

# Establishing the foundations for effective social performance in the global mining industry



## Authors

Professor Deanna Kemp, Director  
Professor John Owen, Professorial Research Fellow

Centre for Social Responsibility in Mining (CSRSM)  
Sustainable Minerals Institute (SMI)  
The University of Queensland, Australia

## Acknowledgements

This publication was supported by UQ strategic funds, provided to CSRSM under the SMI's "Complex Ore Bodies" cross-cutting program. We acknowledge the feedback received from the SMI and CSRSM colleagues, with particular thanks to Professor Anna Littleboy and Professor Rick Valenta. We are also grateful for comments provided by Adjunct Professor Chris Anderson, Industry Fellow Ramanie Kunanayagam, and for the editorial work of Strategic Adviser to the SMI, Susan Johnston.

## Citation

Kemp, D. and J.R. Owen (2018). Establishing the foundations for effective social performance in the global mining industry. Centre for Social Responsibility in Mining, Sustainable Minerals Institute, The University of Queensland: Brisbane.

## Companion piece

This paper can be read in conjunction with, Social performance gaps in the global mining industry: A position paper for executives. Centre for Social Responsibility in Mining, Sustainable Minerals Institute, The University of Queensland: Brisbane.

Available: <https://www.csrsm.uq.edu.au/publications/social-performance-gaps-in-the-global-mining-industry-a-position-paper-for-executives>

## Definition

Communities and social performance work in the global mining industry is defined by a company's interactions, activities, behaviours and outcomes with respect to local communities. Social performance is supported by systems, data and capabilities that align with international standards and locally-negotiated agreements and commitments, with the dual objective of avoiding harm to people, and of ensuring a stable operating environment within which communities and companies can prosper.

## The University of Queensland

Ranked in the world's top 50<sup>1</sup>, The University of Queensland (UQ) is one of Australia's leading research and teaching institutions. UQ strives for excellence through the creation, preservation, transfer and application of knowledge. For more than a century, we have educated and worked with outstanding people to deliver knowledge leadership for a better world.

## Sustainable Minerals Institute

The Sustainable Minerals Institute (SMI) is a world-leading research institute <sup>2</sup> committed to developing knowledge-based solutions to the sustainability challenges of the global resource industry, and to training the next generation of industry and community leaders. The Institute is transdisciplinary, and our work is impartial and rigorous. Our research integrates the expertise of production, environmental and social science specialists to deliver responsible resource development.

## Centre for Social Responsibility in Mining

The Centre for Social Responsibility in Mining (CSRSM) focuses on the social, cultural, economic and political challenges that occur when change is brought about by mineral resource extraction. The Centre contributes to industry change through independent research, teaching and by convening and participating in multi-stakeholder dialogue processes. Our team consists of geographers, anthropologists, sociologists, political scientists, economists, development and natural resource specialists.

---

<sup>1</sup> QS World University Rankings and Performance Ranking of Scientific Papers for World Universities, 2018.

<sup>2</sup> The University of Queensland ranks first in the world for mining and mineral engineering, 2018 Shanghai Rankings by subject.

# Contents

<b>1. About this paper</b>	<b>1</b>
<b>2. Drivers for social performance</b>	<b>1</b>
<b>3. The business case for the social performance function</b>	<b>2</b>
<b>4. A function with technical dimensions</b>	<b>3</b>
<b>5. The primary arena for social performance</b>	<b>3</b>
<b>6. Four foundational elements of a technically capable function</b>	<b>4</b>
6.1 An understanding of the mining broader business	5
6.2 Appropriate capability in specialist practice domains	8
6.3 Application of social science methods and modes of analysis	12
6.4 Ability to influence mainstream business processes	13
<b>7. Organising for social performance</b>	<b>13</b>
<b>8. Concepts for refining technical capability</b>	<b>14</b>
8.1 Compatibility	14
8.2 Commensurability	15
8.3 Contingency	16
<b>9. Key questions for the organisation</b>	<b>17</b>
<b>10. Conclusion</b>	<b>18</b>

## 1. About this paper

Mining companies need effective social performance functions.

Meeting international, national, and local obligations; improving the nature and depth of the interface between companies and communities; and creating an environment where social change is understood, anticipated and responded to in a meaningful way; all depend on companies accessing, embedding and utilising social performance expertise.

In a context where companies may be looking to build, or rebuild, their communities and social performance capability after a period of cutbacks in this area, it is important to ensure that the resources devoted to the task are well spent.

