

USING RELATIONSHIP DATA TO IMPROVE BUSINESS PRACTICES: MEASURING COMPANY-COMMUNITY RELATIONSHIPS AT A SOUTH AFRICAN MINE

March 2021

This is a case study about how **Gold Fields**, a global mining company, has assessed its relationship with communities around the South Deep Gold Mine in the West Rand, South Africa. Three assessments, in which the company gathered extensive community perceptions via surveys and focus groups, were conducted between 2014 and 2019.

This case study:

- provides an overview of the methodologies applied by the company, including the indicators that were assessed, how data was gathered, and the ways in which the data has been analyzed by the company to inform actions, and
- outlines the steps the company has taken to improve its practices based on the insight from the community shared in the assessments. These range from board allocation of resources to adjustments in how the company engages with local communities.

The case study is a good example of how measuring the quality of company-community relationships can not only shed light on the nuanced realities that feed into a company's overall social license to operate. It also enables data-driven company discussion and decision-making, including among senior leaders and the board.

QUICK FACTS:



SECTOR:
MINING



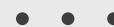
COMPANY:
GOLD FIELDS



COUNTRY:
SOUTH AFRICA



TIME FRAME:
MULTIPLE ASSESSMENTS
BETWEEN 2014-2019



BACKGROUND

Gold Fields is a gold mining company with operations in five countries. In South Africa, the company owns the South Deep Gold Mine (later Mine), which is surrounded by mining communities experiencing high levels of unemployment, poverty, and inadequate living conditions. These economic realities have historically been accompanied by tensions and a lack of trust between all stakeholder groups, including between communities and local businesses, and between communities and local government. This breakdown in relationships reflected community dissatisfaction with the ➡

impact of the Mine on their lives and livelihoods, including with regards to job creation, procurement, and environmental pollution. Complemented by community concerns about the delivery of essential services, the situation had escalated to permanent threats of protests against the Mine and the local government.

These realities were a central focus of a 2012 review of the company’s sustainability strategy, in which company-community relationships were named as one of five strategic sustainability priorities alongside water, energy and carbon, shared value, and mine closure. An important first step to creating a systematic approach to this new strategic priority was to establish a way to **measure the quality of company’s relationships with local communities** to understand the nature of community support and areas where it needed improvement. Based on that, the company could start developing targeted approaches for building better company-community relationships and for

monitoring how these approaches contributed to changes in relationships over time.

ASSESSING RELATIONSHIPS: FROM 2014 TO 2019

Between 2014 and 2019 Gold Fields conducted three assessments focusing on community perceptions about the company’s social performance. Central to the company’s effort was to surface the perceptions of different groups across multiple impacted communities to establish robust, qualitative data that could be analyzed and acted upon. The assessments were conducted by third-party experts and used surveys and focus groups to increase the likelihood that communities would freely share their perspectives and experiences.

The diagram below outlines the timeline of the assessments. The first assessment was an application of the Relational Proximity Tool ➡

