SOCIAL IMPACT ASSESSMENT

A Social Impact Assessment (SIA) is a proactive tool used to understand the potential impacts of a proposed project on a community. It starts with a baseline study of the community's social environment, analyzing demographics, infrastructure, values, and lifestyles. This information helps predict social changes and impacts resulting from the project. The SIA enables the company to develop strategies to mitigate negative impacts and enhance positive ones, and it is recommended to consider SIAs collectively for a broader understanding of cumulative impacts. Central to SIA is involving affected communities and stakeholders early in the process to inform decision-making. It plays a key role in managing social issues throughout the project cycle and is essential for community agreements and processes like free, prior, and informed consent (FPIC), particularly with indigenous peoples.

The Company gives great importance to the impact that will have on the community and, therefore, has established a social impact assessment (SIA) in all business units prior to the commencement of the project. The information obtained from the assessment will be used to design activities that respond to community needs by mainly reducing or avoiding their impact on the community, including comparing the relief from the impact before leaving the operating area at the end of the concession. Furthermore, if project specifics change during the process, the Company has scheduled a new social impact assessment to align with the modified production activities.

The SIA community of practitioners considers that all issues that affect people, directly or indirectly, are pertinent to social impact assessment. A convenient way of conceptualizing social impacts is as changes to one or more of the following:

- **People's way of life**: How individuals live, work, play, and interact daily.
- **Their culture**: Shared beliefs, customs, values, and language or dialect.
- **Their community**: The cohesion, stability, character, services, and facilities within the community.
- **Their political systems**: People's ability to participate in decisions affecting their lives, the level of democratization, and resources allocated for this participation.
- **Their environment**: The quality of air, water, food, sanitation, and physical safety, along with exposure to risks like dust and noise and access to resources.
- **Their health and well-being**: Overall health, encompassing physical, mental, social, and spiritual well-being.
- **Their personal and property rights**: Economic impacts, personal disadvantages, and potential violations of civil liberties.
- **Their fears and aspirations**: Concerns about safety, future prospects for their community, and hopes for their future and their children's future.

The four phases of social impact assessment:

Phase 1: Understand the issues
• Gain a good understanding of the proposed project. • Clarify all roles and responsibilities, including relationships to other studies being undertaken; identify relevant national laws and/or international guidelines. • Identify the preliminary 'social area of influence' of the project, likely impacted and beneficiary communities (nearby and distant), and stakeholders • Gain a good understanding of the affected communities by preparing a Community Profile (stakeholders; socio-political setting; local needs, interests, values, aspirations; gender analysis; historical experience; community assets/ weaknesses; optional opinion survey). • Fully inform community members about the project; experience from similar projects; how to be involved in the SIA; procedural rights; access to grievance/feedback mechanisms. • Devise inclusive participatory processes and deliberate spaces to help community members understand and evaluate impacts/benefits; make informed decisions; discuss desired futures; contribute to mitigation and monitoring plans; and prepare for change. • Identify the social/human rights issues that have potential to be of concern. • Collect relevant baseline data for key social issues.

Phase 2: Predict, analyze and assess the likely impact pathways
• Determine the social changes/impacts likely to result from the project and its alternatives. • Carefully consider the indirect (or second and higher order) impacts. • Consider how the project will contribute to the cumulative impacts on host communities. • Determine how the various affected groups and communities will likely respond. • Establish the significance of the predicted changes (i.e. prioritize them) • Contribute to design and evaluation of project alternatives, including no go and other options.

Phase 3: Develop and implement strategies
• Identify ways of addressing potential negative impacts (e.g. avoid, mitigate, compensate). • Develop and implement ways of enhancing benefits and project-related opportunities. • Develop strategies to support communities in coping with change. • Develop and implement appropriate feedback and grievance mechanisms. • Develop an Impacts and Benefit Agreement (IBA) between communities and developer.

Phase 3: Develop and implement strategies (cont'd)
• Develop a social impact management plan to implement the IBA. • Establish partnerships (government, industry, civil society) for implementation/monitoring. • Develop and implement ongoing social performance plans

Phase 4: Design and implement monitoring programs
• Develop indicators to monitor change over time. • Develop a participatory monitoring plan. • Implement adaptive management and a social management system. • Undertake evaluation and periodic review (audit).