

**Africa Oil Kenya B.V**

Corporate Social Responsibility

Processes and Practices Manual

Operating Guidelines

Last updated: July 2015

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## Introduction

Africa Oil has adopted a set of Corporate Social Responsibility (CSR) commitments. This document is intended to help country level teams implement the commitments on a day-to-day basis for Africa Oil Kenya (AOK).

The foundation of effective CSR activities is strong management systems that allow the company to identify early on, potential risks arising from operations and respond strategically to minimize or manage negative impacts, and optimize potential positive benefits. A key factor for success is to have a **clear, predictable, and transparent process** that is understood by all stakeholders to address issues that may arise – from community grievances, to hiring of local labour, to sourcing products from local communities.

The following Operations Manual offers guidance on key activities that ensure that AOK's CSR activities are in line with best practices and to ensure operational activities are consistent and coherent with corporate CSR policies. It has been developed using international best practice guidelines such as IFC Stakeholder Engagement – Good Practice Handbook for Companies doing Business in Emerging Markets, and IFC guidance principles (2007), IFC Good Practice note Grievance Mechanisms (2009), as guidance and adapted to current and local context. Topics covered include:

- a) Social Impact Assessments
- b) Stakeholder Engagement
- c) Grievance Mechanisms
- d) Community Investment
- e) Local Hiring/Content
- f) CSR management systems
- g) Internal training
- h) CSR and Operations team
- i) CSR Roles in Health Safety and Environmental practices

Each section covers:

- Overview
- Putting into Practice
- Roles and Responsibilities and
- Tools and Resources.

The operations manual is intended to be a living document, updated on a regular basis to include up to date best practices and enable continuous improvement across the company.

## Overview: CSR Activities by Stage

The following chart outlines key CSR activities to be undertaken throughout various stages of exploration.

Dimensions	Stage 1 Pre-Seismic	Stage 2 Seismic	Stage 3 Pre-Drilling	Stage 4 Drilling
<b>Planning and Management</b>	<ul style="list-style-type: none"> <li>Environmental and Social Impact assessments 2-3 months prior to planned Seismic Activities</li> <li>Initial Stakeholder Assessment, mapping and engagement plan</li> </ul>	<ul style="list-style-type: none"> <li>Implement recommendations from ESIA</li> <li>Provide training to field team as required</li> <li>Regular updates to management on key developments and progress</li> </ul>	<ul style="list-style-type: none"> <li>Environmental and Social Impact Assessment (review/update if required)</li> <li>Review stakeholder mapping and engagement plan as required</li> </ul>	<ul style="list-style-type: none"> <li>Implement recommendations from SIA</li> <li>Provide training to field team as required</li> <li>Regular updates to management on key developments and progress</li> </ul>
<b>Community Stakeholder Engagement</b>	<ul style="list-style-type: none"> <li>Select CLO</li> <li>Stakeholder Engagement Strategy</li> <li>Meet with local administrators</li> <li>Townhall meeting</li> <li>Establish Project Stakeholder Committee (PSC)</li> <li>Design Grievance Mechanism based on ESIA results</li> <li>Implement Stakeholder Registry and Stakeholder Engagement Log</li> <li>Prepare and coordinate with operations team for Local hiring</li> </ul>	<ul style="list-style-type: none"> <li>Regular consultations led by CLO</li> <li>Quarterly meetings with company management (at minimum)</li> <li>Monitor grievances and report back to stakeholders</li> <li>On-going monitoring of issues</li> <li>Maintain current stakeholder registry and engagement log</li> <li>Regular updates on stakeholder issues and progress to Operations Team</li> </ul>	<ul style="list-style-type: none"> <li>Select CLO as required</li> <li>Townhall meeting and Community consultations based on new operational activities</li> <li>Update Stakeholder Engagement Strategy if required</li> <li>Review/update Grievance Mechanism as required</li> <li>Prepare and coordinate with Operations team for local hiring</li> </ul>	<ul style="list-style-type: none"> <li>On-going stakeholder consultations</li> <li>Monitor and manage grievances</li> <li>Regular updates on stakeholder issues and progress to Operations Team</li> </ul>
<b>Community Investment</b>	<ul style="list-style-type: none"> <li>Identify potential community development initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Implement Community Investment Activities</li> <li>On-going monitoring and impact assessment (quarterly basis)</li> </ul>	<ul style="list-style-type: none"> <li>Review impacts of past CI initiatives independently and with stakeholders</li> <li>Solicit input on additional CI initiatives</li> <li>Review/update Community investment Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Implement Community Investment Activities with key partners</li> <li>On-going monitoring and impact assessment (Quarterly basis)</li> </ul>

<b>On-going Management</b>	<ul style="list-style-type: none"> <li>• Internal training as required (on-going throughout all phases),</li> <li>• Maintain Stakeholder Registry, Engagement Log, and Grievance Mechanisms</li> <li>• Monthly summary of key risks/issues to management team</li> <li>• Outline key responsibilities and management responsibilities at all levels</li> <li>• Updates and alignment with Operations team</li> </ul>
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## 1. Social Impact Assessments

### A. Overview and Purpose

The Social Impact Assessment (SIA) is an important step in understanding how operational activities may affect stakeholders and ensuring appropriate management measures are put into place to minimize negative impacts. SIAs provide a detailed understanding of socio-economic context and prioritized list of risks and potential impacts that may arise, and recommend appropriate strategies for mitigating, minimizing or, in the case where negative impacts are unavoidable, compensation.

