

Responsible Resource Development—Creating Shared Value across Multiple Stakeholder Groups to Maximize Regional Impact

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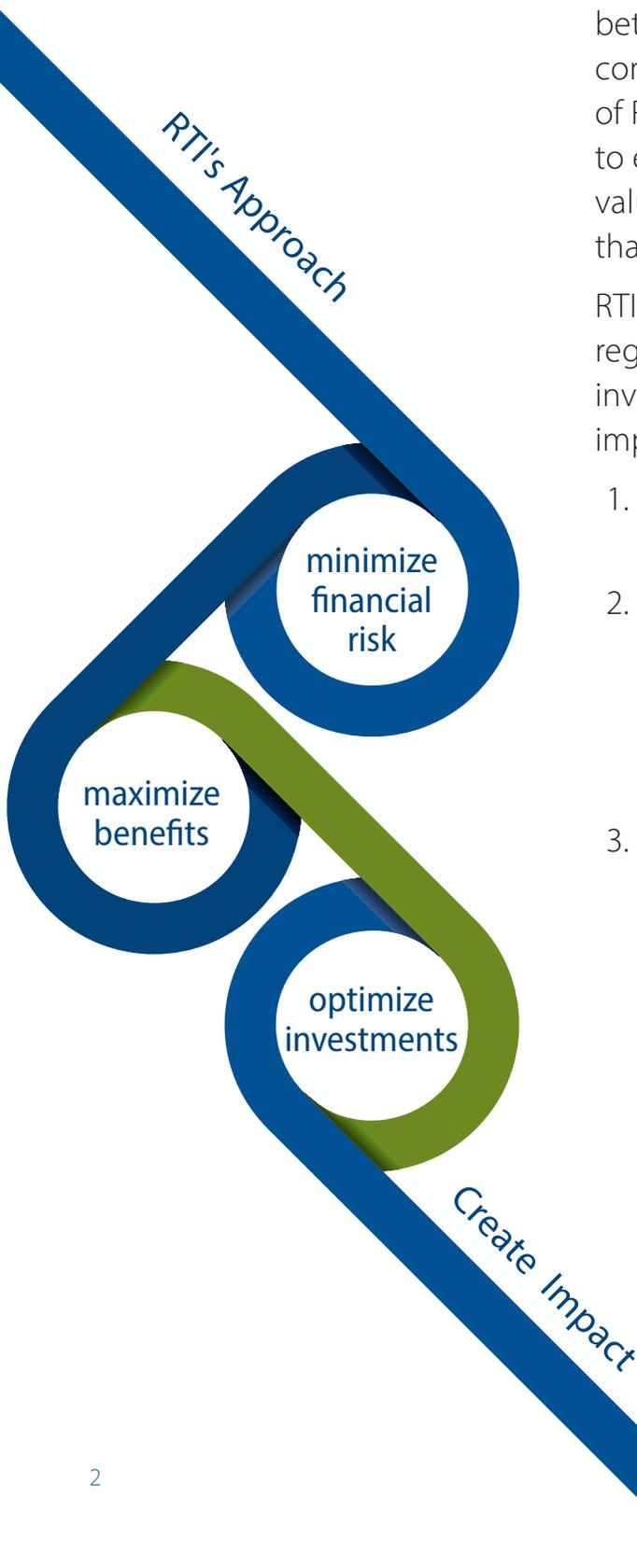
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RTI International's Responsible Resource Development (RRD) maximizes the created value of large commercial projects through better integration and alignment with impacted communities and stakeholder groups. The goal of RRD is to integrate regional impact projects to expand the total pool of economic and social value using a systematic, data-driven approach that makes sustainable benefits investable.

RTI's approach is simple—understand the true regional needs around a future commercial investment or existing operation and derive and implement a regional strategy to

1. Minimize the financial risk to the commercial operation from local stakeholder objections;
2. Maximize the benefits that the commercial operation delivers to the region and its stakeholder groups through strategic impact project investment and implementation activities; and
3. Optimize these investments to establish and maintain a positive return on investment and net present value.

With a globally expanding population comes increasing demand for key resources such as food, water, energy, and the minerals and materials that support developing economies and ecosystems.

This demand presents complex challenges. How does industry deliver the required resources? How does it do so in a manner that is financially responsible to investors, owners, and shareholders, while also being socially and environmentally responsible for local stakeholders that may be impacted by associated commercial activities? How can operations balance sustainable performance and the equitable treatment of local ecosystems over time? And, perhaps most critically, in an increasingly connected and transparent world in which local issues can rapidly be miscommunicated, how do companies minimize the reputational risk associated with potential and actual stakeholder conflict?