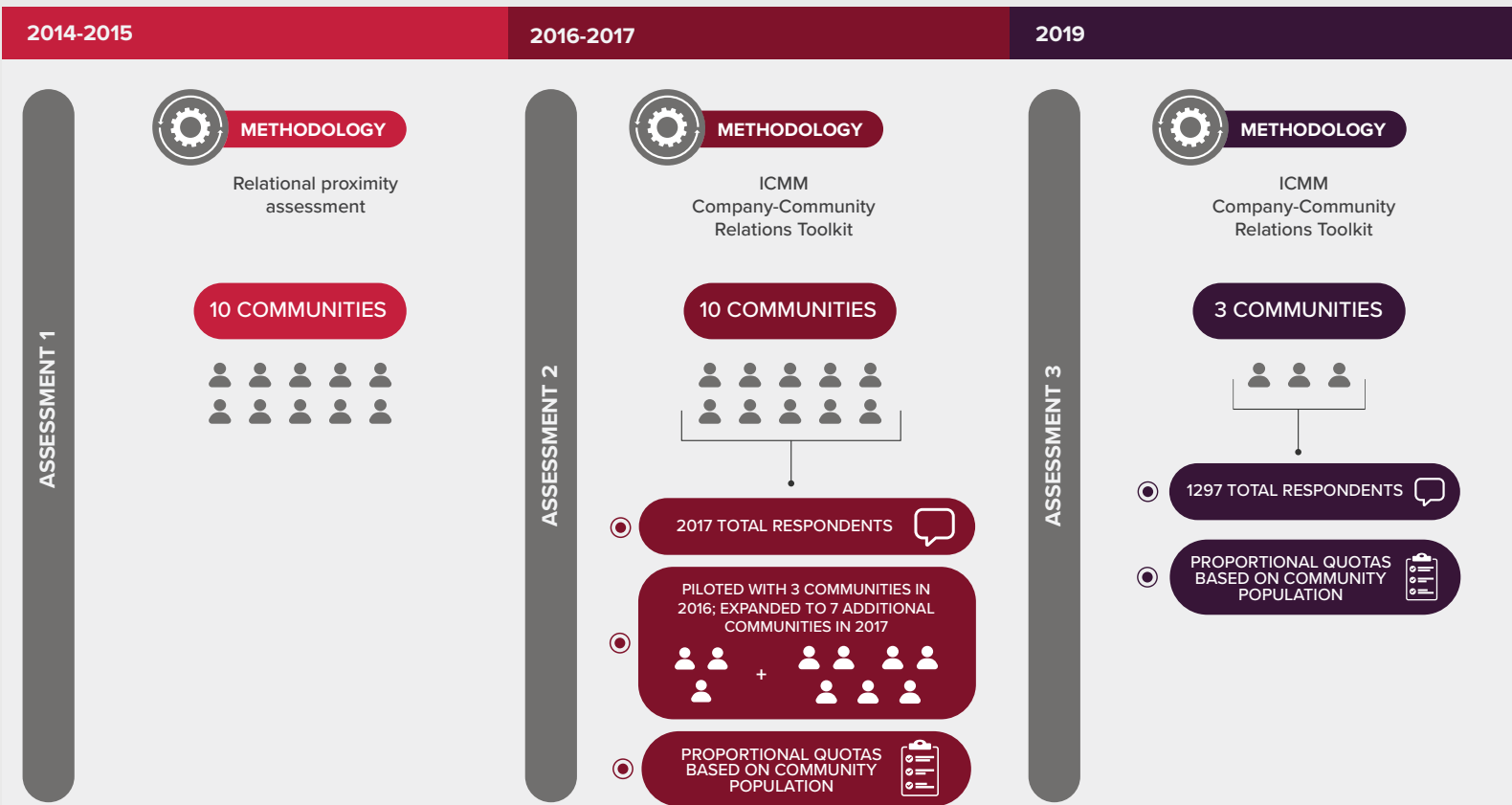


Diagram 1: Timeline of relational assessments conducted by Gold Fields South Deep Gold Mine in South Africa

developed by Relational Analytics and conducted by KPMG. The Tool focuses on identifying how two parties perceive their relationship, with the data collected showing differences in perception. In this instance, the quality and strength of the relationship between Gold Fields and hosting communities was measured through a variety of relationship drivers, which included directness of communication, shared purpose, respect, participation in decision-making, and mutual understanding of challenges. In practice, the assessment took the form of a 20-question survey, which was answered by both the company and the communities.

The second and third assessments used a different, but comparable methodology, the Company-Community Relations Toolkit developed by the International Council on Mining and Metals (ICMM) and created specifically for the extractive industry. Between 2016 and 2017 Gold Fields applied the methodology with ten communities. From 2019 the company committed to stagger the assessments using the same methodology and conducting them among three communities every year. In 2019 the assessment was conducted in the three

highest risk communities, which were selected based on their proximity to the Mine, influence and interest. As shown in the diagram on page 2, though the number of communities participating in the latest 2019 assessment was smaller, the number of respondents within the three communities was comparable to the one conducted in 2017.

The Toolkit uses four key indicators to measure the quality of a company-community relationship. These indicators are within a company control and are intended to capture specific behaviors manifested by a company in its relationship with communities. Each indicator is measured through a set of questions, answered by respondents using a five-point scale from, “No, definitely not” to “Yes, definitely.” Responses are then assigned a numerical value from -2 (for “No, definitely not”), 0 (for “Maybe, maybe not”) to 2 (for “Yes, definitely”). The company’s performance in each indicator or each question was then measured on the same scale from -2 to 2, -2 referring to lowest performance and 2 referring to highest performance.

Table 1 summarizes the four indicators and offers examples of questions asked. ➡➡

INDICATORS OF THE QUALITY OF THE RELATIONSHIPS		
	DESCRIPTION	EXAMPLES OF QUESTIONS
Legitimacy	Formal and informal acceptance of a company by a community.	<ul style="list-style-type: none"> • Do you think that Gold Fields South Deep personnel acts with integrity? • Do you think Gold Fields South Deep understands what is important to your community?
Compatibility of interests	The degree of alignment of interests between a company and a community.	<ul style="list-style-type: none"> • Do you think your community benefits from Gold Fields South Deep Mine? • Do you think Gold Fields South Deep understands what is important to your community?
Respect	Manifested through company’s actions with regards to community’s customs, proactively sharing information, and collaborating in decision-making and seeking solutions.	<ul style="list-style-type: none"> • Does Gold Fields South Deep behave in a way that respects your culture? • Does Gold Fields South Deep include the community when making decisions about issues important to the community? • Does Gold Fields South Deep listen to your opinions before making decisions?
Trust	Can be demonstrated by a company being truthful and credible in its promises and communication, including sharing feedback from the engagement back to the communities.	<ul style="list-style-type: none"> • Do you believe what the company tells you? • Do you believe that the company does its best to do the right thing by you/your community?

