



Sustainable Low Impact Mining solution for exploitation of  
small mineral deposits based on advanced rock blasting and environmental technologies

## **SLIM DELIVERABLE 10.2**

# **SOCIAL AWARENESS GUIDELINES FOR LOCAL COMMUNITIES**

Version 1.1

Summary:

[Building and maintaining positive relationships with local communities is key to assure the success of mining activities and to create strong, fair and healthy relations]

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## 1. EXECUTIVE SUMMARY

This is the deliverable number 10.2 elaborated by ZABALA. The document is a report containing guidelines on social awareness communication and interaction with local communities located in close proximity to targeted mines.

ZABALA, after visiting several mining-sites and their communities living nearby, and after carrying out a comprehensive research of the most relevant data concerning social awareness and communication of the business sector, has collected applicable information to elaborate this report.

This report is intended to help mining companies to understand the importance of communication for their business, in addition to facilitate them to improve their communication skills in order to reduce the social negative impact of its activities and increase the positive ones, establishing a path to act with due diligence, and contributing to obtain the "Social License to Operate (SLO)<sup>1</sup>".

In addition, this report pretends to raise social awareness about the importance of the business sector in our society and the need that the mining sector keeps making further progress in terms of due diligence, with the final objective of improving the lives of the communities living in close proximity to mining sites.

## 2. FOR WHO THIS GUIDANCE HAS BEEN ELABORATED

These guidelines have been prepared to be a practical guidance to mining companies which activities impact on communities and other stakeholders, mainly to help the mining companies' partners of SLIM and be enforce by the rest of the consortium during the project implementation. Also, these guidelines are intended to be useful to other agents involved in stakeholder engagement practises and due diligence promotion and to the communities and other stakeholder themselves.

## 3. HOW TO USE THIS GUIDANCE

The present document is divided in six main parts, including: a) Why to consider the relationship between companies and local communities in the mining sector; b) International sustainable business initiatives; c) Principles and key factors of social engagement in the mining sector; d) Communication as a key element for human rights due diligence processes; e) How to improve communication and achieve social license to operate; f) Implementation.

The first section (a) is intended to explain the importance of communication in the mining sector for engaging with local citizens by giving some practical examples; The second section (b) presents a series of sustainable initiatives of companies at the international level, which serve as basis and reference for mining companies; The third section (c) presents a series of values needed to interpret the recommendations presented in this report, in addition to the above-mentioned international initiatives; (d) The forth section address the importance of communication for business in the particular context of applying human rights due diligence measures; (e) The fifth section presents a series of recommendations for mining companies based on what is has been described previously in the report; (f) Finally, the sixth section presents a sum-up of the previously presented recommendations and steps for their implementation.

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<sup>1</sup> The term 'social licence to operate' (SLO) describes a "level of acceptance or approval continually granted to an organisation's operations or project by the local community". This acceptance may change over time, in response to changes in practice, key events and local context.

#### 4. INTRODUCTION

There is no doubt that the business environment for mining companies has changed significantly in the last years around the globe. Everyday more mining companies recognize that the long-term success of their operations depends on building and maintaining positive relationships with stakeholders. Several companies have come forward to embrace principles such as revenue transparency and free, prior and informed consent (FPIC), which help ensure communities are involved in decisions about mining, they are given adequate information about projects and impacts, and their rights are respected. Companies have also begun to look at how they use resources (specially water) that communities need for their survival. Nonetheless, and despite of much good work and the improved performance of many mining companies, conflict between operations and their host communities seems to be increasing across the world.<sup>2</sup>

Society's focus is increasingly on ensuring that mineral resources are extracted in a way that also minimizes impacts on the environment, protects the safety of workers, and maximizes benefits for communities, among other social needs. Currently, the rising of social awareness, community engagement and benefit sharing are becoming fundamental elements to generate community support and delivering positive and effective outcomes for the mining industry. However, valuing community engagement and benefit sharing as a pathway to social acceptance in communities and setting it as a priority within the development process, has historically been challenging in many places and it continues to be nowadays, especially taking into consideration that there is now more information, and society is more educated day after day and more aware of the negative impacts of the mining industry. This



Figure 1. VA Erzberg GmbH. Source: [www.erlebniswelt-wirtschaft.at](http://www.erlebniswelt-wirtschaft.at)

is the reason why due diligence processes are becoming more important than ever before, and communication is a central element of a proper and effective due diligence process.

Following the Guiding Principles on Business and Human Rights launched by the United Nations in the "Protect, Respect and Remedy" framework in 2011, these present guidelines consider the human rights due diligence process as key to achieve community relations based on respect and transparency. As the mining sector business is one of the kind of business operations or operating context with more potential significant risks to human rights, this process of due diligence should be implemented as the one that establishes the method to identify, prevent, mitigate and account for how they address their impacts on human rights<sup>3</sup>.

The engagement with local communities must be based in a series of values and principles. These guiding principles helps to bring ethics to the forefront while interacting with local communities and other stakeholders. The principles of mutual benefit, mutual respect, relationship building, authenticity, appropriateness, ongoing engagement, transparency and responsiveness are the core of the present guidelines and must be taken into consideration when engaging with stakeholders in the mining sector.

In addition, it is worth stating that, in the era of digitalization, communication is playing an increasingly strategic role, especially in securing a license to operate of mining companies. Currently,

<sup>2</sup> ICMM. Engaging with societies. Annual review 2014.

<sup>3</sup> Guiding Principles on Business and Human Rights, HR/PUB/11/04, United Nations, 2011.

the way in which a company communicates is critical for success, being communication critical for managing risk and adding value for all stakeholders. In general, mining companies need to evolve from ad-hoc and reactive communications to a more proactive and structured model, able to engage in dialogues with stakeholders and anticipate issues before they appear. Thus, communication in the mining sector must create an environment for effective stakeholder dialogue, use transparency to build trust, integrate communications to enhance sustainability efforts, prioritize internal communication and corporate culture and measure impact.

