Chapter 9
Socially Responsible Mining Corporations:
Before (or in Addition to) Doing Good, Do No Harm

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ABSTRACT

Mining is impact intensive regardless of commodity and scale. A socially responsible mining company, at a minimum, does not knowingly irreparably harm the community's ability to sustain itself after the mine closes. This chapter examines the mining sector in the Philippines: the public concerns, CSR responses and the challenges mining companies face in the country. Information was gathered through a review of academic and grey literature, key informant interviews and content analysis of Sustainability / CSR Reports. Many of the companies invest in the community as well as minimise their environmental impacts. A few invest in the community but appear to ignore people's right to a healthy environment. The chapter argues that mining can become an instrument for inclusive growth in the Philippines only if there is social peace, and that a streamlined and transparent mining policy regime, equitable benefits sharing and demilitarisation of mining areas will help bring this about.

INTRODUCTION

The 1990s saw a shift in the geography of metals and minerals mining to non-OECD countries, driven by the depletion of easily accessible deposits in Europe and the U.S., made possible by the development of huge ocean going vessels, and facilitated by lighter regulatory burden, the 'privatisation bonanza' of mining sector interests in many countries (OECD 2002, p. 3), and some add, the globalisation of private security (Bebbington, Hinojosa, Humphreys, Bebbington & Warnaars, 2008). More than 90 developing

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countries revised their mining and investment code with the support of the international finance institutions (IFIs) (Bebbington et al., 2008).

The development outcomes have not been as expected. A review of World Bank projects in the extractive industries from 1990-2002 noted the following: (a) the projects tend to be in socially and environmentally sensitive areas; (b) no evidence of poverty reduction; (c) mixed benefits in terms of employment; (d) mining revenues rarely shared with impacted communities; (e) increased air pollution and environmental degradation; and (f) increased insecurity, social antagonism and conflict in mining sites (Mainhardt-Gibbs, 2003). Similar observations have been reported in other mining studies (e.g., Holden & Jacobson, 2007). Long-term negative impacts on workers' health and communities have also been reported (IIED & WBCSD, 2002). Notwithstanding this mixed economic and human development record, mining remains actively promoted as a major economic development engine (ICMM, 2012; IMF, 2012) and welcomed as such by national governments (e.g., Cabalda, Banaag, Tidalgo & Garces, 2002).

The financial outcomes on the other hand, have been more than favourable. A Price Waterhouse Cooper (2012) review of the financial performance of the world's top 40 mining companies between 2002 to 2012 showed that even during this period of decline in mining investments: (a) revenues increased 26%; (b) net profit increased 21%; (c) operating cash flows grew 34%; (d) investing cash flows grew 92% and (e) total assets remained above $1 trillion and grew a further 13%. Between 2010 and 2011 the return to shareholders increased 156% (p.1).

The financial robustness of the sector arises largely from its unique advantage over other industries. Mining outputs - processed metals and minerals, energy, construction materials, precious gems - are always needed. Furthermore, the supply chains of metals and minerals are highly stratified. Miners sell to refiners, who sell to commodity exchanges used by fabricators, who sell to wholesalers, who sell to retailers and, eventually, to the consumers (IIED & WBCSD 2002, p.18). The great 'distance' between extraction and consumption allows consumers to enjoy mined products – cars, jewelry, mobile phones, computers - without ever seeing, or needing to think of the 'holes in the ground'. Mining does suffer one major disadvantage – the resource is not transferrable. Hence the company is unavoidably vulnerable to local policy, politics and culture. CSR programs appear ideal for dealing with these constraints.

This volume is intended to highlight the variations in CSR between developing and developed countries. This chapter starts from the following positions:

1. Corporate social responsibility is a normative concept;
2. A socially responsible corporation is regulatory compliant (Snyckers, 2006), ethical (Maximiano, 2006), and does not knowingly do harm to its stakeholders; any harm done is rectified once discovered or brought to its attention (Campbell 2006); and
3. Variation in CSR practice among countries reflect less differences in level of development but "differences in national business systems" (Chapple & Moon, 2005), and the existence of independent non-state organisations and fora that monitor corporate behaviour, and institutionalized norms on what is appropriate behaviour (Campbell, 2006).

The chapter focuses on the Philippines and examines several questions: What are the major concerns about mining in the Philippines? What have been the corporate responses? Is there a difference in corporate behaviour between Filipino-owned and foreign mining companies? What are the challenges mining companies face in the Philippines? What conditions are needed that might encourage responsible mining in the country?

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