THE *AMBIGUITY*
OF A SOCIAL LICENSE

A corporate aspiration that grows in interest and intangibility

BY TOM EVERITT

Y our project director gives you a budget of $ [insert very, very big number] in return for the project obtaining a social license. How much of this money do you need to spend to assure your team that the project holds a social license? How do you start to obtain one? At what point do you have the license? Is it earned or purchased? The questions go on and on.

Traditionally, things were a little easier; projects would make a healthy donation to a community group or football club and from that point on, proudly place themselves under the "good corporate citizen" umbrella. While such gestures are helpful to the community and no doubt appreciated, communities are now seeing such gestures as tokenistic, expected and irrelevant to holding a social license.

Most (if not all) other licenses can be easily measured in terms of tangibility — take a driver's license — you either have one or you don't. The definition of license states that a license is granted by an overarching party as an agreement. But to hold a license, you need to understand the process to be followed to obtain it and what to do or not do to maintain it.

Herein lies the problem with the social license.

The term was initially coined in the gas industry, where many companies proudly declared at project inception that obtaining a social license is as much of a prerequisite as any other legislative license. And while the term "social license," or "social license to operate" (SLO), has been around for nearly 25 years, corporate interest in holding one grows, yet the measure is not becoming any clearer.

Looking back, some measures of when a project is deemed to hold a social license have been when:

- **a community allows a proponent to undertake the project:** an ambiguous answer to an ambiguous question, however a philosophical approach such as this may be useful. This may be chosen to be interpreted as "no protestors trying to physically stop the project." However, as every project is different, the terms "allow" and "community" are subjective, and any project with a positive carbon footprint has shown it invites a national or even worldwide community. Viewing this from a linear infrastructure project perspective, "community" and "allow" might be much easier to gauge; a proponent obtains all the legal approvals from necessary stakeholders, affected landholders agree to the compensation and the proponent builds/operates the project. This more clinical assessment, however, ignores the community at large, who some may say are less impacted by such projects particularly during operational stages, but is a potential measure nonetheless. A hard measure to apply broadly, but a community "not opposing" a proponent to undertake a project and might be a clearer measure.

- **stakeholders hold the power and influence to either stop or impose severe costs on a project:** empowering stakeholders and allowing them and the surrounding community to have genuine influence and control on the project, letting them "own" aspects of the project. While this might be seen as risky from a corporate point of view, it does demonstrate to audiences of a project that the proponent takes holding a social license very seriously. Notwithstanding this, projects in the past have not offered such power to stakeholders or the community, yet have received so much opposition, they have been forced to cease the project anyway. De-risking stakeholders to the point where they are not able to cause such impact to a project is in itself risky. It's a higher risk strategy to adopt, but it proves proponents have a genuine interest in seeking their community's and stakeholder's acceptance.

- **stakeholder surveys reflect the majority of the community trust and support the project:** an easy, relatively cheap and quantitative measure. Most experienced evaluators tend to suggest that anything over 70% is a positive, but would a company really walk away from a project if only 67% of respondents trust and support it?

Putting measurement attempts aside, perhaps a social license target must stay ambiguous and dynamic, and proponents must, for the life of their project, continue to identify and take actions working towards the acceptance of stakeholders and the communities they operate in, therein meeting their social obligations; the journey is the destination.

Taking this one step further is to ask the question "should companies even attempt to seek a social license?" The license essentially says to the community, "thanks, we've now got your acceptance or trust and support."

Let's assume that somehow parameters to obtain a license are defined, and an ambitious proponent achieves this goal. They now hold a social license. What now? We could all agree it certainly wouldn't have been an easy feat to obtain, so the milestone would undoubtedly be broadcast publicly as a huge achievement. This ironically may motivate the opposition — who until now only passively opposed a project — to now make it their goal to remove the company's achievement, as the license implies the company has obtained their personal approval. Thus, achieving the social license can itself trigger community opposition.

While possibly being a rare or extreme example, a safer reputational approach may be for a company to acknowledge the challenges and ambiguity they face in pursuing a social license, and instead better understand the society they operate in and aim to improve it in some way.

Given the difficulty (and potential controversy) in finding broadly applicable goals which lead to holding a license, companies and industry regulators could collectively address this matter. They could do so by either embracing the ambiguity of the popular term and adopt a more nonbinary approach by instead seeking social "acceptance" or becoming a "trusted" project. Or, perhaps invest time into actually defining the requirements to hold a license and challenge the industry to achieve holding a license.

Projects should continue to address the overall issue as part of their consultation plans and clearly articulate the pathway on how they'll manage this. Fortunately, consultation plans are often revised throughout the life of the project, and this tends to keep the strategy and goals dynamic, relevant and ambitious. ✪

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