## 6. WHY TO CONSIDER THE RELATIONSHIP BETWEEN COMPANIES AND LOCAL COMMUNITIES IN THE MINING SECTOR

"I am concerned about a society that has demonstrably lost confidence in its institutions (in the government, in the press, in the church, in the military) as well as in business"<sup>4</sup>. This sentence belongs to the chief executive of General Motors, and such as many other managers, he realizes that society is changing fast. It is becoming harder for managers to operate in an environment in which the old ideas no longer seem to work. If these new ideas were well defined, it would be difficult enough for managers to cope with them; but since they are disruptive and not defined yet, it is hard to design strategies of relationship with stakeholders with total guarantee. Nonetheless, it is safe to affirm that society is becoming day after day more exigent with the business sector, including the mining industry, and that it is necessary to adapt to their demands.

During the last years, a significant number of mining operations have suffered scandals which affected their operations, in addition to their reputation and their economic performance. There are many examples of mining projects stalled, stopped or abandoned because stakeholders were not sufficiently engaged and trust was weak. In its 2012-2013 survey of mining executives, Ernst and Young<sup>5</sup> found that maintaining a social license was the second highest risk facing the sector.

It is important to note that, once a scandal is produced, it does not really matter if it was based on real facts or not. The damage is already done. This is the reason why it is important, not only to act correctly but to communicate properly in a proactive and early way. The purpose must be to "manage the conversation before it manages you".



Figure 2. Minera de Órgiva. Source: <http://minaslinares.com>

Nowadays, it is very simple to set up a Facebook page in just a few minutes to attack you for a decision you have or have not made. There is no hiding from the online community. For this reason, there is far more organizational risk from ignoring this new reality than there is from moving into the online space. Numerous examples confirm that, if you get in first and provide an authorized and well-managed space for the local community and stakeholders to discuss the issues you are considering and

they might expect to be discussed, they will ignore any spaces that spring up later in response to agitation by an individual or small group within the community. On the other hand, in the absence of good quality authorized information, local citizens or other stakeholders may simply make up information, and they probably will assume the worst and become agitated, and problems will occur. It is important to note that, when a small group (or even one well-resourced individual), has made it their business to "own" a subject and spread misinformation, it can be very difficult to put the conversation back on an even keel.

There are many examples in the mining industry of costly scandals that could had been anticipated with an adequate strategy of social engagement. For instance, in 2011, an exploration company was carrying out its operations properly, and it had secured a respected international investor as a major shareholder. Seemingly out of nowhere, the company found itself the target of online petitions and protests, organized by mass text messages, that drew hundreds of people. Furthermore, its environmental permits were denied, and its operations stalled. The company's share price took a major hit and it had to completely reinvent itself and its image, including changing its name. It is

<sup>4</sup> Richard C. Gerstenberg, 1973 Report on Progress in Areas of Public Concern, February 8, 1973, p. 87

<sup>5</sup> Ernst & Young. Business risks facing mining and metals 2014–2015.

important to note that at that moment, the company had less than 50 employees, being only a single person working full-time on communication.

Another similar case took place in 2013 in the same region. One of the world’s largest mining companies was making progress on an expansion project that was to become the largest investment in the country’s history. Once again, seemingly out of nowhere, opposition to the project sparked massive protests and hit the international news. With domestic and global observers questioning the company, and the stability of the country as a whole, the project was put on hold until community and government relations could be restored.

About the causes of conflicts in the mining sector, it should be noted that conflicts can emerge from small mining projects as well as large ones, although the nature of the conflict may be quite different. Even though a public authority has issued legally required licenses and/or permits, conflicts may still arise if locally-affected communities have not granted a social license to operate. Sometimes project developers may get blamed for issues that are the responsibility of the host country government, such as maintaining related public infrastructure. (for instance, this is happening with the mining company Cerrejón, in Colombia). Pre-existing tensions and distrust in the project-affected area, by themselves, may be enough to generate a high risk of conflict without even considering project characteristics. When such conditions are present, it becomes more important for developers to demonstrate that there will be benefits to the community, and that the company is committed to not repeating past mistakes. In addition, disputes can arise if there are perceptions that employment opportunities in project construction and operation favor some groups over others.

It is common for people to have deep personal attachments to the landscapes of their territory. This is not simply about visual impact, but how well or poorly a mining company integrate local perceptions of what is important and appropriate and how the company takes into consideration the livelihood of the people living in the territory. Conflict can emerge when a project is seen by local people as not compatible with their sense of identity, and when the project does not respect people’s desire to have some degree of control and influence over the development of their territory which could impact their daily lives. Nonetheless, research has found that landscape change does not need necessarily to be negatively received.

Involving local people in the development process offers opportunities to identify and encourage a design and an associated narrative that is well aligned with local identity, existing land use and perceptions of



place. This is the reason why the concept of community participation is increasingly heart in academic literature, policy making documents and international conference papers over the last years. When the community is involved in a project, they have ownership of it and participates in the decision-making process, which is key to a successful project outcome, even if not all individuals necessarily agree with the outcome. There are two fundamental reasons to undertake community engagement. The idealist believes it is the right thing to do. The pragmatist believes it leads to better decisions. Working together improves mutual understanding. The deeper the involvement is, the more likely it is that a local community will understand the operations and decisions taken by a mining company, even if they do not necessarily agree with it, and more likely the company will integrate the community expectations and needs in its operation strategy.