Social Impact Assessments may be conducted at the same time as an Environmental Impact Assessment (an ESIA). They should be conducted prior to new operational activities (ex. Seismic, Drilling, road construction etc). The SIA ToR Template provides detailed requirements for SIAs. The following is summary of key requirements:

- Provide comprehensive and detailed assessment of potential socio-economic risks to impacted communities as it relates to key operations
- Be carried out by assessors that have demonstrated experience in conducting thorough SIAs
- Provide detailed quantitative and qualitative information on type and nature of impact on communities
- Collect baseline data
- Prioritize potential risks based on type, nature, significance and likelihood of impact
- Inform CSR management systems
- Use IFC performance principals as guidelines
- Focus on both the process undertaken (as each point of engagement with stakeholder impacts company's community relationship) as well as the assessment results.
- Outline clear stakeholder engagement plan
- Generate stakeholder mapping and list of stakeholders engaged along with contact information
- Inform Grievance Mechanism

## B. Putting into practice

### 1. Advance Planning and Coordination with Operations Team:

- Thorough assessments can take 2-3 months and so advance planning and coordination with Operations team is required.
- The SIA can be conducted alongside the EIA in order to leverage available resources and minimize the repeat surveying of community. The capacity of the assessor team to conduct both assessments to a high standard should be the determinant factor.

### 2. RFP -

- A qualified, reputable Assessment team ensures that useful data is captured and supports the credibility of the assessment. Depending on country level RFP processes, it is encouraged that an RFP process is undertaken to identify appropriately qualified firms.

### 3. SIA Process

The SIA Process should involve the following phases:

- a. Scoping** – Appropriate definition of the scope of the assessment will ensure relevant data is captured and the assessment is carried out efficiently. The Assessor team may undertake an initial visit to the planned operations site and conduct a preliminary assessment on potential issues. Company employees may be interviewed during this process and existing procedures reviewed.

The scoping stage should produce detailed Terms of Reference for detailed data collection. The Assessor should propose and reach agreement on ToR with the Country Team.

- b. Detailed Assessment**

Assessor team uses detailed ToR to capture baseline data and conduct analysis. This stage of assessment should produce detailed and quantitative data that has been gathered through ground level focus and community consultations. Detailed impacts (ex. Which communities are affected, how many people, nature of community dynamics) should be recorded.

CSR team provides backstopping and support as required and field level team (ex. CLO and operations team) and other staff should be made accessible to assessor team.

### 4. Follow up: The SIA should inform management decisions and operational activities.

**a. Review and Implementation**

- CSR team identifies strategies to implement recommendations for improving impact management, working with teams to implement new practices as required.
- CSR team and Country team reviews results so issues are understood across functional areas and employees understand role in impact monitoring and management as required

**b. Disclosure**

- Results shared back to community and relevant authority to encourage transparency

**5. On going Monitoring -**

- a.** Management plan developed and monitored on on-going basis

**Human Rights Impact Assessment-** Identifying how human rights may be impacted by planned operations is an important element of managing operational impacts and risks. The SIA should provide initial scoping for potential HR issues and, in the large majority of cases, this should be sufficient. However an additional HR impact assessment may be carried out if human rights issues emerge as a significant finding in the SIA.

The Human Rights Impact Assessment will follow a similar process to the SIA, but with terms of reference tailored to HR issues. Specific attention needs to be paid to potential relocation of communities, or if Indigenous peoples are affected.

**C. Roles and Responsibility within Social Impact Assessment**

Assessment Activity	CSR Team Responsibility	Operational Team Responsibility
RFP	CSR team to run RFP according to local Procurement procedures and with operational timeline in mind	Operations team inform CSR team of planned operational dates and activities
Scoping	CSR team primary engagement with Assessor team CLO available to support Approve Detailed TOR with Assessor	Operation team and employees available for interviews as required Company operations/procedures/policies made available for review
Detailed baseline data collection and assessment	CSR team check in with Assessor team on progress CLO support as required	Operational team accessible to Assessor team as required
Internal Review of Results	CSR Team reviews and debriefs assessment with Operations team  Implements appropriate	Operations team reviews report and is aware of key issues and implications

	recommendation for impact monitoring and management	
External Disclosure	Ensures results are shared with relevant stakeholders to promote transparency	
On-going monitoring	CSR team leads on-going monitoring of activities  CLOs to undertake monitoring requirements on monthly basis	Staff communicate potential issues and participate in monitoring as required

#### D. Tools and Resources

Tool Number	Name	Purpose	Notes
	SIA Terms of Reference	Sample Terms of Reference for scoping Social Impact Assessment	Sample ToR is provides detailed overview of what the SIA should contain. It can be used/modified for the RFP process. A similar document should be drafted with Assessor team to ensure alignment on expected deliverables
	HR impact assessment	Sample Terms of Reference for HRIAM	Provides terms of reference for Human Rights impact Assessment
	Reference SIA	South Omo SIA provides reference to the quality of SIA required	
	Impact Monitoring Systems	Ensure oversight on key impact areas	

## 2. Stakeholder Engagement

### A. Overview and Purpose

The company's approach to working with local communities is a critical component to its social license to operate. A trusted relationship, with strong communication, between stakeholders takes time to cultivate. It is beneficial to start early and be proactive in understanding the various perspectives of the communities in order to manage expectations, identify potential conflicts or risks early on and appropriate responses, and to ensure communities feel like they have been engaged.

The **process** of stakeholder engagement is as important (and at times, more important) as the outcomes of engagement. Stakeholder engagement is an on-going process and should be:

- a) **Predictable** – Stakeholders should have a clear understanding of the process of engagement
- b) **Transparent** - Communicate information early on in decision-making process in ways that are meaningful and accessible.
- c) **Accessible and Appropriate** – consultation with stakeholders in a manner that is adapted for local norms in order to ensure that stakeholders can communicate effectively and with minimal barriers (due to financial, cultural, literacy restraints etc.) It should also be inclusive of all stakeholders.
- d) **Responsive** – Helps the company understand and respond effectively to issues as they emerge
- e) **Documented** – It is essential for engagements to be documented for future reference, to ensure the company can respond appropriately and to support transparency of engagement.
- f) **Grievance Mechanism** – grievance mechanisms to allow for open communication of issues from stakeholders and enable company to proactively manage critical issues.

