THOUGHT LEADERSHIP PAPER

Social Media and Mining Company Governance
Are Mining Company Boards ready to embrace social media?

The world of “Facebook” might seem irrelevant to the concerns of mining company Boards, but social media is rapidly making its way into the business of mining and the work and personal lives of people in the mining sector. The challenge for mining companies is to manage the risks from social media and make use of these tools to improve their businesses.

Access to social media is pervasive; out of the 6 billion people on the planet, 4.8 billion have a mobile phone.

What is social media?
Social media includes web-based and mobile based technologies used to turn communication into interactive dialogue between organisations, communities, and individuals. This allows the creation and exchange of user-generated content. Social media is ubiquitously instant, accessible, and enabled by scalable communication techniques.

Social Media may include\(^1\) (although is not limited to):

- social networking sites (eg Facebook, Myspace, LinkedIn, Bebo, Yammer)
- video and photo sharing websites (eg Flickr, Youtube)
- blogs, including corporate blogs and personal blogs
- blogs hosted by media outlets (eg 'comments' or 'your say' feature on theage.com.au)
- micro-blogging (eg Twitter)
- wikis and online collaborations (eg Wikipedia)
- forums, discussion boards and groups (eg Google groups, Whirlpool)
- vod and podcasting
- online multiplayer gaming platforms (eg World of Warcraft, Second life)
- instant messaging (including SMS)
- geo-spatial tagging (Foursquare)

See Attachment for a discussion on the six key social media platforms.

---
\(^1\) Department of Justice, Victoria, Social Media Policy, [http://www.justice.vic.gov.au/home/about+us/our+values+and+behaviours/social+media+policy/]
Harnessing the benefits of social media
Any benefits that can accrue from social media require active, engaged management with adequate resources and expertise to be proactive rather than reactive to issues management. This requires a conscious company policy and operational procedures to routinely update and monitor the social media platforms. Some of the benefits of effectively using social media will come from:

- Identity and reputation management
- Communicating instantly with people who have subscribed to information from the company
- Using the same media as do opponents or detractors of the company to influence public opinion
- Senior executives communicating directly with employees and vice versa (virtual open door organisations)
- Timely communication with external stakeholders on current issues
- Using networking tools familiar to employees to connect internally and externally
- Market research and client feedback to improve products or services
- Networking and connecting with leaders in the industry

Companies have a choice to build their reputations through engaging widely in the social sphere, or allow their reputations to be formed by the voices of others if they neglect to engage.

The role of company Boards is not simply to ensure that the company has effective policy, procedures and resources for managing social media. Boards will invariably be required to use social media to effectively manage issues that have an impact on the governance of the company. Issues management could on occasions require 24/7 attention rather than the routine of Board meetings.

This will require Board members to not only be familiar with social media and all of its forms but may also require the individual Board members to be users of social media.

Mining companies face a huge challenge in addressing negativity, misinformation and errors delivered through social media, owing to a lack of understanding and/or unwillingness to engage the expanding array of platforms. Given the preferred low media profile of mining companies and inherent sensitivities surrounding public commentary by listed companies, there are relatively few obvious upsides for active social media engagement apart from highlighting formal announcements. However, such an approach could render the company captive to social media rather than using social media for the company’s benefit.

The Communications section of minerals companies will (or should) have extensive policies and procedures for using social media for the benefit of the company and managing its influence, both internal and external on the company’s business.
The risks from social media

Much is written about the risks of social media to individuals, but not much on the risks to companies. The risks to companies arise from a failure to effectively manage social media with a consequent loss of reputation and public support, loss of opportunity, and potentially reduced labour productivity.

The issues and parties that effectively use social media to detract from mining companies are many and varied. Some are discussed below.

Adverse public comment

Adverse public comment related to a company’s business can rapidly destroy company reputation and value if allowed to prosper unchallenged on a social media platform. Adverse comment can be deliberate or accidental and originate from disaffected employees, customers and stakeholders etc.

Political activism

Social media is providing an expanding and increasingly effective platform for political activism on matters of public policy affecting business. This activism can be used to influence decision makers responsible for approving mining project proposals or regulating mining project operations.

Shareholder activism

Shareholder activism can take any of several forms: proxy battles, publicity campaigns, shareholder resolutions, litigation, and negotiations with management. A well known Australian shareholder activist is Stephen Mayne. “The Mayne Report” is a daily video-blog and subscription online newsletter focusing on shareholder activism and corporate governance issues.

Staff retention

Staff retention which is an eternal risk that companies manage is extenuated by social media. Recruiters use social media, particularly to identify high quality passive candidates. Linkedin is used by most recruiters and Facebook is also a useful tool of recruiters.

