

Social Impact Assessment

Management Standard

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Introduction

A social impact assessment (SIA) is a proactive and anticipatory tool used to help understand the potential impacts that a proposed project may have on a community. A baseline study of the community's existing social environment is developed by analyzing demographic characteristics, social infrastructure, social values and lifestyles. The baseline information is then used to help predict any social impacts the community may face, or changes that may occur to the existing social environment, by introducing the proposed project.

The SIA enables the company to determine effective strategies to help mitigate the negative impacts and maximize the positive impacts of a project. It is recommended that the SIAs are read in conjunction to help gain an overarching understanding of the potential cumulative social impacts of the proposed project on local communities.

"SIA is used to predict and mitigate negative impacts and identify opportunities to enhance benefits for local communities and broader society."

'Social impacts' generally refer to the consequences that people experience when a new project brings change. For the purposes of the SIA, 'people' are classed as individuals, households, groups, communities, or organizations. Central to the principles and practice of SIA is the involvement of affected communities and other stakeholders in the process. SIA should inform decision-making by government and company from the early stages of a project.



Figure 1: Social elements

Equally important is the role of SIA in the ongoing management of social issues throughout the whole project cycle until decommissioning and closure. As such, the social management plan that derives from an SIA is extremely important. SIA is also an essential foundation for community agreements and in processes of free, prior and informed consent (FPIC) conducted with communities as well as indigenous peoples before the start of the development projects.



This Guideline is designed to help business units prepare for SIA. The Guideline also recognizes that a SIA is not a one-size-fits-all approach – social impacts will vary based on the nature, context, and scale of a project. Social impacts may be both positive and negative, direct and indirect, or tangible and intangible.

Objective

The objective of this standard is to equip community engagement practitioners with the tools to build, manage, and enhance relationships with community stakeholders, particularly indigenous peoples as well as vulnerable groups, through consultation and involvement. This manual aims to provide guidelines that help understand the potential impacts which a proposed project may have on a community. And identify opportunities to enhance benefits for local communities and society at large.

Scope

This manual shall be used for Banpu and our subsidiaries which Banpu has management control. Moreover, this document should be promoted to our joint ventures and throughout the supply chain.

Process / Content

The Company gives great importance to the impact that will occur 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.

What are social impacts?

SIA is much more than the prediction step within an environmental assessment framework. Social impacts are much broader than the limited issues often considered in EIAs (such as demographic changes, job issues, financial security, and impacts on family life). A limited view of SIA creates demarcation problems about what are the social impacts to be identified by SIA, versus what is considered by related fields such as health impact assessment, cultural impact assessment, heritage impact assessment, aesthetic impact assessment, or gender impact assessment. 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 – that is, how they live, work, play and interact with one another on a day-to-day basis;
- their culture – that is, their shared beliefs, customs, values and language or dialect;
- their community – its cohesion, stability, character, services and facilities;
- their political systems – the extent to which people are able to participate in decisions that affect their lives, the level of democratization that is taking place, and the resources provided for this purpose;
- their environment – the quality of the air and water people use; the availability and quality of the food they eat; the level of hazard or risk, dust and noise they are exposed to; the adequacy of sanitation, their physical safety, and their access to and control over resources;
- their health and wellbeing – health is a state of complete physical, mental, social and spiritual wellbeing and not merely the absence of disease or infirmity;
- their personal and property rights – particularly whether people are economically affected, or experience personal disadvantage which may include a violation of their civil liberties;
- their fears and aspirations – their perceptions about their safety, their fears about the future of their community, and their aspirations for their future and the future of their children.



“All issues that affect people, directly or indirectly, are pertinent to SIA”

Direct impacts anticipated from construction phase:

- Physical displacement impacting structures and sites of religious significance;
- Economic displacement impacting agricultural land and natural resources, and artisanal mining opportunities;
- Loss of sense of place;
- Creation of employment opportunities;
- Impacts to water levels and water quality; and
- Noise and dust pollution related to construction excavations.

Indirect impacts during construction include the following:

- Access restrictions to services and developments;
- Population influx resulting in social tensions and an increase in sexually transmitted diseases, notably HIV/AIDS
- Potential for conflict;
- Increase in traffic and safety hazards; and
- Increase in business opportunities in local services.