AOK's stakeholder engagement is comprised of the following:

- i. Stakeholder Mapping and Management Plan
- ii. CSR team
- iii. Grievance Mechanism ( to be addressed in separate section)
- iv. Management tools

### B. Putting into Practice

#### *i. Stakeholder Mapping and Stakeholder Management Plan*

It is important to develop a clear understanding of the relevant stakeholders and identify a management plan. The stakeholder mapping and stakeholder management plan are designed to ensure the CSR team understands the key stakeholder issues, are prepared to respond strategically, and are tools to

institutionalise information and share with internal company stakeholders as the need arises (induction for new hires, internal management meetings).

The results of the SIA will inform an initial set of stakeholders and form the foundation of the **Stakeholder Mapping**. It is the responsibility of the CAO to provide additional details to profile each stakeholder and consolidate it into a stakeholder mapping. Stakeholder mapping should include:

- i. Profiles of key stakeholders, including
  - a. Positions
  - b. Interests
  - c. Alliances
  - d. Potential impact on project
  - e. Potential impact of project on stakeholder group
- ii. Rate the priority levels of all the stakeholders

The **Stakeholder Management Plan** will use the information from the mapping and consolidate it into a set of actions for the CSR team to undertake to manage and effectively engage key stakeholders. The management plan should outline:

- i. Key stakeholders
- ii. Nature of interests
- iii. Engagement strategy (inform, consult closely, involve in decisions), frequency of engagement
- iv. Who leads the engagement (CLO, CAO, General manager etc)

- This document should be shared with all CSR team including VP external affairs.
- The mapping and engagement plan should be updated at the earlier of month end reporting, or the occurrence of an incident.

Additional details on stakeholder engagement plans and activities are listed below.

## *ii. CSR team*

**The CSR field team is crucial to the success of the company's stakeholder engagement as they are the Company's eyes and ears on the ground.**

The Company will hire Community Liaison Officers and /or Community Development Officers (focused more on the community investment initiatives) who are respected and are from the local community. Responsibilities include understanding and managing community issues, consulting with key stakeholders, promoting and maintaining information flow between the company and communities, helping head office understand any emerging risks and concerns and addressing and mitigating risks.

**The CSR field team should include the following roles & responsibility although exact structures may vary:**

**Stakeholder Engagement Manager** – Responsibilities including managing field team performance, leading engagement activities with all stakeholders, addressing day to day grievances that may arise, liaising with Drilling supervisor and support them on issues related to communities, managing local hiring process and local sourcing processes. The SEM reports directly to the Corporate Affairs Officer.

The SEM also approves any visits from communities to the well site 24 hours in advance. Should there need to be exceptions to this commitment, management approval will be required.

**Community Liaison officers** – these are representatives that are hired from the local community and acting on behalf of the company to manage community relationships. Responsibilities include understanding and managing community issues, promoting and maintaining information flow between the company and communities, helping head office understand any emerging risks and concerns and addressing and mitigating risks.

**Embedded CLOs** - Africa Oil Senior management has also agreed that to focus on managing community issues at the drill site, including addressing labour issues that may arise with unskilled labour hired from the communities (as they may not be able to speak English), addressing any stray visitors from communities to site. Since unskilled labour originates from local communities, ensuring good labour relations will be a key aspect of maintaining community relationships. The CLO on site continues to report to the SEM, but will also report to drilling supervisor.

**Community Development Officers** – these are Africa Oil Employees who are from the local community. In addition to managing community relationships, they have the added responsibility of leading community development projects. This includes working with communities to understand key priority needs, and implementing agreed upon projects.

The CLOs and CDOs and SEM form a critical point of contact between the company and community. They are tasked to understand early on, any risks that may emerge and prevent them from escalating to a stage that it impacts operations.

## **Engagement activities**

- Establishing a **Project Stakeholder Committee** can provide an effective way to engage a large number of stakeholders. This committee should represent community interests and it is important to ensure that all critical voices are heard, including the traditionally marginalised and vulnerable. It can be useful to define the expectations of the Project Stakeholder Committee so that the roles, responsibilities and expectations are clear.

- **Mini-Barazas (small public meetings) to validate committee members.** The project stakeholder committee members should be publicly elected in a transparent setting. Upon the initial establishment of the committee, the CSR team should undertake 'mini –barazas' to the locations of the project area with the committee representative of that area to further validate his/her representation by the community themselves.
- Additional strategies for engagement may be required ( ex. Monthly calls with local government official). Use the baseline information from SIA and stakeholder identification to plan out an engagement strategy that speaks to the needs of each group. This will be an evolving process as local context changes and operational activities progress.
- **Stakeholder Engagement** Be prepared for each Stakeholder Engagement Meeting. Ensure that stakeholders are made well aware of the engagement, and have the necessary information to engage in the process adequately. Each engagement is an opportunity to demonstrate transparency with stakeholders. Provide updates on company operations – next steps, any changes, or follow up from previous consultations – using objective and specific language to manage expectations. Keep in mind that stakeholder consultation is an on-going process.
- **Documentation** It is very important to document stakeholder issues and company responses. This ensures and promotes transparency, accountability and strengthens management of issues. It is also critical to helping CSR and company staff understand what is happening in the field.