Engaging with local communities it is also positive for mining businesses to get valuable information and new perspectives. Frequently, local communities, which are and use spaces where mining

operations take place, have an intimate and unique relationship with the area, which business companies sometimes do not have. Because of this knowledge, local citizens are able to provide new information on a project that has yet to be considered. Local involvement brings more information to the decision, including scientific or technical knowledge, knowledge about the context where decisions are implemented, history and personalities. It must be considered the fact that, community engagement is often heavily one-sided, and mining companies may be inundated with input only from those community members who have a strong opinion (which usually it is a negative opinion about a project). Business companies need to engage with local citizens in order to receive other perspectives. It is necessary to receive and understand differing opinions, in order to get a balanced understanding of the community's views. Additional perspectives expand options and enhance the value of decisions. Citizen engagement opens dialogue to include the views and perspectives of underrepresented groups.

Social engagement it is both positive for businesses and the citizenship, as it drives economic growth. When produced responsibly, mining resources provide a great many economic and social development opportunities for local communities.



Figure 4. Cerrejón's train. In addition to transporting coal, it brings water to the local community, the Wayuu indigenous group in La Guajira (Colombia). Source: [www.laguajirahov.com](http://www.laguajirahov.com)

According to an OECD study<sup>6</sup>, greater social cohesion has significant economic benefits. Civic engagement leads to social cohesion, which leads to economic growth. As it empowers and integrates people from different circumstances (such as students, working parents, and senior citizens), the groups that feel ignored or are in a vulnerability situation might gain more influence in their community. When people from different areas of the community create together, they find that the community is a common connection. This also creates local networks, which has a multiplier effect: residents and local citizens have a network for regular, on-going discussions, and this allows people to express concerns and develop solutions that work for the most

amount of people, which is the foundation of sustainable economic growth.

To positioning stakeholder engagement strategically there are a few key action points that must be considered by the business sector<sup>7</sup>:

- The enterprise and its management should ensure a commitment to meaningful stakeholder engagement features in corporate policy, or some other form depending on corporate culture, and that it is endorsed by senior leadership within the enterprise.
- Enterprises should integrate stakeholder engagement into regular business operations.
- Enterprises should consider their commitment to meaningful stakeholder engagement when forming business relationships or making investments that could impact stakeholders.
- Enterprises should establish systems which provide for integration of stakeholder views into project decision making at a management level.

<sup>6</sup> FOA, Roberto. *The Economic Rationale for Social Cohesion – The Cross-Country Evidence*. Consulted online in the following [link](#) on 3/09/2018.

<sup>7</sup> OECD (2017), OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264252462-en>

As it has been mentioned above, communication is crucial for engaging with stakeholders and obtaining a social license to operate, and it is important to take into consideration the fact that the environment of communication is becoming more complex day after day. The world has become more transparent and immediate, driven by the digital era. Companies have always had to engage with vast numbers of stakeholders, although currently the way to do it has become more public. The internet and social media have increased the expectations of stakeholders for a deeper and wider range of information. Merely pushing information out is no longer enough to ensure that a company is communicating in an effective manner. In other words, companies are moving to a two-way, ongoing dialogue approach that systematizes information flows to, from and across the company. In this sense, it is important to state as well that effective community engagement is about recognizing that involving the public in a project is not only about information dissemination and telling the people what is being done, so that a two-way information sharing tool, in which local communities must be taken into consideration and participate in decision-making processes.

About the era of digitalization mentioned, it gives the chance to mining companies to digital engage with the citizenship. According to Internet World Stats data, in December of 2017, at least 85% of European households have access to the internet.<sup>8</sup> No other community engagement methodology can compete with this access to people in their own homes. This is the reason why to try to engage the broader community, digital means are a key element, in addition to implying reduced costs (although not excessively cheap if it is done properly, spending enough time of personnel). Another positive aspect of engaging with people online is that you can interact with them in their spare time, not when they are busy. If someone is doing something else when is interrupted to be questioned, it is much possible that their answer will not be as good as if they do so voluntarily when they are free. Furthermore, underrepresented groups are more likely to be found on the internet than in public spaces (one of the reasons they have to do so is the fact that they tend to hold a strong view one way or another on a particular issue). Sometimes, a small group of people have a very strong view and quite naturally attempt to drown out all other voices so that their view might prevail. The people who don't have a strong view simply don't get a chance to be heard. The internet provides a safe avenue for these people to express their views without the risk of the antagonism they might feel in a public forum.

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<sup>8</sup> Internet World Stats – Usage and population Statistics. Consulted online in the following [link](#) on 31/08/2018.

## 7. INTERNATIONAL SUSTAINABLE BUSINESS INITIATIVES

The way in which the mining industry works is nowadays just as important as what they mine. As Donald Lindsay, chair of the International Council of Mining and Metals (ICMM) stated in 2017, there is a need for society to know more about the responsible production of the minerals and metals that go into the products people use every day.<sup>9</sup> There is an expectation that businesses, including mining companies, can and should play an important role in promoting and supporting the delivery of global development goals.

In the last years we have witnessed a series of international initiatives which have created a framework of principles that must be taken into account for the private sector. Among them, are especially important the referred in the following lines:

1. **United Nations Guiding Principles on Business and Human Rights (2011):** It is an instrument consisting of 31 principles implementing United Nations policies related to human rights and transnational corporations and other business enterprises. This instrument has received wide support from states, civil society organizations, and even the private sector, this has further solidified their status as the key global foundation for business and human rights.

2. **United Nations Global Compact (2000):** It is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals. The UN Global Compact is the world's largest corporate sustainability initiative with 13,000 corporate participants and other stakeholders over 170 countries. It has two main objectives: a) Mainstream the ten principles in business activities around the world; and b) Catalyse actions in support of broader UN goals.

