

Managing Socio-economic Effects During Major Project Construction

Sian Weaver

1.0 INTRODUCTION

The socio-economic effects assessment for the major project you are working on is complete, regulatory approval has been received and construction is beginning. Construction is expected to have an impact on the socio-economic circumstances of the people and communities in the surrounding areas. As a result, understanding and ongoing management of socio-economic effects are key aspects of the project's responsibility to the people residing near construction activities.

Socio-economic effects (direct effects identified in assessment) and issues (situation that has the attention and concern of external or internal individuals/groups) can be intangible, challenging and difficult to measure. Using assessment methodology to develop a tangible socio-economic framework supports a structured approach to managing socio-economic effects and issues through a program which is relevant, disciplined and sustainable through the duration of anticipated socio-economic effects. This becomes increasingly important to industry as socio-economic regulatory requirements increase and financial institutions look at a company's sophistication in socio-economic components through ESG reporting frameworks. In addition, socio-economic topics deeply matter to people and communities which can directly impact reputation and relationships short and long-term.

A program focused on proactively identifying, analyzing, managing and reporting on socio-economic effects and issues construction activities have on people and communities, facilitates understanding while mitigating socio-economic components. This approach influences the way socio-economics is defined during construction. It also helps clarify the social component in reporting frameworks in a structured and repeatable manner.

1.1 COASTAL GASLINK

TC Energy is an industry leader in delivering socio-economic activities that address local interests and provide benefits to communities. Building on this experience, Coastal GasLink's socio-economic program is leading and demonstrating the importance of proactively managing socio-economic matters within the Canadian province of British Columbia (BC).

Currently under construction, Coastal GasLink is a 48-inch-diameter, 670-kilometre (416 mile) pipeline designed to safely transport natural gas from the Groundbirch area west of Dawson Creek, BC to the liquefied natural gas export facility being constructed by LNG Canada in Kitimat, BC. Coastal GasLink will have an initial capacity of 2.1 billion cubic feet per day (bcf/d) and represents the first direct path to connect abundant Western Canadian Sedimentary Basin supply to global markets.

2.0 SOCIO-ECONOMIC PROGRAM

As global socio-economic regulatory and societal expectations continue to increase, the ability to meet this challenge requires disciplined analysis, keen focus, trust with both internal and external audiences and delivering on measurable results. Canadian jurisdictions are becoming increasingly sophisticated in this space with successful projects shifting toward socio-economic programs that have a framework that is proactive, integrated into project activities and agile.

Coastal GasLink has a robust and comprehensive socio-economic program that includes activities focused on regulatory requirements and proactive issues management undertaken in collaboration with various affected external groups and internal disciplines including community relations, Indigenous relations, environment, land and regulatory teams. Maintaining flexibility in the socio-economic program is important given the duration of construction, the 670-kilometre length of Coastal GasLink's corridor and the diversity of governments, local communities and Indigenous groups.

Figure 1-1 shows an overview of the Coastal GasLink socio-economic program during construction.



Figure 1-1: Coastal GasLink Socio-economic Program Overview During Construction

The overall goal of the Coastal GasLink socio-economic program during construction is to provide a framework to successfully meet socio-economic regulatory requirements and effectively manage socio-economic issues. To achieve this, the program requires socio-economic technical expertise to:

- Implement socio-economic regulatory conditions such as management plans.
- Use an adaptive management approach if monitoring indicates that the socio-economic mitigation is not achieving the predicted outcome.
- Collaborate and integrate socio-economic mitigation and engagement activities into relevant construction activities.
- Establish a cooperative dialogue with local communities, Indigenous groups and government representatives on socio-economic mitigation and issues management.
- Deliver socio-economic opportunities and benefits to the residents and regions affected by the construction of Coastal GasLink in accordance with the commitments made.

- Facilitate solutions to socio-economic issues.

3.0 SOCIO-ECONOMIC REGULATORY REQUIREMENTS

In some jurisdictions, projects are required to comply with socio-economic regulatory requirements including implementing commitments in management plans, submitting reports and responding to compliance inspections as identified through the regulatory process. For example, Coastal GasLink has a regulatory requirement to develop and implement a socio-economic effects management plan in collaboration with over 57 external organizations. An overarching socio-economic program provides a framework intended to facilitate understanding and guide implementation of socio-economic regulatory requirements.

