THE UNIVERSITY
OF QUEENSLAND
AUSTRALIA

CREATE CHANGE

Organising for social performance in the global mining industry: A snapshot study

Authors

Susan Johnston, Strategic Adviser to the SMI

Professor Deanna Kemp, Director, CSRM

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

Adviser

Professor John Owen, Deputy Director, CSRM

Acknowledgements

Citation

Johnston. S. and D. Kemp (2019). Communities and social performance in the global mining industry: A snapshot study. Centre for Social Responsibility in Mining, Sustainable Minerals Institute, The University of Queensland: Brisbane.

The University of Queensland

Ranked in the world's top 50[1], 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 [2] 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 (CSRM) 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.

---

[1] QS World University Rankings and Performance Ranking of Scientific Papers for World Universities, 2018.
[2] The University of Queensland ranks first in the world for mining and mineral engineering, 2018 Shanghai Rankings by subject.

Table of Contents

1.   Introduction

Leading mining companies have publicly committed to improving development outcomes for the communities in which they operate. Despite the significance of this commitment, there has been little detailed examination of the scope, nature, and effectiveness of the industry's capability to service it. This paper contributes to addressing this knowledge gap by providing a "snapshot" of how global mining companies are configuring and organising for communities and social performance (herein referred to as "CSP").[3]

The study focuses on a sample of 10 global mining companies, nine of which are members of the ICMM and most of which are either members of the Minerals Council of Australia (MCA) and/or the Mining Association of Canada (MAC). The focus of the study was to explore how CSP is: (i) delineated, (ii) organised and (iii) integrated into corporate and other business structures and processes. After describing our sample and methodology, we address each of these topic areas in turn.

2.   Sample and methodology

The paper draws on insights from semi-structured interviews and document reviews conducted by the first-listed author. Interviews were conducted following a rapid review of website information and each organisation's annual and sustainability reports. High-level publicly stated CSP aims, and descriptions of the scope and nature of CSP activities provided a reference point for each interview. The study did not assess or test the efficacy of CSP activities in practice at the project or operational level.

Thirteen senior corporate representatives with responsibilities for CSP from the 10 participating companies were interviewed. All interviews were conducted on a confidential basis. While quotes are included in this report, they are not attributed to individuals or otherwise identifiable. Several participating companies provided supplementary internal documentation on their CSP activities on a commercial-in-confidence basis. This information has been used to support our analysis but is not referred to in this report.

All interviewee comments and documentation were considered in the context of international frameworks, including the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability, the United Nation's Guiding Principles on Business and Human Rights (UNGPs), the Voluntary Principles on Security and Human Rights (VPSHR), and the International Council on Mining and Metals (ICMM) Sustainable Development Principles and Performance Expectations.

---

[3] Companies use a range of terms for this functional domain, including "community relations", "social performance", and "asset-level CSR". This term was reflected back to the lead interviewer in discussions with research participants, even though not all companies utilise this term. We have retained the use of CSP in the quotes for this reason.

3. How is CSP defined by companies?

In undertaking this study, we were conscious of identifying how companies define CSP. How an organisation defines the purpose, desired outcomes, and scope, of any area of activity has consequences for how that work is delivered in practice. Accordingly, we sought to ascertain the extent to which, within each participating company, there is a clear, shared, understanding of the purpose of CSP that is reflected within the corporate policy architecture. While we reviewed each company's public statements about CSP, we concentrated on obtaining interviewee perspectives as to how CSP was delineated in practical terms within their companies.

3.1 Public statements on CSP

Almost all of our participating companies publicly aspire to create 'mutually beneficial relationships' with communities, leave a 'positive legacy', and 'build resilience' within local populations. These high-level aims go beyond the narrow goal of building relationships with communities for the purpose of facilitating project approval, permitting, and production. Companies typically position their mining operations as a 'partnership' with communities, stating that this approach has the potential to add significant value to the business.

Half of our participating companies publicly emphasise the importance of avoiding, minimising, and managing risks to communities. Two companies go further, highlighting the potential for adverse social impacts to diminish, or even negate, any social value to be derived from mining operations. Overall, however, commitments to "do no harm" to external stakeholders are not as upfront in public policy commitments as the more aspirational statements and, in most cases, are nested in lower order policy documents, or commitments to third-party policy frameworks, such as the UNGPs.

3.2 Views on the scope and purpose of CSP

Interviews indicate that, in a large majority of our participating companies, the ultimate purpose of CSP is not explicitly defined, and that the scope of CSP activities on the ground, in practice, are more limited than corporate commitments and aspirational statements suggest. The first section below provides interviewee perspectives on executive-level engagement on CSP. Interviewee perspectives on CSP in stable jurisdictions, the relationship between CSP and company reputation and, likewise, the relationship between CSP and human rights, are also described.

3.2.1 Executive-level engagement on CSP

Interviewees indicated that their boards and executive leadership teams (ELTs) were motivated to make a positive contribution to society and to promote their publicly stated social aspirations. However, most boards and ELTs had not worked through what this practically involves from a strategic, structural or resourcing perspective. Interviewees explained that boards and ELTs are not close enough to decisions that are having a material and long-term effect on CSP. Critical CSP decisions that are material to the long term goals of the business are not always elevated to this group.