Table 1: Summary of four indicators and examples of questions

“The South Deep Mine will continue to undertake relationship assessments which allow us to respond to communities’ needs, understand the quality of relations with the community and guides us to identify opportunities to improve and understand the community and its dynamics better. Communities are not static – they keep changing, so we need to constantly assess our relationship. This year, with COVID-19, we understood where the community needed support because of the recent relationship assessments.”

**- HARMONY NTLEMO, UNIT MANAGER
COMMUNITY RELATIONS**

In addition, the approach measures three external contextual factors which can shape company-community relationships and so can provide extra insight to the findings. First, community experiences of the broader mining industry. Second, perceptions of the socio-economic impacts of mining, including how benefits are distributed. And third, community perceptions of the socio-political context, such as, government legitimacy. Apart from these questions, the assessment can be tailored in a way that allows a company to ask about potential impacts of its mining operation on the local community. Informed by the local context, Gold Fields’ 2016 and 2019 assessments included questions about impact of the Mine on the environment, housing and social well-being, including conflict within the community and crime levels.

The Mine has widely shared the findings with members of the community in various ways, including social media posts, open day meetings and separate ad-hoc meetings with the communities to discuss next steps. The company has also been very forthcoming with

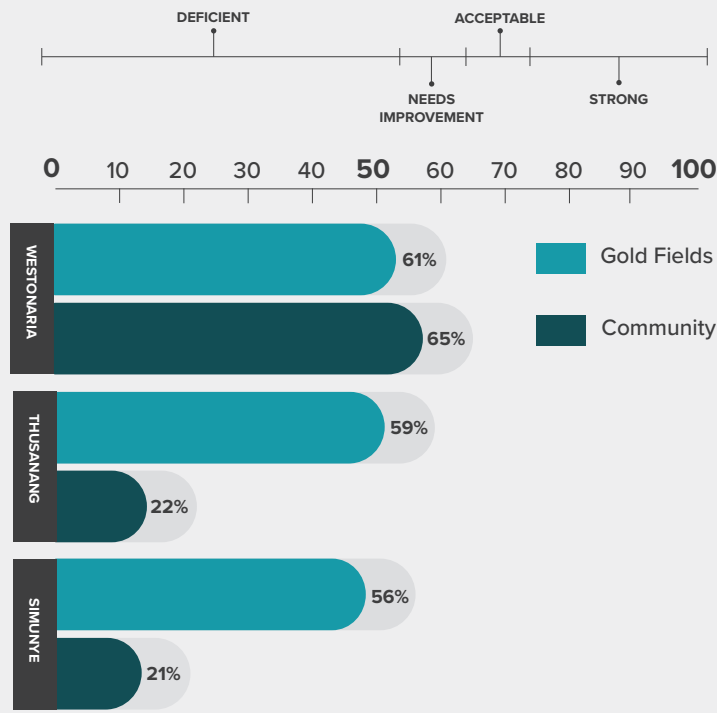
sharing results publicly, in their reports and other documents available on its website. This is in line with the company’s commitment to transparency as a critical component of its engagement with all stakeholders to build trust and to inform decision-making.

DATA ANALYSIS: ILLUSTRATIVE EXAMPLES

The methodologies applied by Gold Fields created a new and rich source of data about community perceptions of the company. The following examples illustrate the ways that the company was able to organize this data to allow for insights at different levels of granularity: ranging from a high-level comparison between company and community perceptions of the relationship, all the way to seeing how specific vulnerable groups (such as women, young people or the unemployed) experience their relationship with the company. The ways in which the company acted on, or is reflecting on, these different findings are outlined in the final section of the case study.

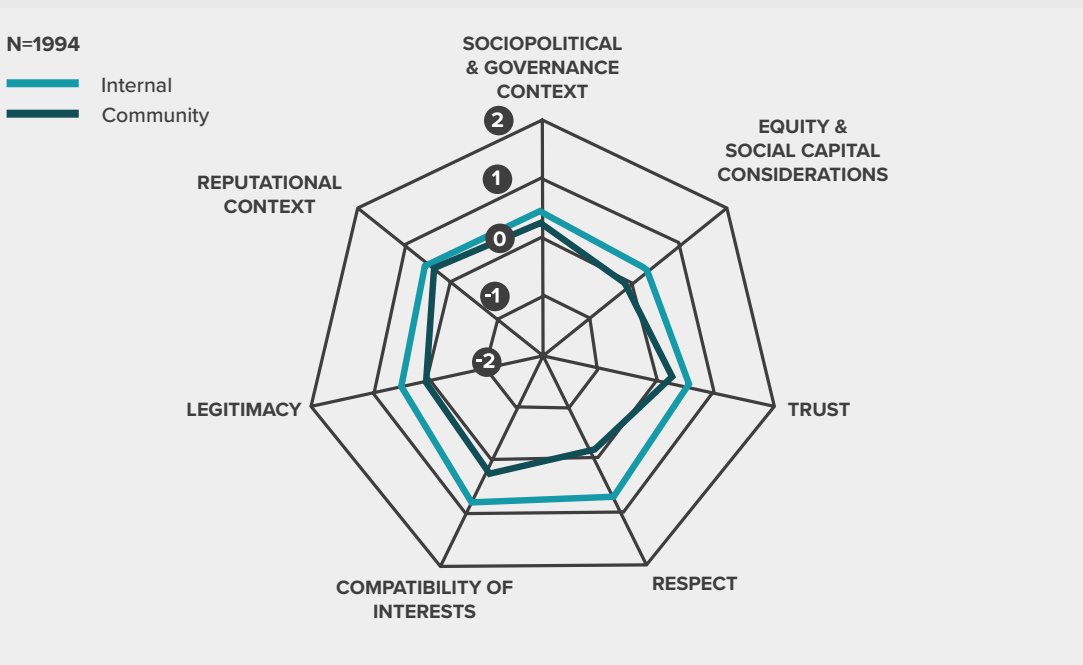
1. Comparing perceptions of the company and the community in 2014 assessment

