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## THE PRACTICE OF MINING COMPANIES IN BUILDING RELATIONSHIPS WITH LOCAL COMMUNITIES IN THE CONTEXT OF CSR FORMULA

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### Abstract

This paper presents results regarding the analysis of activities of coal mining companies operating in Poland in terms of Corporate Social Responsibility (CSR), with a particular emphasis focused on the area of community involvement. This sphere is extremely important for entities operating in the sector due to the scale of the impact on the social environment and the potential threat of resistance from local communities. Mining companies have developed forms of action in this area and are subject to a number of legal regulations, especially in such critical points as mining damages or acquiring concessions for mining operations. Therefore, it is worth analysing these issues from the perspective of the CSR formula, and the way in which mining companies build a relationship with stakeholder groups which are undoubtedly the local communities. This represents a specific challenge for mining companies and requires a change in management approach based on the acceptance of responsibility for the impact they have and to seek solutions that will benefit both the companies themselves and their surroundings. It should also affect the change in approach for building relationships with local groups beyond just the legal requirements.

### Keywords

*Corporate Social Responsibility (CSR), mining companies, social involvement, local communities.*

## 1. INTRODUCTION

Corporate Social Responsibility (CSR) has become particularly important due to the character of activities carried out by mining companies, associated with mining of coal, a high level of employment and especially due to a strong impact on the social environment. CSR is a relatively new approach to managing and is based on including social interests, environmental protection and a relationship with local community groups in the company's strategy. The social involvement in the management of the company focuses on building the right relationships with employees, respecting their rights and involving them in the process of business management. Undoubtedly, this area is given greater attention, and the mining industry has in this respect vast experience, due to the high level of employment and a large representation of trade unions. In fact, it is only one aspect of CSR, which also includes the areas of organizational governance, human rights, environmental protection, relationships with consumers and community involvement.

Given the impact of mining companies in their surrounding areas, the dimension of social engagement and building relationships with other community groups is particularly interesting in the context of local communities. Despite the obvious benefits associated with the location of mines, such as new jobs or increasing local income, negative consequences of their operations should not be omitted or underestimated.

Conducting mining activities result in major interference with the local landscape and the impact of mining damage. It is worth analysing the approach of mining companies to maintain positive relationships with local communities and local government according to the principles of CSR, taking into account not only the applicable laws or rules of conduct developed in this area, but also potential differences emerging on the basis of the approach to CSR, the experience of the mining companies related to the functioning of the stock market, or the practices "contributed" by foreign capital. For this purpose, an analysis of publicly available information, materials and documents related to the activities in the field of the CSR of individual mining companies has been conducted.

## 2. CSR AND RELATIONSHIP BUILDING WITH LOCAL COMMUNITIES

CSR is an example of an approach to management that emphasizes the importance of influence exerted by the company on a number of diverse groups such as employees, customers and local communities, as well as the environment. CSR requires companies to take responsibility for these aspects, and thus provide a specific contribution in regards to sustainable development (Dzoga et al. 2010). CSR is a concept that involves a strategic and long-term business approach based on the principles of social dialogue and seeking

solutions that will benefit, both the company itself and the social environment. It is extremely important that the company's activities are not limited only to the fulfilment of all formal and legal requirements, but also voluntary involvement in, among others, environmental protection and positive relations with the social environment (Jarosławska-Sobór ed. 2011).

A more detailed definition of the CSR is included in the developed ISO 26000 standard, the aim of which was to systematize existing knowledge concerning CSR and clarify the values which should guide companies and other business entities outside the business. CSR is defined as the “responsibility of an organization regarding the impact of its decisions and activities (products, services, processes) on society and the environment, through transparent and ethical behaviour, that: contributes to sustainable development, the health and welfare of society, takes into account the expectations of stakeholders, is in compliance with law and consistent with international norms of behaviour and is integrated throughout the organization and practised in its relationships” (Discovering ISO 2012). The above definition, as well as being highlighted in the framework of the ISO 26000 standard areas of corporate social responsibility, are a point of reference for the analysis of mining companies’ activities.



Fig. 1. Social responsibility: 7 Basic subjects (Discovering ISO 2012)

CSR is a proposal to change the way of business management, including a particularly important area of social commitment. Unfortunately, it is often emphasized by experts in this subject, some companies however, may have a narrow understanding of social responsibility and their actions are limited to primarily making token charity donations. Their concept of CSR is rather connected to philanthropy, and actual CSR assumptions are significantly wider. It is a proposal of open business management towards the social environment through dialogue with the various interested parties, while seeking profits. It is worth noting that the social responsibility of the company's management is also an opportunity to minimize a number of business risks (Dżoga et al. 2010). From the point of view of the specific operation of mining companies, appropriate action in the area of social engagement and building relationships with groups of stakeholders, including local communities, is an opportunity to

acquire the „license to operate” (Podręcznik CSR 2011) in a given location. Through involvement in social issues companies can fully understand the public perception of their impact, which could and should lead to minimizing risks associated with social protests.

