Africa Oil Ethiopia B.V

Corporate Social Responsibility Processes
and
Practices Manual

Working Copy

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Acronyms

AOE	Africa Oil Ethiopia
CAO	Corporate Affairs Officer
CC	Compensation Committee
CD	Community Development
CDP	Community Development Project
CLO	Community Liaison Officer
CSR	Corporate Social Responsibility (CSR)
EPA	Environmental Protection Authority
ESIA/EIA	Environmental and Social Impact Assessment/Environmental Impact Assessment
FDRE	Federal Democratic Republic of Ethiopia
LQC	Lead Quality Controller
RVB	Rift Valley Block
SEM	Stakeholders Engagement Meeting
SNNPRS	Southern Nations Nationalities and People Regional State
ToR	Terms of Reference

1.   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 Ethiopia (AOE).

The foundation of effective CSR activities is strong management systems, which 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, and sourcing products from local communities.

The following Operations Manual offers guidance on key activities, which ensure that AOE'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)   Environmental and Social Impact Assessments (ESIA/EIA)
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:

a)   Overview
b)   Putting into Practice
c)   Roles and Responsibilities and
d)   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.

2. Overview: CSR Activities by Stage

Table 1: 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
Planning and Management	• Environmental and Social Impact assessments 4-6 months prior to planned Seismic Activities • Initial Stakeholder Assessment, mapping and engagement plan • Prepare dos and don'ts for the Operations Team	• Implement recommendations from Environmental and Social Impact Assessment (ESIA) • Provide training to field team as required • Regular updates to management on key developments and progress	• Environmental and Social Impact Assessment (review/update if required) • Review stakeholder mapping and engagement plan as required	• Implement recommendations from ESIA • Provide training to field team as required • Regular updates to management on key developments and progress
Community Stakeholder Engagement	• Employ CLOs • Stakeholder Engagement Strategy • Meet with local administrators • SEM/ Town hall meeting • Establish Compensation Committee (CC) for each Wereda • Design Grievance Mechanism based on ESIA results • Implement Stakeholder Registry and Stakeholder Engagement Log • Prepare and coordinate with operations team for local hiring	• Regular consultations led by CLO • Weekly meetings with CC and company management (at minimum) • Monitor grievances and report back to stakeholders • On-going monitoring of issues • Maintain current stakeholder registry and engagement log • Regular updates on stakeholder issues and progress to Operations Team	• Select CLO as required • SEM/Townhall meeting and Community consultations based on new operational activities • Update Stakeholder Engagement Strategy if required • Review/update Grievance Mechanism as required • Prepare and coordinate with Operations team for local hiring	• On-going stakeholder consultations • Monitor and manage grievances • Regular updates on stakeholder issues and progress to Operations Team
Community Investment	• Identify potential Community Development Projects/initiatives	• Implement Community Investment Activities • On-going monitoring and impact assessment (quarterly basis)	• Review impacts of past CDP initiatives independently and with stakeholders • Solicit input on additional CDP initiatives • Review/update Community investment Strategy	• Implement Community Investment Activities with key partners • On-going monitoring and impact assessment (Quarterly basis)
On-going Management	• Internal training as required (on-going throughout all phases), • Maintain Stakeholder Registry, Engagement Log, and Grievance Mechanisms • Monthly summary of key risks/issues to management team • Outline key responsibilities and management responsibilities at all levels • Updates and alignment with Operations team			

3. Environmental and Social Impact Assessments (ESIA/EIA)

3.1. Overview and Purpose

The Environmental and Social Impact Assessment (ESIA) is an important step in understanding how operational activities may affect the environment (including 'social environment' by Ethiopian law) and ensuring appropriate management measures are put in place to minimize negative impacts. ESIAs provide a detailed understanding of socio-economic context and a prioritized list of risks and potential impacts that may arise, alongside recommendations for appropriate strategies for mitigating, minimizing or, in the case where negative impacts are unavoidable, compensating those affected.