The 2014 Relational Proximity Assessment found a large disconnect between the company’s and communities’ perceptions of their relationship. Nine out of ten communities rated their relationship with the company as “deficient.” By contrast, from the company’s perspective the relationship was scored much higher, rating only four out of ten communities as deficient. The graph on page 5 shows the gap in the assessment of the quality of the relationship between the company and selected communities. ➡➡



Graph 1: The gap in the company-community relationship for three selected communities as measured by the Relational Proximity Index in 2014/2015

Subsequently, two more recent assessments also tracked the difference between how communities rated the company's social performance and how the Mine expect the community to rate it. Graph 2 illustrates the gap in perceptions using a spider diagram.

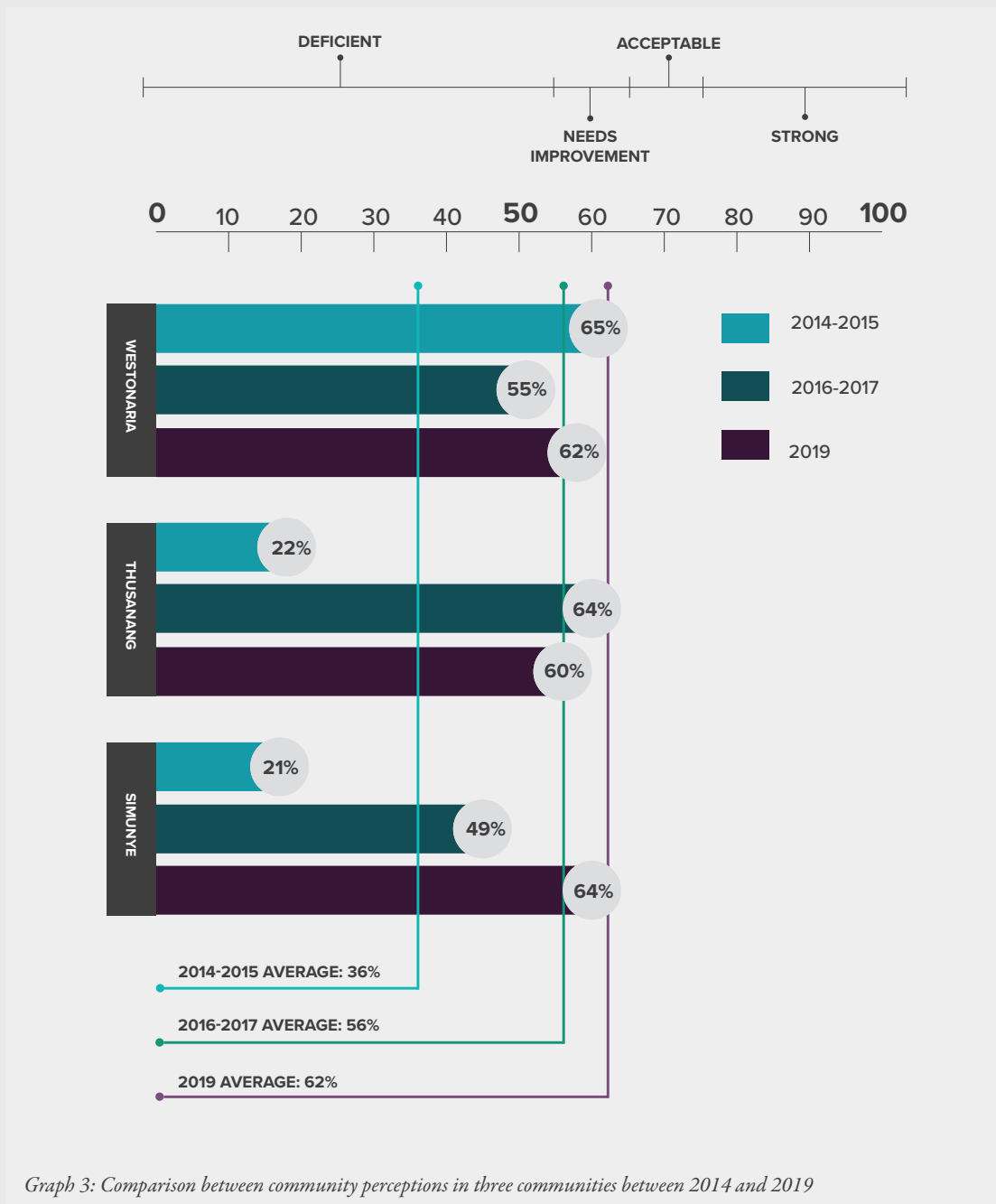


Graph 2: Community versus company perceptions measured in 2016/2017 Company-Community Relationship Assessment

