

# CHANGING THE GAME

COMMUNICATIONS & SUSTAINABILITY  
IN THE MINING INDUSTRY



## ABOUT THIS REPORT

The International Finance Corporation (IFC), the International Council on Mining and Metals (ICMM) and Brunswick Group work with senior communications professionals in the mining industry in a variety of ways. Each organization has noticed an increased focus on the need for mining companies to effectively communicate with stakeholders and decided to collaborate to develop a better understanding of how communications is used to support business outcomes and sustainability efforts.

The insights in this report are drawn from conversations with industry leaders and practitioners as well as the first-hand experience of IFC and Brunswick Group advising on a variety of situations from new mine development to mergers and acquisitions. The publication does not aim to be exhaustive, but the trends and practical examples identified in the report may be instructive to communications professionals and others in the mining industry.

*Courtesy of Rio Tinto: Magnetite loading bay*

# **HOW COMMUNICATIONS SUPPORTS SUSTAINABILITY: 5 TRENDS**

## **Creating an environment for effective stakeholder dialogue**

“Under-engagement is the biggest risk.”

## **Using transparency to build trust**

“Not understanding and listening ... is a sure way to create mistrust.”

## **Integrating communications to enhance sustainability efforts**

“Communication is not just what we say but how we react to queries from stakeholders.”

## **Prioritising internal communication and corporate culture**

“Everyone is an ambassador of the company.”

## **Measuring impact**

“We are linking manager performance to how quickly they respond to grievances.”

# CHANGING EXPECTATIONS, CHANGING COMMUNICATIONS

*In 2011 a junior exploration company operating in a well-known mining region was riding high. The company's project was progressing nicely 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. Its environmental permits were eventually denied and the project stalled. The company's share price took a major hit and it had to completely reinvent itself and its image, including changing its name. The company had less than 50 employees and only one person focused purely on communication. Perhaps a sophisticated mining major would better anticipate and avoid such a costly incident.*

*Fast forward two years to another country in the same region. One of the world's largest mining houses 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 to many within the company, 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.*

## TAKING A CLOSER LOOK AT COMMUNICATIONS IN THE MINING SECTOR

Events such as these highlight the shift in the roles and responsibilities of communications teams in the mining sector. The internet and rise of 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 communications have taken place. Rather, companies are moving to a two-way, ongoing dialogue approach that systematizes information flows to, from and across the company.

In this paper we explore several emerging themes that are shaping how companies organize, manage and execute effective stakeholder communications:

- creating an environment for effective stakeholder dialogue
- using transparency to build trust
- integrating communications to enhance sustainability efforts
- enhancing internal communication and corporate culture
- measuring impact.

## METHODOLOGY

Surveying the views of communications professionals revealed a very diverse set of responsibilities but similar challenges.

To date, what has been written about the practice of communications in the mining sector (mainly by NGOs and industry groups) focuses on improving tactical skills – such as better community consultation techniques, media engagement or crisis communications preparation. However, surprisingly little has been written publicly about how mining companies utilize communications strategically across functions to further overall business aims.

IFC and Brunswick teamed up with support from the International Council on Mining and Metals (ICMM) to write this report. It reflects findings gathered through a variety of methods including first-hand experiences, case studies and in-depth interviews with industry executives. We spoke to 25 executives with significant responsibility for communication or stakeholder engagement activities at corporate, regional and asset levels.

Illustrative titles of the respondents include: group executive, manager or director of communications; chief advisor for stakeholder engagement; general manager, stakeholder and investor relations; principal advisor for external affairs; and manager or assistant manager of digital communications, community affairs and environmental affairs.

Respondents held primary responsibility for external and internal communications activities (including crisis and reputation work, media relations, content creation and employee communications). Their other responsibilities often included: community relations, social media, philanthropy, investor relations, government and public affairs, health, environment, security, training and capacity building, creative services, and research.

Our research found that there is no consistency in the reporting line of the communications function. Most often, these positions reported to senior vice presidents of communications or public affairs but also directly to the CEO or CFO. In some cases, we interviewed several people from the same company. These represent a cross-section of the industry and different geographies.

Companies interviewed include:

African Barrick Gold	MMG
Anglo American	Newmont
AngloGold Ashanti	Nyota Minerals
Barrick Gold	Oyu Tolgoi
Codelco	Rio Tinto
Freeport-McMoRan	Teck Resources
Glencore Xstrata	Vale
Minera Yanacocha	

All interviews were conducted on a not-for-attribution basis by the project team between May-June 2013. Questions focused on the role of communications in the company including scope, organizational and reporting structure, leadership attitudes, effectiveness,

incentives and measurement. We probed corporate and asset level dynamics to understand the relative roles and responsibilities including how the organization communicates as a whole – and its greatest gaps and successes. The report does not claim to be exhaustive in its analysis of current communications practices in the mining industry, but we hope the trends and practical examples identified will be of use to communications professionals and others.