This paper sets out the factors that companies need to consider if they are to establish, and maintain, the foundations for effective social performance. Without these foundations, technical excellence in social performance will not be achieved.

## 2. Drivers for social performance

Social performance in mining is driven by an evolving set of international instruments and standards, rapid social and technological change, and by community-level experience and expectations in typically complex and remote settings.

International instruments are broad ranging. These standards prescribe a systematic approach to assessing risks to the project proponent and to project-affected peoples. One of the most prominent is the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability. Other prominent instruments include the United Nations (UN) Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human Rights, both of which require companies to exercise due diligence and to strive to "do no harm" in the course of their activities. The industry's peak body, the International Council on Mining and Metals (ICMM) has encouraged the application of these and other standards amongst its member companies. For companies wanting to understand what "good" looks like, these frameworks offer a set of minimum criteria.

Country-level systems are adapting their requirements to reflect developments and norms presented in the international arena. This includes requiring companies to understand the host context, and to develop plans for managing social impacts as a condition of project approval. Some countries require that companies allocate a percentage of turnover or profit to social infrastructure and community development activities. These conditions are often designed to provide a more equitable distribution of risk and benefit for those people living in close proximity to mining operations and activities.

While these conditions may not be present in all mining jurisdictions, there are strong expectations from local communities for an equitable share of benefits and for operators to behave responsibly. Communities and civil society organisations campaign against projects or companies to draw attention to situations or activities which they consider unacceptable. Reputational exposure for poor or questionable performance can compel companies into remedial action and provide an impetus for change.

Social change and technological innovation also drive improvements in social performance. Mining companies are introducing a range of new technologies that have the potential to increase productivity and reduce their costs. Mine automation, wearable technologies, and remote sensing are common applications. Many of these technologies are changing the face of mining, and the ways in which mining companies interact with their workers, suppliers and local communities. The advent of new technologies exerts additional pressure on companies to do no harm at the local level. Change is also being driven by the availability of new technologies within host communities. Social and real-time media can shine a spotlight on performance gaps, and highlight opportunities for improvement and wholesale change.

### 3. The business case for the social performance function

Many mining companies view social performance solely in terms of the actions that need to be taken to secure and maintain operational access, deliver on production targets, reduce cost to the business, and maximise profit. In that context, social performance activities enable the continuation of “business as usual”.

There are significant downsides to this approach. Social performance practitioners are deployed in a reactive, “fire-fighting” manner. Opportunities to fully understand complex issues, and to pre-empt substantive impacts before they occur, will be lost, and issues will escalate. Relationships between companies and communities will be seen in transactional, often adversarial, and inevitably time-limited, terms. The ability of companies to meet social performance obligations will be significantly constrained.

Some companies have recognised that communities and social performance activities offer the opportunity to move towards a more equitable approach to distributing the relative impact and benefit flows associated with resource extraction. Under this approach, the aim is to understand social change and impacts, avoid harm, and mitigate risk to other parties, and avoid unfair cost externalisation to other parties. This approach moves beyond doing “good deeds” in isolation from impact management. This “business as better” approach aims for a step change in social performance, and the way mining is currently done.

Into the future, we anticipate companies actively engaging with what different stakeholders mean by the term “creating value”. In this future state, engaging with complexity would sit at the forefront of the industry’s approach to “unlocking” new mineral resources without unleashing an unacceptable set of social and environmental impacts.

Going beyond a business as usual approach to social performance requires companies to recognise that complex social performance challenges merit, as other complex challenges do, considered, structured, planned, and adequately resourced responses.

In common with other mining-related activities, social performance is best served when the scope, organisation, and approach of the function is well understood across the business as a whole.

## 4. A function with technical dimensions

There has been a tendency to distinguish social performance from other, “more technical” aspects of mining company business. In that context, the social performance function has suffered from a view that it requires no particular skills other than being intuitively “good with people”. The imagined demarcation between “technical” (often used as a pseudonym for complex or valuable) work, and “non-technical” work, has led to situations where the structuring, and embedding of the social performance function within a business, and the resourcing of that function, has been viewed as low priority.