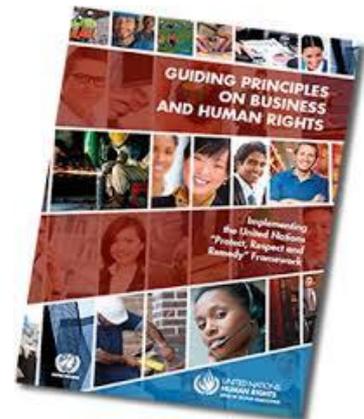


Figure 5. UN's Sustainable Development Goals



Figure 6. UN's Guiding Principles on Business and Human Rights

3. **United Nations Sustainable Development Goals (2015):** There are a collection of 17 concrete objectives set by the United Nations Development Programme, which responds to a universal call to action to confront these general goals: end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The goals are interconnected and often the key to success on one will involve tackling issues more commonly associated with another.

4. **International Finance Corporation Sustainability Framework (2012):** The IFC has created a Sustainability Framework and a Corporate Governance methodology which have being designed to improve business performance, enhance transparency, engage with communities, protect the environment and achieve positive impacts. Take into consideration in concrete the Environmental and Social Performance Standards.

<sup>9</sup> ICMM. Mining with Principles. 2017 Annual Report. Consulted online in the following [link](#) on 4/09/2018.

5. **The Extractive Industries Transparency Initiative (2003):** The EITI is a global standard that promotes the open and accountable management of extractive resources. It requires information along the extractive industry value chain from the point of extraction, to how the revenue makes its way through the government, to how it benefits the public. This includes how licenses and contracts are allocated and registered, who are the beneficial owners of those operations, what are the fiscal and legal arrangements, how much is produced, how much is paid, where are those revenues allocated, and what is the contribution to the economy, including employment.
6. **ICMM studies, papers and initiatives:** The ICMM has set up a key framework with principles that foster the mining contribution of the mining and metals industry to sustainable development and the planet protection. ICMM as an agent of change is playing an important role by working with its members to adopt mining principles in order to manage social and environmental impacts of its activities and to maximise the potential social benefits to communities and other stakeholders. ICMM's Sustainable Development Framework, which has been progressively enhanced over time, offers one model for how that can be achieved.
7. **European Network for Sustainable Quarrying and Mining:** At European level, this initiative is a raw material commitment under the European Innovation Partnership linked with the Strategic Implementation Action Plan under the non-technological pillar, Improving Europe's raw materials framework conditions, public awareness. Their objective is to improve Europe's raw materials framework conditions.
8. **Equator Principles (2003):** It is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. It is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making.
9. **OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector (2017):** These guidelines created by the OECD were elaborated to provide practical guidance to mining, oil and gas enterprises in addressing the challenges related to stakeholder engagement. This guide is part of the work the OECD undertakes to create practical sectoral applications for the recommendations found in the OECD Guidelines for Multinational Enterprises.

## 8. PRINCIPLES AND KEY FACTORS OF SOCIAL ENGAGEMENT IN THE MINING SECTOR

The guidelines collected in this report have been developed and are based mainly on these reference papers referred above and on the field work carried out in the SLIM project, which has include the study of real cases of mining companies and their relationship with host communities.

The following guidelines aim to serve as a best-practice framework and yield recommendations for sustainable development in the mining and metals industry and in concrete to be useful information for mines that are part of SLIM project. The present guidelines are organised in principles that respond therefore to key challenges identified for the mining industry linked to the above-mentioned international texts of reference, as these texts were designed to apply all kind business enterprises, both transnational and others, regardless of their size, sector, location, ownership and structure. These principles concerning social engagement need to be implemented in a non-discriminatory manner, with focus on vulnerable groups.

### a) Social feasibility:

By the principle of social feasibility mining companies tries to understand, minimize and offset the risk of negative social impacts. The purpose for companies is to understand social aspects of a mining project and identify risks and opportunities, to determine if the proposed development is socially feasible. Determining social feasibility involves analysing what is known about the local context and allowing this to inform an appropriate development. Social feasibility analysis should be conducted at the start of a project and continue through its life-cycle, as achieving and maintaining a SLO. Seeking a SLO implies asking the local community to accept changes in their local area

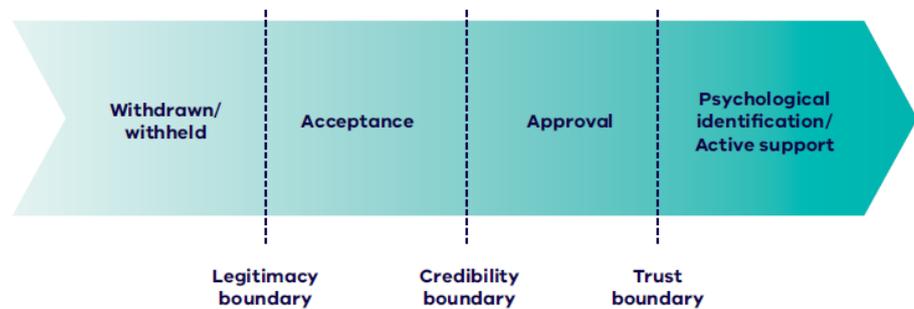


Figure 7. The process of building a social licence to operate

(taking to consideration as above-mentioned that most probably they have deep connections to it), as they understand the importance of the project and can see the benefits for their community. Understanding the ongoing social context provides the ability to refine approaches that will best interact with and contribute to the local community.