## FINDINGS

We have broken the results of the research into three distinct sections.

**Section 1: A New Communications Landscape** looks at how the role of the communications function has changed in a dynamic business environment and how companies attempt to manage that evolution.

**Section 2: Unlocking and Preserving Value through Strategic Communications** identifies five trends from the research about the role of communications in the context of managing risk and adding value for all stakeholders.

**Section 3: Top 10 Tips** takes the practical examples from our research that mining companies have used successfully to mitigate risk and enhance their sustainability efforts.



Vis Media Courtesy of Anglo American:  
Peer educators provide HIV/SIDS awareness training in South Africa



# SECTION 1: A NEW COMMUNICATIONS LANDSCAPE

In the face of significant business challenges to the mining sector, communications is playing an increasingly strategic role in securing a license to operate. As companies integrate sustainability across their business, strategically and tactically, communication success is key.

## CHANGING ROLES AND DEMANDS

Mining companies face a challenging business environment with weakening prices prompting belt-tightening measures across the board. At the same time, trends towards resource nationalism and greater environmental and social expectations mean that maintaining a social license to operate is more directly linked to value perceived by host communities/countries. The sector is rife with examples of 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>1</sup> found that maintaining a social license was the second highest risk facing the sector. When trust is lost, the cost is financial and reputational. It is a common observation that it is more difficult to rebuild trust than to create it.

Communications' role in managing this risk depends on how a company views and structures the function. Increasingly, this is moving from a short-term tactical role to a long-term strategic one. The mining sector is diverse in terms of operational and geographic challenges, business strategy and culture. Similarly, communications structures vary widely. Some companies operate in a pyramid

model, where information flows mainly between asset and HQ levels and vice versa. Others have a decentralized, spoke-and-wheel system where autonomous groups feed information to a hub that acts as a content and news generating group. There are many variations in between.

Regardless of structure, our interviews revealed that virtually every company is grappling with the 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. This challenge is prompting a closer and more strategic collaboration between communication, and other business functions such as operations, human resources, legal, environmental, risk management, procurement and community relations. Companies are searching for ways to ensure information is flowing around the group and that this cascades up, as well as down, in order to stay ahead of emerging risks and opportunities.

While our conversations revealed almost universal recognition that communications plays a vital role in advancing business, there was a strong desire to see better processes and alignment within an organization. In most companies, communications has earned a seat at the leadership table and its role is evolving. However, the function lacks the formalization, career frameworks and business metrics of other service functions such as human resources, legal and environmental and community relations. In addition, other functions that have communications as part of their own deliverables (government relations, investor relations, community development, environment, procurement, human resources and construction) lack unified measurements on how effectively and consistently they are engaging with stakeholders to achieve their direct business objectives.

## LEARNING TO MANAGE STAKEHOLDER EXPECTATIONS UNDER THE SPOTLIGHT

Externally, the communications environment is more complex. The world has become more transparent and immediate, driven by the digital age. Companies have always had to engage with vast numbers of stakeholders, but the way in which they manage this has become more public. The need for internal coordination has also become stronger in order to communicate a seamless company culture and view.

Organizations in every sector – private, public and civil society – are facing this new reality. The shift is prompted by an intersection of well-known trends. News is without borders. The events in one location can have a significant ripple effect on markets and projects across continents. Digital communications has enabled more people to access and generate information to reach wider audiences. Increasingly, a company's communications must fit in the palm of the hand as mobile devices become an important platform for sharing content. In Mongolia, a country experiencing a phenomenal mining boom, cell phone penetration in the mineral rich South Gobi desert region that includes many nomadic herders is 77% and internet usage is 23%.

Mining companies have traditionally had a business-to-business mentality around communications but the attitude seems to be shifting. While companies do not provide products to the final consumer they increasingly recognize the value of making their case beyond business partners and directly engaging in a wider set of relationships. Their communications approach is becoming more consumer-oriented – with brand equity, reputation management and relationship building front of mind for the professionals we interviewed. This means the communications function is no longer the sole crafter or guardian of “the message”. Together with other functions they are designing opportunities to share the company's experiences and to build trust with neighbors and potential partners, as well as adversaries.

Social media is also changing the way people engage with companies as platforms like Twitter, Instagram and Facebook create communities who expect to be heard and

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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.”

- Mark Cutifani,  
CEO Anglo American

influence change. Mongolia's Oyu Tolgoi (majority-owned and managed by Rio Tinto) copper and gold mine has over 70,000 Facebook fans, one of the most popular sites in the country. Across the board, executives would like more investment in this area. Most are reluctant to begin engaging through platforms like Facebook and Twitter, fearing that putting a toe in the water opens them up to reputational risk, limitless resource needs and opens up lines of communication with stakeholders who may be critical of company activities. There is concern about the representativeness of social media technology biased to the young and web connected. While the opportunity for engagement is immense it must be tempered with efforts to include opinions from vulnerable groups such as the elderly, illiterate and physically remote communities.