In general, such comparisons can help a company to uncover blind spots in its own perceptions and serve as a reality check of those areas of relationships which might require further attention. ➡➡

2. Tracking changes over time in specific communities

Using the three assessments, the company has observed improvements in its relationship with its hosting communities between 2014 and 2019. The overall community support rose from 33% in 2014/2015 to 52% in 2016/2017, and to 62% in 2019. The graph below shows the improvement in three communities, in which the assessment was conducted consistently throughout the five-year period, between 2014/2015 and 2019.



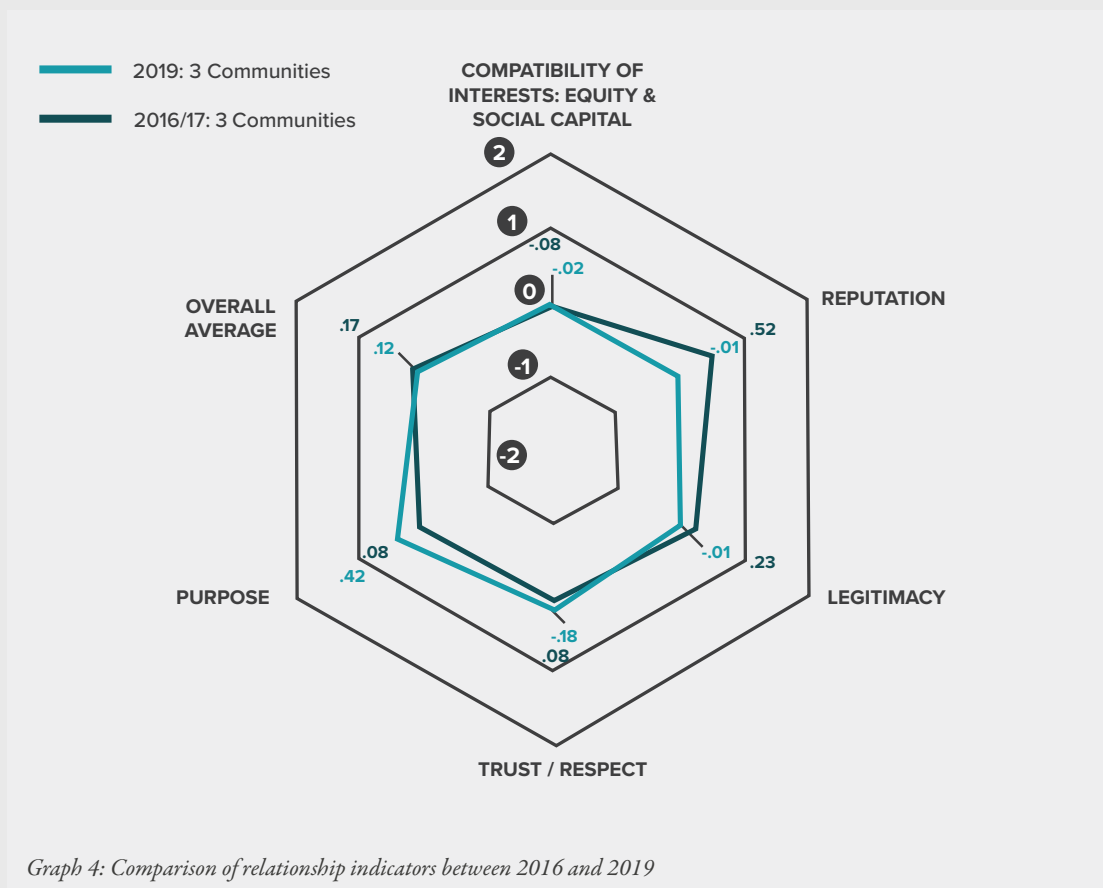
Graph 3: Comparison between community perceptions in three communities between 2014 and 2019

There was a decline in community support in two communities over two periods. Thusanang, which is an informal settlement adjacent to the Mine, was affected by the Mine's retrenchments in 2018, which could have contributed to the decline in community support in the 2019 assessment. On the ➡

other hand, community support in Westonaria declined between 2014/2015 and 2016/2017 and then increased in 2019. One contributing factor to this fluctuation might have been changes in the composition of the community caused by internal migration.

3. Breakdown of the scores for each indicator

Different aspects of a relationship can be compared over time or across different communities using indicator-level data. The spider diagram below shows comparisons of company-community relationships between 2016/2017 and 2019 in three communities, which participated in the assessment. The graph shows changes in five indicators of the relationship described earlier using a composite score from -2 to 2. -2 refers to low community support and 2 refers to high community support, as well as their overall average. This way, the company could see which aspects of the relationship improved most over time, which performed better and which required additional work.