### b) Fairness:

This principle applies both in the project and in the outcomes. In the project, it implies making sure that the local community have meaningful opportunities to influence the design and outcomes of a development. Local citizens must have opportunities to participate, with access to balanced information. Therefore, fairness implies that decisions must be responsive to information. A fair process is supported by opportunities for group discussion, such as neighbourhood meetings, community reference groups, workshops and forums, among others. The mining companies should report about the feedback received and how it was considered. If decisions have already been made by a mining company before the community's input, this is not enough to build a perception of fairness. Social acceptance can be difficult when community outreach is framed as consultation but is in fact only information provision.

Fairness in the outcomes is related to how the benefits are distributed relative to the potential impact of the project on the local community. Benefits need to be in-line with the scale of the project, although do not necessarily have to be direct payments. Fairness may be perceived to include creating local jobs, increasing local business revenue using local contractors, boosting local education opportunities or offering innovative management and financial opportunities such as co-ownership or co-investment, among others.

c) Trust:

The principle of trust requires integrity and transparency, within a community engagement process that is fair and open. Without trust, robust relationships cannot be built, and therefore local communities will not believe messages coming from mining companies, including those related with benefit sharing. Maintaining a SLO is directly linked to trust. If the local citizenship trusts the mining development in their area, this can lead people to identify positively with the mining site and integrate it within their sense of community and land. Trust is a “social asset” developed through consistently delivering on expectations. It is therefore important to set clear expectations early on (in relation to timelines, activities, expected impacts and benefits, among others) and communicate these in an appropriate manner.

d) Commitment:

Commitment is mandatory as without this element, trust cannot be maintained throughout the life of a mining project. A mining company could perfectly follow communication and social engagement recommendations, but if they do not commit with their messages and promises it would be worthless, as stakeholders would just stop listening. Therefore, it is not only needed to focus on the messages but also be consistent in executing what it has been communicated. This principle is directly connected with trust.

e) Direct engagement:

Face-to-face interactions with the local community are a vital element for positive social outcomes. Having a local face for the project and someone connected to the community can increase social acceptance. Some companies hire local staff tasked with community engagement throughout the project life-cycle (for instance, Cerrejón company in La Guajira, Colombia).<sup>10</sup> Therefore, mining companies are strongly recommended to have among its team a local person, who is able to interact as a ‘translator’ for the local citizenship. The purpose is to help the local community to understand the mining operations and what to expect, in addition to being able to easier deal with issues, if they occur.

f) Assertiveness:

It is common for communities not to know who to contact with concerns or complaints, and this can significantly impact a project’s SLO. An accessible complaints management process should be prioritised as part of any community engagement strategy. Note that providing information on proposals, plans or services is part of any communication plan to support engagement but is not in itself community engagement. Being accessible and responsive minimises the risk that a complaint escalates to public authorities.

<sup>10</sup> Cerrejón mining company usually hires Wayuu local citizens to interact with their indigenous neighbours. This was perceived in a positive way by local citizens. Nonetheless, although it used to be, this particular case is not being successful currently. The main reason is that promises held by the mining company (and brought to the local community by these Wayuu employees) were not maintained, as several indigenous leaders argue. Therefore, the local citizenship has lost trust in the Wayuu employees and they do not see them as part of their indigenous community anymore.

g) Simplicity:

Communication of mining companies needs to be addressed to a wide range of stakeholders with different perceptions. The same message can be understood differently by different people. Also, it is worth considering the fact that social media has changed the way that people is willing to receive information. Nowadays we are receptors of an enormous quantity of information, publicity and all kinds of messages. Therefore, in order to gain the attention of people it is necessary that the message that we want to share is short and clear. People is not usually willing to pay much attention to communications of companies and consequently, if messages requires the effort of the citizens to understand it, they will probably ignore it.

Experience shows that when the presentation of information is too complex, the audience loses interest and the information loses its power to persuade. The mining professionals who develop and present technical information may not understand how the audience interprets the information they present.

## 9. COMMUNICATION AS A KEY ELEMENT FOR HUMAN RIGHTS DUE DILIGENCE PROCESSES

Due diligence is at the heart of the United Nations Guiding Principles on Business and Human Rights, which establish the main parameters internationally for considering corporate responsibility for human rights violations. A due diligence process may be imposed legally or self-imposed voluntarily by a company. In both cases, it consists in a process of detailed investigation which must be carried out during the whole life of an operation. In the mining industry, this means that the process must last during the whole life of the mining exploitation. Due diligence is a valuable and key risk management tool which serve businesses to avoid numerous problems during their mining operations.<sup>11</sup>

This is an important matter, as transnational companies operate, due to their global reach, in a judicial and jurisdictional vacuum. European companies are tempted to move their risky operation to third countries where they often operate being less strict in terms of respecting human rights. Because of the poor governmental and judiciary systems of third countries, in addition to their sometimes less exigent