The use of the principles deriving from CSR and taking action on its behalf brings a number of benefits for companies, among which the most common are:

- creating a positive image of the company
- mission credibility in the eyes of customers
- increase in competitiveness
- gaining consumer loyalty
- increase in trust among stakeholders
- gaining the favour of the local community
- a positive image of the company among employees
- building positive relationships with the local authorities and the local community
- increased investor interest
- attracting and retaining the best employees
- increased organizational culture within the company (Dżoga et al. 2010)

Supporting the development of CSR through a series of organizations and institutions, especially those located within the structures of the European Union, undoubtedly helps to consolidate a position. It also results in relatively fast “acceptation” on a national scale. The development of CSR in Poland has been ongoing for several years. In 2001 the Responsible Business Forum (FOB) was established, currently it is the largest and most well-known non-governmental organization undertaking a number of initiatives related to the promotion of CSR (Dżoga et al. 2010). The implementation of social responsibility in Polish companies also involved publishing strategic documents for Polish economic development (such as: National Development Strategy, the National Strategic Reference Framework and Strategy for Europe 2020) (Dżoga et al. 2010).

According to experts dealing with CSR issues, a key period for the development of this concept in Poland was the last few years. Five years ago the Responsible Companies Ranking (an initiative by the daily paper Dziennik Gazeta Prawna and the Leon Kozminsky Academy with the participation of PwC's auditors) was launched, as was a competition for the best social reports of non-financial data of the companies (Dżoga et al. 2010). A particularly important time concerning the development of CSR in Poland was 2009, thanks to two events. Firstly, the government established the Inter-ministerial Team for Corporate Social Responsibility under which were formed four Working Groups for the promotion of CSR, education, responsible investment and sustainable consumption. Secondly, a significant initiative for the development of CSR in Poland was undertaken by the management of the Stock Exchange referring to the Respect Index, the index of socially responsible companies (Dżoga et al. 2010).

Generally, in the literature devoted to the application of CSR standards by mining companies, the focus is mainly put on the major international actors, with particular attention being paid to the situation in developing countries. The situation of mining companies operating in Poland in this respect is clearly different. First of all, they are not major players in

the international arena. The social and economic conditions in Poland are quite different when compared to some other countries. However, in the case of mining companies operating in Poland it can be assumed that sustainable development is the adoption of a normative frame for CSR, and between different companies, there are significant differences in terms of time, the degree of commitment and willingness to accept a leadership role in promoting standards (Dashwood 2012a).

### 3. THE APPROACH OF MINING COMPANIES TO CSR STANDARDS

Study results show that the leaders of the dynamic development of CSR in Poland are companies from the energy sector, however, this does not mean that mining companies do not take any initiatives in this area. Almost all of them implement activities suited to the principles of CSR standards, but their approach to this subject, regularity, the degree of formality, and the range of initiatives in specific areas of CSR differs across the board. It can be concluded that most of mining companies are quite active in the areas of environmental protection as well as relations with their employees. Most of the initiatives taken outside the normative requirements in the area of community involvement have, however, a charity character, not always consistently present in a broader strategy for managing a company. A lack of a holistic approach to CSR and the treatment of these standards as a way of managing business is obviously present. This results in a lack of publicly available and fully transparent information on the subject.

One of the first and also fundamental issues concerning the approach of mining companies to CSR is their formal regulation. This is an important issue to ensure that transparent and ethical behaviour are consistent with the organization and practiced in its relationships. It is obvious that a comprehensive approach to these issues by the company ensures that it has a separate CSR strategy. Sometimes it occurs that companies have policy documents dedicated to wider sustainable development, where community area is specified. The lack of a separate CSR strategy does not mean that the guidelines of the standards are not completely considered at the level of strategic management, often some of the elements are placed in the overall business strategy and formulated mission. Yet, this does not guarantee a complete and comprehensive approach to maintaining CSR ideals.

Only two mining companies have dedicated CSR strategy documents, these are Lubelski Węgiel "Bogdanka" and NWR KARBONIA SA Zakład Górniczy "Dębieńsko 1". Both are private companies and NWR KARBONIA SA is owned by a foreign investor. What is more important, LW Bogdanka SA was one of the first mining companies listed on the Warsaw Stock Exchange. The following three mining companies (JSW SA, KHW SA, KW SA) form or join a dedicated CSR strategy. These are major entities operating in the industry, which, due shares held by the Treasury, can be considered as national. The most advanced among these three entities is JSW SA, which is also listed on the Warsaw Stock Exchange.

Some of mining companies include CSR issues within their policies regarding integrated management systems, this concerns mainly the largest companies operating in the country. Among additional internal documents related to CSR principles, mining companies have primarily developed codes

of ethics or documents dedicated to public relations and communication.

An important part of the formal regulation of activities in the area of CSR is to locate their implementation within the organizational structure and to assign these issues within the scope of the obligations relevant to specified positions.