Under the Environmental Impact Assessment (EIA) Proclamation (No. 299/2002) of the Federal Democratic Republic of Ethiopia (FDRE) oil and gas exploration activities require an EIA to be undertaken and authorisation given by the Environmental Protection Authority (EPA). Ministries have now been delegated by EPA to review and approve their respective EIA studies. Approval of oil and gas operations EIA studies are now approved by the Ministry of Mines. Guidance on EIA's is also provided by the Environmental Protection Authority (EPA, 2003). In addition to Ethiopian legislative requirements, Africa Oil's Petroleum Production Sharing Agreement with the Government of Ethiopia require the production of an EIA as well as internal procedures to facilitate effective environmental and social management of its operations.

The ESIA Terms of Reference (ToR) template provides detailed requirements for the study. The following is summary of key requirements:
- Be carried out by assessors that have demonstrable experience in conducting thorough EIAs
- Provide up to date and detailed information about the proposed project area
- Review pertinent legislation, standards and guidelines applicable to the EIA
- Include international guidelines, principles, standards and industry practices
- Provide comprehensive and detailed assessment of potential socio-economic risks to the environment and impacted communities as it relates to key operations
- Provide detailed quantitative and qualitative information on type and nature of impact on the environment
- Collect baseline data
- Prioritize potential risks based on type, nature, significance and likelihood of impact
- Inform CSR management systems
- Focus on both the process undertaken (each engagement with stakeholders impacts the 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
- Outline Environment Management Plan
- Inform development of Grievance Mechanism

(Please refer ToR Tool for more details.)

3.2. Putting into Practice

3.2.1. Advance Planning and Coordination with Operations Team:
- Thorough assessments can take 2-3 months and so advanced planning and coordination with Operations team is required.
- The EIA should leverage all available resources and minimize the repeat surveying of the environment,
- The Assessment Team should conduct itself to the Company's high standards.

3.2.2. Request for Proposal (RFP):
- A qualified, reputable assessment team to ensure useful and relevant 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.

3.2.3. EIA Process

The EIA Process should involve a few phases:

a. **Scoping:** An appropriate definition of the scope of the assessment will ensure that relevant data is captured and the assessment is carried out efficiently. The Assessment 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 ToR for the data collection. The assessor should propose and reach agreement on ToR with the company team. If there already exist previous EIAs conducted for Oil and Gas operations in the specific area, and both the company and the consultant felt comfortable with the accuracy of the detailed information, then the scoping stage may be conducted at desktop level without a visit to the operations site.

b. **Detailed Assessment:** Assessment team uses detailed ToR to capture baseline data and conduct analysis. This stage of the assessment should produce detailed and quantitative data that has been gathered through ground level activity including consultations with the community. Detailed impacts (ex. which communities are affected, how many people, and nature of community dynamics) should be captured through this process.

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

3.2.4. Follow up:

The EIA should inform management decisions and operational activities.

3.2.5. Review and Implementation
- CSR team identifies strategies to implement the recommendations for impact management, working with the Operations team to implement new practices as required.
- CSR team and country team review results so that issues are understood across functional areas and employees understand their role in impact monitoring and management as required.

3.2.6. Disclosure
- Results must be shared with the community and the relevant authority to encourage transparency and further discussion.

3.2.7. Ongoing Monitoring:
- A management plan is to developed and monitored on on-going basis:

Table 2: Roles and Responsibilities of Environmental and Social Impact Assessments

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 leads primary engagement with Assessment 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 Assessment team on progress • CLO support as required	• Operational team accessible to Assessment Team as required
Internal Review of Results	• CSR Team reviews and debriefs assessment with Operations team • Implements appropriate recommendation for impact monitoring and management	• Operations team reviews report and is aware of key issues and implications
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

Table 3: Tools and Resources

Tool Number	Name	Purpose	Notes
	EIA Terms of Reference	Sample Terms of Reference for scoping Environmental Impact Assessment	Sample ToR is provides detailed overview of what the EIA 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
	Reference EIA	EIA provides reference to the quality of EIA required	
	Impact Monitoring Systems	Ensure oversight on key impact areas	

4. Stakeholder Engagement

4.1. Overview and Purpose

The company's approach to working with local communities is a critical component of developing 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 risks early on and develop appropriate responses. It is important that communities feel consulted, involved and 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 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, cultural sensitivities and needs is required 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 the company to proactively manage critical issues.

