

Demonstrating the business value of investing in social development

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Mining & social development: current focus areas

- Competencies – local skills development, local employment, local enterprise
- Wellbeing & quality of life
- Community connectedness
- Autonomy & engagement in issues that affect people's lives

Perspectives of community investment decision-makers

■ Understanding the issues

- 21 DM's, 12 business units, 7 mining companies
- Australia, Mozambique and South Africa

■ Building and applying a MCDA model

- 26 DM's, 16 business units, 4 companies
- Australia

Significant change

■ Depth rather than breadth

- Less philanthropy
- Stronger links to business drivers
- Treating the cause rather than the symptoms

■ More capacity, less bricks and mortar

- Promote local people to find solutions to their own problems

Significant change

- Social competencies
- More measurement - less intuition
- Integration with other parts of the business

Integrated, strategic commitment?

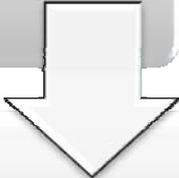
or

Arms-length, self-contained, PR?

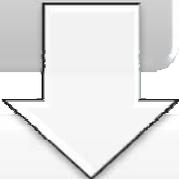


WBCSD : Business Case

'Savings to bottom line through eco-efficiency
&
Earning the license to operate in society'



'Business cannot succeed in a society that
fails'



'Our major contribution to society will come
through our core business, rather than
through our philanthropic programs.'



TBL Quality of life

Corporate citizenship

Wellbeing

Social license

Reputation

CSR

Social Sustainability

Rights-based development

Practical dilemmas

■ Who should benefit?

- Those most impacted?
- Those most at risk?
- Those with capacity to benefit?
- Those within a geographical boundary?

Practical dilemmas

- Which are the appropriate issues to address?
- Which are the legitimate external viewpoints to be heard?
- Who owns the issue?
- The headaches of partnerships
- How much control to hand over?

Practical dilemmas

- How to convince others in company?
- Good Community Relations practitioners are hard to find
- Conflicting demands e.g. immediate workforce needs vs long term participation
- M&A

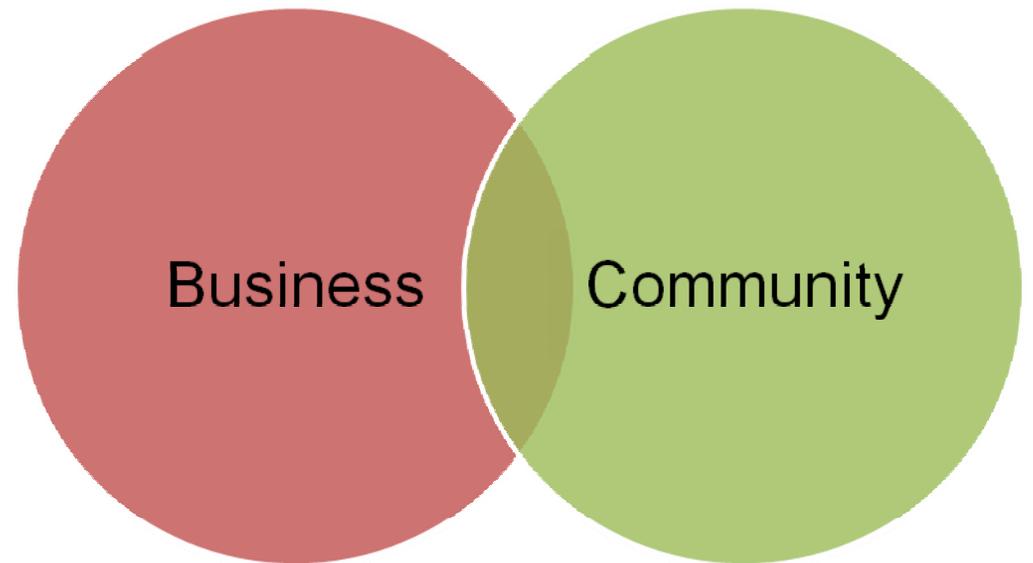
At the heart

- How to frame social problems faced by local communities so as to gain commitment from the mine GM?
- How to measure value creation for the business?