For the vast majority of mining companies a representatives of the board is usually involved in the work related to CSR. Three industry leaders can be pointed out: JSW SA, LW Bogdanka SA and NWR (NWR KARBONIA SA). These are parties which have this type of activity accurately assigned to specific positions in the organizational structure. All these mining companies are listed on the stock market and it appears that this fact is one of the factors that significantly affects their operation and management. In the case of JSW SA an interdisciplinary team for CSR was appointed, including representatives of various departments dealing with this topic. A slightly different solution was adopted in LW Bogdanka SA, which set a single coordinator watching over the entire area of CSR initiatives undertaken by various departments. Also very important and noteworthy is the approach adopted in NWR KARBONIA SA Zakład Górniczy "Dębieńsko 1", where the issues of work organization associated with at different levels of corporate governance are regulated, and in the mining plant "Dębieńsko 1" there exists a separate position of PR and CSR Manager. It should be stressed that the adoption of relevant organizational solutions on CSR is not a simple issue, but the lack of any coordination leads to a rather obvious partial treatment of the various topics by various departments and positions, and thus does not provide opportunities for the construction of a comprehensive approach to CSR and its inclusion as a method of management.

The approach of mining companies to the CSR issues is also well displayed by ways of reporting. A specific guarantee of a comprehensive and systematic approach to CSR-related activities is to conduct periodic evaluations of initiatives. Developed and available reporting standards are used in this respect, such as GRI (Global Reporting Initiative), which considers all dimensions of sustainable development. Diagnosis undertaken shows that only four mining companies prepare assessment reports related to activities carried out in the field of CSR. The most complete report regarding GRI standard is published by NWR, so it also includes the activities of NWR KARBONIA SA Zakład Górniczy "Dębieńsko 1". This is an example of transferring good standards to Poland by foreign capital.

It can be concluded that almost all of the analysed mining companies conduct activities related to CSR, and at the same time the scale, and the degree of structuring and the complexity of the approach taken is varied. Two basic issues comprehensively reflecting the activities of mining companies in accordance with CSR standards are the degree and complexity of recognition of affected groups (stakeholder groups), and engagement in activities in each specified area of CSR in accordance with ISO 26000.

Three mining companies have comprehensively recognized stakeholder groups, and simultaneously they are those entities which prepare reports on activities in the field of CSR and publish strategic documents dedicated to social responsibility. KHW SA also has very well recognized groups of

stakeholders, where it implements work related to a sustainability report for the years 2011–2012, which was undertaken to comprehensively systematize information in this area. It is worth mentioning that KW SA also has recognized stakeholder groups, but the lack of a comprehensive approach in the case of the largest mining company operating in Poland is of the utmost importance.

However, taking into account the actions taken in each of these specified areas of CSR, it can be concluded that some of them are within the sphere of strong commitment of all analysed mining companies and primarily include labour issues, human rights and the environment. This is undoubtedly due to the applicable of regulations, but also the traditions of the industry. Regarding the environment, due to the scale of the impact of mining companies, the current law is very detailed, the entities themselves undertake initiatives related to the implementation of the ISO 14000 series of standards and the introduction of new technical and technological solutions to minimize the negative impact on the environment. In the area of human rights and employees the involvement of mining companies is also associated with a rich tradition of social dialogue and a large representation of trade unions in the industry.

The level of involvement of mining companies in the three following areas of CSR: consumers, market practices and social commitment, can be described as high or medium. This is related to the number of initiatives and the sophistication of solutions. The low level of involvement of some of mining companies is visible in the area of corporate governance. For example, although KW SA undertakes a number of activities related to CSR, the general principles of CSR standards in strategy documents are considered as insufficient for its inclusion and comprehensive conduct in the practical operation of such a large company, without a precise definition of the organizational structure and determined positions responsible for the implementation of the activities.

One important fact regarding the evaluation of mining companies in the area of CSR is worth mentioning, namely the verification of companies listed on the stock exchange in

order to be included in the Respect Index. The assessment of actions in this case is led by the Warsaw Stock Exchange, and the process consists of several stages. The activities of entities are verified by the stock exchanges, and by external audit firms. The Respect Index ratings involve two mining companies: JSW SA and Lubelski Węgiel “Bogdanka”. This shows once again that an important stimulus for the implementation of CSR-related activities for mining companies is presence on the stock exchange, this obviously affects and modifies the management of the company.

The importance of the exchange of experience and the ability to verify actions taken by participating in competitions and initiatives aimed at popularizing CSR in Poland should also be highlighted while concluding the discussion of issues related to the general approach of mining companies to CSR standards. An example of this type of promotion of CSR is a Coalition for Corporate Responsibility, the initiative was established by the Employers of Poland. The Code of Responsible Business was adopted in the project, and companies involved in the project were encouraged to implement and evaluate actions in terms of the area of CSR. Three mining companies participated in this: KW SA, KHW SA and JSW SA.

The above characteristics of the approach of mining companies in Poland to CSR shows differing variations. Even the leaders of CSR, in reference to the proposed N. Yakovleva and H. Jenkins typology determined in relation to the reporting of CSR, can be referred to only as “adolescents” and not mining companies that have “mature” social responsibility reports (Jenkins, Yakovleva 2006). This shows how many of the challenges associated with CSR still lay ahead for mining companies operating in Poland. However, a very important issue in this case is one of indicated by Hevin S. Dashwood, the elements necessary to explain the conduct of mining companies in the area of CSR, namely the learning processes connected with CSR (Dashwood 2012a). Undertaken initiatives in this regard, as well as the external impacts on mining companies both by the authorities and other parties will contribute significantly to positive change.