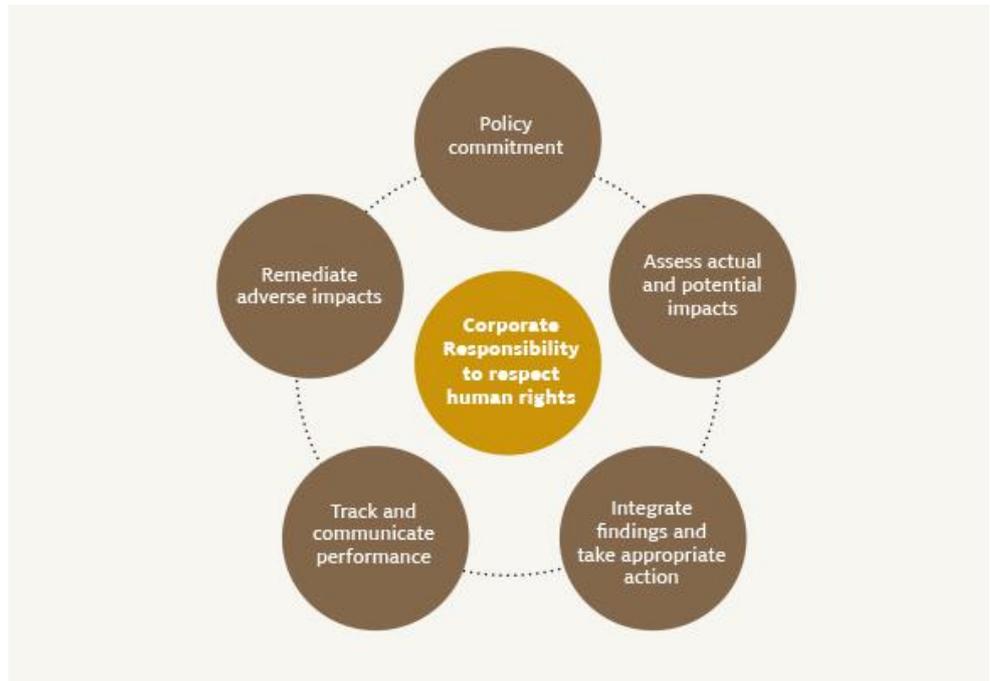


Figure 8. Human rights due diligence process. Source: Kuoni GROUP

legislation of human rights, abuses and violations of human rights in their countries are caused every day. These problems are directly or indirectly the responsibility of transnational companies. The current model of trade, mostly linked to global supply chains, is highly competitive and consequently creates low-cost markets. Sometimes jobs created by transnational companies often do not meet decent work standards. Neither voluntary standards nor the obligations of existing states in international law guarantee the protection of workers and victims. Therefore, there is an urgent need to prevent violations of human and rights and to improve access to justice, remedies and reparations for victims.<sup>12</sup>

The objective of a human rights due diligence process is therefore to identify, prevent, mitigate and account for how companies addresses their adverse impacts. This process includes four important elements: assessing actual and potential impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed.

<sup>11</sup> Olivier De Schutte, Anita Ramasastry, Mark B. Taylor, Robert C. Thompson. *La diligencia debida en materia de derechos humanos: el papel de los estados*. 2012.

<sup>12</sup> Instituto Interamericano de Derechos Humanos y Empresas. *Derechos humanos y empresas: reflexiones desde América Latina*. 2017.

Communication is consequently a decisive element to implement effectively a due diligence process. The due diligence norms that are starting to adopt many countries, including most of European countries, generally require companies to inform to their stakeholders about their due diligence processes. One of the goals of the due diligence notification requirement is to assure that interested parties, including investors and legislators, that a company has adequate procedures to manage certain risks. The norms of due diligence usually specify the degree of detail of the reports that must be presented, as well as the frequency of preparation of these reports (for instance, annually).

Ideally, the accountability system concerning a company's due diligence measures should be as detailed and transparent as possible. It should include a description of the due diligence procedures applied within the company, the company's human rights policies, the identification of potential risks, in addition to proposed mitigation measures. However, there is currently a significant variety of regulations regarding accountability, which establish mechanisms through which companies are obliged to inform, and the criteria used to establish those due diligence mechanisms.

It is important to consider that, despite in many cases those due diligence norms are voluntary, the clear tendency is to become mandatory year after year. In fact, in June 2014, the United Nations Human Rights Council adopted the Resolution 26/9<sup>13</sup> and established an intergovernmental working group on transnational corporations and other business enterprises (Interagency Gender Working Group or IGWG). The objective of the IGWG is to work on a legally binding international instrument to regulate the activities of transnational corporations and other commercial enterprises. Those mining companies adapting first to the emerging context will be in a better position to carry out their operations and contribute to the well-being of their nearby communities.

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<sup>13</sup> Resolution adopted by the Human Rights Council of the General Assembly of the United Nations. See: <https://www.ihrb.org/pdf/G1408252.pdf>

## 10. HOW TO IMPROVE COMMUNICATION AND ACHIEVE SOCIAL LICENSE TO OPERATE

As we have observed in the present report, improving social awareness and communication is a critical factor for a proper development of mining operations, especially for those mining sites which have citizens living nearby. Considering all the above-mentioned context and current needs, find a series of steps to improve communication in the mining sector, in addition to achieve and maintain a SLO:

### 1- **Creating an environment for effective stakeholder dialogue:**

In the mining industry, engaging with the community requires paying close attention to the citizenship living near the mining area, as well as engaging the broader community of the local area. Within this, key stakeholders and interest groups will need to be engaged in different ways, according to their level of interest and influence in the project. No community is homogenous, so engagement will need to take multiple forms and be flexible to the local context.

Dialoguing becomes easier when all the members involved are willing to interact. In order to achieve the willingness for dialogue, it is necessary to establish a proper environment, having in mind the above-mentioned principles of social feasibility, fairness, trust, commitment, direct dialogue, assertiveness and simplicity.

Note that a wide stakeholder participation in mining operations improves the chances for acceptance of the results by the local citizenship. It also helps to overcome problems with past assessments, such as the inability to communicate with the target audience. Stakeholder participation can improve communications between the local community and the mining professionals and can lead to mutual understanding.

It is useful to use quantitative and qualitative indicators to measure the engagement and involvement



of stakeholders. For instance, useful indicators could be the number of attendants to events organised by the mining company, the number of participants in social media pages of the mining company (visits, likes, shares, comments, etc.), the numbers of messages received by the citizenship by e-mail, the number of complaints by the citizenship, among others.

### 2- **Taking a proactive approach:**

Mining companies are encouraged to initiate efforts to engage stakeholders at the earliest possible time. It is necessary to establish credibility and to demonstrate commitment when consulting the community, since the beginning of the relationship of the mining company with their stakeholders. The various departments of mining companies must interact with local communities as a uniform team. Company staff responsible for stakeholder communication (or community liaison officers) should be carefully selected and have a willingness to listen. It is necessary as well that mining companies understand the local context where they operate, and their staff must possess diplomatic skills.