Such an approach fails to recognise that effective social performance is heavily dependent on sourcing, maintaining, analysing, weighing, and responding to high quality data. As is the case in other domains, social performance data also requires management and assessment by qualified and experienced individuals. In addition, effective social performance requires planning, contextual awareness, conceptual agility, and strong appreciation of multiple factors influencing local-level outcomes. Social performance is enhanced when skilled, proficient, advocates are in a position to interact with, and influence, decision makers across other parts of the business, and to participate in whole-of-business decision making.

Viewing social performance in mining as a discipline that requires technical capability helps to shape a better appreciation of the components that are integral to laying the foundations for an effective social performance function.

## 5. The primary arena for social performance

When engaging a host community, there are a large number of factors to consider, including: land and land relations, economic conditions and activities, social and cultural identity, quality of life, natural resource use, human rights, conflict, education and health, gender dynamics, among many others. Companies are expected to develop a baseline understanding of these local factors as part of their social due diligence responsibilities. They are also expected to understand local factors within the context of the broader society.

This mine-community *interface* forms as mining interests and activities interact with these social factors. This interface becomes the primary arena for social performance. It is a product of mining activities and the host society intersecting through the process of resource extraction. Changes either in a company’s activities or in the host context have a direct effect on the form and function of this interface. Although this arena has not been well characterised in either the academic or

industry literatures, it is the focal point for engagement and interaction between the parties. It is also the focal point for companies and communities when responding to the presence of other parties, such as government agencies.

The overarching significance of the company-community interface is two-fold. Firstly, that the interface brings people, activities and institutions together. It is a direct product of mining being present in a particular place. For example, land use agreements or land acquisition processes bring local people with an interest in that land into a state of engagement with a company or its representatives. Likewise, a company's supply chain draws business owners and workers into a routine of structured interaction the company. Whether intentional or otherwise, company decisions at bring actors, interests, and resources into this interface.

The second point of significance is that what happens at the interface can have a demonstrable effect on community, company, government and other parties. Where interactions are characterised by risk, impact, or dissatisfaction, for instance, the interface will reflect those conditions. This is critical from the vantage point of social performance because these conditions have a bearing on the environment that companies and communities engage in.

For social performance functions, the key objective must be to understand how – in precise terms – mining activities interact with and influence the host society context. At the same time, it is also necessary to define how and where social processes interact with the interests and operations of the business. All this involves engagement, data acquisition, analysis, modelling, and (as far as possible) anticipating outcomes from different decisions and actions. Social performance must be capable of identifying and articulating the many dynamic points at which mining activities and communities are brought into contact, and the material consequences of this contact throughout the mine life cycle.

## 6. Four foundation elements of a technically capable function

There are four foundation elements that are integral to establishing the foundations for a technically capable social performance function.

To be effective, companies will need to mobilise these foundational elements concurrently. Social performance professionals must have a working understanding of the mining business and its effects on the local environment in order to apply specialist social performance knowledge and methods. Influencing technical decisions requires company personnel to articulate discipline specific knowledge through mainstream business processes.



## Four foundational elements

**01.**

An understanding of the broader mining business

**02.**

Appropriate capability in specialist domains of work

**03.**

Application of social science methods and modes of analysis

**04.**

Ability to influence mainstream business processes

### 6.1 An understanding of the mining broader business

How the mine – and the mining business – configures itself in a particular place has a determining effect on the social performance function. The more a social performance practitioner understands mining, the more capable they will be in predicting the impact on the host context.

For illustrative purposes, we list some of the key factors that a social performance practitioner should be cognisant of, and their relevance to social performance.

Factors	Relevance to social performance
<b>Commodity markets</b>	When prices are buoyant, companies are more inclined to expand. An expansion can increase the operational footprint, often at a rapid rate. The size and nature of the footprint and the rate of expansion will determine how a mine interacts with the host context. When prices are low, for example, some producers will stockpile in anticipation of a price rise. This strategy can have immediate effects on the footprint of the mine.