<sup>1</sup> Business risks facing mining and metals 2012–2013. Ernst & Young.



# **SECTION 2: UNLOCKING AND PRESERVING VALUE THROUGH STRATEGIC COMMUNICATIONS**

Five trends have been identified from the research about the role of communications in the context of managing risk and adding value for all stakeholders.

## **CREATING AN ENVIRONMENT FOR EFFECTIVE STAKEHOLDER DIALOGUE**

Companies are learning to understand and address the unavoidable mismatches in timeframes and expectations of different stakeholders in a mining company's landscape. Mining operations exist for decades offering them a unique business opportunity to establish long-term relationships. However, they also must follow business imperatives to produce returns on investment as quickly as possible. Meanwhile, communities evolve over generations. While they are eager to see benefits and achieve a better life for their children they may prefer to move cautiously to understand the process, tradeoffs, and ensure they have a voice in mine development. Politicians are elected every few years and fund managers are judged on an even shorter basis. All parties feel enormous pressure to demonstrate influence and results. However, trust – essential for collaboration – can be slower to build than an underground mine. These different time values must be acknowledged, respected and reconciled.

Many community relations functions are evolving to practice continual engagement. The need to move from one-way communications to effective dialogue is becoming a shared

responsibility with the communications department and corporate leadership collaborating across the company. This requires a stronger approach – planning proactive, coordinated campaigns to engage key audiences – rather than tactical ad hoc communications. Listening as well as talking is required. “Communication is not just what we say but how we react to queries from our stakeholders.” In fact, today’s challenge is not if to engage but rather how.

Increasingly extractive companies are managing relationships like a business-to-consumer operation. This requires new skills with evolving roles and structures. A handful of companies are incorporating marketing, social media outreach and consumer research into their corporate skill set. Communications teams are being set up to serve as nerve centers to coordinate and integrate, rather than merely disseminate information. In doing so, these teams – the best of which include representation from diverse departments – seek to achieve a more cohesive company voice and tie the impact of communications to measurable business outcomes.

Building relationships with a wide group of stakeholders, adversaries as well as supporters, is a critical buffer when crisis occurs. This is an essential insurance policy for any company regardless of size. It can be helpful to have views from different perspectives to give a broader understanding of a crisis, even if that includes a stakeholder that does not agree with company actions.

Crisis response-driven communications are typically too late. But when operational teams are stretched to the limit, especially when budgets are cut back, it can be difficult

to focus on what does not seem urgent, such as building relationships. “[We] start responding when investors start screaming, which is usually the result of NGO action or reports in the press.”

## USING TRANSPARENCY TO BUILD TRUST

The mining industry has been embracing the call for greater transparency. Where practiced, regular disclosure of key decisions, performance metrics and contributions to local and national economies has garnered company trust with stakeholders. It has allowed leading companies to distinguish themselves from their peers. Internally, a focus on sustainability reporting has allowed different parts of companies to align around shared objectives and to see areas for improved performance. Many companies have described the sustainability reporting process as a way to shift their internal culture. But in some cases, companies may over-resource glossy reports and under-resource tangible investments in relationships and development impact. The challenge is to achieve the right balance so reporting is treated as a window into a company through which stakeholder feedback is welcome and trust is built. This helps avoid potential charges of greenwashing or disingenuous public relation campaigns.

While companies are seeing the benefits of greater transparency they are also seeing the financial and staff costs of increased reporting demands. Stakeholders are starting to ask companies what stands behind the

numbers and in some cases questioning if what is reported matches the culture and attitude of a company's staff. There are opportunities to use the process of reporting to build relationships that go beyond the numbers and allow stakeholders to understand the commitment of a company. For example, in Ghana, Newmont began a practice of sharing accidents and environmental incidents with communities on an immediate and ongoing basis. This allowed the company to use its more formal annual reporting as a way to reinforce its commitment to relationships. In Peru, Minera Yanacocha made public a strikingly honest perception study that laid out years of built-up distrust between the company and local communities. This became the start of an ongoing effort to rebuild relationships including greater transparency and quicker responses to stakeholder questions and concerns. Newmont in Indonesia invites stakeholders to a mining boot camp where people from the local community live and work on site for a week.

Increasingly, companies are investing in telling their story in an open, proactive and structured manner. This includes strong content creation to ensure that communications conveys a strong story with facts and anecdotes that truly represent the state of the business. By building in time and budget for staff to share their stories, the company receives regular feedback on whether its values and mission are reflected in the work the organization is most proud of. If a mismatch is found internally, it is very likely to be felt by external stakeholders.