**Table 1.** The method of regulating activities related to CSR formula in mining companies

Mining companies	Strategic documents concerning CSR	
Kompania Węglowa SA (KW SA)	Lack of CSR strategy document, the elements are included in the company's overall strategic documents	Planned formation of a dedicated CSR strategy
Katowicki Holding Węglowy SA (KHW SA)	Lack of CSR strategy document, the elements are included in the company's overall strategic documents	Planned formation of a dedicated CSR strategy
Jastrzębska Spółka Węglowa SA (JSW SA)	Lack of CSR strategy document, CSR area is included in company policy on the basis of the company's overall strategic documents	Formulation of dedicated CSR strategy in progress
Południowy Koncern Węglowy SA (PKW SA)	Lack of CSR strategy document, CSR areas included in the overall strategic documents. “Corporate Strategy for the Capital group TAURON Polska Energia SA for the period 2008–2012 with a perspective to 2020” also valid in PKW SA	–
Lubelski Węgiel “Bogdanka” (LW “Bogdanka” SA)	“Strategy of Corporate Social Responsibility, LW Bogdanka SA for the years 2012–2015”	–
Zakład Górniczy “Siltech” Sp. z o.o.	Lack of regulations related to CSR or strategy documents which consider CSR	–
Przedsiębiorstwo Górnicze “Silesia” Sp. z o.o. (PG Silesia)	Lack of CSR strategy document, CSR area is included in the overall strategic document “ENERGETICKÝ A PRŮMYŠLOVÝ HOLDING”	–
NWR KARBONIA SA Zakład Górniczy “Dębieńsko 1”	“Sustainable Development Strategy” for the entire group NWR NEW WORLD RESOURCES (fully incorporating CSR)	–

**Table 2.** Positions responsible for the implementation of activities in the area of CSR standards in mining companies

Mining companies	The involvement of a management representative	Position
KW SA	+	Spokesperson, Office of Strategic Controlling, the body responsible for sponsoring activities
KHW SA	+	Team of Corporate Strategy, Management Representative for Integrated Management System, Corporate Communication Team, Team for Social Dialogue, Spokesperson for Ethics
JSW SA	+	<b>Interdisciplinary Team for CSR</b> (specialists in: environmental protection relationships with customers and suppliers, employee relations, HR, communication and management)
PKW SA	+	Department of Information and Public Relations and units involved in subjects concerning CSR in the head office of Grupa TAURON
LW "Bogdanka" SA	+	<b>Coordinator for CSR</b> , Spokesperson for Ethics
Zakład Górniczy "Siltech"	-	Lack of positions related to CSR
PG Silesia	-	Department of Communications and Public Relations
NWR KARBONIA SA Zakład Górniczy "Dębieńsko 1"	+	<b>PR and CSR Manager</b> On the level of NWR: Committee for Health, Safety and Sustainability, Manager of Sustainability

**Table 3.** The degree of systematic and comprehensive recognition of stakeholder groups by mining companies

Mining companies	The degree of recognition of stakeholder groups
KW SA	recognised (no comprehensive recognition)
KHW SA	recognised (work on comprehensive recognition in progress)
JSW SA	<b>comprehensively recognised</b>
PKW SA	recognised (mainly stakeholder groups, comprehensive recognition for Grupa TAURON)
LW "Bogdanka" SA	<b>comprehensively recognised</b>
Zakład Górniczy "Siltech"	recognised (the main stakeholder groups)
PG Silesia	recognised (the main stakeholder groups)
NWR KARBONIA SA Zakład Górniczy "Dębieńsko 1"	<b>comprehensively recognised</b>

#### 4. BUILDING RELATIONSHIPS WITH LOCAL COMMUNITIES

The area of CSR community involvement, building relationships with local groups, indicated in ISO 26000, includes mining company practice activities in the field of building relationships with local authorities and local communities. The initiatives taken by the mining companies are not only important in this case, but also ways of applying regulatory requirements under the applicable legal regulations, especially in terms of levelling mining damages and the launch of new mining areas.

The vast majority of analysed mining companies undertake a number of actions in the area of social commitment, which belong to various thematic areas and also takes different forms. The most significant number of initiatives is undertaken in the sphere of culture and education as well as health, culture and art.

Active mining companies in the area of social engagement use various forms, including:

- sponsorship of sports and/or cultural events
- scholarships for children and adolescents
- educational activities (e.g. organization of thematic workshops)
- promotion of culture and local traditions
- actions to promote health and support health care
- financial support for community organizations and charities
- material aid

The following aspects are taken the form of mining activities to a lesser extent:

- lending equipment, premises, means of transport
- membership in local associations
- corporate volunteering organized by the employer

It should be stressed that the form of action in the form of volunteering is a huge potential for initiatives related to CSR. This is primarily due to the high level of employment in the

industry, the vast area of influence of the largest mining companies and the recruitment of the vast majority of workers in local labour markets. It must be remembered too that having extensive corporate volunteering represents a significant advancement of the companies in the implementation of CSR principles, and above all a high level of awareness of employees. It seems that this is one of the major "challenges" in the sphere of activities promoting CSR in mining companies.