Looking for further opportunities to know what the stakeholders think about the mining company and their operations is much recommended. This should be a continuous and permanent exercise. The more information the better, as thus the information will be more reliable.

### 3- **Identifying stakeholders:**

A sound understanding of the local context is essential for creating an appropriate community engagement and benefit sharing approach. The best way to do this is to spend time in the local area talking to a range of local stakeholders, as well as undertaking desktop research, to learn as much as possible about local demographics, identity, culture, aspirations, values, economy, politics and history.

Therefore, it is essential to understand the local context and the citizens who are the receptors of the efforts of social engagement of mining companies. Local community development networks and support organisations should be involved in identifying community stakeholders, their particular interests and needs and how best to engage with them. It is recommended to utilise all possible local networks and organisations as mechanisms to facilitate the widest possible participation of all stakeholders of the mining company.

Therefore, it is necessary to know the audience before launching messages. It is also important to know the influencers of the stakeholders and their reactions. Mining companies must try to understand the factors that influence community support and measure the level of community support at a particular project or operation. Understanding target audience of the mining company it will be feasible to effectively design a social engagement strategy. Learn what is important: what lies behind the support or concern of stakeholders for the project and use this information to tailor future approaches.

Once the stakeholders of the company are identified, it is recommended to visualise the levels of community support that different stakeholders or stakeholder groups have for a mining operation. It is useful to conduct an assessment through individual interviews, focus groups, an online survey, among other mechanisms, according to the preferences of the local communities. Subsequently, it should be selected the questions that will used and modify them as necessary for every specific stakeholder group.

#### **4- Improving relationships:**

A mining company must care about their internal relationships (among their workers) and external relationships (among them and their stakeholders).

Internally, it is much recommended assuring that coordination within the company is strong. This will allow the company to communicate a seamless company culture and view. This will also allow to transmit coherent and consistent messages, even if they come from different departments of the company. Investing in their employees is vital for this purpose. It is wise not only to train employees in terms of communication but to assure that they are satisfied being part of the company. A satisfied employee can be the best ambassador of the company and a cheap channel of positive information from the company to the stakeholders.

Externally, collaboration between mining companies, governments, local communities and other stakeholders is critical to ensure the proper development of a mining operation. To strengthen external relationships, mining companies can embrace digital dialogue, activate more industry cooperation, seek shared value via partnerships, align communications with stakeholder engagement and other functions, synchronize corporate and asset level communications, among other actions.

#### **5- Sharing benefits:**

In words of Mark Cutifani, CEO of Anglo American<sup>14</sup>: “The simple fact is: in today’s world if we don’t bring people with us and if the majority of those living in host communities don’t benefit from our presence we won’t be allowed to mine.”. When a company from outside the territory installs itself in a land, people expect to be impacted positively. Because of the sense of ownership of the land, local citizens are not willing to let freely operate a company which they do not consider part of them, if this company do not offer something back to the local citizens.

In addition, another root of conflict can emerge if local citizens notice an unequal distribution of the benefits that they consider unfair. Good governance based on ethics can allow mining companies to act with fairness with all stakeholders involved. Mining companies must question themselves what economic benefits will the local communities get? Being these benefits direct or indirect, and How do the benefits divide between various socio-economic, age or other groups and gender? To answer those questions, consultation with community members and other key stakeholders is great value.

**6- Using transparency to build trust:**

Trust is a vital element in order to establish a constructive dialogue between mining companies and stakeholders. At the same time, to generate trust among stakeholders, they must act with transparency. The more information stakeholders receive, the more confidence they will receive from stakeholders.

In the era of digitalisation, online tools offer mining companies an important mechanism for sharing information with stakeholders and gain trust from them. The more deeply local citizens are involved in direct dialogue with the mining company, the more likely it is that they will understand the underlying issues, tensions, and competing priorities that mining companies are attempting to manage. Online discussion forums, Q&A (questions and answers) and storytelling is therefore more effective than polls and surveys, as they are more transparent and generates more trust. Also, it must be taken into consideration the fact that trust, is a necessary element for obtaining the a SLO, as you can notice in Figure 10 of this report.

It must be note that, transparency is the most effective preventive measure for keeping misperceptions and rumours from undermining development efforts. A transparent approach helps to

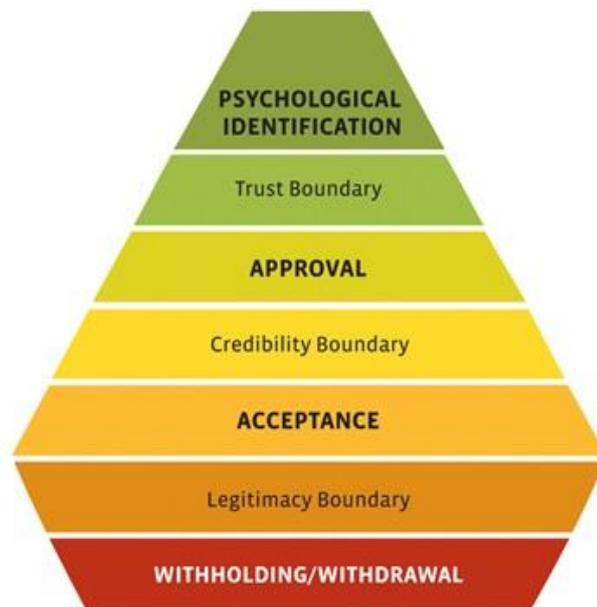


Figure 9. Steps for measuring SLO. Source: [www.sociallicense.com](http://www.sociallicense.com)

<sup>14</sup> Anglo American plc is a multinational mining company based in Johannesburg, South Africa and London, United Kingdom. The company is the largest producer of platinum in the world.

identify community issues of concern before they become grievances. International Alert<sup>15</sup>, recommends the following approaches:

- Booklets, video and audio that explain in simple language and colourful pictures the operational process.
- Bulletin boards that explain hiring and tender procedures.
- A public information office in a nearby village where anybody can make enquiries about company operations.
- Visits to each community in the operating area and use of video and other media to demonstrate what operations will look like when complete.
- A to-scale model of what the site will look like after closure and environmental repair.