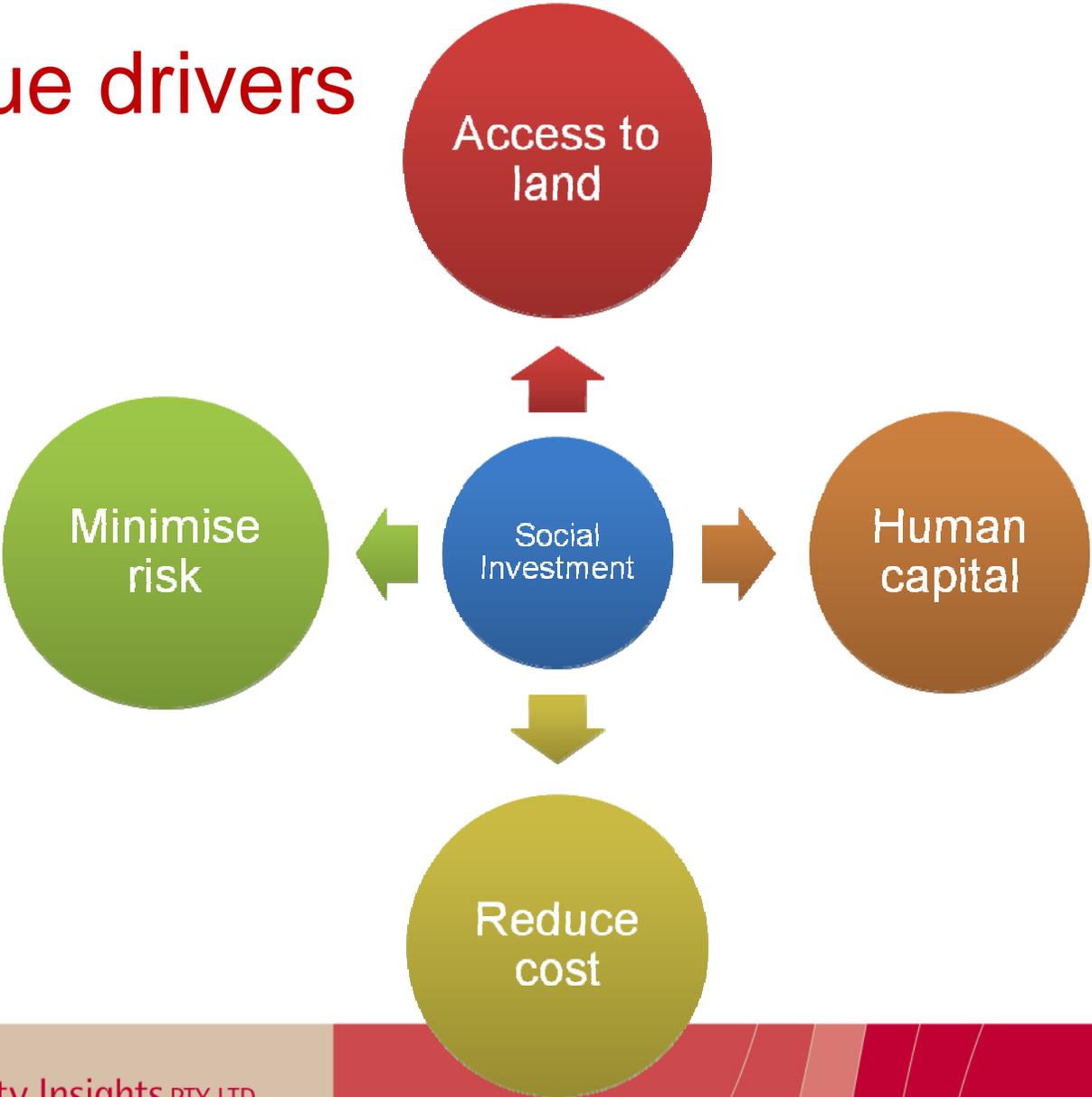


SIDAT (Social Investment Decision Analysis Tool)

- Integrated MCDA: SIA with strategic planning
- Priority areas of focus
- Project evaluation as a learning process



Value drivers



SIDAT



Results 1. Importance of engagement

- Willingness to engage is associated with the history of company engagement
- No evidence that '\$' or 'numbers' led to more positive disposition towards the mine

Results 2. Limitations of traditional SIA

- Effectiveness requires adaptive organisational response to changes in the social context
 - ongoing engagement and monitoring

Results 3. Need for integration

- HR: skills development & health for job-readiness
- Mine project development teams: housing, services and infrastructure
- Procurement: local enterprise development

In summary,
2 key themes



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- Weakness of SD & CCI debate in dealing with implementation challenges
 - Companies need help in integrating community investment into mainstream business planning
- The potential of SIA remains under-developed and under-recognised within the mining industry
 - SIA should underpin a social management system that plans the life-cycle of mines in ways that contribute to social development and sustainability during the life of the mine and post-closure

Good intentions don't count

- “To do something out of social responsibility which is economically irrational and untenable is therefore never responsible. It is sentimental.”

Drucker (1973)

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