In almost all cases, boards and ELTs did not have a robust mechanism for determining how they might understand the extent to which their company's CSP aspirations, as distinct from their CSP activities, are being achieved. As one interviewee indicated, 'deciding to improve lives is relatively easy, but determining what scenarios do or don't constitute a fundamental improvement is vastly less so'.

Interviewees commonly described a corporate willingness to invest discretionary funds in social projects, to offer local employment opportunities, and to purchase goods locally. These were seen as activities that would directly contribute to positive community outcomes. However, most interviewees indicated that the scope of what would constitute a successful company effort to build a positive local legacy remained unclear. Likewise, while around one third of our interviewees reported that their boards and ELTs understood the importance of avoiding or minimising harm to communities, the interplay between this responsibility, and other more aspirational goals had not been well articulated.

Interviewees indicated that at board and ELT level, debate about the scope and purpose of company CSP efforts was in its infancy. The following quotes from interviewees reinforce this point:

- 'The agenda at board level is not constructed around an ongoing discussion of what CSP means, but there is an intention to do this.'

- 'The board chair is focussed on working out what we are really trying to do, but this is a conversation which is just starting. He is asking how our business strategy aligns with our public strategy. What is our net positive people contribution?'

- 'I am not aware of the board having deep or detailed discussions about the longer-term targets or purpose of the [CSP] function.'

- 'At Exco level, there are discussions about what CSP means. Understanding of CSP at senior levels is very patchy.'

- 'They agree the purpose of mining is to make a difference in peoples' lives. But I'm not sure where they'd come out if there was a tough practical issue.'

- 'The meaty, detailed debates about purpose are going on at a lower level.'

- 'Still no clarity at senior executive level on what [the company] is really trying to achieve in the social performance space.'

- 'Conversations about the purpose of the function happen at both the function and the executive level, but we need to get them to connect.'

More than half of our interviewees commented that, in the absence of executive level agreement on the purpose of CSP; individual leaders within the organisational hierarchy had been left to define the purpose themselves. This had resulted in significantly varied interpretations within organisational units:

- 'In one part of the business, the view is that social performance is there to fight fires – to keep the noise down enough to do business; which is a total contrast to how it is seen in other areas.'

- 'In some areas it [CSP] is not seen as being that important.'

- 'A lot of the variation comes from senior leadership. Leaders are shaped by their own experiences.'

One interviewee commented that board and ELT discussions about CSP needed to shift from short-term risk-to-business reactions, to incorporate a risk-to-community and more purpose-based approach before advances towards aspirational goals could be made.

3.2.2 CSP and stable jurisdictions

Several interviewees indicated that the role of CSP within 'stable jurisdictions' had yet to be resolved at board and ELT levels.[4] Interviewees suggested that there was a working assumption that in localities where governments were able to deliver a suite of public services, and where communities had access to legal recourse, the business case for going beyond 'basic' CSP activities was not strong. Board and ELT support for activities which aim to minimise opposition to project approvals, secure community support for projects and provide local employment and business opportunities, was strong regardless of region. However, where the jurisdiction was considered to be 'comparatively unproblematic', attempts to articulate a comprehensive approach to CSP had not been positively received:

- 'In Australia there is a real sense that we don't need a social performance function.'

- 'One of the biggest challenges is defining social performance in stable jurisdictions.'

- 'There is a board and executive perception that the Australian sites are very different […]. There is a false confidence that these sites are low on social risk, and low on the need for investment.'

- 'The sales job [on the importance of CSP] is easier in jurisdictions like South America and Africa.'

- 'The Australian business just doesn't see social performance as being relevant.'

3.2.3 Business risk and reputation

All interviewees described the role that CSP played in minimising risks to the business, and in protecting and enhancing company reputation. However, while two-thirds of our interviewees noted that their organisations were endeavouring to focus on both risk to the business and risk to people; others observed that, in practice, in their companies risks to projects and company reputation were the predominant drivers behind CSP activities. One interviewee indicated, for example, that despite their company's public statements, operational leaders still considered CSP, and the CSP function itself, as 'a tool for making the problems go away'. Another observed that CSP work was valued because it 'kept governments onside'. These interviewees noted that an overly dominant focus on risks to the business would not only make their organisations' aspirational goals unachievable, but also leave their companies exposed in terms of meeting their international obligations. Almost all of our interviewees recognised that an overwhelming emphasis on business risk was likely to leave many risks to communities unidentified, unmitigated, and unaddressed. In other words, businesses taking this approach will remain 'blind' to many outbound social risks.

3.2.4 CSP and human rights

Around one third of our interviewees highlighted what they saw as an artificial separation of company approaches to CSP and human rights. Segregation of these areas, both conceptually and structurally, had resulted in what one interviewee described as a 'very peculiar divorce' where social impacts are understood and managed separately to human rights impacts, and where 'knowledge is not shared'.

---

[4] Stable jurisdictions was a term used to refer to those countries or regions with strong forms of resource governance, and where there are low levels of conflict, corruption and poverty.

Two interviewees described circumstances where intensive company awareness raising and training on human rights obligations, had resulted in the purposes and desired outcomes of human rights-related activities being more fully delineated than CSP. Interviewees indicated that there was a need for internal discussion about the relationship between CSP and human rights if company aspirational goals were to be achieved.