Union activism

Trade unions use all of the social media platforms, some more effectively than others. The CFMEU is an effective communicator with its membership and stakeholders that have an interest in the industrial and social agenda of the union.

Blogs are a particular tool that is effectively used by unions during disputes.
Environmental and community activism

Greenpeace International has more than 1.1 million followers on Facebook and 470,000 on Twitter. The WWF has more than 900,000 followers on Facebook and 700,000 on Twitter worldwide.

This exposure to a very wide audience enables the environmental movement to “instantaneously” canvas support for a cause from their followers.

At a local level, for example, the “Lock the Gate” community movement which is opposed to coal developments in the Liverpool Plains of NSW has more than 2,000 followers on Facebook and almost 2,000 on Twitter.

Crowd sourcing

A relatively new tactic used by opponents to target individuals is crowd sourcing. Crowd sourcing is where individuals use mobile phones to track the movement of high-profile individuals and upload video of their activities to social media sites; a community based paparazzi approach.

Mastering social media

Social media is seen as a Gen-X and Gen-Y communications media, not a tool for the sage wise heads that govern mining companies. However, if Boards are to engage in social media, or at least respond to it, there is a need for familiarity. The concepts are not difficult to master, for many Baby Boomers and older the issues associated with privacy are critical.

There is a common reluctance to use online social media tools for fear of divulging personal information and therefore risking identity theft or privacy invasion. These concerns can be addressed by applying various levels of privacy control, such that only those people who are accepted into a person’s network may view information about that person. It should be recognised that the potential value in online networking far outweighs any potential concerns about loss of privacy.

Managing social media

As stated above, all companies should have a formal policy for dealing with social media and more and more companies are developing formal procedures for engaging with stakeholders using social media platforms. The Victorian Department of Justice has one of the best publicly available social media policies².

---

There is also a growing body of general information available to employees advising on social media protocols when in company time or treating with company matters\textsuperscript{3}.

As an indication of the resources required for effectively managing social media; Telstra has 60 full-time employees trawling social media platforms around the clock with the aim of identifying misinformation, innuendo and social media parody and responding rapidly to any service or product complaint raised\textsuperscript{4}.

A key feature of any social media procedure will include detail on the preparation and clearance of postings to be included on the company sponsored platform(s). The procedure must be nimble enough to enable rapid response and include effective authorization at an appropriately senior level to clear information and responses. The Board must be conscious of these timelines and authorization procedures, especially related to issues of governance.

Chris Fraser
Consultant
Swann Global

\textsuperscript{4} David Thodey (2012), Address to the Queensland Media Club, 16 April.
Attachment

Social media – major platforms and reach

There are six major social media networking platforms that most people would have heard about but generally it is only the Gen X and Y members of the industry that are active users. The following is an update of a summary prepared by Jamie Ross in 2010⁵.

Facebook

- 845 million active users with 13.5 million in Australia/Oceania
- 12.1% of World population are subscribers
- An average Facebook user has 130 ‘Friends’ and ‘Likes’ 80 pages
- Each week on Facebook more than 3.5 billion pieces of content are shared
- 250 million photos are uploaded daily
- 2.7 million ‘Likes’/day
- 37 million pages with 10+ ‘Likes’
- Average user spends 20 minutes per visit

Much maligned by some businesses, and with employees blocked from access at many others, Facebook is by far the largest social media site on the internet. The platform has recently integrated with Smart phones.

Individual users create their own profile, which can then only be viewed by other users who they have accepted as ‘Friends’. Facebook is predominantly for social networks with powerful yet easy to use tools for loading and sharing photos and video clips.

Users can also link to company and interest groups through the ‘Like’ button.

If someone 'Likes' you on Facebook, then their friends see that they 'Liked' your company, and hopefully that inspires their ‘Friends’ to view your Facebook page, and also 'Like' you.

The Facebook ‘Like’ button also exists outside of Facebook. You can download and install the ‘Like’ button on any page of your website and then, if someone 'Likes' you, their ‘Friends’ see that they liked your page and hopefully they are spurred to check out your web pages.

What's the difference? If someone uses the Facebook like button to 'Like' your Facebook page, then you are in continual relationship: your posts to your page on Facebook update their wall. They see your updates. Not so with the 'like' button on the Internet. Changes to your web page do not show up on their Facebook feed.

The Facebook ‘Like Box’ offers a third way for companies and interest groups to link with users. The ‘Like Box’ integrates a website with a company's Facebook page.