<b>Supply and demand</b>	<p>Reduced demand can lead to cost reduction, project suspension, and unplanned closure. This can generate negative knock-on effects for employees and local businesses. It may, at the same time, reduce the impost elsewhere, such as impacts to sacred landscapes and cultural heritage.</p>
<b>Mining types</b>	<p>Impact to land and landscapes varies depending on the type of mine. Whether an operation is an underground long wall, deep cave, open cast, or strip mine will determine needs around engagement and the nature of impact. A strip mine, for example, alters the surface landscape at a faster rate than an underground operation. Underground operations may be less disruptive, at least initially, but may generate concerns about future subsidence.</p>
<b>New technologies</b>	<p>The advent of new mining technologies introduces challenges for companies and communities. For instance, while automation promises to reduce haulage costs, this same technology also decreases the need for highly prized jobs. Remote sensing technologies, such as through wearables or satellite imagery, will radically increase the amount of data that companies collect about people and places. Each of these technologies generate new forms of social risk that need to be understood and managed.</p>
<b>Project design and planning</b>	<p>Project planning is a whole-of-business activity. Social performance capability is essential to understanding the risk and cost implications associated with different types of project design. This includes providing the business and other parties with data-driven projections that demonstrate the effect of planned activities on communities, including future risks. As an organisational exercise, planning needs to incorporate interdisciplinary data to ensure that schedules and budgets are formed on a comprehensive reading of factors. The social performance function must be positioned to actively contribute to interdisciplinary process.</p>
<b>Processing techniques</b>	<p>Mining complexes will often contain a processing plant that places a high demand on water and energy, which can become a point of contention in local communities. Some techniques are less water or energy intensive, yet more contentious. Heap leach processing, for example, has significant impacts on the size of the project footprint and, if chemicals are not contained, these facilities can have a significant impact on the physical environment which can affect the livelihoods and health of local people.</p>

<b>Life cycle stage</b>	<p>Variation between activities that occur during exploration, projects, operations, and mine closure can be significant. The impact of expanding exploration into traditional lands, stockpiling waste rock in a sensitive area, or demobilising a local workforce during closure, are decisions that influence social performance.</p>
<b>Mergers and acquisitions</b>	<p>Changes in ownership are a regular occurrence in the mining industry. Due diligence at project acquisition provides an opportunity to identify high profile social risks, and to define their impairment value in terms of future operations or project development. Due diligence can also assist with estimating the future expenditure required to avoid and minimise risk, or mitigate against harm.</p>
<b>Lease arrangements</b>	<p>Lease arrangements vary from jurisdiction to jurisdiction. A common factor across projects is that governments grant companies different leases for different purposes. In addition to obtaining formal approval from the state to undertake specific activities within an agreed geographic area, companies must also obtain and maintain consent from host communities. Depending on the type of lease, and the jurisdiction, maintaining exclusive access to land or guaranteeing the safety of other users of that land, can be a significant challenge.</p>
<b>Logistics corridors</b>	<p>Social performance functions are generally focused on activities around the project or operation. Mining projects can also face considerable challenges in their relationships with communities located along roads, rail lines, and waterways. Accessing communities dispersed over large areas can pose logistical and resourcing challenges in terms of regular engagement. While some companies include downstream or corridor communities in their consultation processes, these communities regularly fall outside of key agreements or benefit arrangements, and in many instances are a major source of disruption and delay for projects.</p>
<b>Budget cycles</b>	<p>Long-term legacy issues can accumulate during life of mine. It is difficult to secure budget to address deep-seated issues from previous operational impacts. Understanding budgeting cycle of a business, and the difference between capital and operational expenditure is significant from the perspective of securing the resources necessary to address long-term issues at the interface. Budgeting through the mine life cycle is necessary both from the perspective of managing legacy issues and for ensuring resources are available to support mine closure.</p>

Given the broad, multi-faceted, nature of the issues that can impact on social performance, it is critical that companies provide opportunities for social performance practitioners to learn about, and be regularly updated on, these issues. This necessitates companies treating social performance practitioners, and the social performance function generally, as an integral component of the overall mining 'team'.

## 6.2 Appropriate capability in specialist practice domains

Different operating contexts present different demands for specialist knowledge and expertise. In mining, this combination is a product of the configuration of the mining operation, including its lifecycle, footprint, and processing features, and the characteristics of local communities and the host society where mining activities will take place. Defining the characteristics of the host society will enable the business to understand what the interface is likely to consist of, and what possible issues could arise in that environment.

Understanding the characteristics of the host society will help companies to avoid making assumptions about their social performance function. An absence of community grievances, for instance, can be the consequence of a company failing to invest in diagnostic capability and should not be taken as a *prima facie* indicator of good performance. Likewise, the presence of local issues should not be understood as companies failing to deploy capability. At one end of the performance spectrum, an abundance of issues may be an indicator of uninformed leadership, under resourcing, or poor response management. At the other end, high levels of reported incidents may be the outcome of a process designed to surface and remediate legacy issues, and to contain the risk of violent conflict, and other forms of harm.