## TRANSPARENT COMMUNITY SCORECARD

*The Eagle Mine, previously owned by Rio Tinto and now by Lundin Mining, is located on Michigan’s Upper Peninsula and was the first greenfield operation permitted by Rio Tinto in the US in decades. It is located in an area known for its outdoor lifestyle, with a population that includes many well-informed stakeholders who are cautious of outsiders. Many simply do not trust the global mining giant’s environmental record and practices. Against this background, Eagle Mine developed the Community Scorecard, an interactive tool that enables the community to rate the company’s performance and provides the company with a way to respond to the community’s concerns around corporate impacts, especially as they relate to the environment, safety, transparency and the economy. The Community Scorecard tracks and measures company performance in areas of importance to both the company and the community. This methodology is used around the world with stakeholders of varying degrees of education; in Michigan they implemented a software using handheld devices which allows instantaneous yet anonymous preferences to be recorded. By being transparent and responsive to community concerns, the company aims to demonstrate it genuinely listens to the community, understands its concerns, and is willing to make changes, thereby building trust and improving business practice.<sup>2</sup>*

<sup>2</sup> Walking the Talk: Community Rating of Eagle’s Social Performance’, Larry Dixon and Luc Zandvliet, Triple R Alliance. 2013.



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I have been working with mining companies for years and have found that not understanding and listening to the local perceptions of time and milestones is a sure way to create mistrust with your stakeholders.”\*

## INTEGRATING COMMUNICATIONS TO ENHANCE SUSTAINABILITY EFFORTS

In more forward-looking companies the communications function has earned a seat at the decision-making table. In some organizations “communications is like a foster child – never really has a home within the organization. Everyone acknowledges that communications is important but the action of leadership does not always reflect this.”

The forward-looking approach is in response to an external environment that requires companies to react quickly to the needs of diverse audiences. It is also the result of effective leadership by communications professionals who have acknowledged that communications must be a key part of their risk management strategy. Instead of

solely supporting different business functions in isolation, communications can bring the different functions together and allow teams to see the part they play in the larger company vision. INSEAD management school, for example, works with numerous companies (mining, investor, business-to-consumer) to teach cross-cultural communications and integration for their most promising team leaders.

To meet the expectations of their stakeholders, companies need to communicate with a unified message and voice. It is also important to ensure that communications is connecting with the issues and concerns most relevant to different audiences.

While communications can often bridge gaps in information or understanding, it cannot “fix” underlying operational and

\*Quotes in this paper come from research interviews conducted on a not for attribution basis with mining professionals across the industry, see methodology section for further details.

strategic decisions that may be at the root of stakeholder concerns. Disconnect with the priorities of stakeholders can be costly. The misalignment can take a variety of forms:

- missing an opportunity to support business and strategic aims with proactive communications
- playing “catch up” or “clean up” as different divisions forge ahead
- having too weak a “radar” (or one that is broken) for understanding or anticipating stakeholder needs and for anticipating issues before they arise
- lacking quick response and seamlessness among departments.

Given the evolving industry, more investment is being made in community and stakeholder engagement and in boosting the capabilities that professionals need in order to understand stakeholder concerns. Communications teams are increasingly empowering other staff to understand and convey the views of myriad stakeholders so that decisions can be taken with an accurate understanding of both external and internal environments. Stakeholder engagement training for staff, ranging from corporate leadership to community staff to exploration geologists, was mentioned as an area where interviewees wanted to invest more.

## PRIORITISING INTERNAL COMMUNICATION AND CORPORATE CULTURE

“The biggest change was focusing the entire company to make sure they have internal communication planned on a regular basis.”

Almost universally, executives talked about the need to invest more in their internal communications activities – effectively engaging with employees and business partners to convey information and build a common culture. There was clear recognition that these internal stakeholders often receive insufficient communication. “[Internal communications] is simplified to the point of absurdity.” “Employees learn more through the local news about the company than through internal channels.” To fix this some companies have created songs and are using radio to reach a large portion of their workforce.

The same trends impacting external stakeholders are also

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... everyone in the country has a cell phone and has ability to text message. I get text messages and I also get emails from local farmers. I'll respond back to them within 24 hours. [The communications] sometimes bypass regional headquarters. That comes directly from the community and right through to me. And they know they're writing to the company head office.”

changing the way employees communicate. With more access to information and powerful communications platforms, companies know that employees are their best ambassadors – or potentially a source of discontent and reputational risk. “We are trying to turbo-charge internal communications but so far we've only scratched the surface. It's harder for government to complain when they hear that staff are supportive.” Innovative companies aim to decentralize and humanize company messaging, tapping staff across levels and functions to engage in relationship building, truth telling and open listening. In addition to ensuring that employees are getting the facts, there is more emphasis on training spokespeople at many different levels and providing them with communications toolkits on an ongoing basis. “Our strategy was to make employees ambassadors for [the company], including the development of an internal speakers bureau with people from all departments trained to speak in the community.”

While the majority of companies preferred to keep their external and internal communications functions separate (employee communications was most often a human resources department responsibility), a few companies have begun to merge internal and external communications functions. One executive remarked, “Internal and external communications have to be fully aligned ... It's crucial to ensuring our credibility.”