⁵ Jamie Ross (2010), How social media and online networks can benefit the mining industry, AusIMM Bulletin, April.
Twitter

- 465 million Twitter accounts
- 175 million tweets daily
- 1 million accounts added daily
- 140 million active users
- 40% of users don’t tweet, they monitor the tweet traffic

Twitter is an online social networking service and micro-blogging service that enables its users to send and read text-based posts of up to 140 characters, known as ‘tweets’. Since its launch in 2006, the Twitter website has become one of the top 10 most visited on the Internet, and has been described as the SMS of the Internet. The platform has recently integrated with iPhones.

Twitter is a tool used by politicians, activists, celebrities and for B2B communication. Users sign up to Twitter and then select other users (individual, company or group) to ‘follow’. When a person they are following sends out a message or ‘tweet’ they can receive it on either their computer or phone. Unregistered users can read the tweets, while registered users can post tweets through the website interface, SMS, or a range of apps for mobile devices.

The main advantages for companies on Twitter is the ability to search for what other people are saying about their business, to communicate with their ‘followers’, and to generally monitor things that are going on in their industry.

Twitter has been cited as an important factor in the Arab Spring and other political protests.

YouTube

- 800 million users (about the same as Facebook)
- 3 billion hours of video watched per month
- 4 billion videos viewed per day
- YouTube receives more than 2 billion viewers per day.
- An hour of video is uploaded every second.

YouTube is a web site that is all about videos. There are videos on virtually every topic, from news feeds, homemade movies to professional programs. Campaign videos are also posted by activist groups, trade unions and political parties and can be accessed from their web sites. Some companies use “video-diary” style videos to inform stakeholders and shareholders of news and important events within the company.

The sheer volume of videos on the YouTube site provides a huge resource for anyone doing research or wanting to understand a concept visually.

Companies can post their promotional or other videos on the site to improve public image or marketing efforts. The videos can be accessed from a YouTube button on their website.
Linkedin

- 135 million users
- 2.5 million users in Australia
- 2 million company subscribers
- Users spend an average of 17 minutes on the site
- 50% of LinkedIn users have a bachelor’s degree or higher

LinkedIn is similar in some respects to Facebook, in that each user maintains their own profile and is able to link with individuals and groups of their choosing while limiting privacy of their information to only those they have ‘connected’ with.

LinkedIn differs, however in that its features and user interfaces are targeted much more at professionals and those looking to network for their career or business. LinkedIn is the number one networking site that professionals in the mining industry use. It is professionally rather than socially targeted, and provides an effective means for sharing and managing contact details in a more complete and up to date way than business cards could ever achieve. LinkedIn is a significant resource for recruiters with special features tuned to assist the search for talent.

A person’s online profile is essentially their online live resume, detailing previous roles and achievements, their special skills and experience, and what work they are currently performing.

The focus of the site is on connecting with colleagues and associates (and in turn connecting with their contacts), and sharing knowledge through industry and special interest groups.

Forums

Forums are an interactive tool that exist on a wide range of websites, and enable people to discuss with each other topics relevant to their industry or interest area. One user will start a discussion on a particular topic, and then any other users are welcome to sign in and reply or comment on the discussion. Forums are also usually searchable so that it is possible to find previous conversations on any topic of interest.

The main benefit of forums is the ability to share or gather knowledge, either from experts in the field or from people who are willing to share their experience.

Webinar, short for **Web-based seminar**, is used for a presentation, lecture, workshop or seminar that is transmitted over the Web. A key feature of a Webinar is its interactive elements -- the ability to give, receive and discuss information.

Chat rooms

A chat room is any form of real-time discussion using media from instant messaging, online forums to fully immersive graphical social environments. The primary use of a chat room is to share information via text with a group of other users. Generally speaking, the ability to converse with multiple people in
the same conversation differentiates chat rooms from instant messaging programs, which are more typically designed for one-to-one communication. The users in a particular chat room are generally connected via a shared interest or other similar connection. New technology has enabled the use of file sharing and webcams.

Polls

Polling by media outlets using social media tools are used to gauge public opinion on any number of matters usually in the popular culture or harder edge public policy space. Another form of polling has emerged that links a form of chat room and tracks changes to polling responses with information releases. This tool can help influence public opinion.

Blogs

Two best-known free blogging services:

- WordPress is based on the popular WordPress open source server-based blogging software first released in 2003 that underlies many sites on the Web
- Blogger was one of the first blogging tools available. It was bought by Google in 2003 and has been considerably redesigned since.

Blogs are a form of communication now becoming very widespread on the internet. A blog is like an online diary or live newsletter. The writer of a blog will update it with “posts” or articles on a periodic basis (from once a day to once a month). All the previous posts are displayed, creating a searchable record of articles on the particular topic. Blogs have become an excellent source of free information on nearly any topic imaginable, including many mining and minerals relevant areas.

Blogs are also used by the opponents to development such as green groups and community groups. They are also used by trade unions, and can be particularly effective in pushing their message during disputes.