

# **CORPORATE SOCIAL RESPONSIBILITY AND SOCIETAL RELATIONS**

## **Summary/purpose of the thematic area**

The contribution of the mining and metal producing industry to sustainable development has broad environmental, economic and social dimensions. Industrial actors need to recognize the wider positive and negative impacts of their operations on society at the local, regional, national and global levels. The thematic area *Corporate Social Responsibility and Societal Relations* comprises research and innovation on the nature and significance of the industry's relations with local communities and the broader society. It also addresses the various management practices and institutional preconditions (e.g. legal rules, policy instruments, codes of conduct, etc.) that could help increase the industry's contribution to sustainable development, and assist in further developing constructive and mutually respectful relations with local communities and broader society.

Achieving this requires an increased understanding about the range of societal impacts, such as employment and income generation, innovation, entrepreneurship, distributional effects, land use conflicts, implementation of indigenous rights, demographics, cultural heritage, etc. While the thematic area addresses all three dimensions of sustainable development, it also recognizes important trade-offs and synergies among these. The trade-offs (e.g. stringent environmental regulations versus competitive strength) as well as synergies (e.g. different innovative industrial sectors jointly benefitting from mining operations), may differ in the short-run compared to the long-run (e.g. due to technological development), as well as across different geographical locations. A related issue concerns how the responsibilities for sustainable development could be shared between the industry and different public authorities.

The research and innovation strategies and actions in the thematic area focus on five main sub-areas: Corporate Social Responsibility (CSR) and sustainable business; Regional development; Innovation management and systems; Managing land-use conflicts; as well as Environmental regulations.

## **Objectives and KPI**

The activities of the mining and metal producing industries should contribute to sustainable development through the development of constructive and mutually respectful relations with the broader society. Swedish companies should be role models for other countries that aim at enhancing the industry's contributions to important social, economic and environmental goals at the local, regional, national and global levels.

### **Short- to medium-term**

- Strong social science research environments addressing the industry's relationship with other societal actors, and its contributions to sustainable development, have been established.
- Sustainability criteria and measurable indicators addressing various community values have been developed and operationalised.

- Impact assessment tools, institutions and deliberative approaches that can support the various decision-making processes (e.g. the permitting of new mines) have been developed.

### **Long-term**

- Sustainability criteria and indicators are adopted by the industry, and perceived legitimate by key stakeholders.
- Expedient stakeholder management tools have been fully integrated, and are perceived legitimate.
- Sustainability management systems (SMS) have been implemented and minerals and metals produced have a sustainability label.
- Social innovation is practiced and the industry is perceived as a value adding corporate citizen.
- Government decision-making at various geographical levels is perceived as legitimate by key actors and has the capacity to handle diverging interests and make trade-offs in legitimate and effective ways, e.g., through the use of comprehensive impact assessment tools.

## **Research and innovation needs, strategies and actions**

### **Corporate social responsibility and sustainable business**

Corporate Social Responsibility (CSR) and sustainable business involve the willingness of a company to incorporate social and environmental considerations in its decision-making, and be accountable for the impacts of its decisions and activities on the broader society. CSR can generate shared value through sustainable business models, by the integration of sustainability aspects into the entire value chain, and by identifying, assessing and involving stakeholders in decision-making. The integration of CSR is essential and implies improving existing operations and integrating sustainability aspects into daily activities, e.g. through SMSs. It also means to promote social responsibility along the value chain. In order to demonstrate responsibility in a transparent and accountable way, companies' use sustainability reporting or through certifying the company or the products in accordance with a social or environmental standard or label. Through social innovation, companies create new ideas that meet social needs, establish social relationships, and form new collaborations in order to be a value adding corporate citizen.

### **Short- to medium-term**

- The development of new business models to address various social or environmental problems or conflicts of interest.
- The identification and implementation of industry-wide sustainability criteria and measurable indicators and their applicability.
- The development of strategic tools and guidelines for improved stakeholder management, sustainable supply chain management, sustainability auditing, community development practices and social innovation.

### **Long-term**

- The development of SMS by integrating and implementing sustainability criteria and indicators into existing operational management systems.
- The development of a framework for sustainability labelling of metals and minerals.
- Social innovation through new collaborations, partnerships and practices to create environmental, social and economic benefits and build trust in society, including the local community.

### **Innovation management and systems**

Innovation management centre on management of innovation processes, and allow industrial companies to respond to external and internal opportunities by creating new ideas, products, services, or business models. The objective is to enhance knowledge about innovative work in mineral and metals industries, and how this work could be improved over time. Innovation management is of particular importance to extract commercial values out of new technologies. It can be firm-internal (e.g., within a company) but frequently occurs across companies, such as when mining companies and suppliers of process technologies create joint R&D projects and engage in open innovation across firm boundaries. At the macro level, innovation can also be studied as an “ecosystem”, which stresses the flow of technology and information among key actors, firms and institutions that set the boundary conditions for new products or services (e.g., circular business models). Innovation system analysis often focus on identifying system strengths or weaknesses and may be conducted at the national, regional, sectorial or technological level.

### **Short- to medium-term**

- New methods, tools and techniques, which allow companies to create new products, services and business models.
- Improved knowledge of innovation management “best practices”, and adaptation of such best practices to fit the Swedish mining and metal producing sector.
- The identification of key system-level strengths and weaknesses to improve the mining ecosystem.

### **Long-term**

- Build world-class innovative capabilities of companies in the mining and metals ecosystem.
- The development of new innovation management frameworks to make companies “innovation leaders”.
- Remove bottlenecks and weaknesses in the mining ecosystem so that the whole system can be strengthened.