## MEASURING IMPACT

An ongoing challenge for communications leads in mining companies is “making the case” for the function’s direct impact on the “bottom line”. Many pointed out that there is insufficient recognition of communications’ strategic (not just tactical) value, which leads to an under-resourcing of the function.

This comment was also true when we probed about the use of social media for communications. Most companies had tentatively experimented with communicating through social media but were concerned about the seemingly endless resources that such engagement could take. On a limited budget, traditional engagement channels – face-to-face dialogue, media engagement and community programs – were favored. But nearly all respondents believed that this under-investment could be a major risk if they were not prepared to respond to online influencers or to pick up what is being said online before it becomes “fact”.

In the case of crisis management, it is often difficult to calculate the financial or reputational cost of a crisis that has been averted – or blunted – because of an effective communications strategy is consistent with other company actions. As one practitioner notes, the benefits of the crisis that never hits often accrues to other parts of the business – mining operations that did not have to slow or stop, community goodwill that was not damaged, government sanctions that were not imposed – but the communications activities that led to this are rarely praised. Nor are they isolated. They tend to be reoccurring and backed up by other company practices.

However, there is significant interest in developing new approaches to measuring the value of communications and linking these two key performance indicators (KPIs). While many of these attempts at next-generation measures are still rudimentary and sporadically implemented, they represent an effort to move beyond the most frequent measure of communication’s success – perception audits. These “temperature checks” of stakeholders’ perceptions of a company’s work are still the most widely used measure to value the impact of communications. Perception audits are often combined with quantitative measures (such as the number of media mentions) and other qualitative measures (such as the content of third-party endorsements

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We are linking manager performance to how quickly they respond to grievances. It is a key element in an index that determines their overall rating.”

or public statements). Our findings indicate that perception studies are becoming more prevalent at the corporate and asset levels. A number of companies reflect the broader corporate trend – found across sectors – of developing customized measurements that try to link stakeholder perception and values to specific business objectives. Moving forward, efforts are being made to link perceptions with share price and investor concerns to assess shared value.



# **SECTION 3: TOP TEN TIPS –**

## **A PRACTICAL GUIDE TO USING COMMUNICATION TO SUPPORT SUSTAINABLE DEVELOPMENT**

This research has identified a number of practices that mining companies have used successfully to mitigate risk and support and enhance their sustainability efforts. We have identified 10 tips illustrated with a short case study. This list is not meant to be definitive but it provides examples of the innovative thinking companies are using to help solve complex issues. As this report shows, the sustainability agenda is rapidly evolving as is the communication landscape and businesses that change with the times will be rewarded.

### **1. KNOW YOUR AUDIENCES AND THE INFLUENCERS WITHIN THEM**

*"We have only just begun the process to ensure that messages in this changing climate are consistent and clear, and that everyone understands whether those messages are going to a shareholder or whether they are going to a local teacher in a town that we may be impacting from a mining project."*

Discussions with communications leads revealed strong consistency in how audiences are prioritized at different levels of the business. The most important audiences for the corporate-level communicators are: shareholders and investors, global organizations and multilaterals, international NGOs, top-tier media and all employees. For the asset-level, the priority audiences are more broad-based but geographically targeted and include: local communities, local and national government, local media, NGOs, employees and, increasingly, contractors.

Effective communications begins by defining priority audiences and understanding their levels of concern and influence. Influence isn't static. It is critical to regularly re-examine priority relationships and the degree to which they have been cultivated. Sometimes, genuine listening and engaging is sufficient to soften a critic's viewpoint.

One of the most overlooked aspects of stakeholder engagement is the need to document and maintain records of communication activities, particularly public commitments and bilateral dialogues. Company-funded public information centers with strong record keeping and grievance collection and response systems are now industry good practice. Recording promises made and ad-hoc conversations can be difficult for companies to maintain, particularly when staff or local partners relocate. More sophisticated software is being adopted to track and categorize grievances but it's only useful for relationship building to the extent that complaint filers get respectful and timely feedback.



Participants arrive for the PT Newmont Nusa Tenggara Sustainable Mining Bootcamp 2012 - Christian Sagala

## Sustainable mining bootcamp<sup>3</sup>

PT Newmont Nusa Tenggara is the Indonesian unit of Newmont Mining. The company has set up an annual Sustainable Mining Bootcamp to introduce mining operations through a hands-on experience. Last year the company invited seventeen participants from various backgrounds (engineering, business, travel, journalism) to get involved in various activities at the Batu Hijau mining site for a week. Participants were given the opportunity to observe how the company runs their mining, processing, environmental maintenance, as well as corporate social responsibility projects.

The Jakarta Globe spoke to Andhyta Firselly Utami, a university student majoring in international relations, who participated in the program:

Jakarta Post - Why did you decide to join the bootcamp?

Utami - The debates surrounding the morality of mining – not to mention additional sentiments sparked by nationalism – has always tickled me. I wanted to take a closer look upon how everything was done. How can these mining companies heartlessly disrupt the balance of nature for the sake of mere profit? Do they really calculate the harm that they're creating in order to dig some minerals from the ground? These questions – including the problem of what benefits Indonesian people can gain from their business – were what encouraged me to participate in the event.