3.3   Section summary

Interviewees suggest that the achievement of CSP goals is currently impaired by limitations in thinking about the scope and purpose of CSP. In our view, lack of clarity at the most senior levels within companies will hamper performance. There is value in fostering board and ELT level discussion on:

- the role and function of CSP in stable jurisdictions
- obligations to understand risk to communities, and to avoid and minimise harm to people as a base-level commitment
- the relationship between CSP and human rights.

It may be instructive to consider the ways in which board and ELT engagement with safety improvement have become more substantive in recent years. Boards and ELTs once confined themselves to considering accident statistics, issuing edicts about the need to work safely and avoiding fatalities. Now many discuss, at length, cumulative safety improvement strategies, sequential goals, longer-term pathways, and what the ultimate goal of a 'safe' work environment might look like. Informed debate about the purpose and outcomes of CSP – conducted mindful of international obligations to do no harm – could give greater direction and impetus to existing company CSP efforts.

4. How is the CSP function organised?

We have previously questioned whether organisational structure impacts the way CSP is conceptualised and operationalised within mining companies. In that context, our interviews were aimed at gaining an enhanced understanding of how the CSP function within companies is configured, and obtaining the views of senior practitioners on current structural arrangements. We inquired about how the function was structured at corporate level, within assets, and in the intersection between corporate and regional or asset-based CSP practitioners. Views about capability and resourcing gaps within the CSP function were also sought.[5]

4.1 Corporate CSP structures

As might be expected, given differences in scale and approaches to corporate structures more generally, no single model for organising the CSP function applies across our sample. While there are many variants, we identified three broad types:

Type 1	The CSP function is grouped in the first instance with external affairs and/or government relations, and sometimes with communications, and reports to the equivalent of a head of corporate relations, who then reports to the chief executive.
Type 2	CSP is grouped with external affairs, government relations, communications, environment, and sustainability, in the first instance and reports to the equivalent of a head of sustainability and public policy. In some cases, this executive then reports directly to the chief executive; in others there is an additional executive position between the head of sustainability and public policy and the chief executive.
Type 3	CSP is grouped with safety, health, environment, and sustainability, in the first instance, reporting to the equivalent of a head of safety, environment and social performance. In some cases, this executive then reports directly to the chief executive; in others there is an additional executive position between the head of safety, environment and social policy and the chief executive.

Around three quarters of our interviewees worked in organisations with a Type 1 or Type 2 corporate CSP structure. Interviewees whose CSP function was grouped, in the first instance, with external affairs, corporate relations, government relations or equivalent, had varied views as to the efficacy and

---

appropriateness of this arrangement. A large majority saw the grouping as unproblematic, suggesting that whatever structural arrangement was in place, effectiveness 'depends very much on the people involved.' It was generally considered important that the executive who the function reported to had sufficient knowledge of CSP matters.

Several interviewees went further to argue that the Type 1 or 2 structural grouping produced benefits for CSP, contrasting those benefits with perceived risks associated with positioning the CSP function with, in particular, health and safety:

- 'The grouping [with public affairs] can be useful because you have a multi-faceted stakeholder group and the aspects are not completely discrete.'

- 'The functions work well together - health and safety tends to only focus on the inside of the fence.'

- 'It is right to have the social performance function in corporate relations. When you look at the skills required for social performance they are quite similar core skills about engagement as those required for communications and public relations. Both disciplines are about influencing.'

- 'The current structural arrangement is fine. I prefer this structure to being grouped with HSEC. That's already a very big function. Now I don't have to fight for space.'

For these interviewees, concerns that grouping CSP with external affairs (or equivalent) resulted in the function being overly focussed on corporate reputation, were overstated. Other interviewees indicated that their current functional grouping meant that 'sometimes you can become a little too beholden to the driver of reputation'. In the main, these interviewees were not arguing for a structural change. Rather, interviewees saw a need for greater senior executive consciousness of the differences between external affairs and CSP.

Those interviewees whose organisations grouped CSP with health, safety and environment, in the first instance, expressed apprehension that communities and social performance tended to be relegated to an inferior position given the primacy of company commitment to safety improvement. However, interviewees did not express an accompanying desire for CSP to be grouped with external affairs (or similar). Several interviewees did comment that grouping CSP with health, safety and environment provided a strong link to asset-based management systems in ways that other functional groupings did not.

Overall, interviewees generally saw the structural grouping of the CSP corporate function as having less influence on company approaches than other factors, such as the degree of senior level and executive engagement with CSP, clarity on the purpose of CSP activities, and the effectiveness, or otherwise, of the intersection between the CSP function and the business as a whole. The question of structure, and its influence on CSP performance has not been systematically tested by any of the companies involved in the study.

Around one third of our interviewees did indicate that, at the corporate level, managing overlapping areas of accountability with other functional groups could be frustrating. Interviewees gave examples of community investment decisions being made by another function without reference to CSP. Another interviewee stressed the importance of ensuring that decisions made about mine planning and closure

were being made cognisant of CSP issues. These comments reflect the way in which the CSP function interacts with, and influences, the remainder of the business.

Two-thirds of our interviewees observed that the highest-ranking person with direct CSP accountabilities in their company held a less senior position than functional leads for safety, health, environment, government affairs, communications and other functional areas. Most of those interviewees surmised that this was a reflection of the value placed by the organisation on CSP work. Interviewees did not typically see the title or ranking of the functional lead as determinative of their individual level of influence. They did, however, indicate that elevating these roles would send a powerful signal about the significance of CSP.