RRD Methodology

RTI's RRD methodology provides a multidisciplinary, integrated service offering to the private sector and its partners for assessing, resolving, and monitoring complex challenges that impact regional operations and associated stakeholder groups. The methodology follows a five-step process:

Step 1—Regional Assessment

Drawing on more than 50 years of expertise in environmental, social, and governance (ESG) impact assessment and solution delivery, RTI conducts a situational analysis and detailed assessment of the regional needs around a particular commercial operation. This identifies key factors at the local level, including education, health, workforce development, governance, and infrastructure capacity, in parallel with a detailed understanding of the local economy and any environmental and human rights concerns and issues.

Step 2—Identify Regional Improvement Projects

To address the most important regional needs, RTI identifies potential projects that could be implemented within the region. These are evaluated through a custom cost-benefit analysis that considers individual project investment requirements in the context of anticipated financial performance and impact (social and/or environmental) of each project.

Step 3—Define an Impact Portfolio to Maximize Regional Shared Value

The individual value of each impact project may be enhanced through integration. Linking impact projects together as a portfolio of work creates



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cost efficiencies, synergies, and shared value. As a general example, educating farmers on effective crop fertilization and irrigation practices upstream of a commercial operation may improve local crop yields and reduce water pollution, thereby reducing water treatment costs to the commercial operation itself. This represents the shared value among impact projects that can be recognized only through integration. Sophisticated scenario analyses identify the most promising portfolio of impact projects in terms of return on investment and regional benefits. The portfolio is then optimized against the regional operation's investment capacity, performance, and timeline.

Step 4—Integration with Resource Operations

Integration among impact projects is only part of the solution. Many impact projects and other corporate social responsibility initiatives fail to meet their performance targets due to insufficient connection to the parent commercial operation. To prevent this, performance metrics for the impact portfolio are identified and, when appropriate, tied to the parent operations' management systems, including budgetary and financial; risk management; quality; environmental, health, and safety; and so on. Linking the impact portfolio in this way allows for greater tracking, control, accountability, and sustainability of benefits over time.

Step 5—Longitudinal Monitoring and Evaluation

In the final step, RTI defines and implements a detailed communication, monitoring, and evaluation program that collects key performance metrics from the impact portfolio. A visual dashboard is provided that tracks the progress and success of the impact portfolio over time and provides early alerts to new issues or changing social conditions that may need active management. A responsive design approach anticipates and allows for adjustments over time.

Why RTI?

RTI's RRD solution offers comprehensive expertise and data-driven methods to address project-specific ESG challenges. With RRD, clients have access to over 4,100 professional staff across 75 countries and covering more than 250 degree fields. RTI is at the forefront of important emerging strategic issues facing the private sector, such as climate change and water resource management. Combining the skills of social scientists, environmental scientists, economists, statisticians, development experts, and workforce and education researchers allows for unrivaled analytical teams applying the most current thought leadership toward identifying and solving your project's unique and complex challenges.

Example Case Study: Bottling Plant

Scenario

A bottling plant has been in operation for 5 years, drawing water from the local municipal supply. This demand has allowed the owning company to create 200 local jobs. It has also invested in a number of local workforce development initiatives. The current concern is that community acceptance of the bottling operation is eroding, despite these investments. This has been compounded by an extended period of low rainfall that could lead to possible water restrictions in the region.

Assessment

A regional assessment showed that, although the operating company has made four separate investments in the area, these have been uncoordinated and have only been partially successful. Two projects had to be terminated due to competition from a neighboring region. The identified impact portfolio for this project included the following:

1. A water leakage prevention project that reduces parasitic losses by an estimated 50 percent by replacing aging hydrant and faucet equipment. This project is also tied to reducing standing water, thereby reducing breeding sites for mosquitos. Water loss prevention is tracked to provide water offset potential to the core bottling plant operation.
2. Providing loans to small and medium-sized enterprises to install water recycling capabilities that reduce overall water draw by an estimated 60 percent and reduces operating variable costs of the local businesses by 25 percent.
3. A governance action plan that addresses shortcomings in financing, accountability, and service delivery, thereby facilitating the impact of local tax revenues.
4. Investment in regional recycling centers to increase local recycling of plastics and glass by 75 percent. Facilitation of an offtake agreement with a neighboring glass producer provides a sustainable workforce expansion of 50 and strengthens the business relationship with a key supplier in the region. Sharing of operational safety best-practices with this partner provides an anticipated reduction in injuries and lost-time of 40 percent.

Implementation

Key metrics for each of the impact projects are delivered via the impact portfolio tracking dashboard. This provides the client real-time updates on progress and local sentiment. A monitoring and evaluation program captures relevant community data through a combination of local surveys and social media monitoring. During the assessment phase, a communication gap between the bottling plant operating company and impacted stakeholders was identified. A communications plan describing key performance indicators and relevant plant information (e.g., water use vs. water saved) provides a more transparent vehicle for communicating and addressing issues at an early stage.



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