All of these actions taken by the mining companies regarding CSR social involvement, vary in form and focus on specific subject areas. It cannot be disputed that they help to build good relationships with the local authorities and local communities in which they operate. These actions are also connected with stressing the definition of CSR, i.e. an organization that is responsible for the impact of its decisions and activities on society and the environment. However, the construction of the relationship between mining companies and local communities must always be based on proper communication.

Mining companies use a whole set of tools and means of communication aimed at building positive relationships with local communities. The most significant, in the opinion of representatives of the surveyed mining companies, is direct contact (conversations, telephone contact, meetings with representatives). They are carried out primarily between managers of colliers and local authorities. This is a kind of basis for building relationships between mining companies and local authorities. Based on this contact, communication occurs at a lower organizational level, between posted workers of the mine and local governments. This contact is supplemented by the representatives of the management or head office of mining companies, but it has a limited character. The involvement of board representatives of mining companies is used for prestigious aims or difficult situations and conflicts. It is immensely important that this form of direct contact is used regularly, however, it does not have a systematic character. Figuratively, contact between a mining company and local authorities in the form of direct communication are shown below.

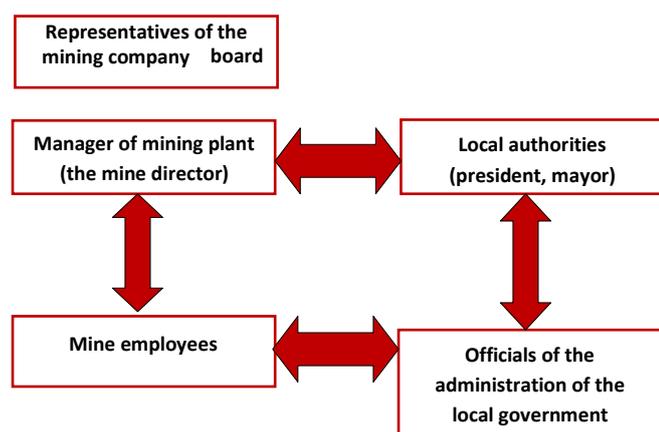


Fig. 2. Simplified diagram of direct communication between mining company and local authorities

The two sensitive issues for the relationship to be considered are the formation of mining damages and the situation of applying for a production license in the new area. In this regard, mining companies must meet specific regulatory requirements governed by such acts as: Geological and Mining Law (Act 2011), the Civil Code (Act 1964) (in terms of mining damage) and the Geological and Mining Law, Environmental Law (Act 2001), the Law on access to information on the environment and its protection, public participation in environmental protection and environmental impact assessments (Act 2008), as well as Spatial Planning and Land Development Act (Act 2003) (for obtaining licenses).

Formal solutions used in the field of mining companies are important in building relationships with local communities to decrease the negative effects of the business of mining activities.

Table 4. Thematic-funded initiatives (sponsorship/donations/gifts) by mining companies

Mining companies	Thematic areas					
	Culture and art	Education	Sport	Health	Social exclusion	Protection of monuments and renovation
KW SA	+	+	+	-	+	-
KHW SA	+	+	+	+	+	+
JSW SA	+	+	+	+	+	-
PKW SA	+	+	+	+	+	+
LW "Bogdanka" SA	+	+	+	+	+	+
Zakład Górniczy "Siltech"	-	-	-	-	-	-
PG Silesia	-	-	-	-	-	-
NWR KARBONIA SA Zakład Górniczy "Dębieńsko 1"	+	+	+	-	+	-

Table 5. The means of communication used by mining companies with local authorities/local communities

Sample means of communication	Notes on their use by mining companies
Leaflets and brochures	Used by large mining companies (KW SA, KHW, JSW SA, NEC SA, Lubelski Węgiel "Bogdanka"), regarded more as promotional and informational materials to the general public, to a small extent focused on local communities and intentionally distributed in this group of stakeholders
Local/regional press	Used by mining companies as a communication channel with varying intensity
Local/regional media	Used by mining companies as a communication channel with varying intensity
Promotional materials	Not often used for in the case of local communities
Possibility to ask questions/submit comments through the Internet	Used by large mining companies (KW SA, KHW, JSW SA, NEC SA, Lubelski Węgiel "Bogdanka" KARBONIA NWR) as a general communication channel on their websites. Mining companies do not have the "query box" targeted and running only for the local communities
E-mail	Generally used by mining companies as a communication channel for selected positions
Newsletter	It also adopts the form of a company newspaper, used by large mining companies
Satisfaction/residents opinions surveys	Practically not used
Personal direct conversation	Used by all mining companies, one of the main forms of communication with local authorities/representatives of local communities
A phone conversation	Used by all mining companies, one of the main forms of communication with local authorities
Meetings with representatives	Used by all mining companies
Dialogue sessions/consultation	Used by all mining companies in situations of tension and potential conflict. Performed by employees of mining companies, occasionally with the use of external entities (negotiators, consulting firms, etc.). Mining companies do not have formal procedures and developed business plans regarding these sessions. Activities carried out on the basis of traditionally developed forms and experience of staff (employees)