Specialist knowledge is required to characterise the complex set of issues that companies and communities will face, to establish a basis for thinking through how mining activities and social issues intersect, and influence how they will be addressed once they are discovered. Some examples of topics and issues where specialist knowledge is commonly sought by the mining industry are outlined below.

### Domains

### Relevance to mining

Domains	Relevance to mining
<b>Artisanal and small scale mining</b>	Artisanal and small scale mining (ASM) occurs globally, and can be found at greenfield and brownfield sites. The large scale mining sector's interaction with ASM communities has largely been characterised by land use competition. Issues of conflict, security, and human rights pose particular challenges for the parties involved. Strategies associated with co-existence, compensation, and livelihood restoration, are becoming focal points for the industry.

<p><b>In-migration</b></p>	<p>In-migration is a common phenomenon in and around mining projects. An unmanaged influx of people can negatively affect the project area and host communities, especially with regards to the environment, social order, public amenity, and health issues. These negative effects can create risks to different parties, which can jeopardise project operations and social stability.</p>
<p><b>Indigenous and land connected people</b></p>	<p>Indigenous peoples have complex relationships with the mining industry. They can experience mining-induced harm due to poor industry practices and a lack of recognition of their collective and individual rights from either the developer or the host government. In some cases, significant economic benefits have been generated via employment, enterprise development and benefit sharing. Issues of particular relevance include recognition of rights, agreement negotiation, cultural heritage protection, and the need for obtaining free prior informed consent (FPIC).</p>
<p><b>Resettlement</b></p>	<p>Involuntary land acquisition and resettlement in mining involves comprehensive planning across multiple functions within the business, as well as government agencies and affected communities. These processes require high levels of engagement and commitment across the various stakeholder groups. Research indicates that there are major capability gaps among companies and host governments responsible for planning and implementing resettlement and livelihood restoration projects.</p>
<p><b>Land and land relations</b></p>	<p>The company-community interface is often mediated by competing interests in land ownership and/or use. There are many forms of land tenure, including state or Crown land, privatised land, and land that is held under customary tenure. In most societies, land is deeply embedded in complex social processes. Understanding these systems and processes, and how they interact, is critical to engaging at the interface. Companies cannot assume that because the government has granted them an exploration or mining lease that customary land systems are irrelevant. Often times, companies must navigate formal and informal land tenure systems concurrently.</p>

**Community engagement**

Mining projects are dependent on strong community relationships in the permitting and construction phases where development consent and timely delivery of the project hinge on effective community engagement. Once in operation, there is a tendency for companies to scale back their engagement activities, ramping up periodically to service project expansions and respond to “crises”. Consistent engagement across the project lifecycle is required to ensure that companies have a comprehensive and current understanding of the operating context, and the impact and opportunity landscape.

**Community health safety**

Health and safety is not only an issue for workers, but also for project-affected people. Communities living nearby to operations, projects, transport corridors, or storage facilities are often concerned about their health and safety. Dust, emissions, and pollutants are the main sources of concern. Social performance practitioners increasingly work with other specialists to conduct health baseline assessments and to identify community health risks.

**Local and regional economic development**

Mining projects both contribute to and depend upon improvements in the local and regional economy. Companies face what appear to be competing pressures in terms of making a lasting contribution to the economic life of the communities and regions in which they operate, and constraints around public infrastructure in remote areas post-closure. While companies make major investments in this arena, the link to social risk mitigation and measurement of development impact are not always clear.

**Local employment and supply**

Mining can generate extensive opportunities for participation across its economic footprint. Local employment and engagement through the company supply chain are, in many instances, taken as assumed benefits for near-mine communities. Local employment and supply issues are typically: present in mine-community agreements; an avenue and attractor for in-migration; a pressure point for industrial relations; and a considerable challenge for companies as they progress toward closure.

