



Sustainable Minerals Institute

Communities and Social Performance (CSP)

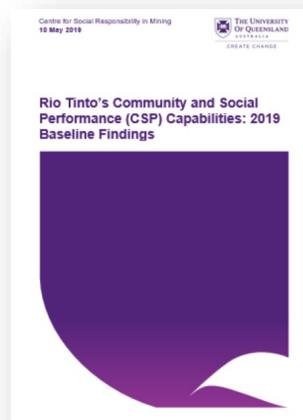
John Owen, Deanna Kemp, Susan Johnston, Jill Harris, Nick Bainton, Sarah Mackenzie, Julia Keenan, Jo-Anne Everingham, Vlado Vivoda, Brunilde Verrier ...

2018 Activities: An integrated project



Rio Tinto: Global review of CSP:

- Rio Tinto CSP strategy.
- Organisational context.
- Global survey.
- Targeted interviews.
- Findings:
 - Respondent profiles.
 - CSP capability (workforce, job enabling resources, systems).
 - CSP capability against issues and risks.
 - Foundational capabilities.
 - CSP vulnerabilities.



Global state of play in mining and CSP:

1. Position paper on the Foundations for effective CSP.
2. Rapid desktop scan of CSP globally.
3. Organising for social performance: A snapshot study



1. “Position paper” on CSP

Overview

1 Why focus on social performance?

Drivers for social performance:

- International instruments & standards
- Country-level regulatory systems
- Community-level expectations
- Rapid social & technological change

2 Defining social performance

- A function with technical dimensions requiring specialist social science expertise
- Aims to reduce harm to people, and enable value creation
- The mine–community **interface** is where social performance ‘happens’

3 Foundational elements for social performance

A technically capable social performance function requires:

1. An **understanding** of the broader mining business
2. Organisational **capacity** to undertake social performance
3. Application of **social science methods** and modes of analysis
4. Ability to **influence** mainstream business processes

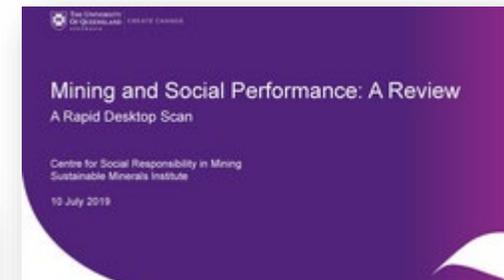
4 Organising for social performance

Key concepts:

- **Compatibility:** between social performance function, organisation & host environment
- **Commensurability:** level of resourcing is commensurable across the company, and appropriate to risk and opportunity
- **Contingency:** ability to address new events & technical demands

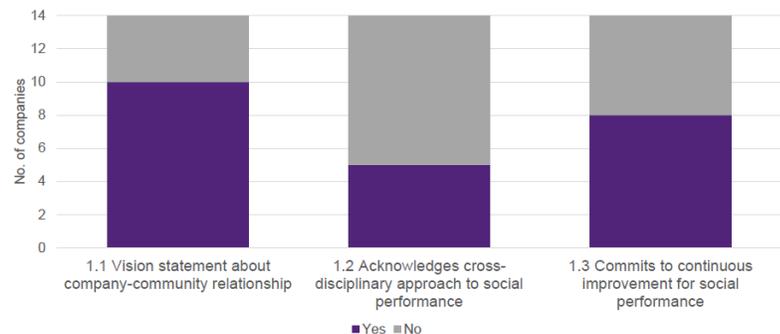


2. "Rapid scan" (14 global companies)



Direction-setting – results against indicators

1



Policies and standards in public domain (indicator 2.2)

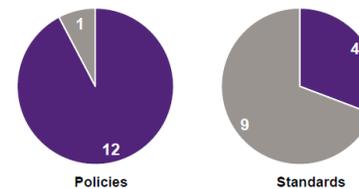
2

Companies that make their policy statements and standards public demonstrate a greater degree of transparency than companies that do not. Policies and standards are distinguished as follows:

- A **policy statement** expresses broad, principled commitments.
- A **standard** sets out operational requirements to give effect to a policy – more specific than a policy.

Four of the 13 companies reviewed had made their social performance standards public.

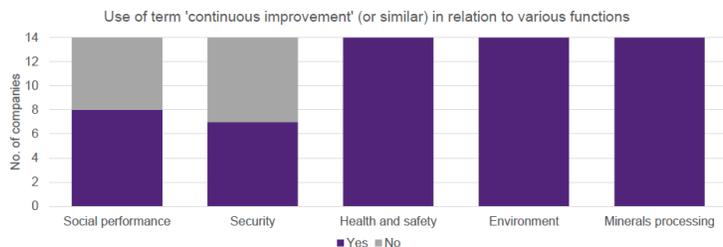
Do the companies make their social performance policies and standards publically available?



