

*Try to Level the Playing Field.* Conflict is often the reason a firm chooses not to invest in a particular mining site. By not entering a site, that firm leaves it open to other firms with different risk tolerances and reputation exposures. Those firms with the greatest risk tolerances and lowest reputation exposures are also those more likely to become complicit in violence and human rights abuses. And the least likely to engage with communities in a dialogue aimed at ensuring an equitable distribution of benefits from mining. That said, such firms must still raise funds on capital markets, and are therefore open to scrutiny for their practices.

Companies with vulnerable reputations must therefore lower their costs and raise those of their competitors. First, they should seek to develop their capacity for managing conflict in order to reduce the expected likelihood and costs of violence associated with their operations, by developing internal management systems and bringing in appropriate expertise. Second, exploiting the resulting cost advantage, they should advocate for the establishment of international standards addressing the links between mining and conflict.

The chemical industry, for example, suffered both a reputation crisis and a management failure in the late 1980s in the wake of the Bhopal incident, where the accidental release of a toxic chemical in 1984 killed and injured thousands of people. The Chemical Manufacturers Association responded in 1988 with the creation of "Responsible Care", a set of "principles and codes exemplify[ing] the attributes of taking responsibility for unintended consequences and caring for people in the workplace and community", and a requirement for membership in the association<sup>70</sup>. Responsible Care has succeeded in preventing the major catastrophic events associated with the chemical industry only a few years ago<sup>71</sup>, and in raising the costs for those chemicals manufacturers who have not been leaders in developing their own community and environmental management processes.

## RECOMMENDATIONS FOR OTHER ACTORS

*Host governments* can help reduce the likelihood of conflict through numerous pathways, including through commitment to consistent application of social and environmental regulations, and to reinvestment of mineral royalties in social programs that benefit project-affected peoples. Inadequate public information or consultation, discriminatory or unclear land tenure policies, and inconsistent or insufficient policies to address population migration towards a mining site, can all contribute to the emergence of conflict as a result of mining.

*The mining company's home country government* can provide a range of

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<sup>70</sup>Nash, J. and Ehrenfeld, J., "Building Trust And Legitimacy: An Assessment of Changes Brought about by Responsible Care", MIT Forum on Chemicals and Society: *A New Look at Persistent Concerns*, 11-12 June-11-12, 1998.

<sup>71</sup> Nash, J. and Ehrenfeld, J., *op.cit.*, 1998.