

Social Licence through a Construction Led Approach

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A  **QUANTA SERVICES COMPANY**

Construction Led Project Delivery



The Australian Gas industry is one of the leading industries to have embraced collaboration effectively



Success of AS2885 as collective input



Recent market challenges
Australia's Energy crises
Accelerated project delivery and the need for Collaboration



Key aspects of construction led project delivery

- Safety
- Efficient infrastructure delivery
- Social license and acceptance
- Environmental excellence
- Manage Risk

| What is Social Licence?

“ Social licence is the level of acceptance or approval continually granted to an organisation’s operations or project by local community and other stakeholders. It can vary across time or between stakeholder groups in response to actions by the company and/or its stakeholders.”

Thompson and Boutilier, 2011.

| What is Social Licence?

The Governance institute of Australia maintains,

“High quality stakeholder relationships are central to success in building your company’s social licence”.

| The Components of Social Licence

Legitimacy

the extent to which an organisation plays by community 'rules of the game'..

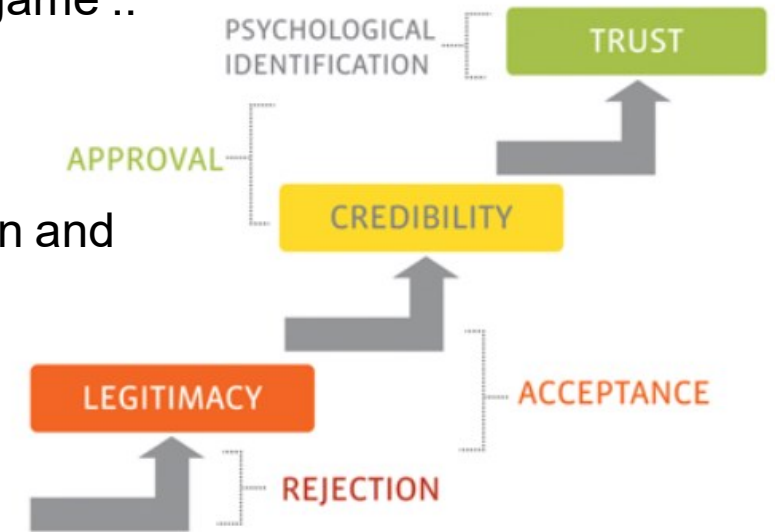
Credibility

the extent to which an organisation provides true and clear information and fulfils commitments made.

Trust

the willingness to be vulnerable to the actions of another.

Gaining the Social License



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| Why is Social Licence Important?

Achieving a social license to operate offers a valuable opportunity to:

- identify risks early
- lowers costs
- increase goodwill
- build meaningful relationships
- become an employer of choice
- build your brand
- leverage individual project social licence

| Why is Social Licence Important?

Put simply, the more we invest in earning social licence, the more we are investing in becoming a provider of choice.

It is good for our brand, both individually and collectively as an Industry.

| **How Can We Earn Social Licence?**

How a company manages and navigates its standing in the community directly impacts its ability to operate and continue to create long-term value for its shareholders.

For social licence to be granted, meaningful trust needs to be developed between the impacted community and the business.

| How Can We Earn Social Licence?

The approach depends on:

- effective collaboration
- openness
- early engagement
- careful listening, and
- mutual understanding and respect

| What Happens if You Don't Earn Social Licence?

Failing to invest in social licence:

- project risks not identified
- unaddressed stakeholder concerns
- declining goodwill
- commercial opportunities decline, and
- 3 tier impact; individual, company and industry.

| Trust and Social Licence

“ Trust defines an organisation’s license to operate, lead and succeed.

Trust is the foundation that allows an organization to take responsible risk, and, if it makes mistakes, to rebound from them.

For a business, especially, lasting trust is the strongest insurance against competitive disruption, the antidote to consumer indifference, and the best path to continued growth. Without trust, credibility is lost, and reputation can be threatened.”