AOE's stakeholder engagement is comprised of the following:
a) Stakeholder Mapping and Management Plan
b) CSR team
c) Grievance Mechanism (to be addressed in separate section)
d) Management tools

4.2. Putting into Practice

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

The results of the EIA will provide information on an initial set of stakeholders and form the foundation of the **Stakeholder Mapping**. It is the responsibility of the Community Affairs Officer (CAO) to provide additional details to profile each stakeholder and consolidate it into a stakeholder map. Stakeholder mapping should include:

a) **Profiles of key stakeholders, including**
- Positions
- Interests
- Alliances
- Potential impact on project
- Potential impact of project on stakeholder group

b) **Rate the priority levels of all the stakeholders**

The **Stakeholder Management Plan** will use the information of 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:
a) Key stakeholders
b) Nature of interests
c) Engagement strategy (inform, consult closely, involve in decisions), frequency of engagement

d)   Who leads the engagement (Community Liaison Officer (CLO), Corporate Affairs Officer (CAO), General Manager etc.)

Note:
- This document should be shared with all CSR team including VP External Relations.
- 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.

4.2.2. 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 CLOs who are respected members of the local community. Their 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 normally include:

a)   **Corporate Affairs Officer:** Responsibilities including managing field team performance, leading engagement activities with all stakeholders, addressing day-to-day grievances that may arise, liaising with CLOs and providing support on issues related to communities, managing local hiring and local sourcing processes. The CAO reports directly to the General Manager of AOE.

b)   **Community Liaison Officers:** these are representatives that are hired from the local community and act 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.

Currently, AOE has two CLOs coordinating the SEM activities in the SNNPRS and Oromia Region.

4.2.3. Examples of Key Engagement Activities:

a)   **Official Contact:** A letter from the Ministry of Mines that sets out AOE's contractual engagement with the FDRE for the exploration of oil and gas is important to be able to provide to the Regional Governments to show that support has been secured for the next administrative power structure of the government. Official introductions from the Regional Governments to all Woreda administrative councils cab help create a strong working relationship at all levels of authority.

b) **Ground Assessment of the RVB areas to be covered by the Seismic Program**: undertaken to identify potential stakeholders, livelihoods of the community, cultural and power structures within the community along with identifying potential community development projects to be considered going forward.

c) **Major and Special Stakeholder Engagement Meetings:** undertaken in to address all key stakeholders who may be impacted by our seismic operations directly or indirectly. The engagements are intended to ensure that stakeholders are made well aware of the engagement, and have necessary information to engage in the process adequately. Each engagement is an opportunity to demonstrate transparency with stakeholders. Used to provide updates on company operations – next steps, any changes, or follow up from previous consultations – using objective and specific language to manage expectations. Stakeholder engagement and consultation is an on-going process.

d) Establishing a **Compensation Committee** can provide an effective way to engage affected communities on the ground due to the seismic operations. This committee would ideally comprise four permanent members from each Wereda administration and two temporary members from the respective Kebeles or lower administration offices on the ground, who represent community interests. It is important to ensure that all critical voices are heard, including the traditionally marginalised and vulnerable.

4.2.4. 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 help CSR and wider 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:

a) **Stakeholder Registry:** lists key stakeholders of projects and impact on/by the project.

b) **Stakeholder Engagement Log**: Log of all key stakeholder engagement activities.

c) **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 up to date on a weekly basis at community level and consolidated at the country level on a monthly basis.