4.2   Regional and asset-level CSP structures

Regional and asset level CSP structures, and staffing were, by contrast, a greater source of concern for around two-thirds of our interviewees. In several cases, the heads of corporate relations (or equivalent) were accountable for representing CSP issues on regional (or business unit), leadership teams. Interviewees expressed doubt as to the extent to which these individuals materially engaged with CSP. We were advised that regional or business unit executives typically had little to no community-based experience or expertise. It was suggested that 'under-appreciation of the social performance function' could combine with pressure from business unit leaders to produce a primary focus on external affairs, government relations, and communications – at the expense of CSP.

Having said this, one interviewee gave an example of a business unit leader who had intervened to separate CSP accountabilities from external affairs and corporate relations. This produced two different types of advice on community issues at the business unit level. Business unit leaders obtained views about the business impacts on, and needs of, communities from one group; and advice on the reputational and government affairs implications of community issues from another group. This separation was seen as a strategic and a structural strength.

In other instances, asset level CSP practitioners report to site general managers (or equivalent) who, in turn, report through operational heads to regional (or business unit) management teams. Under this structure, operational managers have primary accountability for representing CSP issues within a region or business unit. Interviewees indicated that the effectiveness of this structure was dependent on several factors including the degree to which the asset-level CSP practitioners were able to influence site general managers. Without additional support and input from the functional line, interviewees said that many onsite CSP practitioners in their business struggled to engage site general managers beyond a narrow set of basic topics such as communication and community investment.

Notably, in half of our participating organisations the structuring of the CSP function varied between regions. In one company, for example, the CSP function reports directly to the regional senior executive in Region A; but reports through an additional layer to the regional senior executive in Region B. In several companies, site-based CSP practitioners report directly to site general managers in one region, but report through a manager safety and sustainable development (or equivalent) to site general managers in another region. Interviewees commonly attributed these variations to two factors:

- lesser status being allocated to the CSP function in 'stable jurisdictions' – with CSP practitioners in those jurisdictions not having a direct reporting line to either general managers or regional senior executives and/or;

- regional senior executives with less interest in CSP, 'demoting' the CSP function within their regional structure.

Views on regional variation were mixed, with equal numbers of interviewees seeing variation as an appropriate response to differing regional circumstances. Several did, however, express a concern that some decisions about the organisation of the CSP function in particular regions had been made without there being a full appreciation of the social risk profile of the region, or of regional CSP needs and issues. One interviewee indicated that the corporate CSP function was continuing to push the ELT and board to mandate consistent regional and site-based CSP reporting lines. Thus far, while there was some ELT support in this company, there remained an unwillingness to disrupt the status quo, or override the authority of regional leaders on this matter.

4.3   Intersection between corporate and operational CSP

Most interviewees indicated that the intersection between corporate, regional and asset level CSP required clarification.   Around a third of all interviewees described restructures that had left practitioners at regional and corporate level unclear as to their individual responsibilities and accountabilities. The creation of 'floating' roles was described as exacerbating this lack of clarity, and undermining individual practitioner and organisational effectiveness. More generally, the extent to which corporate CSP functions had permission to influence the work of regional or asset-based functions was described as 'a matter for ongoing negotiation'. Practitioners tended to use their personal power to influence business processes, rather than their authority being formalised within organisational arrangements.

Most companies had debated, and sometimes previously utilised, structures where asset and regional CSP practitioners reported directly to the corporate CSP function. On the basis that CSP needed to be integrated within the operational business at the asset and regional level, almost all companies had rejected this structural arrangement. It was determined that requiring CSP practitioners to report to site general managers was both consistent with the need for general managers to understand and engage with CSP issues, and necessary if general managers were to be assessed on their site's CSP performance. Reporting into site general managers was also seen as enhancing the likelihood that CSP practitioners themselves would be 'more practical, and less theoretical' in their approach, with greater knowledge of the business of mining. In several cases, structuring of the CSP function reflected approaches to other corporate functions. Where business units are deemed to be fully accountable for all aspects of performance, all corporate functions are formally cast in an advisory-only role.

Nevertheless, in at least some instances, there seemed to be a need for more explicit and detailed thinking about the intersection between the corporate and business unit, or asset, CSP roles and the consequences of the structural arrangements that are in place. A situation in which corporate CSP specialists are 'invited' to participated in major asset level decisions, as and when deemed appropriate by business units, may require a significantly higher level of business unit CSP capability than a structure in which the corporate function provides advice, guidance and support. Interviewees suggest that, in some companies, changes to operating models that have limited the role of the corporate CSP

function have not been accompanied by any evaluation of the consequential impacts for business unit, or site-based CSP capacity building or resourcing.

Several interviewees indicated that they had initiated various 'forums' across the business in an endeavour to share knowledge and experience, and build regional or asset level CSP capability. Views on the effectiveness of these measures were mixed. While interviewees commonly described CSP practitioners reacting positively to cross-business working groups and video conferences on the basis that they felt less professionally isolated, there was acknowledgement that these processes were not a substitute for either structural change, or substantive capacity building.