Edelman, Trust Report, 2022

| **Trust and Social Licence**

Macro level - **Earning social license = trust of stakeholders to operate.**

Micro-level - **proactive rather than reactive**

| **Social Licence | A Construction Led Approach**

Construction Led Engineering is the process of creating a design for projects that is construction oriented.

A **Construction Led Approach (CLA)** to a project adds stakeholder and community engagement to this focus.

The key is early involvement.

| Social Licence | A Construction Led Approach

Adoption of a construction led approach in the **early phases of project development** offers the most outstanding value.

The cost of change is low, while the opportunity to reduce risk is high.

Early stakeholder engagement activities result in earned social licence to operate throughout the project life.

The key is early involvement.

Nacap and Construction Led Approach

Nacap has had great success adopting a construction led approach to projects where early collaboration has created win-win outcomes for all.

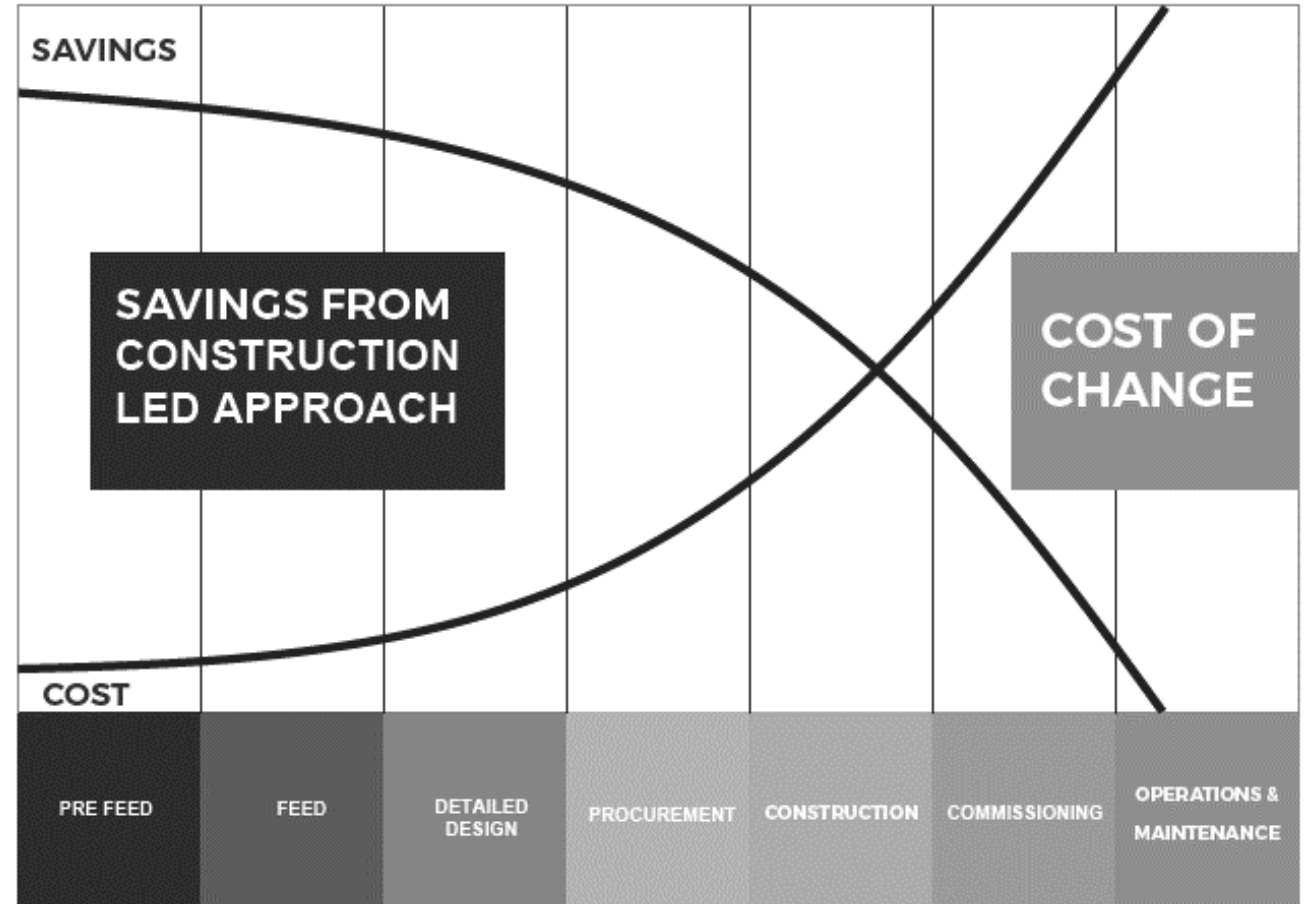
The early activities focus on collaboration between;