It provides a record of decisions and activities to improve institutional knowledge of the context and for future reference. It is important to keep up to date records of the following:

- i. **Stakeholder Registry** – lists key stakeholders of projects and impact on/by the project
- ii. **Stakeholder Engagement Log** – Log of all key stakeholder engagement activities
- iii. **Stakeholder meeting minutes** – these should detail attendees, contact information if possible, issues discussed and any follow up actions.

The Stakeholder Registry and Engagement Log should be kept to date on a weekly basis at community level and consolidated at the country level on a monthly basis.

- **Transparency and Disclosure** -To promote informed engagement and transparency, consider what information can be shared. Share the minutes of meetings with stakeholders so they have a record of what was discussed. It is also helpful to provide relevant information about the project to ensure that stakeholders are not surprised by changes, are up to date with project activities, or can be informed throughout the engagement process.
  - a. **All meeting minutes must be signed off by committee members and posted in a public location**

- **Grievance Mechanism**– The Grievance Mechanism is a key aspect of stakeholder engagement. This is addressed in a separate section below.

### C. Roles and Responsibilities

Activity	CSR team	Operations Team
Hiring CLO/CDO	CSR to lead	
Stakeholder mapping	CAO to lead following SIA	Support and provide observations on local stakeholders
Stakeholder Engagement Plan	CAO develops SEP based on findings of SIA and updates based on CDO, CLO and operations team feedback  Provide clear roles and responsibilities to CLO, CDO and operations team as required	Communicates with CSR team on field level dynamics and insights so that CSR team can adjust activities as required,  Supports/promotes engagement activities by CSR team (ex. Encourages local stakeholders to follow channels created)

### D. Tools and Resources

Name	Purpose	Used by:
Stakeholder Registry	Captures list of key stakeholder groups, key representatives and interest/impact on/by the project	CSR team
Stakeholder engagement log	Concise summary of each engagement which provides overview of engagements to date	Managed by CAO
Stakeholder Engagement Report	Template for capturing minutes from each project stakeholder meeting	CLO/CD
CDO Terms of Reference	Sample job description for CLO/CDO	
Stakeholder Engagement Brief	Summarizes status of stakeholder engagement for internal communication purposes	Drafted by CAO, shared to operation team
Kimati ToR	Terms of Reference for Project Stakeholder	CAO and SEM

	Committee	
Stakeholder mapping and engagement plan	Sample of mapping and engagement plan for Wajir	Led by CAO, reviewed/used by all CSR team

### 3. Grievance Mechanisms

#### A. Overview and Purpose

Grievance Mechanisms are a critical tool to enable the community to register complaints/concerns about the company's activities and for grievances to be addressed. Key principles guiding grievance mechanisms include:

- **Accessible** - stakeholders are aware of the grievance mechanisms, and are able to access them, and mechanisms are designed to reduce the barriers for stakeholders to access (language, finance etc).
- **Supported/Legitimate** - enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes.
- **Predictable** - providing a clear and known procedure with a time frame for each stage and clarity on the types of process and outcome it can (and cannot) offer, as well as a means of monitoring the implementation of any outcome.
- **Transparent** - keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake.
- **Equitable** - seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms
- **Rights Compatible** - ensuring that outcomes and remedies accord with internationally recognized human rights. (The process can ensure that issues are raised appropriately and are addressed adequately before escalating into human rights issues).
- **Strong dialogue with local communities**
- **Documented** – It is imperative that all grievances and company responses are documented for future reference.

#### B. Putting into practice

The ESIA should provide insight into appropriate Grievance Mechanisms. If the report has not produced appropriate or sufficient recommendation for Grievance Mechanism, then the following activities should be undertaken:

##### Processes

1. Consult with stakeholder committee to identify mechanisms appropriate for local community/culture/norms.
2. Identify additional points of contact to complement stakeholder committee (ex. Secure box at local district office). Careful consideration must be paid to ensure that all grievances are documented. The Stakeholder Engagement Manager (SEM) and CLOS are key points of contact

to document concerns, but other options should also be made available to minimize barriers to communicating to the company.

3. Confirm process with AOI management, including agreement on key persons responsible and timeline for company response. This is critical as company responsiveness will be the underlying success factor in whether the grievance mechanism is successful.
4. Develop required tools (forms, overview document)
5. Provide required training to staff as required
6. Communicate/Promote Grievance Mechanism
7. Follow through on using Grievance Mechanism; ensure follow up acknowledges receipt of grievances (or lack thereof) and proposed next steps.

### **Grievance mechanism in Practice:**

AOK has set up the following channels for grievance mechanisms:

- Suggestion box located outside of the DO office.
- Through project stakeholder committee members
- Dedicated voice mailbox for people to leave numbers
- Email

The process was first confirmed through stakeholder committee meetings and then promoted at a stakeholder meeting. Flyers with contact information and preferred process (in English and Kiswahili) was handed out and local District Officer supported the process.

### **Addressing Grievances**

If a grievance is received, the following steps should be followed:

- Grievance recorded, acknowledge receipt of grievance to the individual who submitted the grievance and advise on next steps
- Company will provide feedback within 14 days
- Validate/triangulate information received
- Consult with CAO or additional support as required
- Establish company response (potential resolution) and communicate to individual.
- Record the grievance, context and steps taken to resolve the issue.