4.2.5. Transparency and Disclosure:

To promote informed engagement and transparency, consider fully 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 kept informed throughout the engagement process.

4.2.6. Grievance Mechanism:

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

Table 4: Roles and Responsibilities of CSR Team and Operations Team

Activity	CSR Team	Operations Team
Hiring CLO	• CSR to lead	--
Stakeholder mapping	• CAO to lead following EIA	• Support and provide observations on local stakeholders
Stakeholder Engagement Plan	• CAO develops based on findings of EIA and updates based on CLO and operations team feedback. • Provide clear roles and responsibilities to CLOs 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)

Table 5: Tools and Resources

Tool Number	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
	CLO Terms of Reference	Sample job description for CLO	
	Stakeholder Engagement Brief	Summarizes status of stakeholder engagement for internal communication purposes	Drafted by CAO, shared to operation team
	Compensation Committee ToR	Terms of Reference for Compensation Committee	CAO
	Stakeholder mapping and engagement plan	Sample of mapping and engagement plan for Weredas	Led by CAO, reviewed/used by all CSR team

5. Grievance Mechanisms

5.1. Overview and Purpose

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

a) **Accessible** - stakeholders are aware of the grievance mechanisms, and are able to access them, and the mechanisms are designed to reduce the barriers for stakeholders to access (language, finance, literacy etc.).

b) **Supported/Legitimate** - enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes.

c) **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.

d) **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.

e) **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.

f) **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).

g) **Strong dialogue with local communities**

h) **Documented –** It is imperative that all grievances and company responses are documented for future reference.

5.2. Putting into practice

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

5.2.1. Processes

a) Consult with Compensation Committee to identify mechanisms appropriate for local community/culture/norms.

b)   Identify additional points of contact to complement Compensation Committee (ex. Secure box at local district office). Careful consideration must be paid to ensure that all grievances are documented. The CLOs are the key points of contact to document concerns, but other options should also be made available to minimize barriers to communicating with the company.

c)   Confirm process with AOE management, including agreement on key persons responsible and timeline for company responses. This is critical as company responsiveness will be the underlying success factor in whether the grievance mechanism is successful.

d)   Develop required tools (forms, overview document)

e)   Provide training to staff as required.

f)   Communicate/Promote Grievance Mechanism

g)   Follow through on using Grievance Mechanism; ensure follow up acknowledges receipt of grievances and proposed next steps.

5.2.2. Grievance Mechanism in Practice:

AOE has set up the following channels for grievance mechanisms:

a)   The existing Grievance Committee within the lowest administrative unit/Kebele is to be used to accept any comments or grievances on the management of our operations as well as Compensation issues.

b)   The CLOs to liaise with the CAO on any grievances filed.

This process has been confirmed through both the Compensation Committee meetings and then wider stakeholder meetings.

5.2.3. Addressing Grievances

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

a)   Grievance recorded, acknowledge receipt of grievance to the individual who submitted the grievance and advise on next steps

b)   Company provides feedback within 14 days

c)   Validate/triangulate information received

d)   Consult with CAO or additional support as required

e)   Establish company response (potential resolution) and communicate to individual

f)   Record the grievance, background information/context and steps taken to resolve the issue.

5.2.4. 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

Note:
- All grievances must be logged immediately

- Monthly summary of grievances and resolutions to be recorded at Addis office and shared as part of monthly CSR reporting

Table 6: Roles and Responsibilities of CSR Team and Operations Team

Activity	CSR Team	Operations Team
Design Grievance Mechanism	• Review EIA recommendations and feedback from CLO and direct community consultation. • Confirm process with project stakeholders	--
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 CLO may be able to resolve some grievances immediately. • If/as required, the CAO will also be involved. • The individual who receives the grievance will manage initial documentation of the grievance into the Grievance log. • 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 the community should forward to the CLO and also advise the individual raising the grievance to consult with the CLO and/or the Compensation Committee members. • The CSR team will lead the grievance management process and engage with the Operations team as required.