<b>Security</b>	<p>Security can be a consideration in post-conflict scenarios and as social changes are induced by mining due to in-migration, resettlement, or competition over land use. Social performance specialists work with security specialists to ensure that security arrangements are appropriate to the context and human rights compatible.</p>
<b>Human rights</b>	<p>International human rights is a specialist domain with relevance throughout the mining value chain. Mining companies must understand their impact on local communities to determine the degree to which human rights have been affected. Applying a human rights lens ensures that companies understand the full range of their impacts on people. Human rights impacts can be negative and constitute an abuse. Impacts can also be positive and support human rights enjoyment. Social performance practitioners can help companies and communities to understand both types of impacts, and the relationship between them.</p>
<b>Gender and diversity</b>	<p>Mining has a differential and often disproportionate impact on women. Applying a gender lens in impact assessment studies, community engagement, and development programming is imperative to ensuring that women are not disadvantaged by mining activities and have equal access to the benefits that mining may bring. Mining companies are increasingly aware of issues relating to gender-based violence in their workplace and in the communities in which they operate.</p>
<b>Conflict and grievance handling</b>	<p>Resource-related conflict can vary significantly in its source and severity. Sources of mine-community conflict can be left undetected or misdiagnosed by companies until there is a major escalation. Grievance handling, while important from a procedural perspective, can become limited to those issues that are formally lodged or made known to the business. To avoid unnecessary conflicts and disruptions in the local environment, it is important for companies to understand how their activities intersect with the resources and activities in their host environment.</p>

<b>Cultural heritage</b>	<p>Cultural heritage is fundamental to community identity and the landscapes where resource development occurs. Resource development can transform different forms of tangible and intangible cultural heritage. While various international safeguards exist to protect cultural heritage, mining companies often struggle with implementation. There is potential to strengthen, promote, and enhance cultural heritage in the areas where the mining industry is active, which can in turn contribute to social stability.</p>
<b>Negotiation and agreement processes</b>	<p>Resource companies are expected to respect the rights of local and indigenous peoples and contribute positively to the development at a local and regional level. Negotiated agreements are used as a mechanism for formalising governance arrangements, engagement processes, and commitments associated with resource extraction. Constructive agreement processes require a deep understanding of the local context, the parties involved, and workable engagement processes. Agreement processes can involve companies, communities, and the state, and can focus on a range of issues, many of which are listed above.</p>

Mining companies will not be in a position to retain in-house expertise in all of these areas. What is important is that companies recognise that these specialist social performance areas require technical input. Just as in-house company lawyers need to be skilled and resourced to identify and source specialist legal input from time to time; in-house social performance practitioners need support to recognise the need for, and to obtain and oversee, external social performance expertise. They are often required to manage large, multi-dimensional social science studies, within a multi-disciplinary environment.

### 6.3 Application of social science methods and modes of analysis

As specialist domains are identified and defined, baseline conditions must be analysed. The process of characterising the social context should occur in every operating context and involve comprehensive data collection and analysis. Understanding land and land relations, for example, involves the collection of data through remote sensing, mapping, transect walks, and direct engagement, such as through participatory observation, interviews and surveys. This data can be augmented using cadastral or historical records and other secondary information about transactions, land use agreements, and livelihood activities.

Once collected, data need to be collated and interpreted. There are important choices to be made about the analytical lens to be applied. Data in any of these domains should provide a spatial, temporal, and social “read” to enable the business to see issues and events as they are understood locally. This social read should be data-driven, with assumptions and methods made



clear. The process of analysis should be replicable, in the sense that it can be built upon and contribute to a coherent body of knowledge about the host context and the interface.

There is a range of sophisticated software packages available to support the handling of qualitative and quantitative data, records, and other documentation. Data collection in social performance should not be an intuitive, opinion-based activity, and neither should it be a collection of ad-hoc, unrelated studies. This is a process of ongoing discovery that should commence at the outset of a project, and continue throughout the life of mine. The process should be as systematic, disciplined, and thorough as any other part of the mining business. It should also take account of local preferences for sharing of knowledge and information, some of which may be considered sensitive.

#### 6.4 Ability to influence mainstream business processes

Sound business decision making requires consideration of all relevant inputs, including those relating to social performance. For this to be achieved, social performance data needs to be included in the company information management systems that are used to make decisions within the business. These systems can include risk profiling, incident investigation, mine planning, and financial modelling. Where social performance information is unavailable, the business could be described as having a “technical deficit”. This deficit will impede the organisation’s ability to understand social issues, account for social performance in the public domain, and take a long-term view of change.

The social performance function needs to be engaged in discussions about projects and operations, and the future direction of the business. All too often, late provision of information to social performance practitioners, after decisions have been made, results in poor outcomes for both the company and the communities they intersect with.

## 7. Organising for social performance

Even a technically competent social performance function may struggle to achieve sound social performance outcomes if it is inappropriately situated in the organisational hierarchy.