### **Recording and documentation**

It is important to ensure that all grievances and responses are documented accordingly to ensure transparency with stakeholders and effective and appropriate resolution

- All grievances must be logged immediately
- Monthly summary of grievances and resolutions to be recorded at Nairobi level and shared as part of monthly CSR reporting

### C. Roles and Responsibilities

Activity	CSR team	Operations Team
Design Grievance Mechanism	Review ESIA recommendations and feedback from CLO/CDO and direct community consultation. Confirm process with project stakeholders	n/a
Communication of Grievance Mechanism	Identifies appropriate forums/channels to articulate grievances	Promote the grievance mechanism.  Play an important channel of communication between field operations and head office.
Management of grievances	Depending on the nature of the grievance, the SEM may be able to resolve some grievances. If/as required, the CAO will also be involved. Initial documentation of grievances into the Grievance log will be managed by the individual who received the grievance.  Resolution will be recorded by the individual tasked with resolving the issue and verified by the CAO	Any individual from Operations team receiving a grievance from community should forward to the CLO and also advise the individual stating the grievance to consult with the CLO, Committee members.  Grievance management will be led by CSR team who will engage operations as needed.

### D. Tools and Resources

Name	Purpose	Used by:
A - Grievance Mechanism Documentation (template)	Outlines process and importance of documenting grievances	CLO and CDO
B – Grievance Log (template)	Documents each grievance Incidence	CAO – housed at head office
AOI Grievance Form (template)	To be submitted by stakeholders	Shared by CLO/CDO to promote use of grievance mechanism

## 4. Community Investment

### A. Over view of Block level Projects

Community investment is an important pillar of the company's CSR policies as it can provide significant direct benefit to local communities. Community investment projects should fall within the three priority areas of the company's CSR policy: Infrastructure, sustainable livelihoods, Economic Development.

Since the number of possible initiatives to support will outnumber the company's resource availability, it is important to think strategically about each potential project. The following factors should be considered:

- **Impact** – What impact will the project create, who is impacted and how many? How does this project compare with other existing community investment initiatives – funded by the Company or by other existing groups? (I.e. are we duplicating existing activities)
- **Sustainability** – what needs to be in place to ensure that the impact will be sustainable? What will happen when company funding runs out?
- **Factors for success** – what is required to ensure the project will be successful and what influence does the company have over them? If working with an implementing partner, do they have the capacity to implement the project successfully?
- **Timeline** – how long will it take to complete and for impacts to materialise?
- **Business case** – Is there any additional benefit to the company and if so, what?
- **Budget** - how does this fit within the existing CSR budget?
- **Local ownership** – Has this need been identified by local stakeholders and verified as being important? It is important to have a local champion of investment projects to not only help the implementation, but also support long-term sustainability.

### B. Putting into practice – Block Level Community Investment Initiatives

1. **Social Impact Assessment results** – the SIA may provide some insight into potential areas which may require investment
2. **Community Consultation and Scoping** – Local stakeholders should be consulted on potential areas for community investment projects, as local identification of the need is critical for long-term sustainability. The initial consultation can generate a pipeline of possible projects to support. The CDO and CLO may provide additional scoping information to help define the project in greater detail. On-going consultation and communication with local stakeholders will be useful to ensuring the project is relevant and appropriate.

Be sure to communicate to the local community clear criteria for eligible projects and process for deciding on which projects will be supported, which is based on local need and agreement from company.

3. **Draft Concept Note** –Where possible, proposals detailing the merits of a potential project should be submitted. However, it is acknowledge that due to literacy rates, local stakeholders may not submit formal proposals. In this case, CSR team should draft concept notes of shortlisted projects (template available) and populate template of potential projects; this process will help CSR team analyse the potential projects to determine the most appropriate project to support. Concept notes can be used during the internal review and decision-making process.
4. **Document Community investment Agreements** –Once the community has agreed a project and approved by the company, draft a contribution agreement to outline clear roles and responsibilities between the company and community. This document should be made available to ensure transparency on investment, and also encourage accountability among local stakeholders.
5. **On-going monitoring** –CDO should provide progress updates on the implementation of the project, and also report back on impact of projects as determined at the outset of the project.

**Monitoring should take place every quarter.**

6. **Database** - All CD projects will be tracked in the master CD data base that details the location nature, budget and nature of projects.

The database should be updated as part of the month end reporting.

### C. Roles and Responsibilities

Activity	CSR team	Operations Team
Community Consultation	CDO/CLO and CSR team consult local communities on potential projects, generates short list of potential projects.	n/a
Concept note	CSR team refines potential project	
Project selection	Proposes potential projects to operations manager	Operations manager approves projects
Community confirmation and agreement	Final selection decision is articulated to community  Agreement is drafted	

Implementation and on-going monitoring	CLO/CDO is responsible for overseeing field level implementation project	Provides feedback on community level activities as required
Documentation	CSR Nairobi support to collate database at the end of the month.	

## D. Tools and Resources

Tool Number	Name	Purpose	Used by:
	Concept Note	Structure potential projects for review	CSR team
	AOI Community Investment Database (block level)	Summarizes active projects and provides monitoring template	CSR team
	Master AOI Community Investment Database	Database of all projects within Africa Oil.	CSR team, to update Senior Management

## 5. Local Content/Hiring

### A. Overview

While the Operations Team leads the management of contractors and operational activities, local employment or business contracts is a common expectation among stakeholders. The CSR team will need to support Operations team in organising the hiring and sourcing of local labour and coordinate closely with Operations team throughout the process.

### B. Putting into practice

The following activities can help guide the local hiring and sourcing of contractors:

1. **Understand the needs** and timeline of Operations
2. **Manage Expectations and ensure Transparency** - Articulate employment and business opportunities to stakeholders in a transparent, specific and objective manner. For example: say the expected number of people hired will be 20, rather than, 'a large number of people will be hired'.