4.4   Capability and resourcing

Regardless of how the CSP function was structured, more than three-quarters of all interviewees indicated that there was a need to build the level of understanding of CSP issues amongst senior and operational executives. Notably, in all but one instance, the most senior person reporting to the chief executive officer (CEO) on CSP issues had no expertise or grounded experience in the functional area. While most interviewees indicated that this was not routinely a cause for concern if there was a willingness to listen to briefings and advice, there was a view that the effectiveness of senior representatives would be enhanced if they had a deeper appreciation of the technical aspects of the CSP function.

More broadly, interviewees indicated that senior executives generally have an overly simplistic view of CSP, with many not appreciating, for example, the importance of understanding the complex nature of their external operating context, and social impacts over the mine life and beyond. As one interviewee indicated, without this appreciation, 'there is always a risk [that] key points won't get through.' Interviewees indicated that operational leads at all levels often struggled to deal with the "intangible" or qualitative aspects of CSP. In the absence of any requirement to the contrary, some operational executives 'reduce CSP down to numbers of positive press reports, grievances, and protests'.

More than half of all interviewees flagged gaps in capability within the CSP function itself. Several stressed that CSP practitioners at all levels needed to be better skilled at communicating the need for CSP work, and at influencing operational colleagues and colleagues in other disciplinary areas. One interviewee emphasised a need for more practitioners with 'charismatic authenticity' who were able to have 'hard conversations' with internal stakeholders. Another noted that CSP practitioners needed both the capability, and the time, to 'coach' operational staff on 'what "good" looks like in the community and human rights space'. One interviewee also indicated that senior CSP practitioners needed to develop leadership skills so that they were in a better position to lead change.

Around one third of all interviewees identified gaps in the "technical" capability of the CSP function:

- 'We need a greater ability to conduct studies and [translate findings into] planning.'

- 'We are under-resourced to understand impacts on vulnerable groups. Our impact management lens needs to evolve.'

- 'There is absolutely a technical capacity gap, in the data space, both in knowing what data to collect, and in how it is analysed and utilised.'

- 'There is not a high level of skills in social performance. We don't have minimum standards of competency at present. We do have a focus on upskilling.'

Our interviews also revealed that, for some companies, the tendency to see CSP as being less relevant in stable jurisdictions, has led to capability gaps in those jurisdictions. One interviewee indicated that it was the case that at some sites CSP tasks were being conducted by staff as an add-on to their 'normal' (i.e. non-CSP) duties. It was suggested that there would be value in establishing minimum standards of competency for site based, front-line CSP practitioners, with the view that this would enhance both the quality of the CSP work undertaken, and the likelihood that operational managers would respect that work.

4.5　Section summary

Interviewees indicated that, in most companies, there are structural and resourcing issues to be addressed if CSP functions are to perform more effectively, and if company CSP aspirations are to be more fully achieved. Several suggested, however, that it is important not to view structure and resourcing in simplistic terms. In our view, there are gains to be made by streamlining, and clarifying the structural intersections between corporate, regional, and asset level CSP staff by ensuring that operations build a CSP function that reflects a company's commitments and aspirations, and provides the necessary authority and expertise. Finally, standards of competency for CSP practitioners and overall organisational capability are ideas that we believe require greater attention.

5. How is CSP integrated into the company decision-making?

In addition to considering how CSP is conceptualised and structured within mining companies, our study was directed towards understanding the extent to which CSP considerations are integrated into company decision making. Accordingly, we asked interviewees to describe:

- the nature and extent of board and senior executive engagement with CSP

- the incorporation of CSP issues and priorities into business investment decision making

- the nature and adequacy of CSP-related information, and how this information was utilised by the business

- how CSP-related performance was measured, and whether there were substantive processes for dealing with non-compliance with company CSP 'requirements'

- the extent to which CSP risks were incorporated into company risk management frameworks.

More generally, we sought to obtain interviewees' assessments of the degree to which CSP considerations played an influential role within their companies.

5.1 Board engagement with CSP

All our participating companies have board sustainability committees (or equivalent) that consider sustainability matters. In several cases interviewees observed that it was these committees and/or the board chair who had played a critical role in highlighting, in general terms, the importance of sustainable development. Nevertheless, almost all interviewees indicated that board engagement with CSP could, and should, be more substantive.

In most cases, the information provided by the CSP function to board committees focusses on incidents, grievances, and progress against scorecards. This information is also generally collated within broader sustainability updates. For more than half of all interviewees, the nature of the material provided to the board was not conducive to facilitating discussion on CSP, and its integration into business decision making (or, as indicated earlier in this paper, to delineating the scope and purpose of company CSP activities). Interviewees suggest that both briefings to boards and discussion at board level tend to position CSP as an area separate to "core" business concerns and, in some cases, separate, or secondary, to 'mainstream' sustainability topics such as biodiversity and climate change. Notwithstanding this, some interviewees did indicate that their board of directors were endeavouring to broaden and deepen their consideration of CSP matters:

- 'At each committee meeting, one of the business units will make a presentation on a sustainability topic. The discussion is generally high quality.'

- 'Increasingly they are talking about long term engagement with indigenous groups at senior executive and board level.'

- 'They are engaging [with CSP] through the vehicle of the new sustainability strategy. But it is an imperfect strategy.'