Table 6. Formalization status and access to information concerning the levelling effects of mining damage

Mining companies	Formalization status	Access to information
KW SA	Detailed procedure of conduct, developed forms	Detailed information given on the website, clear access
KHW SA	Detailed procedure of conduct, developed forms	Detailed information given on the website, clear access
JSW SA	Detailed procedure for conduct	No detailed information on the website
PKW SA	Detailed procedure for conduct	No detailed information on the website
LW "Bogdanka" SA	Detailed procedure for conduct	No detailed information on the website
Zakład Górniczy "Siltech"	General information	No detailed information on the website
PG Silesia	General information	No detailed information on the website
NWR KARBONIA SA Zakład Górniczy "Dębieńsko 1"	Detailed procedure of conduct, developed forms	Detailed information given on the website, clear access

Among the analysed companies, only three (KW SA, KHW SA and NWR KARBONIA SA Zakład Górniczy "Dębieńsko 1") have generally accessible and transparent information concerning the mode and a manner of reporting

cases of mining claims, including a description of the rights of the owners, and the solutions adopted are very similar. In the case of the following three mining companies (JSW SA, PKW SA and Lubelski Węgiel "Bogdanka") despite the

developed procedures, access to information and possible forms is limited. The websites of entities lack clear and accessible information in this regard. This results in the need to search for this information through direct telephone contact with the colliery. Very little information on the procedures to be followed in the case of mining damage is provided by the mining companies Zakład Górniczy “Siltech” and Mining Company “Silesia” Sp. z o.o. (Official websites of mining companies). This could lead to additional tension developing between the entity involved and the local community in the future.

Generally, all mining companies are in contact with representatives of the local communities regarding issues of mining damage thanks to the direct involvement of mines. The procedures are based on the scheme, where the occurrence of mining damage is reported to the appropriate mine. There, in accordance with applicable law, the application shall be considered and in the case when a factor of mining activities is stated, which influenced the occurrence of the damage, the extent of the damage is determined by the employees of the mine (or additional external experts). Then, the amount and form of repair damage caused by mining plant operations is proposed by the official correspondence. In the case of the adoption of the arrangements made by both parties, a suitable agreement (settlement) is signed. In a case where the adoption of common arrangements is not in accordance with the applicable regulations, the case goes to court. It should be stressed that most of the issues related to the presence of mining damage is usually sorted out between the mining plants and the injured owner. Practically all matters end in signing agreements and contracts without going to court (over 95%) (Official websites of mining companies).

If the scale of the mine damage is extensive and includes a larger group of owners or residents of the area, additional steps are taken in the form of direct meetings with a group of stakeholders. Mine employees are responsible for action in this area, including traffic managers (directors). Only in special cases (such as the situation that existed in the Karb district in Bytom), where the scale of the negative impact is very significant, and may directly lead to serious social conflicts, necessitate the involvement of representatives of the board.

Thus this formulates a practice of activities of mining companies resulting from the existing regulations. It should be noted that traditional solutions developed in this field are relatively effective. Nevertheless, despite the use of direct communication regarding specific areas, there are doubts and uncertainties associated with mining activities carried out that have led to the creation of, for instance, Agreement Teams. These are regular meetings of mining company representatives, local authorities and representatives of the supervisory authority (WUG – State Mining Authority). Only KW SA attends the meetings of all 15 Agreement Teams. This form of building relationships is very important since it not only provides a cyclic direct contact between parties, but also guarantees the participation of all mining companies operating in the same local government units (which occur especially in Upper Silesia) and the participation of external entities that are direct parties (WUG) (Official websites WUG). Unfortunately, this solution was the initiative of the State Mining Authority, not the mining companies themselves. In this context, it should be emphasized the need to increase the

regularity of actions taken by the mining companies to develop sustainable and stable relationships with local communities necessary for the proper consideration of stakeholders’ expectations regarding CSR standards.

The second issue in the construction of a difficult relationship with local communities and the mining companies is obtaining a license to commence mining operations in the area.

Generally, all mining companies wishing to obtain a license for the exploitation of coal are fully aware that under current regulations, the process is complex and time-consuming.

The activities of mining companies to build positive relationships with local communities in a situation of applying for licenses for mining focus primarily on the use of direct communication, in particular:

- direct dialogue with representatives of local authorities
- direct meetings with representatives of local authorities
- dialogue and consultation session with representatives of local authorities and local communities (Official websites of mining companies)

It must be admitted that these are the appropriate forms for building relationships with local communities, but in a situation of social resistance to the activation of new areas of operation they may be insufficient. Other mining companies do not use such measures of building relationships with local communities, such as satisfaction surveys/opinion inhabitants, or the use of negotiators. The subject of further work should include adequate planning of the consultation, using past experience. Referring to the norms and standards related to CSR appears helpful in this case, for example the AA1000 series of standards.