Table 7: Tools and Resources

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

6. Community Investment/Community Development Projects

6.1. Overview of Block Level Projects

Community investment is an important pillar of the company's CSR policy 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, and Economic Development.

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

a) **Impact** – What impact will the project have, 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)

b) **Sustainability** – what needs to be in place to ensure that the impact will be sustainable? What will happen when company funding runs out?

c) **Factors for success** – what is required to ensure the project will be successful and what influence does the company have over this success? If working with an implementation partner, do they have the capacity to implement the project successfully?

d) **Timeline** – how long will it take for the project to be completed and for the impacts to materialise?

e) **Business case** – Is there any additional benefit to the company and if so, what?

f) **Budget** - how does this fit within the exiting CSR budget?

g) **Local ownership –** Has this need been identified by local stakeholders and verified as being important? It is important to have a local champion for investment projects to not only help with their implementation, but to support their long term sustainability.

6.2. Putting into practice – Block Level Community Investment Initiatives

6.2.1. Ground Assessment Results:

The Ground Assessment of the Rift Valley Block (RVB) areas to be covered by the seismic operation provides some insights into potential areas that may require investment.

6.2.2. 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 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 in ensuring the project is relevant and appropriate.

Be sure to communicate to the local community on clear criteria for eligible projects and the process for deciding on which projects will be supported (and which will not), based on both local need and agreement from company.

6.2.3. Draft Concept Note:

Wherever possible, proposals detailing the merits of a potential project should be submitted in support. However, it is acknowledged that due to literacy rates, local stakeholders may not submit formal proposals. In this case, the CSR team should draft concept notes of shortlisted projects (template available) and populate the template with potential projects. This process will help the CSR team analyse the potential projects to determine the most appropriate ones to support. Concept notes can be used during the internal review and decision-making process.

6.2.4. Document Community Investment Agreements:

Once a project has been agreed by the community 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.

6.2.5. On-going Monitoring:

The CLO should provide progress updates on the implementation of the project, and also report back on the impact of projects as previously determined at the outset.

6.2.6. Monitoring:

Monitoring should take place every quarter.

6.2.7. Database:

All CD projects will be tracked in the master CD database that details the location, nature and budget of the projects.

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

Table 8: Roles and Responsibilities of CSR Team and Operations Team

Activity	CSR Team	Operations Team
Community Consultation	• CLO and CSR team consult local communities on potential projects, generate short list of potential projects.	--
Concept note	• CSR team refines potential project concept	--
Project selection	• Proposes potential projects to General Manager	• General Manager approves projects
Community confirmation and agreement; Consent of local	• Final selection decision is articulated to community	--

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

Table 9: Tools and Resources

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

7. Local Content/Hiring

7.1. 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 the Operations team in organising the hiring and sourcing of local labour.

7.2. Putting into Practice

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

a) **Understand the needs** and timeline of operations

b) **Manage expectations and ensure transparency -** Articulate employment and business opportunities to stakeholders in a transparent, specific and objective manner. For example: the expected number of people hired will be 20, rather than, 'a large number of people will be hired'.

c) **Clearly communicate decision-making criteria** and associated process to stakeholders to ensure transparency and accountability.

d) **Understand local context** and norms on employment such as gender, cultural, traditional or tribal issues that may have an impact on hiring decisions. It si important to consult local stakeholders on the appropriate process.

e) **Supporting operations team** - as required in the drafting and signing of contracts.

