Principles for Social Performance in Mining

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INTRODUCTION

The mining industry more than ever needs to understand what good social performance means and how to do it. Mining companies face increasing regulatory requirements, distrust from communities how they manage social, environmental and safety impacts, and growing pressure from end users in the technology sector to deliver responsibly mined raw materials. These demands are not going away. Mining companies must respond by acknowledging the concerns, being transparent in their operations, and by engaging with humility with communities and stakeholders. To do this, companies require the right set of skills and expertise and an organized professional approach based on sound methodologies

PRINCIPLE 1: UNDERSTAND AND MANAGE IMPACTS AND CHANGE

Social performance is about how an organization anticipates and chooses to manage the impacts of its business on people and the environment. It is about how a company behaves in the communities and societies where it operates and how this behaviour aligns with peoples' aspirations, values and culture. The work of social performance happens at the nexus, the place where organizational behavior and societal expectations meet.

Change in communities and societies happens all the time driven by people's aspirations, values, cultural norms, politics, the availability of economic and livelihood opportunities, and the challenges of a threatened planet. The behavior and operations of organizations bring about impacts on people and the environment. Impacts can be positive or negative, or somewhere in between, but impacts usually create change. Sometimes organizations bring new change, sometimes they accelerate change already happening, and sometimes the change is local and sometimes global. Usually, the greater the change, the more controversy there will be for the organization.

How organizations understand and deal with the change they create is the first fundamental principle of social performance. Most groups barrel ahead thinking that their purpose or business is their only concern; some groups take the time to consider how their purpose might collide with the world outside and create challenges to their objectives and plans. Social performance is about how an organization anticipates and chooses to manage its impacts and the associated change that may affect people and the environment.

PRINCIPLE 2: USE REAL INFORMATION AND PROVEN ANALYTICAL METHODOLOGIES

The fundamental question then is: what change – both positive and negative – will the business bring to the communities and to society at large? To answer this, the business needs to do the work to understand what is happening in the place it wants to operate and how its operations may change that place. Changes can happen in economic relationships, social networks, who owns what, who benefits and who doesn't, amongst others.

The old school way of answering this question is for the business to decide what it thinks is happening based on anecdotal information, personal opinion and experience or – in some instances – by completely ignoring the social factors in planning. The modern way of doing this is to use social science methodologies across several disciplines, combined with the standard impact management approach we use for safety and environmental performance.

There are many available tools for sorting through the complexity created by humans, our communities, and our relationship with the natural world. These tools help organizations better understand the social, political, economic, and cultural dynamics of the societies where they operate, how the organization could impact or change those dynamics, and the best way to embed solutions into the business:

- Social impact assessments (SIAs) are a best practice approach used in the infrastructure, mining, oil and gas sectors. Just as an environmental impact assessment uses natural science-based methodologies to identify changes and effects on the environment, SIAs use social science-based methodologies to anticipate impacts and change in land use, incomes, jobs, demographics, housing, social organization, and cultural norms, among others. Combined social and environmental assessments consider how changed human behavior and relationships

impact the natural world or how a changed physical environment leads to changes in social behavior.

- Institutional, policy, and stakeholder analysis is an established tool to identify public interests and emerging issues that might affect the organization.
- An understanding of economic development dynamics is useful for companies that generate significant impacts through tax revenues or job creation.
- Social and community development methodologies help to interpret impact data or design social investment strategies.
- Political risk analysis and communications are also essential to understand and manage how an organization will collide or align with societal expectations for governance and regulation.

The most effective social performance team I have worked with included biologists, sociologists, anthropologists, policy, communication, and media experts. Their collective work helped the organization understand the complexity of the social and political context and build the right solutions to manage impacts, change, and risks to the business, communities, and other stakeholders.

PRINCIPLE 3: BUILD SOCIAL PERFORMANCE INTO THE BUSINESS

Managing how organizational behavior meets societal expectations is about how an organization chooses to design and operate its business. The business of the organization itself and leveraging how that business is done is the primary tool for creating benefits and value for society.

This doesn't mean that businesses should not "disrupt" existing market paradigms or avoid building new products that change social behavior. Rather it means that organizations should anticipate how their business of disruption might create potentially negative impacts and consider ways to avoid or mitigate those impacts through design and management.

In my experience, organizations typically don't think first about how to integrate the concept of social performance into their business. Instead, they think about how to convince people that their business or mission is good (if we just advocate enough for our interests, we can make them like us) or how to engage through philanthropy (let's make them like us by giving away money). Both advocacy and philanthropy are essential tools an organization can use to engage with society, but they are not central to social performance, as they don't typically offset the negative impacts of the organization.

PRINCIPLE 4: BUILD DIALOGUE AND RELATIONSHIPS WITH HUMILITY

Data analysis and impact assessment should operate in tandem with the dialogical relationship between the organization and its stakeholders. If social performance is about how organizational behavior meets societal expectations, the organization needs to understand what those expectations are by engaging with communities, governments, and other stakeholders. Understanding expectations requires listening, asking questions, sharing, agreeing, and sometimes disagreeing. That is dialogue.

Dialogue is fundamental for hearing people's concerns and aspirations and resolving differences in values and points of view. Building dialogue sounds so simple, but it can be one of the most difficult challenges for organizations. Real dialogue usually means sharing information, dealing with disagreements, and agreeing to compromise. These are three areas that mining companies are accustomed to protecting, avoiding, or addressing, typically from the perspective of legal rights. Dialogue requires organizational readiness, willingness and a skill set across its leadership. Organizations I have seen successfully use dialogue to craft solutions to complex, potentially costly issues, are those with leaders who are adept at recognizing and putting aside their organizational power.

Awareness and understanding of their institutional power can be a puzzling idea for many people in an organization as, individually, they think they do not possess much power at all. To have this awareness, leaders must be able to see how people outside the group perceive the different actions and behaviors of the organization. If leaders can see how others see their organization's influence and power, if they have the humility to set that power aside, and if they have the empathy to understand other social realities, then they can begin a dialogue.

Dialogue and listening builds relationships and relationships build trust. It's not just about formal political engagement; dialogue needs to be on going with a wide range of social and political actors in the organization's context. Moreover, relationships and dialogue provide the organization with important information about how they are impacting people and how people want to collaborate with the organization.

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