Jakarta Post - By the end of the camp, were your questions answered?

Utami - Yes. I learned that it is somehow ridiculous to completely oppose mining because we cannot deny the benefits that come from it. What we should do, then, is not as simple as campaigning against it, but instead ensuring that it is done responsibly and sustainably i.e. taking the environment into consideration while contributing in programs that will accelerate the society's progress.

<sup>3</sup> [thejakartaglobe.com](http://thejakartaglobe.com), indonesia-mining-industry-through-young-eyes, November 23, 2012.



## 2. FIND MORE OPPORTUNITIES TO LISTEN

*“Communication takes the company out. Engagement brings the community in.”*

Companies are finding more ways to stay in touch in an effort to stay nimble in their understanding and response to emerging issues. This includes using technology and more traditional methods of building relationships. Lundin Mining's Eagle Mine's community scorecard has given voice to a wide group of the population that may otherwise have been reluctant to engage with the company. Many companies are conducting regular polling of stakeholder views at the community level.

In Peru, Rio Tinto has for years met with a reference group of NGOs every month over breakfast to share updates on the company's activities. Members include a major international NGO, a local think tank, the head of a dialogue group, NGOs critical of mining and an NGO active specifically in the region where Rio Tinto operates. The NGOs have been appreciative of the proactive communication approach and some of the opinions shared have made the company re-think some of its activities.



Minera Yanacocha Gold Mine, near Cajamarca (Peru) Source: Wikimedia Commons

### Rebooting long-term relationships

As one of South America's largest and most publicized gold mines, Minera Yanacocha has experienced conflict and peace with its neighboring communities. In 2012, a groundbreaking Listening Study sponsored by Yanacocha and independently conducted by the Centre for Social Responsibility in Mining (Australia), found that the Cajamarca community held the company responsible for environmental damage and a disregard for community cultural practices. In an effort to convey sincere listening and change, the company has made several dramatic shifts beginning with moving company headquarters from Lima to Cajamarca to build closer relationships with host communities. The company also sponsors a radio station providing relevant information on a variety of topics to local listeners and is encouraging staff to participate in local organizations, boards and schools. An external advisory panel, with civic, business and religious leaders, is being set up to provide the company with a more regular barometer of how stakeholder interests are being addressed. This culture shift embraces respect, listening and relationship building in a proactive attempt to regain trust and rapport with local partners. Rebuilding trust is arduous and it is yet to be determined if the measures put forward by Yanacocha will be successful in changing perceptions and achieving informal but necessary approval from regional government and local stakeholders.

### **3. ALIGN COMMUNICATIONS WITH STAKEHOLDER ENGAGEMENT AND OTHER FUNCTIONS**

*"Communications and engagement work on different timelines. Communications is about a quick turn-around with lots of output, whereas engagement is on a longer timeline... more fluid."*

A key challenge voiced in the interviews is a lack of coordination between the communications staff and community engagement functions within mining companies. Alignment does not mean merging functions but rather a recognition of shared objectives and the need for collaboration. Several respondents talked about the benefits of cross-fertilization and, in particular, how this helps the organization clarify strategic objectives and pre-empt issues that could cause bottlenecks. However,

different time horizons and outcomes expected from each function can be difficult to synchronize. In some cases communications report to Human Resources, in other cases, the CEO, or sometimes the Environment & Social department. While all of these departments (and more) need services and support from communications, they are not equally prepared to shape the communications vision. Interviews revealed that while alignment is improving at the site level, silos often persist at the corporate level. One strategy is to integrate communications incentives into job descriptions to help others in the organization understand the relevance and value that communications brings. This includes incentives for information sharing.

Several companies mentioned using baseline and follow-up studies to measure engagement and progress on key issues. External studies help assess stakeholder engagement. Internal studies test norms and systems. Both are tools that help identify ways to reward good behavior and steer resources.



Courtesy of Codelco: Codelco's Andina Division commemorates International Day against Desertification and Drought with Chilean President Sebastian Piñera



## 4. SYNCHRONIZE CORPORATE AND ASSET LEVEL COMMUNICATIONS

*"A big part of the corporate communications group is ... making sure we all know where we are headed, what we stand for, what we do and obviously what we don't do."*

For those focused at the corporate-level, the mission is to provide a sense of direction to the company, especially the need to coordinate communications efforts across the company. This creates consistency,

clarity, and stronger links between the sustainability/community engagement work and government affairs and investor relation functions. The most advanced companies are connecting also with human resources, procurement, construction and engineering.

Among those working at the asset level many commented that the corporate level communications need to be better tailored to match the asset-level realities. Without this the initiatives don't have an impact – "Engagement is focused on building capacity at site; at the corporate level, it is command and control".