Impacts anticipated during the operational phase include:

- Employment opportunities;
- Environmentally intrinsic impacts including noise and air quality;
- Health and safety impacts, including an increase in sexually transmitted diseases, notably HIV/AIDS;
- Improved services and community development potential.

Potential impacts associated with the Decommissioning Phase may include the following:

- A temporary increase in employment opportunities followed by a decrease
- Noise and dust impacts associated with decommissioning activities;
- Impacts to the quality and quantity of water resources surrounding the project area;
- Change in economic benefits from mining

Why undertake social impact assessment?

An SIA improves the quality of project design and implementation in numerous ways. Among them are:

- Assessment and management of project-related risks and benefits. A major purpose of the SIA is to identify and manage potential adverse impacts, and to maximize project benefits to local communities and other groups.
- Local understanding and support. By addressing local needs and priorities, the SIA process helps to strengthen local understanding and support for the project.
- Efficiency and effectiveness of project implementation. During implementation, the SIA provides information and continued stakeholder engagement to enable adaptive, responsive, and cost-effective project management.
- Evaluation of project outcomes and impacts. The SIA process includes establishing robust baseline data, providing the basis and means to evaluate social outcomes and impacts of a project.



Figure 2: Managing social impacts

Activities comprising SIA

SIA comprises most of the following activities. It:

- participates in the environmental design of the planned intervention;
- identifies interested and affected peoples;
- facilitates and coordinates the participation of stakeholders;
- documents and analyses the local historical setting of the planned intervention so as to be able to interpret responses to the intervention, and to assess cumulative impacts;
- collects baseline data (social profiling) to allow evaluation and audit of the impact assessment process and the planned intervention itself;
- gives a rich picture of the local cultural context, and develops an understanding of local community values, particularly how they relate to the planned intervention;
- identifies and describes the activities which are likely to cause impacts (scoping);
- predicts (or analyses) likely impacts and how different stakeholders are likely to respond;
- assists evaluating and selecting alternatives (including a no development option);
- assists in site selection;
- recommends mitigation measures;
- assists in the valuation process and provides suggestions about compensation (non-financial as well as financial);
- describes potential conflicts between stakeholders and advises on resolution processes;
- develops coping strategies for dealing with residual or non-mitigatable impacts;
- contributes to skill development and capacity building in the community;
- advises on appropriate institutional and coordination arrangements for all parties;
- assists in devising and implementing monitoring and management programs.

Principles of social impact assessment

While the field of SIA is evolving, there is broad agreement among practitioners and institutions on some key aspects and characteristics of SIA. These can be summarized in the following ten principles:

The SIA should promote:

1. Equal opportunity, inclusion, and sustainability in a project setting
2. Local benefits, community development, and capacity
3. Empowerment and social capital

The SIA should:

4. Be a proactive and integral part of project planning and implementation, interconnected with economic, physical, environmental and other issues
5. Address both risks and opportunities
6. Be rigorous in its use of data, which may include quantitative as well as qualitative data
7. Be widely applicable in different contexts and settings
8. Build on local knowledge and participatory processes, and reflect diversity in culture and values
9. Respect and promote human rights, transparency and accountability, and the rule of law



The SIA should not:

10. Apply coercion or undue force

Table 1: Principles to guide the SIA

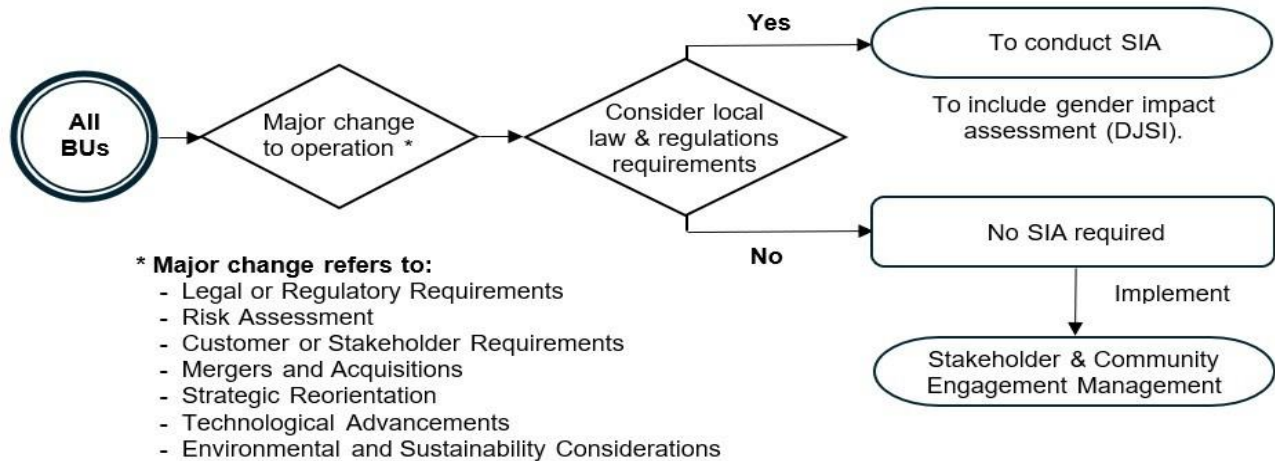
Principles	Description
Action-oriented	Defines specific actions to deliver practical, achievable and effective outcomes for people.
Adaptive	Establishes systems to respond to new or different circumstances to support continuous improvement.
Culturally responsive	Develops culturally informed approaches and methodologies to ensure Aboriginal and culturally diverse communities are engaged appropriately, and their perspectives, insights and feedback are valued.
Distributive equity	Considers how different groups will experience social impacts differently (particularly vulnerable and marginalized groups, future generations compared with current generations, and differences by gender, age and cultural group).
Impartial	Uses fair, unbiased research methods and follows relevant ethical standards.
Inclusive	Seeks to hear, understand, respect and document the perspectives of all likely affected people. Uses respectful, meaningful and effective engagement activities tailored to the needs of those being engaged (e.g. being culturally sensitive and accessible).
Integrated	Uses and references relevant information and analysis from other assessments to avoid duplication. Supports effective integration of social, economic and environmental considerations in decision-making.
Life-cycle focus	Seeks to understand likely impacts (including cumulative impacts) at all project stages, from pre-construction to post-closure/operation commencement.
Material	Identifies which likely social impacts matter the most for people and/or pose the greatest risk/opportunity to those expected to be affected.
Precautionary	If there are risks of serious or irreversible environmental damage (including harm to people), avoids using any limits on full scientific certainty as a reason for postponing measures to prevent environmental (including social) degradation
Proportionate	Ensures the scope and scale of the SIA corresponds to the scope and scale of the likely social impacts.
Rigorous	Uses appropriate, accepted social science methods and robust evidence from authoritative and trustworthy sources.
Transparent	Explains, justifies and makes available information, methods and assumptions so that people can see how their input has been considered.

Overview of how social impact assessment is carried out at Banpu

At the initial stage, we will determine whether each business unit is required to conduct the Social Impact Assessment (SIA) or not. To do so, all business units shall be evaluated against the criteria outlined below

For current assets:

- a) All business units should review their impact assessments and confirm the necessity of implementing a SIA. Business units should also confirm the availability of the assessment report as well as mitigation measures in place (if any).
- b) In the event of a major change, business units must evaluate the necessity of implementing a SIA to effectively assess and manage the impact of the new development.