4. In-depth analysis for specific questions

The methodology used in 2016/2017 and 2019 also allowed the company to look deeper into individual questions asked in the assessment. The table on page 8 shows some of the questions asked as a part of the Compatibility of Interest indicator from the 2019 assessment. The -2 to 2 scale used here refers to responses from “no, not really” to “yes, definitely.” Such data disaggregation showed the company what proportion of respondents agree or disagree with the questions asked. In this case the biggest proportion neither agreed nor disagreed with the questions. ➡➡

N=1297

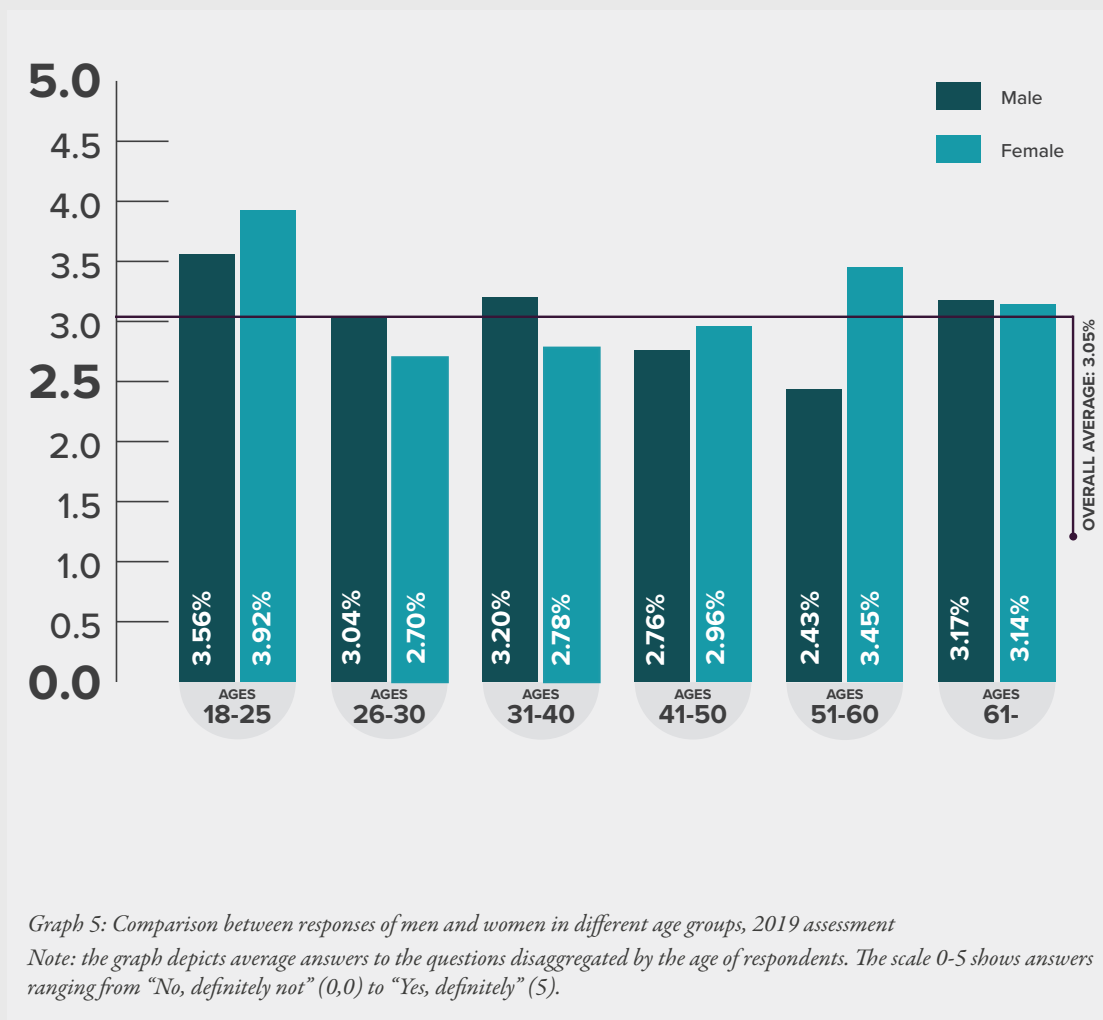
COMPOSITE SCORE

INDICATOR / CONTEXTUAL FACTOR	-2	-1	0	1	2	DON'T KNOW
	Operation and community interests seen as directly conflicting	Operation and community interests not seen as complementary but seen as only minimally conflicting	Operation and community interests seen as neither conflicting nor complementary	Operation and community interests not seen as conflicting but seen as only minimally complementary	Operation and community interests seen as mutually strengthening	---
Do you think Gold Fields South Deep managers act with integrity (with honest intentions)?	10.9%	17.8%	30.2%	14.3%	10.6%	16.3%
Do you think Gold Fields South Deep has a more positive or a more negative impact around here?	9.8%	19.2%	45.1%	15.9%	4.9%	5.1%
Do you think your community benefits from Gold Fields South Deep mine?	14.95%	25.6%	29.7%	19.2%	6.3%	4.3%
Does Gold Fields South Deep include the community when making decisions about issues important to the community?	21.8%	18.5%	33.2%	14.8%	6.4%	5.3%
Does Gold Fields South Deep listen to your opinions before making decisions?	24.5%	19.3%	32.04%	12.7%	5.8%	5.7%
Do you feel like you have the ability to have effective discussions with Gold Fields South Deep?	8.3%	17.9%	32.2%	20.98%	16.8%	3.8%
Do you feel that Gold Fields South Deep treats everyone in the community equally?	14.95%	22.96%	33.5%	16.8%	7.6%	4.3%
Do you think all communities around here benefit equally from Gold Fields South Deep?	22.2%	20.8%	31.3%	16.6%	5.4%	3.8%

Table 2: Compatibility of interest indicator, 2019 assessment

5. Looking into range of experiences using demographic characteristics of respondents

In the example below, one can see differences in responses between men and women in different age groups. Data from the 2019 assessment showed a significant difference between perceptions of men and women in different age categories. For example, while men between 31- 40 age category scored the question: “Do you think Gold Fields South Deep meets community expectations?” as “maybe, maybe not,” women in the same age category responded on average “no, not really.” The difference between these two perceptions was 43 points.



MOVING FROM DATA TO LEARNING AND ACTION

Following each assessment and data analyses, Gold Fields embarked on a process to interpret the data and identify actionable insights about the strengths and deficiencies in the company’s relationship with local communities. This, in turn, led to actions at different levels of the company, ranging from board allocation of resources to adjustments in how the company engages with local communities.

Data interpretation was aided by company’s internal expertise in community relations and evaluation ►►

by external experts, who facilitated focus group discussions with communities used to validate and explain the information collected through questionnaires. In addition, communities were also involved in discussions about next actions and their inputs were incorporated into response plans stemming from the assessments.