Defining a clear organisational logic for the social performance function has proven to be a difficult task over the past two decades. The function does not, for example, rely on a single disciplinary base, but instead draws from a range of discipline areas including: geography, sociology, anthropology, demographics, development, political science, and social work, to name but a few. This is unlike other disciplines such as engineering, accounting, or law, which have more defined disciplinary parameters.

Neither has the function been consistently named, or positioned within different corporate structures. At the operational level, the function has been grouped with health and safety, environment, (or “HSEC”), security, communications, external affairs, or community development. On occasion, it is possible to see social performance as a stand-alone function. This variation can lead to individuals, or groups of practitioners, being dispersed within an organisation, or grouped with functions that are not closely aligned with the technical demands of social performance work.

While there is no “model” structure, there are certain arrangements that are far from ideal. One such arrangement is the positioning of social performance under corporate communications, public affairs or brand management. Corporate communications and social performance both have an organisational mandate to engage with stakeholders outside the business, however, it is important to differentiate between the two areas of activity. Corporate communications, or corporate affairs, is primarily focused on promoting the reputation of the business, and protecting its interests; whereas social performance is, or should be, primarily focused on understanding how the business affects the interests of other parties, and ensuring that the business respects the rights of other parties. These are fundamentally different mandates and the combining of corporate affairs with social performance has, in most instances, resulted in companies losing touch with local stakeholders and the issues that affect them.

## 8. Concepts for refining technical capability

While the four fundamental elements for a technical capable social performance function described earlier apply generally; companies can utilise the concepts of “compatibility”, “commensurability”, and “contingency”, to refine their individual approaches to social performance.

### 8.1 Compatibility

As a starting point, mining companies should ensure that their social performance function is “compatible” with the key features of the organisation and the host environment. In this sense, compatibility refers to the ability of the function to work with other business units in a manner that meets social performance objectives in the context of the organisation’s business strategy. An organisation’s strategy, and its influence over its operating environments, is the most dominant factor that will test the social performance capability of mining companies.

#### *Operationally compatible*

The human resources department, for example, may be developing an indigenous employment strategy and seek expertise from the social performance function. A capable function would need to have access to expertise about indigenous peoples and be in a position to mobilise that expertise to complement the strategy. Likewise, companies are building innovative platforms to enable a multi-disciplinary interface on complex parts of the business, such as project design and development. When a business makes demands of the social performance function to participate in these new platforms, the capabilities provided must be a “match”. If the business is considering a project in a location with customary land tenure, in a conflict-prone zone, and the operation will displace local people, then relevant expertise must be available.

#### *Ability to counter-balance*

Compatibility can involve counter-balancing inputs. Counter-balancing may be required if a mining department seeks to gain rapid land access to enable operational expansion, taking advantage of a rising commodity price. The social performance function may need to contend with the business’ opportunistic tendencies and project momentum to advocate for a process that establishes an understanding of pre-expansion conditions before the project is designed and the mine plan is

developed. In these circumstances, the company must have built a formidable function that is able to challenge strategies that may cause harm, diminish underlying value, or hinder the project in the longer term. Ideally, this counter-balancing comes in a form that is able to contribute to re-thinking mining's value proposition and future possibilities.

### *Compatible with the external environment*

Compatibility also refers to the ability of the social performance function to engage the mine-community interface. The type of capability sets that exist within a social performance function must be compatible with the external environment. If, for example, there is a high level of direct interaction (such as in a co-habitation situation where people share areas of the lease for ceremonial, agricultural, or other livelihood activities such as artisanal mining), then the function must have a good working knowledge of how and why these activities are interacting with mining. Similarly, functional capabilities must be compatible with the commitments that the business has made to different parties. The latter would include those conditions that may be attached to a permit, a land-use agreement, or other "promises" made on an informal basis.

## 8.2 Commensurability

Commensurability is a measure of the level of resourcing allocated to the social performance function, relative to the scope of the social performance challenges faced. Where compatibility is about matching capabilities based on types of issues and problems, commensurability focuses on the size of a company's investment in social performance, in the context of the significance or complexity of the issues that the function will be expected to engage.

### *Commensurate investment across the organisation*

Commensurability is especially important across the business hierarchy. Establishing an effective social performance function must involve commensurate investment at different levels of the organisation. If this is out of balance, companies may face a situation where judgements made at senior executive level by individuals without appropriate social performance awareness and skill, negatively impact on the effectiveness of site-based practitioners. Likewise, if senior leaders are capable, but projects and operations have capability gaps, then leaders will lack the evidence base needed for making defensible decisions.

