

CSR Snapshot #6 – Site-level community response mechanisms engagement

An in-house, site-level community response mechanism (CRM) can help a company effectively respond to and resolve issues raised by stakeholders and enables companies to operate within local communities. If well designed and implemented, a CRM is a key element of a community relations management system that allows a company and its stakeholders to address and mutually resolve concerns before they escalate into more serious conflicts.



What exactly is a grievance and a CRM?

A grievance is a type of community issue that has become a source of resentment and/or one that is more formally registered with the company. A company that is concerned about its relationships should demonstrate that it takes the matter seriously by investigating the issue and responding to the aggrieved party. A company's formal process of responding to, and to jointly seeking to resolve such concerns, is referred to as a grievance or community response mechanism (CRM).

Phase-appropriate CRMs are essential business tools that reduce risk, strengthen the community support to operate and drive business value.

Practical First Steps

Find out how local groups raise and resolve issues. A company may wish to design a similar system in-house or link its internal mechanism with an existing local one.

Conduct a thorough stakeholder mapping and analysis. This is usually done as part of a broader, systematic community relations strategy exercise and tells a company with whom it needs to be raising and resolving issues.

Involve key stakeholders right from the start. Involving communities and other stakeholders in the design of a CRM and in the investigative process demonstrates openness and transparency. This in turn builds trust in the CRM and the company over time and enhances the privilege to operate. In addition, it will almost certainly improve the quality of the mechanisms that are put in place.

The Business Case

A practical and effective site-level CRM:

- Serves as an early warning system.** Allows the company to identify, investigate and respond to community concerns before they have the potential to become material.
- Sends a powerful message to local communities.** Implementation of an effective site-level CRM conveys a powerful message to the host communities and other stakeholders that the company is a good neighbour and is interested in hearing about, responding to and resolving concerns.
- Helps build trust-based relationships.** By involving local community members in the design and on-going improvement of the CRM, companies take the steps necessary to, over time, build trust-based relationships with its communities of interest.
- Addresses a broader range of potentially material concerns.** CRMs can help a company become aware of, and address, matters related to human rights, state fragility, children's rights, gender equality, environmental issues and community concerns.
- Avoids unnecessary escalation of site-level concerns.** Responding to, and jointly seeking to resolve, site-level grievances can help avoid conflict and escalation of matters to other non-judicial or judicial mechanisms.

Any community concern, up to and including a grievance, is analogous to a customer service complaint. Consumers expect any business to listen to complaints, validating and responding in a timely and respectful fashion. Companies already understand the value to business of customer service. When we consider the power and capacity imbalances that often exist around large projects, coupled with a lack of respect for the rule of law and potential for rights abuses in some jurisdictions, it is clear that CRMs are a valuable business tool.

Essential Elements of a CRM

Effective CRMs share the following basic design elements:

1. Receive grievances
2. Classify
3. Acknowledge receipt
4. Investigate
5. Respond
6. Close out and sign off
7. Monitor
8. Report
9. Review and improve the CRM process

Myth Busting

1. **Responding to community concerns generates legal liability.** Acknowledging mistakes and apologizing can go a long way to building trust with stakeholders. A purely legalistic approach can lead to mistrust and cynicism. Most community concerns and grievances will not generate legal liability unless they remain unresolved.
2. **Dealing with frivolous and/or vexatious claims could set precedents.** The potential for vexatious claims can never be eliminated. The most effective way to discourage the submission of such concerns is to have a clear, transparent and consistent CRM process that objectively evaluates the validity of complaints against established criteria, their severity and how they will be handled.
3. **CRMs encourage a flood of complaints, creating risk.** Experience clearly demonstrates that having an effective CRM reduces risk.

Best done early in the project cycle

Establishing a CRM should be undertaken as soon as possible for any project. In the resource development sector, this means the exploration stage. By the time there is business activity in proximity to local residents that could lead to a complaint being generated, a CRM should be in place.

Consider

Working with local people to map out which mechanisms (the company's as well as existing local and international) are most appropriate for what issues.

Core Attributes of Effective CRMs

The following are the generally accepted attributes common to successful CRMs:

- **Part of a systematic approach:** A CRM should ideally be one element of a broader, systematic community relations strategy and management system;

- **Co-developed with key stakeholder representatives** to help ensure that it is culturally appropriate. This will also contribute to its legitimacy and trustworthiness;
- **Accessible:** The company should anticipate that a significant number of community concerns will be submitted, at least initially. One important measure of the success of a CRM is the number of grievances that are registered, indicating that local residents are comfortable with raising concerns with the company;
- **Incorporates review and continuous improvement** in line with local experience and evolving international best practice;
- **Predictable and transparent,** based on a clear, timely, predictable, respectful and transparent process accepted by communities. Can incorporate public summary reporting;
- **Dialogue-based; substantive; rights-based and rights-compatible; equitable and empowering, both in terms of process and outcomes; based on commitment to build human and institutional capacity; publicized and accessible;** and finally,
- **Clearly integrated with operational activities.**

Consider

Jointly producing public reports on matters considered by the CRM with local, trusted organizations.

The formal nature of CRMs in no way diminishes the value of internal company management systems (standards, procedures and guidelines) that are in place to record, evaluate and respond to broader types of community concerns and incidents. The relative severity of grievances demands a formal approach to ensure that the community support to operate is not only maintained but enhanced. The CRM is also not designed to negate the option of community members or other stakeholders raising concerns and issues with other non-judicial or judicial mechanisms that may exist in that jurisdiction or internationally.

Scaling the CRM to Specific Situations

Scalability is an important element to consider when designing a CRM, especially for junior mining exploration firms and smaller producers who may have fewer financial and human resources with which to deploy a CRM. Scalability should be evaluated and built into site-level CRM after considering:

- the site-specific socio-environmental context;
- the stage in the mining life cycle; and
- the size and capacity of the company.

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