

## STM Vale Case Study

Building capability and managing social risk in a growing mining asset

### Executive Summary

Since 2021, Sumbawa Timur Mining (STM Vale) has partnered with Voconiq to build and manage social licence through a longitudinal Local Voices deployment and targeted social performance advisory.

The result is a step-change in STM's ability to **identify, understand and actively manage social risk** - supported by improved internal capability, a data-driven operating model, and early detection of emerging issues.

Crucially, as the project's physical footprint and community exposure increase, this work has enabled STM to move from reactive issue management to a **predictive, scalable approach to social performance** - supporting more stable and investable project development.

### The opportunity (and risk)

STM is progressing a significant copper-gold asset in Indonesia, transitioning from exploration toward development—bringing increasing visibility, impact, and complexity.

At this stage, social risk becomes material:

- Community conflict (e.g. roadblocks) disrupting operations
- Rising expectations around jobs, benefits, and environmental management
- Limited internal capability to interpret and act on social data
- Misalignment between operational decisions and community expectations

For investors, these risks translate into:

- Schedule disruption and cost escalation
- Reputational exposure
- Reduced delivery certainty during a critical growth phase

## The solution: Data-led social performance + capability uplift

Voconiq implemented an integrated program combining **Local Voices data with social performance advisory**:

- Quarterly community surveys across seven villages (4,000+ responses since 2021)
- Longitudinal tracking of trust, acceptance and key drivers
- STM-specific **trust model identifying causal drivers of social licence**
- In-country workshops to build **team capability and data literacy**
- Advisory support to embed a **whole-of-company social performance approach**
- Integration of community insight with internal decision-making

This transformed social performance from a reactive function into a **structured, evidence-based management system**.

## What the data shows

### 1. Strong social licence—but under pressure from growth

- Trust (3.6/5) and acceptance (3.9/5) remain strong
- Sentiment has recovered after earlier declines
- Increasing project visibility is expected to place downward pressure over time

#### **Investor relevance:**

STM has a strong “trust buffer,” but this will be tested as impacts increase.

### 2. A clear model of social risk and trust drivers

Key drivers of trust and acceptance include:

- **Procedural fairness** (primary driver)
- Distributional fairness
- Local jobs
- Future prosperity
- Adequate information

**Investor relevance:**

These drivers provide a **predictive framework for managing social licence**, not just measuring it.

### 3. Social risk is shifting beyond economics

Initial focus on jobs and economic benefit has expanded to include:

- **Environmental concerns (especially water impacts)**
- Social change from workforce influx
- Community conflict and roadblocks
- Perceived fairness in benefit distribution

**Investor relevance:**

Risk is becoming more complex and multidimensional, requiring proactive, integrated management.

### 4. Early detection enables active risk management

The program has enabled STM to:

- Identify emerging environmental concerns early
- Detect sentiment shifts at village level
- Understand root causes of conflict (e.g. employment, contractors, expectations)

**Investor relevance:**

Early signal detection reduces the likelihood of **escalated conflict, delays, and reactive cost**.

### 5. Capability is a critical constraint, and opportunity

Initial findings highlighted:

- Limited data literacy and strategic capability
- Siloed responsibility within Community Relations
- Reactive “fire-fighting” approach to issues

Targeted capability building has addressed this, with corresponding significant improvements in community contact experiences with STM personnel.

### Investor relevance:

Internal capability is a **key determinant of social risk management performance**.

## Impact: From reactive risk to managed system

The program has enabled STM to:

### 1. Build internal capability

- Improved team ability to interpret and act on data
- Increased cross-functional ownership of social performance
- Reduced reliance on reactive issue management

### 2. Establish a data-driven operating model

- Social licence is now measurable and trackable
- Decisions increasingly aligned with evidence
- Community insight integrated into planning and operations

### 3. Improve risk identification and response

- Earlier identification of environmental and social risks
- More targeted and effective interventions
- Reduced likelihood of escalation into major disruptions

### 4. Align benefits with impact

- Shift from equal to **impact-based (equitable) benefit distribution**
- Improved transparency in employment and community investment

## Strategic implications for investors

This work demonstrates that social risk in emerging mining assets can be **actively managed through data and capability**, with direct implications for project performance:

- **Reduced delivery risk** through early identification of issues
- **Improved capital efficiency** by avoiding reactive interventions
- **Greater operational stability** in high-impact phases of development
- **Stronger long-term social licence** supporting asset longevity

As the project scales, this capability becomes increasingly critical to maintaining **schedule certainty and stakeholder confidence**.

## What's next

Key priorities to sustain performance:

1. **Continue capability uplift across the organisation**  
Embedding social performance beyond community relations
2. **Strengthen systems supporting procedural fairness**  
(complaints handling, response protocols, engagement quality)
3. **Deepen understanding of environmental and social impacts**  
Through Social Impact Assessment
4. **Increase direct, high-quality engagement**  
Particularly face-to-face interactions
5. **Maintain focus on fairness and transparency**  
Especially around jobs, benefits and environmental management

## Conclusion

STM Vale's partnership with Voconiq demonstrates how **data-led social performance and capability building** can transform social risk from a reactive challenge into a **managed, strategic function**.

As the asset grows, this provides a more **stable, predictable and investable pathway to development**, grounded in measurable community trust and proactive risk management.