### *Commensurate with challenges at hand*

The investment in understanding, characterising and analysing the social context of a project should be commensurate with investment in other areas. While the quantum of investment may be different in dollar terms, the investment in expertise, and the degree of integration between organisational units, must be commensurate with the challenges at hand. If the company is operating in a social context where an agrarian community relies on a particular water source, and that water source may be put at risk by the project, then the company must invest in understanding that challenge from customary, livelihood, and human rights perspectives. This investment should be commensurate with the type of studies required to understand other physical aspects of the project. Too often the investment in understanding social performance aspects of a mining project is cursory in comparison with other study areas.

### *Proportional to mining-induced change*

Commensurability is also a test of proportion. For instance, mining companies are investing in new mining technologies. The introduction of any new mining technology – no matter how far removed it may appear to be from the company-community interface – may have significant impacts on that interface. The automation of haulage truck and rail systems, for example, has the potential to disrupt the way mining companies engage with local communities. With reduced access to employment, training and business opportunities, automation could become contentious; or become contentious in new ways. Community groups may have been in competition with each other over a limited number of jobs, whereas automation may trigger a unified front of dissatisfaction, directed towards the mine.

It is important that the social performance function has an opportunity to consider the social change that may occur through the introduction of new technology, and any other significant changes to the business. The investment in this work must be commensurate, or directly proportionate, to the changes that may be triggered in the social domain.

### 8.3 Contingency

Establishing the foundations for effective social performance also requires an organisation to adjust its approach to deal with contingencies such as transitions in mine life cycles, or the ongoing impact of 'legacy' questions.

#### *Timing and transitions between lifecycle stages*

Each stage of the mining lifecycle introduces new events and technical demands that involve different disciplinary and functional groups from across the business. Transition points between lifecycle stages similarly require careful attention both for the teams working at site level and for the various stakeholders whose property or livelihood may be dependant on or intertwined with a mine's development.

#### *State of company-community relations*

The state of company-community relations is another factor that will be distinct for each operating context. That relationship will itself hinge on not only how the business manages its current and future planning horizons, but also the manner in which it has accounted for and reconciled legacy issues from the past.

#### *Outstanding legacy issues*

Project legacies increase the level of complexity in the planning and implementing of mining initiatives and need to be included in early estimates to ensure that their effect on timing, cost, and future impact are identified. In the absence of capability, legacy issues cannot be identified or accounted for.

## 9. Key questions for the organisation

Organisations interested in establishing the foundations for effective social performance, building an effective social performance function, and ultimately achieving technical excellence in this field, may find questions such as those listed below helpful when considering organisational alignment.

What types of knowledge are most valued by the company when establishing their social performance functions?

What balance of technical capability does the company strive for when considering the internal and external demands placed on the social performance function?

What organisational configurations are best suited to supporting compatibility across business functions?

How can the company test for compatibility within their business?

What level of investment in capability is needed to achieve commensurability for social performance?

How does a lack of commensurability in the social function of the business affect overall capability and performance?

What avenues are available to ensure that social performance capability is commensurate with emerging demand?

Where in the project's life-cycle is the social performance capability being activated (or not)?

At what point in the project's history are social performance activities being designed, scheduled or implemented?

How do legacy issues affect a company's ability to establish and grow their social performance capability?

## 10. Conclusion

This paper has concentrated on providing companies with guidance as to how they can establish the foundations for effective social performance.

Social performance functions that are technically capable; appropriately situated and valued within organisations; and structured and resourced with the concepts of compatibility, commensurability and contingency in mind; have the potential not only to assist companies to meet their obligations, but also to create interfaces between companies and communities that are respectful. Keeping these concepts in mind increases the potential for creating a stable operating environment in which companies and companies can prosper.

In a context where communities, governments and civil society more generally are increasingly demanding that companies prioritise social performance, company commitment to establishing and maintaining an effective social performance function would signal that those demands are being heard.



## Contact details

### Centre for Social Responsibility in Mining

T +61 7 3346 4066

E [csrm@uq.edu.au](mailto:csrm@uq.edu.au)

W [smmi.uq.edu.au/csrm](http://smmi.uq.edu.au/csrm)

CRICOS Provider Number 00025B