3.1 REGULATORY COMMITMENTS: REGULATORY PROCESS IDENTIFIED EFFECTS AND MITIGATION

Creating a centralized socio-economic regulatory commitment tracking list that includes all socio-economic commitments made during the regulatory process will support compliance through tracking and communicating requirements. These commitments are actionable tasks that can be assigned to a variety of internal disciplines and tracked centrally to ensure compliance. Coastal GasLink actively maintains a master commitment list to ensure mitigation is being implemented and to identify gaps. See Figure 2-1 for a socio-economic regulatory commitment tracking list example.

Commitment Reference	Effect	Commitment	Accountable	Due Date	Date Completed	Variance

Figure 2-1: Socio-economic Regulatory Commitment Tracking List

Collaboration and integration of these requirements with other internal disciplines activities and construction tools support alignment and efficiency in meeting construction requirements. Integration of the socio-economic regulatory commitments with other construction-wide commitment tracking tools will further embed socio-economic regulatory requirements with construction activities. This will increase alignment and internal awareness of these requirements. Where applicable, proof of commitment compliance can also be tracked and stored in a central location.

3.2 REGULATORY CONDITIONS: SOCIO-ECONOMIC MANAGEMENT PLANS

As universal approaches to managing socio-economic effects and associated regulatory processes advance, regulators increasingly require proponents to develop and implement socio-economic effects management plans. Robust and well-designed socio-economic management plans ensure there is active monitoring and follow-up on regulatory requirements to avoid or reduce potential adverse socio-economic effects identified during the regulatory process. Similar to environmental management plans submitted in some jurisdictions during the regulatory application process, socio-economic management plans outline the approach to implementing mitigation, process for how mitigation effectiveness will be monitored, the adaptive management process and reporting during construction.

Coastal GasLink received regulatory approval for its Socio-economic Effects Management Plan (SEEMP) in 2016. The SEEMP identifies Coastal GasLink’s approach to implementing socio-economic mitigation during construction to avoid or reduce potential adverse socio-economic effects on regional and community infrastructure and services. The plan also outlines a process for how Coastal GasLink will monitor and report on the effectiveness of the mitigation and engage with identified groups. Implementation of the SEEMP requires Coastal GasLink to engage externally with identified groups and submit SEEMP monitoring reports twice a year during construction.

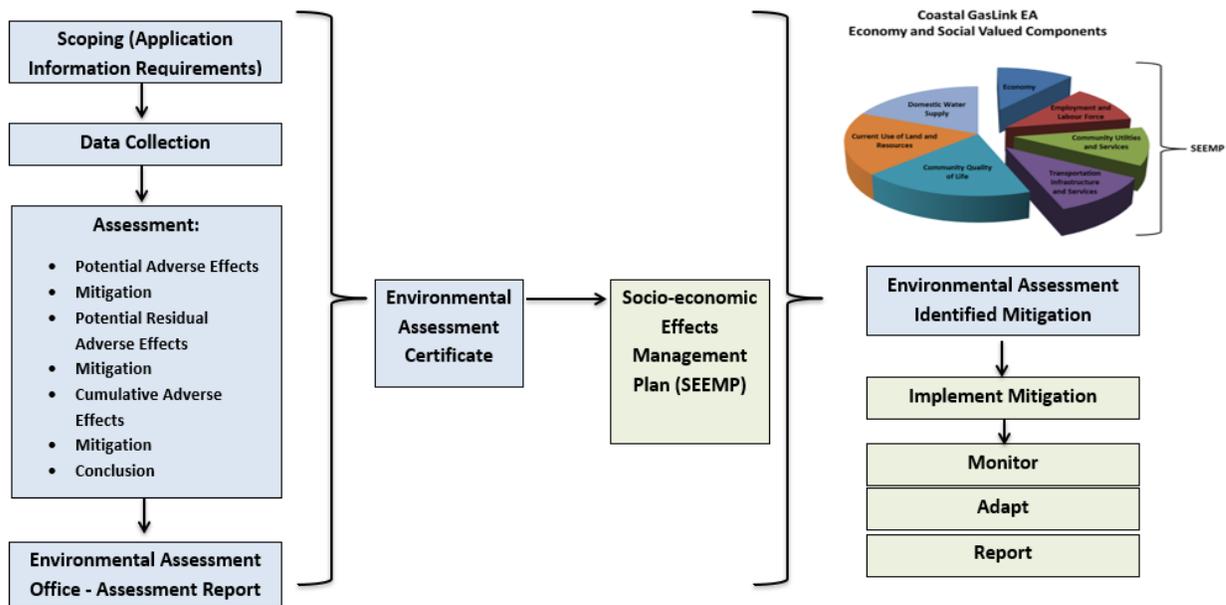


Figure 3-1: Coastal GasLink Socio-economic Effects Management Plan Regulatory Overview