Clearly communicate decision-making criteria and process to stakeholders to ensure transparency and accountability

3. **Understand local context** and norms on employment, gender issues, or decisions on hiring, consult local stakeholders on appropriate process
4. **Supporting Operations Team** - as required in the drafting and signing of contracts.
5. **Sequence of Local Sourcing** – The company (in Kenya) will seek suppliers in the following order: **from location surrounding drill site, then county level and then national level**. This will ensure that local suppliers have opportunity to supply, and that additional economic benefit can be realised in the communities most impacted by operations. It is important to note that this process will require advanced planning and coordination between operations team and CSR team, and contractors overseeing the supply of foodstuffs or other supplies.

## C. Processes

### Local hire

- All unskilled labour is to come from the locality.
- The CSR team must also be conscious of the district and tribal boundaries to ensure that labour reflects the local community make up – this is particularly the case if/as crews move across the tribal/administrative boundaries.
- Contractors are expected to provide AOK with required labour levels 2-3 weeks in advance of requiring the labour.
- AOK has agreed with local Kamati that job advertisements will be issued 2 weeks before interviews are held
- SEM/CLOs work with Kamati to ensure that the number of jobs are appropriately shared /representative of community demographics
- SEM leads the hiring process, publicly communicating the date of interviews through Kamati and CLOs but CONTRACTOR conducts the actual hiring, as they need to verify their personnel.
- Medical clearance - SEM should also organise for selected candidates to have a medical exam clearing them fit for service from the approved medical facility. AOK needs to identify an appropriate local facility qualified to undertake necessary test. Again, the SEM facilitates the process, but the contractors must have their hiring manager accompany and lead the group of selected candidates to the medical exam.
- The SEM must see the medical clearance document and sign off on all candidates cleared for work prior to their entrance to the job site. AOK should have a copy of the medical certificate and a log indicating the labourer, date of medical exam, medical examiner and signoff by SEM.

### Local Sourcing

- The agreement in Kenya to date is to source products from communities in the following priority:

- Locality (ex. Laisamis) –locality in which the drill site/operations is located
- County(ex. Marsabit)
- National

There will be some obvious products that local suppliers will have a capacity to supply (vehicles, water, foodstuffs). Large equipment or industrial products will most likely only be available at the national level.

- Contractor forwards the list of supplies and date of requirement to AOK. This should include **Quality and Quantity requirements.**
- To expedite the process, AOK may conduct simultaneous Supplier Forums at both locality and County in order to gather a clear picture of possible suppliers.
- SEM will help distribute the tender requirements to the communication channels, through CLOs and public notices to ensure transparent communication of in business opportunities
- SEM facilitates supplier forums as needed. These will clearly outline the process,
- Tenders are received at the local AOK office
- CLO/SEM and the Kamati meet to open all of the received bids confirming receipt, locality of the supplier and to promote a transparent process. The list of suppliers are then forwarded to the contracting company who makes the final decision on local suppliers.
- Once contracts are awarded, the CLO/SEM communicates the news through postings at the AOK office, kamati, public message boards and directly to suppliers.

### **Tracking/reporting**

It is important that we keep track of the amount of local hire and local sourcing as it is a key aspect of our impact/benefits to local communities.

Total hires and employment to date should be included as part of the month end reporting. It is the responsibility of the CAO to ensure that this is kept up to date.

## **D. Roles and responsibilities**

**AOK role** – AOK’s role in local hiring and sourcing is to **facilitate a transparent process** for the community and potential suppliers to understand the job or supplier requirement. AOK CSR team does not make hiring or supplier decisions, this is left to the contractor.

### **b) Contractors**

- i. Include specific details on AOK’s local content policies and processes with new contracts. AOK’s expectations on timeline, information required. Those arranging contracts must commit the contractor to abide by AOK’s local sourcing processes.
- ii. Meet with contractors to review AOK processes for hiring and sourcing and explain rationale behind the process. Key messages:

- A. Ensure they are aware that AOK facilitates a process that enables them to be able to source from local communities and also hire in an equitable manner, which is acceptable to the community.
  - B. AOK to communicate clear processes, timelines and requirements.
  - iii. The contractor is ultimately responsible for the final hiring decisions and awarding of tender.
  - iv. AOK to monitor contracts, ensuring they are drafted with suppliers and hired labour to protect both sides.
- c) CAO –**
- i. Is responsible for engaging with Contractors to communicate supply needs
  - ii. Ensuring that the local sourcing data base (which captures amount of products sourced from local communities is up to date at the end of every month).
- d) SEM and CLOs**
- i. Host a suppliers forum**
    - A. This will provide an opportunity to communicate AOK’s sourcing policies to the local business community.
    - B. Invite the local contractor to help them understand the needs/nature of communities.
    - C. Please see the related leaflet used in Kenya for public awareness.
  - ii. Supplier database**
    - A. If there is no local chamber of commerce or business association, the company may need to collect information on what is available. CLOs will be responsible for collecting information to build AOK’s supplier database.
    - B. The supplier data base will be updated with new entrants upon each new round of tendering
  - iii. Supplier Selection process**
    - A. SEM and CLOs facilitate a transparent supplier selection process ( detailed bellow)
    - B. If additional works is required by potential suppliers to revise tenders, CLOs and SEM will facilitate the process.
  - iv. Communication**
    - A. Once tenders are awarded, the CSR team will make the information public and post onto relevant message boards and communicate to the Kamati.