Courtesy of Codelco: Panoramic view of El Teniente Division

### Global editorial calendar

At the end of 2009, Anglo American put in place a communications model that facilitates the central development of positions and consistent messaging around any critical issue that could impact the reputation of the business. They also introduced a Global Editorial Calendar to capture communications strategies, programs and themes at asset level to ensure they are aligned with those at corporate level and that all good news stories are maximized both geographically and by channel. The global digital teams are also fully integrated and coordinated through the calendar as another channel to reach stakeholders enabling Anglo to leverage all the work in country to be used around the world. "Making sure we prevent issues falling through the gaps, hum the same tune, tightening processes and ensuring they are being adhered to, is the challenge; but we are trending in the right direction."

### Empowering communications teams

In Chile, state-owned copper company Codelco, has found a model to ensure integrated communications at asset and corporate levels. Each asset has a Communications Director who reports to the Sustainability and Public Affairs Manager and, through a dotted line, to the Corporate Communications General Manager. They work as a team. With input from the CEO, the corporate communications team defines the issues to be centrally managed and a quarterly meeting ensures alignment with the assets. At the asset-level, communicators are empowered to run their own programs. "We do not get involved in all communications aspects at asset level. We give a lot of freedom to the assets so they develop their own communications except for those issues defined by the CEO or to those critical issues that will affect the reputation of Codelco".

## 5. IMPROVE WAYS TO MEASURE WHAT MATTERS

*"Communications does not have good performance indicators, as it is very complicated."*

*"Our client didn't collect proper baseline studies. When they found themselves under attack they were very limited in how they could defend themselves."*

Communications executives across the mining industry struggle with how to measure their impact and the scope of their expanding function. Companies are employing a mix of strategies. Often communications and engagement are evaluated through perception studies (asking stakeholders directly about their views of the company's work) and through more traditional evaluations of media impact (frequency and quality of media coverage). "We're trying

to get more of a nuanced view in terms of the specific questions that we're asking [in perception studies], and we're using a methodology that is around measurement of social license." Environmental and social baseline studies, critical for establishing business plans and credible messages, also have great potential to be more effectively used as indicators for communications functions.

We found a gap in terms of how communications is evaluated at the asset versus corporate levels and how the two impact one another. Some pointed to the challenge of defining corporate/global level outcomes that accurately reflect the realities in-country. But this view is changing as it becomes clear that existing approaches to measuring impact don't reflect the range of what the communications role does nor the strategic outcomes desired. Instead, companies are moving to more customized measurements – a move that is seen across sectors, not only in mining.



## 6. INVEST IN YOUR EMPLOYEES

*"Everyone is an ambassador of the company. We take time on how they should approach, how they should work, how they should relate to communities; people know who can take a complaint. What can be seen as a conversation by one person can be a commitment by another so training in how to handle complaints is very important."*

The skills and techniques needed to ensure effective communications have become more sophisticated. These go beyond crafting messages and working with media to include building reputation campaigns, managing globally dispersed teams, creating strong crisis response programs, developing impactful content and managing media relations in a 24/7 digital environment. Companies that lead the field are investing in targeted training for staff at different levels who can carry out communications activities. This goes hand in hand with creating standard processes and roles across the organization in order to avoid duplication of effort or gaps.



Rio Tinto CEO Sam Walsh addressing a Stakeholder Engagement Academy residential course in Perth. Source: m2m.riotinto.com

### Schooling in engagement<sup>4</sup>

Emphasizing the importance of stakeholder engagement to its business, Rio Tinto started a Stakeholder Engagement Academy (SEA) in 2012. The four-day course targets company executives as well as engineers and operational experts who are being developed for future roles which require a significant amount of stakeholder engagement. They learn competencies such as the strategic role of stakeholder engagement, understanding stakeholders, building relationships and negotiating sustainable agreements. The INSEAD business school outside Paris and Georgetown University in the US partnered with Rio Tinto's stakeholder engagement team on the academy design. Georgetown University delivers the program for Rio Tinto around the world, working with its international partners such as ESADE in Spain and Queensland University in Australia.

<sup>4</sup> [riotinto.com/sustainabledevelopment2012](http://riotinto.com/sustainabledevelopment2012)

## 7. EMBRACE DIGITAL DIALOGUE

*"The old attitude of 'the less we tell them, the better' is no longer valid. Information gets out fast."*

*"Social media is the best listening tool the world has ever known."*

While respondents had very diverse attitudes toward social media, it was generally accepted that the minimum is good monitoring and listening in order to be aware of the social media conversation. Some expressed skepticism about the benefit for a business-to-business sector and prefer to keep a low profile. While others think that cell phones and social media provide critical interaction as well as an opportunity to refresh positioning, brand and to instill message discipline.

Establishing a presence online is critical – especially at the asset level. In one instance, the established project Facebook page became the main means of communicating with workers and families in the aftermath of a mining site incident. This experience has pushed the company to recognize the importance of having these platforms ready in case it is necessary to activate them. "We're still weaning ourselves off broadcasting!"