Besides relational assessments, Gold Fields has also conducted other studies to learn about social, political and economic aspects of community relations and the context in which they are built and maintained. For example, in 2018 Gold Fields conducted Social Return on Investment (SROI) and Socio-economic baseline studies for the South Deep Mine and a separate political assessment in the same year to better understand how local elections could impact on its relationship with communities.

Following 2014/2015 Assessment

As mentioned above, the 2014 assessment pointed to a wide gap in perceptions of the relationship between the company and host communities. For many in the company this was not surprising. But the data, with clear quantification of typically hidden dynamics, enabled a stronger company-wide discussion, and ultimately, ownership of the deficiencies in the relationship. In particular, this led to:

- **Deeper buy-in from the board.** The comprehensive quantification of the relationship data was a powerful tool in guiding the board and the top management to invest further in strengthening relations with communities. Among others, this included a clearer commitment by the board to support operational-level changes, and to maintain oversight of the implementation of the response plan resulting from the assessment.

- **Creation of an in-house function with a clear mandate.** The Community Relations team was established as a separate unit, with an agreement that the responsibilities and roles of this function should not be outsourced to an external party. As part of this step, the team's internal capacity was assessed and a plan for further skills development was put in place.
- **Improving mechanisms for engagement and grievance.** The company also expanded its engagements with communities to include monthly community meetings, and established a new operational-level grievance mechanism to address transparency and accountability concerns raised by the communities.

Following 2016/2017 Assessment

Whereas the 2014/2015 assessment informed some key strategic and structural improvements, the 2016/2017 assessment provided the impetus and information for a raft of other improvement measures including:

- **Creating less formal, open spaces for engagement.** Gold Fields introduced regular open days, giving communities more space to interact with a variety of Mine functions, including environment, human resources, procurement, and security. Additional roundtables and community fora were also established to create further opportunities for the communities to raise issues. After establishing different ways to engage, the company observed that women in communities started to be more forthcoming in the way they communicated with the company. According to Gold Fields, these open days gave women and other community ➤

members an opportunity to approach company's staff one-on-one rather than having to present publicly, in front of everyone, during a town hall meetings.

● **Improving transparency and accountability to build greater trust.**

The 2016/2017 assessment indicated that the community felt that company was not open about some aspects of its operations, such as environmental impacts and procurement. Further, almost one third (31%) of community members felt that commitments made by the company in meetings were not always kept. To address this Gold Fields started to keep detailed accounts of community members and company staff (including staff's seniority) participating in meetings, the topics discussed, issues raised, and commitments made by the company, which were then shared with members of the community.

● **Brokering relationships between the community and local government, police, and community-led organizations.**

The company stepped into a new role of a convener by supporting the community in its effort to engage police, civil society, and local government on the pressing issue of high crime levels and assisted in establishing police and community-led crime prevention initiatives.