The conclusion of activities of mining companies in the spirit of CSR to build relationships with local communities in a situation of conducting mining operations in new territories should include the approach of NWR KARBONIA when mining was starting at “Dębieńsko 1”. As pointed out by a mining entrepreneur, the reopening of the mine announcement triggered concerns from Czerwionka-Leszczyny residents. The local government had a positive attitude towards the plans of the mining company. NWR KARBONIA took the following steps to establish a good relationship with the local community:

- organizing meetings with the local community (information about the plans and the compensation scheme, the main benefits of the opening of the mine – 8 meetings as part of preparations for the opening of the mine)
- publication of information in the weekly Trybuna Górnicza and planned issuance of a regular newsletter
- supporting local communities
- participation in local initiatives
- training local personnel for the mine (Official websites of mining company)

In connection with the declared plans for the start of mining companies trying to obtain concessions for recognition and extraction, it seems reasonable that the refinement of standard solutions in building relationships with local communities and direct contacts. Changes in this area should focus on all relevant planning activities and the completion of previously used measures and forms of communication.

## 5. STANDARDS AND THE CSR NORMS IN THE CONTEXT OF BUILDING RELATIONSHIPS WITH LOCAL COMMUNITIES

An application of standards and norms related to this formula is particularly important, both in the context of increased coordination and complexity of the activities of mining companies promoting CSR, as well as the further development of initiatives in the area of social commitment.

Accepted norms and standards related to CSR can be grouped into the following categories:

1. The rules and codes of conduct – this group comprises of, inter alia, industry codes, taking into account the specificities of particular sectors (e.g. IPIECA, ICMM etc.)<sup>1</sup>. Some of the developed codes also include elements of reporting (e.g. UN Global Compact)<sup>2</sup>.
2. Guidelines for management and certification schemes – the group includes standards and systems of the organization (e.g. ISO, EMAS), jobs (e.g. SA8000), or products (e.g. FSC)<sup>3</sup>. This category also features the ISO 26000 standard, dedicated to the CSR. It is worth emphasizing that in contrast to most of ISO standards, it is not a technical standard but guidance (Guidance on responsibility) and is thus not suitable for certification.
3. Evaluation indicators used by the investment agencies (Social Responsibility Investment (SRI)) – are mainly criteria used in the construction of evaluation indicators that use investment funds in relation to activities undertaken by companies to promote CSR.
4. Guidelines for reporting and communication – the group includes standards that allow metering actions taken by company to show CSR, or provide procedures for communication and dialogue with stakeholders. These are, for example, the Global Reporting Initiative (GRI), AA1000 SES – Stakeholder Engagement Standard or Model LBG London Benchmarking Group<sup>4</sup> (Jarosławska-Sobór ed., 2011).

Building relationships with groups of stakeholders including local communities is particularly important for mining companies, from the point of view of the area of social involvement and can be regarded as a series of standard AA1000 and GRI reporting standards

AA1000 is an example of a recognized series of standards related to the CSR, developed by an international think-tank AccountAbility, with the participation of experts and stakeholders. This series addresses the issue of building relationships with stakeholders and aims to assist the organization in the process of managing these issues, so it can be extremely helpful for mining companies. It includes a set of three core standards, among which it is worth noting AA1000 Stakeholder Engagement (AccountAbility Stakeholder Engage-

ment Standard-AA1000SES) (Information materials). The last of a series of standards presents the process and stakeholder engagement components and explains the principles of integration issues with the strategies and operational activities of the organization and the involvement of stakeholders (Information materials). The standard AA1000SES is an example of standard tools “how to” that shows how to lead a process of stakeholder engagement and provides a number of practical suggestions (Information materials).

The GRI reporting standard should be regarded as essential for mining companies, both because of the relatively common usage among businesses on an international scale, as well as special reference to the specific branch of mining and smelting. The GRI framework consists of Reporting Guidelines for Sustainable Development, the Sector Supplements, National Annexes and Protocols Boundary and Engineering.

Basic indicators of GRI in the sphere of the community, the aspect of local communities include, includes, for example:

- SO1 Percentage of operations with applied local community involvement, impact assessment and development programs
- SO9 Operations with significant potential or actual negative impact on local communities
- SO10 Measurements prevention and mitigation implemented in operations with significant potential or actual negative impact on local communities
- SO1 Percentage of operations with applied local community involvement, impact assessment and development programs (Sustainability... 2011)

GRI reporting guidelines contain additional information related to the mining and metallurgical industry, developed in collaboration with the International Council of Mining and Metals (ICMM) – Supplement. The supplement deals with the aspects of sustainable development, which characterize mining and metallurgy, such as: biodiversity, indigenous rights, labour law, community, traditional mining, resettlement, closing planning and the use of materials (Sustainability... & Mining 2011).

The use of these norms and standards related to CSR should help mining companies in the further development of the range of practical application of the principles arising from CSR in management.

