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Stakeholder Engagement: From Compliance to Competitiveness @ Lonmin Platinum

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Outline

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 - Social Performance Measurements in SA
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Introduction

- **Brief background on sustainable development in South Africa**
- **Social performance: an element of the triple bottom line**
- **The importance of social performance measurement in the Mining Industry**



Business Case for Social Performance Measurement

- Companies are corporate citizens
- The importance of the environment
- Stakeholder relationship measurement as part of social performance
- Using perception surveys to measure social performance



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Social Performance Measurements in SA

- Findings from current reviewed reports- a situational analysis
- Motivation for triple bottom line
- Critical questions asked post review
 - The credibility of the reports
 - Whose views are they representing?
 - The planned vs the actual performance
 - Visibility of beneficiaries

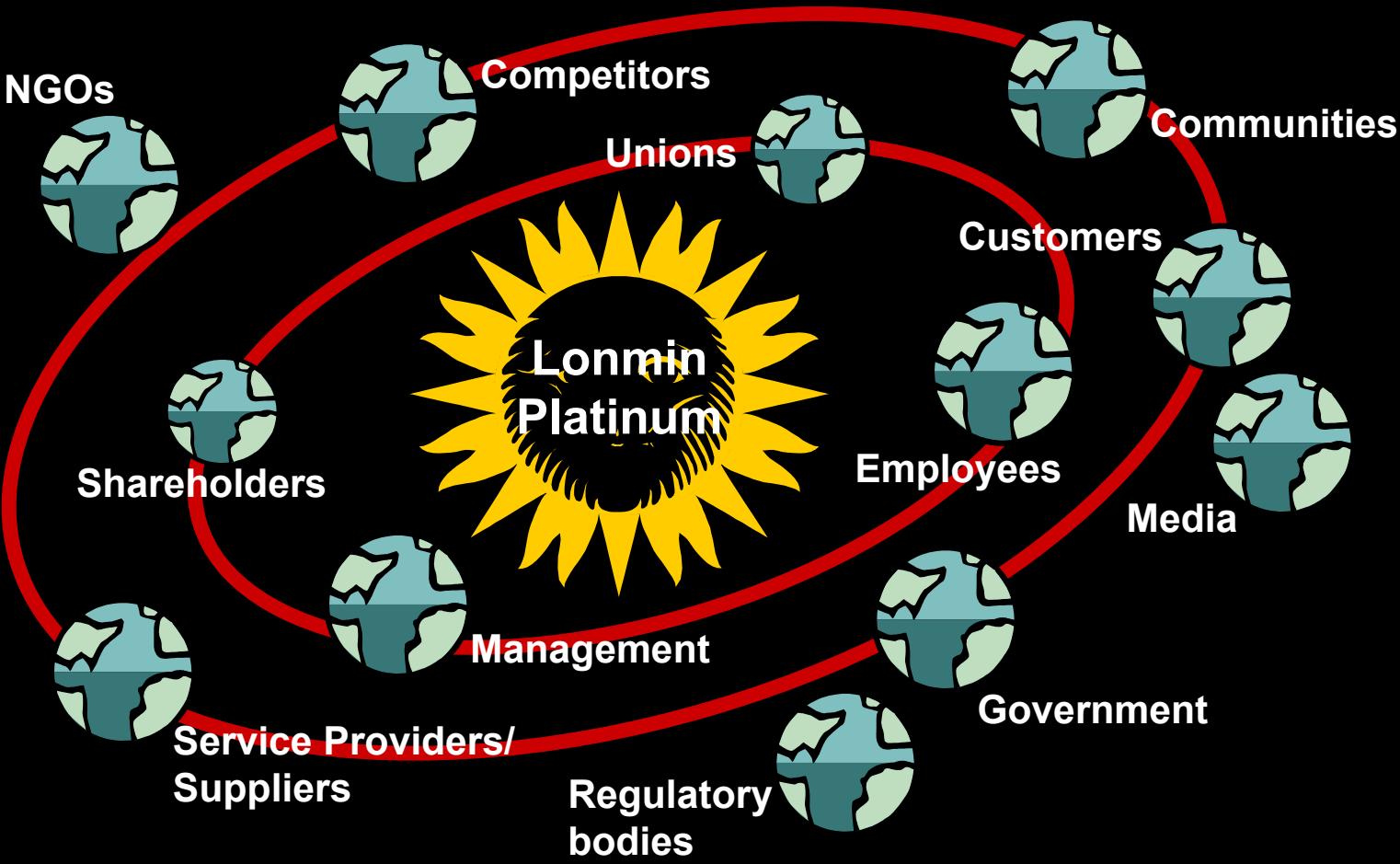


A Case-study

- **CSI reporting at Lonmin: A historical background**
- **Giving stakeholders a voice: A stakeholders' perspective**
- **Comprehensive social impact evaluation and stakeholder perception survey**
- **Methodology: Stakeholders' perceptions and experiences with regard to:**
 - **interaction and communication with Lonmin**
 - **relationships with Lonmin**
 - **Lonmin's behaviour and conduct towards stakeholders**
 - **Lonmin's corporate image and reputation**



The Stakeholder Universe



Results of Social Performance Measurement @ Lonmin Platinum

- The role of the mining legacy
- Implementation gaps
- Reporting gaps
- Perception and reality gaps
- Impact gaps
- Solution gaps
- Coordination/integration gaps
- Communication/symmetry gaps



Strategic Framework

Continuous improvement

Focus

Strategic choices

Approach

Commitment
Culturally sensitive
Transparency
Two-way communication
Participatory
Symmetry
Mutual understanding
Control mutuality
Visible involvement
Continuous listening

To be achieved

Stable, healthy relationships
Perceived as good neighbour
Comply & exceed DME's requirements
Leader on social performance
Self-reliant, vibrant & sustainable communities



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Addressing the results