Several interviewees indicated that board engagement with CSP was hampered by a lack of understanding of the scope of these issues and, sometimes, an unwillingness to reflect on previous performance. The lack of willingness to understand that past legacies are relevant to present day CSP performance was a frustration for around a third of all interviewees:

- 'They are not as mature on the techniques of social performance as I'd like them to be, but they do have the motivation.'

- 'At board level there is a significant lack of technical understanding of CSP. They've been sheltered from resettlement and conflict, and the sharper, and more challenging approaches to indigenous rights. Educating them [on what is needed to improve performance] is a work in progress.'

- 'At board level there is [still] a lack of desire to hear about what was done poorly in the past.'

Discussions with interviewees indicated that approaches to briefing boards and committees on CSP vary significantly between organisations. In a few cases senior staff with CSP responsibilities regularly attend board committee meetings, provide updates, and respond directly to questioning. In other companies, the CSP function's engagement with the board is limited to provision of written material. Several interviewees expressed frustration that, in the absence of direct interaction with the board, they found it difficult to gauge the extent to which critical CSP matters were being considered and understood.

5.2   Senior executive engagement with CSP

Around three-quarters of all interviewees called for greater in-depth discussion of CSP matters at the ELT level. There was some empathy for the difficulties faced by ELTs in attempting to integrate general, 'aspirational' CSP goals into businesses firmly oriented towards profitability, production and operational excellence. In many instances, the lack of clarity around the scope and purpose of CSP activities, combined with day-to-day business pressures, was viewed as pushing CSP to the sidelines, rather than into the mainstream business. Interviewees commonly described situations where their ELTs would "tick off" on CSP, rather than fully engage:

- 'There are still no in-depth conversations.'

- 'They talk about complaints, grievances, close out of actions, progress against targets.'

- 'They don't really understand or consider the extent of the role that other functions – e.g. human resources – have in delivering community and social performance.'

- 'There are no high-level social performance discussions going on in the executive team.'

One interviewee did indicate that their ELT was grappling with whether their sustainability strategy is separate to the business strategy, or linked. This was an active, continuing, discussion at senior leadership level within this company. In other companies, senior leaders were beginning to debate and

discuss what [CSP] performance indicators might be. At the other extreme, one company's ELT considered that CSP had failed if the ELT had to spend *any* substantive time discussing CSP matters.

5.3   CSP and investment decisions

All participating companies have mechanisms in place to enable CSP issues to be evaluated as part of project development decisions or acquisitions. For new projects, most companies utilise some form of 'stage-gate' process, wherein CSP and other issues (e.g. environmental factors) are considered before decisions are made to move to another project developmental stage. As currently conceptualised, the mechanisms were described as weighted towards identification of risks to the business, rather than the risks to communities. Harm to people (beyond the workforce) was not explicitly identified as a core consideration in most stage-gate processes. In addition, there is little indication that existing mechanisms take account of the goal of leaving a 'positive legacy' at the end of project life and beyond.

Across our sample, the construction and implementation of the stage-gate mechanism varies. In some instances, CSP risks are ranked, and management options identified, before a project proceeds to the next assessment level. In others, 'endorsement' by a senior person with CSP accountabilities is required before a project can pass through the stage-gate. If that endorsement is not forthcoming, the issue must be escalated to the ELT, with any subsequent decision to proceed requiring CEO agreement, and reporting to the board.

While around half of our interviewees expressed satisfaction with the extent to which CSP factors were considered in project investment decision making, others saw their current system as 'operating imperfectly':

- 'It has been very ad-hoc as to when the function was brought in and we have often found out about something at the last minute.'

- 'The consideration is not always as sophisticated as it should be – we are not always having conversations about the optimum solution. It is more about overcoming the short-term 'constraints' posed by social issues.'

- 'Certain social performance professionals are more highly regard[ed], and more influential, than others [in project development decisions].'

- We still see unnecessary cost deferral in the stage gate process. This exacerbates social risk and leads to cost accumulating over the lifecycle. One example is to delay studies in a licence area, so there is no basis upon which to develop strategies to deter opportunistic in-migration. We are failing to account for the risks and costs of relocation.

We sought to understand the nature and extent of consideration of CSP issues during major acquisitions. Several interviewees indicated that their companies had 'learnt lessons' from previous purchases of projects without sufficient consideration of community and social performance risks and legacies. Most indicated that CSP functional staff were now involved in reviewing both country entry, and potential acquisitions. Again, the nature of this involvement, and the degree of scrutiny varied. Three of our interviewees described the role of the CSP function in acquisitions as being less formalised than is the case with project development. Companies took different approaches to "vetting"

of potential joint venture partners on the basis of CSP. Those who themselves "ground truthed" the local context by visiting the site when considering an acquisition, also applied this approach to the consideration of joint venturers. Some interviewees indicated that the role of the CSP function in joint venture decision making was less clearly defined than it was in the case of either a project development or an acquisition.

Interviewees had different views about whether or not a CSP-related issue could prevent an acquisition, or agreement on a joint venture arrangement. One interviewee was able to describe a circumstance in which documented concerns about two "show stopper" CSP issues, combined with energetic opposition from the senior executive with CSP accountabilities, led to an ELT decision to reject an otherwise attractive acquisition. Several other interviewees could point to examples where a combination of CSP and other factors had influenced the decision to reject a purchase. Another interviewee emphasised the importance of having CSP involved in acquisition processes, not simply to find fatal flaws and reject an acquisition, but to identify issues and determine whether issues are remediable and the cost involved in doing so. This interviewee explained that on many occasions, CSP involvement in due diligence for acquisition was able to secure resources to positively influence the situation on the ground following acquisition. The majority view, however, was that 'if a project came along with only social performance fatal flaws, [the business] would probably still go ahead with it.' In other words, fatal flaws in social performance are not seen as fatal flaws from a business perspective.