### 7- **Demonstrating a commitment:**

To demonstrate commitment to the stakeholder engagement process is essential for maintaining a SLO for a mining company. As it has been mentioned above, there is not only necessary to carry out those recommendations once, but to read them as a process that must last during all the life of a mining project. Trust could be generated, and engagement produced with stakeholders, but if a mining company do not keep acting as it is recommended in this report, trust could be lost, and the engagement mat be broken.

To act with diligence along the all the life of a mining project, responsibilities among the workers of the company must be identified. It is necessary to clarify and specify the steps that the company and their workers will follow and collect these processes in an engagement plan. Conducting regular self-diagnostics will help the mining company to effectively continue executing the engagement plan. It is worth to monitor and strengthen community support and, ultimately, community–company relationships.

It is necessary as well to share the above-mentioned plan with stakeholders. Advising stakeholders of timeframes and alert them to what the next steps will be is much recommended.

### 8- **Providing opportunities for participation:**

Community engagement is most successful when it establishes and delivers on clear expectations and gives people the opportunity to influence decisions. People will become disillusioned, for example, if they do not know if their feedback has been taken on board or integrated. Community engagement is also most successful when it occurs regularly via a diversity of methods through all stages of development, providing many possible points of interaction with the project as the company builds familiarity, relationships and trust over time. For instance, it will still be important to maintain contact even if there are no updates during periods of inactivity.

As it has been mentioned before as well, the more feedback that a mining company receive from their stakeholders, the better. Nonetheless, sometimes stakeholders are willing to give feedback but they do not find opportunities nor do not know how to do it. To prevent this situation, mining companies have a series of mechanisms:

- Consultations: Stakeholder consultations can be informal discussions in informal settings, or formal sessions in workshops or public hearings. Some combination of the two may be effective in most situations.

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<sup>15</sup> International Alert is an independent international peacebuilding organization, based in London, UK, which operates programs around the world to address conflict.

- **Complains mailbox:** Create and follow-up a complains mailbox so stakeholders can anonymously share their views and thoughts. The mailbox address must be well-known by the stakeholders.
- **Social media:** Mining companies must be active in social media and control the dialogue.
- **Public forums:** It is recommended to be present at local events where mining companies are installed, in order to interact with local citizens and receive feedback.
- **Open days:** Another way to interact with local citizens and generate trust at the same time is to hold open days in the mining site, so local citizens can visit where the mining operations takes place and pose questions.

## 11. IMPLEMENTATION

The table below consists in a spectrum of approaches to social engagement adapted to the mining sector. It serves as sum-up and implementation steps of the above-explained recommendations of this report. The table has been inspired by the work carried out by the Department of Environment, Land, Water and Planning of the Victoria State Government, in Australia.

	<b>Inform</b>	<b>Consult</b>	<b>Involve</b>	<b>Collaborate</b>	<b>Empower</b>
<b>Community engagement objective</b>	<p>Provide balanced and objective information.</p> <p>Assist the community in understanding all aspects of the mining project, including possible problems.</p>	<p>Obtain feedback from stakeholders on plans, options and/or decisions.</p>	<p>Work directly with the community throughout all stages of the project.</p> <p>Ensure community concerns and aspirations are consistently understood and considered.</p>	<p>Partner with the community in each aspect of planning, development and decision-making, including the development of alternatives and the identification of the preferred solution.</p>	<p>Community to lead the development of the mining project.</p> <p>Place decision-making in the hands of the community.</p>
<b>Promise to community</b>	<p>Keep the community informed through all stages of development, including issues and delays.</p>	<p>Keep the community informed.</p> <p>Listen and acknowledge suggestions and concerns.</p> <p>Provide feedback on how input influenced the decision.</p>	<p>Work with the community to ensure concerns and aspirations are directly reflected in the alternatives developed.</p> <p>Provide feedback on how input influenced the decision.</p>	<p>Look to the community for direct advice in formulating solutions.</p> <p>Incorporate advice and recommendations into decisions to the maximum extent possible.</p>	<p>Implement what the community decides.</p>
<b>Community engagement outcomes</b>	<p>Securing a good site to mine and install mining facilities.</p> <p>Meeting compliance regulations.</p>	<p>Acknowledge and consider stakeholder's expectations.</p> <p>Minimising objections.</p> <p>Effectively managing complains.</p>	<p>Long-term broad local social acceptance and knowledge of the mining project.</p> <p>Strengthened local relationships and trust.</p>	<p>Broad community participation, support and awareness.</p> <p>Some sense of local ownership.</p> <p>Greater community benefit.</p>	<p>Benefit sharing program tailored to the local context.</p> <p>Harness the skills and capital of the community.</p> <p>Upskill local citizens to</p>

		<p>Good stakeholders' relations.</p> <p>A level of community awareness and trust in the project.</p>		<p>Strong local relationships and trust.</p> <p>Timely development and easier planning approval.</p> <p>Some sharing of benefits beyond investors.</p>	<p>manage the project.</p> <p>Largely community owned and controlled.</p>
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