- Lonmin's commitment and visibility towards sustainable development and stakeholder engagement
- Adopted values
 - Zero harm
 - Integrity, honesty and trust
 - Transparency
 - Respect for each other
 - High performance
 - Employee self-worth



Addressing the results (continue)

- Acceptance of research results
- Dissemination of results to all participating stakeholders
- Publication of results on the Lonmin website
- Community and management training process
- Corporate Communication department's role
- Results of the survey used as strategic input
- Follow-up survey since conducted



The way forward ...

Important Indicators for maximising the Social Element of Sustainable Development in the SA Mining Industry

The following must be stated:

- There is a business case for social performance measurement
- Social performance can be measured and managed
- Social performance data has multiple applications -
 - risk management;
 - management reports;
 - input to CSR programmes etc
- Social performance measurement is ongoing



The way forward ...

Important Indicators for maximising the Social Element of Sustainable Development in the SA Mining Industry

Prerequisites for success:

- Choice of suitable service provider
- Commitment to accept results and give feedback (all perceptions are valid)
- Measurement must be repeated
 - Monitor and track progress
- Targets must be set for improved performance
- Targets must be linked to performance appraisals
- Managers must be trained, empowered and enabled to commit to these targets



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The way forward ...

Important Indicators for maximising the Social Element of Sustainable Development in the SA Mining Industry

- Stakeholder relationships are long term commitments
- The aim of stakeholder engagement is *not* “to reach agreement” but “to achieve mutual understanding”
- Different stakeholder groups have different needs, agendas and wants
- Consensus is a rare option – success lies in having open communication channels



Conclusion

- There is a strong business case for the measurement of social performance
- It is possible to measure social performance
- Stakeholder relationship assessment is an integral part of social performance measurement
- Managing social performance entails
 - Acknowledging the other party's "truth"
 - Bridging the gap between "stakeholder truth" and "company truth"
 - Building credibility through consistency in words and action