Oyu Tolgoi Facebook page - Rio Tinto

### Oyu Tolgoi and social media

Oyu Tolgoi is majority owned and managed by Rio Tinto. Its communications team aims to be the “creative bridge that is the trusted voice of a national icon”. Social media has become an incredibly important part of the communications activity. They are active across all the main social media channels including Facebook, Twitter and YouTube. Oyu Tolgoi has become one of the most popular Facebook pages in Mongolia, with more than 70,000 fans, an almost 300% increase since the beginning of 2012. In 2013, they will engage 20% of the entire Mongolian Facebook population. Oyu Tolgoi's Twitter following gained an influential audience including top economists, politicians, journalists and celebrities.

Oyu Tolgoi tracks its social media and engagement progress closely: in 2013 they totalled 554 retweets, 70,000+ Facebook fans, 5,000 visitors to OT Information Centers, and 3,129 visitors hosted at the mine site. Establishing early baselines when social media approaches are young significantly helps the company steer and monitor future communications investments linked to the business value drivers. Such figures are easy to track, compared to perception survey data, and add an important complement to the company's holistic understanding of its own relationship building activities. This is also consistent with their stated goals to be more transparent and use media channels more effectively. See, for example, <https://www.facebook.com/pages/Oyu-Tolgoi-Gobi-Desert-Mongolia/419552814731296>

## 8. ACTIVATE MORE INDUSTRY COOPERATION

*"More alignment within the industry is needed. This would help in a country like Peru where the political environment would benefit from a consistent approach across the industry.*

The mining industry operates with a shared reputation often perceived by the lowest common standard. Industry organizations – as well as peer-to-peer collaborations – are a vital way to share lessons. Industry communications can be much more impactful when companies share one voice on key topics such as water management and reporting, and work together to build skills and knowledge (training for media, civil society, academia).



Courtesy of Codelco: CEO, Thomas Keller, visits the El Teniente Division.

### ICMM's Mining's Contribution to Sustainable Development series

In 2012, ICMM launched a series of publications to describe mining and metals' contribution to sustainable development and set out some of the more important benefits, costs, risks and responsibilities related to mining and metals. So far, ICMM has produced five publications which cover the contribution to national economies, the green economy and human rights among other topics. These are intended as a starting point for the industry and others to more fully examine the contribution of mining and metals to sustainable development and stimulate an exchange of ideas leading to the development of innovative ways forward. The publications were developed by ICMM with input from member companies, subject matter experts and representatives of civil society organizations.

## 9. SEEK SHARED VALUE VIA PARTNERSHIPS

Increasingly mining companies are partnering with civil society organizations, global aid organizations and governments to communicate about issues related to mining and communities in which companies operate. This is a relatively new trend with new opportunities and risks. Safety, health and environment provide increased opportunities for partnership because their management requires action beyond the fence of individual companies.



<http://www.zincsaveslives.com>

### Focusing impact in collaboration with NGO partners

In 2011 Teck launched a zinc & health program to raise global awareness and provide short- and long-term solutions to zinc deficiency. Educating Teck employees and the public about zinc deficiency and the health benefits of zinc is a key driver of the program. Teck uses numerous social media platforms as well as a variety of employee-driven initiatives and partnerships – most notably with the Canadian NGO Free the Children and their annual We Day advocacy drive. To date, @ZincSavesLives, the Zinc & Health Twitter account, has 3,177 Twitter followers. Teck's Our One Tweet, One Life Twitter campaign for We Day in November 2012 received 21,156 retweets of their message about zinc deficiency and reached an audience of 4,175,873 Twitter users, in addition to an increase in website traffic of 200 per cent.

## 10. CONDUCT REGULAR SELF-DIAGNOSTICS

Increasingly companies are evaluating themselves on a spectrum from more tactical/reactive to more strategic/proactive by asking a few simple questions:

- How close is communications to the decision-making process?
- How much time is spent on short term/crises vs. long term strategic?
- How well aligned are internal and external communication messages?
- Are communications materials more often ad hoc/reactive or ongoing/iterative?
- How are stakeholders listened and responded to?
- How is communications measured?
- How are communications channels, including cell phones, radio and social media, used to monitor/watch or to broadcast/engage?

# CONCLUSION

There is no doubt that the business environment for mining companies around the globe has changed significantly and the way in which a company communicates has been critical for success. This study has identified emerging themes in the way that our interviewed companies are approaching communications to support their sustainability efforts which, in turn, create better outcomes for all.

This report can be used to spur conversation and action to help find solutions. Some areas where we encourage companies to have further discussions are:

- identifying incentives and measurements for employees that align the effectiveness of communication with their own business objectives

- collaboration with human resources to improve the career framework of the communications function
- stakeholder engagement training for employees
- ways in which to link perception (from audits) with share price and investor concerns to assess shared value
- tracking the effectiveness of the current approaches to communication over time
- further studies on improving the alignment of communication across a corporation.



Courtesy of Rio Tinto

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