- client,
- contractor,
- designer,
- Suppliers and subcontractors,
- community and
- Stakeholders



| Value of Early Collaboration Over Project Life

- Early engagement provided high savings at low cost
- The further you advance into the project the cost of change increases with a subsequent decline in savings



| **Key Benefits | Early Construction Led Approach**

Risk Mitigation

- Early risk identification and mitigation

Approvals

- Construction led involvement assists critical approval pathways
- Resolving stakeholder approvals tensions between constructability limitations vs approval conditions.

| **Key Benefits | Early Construction Led Approach**

Stakeholder Engagement

- Understanding of construction activities and impacts
- Project interface with the wider environment.
- Impacts minimisation through route selection and early engagement
- Most appropriate construction techniques to minimise such impacts.

Setting Up For Success

- Leveraging off early goodwill
- Critical in maintaining and operating existing assets

| Key Benefits | Early Construction Led Approach

Early Contractor Involvement

Contractor inputs into the early engagement phase through;

- planning
- construction methodology
- developing relationships
- innovation

These inputs feed into the detailed design stage and provide the ability to avoid major costly delays and reputation damage during the project execution.

| Challenges of Contractor Exclusion

- managing the landowner and community interface
- critical constructability considerations being omitted or overlooked.
- poor outcomes for the environment, landowners and communities
- expose the project to delays and prolonged occupation
- risks to reputation,
- increased project costs
- diminished social licence

Nacap Case study

Project: Longford to Long island Replacement Oil Pipeline

Client: Esso

Location: Victoria



Project Scope:

Replacement of 187km pipeline between Longford and Long Island plants.

Two-season construction program

Highly populated Right of Way of large and disengaged landowner and stakeholder groups.

Early Contractor involvement:

- A construction led solution adopted
- Nacap worked closely with Esso and CNC Project Management to engage landowners, environmental, cultural heritage and other stakeholder groups
- Constructability inputs incorporated into the Approvals Processes
- Nacap provided constructor led management of landowners and stakeholders during construction.
- Two-season construction program

Nacap Case study

Project Outcomes:

- Viable and optimised alignment
- Project execution is optimal
- Enhanced Social Licence

“Early engagement of its contractor partners played a key role in the successful execution of the project. Today’s landscape along the pipeline route significantly differs from that when the original pipeline was installed. Individual needs of the landowners affected by the construction were carefully considered. Significant measures were taken to minimise any impact to the unique flora and fauna of the region. Sensitivities around cultural heritage locations were taken into account while finalising the construction methods.”

Abstract from APPEA Journal (Volume 58, Issue 2, 2018) written by Dilip Bapat (Project Manager, Longford Liquid Pipeline, ExxonMobil) and David Standfield (Senior Project Manager, Esso).

More details of this project: <https://www.exxonmobil.com.au/Community-engagement/Local-outreach/Esso-community-news/Another-investment-in-Gippslands-future-completed>

In summary

A collaborative early construction led approach (CLA) provides practical and innovative solutions to optimise infrastructure development in support of economic growth and end-user satisfaction.

When established on a foundation of landowner and stakeholder relationships this approach provides an enhanced level of Social Licence encapsulating whole of life asset development and operation.



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| Questions?



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