Processes

7.2.1. Local hire

a)   All unskilled labour should come from the locality.
b)   The CSR team must also be conscious of the district and ethnic boundaries to ensure the labour reflects the local community make up – this is particularly the case if/as crews move across the administrative boundaries.
c)   Contractors are expected to provide AOE with required labour (unskilled labour) 2-3 weeks in advance of requiring the labour.
d)   CLOs will work with Operator/Contractor/sub-contrators to ensure that the number of jobs are appropriately shared /representative of community demographics
e)   Medical clearance - CLOs should also organise for selected candidates to have a medical exam clearing them fit for service from an approved medical facility. AOE needs to identify appropriate local facility qualified to undertake necessary tests. Again, the CLO facilitates the process, but the contractors must have their hiring manager accompany and lead the group of selected candidates to the medical exam.

7.2.2. Local Sourcing

The agreement in AOE to date is to source products from communities in the following priority:
   ▪   Woreda– locality in which the seismic operations is located
   ▪   Region
   ▪   National

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

7.2.3. 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.

7.3.   Roles and responsibilities

7.3.1. AOE Role

AOE'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. The AOE CSR team does not make hiring or supplier decisions, this is left to the contractor.

7.3.2. Contractors

a) Include specific details on AOE's local content policies and processes within new contracts. AOE's expectations on timeline, information required. It is strongly advised that those tendering for contracts commit the contractor to abide by AOE's local souring processes.

b) Meet with contractors to review AOE processes for hiring and sourcing and explain rationale behind the process. Key messages:
   ▪ Ensure they are aware that AOE facilitates a process that enables them to be able to source from local communities and hire workers in an equitable manner that is acceptable to the community.
   ▪ AOE to communicate clear processes, timelines and requirements.

c) The contractor is ultimately responsible for the final hiring decisions and awarding of tender.

d) AOE to monitor contracts, ensuring they are drafted with suppliers and hired labour's needs in mind to protect both sides.

7.3.3. CAO

a) Is responsible for engaging with Contractors to communicate supply needs

b) 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).

Table 10: Roles and Responsibilities of CSR Team and Operations Team

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 Wereda 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 to have an understanding of local dynamics and local labour issues	• Communicates to CSR team on local hiring needs and status of community relations/potential issues/risks that may arise
Local sourcing	• CLO works with	• Ensure all contractors are

	contractors and facilitators to ensure an open, transparent and inclusive process to sourcing products locally.	channelling sourcing through the established channels

Table 11: Tools and Resources

Tool Number	Name	Purpose	Use
	Local sourcing Template		
	AOE Sourcing Guideline	Distributed at Suppliers Forum to communicate company expectation and procedures for sourcing	

8. 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:

8.1. Planning

a) **Quarterly Plans**: This includes stakeholder engagement visits, community consultations.

b) **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.

c) **Coordination with Operations Team:** Since CSR is intended to enable operations, it is important to understand the timeline and needs of the operations team.

8.2. Internal Reporting, Management System and Communication

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 fully understand the impacts of our activities and are addressing them accordingly. It also helps ensure all internal stakeholders are aware of key issues and can assist as necessary.

8.2.1. Processes and Updates

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

CSR team activities:

a) **Daily Status Meetings**: The CLO should provide the CAO with updates on priority issues being addressed by CSR field team.

b) Daily status meetings – CLO to provide MLO with updates on community issues and address any needs by operations.

c) Weekly Field Reports – CLO should provide weekly summaries of stakeholder issues, meetings or grievances, and updates on community development projects.

d) Weekly CSR briefs – CAO to draft brief updates on key CSR priorities to operations team and review them during Monday morning operations meetings.

e) Summarize stakeholder engagement status and issues and share with management on a monthly basis or more frequently as required

f) Monthly update of tools and data bases

g) Month end reporting - 5th day after month end.

CAO will be responsible for consolidating a monthly report on CSR in the following format:
a) Key achievements
b) Next month's priorities
c) Emerging stakeholder issues to be monitored and mitigation strategies
d) Data on local sourcing, employment, community development projects
e) Review of grievances (number, number resolved)

Documents and files will be managed by CAO and stored in both hard and soft copies. Soft copies should be stored in AOE's shared drive for easy accessibility.