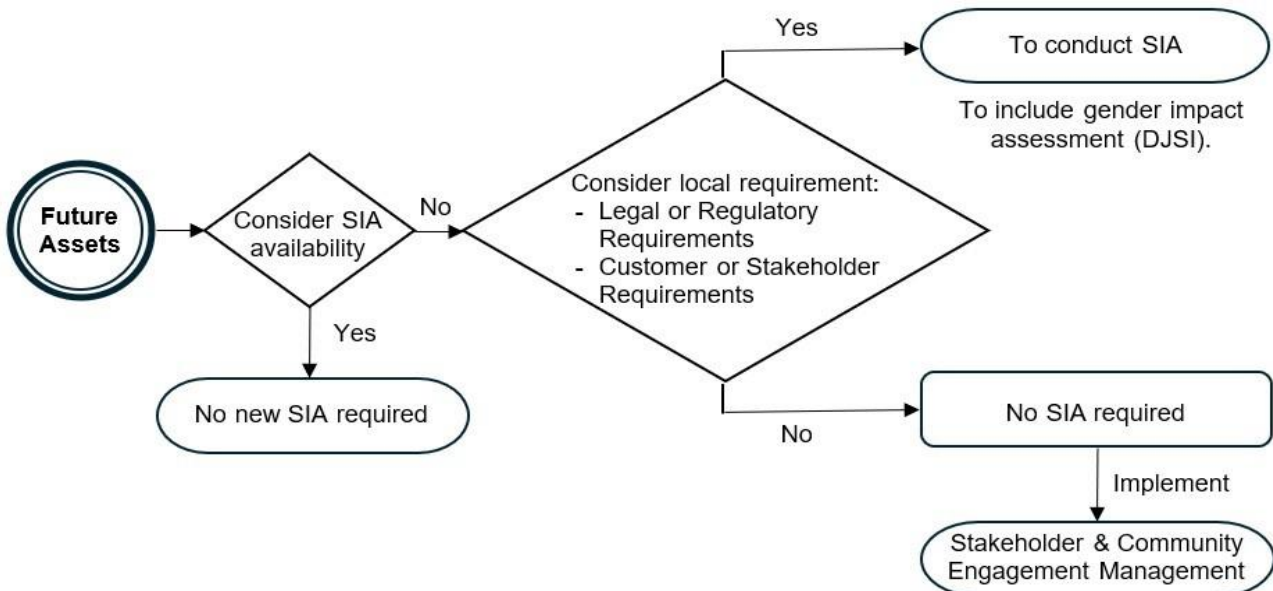


If major changes are identified, the business unit should determine whether local laws and regulations require a Social Impact Assessment (SIA).

- If a SIA is deemed necessary, the business unit shall carry out the assessment, ensuring that gender impact is explicitly considered as part of the evaluation.
- If a SIA is not required, the business unit shall continue engaging with the community through its established community engagement management process.

For future assets:

c) For any future assets, the necessity of implementing a SIA should be evaluated to effectively assess and manage the impact of new developments.



When Banpu considers acquiring/developing a new asset, the first step—conducted in parallel with project development—is to confirm whether a SIA is already available. If an existing SIA is in place, no new assessment is required. Otherwise, the business unit must determine whether local laws and regulations mandate the implementation of a SIA.

- If a SIA is deemed necessary, the business unit shall carry out the assessment, ensuring that gender impact is explicitly considered as part of the evaluation.



- If a SIA is not required, the business unit shall continue engaging with the community through its established community engagement management process.

d) In the event of a major operational change to future assets, the business unit shall assess the need for a new Social Impact Assessment (SIA), taking into account applicable local laws and regulations. If a new SIA is required, the business unit must conduct the assessment, ensuring that gender-related impacts are explicitly considered. This approach supports effective evaluation and management of potential impacts arising from new developments.

The Four Phases of Social Impact Assessment

Phase 1: Understand the issues

1. Gain a good understanding of the proposed project.
2. Clarify all roles and responsibilities, including relationships to other studies being undertaken; identify relevant national laws and/or international guidelines.
3. Identify the preliminary 'social area of influence' of the project, likely impacted and beneficiary communities (nearby and distant), and stakeholders
4. 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).
5. 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.
6. Devise inclusive participatory processes and deliberative 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.
7. Identify the social/human rights issues that have potential to be of concern.
8. Collate relevant baseline data for key social issues.

Phase 2: Predict, analyze and assess the likely impact pathways

9. Determine the social changes/impacts likely to result from the project and its alternatives.
10. Carefully consider the indirect (or second and higher order) impacts.
11. Consider how the project will contribute to the cumulative impacts on host communities.
12. Determine how the various affected groups and communities will likely respond.
13. Establish the significance of the predicted changes (i.e. prioritize them)
14. Contribute to design and evaluation of project alternatives, including no go and other options.