3.2.1 ENGAGEMENT

Engagement is important to the implementation of socio-economic management plans given the complex human aspects of the potential effects related to construction activities. Socio-economic management plans identify the engagement approach including the groups to engage with, frequency and methods. Focused on two-way communication, engagement shares information, monitors mitigation effectiveness, facilitates the gathering and understanding of issues and strengthens relationships both internally and externally. Consideration of both internal and external audiences is important in implementing socio-economic management plans. Through the SEEMP, Coastal GasLink reaches out to over 57 organizations a minimum of twice a year to engage on observed socio-economic effects during construction.

3.2.2 MONITORING

Socio-economic monitoring enables industry to track and evaluate expected outcomes and mitigation effectiveness. It also supports collecting and tracking information on mitigation implementation progress, achievements and compliance with regulatory requirements. Through monitoring activities, the need to trigger an adaptive management process will also be identified.

Monitoring efforts link identified mitigation to time frames, frequency and data sources both internal and external. For socio-economic data collection, both qualitative and quantitative methods are used. This would include engagement feedback, observations and internal data reports. This data helps industry understand whether mitigation is effective or if adjustments need to be made. Monitoring can identify mitigation that may need to be modified or new mitigation that may need to be developed to address unexpected adverse effects.

3.2.3 REPORTING

Reporting is an important communication tool to inform internal and external audiences as well as regulators. The content of socio-economic management plan reports will depend on the frequency of mitigation and monitoring strategies outlined in the plan. Typically, reporting is transparent, at regular intervals and include updates on construction activities, implemented mitigation status, engagement activities and adaptive management items. Coastal GasLink submits SEEMP reports to the regulator and externally twice a year while other construction projects submit annually.

With the vast array of data that is collected for socio-economic reporting and the structured approach that socio-economic management plans provide, natural synergies exist with ESG standards and reporting. Equator Principles Financial Institutions promote assessment and management of social risks and effects during project development and construction to ensure sustainable social performance and outcomes. Effective socio-economic management plans demonstrate sound management practices and provide a framework to manage, monitor, adapt and report on socio-economic effects and mitigation in a consistent and disciplined manner. As a result, the plan and subsequent reporting would align with ESG reporting standards turning what has been seen as ‘intangible’ and difficult to measure into something measurable and meaningful to a variety of audiences, including the financial sector.

3.3 REGULATORY COMPLIANCE AND ENFORCEMENT: INSPECTIONS

In British Columbia, regulatory agencies have authority to conduct inspections on compliance with socio-economic regulatory requirements at any time during construction. Typically, there are two types of inspections conducted: administrative (i.e., office-based) and field-based (i.e., on-site). Socio-economic inspections tend to be administrative inspections which includes compliance verification based on a review of documents.

On Coastal GasLink, socio-economic subject matter experts assess the connections between construction activities relevant to inspection requests, facilitate the collection of that data and develop the response to the regulator in follow up to those inspections. Socio-economic administrative inspection information usually involves extensive engagement logs compiled in collaboration with a variety of internal disciplines. Proactively managing socio-economic regulatory commitment tracking lists and collecting proof of how a commitment is met will ensure the inspection process is smooth.

4.0 SOCIO-ECONOMIC ISSUES MANAGEMENT

Managing socio-economic issues has become critical for business success in today’s environment. The socio-economic landscape is dynamic and constantly changing which can impact assumptions made at a point-in-time during the regulatory assessment. Through ongoing

engagement with internal and external audiences, socio-economic issues can be strategically identified and addressed appropriately in a timely manner.

Once a socio-economic issue is identified, a management process should be implemented to ensure transparency and a structured approach to resolving the issue. This process should include tracking the issue from beginning to resolution, collaborating with subject matter experts to address the issue and appropriate external engagement. Figure 4-1 illustrates how the Coastal GasLink socio-economic program interfaces with the construction issues management process.

