Desigan Soobramoney
Divisional Executive of Client Coverage at Nedbank CIB.

NEDBANK CIB

Harnessing social licence to operate: **The future of sustainable mining.**

'Social licence to operate is becoming a critical element for the mining industry, bridging the gap between business success and community trust as companies face pressure from investors and communities to deliver long-term, sustainable value.'

As Mining Indaba 2025 approaches, the conversation around Africa's mining industry is shifting, with a stronger focus on how mining can drive long-term sustainable development for both businesses and the communities it impacts. Mining companies face increasing pressure from global investors and local communities that demand long-term, sustainable benefits.

The concept of a 'social licence to operate' has expanded beyond a regulatory requirement to a broader discussion on how mining can create lasting value for all stakeholders.

Mining companies are positioning themselves as key players in business success and community development by aligning their strategies with the sustainable development goals (SDGs), particularly those focused on economic growth, quality education and reducing inequalities.

Achieving this balance requires more than a financial approach; mining companies must adopt a long-term integrated strategy that accounts for their operations' broader social, environmental, and economic impacts.

Honest communication is key, as well as being clear about risks and providing the context to help communities understand how these risks are managed. This communication includes everything from safety protocols and emergency response plans to continuous monitoring efforts. Transparency in these areas promotes trust and helps build stronger, more constructive relationships with local stakeholders.

Moving beyond transactional relationships is essential. Mining companies need to invest in long-term partnerships, engaging with local communities early and consistently. Providing clear and transparent information about both the benefits and challenges of mining helps build trust, address concerns, and prevent conflicts. We're seeing companies reinvesting in infrastructure, education, and healthcare by creating shared value through initiatives like community development funds or benefit-sharing agreements. Community ownership models, such as the Anglo-American Platinum Alchemy Project and Palabora Mining Company's community trust, demonstrate how mining companies can directly benefit local communities. These models provide support and ensure communities have a stake in the mining operation, strengthening the connection between the company and the community.

However, mining companies cannot meet all the needs of host communities on their own. A broader, more collaborative approach involving governments, financial institutions, and NGOs is required. **Governments are critical in setting regulatory frameworks that ensure mining companies meet environmental and social standards, such as community development agreements and impact assessments.** They also invest in infrastructure like roads, schools, and healthcare facilities, while helping build local capacity through training programmes, thereby empowering communities to engage more effectively with the mining economy.

Financial institutions also have a critical role in ensuring the sustainability of mining projects. By offering responsible financing options contingent on mining companies meeting specific ESG (environmental, social, and governance) criteria, lenders can encourage responsible practices.

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They also assist with risk management, ensuring environmental and social risks are properly assessed and addressed throughout the life cycle of the project. **Their involvement ensures that mining activities deliver lasting benefits to local communities while maintaining high environmental and social governance standards.**

That said, global ESG standards often do not capture the unique challenges faced by African mining communities. Issues like environmental degradation, social displacement, and economic dependency are not fully reflected in universal metrics. This is why Africa needs localised ESG networks that address these specific challenges.

These networks should tailor metrics to the unique conditions of African mining communities, with input from local stakeholders, such as community representatives, local governments, and organisations, ensuring the ESG frameworks are both practical and relevant to the regions affected by mining activities.

A balanced approach combining formal partnerships and flexible collaborations is often the most effective. **Formal partnerships provide clear roles, structured frameworks, and long-term commitments that lead to predictable outcomes, but can be slow to adapt to local contexts.** Flexible collaborations, however, are more adaptable, encouraging quicker responses to community needs. A hybrid approach that blends both models offers the best solution, where formal partnerships set the overall framework and long-term goals, while flexible collaborations allow for innovation and adaptation when specific issues arise.

These initiatives help companies create a more sustainable environment for their operations, while also strengthening their reputation and social licence. Well-designed corporate social responsibility (CSR) programmes improve relationships with communities by addressing local needs and supporting development in education, healthcare, and other vital areas. Regular reporting on CSR activities improves transparency and accountability. Additionally, community ownership and partnership models ensure that communities have a stake in the company's success. This approach aligns with global best practices and ESG criteria, benefitting both the community and the company's credibility with investors.

In the long run, mining companies should shift from being focused purely on resource extraction to becoming active contributors to local economic development. Community ownership models illustrate how mining companies can involve local communities in ownership and decision-making, ensuring they have a stake in the mine's success and legacy. Implementing these models across African markets, while challenging due to issues like governance structures, community participation, and complex legal frameworks, will help avoid the creation of 'ghost towns' after mines close. Mining companies can leave behind thriving, self-sustaining regions by planning and collaborating with local communities to develop sustainable economic alternatives.