Phase 3: Develop and implement strategies

15. Identify ways of addressing potential negative impacts (e.g. avoid, mitigate, compensate).
16. Develop and implement ways of enhancing benefits and project-related opportunities.
17. Develop strategies to support communities in coping with change.
18. Develop and implement appropriate feedback and grievance mechanisms.
19. Develop an Impacts and Benefit Agreement (IBA) between communities and developer.
20. Develop a social impact management plan to implement the IBA.
21. Establish partnerships (government, industry, civil society) for implementation/monitoring.
22. Develop and implement ongoing social performance plans

Phase 4: Design and implement monitoring programs

23. Develop indicators to monitor change over time.
24. Develop a participatory monitoring plan.
25. Implement adaptive management and a social management system.
26. Undertake evaluation and periodic review (audit).



Social impact category

Use the following categories to identify likely social impacts:

- way of life, including how people live, how they get around, how they work, how they play, and how they interact each day
- community, including composition, cohesion, character, how the community functions, resilience, and people's sense of place
- accessibility, including how people access and use infrastructure, services and facilities, whether provided by a public, private, or not-for-profit organization
- culture, both Aboriginal and non-Aboriginal, including shared beliefs, customs, practices, obligations, values and stories, and connections to Country, land, waterways, places and buildings
- health and wellbeing, including physical and mental health especially for people vulnerable to social exclusion or substantial change, psychological stress resulting from financial or other pressures, access to open space and effects on public health
- surroundings, including ecosystem services such as shade, pollution control, erosion control, public safety and security, access to and use of the natural and built environment, and aesthetic value and amenity
- livelihoods, including people's capacity to sustain themselves through employment or business
- decision-making systems, including the extent to which people can have a say in decisions that affect their lives, and have access to complaint, remedy and grievance mechanisms.

Reporting

Scoping and initial assessment

This determines the size and scale of likely social impacts of the project and, in turn, the scope of the SIA. Starting the SIA early is important for a project as it can be adjusted or refined in response to identified impacts and views, and community sentiment can be understood. This can reduce the risk of delays from unexpected community responses or unforeseen impacts.

In carrying out the SIA scoping and initial assessment:

- gain an initial understanding of the project's social locality
- gain an initial understanding of the characteristics of the communities within the project's social locality
- conduct an initial evaluation of the likely social impacts for different groups in the social locality and the level to which these impacts need to be assessed
- consider potential refinements or approaches in response to likely social impacts, and
- consider the remainder of the SIA tasks, including engagement.

SIA report

Key findings are summarized in the report. Typically, the SIA report should:

- predict and analyze the extent and nature of likely social impacts against baseline conditions using accepted social science methods
- evaluate, draw attention to and prioritize the social impacts that are important to people
- develop appropriate and justified responses (e.g. avoidance, mitigation and enhancement measures) to social impacts, and identify and explain residual social impacts



- propose arrangements to monitor and manage residual social impacts, including unanticipated impacts, over the life of the project (including post-closure phases for extractive industry projects).

Recommendations

Community engagement and analysis of social issues should start early:

Social impacts are there from the earliest stages of a project, even when the rumors of a possible development start in a community. It is therefore essential for engagement and analysis of impacts (including community tension, anxiety, the building of expectations) to be well understood by those seeking to promote and implement a project. Government legislation should incorporate a requirement for community consultation at the phase of exploration, something which is surprisingly rare in regulations. Incorporating social assessment more into strategic planning processes would be also a good way to ensure that social issues are highlighted in the earliest stages.

In the Banpu context, it is suggested to apply SIA to community engagement at the beginning of a project. For project that is already have an EIA, the community engagement function is responsible for reviewing details of social impact, mitigation measures, monitoring, and reporting. There is no additional requirement for SIA separately in this case. However, if the social part is not mentioned in the EIA, business units are required to conduct SIA. This requirement is to engage a consultant to perform the work. The consultant is an independent agency who can provide a professional SIA service. This can prevent the bias that could occur during the survey process. This requires close collaboration with a consultant to work for us as a framework outlined in this guideline and to consider its local context before starting.

SIA is most effective as the basis for long-term plans and agreements:

Good practice requires social management plans to be implemented over the life of an asset, including decommissioning and post-closure. It is not enough to gather information and assess impacts on a one-time basis, and there needs to be flexibility in the system for repeated assessments, as required, and for these to lead if necessary to changes in practice. Increasingly, SIAs are leading directly to community agreements and are seen as an important foundation for a process of free prior and informed consent (FPIC).

