type: none"> Minutes of emergency exercises and drills. 	
9.	Contractually require contractors to apply EBRD's Performance Requirements.	To ensure that EBRD's Performance Requirements apply to the project when tasks are performed by contractors.	<ul style="list-style-type: none"> (PR1) 19 (PR2) 19 	MOL project management + contractors	Before the start of operation	<ul style="list-style-type: none"> Relevant documentation. 	

³ Performance Requirements (of EBRD)

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No	Action	Environmental and Social Risks Liability / Benefits	Legislative requirement/ PRs ³ /Best practice	Resources/ Responsi- bility	Timetable	Target and Evaluation Criteria	Com- ment
10.	Completion of hazard identification and emergency response plans – including HAZOP study – for the operational period.	Provision of a safe and healthy environment for affected communities and workers	<ul style="list-style-type: none"> • (PR2) 13 • (PR4) 7 • (PR4) 19 	Operator's, MOL US SD&HSE, safety representative's, occupational health service provider's time + designer's time	Start of operation	<ul style="list-style-type: none"> • Relevant documentation. 	
11.	Preparation of Security Risk Assessment, site-specific training of security personnel.	Correct analysis of security hazards. Ensuring appropriate conduct of security personnel in all situations.	<ul style="list-style-type: none"> • (PR4) 23 	MOL Corporate Security and security contractor management	Before start of guarding the site, prior to operation	<ul style="list-style-type: none"> • Security risk assessment, contract between MOL and security company. 	
12.	Monitor / Audit performance of Security Firm, including investigation of any allegations of unlawful or abusive acts of security personnel.	Ensure security of workers and community	<ul style="list-style-type: none"> • (PR4) 25 	MOL Corporate Security and security contractor management	Continuously.	<ul style="list-style-type: none"> • Documentation of investigations. 	

At Golder Associates we strive to be the most respected global group specializing in ground engineering and environmental services. Employee owned since our formation in 1960, we have created a unique culture with pride in ownership, resulting in long-term organizational stability. Golder professionals take the time to build an understanding of client needs and of the specific environments in which they operate. We continue to expand our technical capabilities and have experienced steady growth with employees now operating from offices located throughout Africa, Asia, Australasia, Europe, North America and South America.

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