● **Broadening responsibility for good relationship with communities beyond the Mine.**

While the Mine continued to develop its capacity, the company also realized that building quality relationships was the responsibility of all community-facing units, including environment, health and safety,

procurement, security and human resources. The internal role of the Community Relations team has pivoted to being a guardian of good standards and practices, and creating spaces for their colleagues to interact with community members directly. A community relations module has also been included in the Mine's induction training, which is compulsory for all employees and contractors.

ADDITIONAL IMPROVEMENTS: ONGOING BOARD COMMITMENT

The Community Relations team's budget, internal capacity and capability continued to grow. In 2018, the company undertook an extensive restructuring, which affected about a third of the Mine's workforce. Despite this, it was agreed by the board that the Community Relations team, together with one other team, would be unaffected by retrenchments and resource cuts, confirming its critical role in implementing the company's sustainability strategy on-the-ground.

● **Institutionalizing the responsibility by integrating community relations into the company's performance scorecard.**

The Mine, regional and Gold Fields Group scorecards are used to track key performance indicators and usually report performance in terms of finance, operational delivery, license and reputation and other material issues. Over ➤➤

the past few years, some community-focused metrics have been included. Host community procurement and employment were included in the group's annual 2018 scorecard, while in 2019 a metric to increase focus on engagement with communities was added.

- **Re-allocation of community investment spending.** Following the assessment, the Mine reviewed its allocation of community investment funds, which are budgeted for annually. For example, in the 2018 spend more funds were allocated to crime-fighting initiatives to combat the high crime levels in the communities.

Following 2019 Assessment: Themes under consideration

The latest assessment conducted in 2019 revealed several areas for the company to explore. While the data is still being analyzed at the time of writing, some preliminary analysis has pointed to a number of areas that the company is exploring. These include:

- **Community rights education:** The assessment suggested that some members of the community might benefit from improved knowledge about their rights in general, and towards mining in particular.
- **Building empathy:** Some of the data indicated that greater empathy could be built between Mine employees and the community.
- **Decision-path transparency:** The company has identified that showing community members how their input is incorporated into company decision-making and problem solving could enhance trust and feelings of respect.

- **Strengthening local relationships beyond the Mine:** There appears to be an ongoing need to improve relationships between the communities and local government.

NEXT STEPS

Gold Fields is currently finalizing the analysis of data from the 2019 Assessment for the three communities surveyed. At the time of the writing, the findings have been shared with two out of the three communities. The discussions with communities have informed action plans to address the study's findings. The results were also made publicly available on the Internet and on the Mine's social media platforms to allow for much broader community access. Building on the feedback received in the assessment and the discussions with community members, which revealed women's concerns about lack of equal opportunities, a key focus of new action plans has been given to women empowerment in community projects, procurement opportunities and bursaries. Several community programs have been extended to address specific socio-economic challenges, including health, crime, violence and food insecurity.

The company also launched rights education activities and environmental tours for different members of the community, including schools, educators and local activists. These have not only created better environmental awareness among community members, but have also demystified the mine as a place that is not accessible to ordinary citizens.

Importantly, the assessment uncovered community preference for the engagement to be held in languages other than English. As a result, the Mine has commenced to conduct community meetings in four different languages, and to ➡➡

translate important community documents, including grievance procedure, Social and Labour plans and COVID-19 information booklets.

Learning from its experience in measuring relationships with its host communities in South Africa and Peru, the company has introduced relational assessments at its other operations in West Africa.

“These insights – some of which were initially quite shocking - have enabled us to appreciate the views of our communities, advance our strategies and initiatives and strengthen relations to the mutual benefit of our operations and host communities. We discuss the findings and actions needed with our communities and publicly report the results. We are committed to measuring and improving the strength of our stakeholder relations going forward.”

- ALLISON BURGER, VICE PRESIDENT GROUP HEAD OF COMMUNITY RELATIONS

In 2020, new relational assessment was conducted in additional five communities. The assessment was expanded to understand impacts of COVID-19. The findings showed early indications of increased community stress as a result of COVID-19 and with it associated joblessness. At the same time the assessment found community support to be at 61%, which is a comparable level to the 2019 results.



This is one of three case studies focusing on quality of relationships developed by Shift as part of the Valuing Respect project. To access other resources of this series, visit valuingrespect.org.

**Graphs 1-5 featured in this report are adaptations of Gold Fields original visuals, courtesy of the company. Source data was not reviewed by Shift.*

ABOUT SHIFT

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift’s global team of experts works across all continents and sectors to challenge assumptions, push boundaries and redefine corporate practice in order to build a world where business gets done with respect for people’s dignity. We are a non-profit, mission-driven organization headquartered in New York City.

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ABOUT VALUING RESPECT PROJECT

Valuing Respect Project is a global collaborative platform, led by Shift, to research and co-create better ways of evaluating business respect for human rights. Our aim is to develop tools and insights that can help both companies and their stakeholders focus their resources on actions that effectively improve outcomes for people. Valuing Respect is generously funded by the Ministry of Foreign Affairs Finland, the Norwegian Ministry of Foreign Affairs and Norges Bank Investment Management.

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