There is a need for greater control by indigenous communities over SIA and related decision-making processes:

It is well-understood that participatory processes provide better information, create trust and reduce risks. Participatory processes require greater involvement of affected indigenous communities in the setting of priorities, the choice of consultants, in supporting the data gathering and analysis, and in agreeing solutions and the nature of the future development. Indigenous communities might also commission their own impact assessments, implemented through a combination of trained local impact assessment experts, local resource users, and carefully selected external experts.

Transparency and accountability are essential elements of an SIA process:

The availability of SIAs online has helped a great deal with learning and in establishing shared standards and practices. For communities, it is often more important to have information in a more accessible form, in local languages, often with a combination of written summary documentation and face-to-face meetings to discuss the findings and next steps. It is important that commitments made in an SIA are transparent, so that affected communities can later hold companies and governments to account. Negotiated agreements are one way to ensure a greater degree of commitment, provided communities have been given enough leeway for genuine negotiation. Independent audit of social management plans can also serve to ensure delivery of the commitments made.

Appendix

Negative social impacts

Negative social impacts may include:

- decreased amenity during construction programs affecting jobs and business opportunities



- increase in dust or noise impacts affecting community health, surroundings and wellbeing
- alterations to traffic routes and management reducing a community's ability to walk or cycle, in turn affecting community health and wellbeing
- land use changes that affect community character and people's sense of place, inducing a sense of cultural loss for Aboriginal people.

Positive social impacts

Positive social impacts are just as valid, and assessment includes the positive social consequences of change (e.g. improved public health resulting from increased public space), rather than simply stating the change itself. Be careful to assess positive impacts impartially and not to overstate or understate them. Positive social impacts may include:

- improved livelihoods from increased jobs and business opportunities or less commuting
- improved public/community health, environment and wellbeing
- social development or a stronger sense of place and community cohesion through community investment or shared infrastructure
- community development initiatives, capacity building and stronger community institutions

Cumulative social impacts

Cumulative social impacts can arise from project activities (such as dust and noise), or multiple projects needing similar resources (e.g. skilled labour, housing or water). The most effective way to assess cumulative social impacts is to consider them from the viewpoint of those experiencing them.

SIA Questionnaire

SIA Question Categories

This questionnaire is designed as a base template for you to edit for your specific project and purpose. Because Social Impact Assessment questionnaires will differ according to the specifics of a project, the guideline has grouped potential questions into categories to give you guidance and ideas on how to format your project-specific questions.

Question Categories:

- Baseline Activity Questions
- Project Awareness Questions
- Perception Questions
- Social/Lifestyle Concerns Questions
- Demographic Questions

Baseline Activity Questions

- Which roads do you take for your daily commute?
- How long does your commute take each day?
- Do you use any outdoor recreational resources?
- Which community resources do you use on a monthly basis? (multiple choice)
- What are the issues in your community that you worry about the most?
- What are the issues related to your way of life that you worry about the most?

Project Awareness Questions

- Are you aware of (name of project)?
- Did you know that there is a planned change in your community for (purpose of project)?
- Would you like more detailed information about activities associated with this project?
- Would you be interested in attending public hearings related to this project?
- What questions would you like to ask related to the proposed project?

Perception Questions



- What is your perception of (name of the company driving the project change)?
- What fears do you have about new projects in your community?
- What negative impacts do you fear from (name of project)?
- What positive impacts are you looking forward to/hoping for from (name of project)?

Social/Lifestyle Concerns Questions

- What do you value most about your community?
- How is the relationship between community residents and the local government?
- How worried are you about employment opportunities in your community? (Use a Likert scale)
- Is there adequate healthcare availability in your community?
- Have there been any environmentally-related illnesses in the area that you know of?
- Would you describe your community as “inclusive?” Why or why not?

Demographic Questions

- What is your age?
- What is your race? (multiple choice)
- Are you a member of any community groups or organizations?
- What neighborhood do you live in?
- Do you have any children under 18?
- What is your employment status? (multiple choice: full-time, self-employed, retired, etc.)
- What year did you move to (name of community)?

SIA Survey Tips

- Define your topic
- Keep questions clear
- Keep questions short
- Use multiple choice to define parameters
- Include open text answers to invite more input
- Test your questionnaire