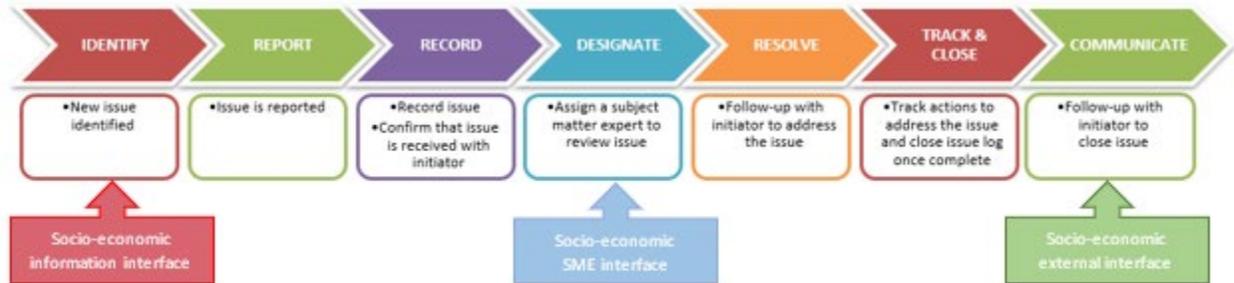


Figure 4-1: Coastal GasLink Issues Management Process

Early issue identification proactively manages the potential for impacts to construction costs, schedule and objectives. It also supports decision making in construction execution and influences successful mitigation. It is important that risk is understood, managed and clearly communicated across the various construction disciplines.

5.0 CONTINUOUS IMPROVEMENT

Best in class socio-economic programs are designed as a continuous improvement process where potential issues are identified and managed on an ongoing basis. This adaptive management approach is used given the complexity of the issues that the program addresses, where potential issues will be identified on a proactive basis, as much as possible, and resolved with effective avoidance or mitigation. The adaptive management approach also ensures the flexibility to modify steps or tasks embedded in the socio-economic management framework in case the identified issue requires this kind of change. See Figure 5-1 for an illustration of Coastal GasLink’s adaptive management process.

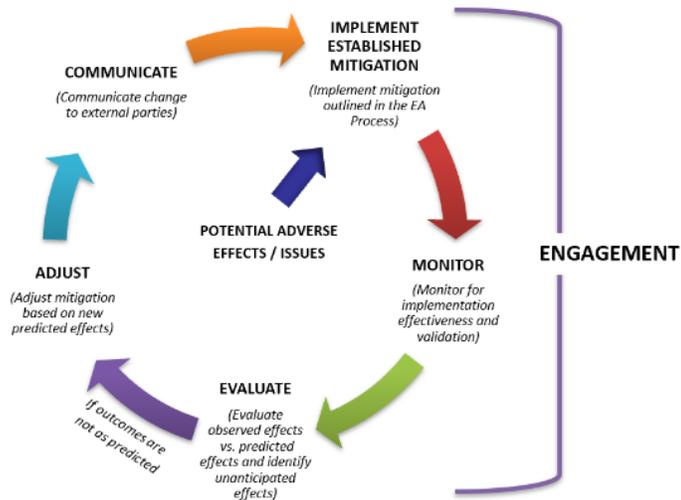


Figure 5-1: Coastal GasLink’s Adaptive Management Process

6.0 CONCLUSION

There is a recognition within industry that striving to address concerns and realize positive socio-economic effects are key components for ensuring healthy and sustainable communities and successful business outcomes. A well-designed socio-economic program decreases risk during construction and includes consideration of both regulatory requirements and proactive issues management. As demonstrated on Coastal GasLink, this structured approach ensures a comprehensive understanding of socio-economic effects and issues along with appropriate mitigation and benefit initiatives to address them.

REFERENCES

British Columbia Environmental Assessment Office (BC EAO). October 2014. Environmental Assessment Certificate #E14-03 for the Coastal GasLink Pipeline Project – Schedule B - Table of Conditions. <https://projects.eao.gov.bc.ca/p/588511c4aaecd9001b825604/certificates>

BC EAO. 2018. Environmental Assessment Act. Part 7 – Compliance and Enforcement. <https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/18051>

Coastal GasLink. May 2016. Socio-economic Effects Management Plan (SEEMP). <https://www.coastalgaslink.com/about/regulatory/>

International Finance Corporation (IFC). World Bank Group. October 2015. Environmental and Social Management System Implementation Handbook: General. <https://www.ifc.org/wps/wcm/connect/4c41260d-1ba8-4d10-a77d-f762d60a1380/ESMS+Handbook+General+v2.1.pdf?MOD=AJPERES&CVID=nzhmupn>

International Finance Corporation (IFC). World Bank Group. January 2012. Performance Standards on Environmental and Social Sustainability. https://www.ifc.org/wps/wcm/connect/24e6bfc3-5de3-444d-be9b-226188c95454/PS_English_2012_Full-Documents.pdf?MOD=AJPERES&CVID=jkV-X6h