Activity	CSR team	Operations Team
Understand need	Coordinates with Operations such that information can be communicated to community	Provides timeline and needs (skills, number of people)

Consult with community and communicate needs and selection process/criteria	CSR field team to work with local stakeholders to communicate the hiring and sourcing process. If hiring large numbers of local labourers, coordination with Kamati and/DCC may be required to ensure distribution of jobs are in line with community distribution).	Support CSR team with aligning the activities of the contractors with the timeline requirements of CSR team.
On-going support	Provide operations team with on-going support on understanding local dynamics and issues of local labourers	Communicates to CSR team on local hiring needs and status of community relations/potential issues/risks that may arise
Local sourcing	SEM works with contractors and facilitators to ensure an open, transparent and inclusive process to sourcing products locally.	Ensure all contractors are channeling sourcing through the established channels

#### E. Tools and Resources

Name	Purpose	Use
Local sourcing Template	For collection of information on business capabilities.	To feed into tendering and procurement processes.
AOK Sourcing Guideline	Distributed at Suppliers Forum to communicate company expectation and procedures for sourcing	To help advise and inform local businesses.

## 6. Management Systems and Reporting

CSR work covers a wide range of activities and the context is constantly evolving. It is important to have a set of management systems at the country level to manage the performance of various CSR activities and ensure they are on-schedule and within budget. This includes, but is not limited to:

### Planning

- **Quarterly plans** – this includes stakeholder engagement visits, community consultations
- **Budget** – it is important to update the community investment budget on a monthly basis as this informs potential projects available for funding.
- Include comments on how /where budgets come from

- **Coordination with Operations team** – since CSR is intended to enable operations, it is important to understand the timeline and needs of the operations team

### *Internal Reporting, Management system, and Communication*

Strong back office documentation and communication of our work is part of a strong management system that ensures that we are managing key issues and processes to a high quality.

It is essential that all systems and tools are kept up to date. This helps the company institutionalize information, making it easy bring on new staff, manage turnover, and also ensure that we are understanding impacts of our activities and addressing them accordingly. It also helps ensure all internal stakeholders are aware of key issues and can assist as necessary.

The following processes are minimum requirements to be sure that community issues are systematically addressed on an on-going basis.

The CSR team should ensure:

- **Daily status meetings** – SEM should provide CAO with update on priority issues being addressed by CSR field team
- **Daily status meetings** – SEM to provide FSA with updates on community issues and address any needs by Operations.
- **Weekly Field Reports** – SEM, CDO and CLO should provide weekly summaries of stakeholder issues, meetings or grievances, and updates on community development projects.
- **Weekly CSR briefs** – CAO to draft brief updates on key CSR priorities to Operations team and review them on Monday morning operations meetings.
- **Summarize stakeholder engagement status** and issues and share with management on a monthly basis or more frequently as required – CSR team Nairobi
- Monthly update of tools and databses
- **Month end reporting** - 5<sup>th</sup> day after month end.
  - **CAO** will be responsible for consolidating a monthly report on CSR in the following format:
    - Key achievements
    - Next month's priorities
    - Emerging stakeholder issues to be monitored and mitigation strategies
    - Data on local sourcing, employment, community development projects
    - Review of grievances (number received, number resolved)
  - Documents and files will be managed by CAO and stored in both hard and soft copy in
- **Update all tools**
  - Update all tools – stakeholder registry, log, grievance mechanism logs, community development database
  - **CAO is responsible** for ensuring the management systems are up to date

## ***Induction Training***

The induction of new staff is essential to ensure their long-term success. All new CSR staff will receive the following induction training:

### **a) Nairobi induction which will cover:**

- Overview of AOK
- Overview of CSR commitment, processes – The CAO will review the operations manual to ensure that all aspects of their role is covered
- Review key stakeholders ( provide stakeholder engagement plan)
- Review all relevant tools they are expected to use (stakeholder log, registry, grievance mechanism)
- Review key knowledge, skills required for their success
- Review deliverables and specific performance expectations
- Review the CLO/CDO's learning plan for the first month on the job – given that this will likely be a new field for most, it is important to guide their understanding of key issues and to develop necessary skills for success. The learning plan should ensure that the new hire demonstrates that he/she is developing the required knowledge and skills required (ex. Understands key stakeholders, able to address/resolve issues as they arise).
- Meet key staff – General manager, operations team, administrative staff
- Administrative issues (contracts, expensing etc)

The CAO, as line manager will lead this induction and ensure the responsibilities and performance expectations of the CLOs is well structured and defined.

### **b) Field induction**

The Stakeholder Engagement Manager will lead this

- Review key practices
- Introduce to stakeholders
- Provide feedback on performance

The CAO should prepare the SEM with adequate information on expectations and key areas to coach and provide support to the CLO/CDO.

The SEM should provide weekly updates on how the CLO/CDO is performing against the learning plan and expectations.

### **c) 2 week, One month and three month performance feedback**

Following the completion of first two weeks of deliverables, the SEM and the CAO should meet with the new hire to provide specific feedback on performance to date. This should include what has gone well, areas for improvement and/or development.

While the SEM and CAO should provide weekly feedback on progress based on expected deliverables, it is also useful to have specific discussion on overall performance. Set the expectation that this will take place at the one month and three month mark so that there are no surprises and that it offers an opportunity for open feedback.

#### **d) Job descriptions/responsibilities to operations team**

It will be useful, especially for the CLO embedded on operational sites to understand the roles/responsibilities of the CLO.

- CAO to share job description and responsibility with Operations team

#### ***Strategic Planning***

It is important for the CSR team to have a 'big picture' understanding of coming milestones in order to ensure all activities are progressing as planned and CSR is in support of planned drilling scheduled.

- Quarterly plan** - At the beginning of each quarter, CAO will draft a quarterly plan and milestones that outlines key milestones and timelines (ex. CD projects, engagement, barazas) and issues to be addressed. The General Manager will approve this. Given the uncertainty of exploration activities, the quarterly plan is not meant to be extensive as much can happen in the matter of a few months, however, setting milestones will ensure key items are on track.

The quarterly plan should also be shared with all of the CSR team.