### **Regional development: labour markets, migration and benefit-sharing instruments**

Improved knowledge about the impacts of mining operations in terms of migration and commuting patterns, job creation, and recruitment challenges, is needed, taking into account that labour market impacts of the industry are likely to change over time due to cyclical

fluctuations and technological change. The identification and evaluation of different types of instruments that can be adopted to strengthen any positive impacts, e.g. so-called benefit-sharing, also represents an important research field. Finally, empirical research on the relationship between social sustainability, social cohesion and company workplace and practices, is essential.

### **Short- to medium-term**

- Review and investigate current and future needs of labour recruitment.
- Review and evaluate existing methods used, in Sweden and internationally, to assess the regional-economic impacts of mining operations and the role of benefit-sharing.
- Analyse the labour mobility and population changes in local and regional labour markets impacted by changes in the industry.
- Review and analyse important developments in social sustainability factors and their relationships in key Swedish mining communities, including also practices within the companies concerning recruitment and personnel.

### **Long-term**

- Identify and evaluate management practices aiming at meeting future demands for the recruitment of qualified labour to the industry.
- Develop and put into use new improved methodological approaches to assess the regional-economic impacts of mining operations, including impacts and trade-offs associated with different types of benefit-sharing mechanisms.
- Identify and evaluate strategies on how to promote economic and social cooperation between the industry and the local communities and regions.

### **Managing land use conflicts: rights, policy, planning and deliberation**

Land use conflicts raise questions about the efficient use of scarce resources, but such conflicts also concern legal rights, values and ethical issues such as fairness and procedural justice. Mining development may sometimes be difficult to match with local aspirations, including indigenous rights. Any meaningful decision-making institution and process must therefore be able to articulate and handle such concerns. This calls for the use of a mix of methods to resolve, or handle, land use conflicts, including the recognition of rights, a legitimate institutional framework, efficient and legitimate decision-making procedures, as well as well-functioning deliberative practices. Still, due to a complex web of legislation at different levels, it is often unclear how the mineral interest interacts with other land-use interests, as well as how they are considered or valued in relation to each other as well as over time. Underlying many land use conflicts are conflicting values and aspirations that ought to be addressed in legitimate ways. This calls for research investigating tools to evaluate impacts and how the existing regulatory frameworks addresses the range of actors, interests, goals and practices, and how it is implemented in real-life cases, including the role of communication and local participation in planning processes.

### **Short- to medium-term**

- Identify causes and challenges in land-use conflicts with respect to current institutions and practices.
- Review existing regulatory and planning framework in relation to various types of mineral exploration and mining operations as well as experiences from other industries, not least how the views of different actors are evaluated and addressed.
- Review the current use of public consultations and environmental impact assessments, and how these could enhance the quality of interaction and relationships.
- International comparison of the strategies employed to permit indigenous rights and mining operations to co-exist.
- Develop and test a social cost-benefit approach in the case of investments in the context of mining and metal-producing industries.

### **Long-term**

- Identify and evaluate different types of strategies, practices and regulations that could improve the legitimacy and the efficiency of land use decision-making with respect to mining concessions, including mechanisms for public participation and involvement in the planning processes.
- Identify and evaluate various strategies, practices and regulations to address co-existence of different national interests in mining areas.
- Complete a handbook for conducting cost-benefit analysis for mining development to support, for instance, legal rulings.

### **Environmental regulation, compliance and competitiveness**

Research is needed on how environmental regulations can be designed and implemented to promote continuous pollution reductions while at the same time taking into account the long-run industrial competitiveness. Future research endeavours could involve new and/or improved methods on how to evaluate the efficiency and the competitiveness impacts of different types of regulations in terms of design and implementation.

### **Short- to medium-term**

- Review and evaluate the decision-making processes that underlie the existing permitting conditions with respect to air and water pollution, including mining waste.
- International comparison of how other significant mining countries regulate, and have regulated, the environmental impacts of mines and metal smelters.

### **Long-term**

- Develop different regulatory approaches that can be used to improve the environmental performance without compromising fundamentally with the industry's long-run competitiveness and demand for transparency.
- Develop different ways of regulating the rehabilitation of mining areas to secure that the necessary costs can be covered in an economically efficient manner.
- Analyse best-practice regulations (e.g., experiences from other countries and

industries) from a societal efficiency point-of-view, and the development of cost-benefit tools to assist the permit decision-making process.

## **Expected impacts**

### **Economical**

- The practice of CSR and more efficient institutional conditions contribute to the competitive strength of the industry.
- The regional economic impacts of mining investments will be better assessed and will therefore support a more knowledge-based decision-making at different levels of society.
- The industry provides more synergies and less conflict with other interests and business sectors, in turn leading to a greater acceptance for the industry in society.
- Companies in the mining and metals ecosystem are better settled to save costs and/or increase revenues by using new innovation methods and tools.

### **Environmental**

- The environmental regulations and the industry's management practices address land use conflicts and pollution concerns in an efficient and a legitimate manner leading to a high standard of environmental commitment.
- Future changes in the stringency, design and implementation of the environmental regulations are conducted based on a thorough understanding of how these affect both environmental and economic outcomes.
- Companies in the mining and metals industries can lower their environmental impact by implementing circular business models.

### **Social**

- Better understanding and improved relations with a range of actors in local communities and among the general public in Sweden.
- Conflicts related to indigenous rights, cultural heritage, diversity of lifestyles etc. are clearly understood and dealt with in processes that are deemed by all involved as legitimate and efficient.