## 6. CONCLUSION

In general, operating mining companies in Poland related to the mining of coal are at different stages regarding their approach to CSR. Leaders in the industry are trying to approach the sphere in a comprehensive manner, including CSR standards for corporate management systems, developing dedicated CSR strategies and includes the area as an important element of implemented policies by introducing organizational changes aimed at assigning work connected with CSR to specific positions, as well as preparing an assessment and report system referring to the undertaken actions. At the forefront of mining companies in terms of the use of CSR principles of business management are primarily: JSW SA, Lubelski Węgiel “Bogdanka” and NWR KARBONIA and its foreign owner NEW WORLD RESOURCES. Mining companies with lower involvement are: KHW SA and PKW SA

<sup>1</sup> The global oil and gas industry association for environmental and social issues (IPIECA) i International Council on Mining & Metals (ICMM).

<sup>2</sup> Strategic policy initiative United Nations Global Compact (UN Global Compact).

<sup>3</sup> Global, not-for-profit organization dedicated to the promotion of responsible forest management worldwide, Forest Stewardship Council A.C. (FSC).

<sup>4</sup> Model LBG is used by companies to assess and report on the value and achievements of their corporate community investment.

forming part of Grupa TAURON. In the case of KW SA, due to the size and complexity of the company, the lack of certain strategic and organizational solutions concerning CSR is particularly evident. It should be noted that a comprehensive including of CSR standards in business management systems is an essential guarantor to ensure that transparent and ethical behaviour and responsibility for influencing a relationship with the environment are consistent with the organization and fully practiced. Mining companies operating in Poland still faces many challenges, and even national leaders in the field of CSR cannot be considered as “mature” companies in a scope of corporate social responsibility.

The area of CSR social involvement, including the construction of relationships with local communities is extremely important for mining companies and the impact on the environment posed by mining activities. Nevertheless, a review of taken measures indicates that the sphere of high involvement of all mining companies include primarily labour issues, human rights and environmental protection. Legal requirements are important in building relationships with local communities which relate primarily to two sensitive issues, namely the minimization of the negative effects of mining plant operations and the procedure for obtaining licenses for identification and extraction. It should be emphasized that mining companies operate in accordance with applicable laws, and have developed forms and means of communication related to critical issues. However, it may seem that there is not always a full awareness among mining companies that contact with representatives of the local community in order to conclude an agreement on the removal of the incurred damage mining is an element of CSR social involvement. In this case, the need to increase systematic actions taken by mining companies to develop sustainable and stable relations with local communities, necessary for the proper consideration of stakeholders' expectations regarding CSR is easy to see.

Mining companies devote considerable attention to the financial support (in the form of sponsorships, donations, etc.) of the entire spectrum of activities and initiatives undertaken at local/regional/national levels in thematic areas such as: sport, culture, education and health. Actions in the area of preventing social exclusion are also undertaken to a large extent. The scale of these activities is largely determined by the size of the company, but not only. Stock exchange companies spend more funds for such purposes, thereby building the brand and image of the company, and their actions also have greater media impact. It should also be pointed out that mining companies go beyond simple understanding of social involvement as a manifestation of philanthropic activities and engage in financial support of small local community initiatives, local governments and non-governmental organizations. These activities are undoubtedly very desirable from the point of view of building relationships with local communities. Further actions in this area of CSR should, in particular, address better coordination and inclusion in the overall strategy and mission of mining companies, and should improve the communication process to ensure that it fully shows the scale of the involvement of companies in the area and systematize the level of commitment of the companies. It is also important to recognize stakeholder groups, which

should lead to better identification of the needs and targeting of measures taken in this area.

Communication, its form and means, is extremely important in building relationships with local communities by mining companies. It should be emphasized that the companies in the industry use here a relatively wide range of activities from communicating through the local/regional press, direct contact, as well as direct meetings with residents and consultation sessions. Nevertheless, the base for building good relationships with local authorities and local communities for all mining companies is direct contact. In everyday practice, a lot depends on the skills of the directors of mines and the attitude of local authorities towards carrying out mining operations in the area and its effects. It seems that the process of communication between mining companies – the local community should be subject to certain modifications which would strengthen efforts in the area of social involvement. Primarily, it seems reasonable to introduce cyclic direct meetings, which would systematize the exchange of information and would improve relationships. At present, the practice of activities of mining companies can create a certain impression of too wide a variety in connection with the intensity of mutual contacts only depending on the scale of the issues. It seems reasonable to also introduce less popular solutions, such as mediation, in the field of communication, especially in the case of difficult situations. As a source of inspiration and support for mining companies in this case the AA 1000 standard series may serve to describe the standards of the involvement of affected parties.

The fact that most mining companies plan further actions related to CSR is worth stressing, such as setting strategies and systematic evaluations and reporting activities, based on the recognition of international standards. This will undoubtedly contribute the development of CSR in companies operating in the sector and increase the comprehensiveness and effectiveness of the undertaken actions. The development of initiatives undertaken by mining companies is also reflected in the area of social involvement and building relationships with local community groups. Therefore, changes taking place in mining companies related to corporate social responsibility should lead to greater systematization of activities and better targeting of the identified requirements of affected group and the aims of mining companies.

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