- Monthly priorities** Based on the quarterly milestones and emerging needs arising from the field, the CAO will define additional set of monthly priorities for the team to focus on. Again, these will be larger milestones (ex. Road safety campaign, baraza etc.) and the key areas can be assigned to relevant CSR team member.

#### ***Weekly progress monitoring***

- Weekly deliverables** – The CAO will then ensure that all field teams have an understanding of the weekly deliverables they are responsible for, and consult with the field team to ensure the deliverable are achievable. This is the key area that performance should be assessed against.

The CAO should consult with field teams on their priorities and discuss/review the achievement of the past week and set upcoming priorities. This is **essential** to help empower the field team.

Collectively, this planning and goal setting should ensure that all CSR team members will understand the 'big picture' vision, and how their individual and collective efforts will contribute to this.

### A. Roles and responsibilities

Activity	CSR team	Operations Team
Field meetings and performance management	CAO to lead	
Monthly reporting	CAO to lead	
Updating all tools	CAO to ensure it is done by the 5 <sup>th</sup> of every month	
Quarterly, monthly planning	CAO	
Weekly planning	CAO and SEM/CLOs/CDOs	
Hiring of CLO	CAO leads	n/a
Nairobi induction	CAO leads	Meet the team
CLO job expectations	CAO leads and shares with Operations team	
Field induction	SEM leads	
Performance management	CAO leads overall performance management of CSR team	

### B. Tools and Resources

Name	Purpose
CSR Operations manual	Overall guidance
AOK presentation	Present guidance within context
CLO Knowledge and Skills	To help all team members understand expectations
CLO deliverables and expectations	To align performance expectations
CLO/CDO job descriptions	To help, among others Operation team to understand the expectations of CLO/CLO and SEM

## 7. CSR and Operations team:

The CSR and Operations team must work together closely in support of a successful drilling operation. The CSR team focuses on ensuring strong community relationships through specific processes that address stakeholder interests. There are current practices in place to ensure smooth and open communication:

a) **Monday Morning 9am Nairobi meeting**—this meeting is an opportunity for Operations and CSR management to share key issues, planned activities and support required from each other.

b) **Drilling Manager and Drilling Supervisor induction** – Prior to going into the field, new drilling managers and supervisors will meet with CSR team in Nairobi to review the processes in place, and to understand the key issues on hand. While the CSR team takes the lead on addressing all community issues, building common understanding between both parties can ensure efficient resolution of any issues. The induction will cover:

- CSR responsibilities, people and team structure
- CSR processes – purpose and specific activities
- Stakeholder issues –if there are any stakeholder issues that may be arising at the communities. While the operations team does not need to address it, it is useful for them to be aware for additional context.
- Outline any information/feedback that we require from them to support our work
- Outline upcoming priorities (ex. Hiring, sourcing etc).
- Provide Operations team with a copy of the operations manual

c) **Communication** – Open communication between both teams is essential. It has been agreed that if there are community related issues on site, the Drilling Supervisor emails SEM and copies the following individuals in Nairobi (General Manager, Corporate Affairs Officer), along with the Drilling manager and other operational staff as needed.

At this time email is the best communication as phone network between site and Laisamis may not be reliable.

d) **Forward all community issues to CSR team** – for Drilling supervisors, this is either the CLO on site, or the SEM in Laisamis. Due to the often complex nature of community dynamics and sensitive perceptions the CSR team kindly requests operations personnel to refer all issues to the team to address.

e) **Grievance Mechanisms** – as noted in the manual, there is a clear process in place for communities to register grievances and ensure they are addressed appropriately. If Operations personnel receive a grievance, please refer the individual to:

1. CLO on site, or other CLO, or SEM
2. Their Kamati Representative
3. District County Commissioner / Assistant County Commissioner

## 8. CSR and Health, Safety and Environment

The following section outlines CSR team's responsibilities related to General HSE issues:

- All CLOs or CSR personnel active on operational site will go through HSE induction and abide by all HSE rules, applicable procedures and Kenyan government regulations
- All CLOs or CSR personnel will following HSE's reporting requirements as needed if safety incidents arise

The HSE department has developed clear operational procedures to manage domestic waste and hazardous waste; these are to be followed at all times.

Please note that NO industrial containers or contaminated materials will be allowed off site unless being transported for recycling by an approved waste management contractor. While these containers may be useful for local communities they may present a hazard to the receiver.

CLO and CSR personnel are to **report any incidents of this taking place immediately** to the Drilling Supervisor at site and copy any report to the Drilling Manager.

### **Community Sensitization**

The CSR field team will sensitize communities -- through community barazas, kamati meetings, and public notices – to recognise the dangers of industrial chemicals, safety symbols and to ensure that community members know to avoid contact with the materials.

**Frequency:** This should be one of the initial engagements and reviewed on a 6 monthly basis to ensure on-going awareness.

### **Emergency Procedure**

In the event that hazardous material does exit the site and pose a risk to local communities, the following procedures will be followed:

- HSE team shall provide the CSR team with the facts of the exposure including a brief to update CSR team on the following:
  - Nature of the breach (theft, accident etc)
  - Potential impact of exposure to hazardous chemicals including:
    - Name of the chemical
    - Nature of potential harm
    - Potential scale of exposure (Amount, timeline etc)
    - Details of the containers including photo if possible
    - Copies of material handling documents
    - Recommendation on potential risk of exposure
- CSR team will require this information to formulate appropriate community response

- CAO will lead the engagement and, with HSE and Operations staff, develop a plan that is approved by Country manager
  - Company response will uphold our commitment to be responsible corporate citizens
- CSR department will log the incident within our community incident log
- CAO will provide Senior management with regular updates until the incident is resolved.
- Once the resolution has been completed, a final report on the extent of impact, community response and any residual impact will be documented.