Two of our interviewees pointed out that the most senior person with CSP accountabilities was also a member of the executive group charged with making investment decisions. This situation was described as 'powerful'. It was suggested that having a senior executive with insight into CSP issues was as significant as having CSP practitioner involvement in the formal assessment processes.

5.4   CSP and resource planning

Several interviewees raised concerns that CSP considerations were yet to be fully integrated into resource planning and allocation. One interviewee indicated that, despite recent efforts, 'there isn't always the recognition of the social impacts of leaving a site with tailings dams, or waste rock, or resettlement.' While resourcing was not a focus of discussion during interviews, interviewees observed significant incongruences across their business. This is an important area for future enquiry.

5.5   Knowledge and information management

Interviewees revealed widespread discomfort with the collection and analysis of CSP-related data and other information. Interviewees identified deficiencies in data collection at site level, in the categorisation of data, and in the extent to which data was being effectively assessed to build knowledge of underlying issues and past trends. There was concern that a narrow focus on incidents, grievances and activity data would not provide the basis for modelling, projection or robust analysis of the social context, and the degree to which the operation contributes to or disrupt that context:

- 'Where I have the lowest confidence is in the information space. A lot of the information [coming from sites] is incident, or culture survey–based.'

- 'We are not obtaining any sort of granular information from sites.'

- 'I can't tell at any point how the sites are going with their commitments.'

- 'There is little in the way of provision of substantive insights as to on-the-ground challenges.'

- 'The core activity we need to do more of, and report on, is proper stakeholder mapping.'

- 'Sometimes there is lack of visibility on the challenges at sites.'

Interviewees also indicated that, typically, responsibilities for data collection, entry and reporting are 'given to the lowest person on the totem pole'. One interviewee described a lack of accuracy in descriptions and categorisations used at site level, and expressed a data confidence level of 'around 20 percent'. Others simply said that their satisfaction with the knowledge and data being generated at the asset level quality was 'incredibly low'.

More than three-quarters of our interviewees indicated that data entry was not routinely followed up by an analysis of that data at the site, regional or corporate level. Instead, it was more common for interviewees (who primarily occupied corporate roles) to use the data as an entry point for conversations with asset-based CSP practitioners about site-based issues and trends. It was these discussions, rather than the data collected, that provided assurance to interviewees that they were informed about CSP issues at sites, and which influenced the upwards reporting of CSP issues within the business:

- 'The monthly scorecard is currently largely based on phone calls to sites.'

- 'I have 80/20 confidence on the centre knowing what we need to know based on our relationships [with the regions] but without those relationships it would be only 30 percent confidence.'

- 'I call the assets very regularly, and we have a community of practice session monthly. I have low confidence in the data but a high level of confidence in the people.'

- 'I am confident about gaining the information from the sites that I need to allow me to understand what is working. I have this because of my relationships with sites.'

In the main, interviewees saw the current situation as sub-optimal. They also recognised that it poses risk for both companies and communities. Identification of underlying issues with substantive consequences is currently heavily dependent on the expertise of individuals. Without a requirement that non-incident based data must be collected, collated, and analysed in a systematic way, offsite CSP executives will always be 'plugging information gaps' rather than concentrating their attention on analysing and discussing the implications of data and information received.

5.6   Measuring the effectiveness of CSP efforts

Several interviewees indicated that company thinking on how best to measure the 'effectiveness' of CSP remained in its infancy. Current measures typically fell into three categories: measures of company activity and inputs, such as the level of spending on community development; measures of community discontent, such as the number of grievances reported; or community perceptions, presented in traffic light systems of positive to negative. It was suggested that on their own, these approaches fail to highlight underlying CSP concerns, and provide insufficient context for understanding issues and challenges for communities over the longer term.

5.7 CSP and consequence management

Interviewees suggested that developing and embedding mechanisms to deal with poor CSP performance is another aspect requiring further consideration. We take the view that without there being consequences for those operations and operational staff who fail to prioritise or implement CSP requirements, CSP will continue to be seen as an ancillary, rather than fundamental component of the business's performance.

Around three quarters of our interviewees indicated that, in the absence of there being monetary, promotional, or disciplinary consequences for inadequate CSP, they utilised informal approaches to 'encourage' operational staff to change their systems or behaviours. While some interviewees saw this as sufficient in many circumstances, others expressed frustration at their inability to change the practices of more intransigent operational staff:

- 'I was trying to get a general manager to take social performance issues seriously. He would not do it. There was no way to make him.'

- 'We use exposure of poor performance at senior executive levels to push them to get better. People hate being at the bottom of the league table. Competitiveness is a key driver for better social performance.'

- 'We have had an issue at one site on resettlement. It was poorly managed. I wasn't getting any traction with the site or senior management. I commissioned an audit by an independent auditor to show the state of resettlement. I did it for two sites. One showed green, and one showed red. It had the desired effect when the results were reflected back to the sites.'