Update all tools:
a) Stakeholder registry
b) Log
c) Grievance mechanism logs
d) Community development database

CAO is responsible for ensuring the management systems are up to date

8.2.2. 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) Addis Ababa induction which will cover:
* Overview of AOE
* 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'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 are well structured and defined.

8.2.3. Field Induction

This will be led by the CAO:
a) Review key practices
b) Introduce to stakeholders
c) Provide feedback on performance

8.2.3. Two week, One month and Three Month Performance Feedback

Following the completion of the first two weeks of deliverables 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 any developmental needs.

While the 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.

8.2.4. Job Descriptions/Responsibilities to Operations Team

It is essential, especially for the CLO's embedded on operations site, that the Operations team understand the roles/responsibilities of the CLO. The CAO should share relevant job description and responsibility with operations team.

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

b) Quarterly Plan: At the beginning of each quarter, the CAO will draft a quarterly plan that outlines key milestones and timelines (ex. CD projects, engagement, etc) and issues to be addressed. The General Manager will need to approve this. Given the uncertainty of exploration activities, the quarterly plan is not meant to be exhaustive 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.

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

d) 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 them to ensure the deliverable are achievable and achieved. 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.

Table 12: Roles and Responsibilities of CSR Team and Operations Team

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 5th of every month	
Quarterly, monthly planning	• CAO	
Weekly planning	• CAO and CLOs	
Hiring of CLO	• CAO leads	--
Addis induction	• CAO leads	• Meet the team
CLO job expectations	• CAO leads and shares with Operations team	
Field induction	• CAO leads	
Performance management	• GM leads overall performance management of CSR team	

Table 13: Tools and Resources

Tool Number	Name	Purpose	Use
	CSR Operations manual		
	AOE presentation		
	CLO Knowledge and Skills	To help all team members understand expectations	
	CLO deliverables and expectations	To align on performance expectations	
	CLO job descriptions	To help, among others operation team to understand the expectations of CLO/CLO and SEM	

9. CSR and Operations Team:

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

a)   **Monday Morning Meeting:** This meeting is an opportunity for Operations and CSR management to share key issues, planned activities and support required from each other.

b)   **Seismic Manager Induction**: Prior to going into the field, new crew members and supervisors will be provided with a 'Get Away Guide' to help them understand operational areas as well as the culture of the local communities. It is a useful 'do's and don'ts' guide. 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 with the communities. While the operations team does not need to address these, 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 'Get Away Guide'.

c)   **Communication:** Open communication between both teams is essential. It has been agreed that if there are community related issues on site, the Party Chief should notify the Lead Quality Controller (LQC), who will in turn brief the Seismic Manager. All Community issues are then forwarded to the CSR Team

d) **Grievance Mechanisms** – as noted in the manual, there is a clear process in place for communities to register grievances and they should be addressed appropriately. If Operations personnel receive a grievance, they should pass these directly across to the CSR Team. As per the grievance mechanism, individuals should be referred to:

1. AOE CLO on site, or contractor CLO
2. The Kebele Administrator

10. CSR and Health, Safety and Environment

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

- All CLOs or CSR personnel active on an operational site will go through HSE induction and abide by all HSE rules, applicable procedures and Ethiopian government regulations
- All CLOs or CSR personnel are required to follow HSE's reporting requirements as needed if a safety incident occurs.

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 also present a hazard to the receiver.

CLO and CSR personnel are to **report any incidents of this taking place immediately** to the Party Chief at site and copy any report to the LQC.

10.1. Community Sensitization

The CSR field team will sensitize communities through stakeholder engagement meetings, and public notices.

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

10.2. Emergency Procedure

In the event that hazardous materials do 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 with the community, and with HSE and Operations develop a plan that is approved by General Manager
  - Company response will be consistent with 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 incident is resolved, a final report on the extent of impact, community response and any residual impact will be documented.