Closer look at continuous improvement (indicator 1.3)

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Of the 14 companies reviewed, 8 of 14 committed to continuous improvement in social performance – less frequently than for other functions.

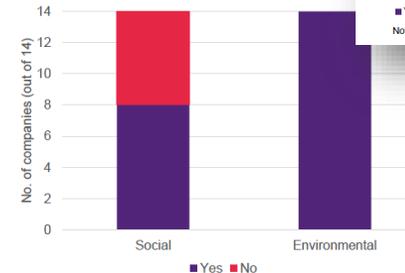


Acknowledgement of downsides (indicator 5.1)

Of the 14 companies reviewed, 8 expressly acknowledged that their activities can/do cause negative social impacts. Of these, **one** company provided a report of social impacts (in the form of grievances received). The remaining 7 companies provided brief acknowledgement only.

By comparison, all 14 companies acknowledged the potential for adverse environmental impacts.

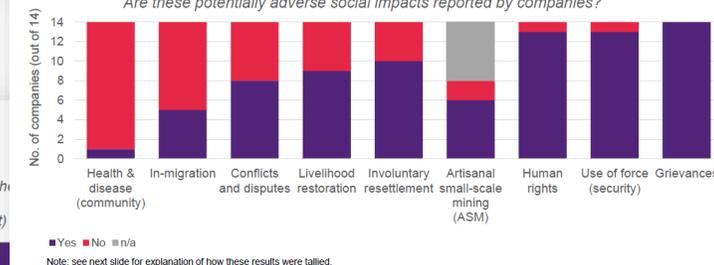
Do companies expressly acknowledge the potential for negative impacts? (social impact vs environmental impact)



Particular social performance issues (indicator 5.2)

5

Are these potentially adverse social impacts reported by companies?



Note: see next slide for explanation of how these results were tallied.

3. “Snapshot study”

- In-depth (very frank) confidential interviews with 13 senior company representatives, from 10 companies (9 ICMM members, MCA or MAC).
- Explored how CSP is “delineated”, “organised” and “integrated” within each organisation.
- Findings:
 - Lack of clarity about CSP “purpose” at the most senior levels of companies (esp. stable jurisdictions)
 - CSP represented at Executive Level within bundled functions, and increasingly under external affairs, rather than HSEC or SD
 - Virtually no disciplinary expertise at Executive Level
 - Issues with authority, resourcing and expertise in the right place
 - Weakening of the social risk/impact management focus, with a swing towards reputation and an ‘upside’ development narrative



2019 Activities: A “matched funds” approach

Tanami Desert 10 Year Plan project:

- The TYP represents an ambitious effort by Newmont Goldcorp, the Central Land Council (CLC) and Traditional Owners (Walpiri) to work together on impact and outcomes from mining ‘on country’.
- CSRM’s role:
 - TYP Steering Committee Secretariat
 - Annual workshop facilitation
 - Ongoing monitoring and evaluation
 - Support tools and guidance

COB CSP “products”:

- CSP Global Review “Prospectus” (i.e. generic approach to methods and outputs).
- Ongoing engagement with leading scholars (e.g. Prof Manuel Glave) to enable workshops, edited volumes, student engagement and international grant applications etc.
- Learning collateral for CSRM core offerings (e.g. diagnostics, scenarios, case studies)

Why is this important?

- Resource extraction is getting more COB 😊
Social aspects of mining increasingly recognised as a key feature of this complexity.
- Missing piece of the puzzle is: What capability exists *within mining companies* to translate this complexity into meaningful knowledge that parties (including the business) can act upon?
- Rio Tinto study one of the first comprehensive CSP baseline studies that we are aware of. Our “prototype”.
- Future – **connect CSP capability with ESG complexity** (i.e. overlay COB data layers to build understanding of CSP capability relative to complexity).



CSRM's underlying approach

- **Engage complexity:** Companies should be adept at understanding “situated” risk i.e. their asset situated in complex contexts. (The COB data layers work supports this approach.)
- **Understand disruption:** Building on the above, as companies work to understand their operating contexts, they must analyze the disruption their activities generate or are likely to generate
- **Analyze risk to people:** Once disruption is understood, companies should focus on the social and political risks that mining-induced disruption generates (who is at risk from what kind of disruption).
- **Build CSP capability:** Companies must build social performance functions with analytical capability to connect risk to people and risk to project.
- **Support public accountability:** If companies are not proactive, they will be forced/shamed into disclosure initiatives.