- 'We had a situation where an audit found quite a few significant flaws. I escalated concerns when they weren't taken seriously, but it took longer than I felt comfortable with to address the issues, and a lot of repeat work, before the site team finally gelled.'

- 'We have one business unit that perpetually fails to deliver on their social performance requirements. We have discussions about it.'

- 'When I raise concerns as to the state of social performance I get a variable response.'

These informal approaches were ineffective when heads of business units failed to adequately prioritise CSP. One third of our interviewees provided examples where, despite stated company priorities and better approaches in other parts of the organisation, individual business unit heads had utilised their senior CSP staff almost solely to protect company reputation, or resolve disputes once they had escalated to the point that they may be damaging for the company. Interviewees explained that business unit leaders whose assets were otherwise performing from a production and safety perspective were unlikely to be pushed too hard by company CEOs to fully comply with CSP requirements. In that environment, it was difficult for CSP functional leads to influence change within the business unit.

Several interviewees indicated that their companies had either introduced social performance key performance indicators (KPIs) for general managers, or that they were considering doing so. Companies who had already applied CSP-related KPIs for general managers had linked performance against KPIs to bonuses. Interviewees expressed concern, however, as to whether these KPIs were

likely to ensure that operational leaders fully engaged with their CSP accountabilities. Measuring general managers on numbers of community complaints was generally seen as a partial rather than a comprehensive step towards CSP-related consequence management. There was also concern that, as currently constructed, some KPIs could lead to misdirected effort and unintended consequences over the longer term. One interviewee indicated that leaders were being assessed on 'crude numbers' and point-in-time measures, rather than encouraging a longer-term focus.

Given that the introduction of CSP-related KPIs for operational leaders is in its infancy, interviewees were not able to recall an instance where an operational leader had been penalised for failure to meet one of those KPIs.

5.8   Risk management

Many of our interviewees highlighted recent efforts within their companies to integrate identification of social risks into their organisation's broader risk management framework. These interviewees generally acknowledged that these efforts were at an early stage. Some indicated that there remained a predominant focus on identification of shorter-term, rather than longer-term, issues. Others advised that while they had confidence that social risks were identified, there was less clarity about the control measures being applied to avoid, mitigate and manage those risks. In addition, while other risks (for example, safety and health) were now seen as matters for the whole of an operation or business unit to respond to, around half of all interviewees indicated that CSP risks tended to be perceived as matters solely for CSP practitioners to address.

5.9   Section summary

There is substantive room for improvement in how CSP aspirations are operationalised within companies. There are opportunities, for example, to introduce effective regimes for measuring the impact of CSP activities, and for managing the consequences of inadequate CSP performance. For some companies, measuring the effectiveness of CSP activities may require clearer articulation of the purpose of those activities, and additional data collection and analysis about mining-induced risks and impacts to communities. Similarly, improved consequence management for inadequate CSP performance may require additional clarity on structure and accountabilities, as well as better role definition, to make clear who is responsible for what component of CSP performance.

6.   Concluding remark

This paper provides a "snapshot" of how global mining companies are configured to achieve social performance. Interviewees suggest that while senior levels of the organisation are generally motivated to leave a positive legacy, the scope and purpose of the CSP function is unclear. It is difficult therefore to assess whether CSP functions are "fit for purpose" and whether the accompanying organisational structures, commitments, strategies, resourcing, and capabilities reflect an organisation's purpose and preferred end-state.

Determining and declaring a well thought through, nuanced, meaningful purpose for CSP that is more than a "slogan" will enable a more complete assessment of the organising logic being applied by global mining companies. An alternative approach to assessing this logic is to take CSP practice as a "proxy" for how a company meets its social performance objectives. Previous research suggests that, as a proxy, CSP remains peripheral to core business, focussed on short-term risk to business, and largely geared towards site-based targets. If companies are to overcome that pattern and organise in ways that enable social performance, then purpose becomes a critical step towards that goal.

Without clarity of purpose, companies run the risk of applying an "offset" philosophy to their CSP work. This involves creating harms in one area, and then attempting to counter it by performing good deeds in another area. Contemporary standards require companies to avoid creating harm independently of the positive opportunities they generate for communities. In doing so, companies must balance the dynamic interplay between downside risks and upside opportunities, and organise themselves so that they can service both streams of work simultaneously.

The study highlights a range of factors to consider in organising for social performance. These include:

- Deeper engagement by board and senior executives about the purpose and scope of CSP activities

- Businesses leaders that focus on both long and short term CSP risks.

- Operations that focus on outbound and inbound risk – i.e. consideration risks to people and projects.

- Senior and capable CSP experts in the organisational hierarchy with power and authority to counter "business as usual".

- A commitment to understanding downside risks to communities and to avoiding, minimising and managing these risks.

- A commitment to understanding the potential for positive development impact that is not completely de-linked from mining-induced risk.

- Willingness to resource the CSP function to build knowledge, systems and capability, throughout the mine life cycle.

- A focus on integration of CSP into the work of the business as a whole where CSP has a genuine ability to influence.

- Clarity on CSP standards and expectations, including appropriate targets and incentives for CSP throughout the business.

This study highlights ways in which companies can take action to ensure their CSP investment leads to significant gains for both companies and communities. Attending to these matters has the potential to re-position investment in CSP as a game-changer for the industry.