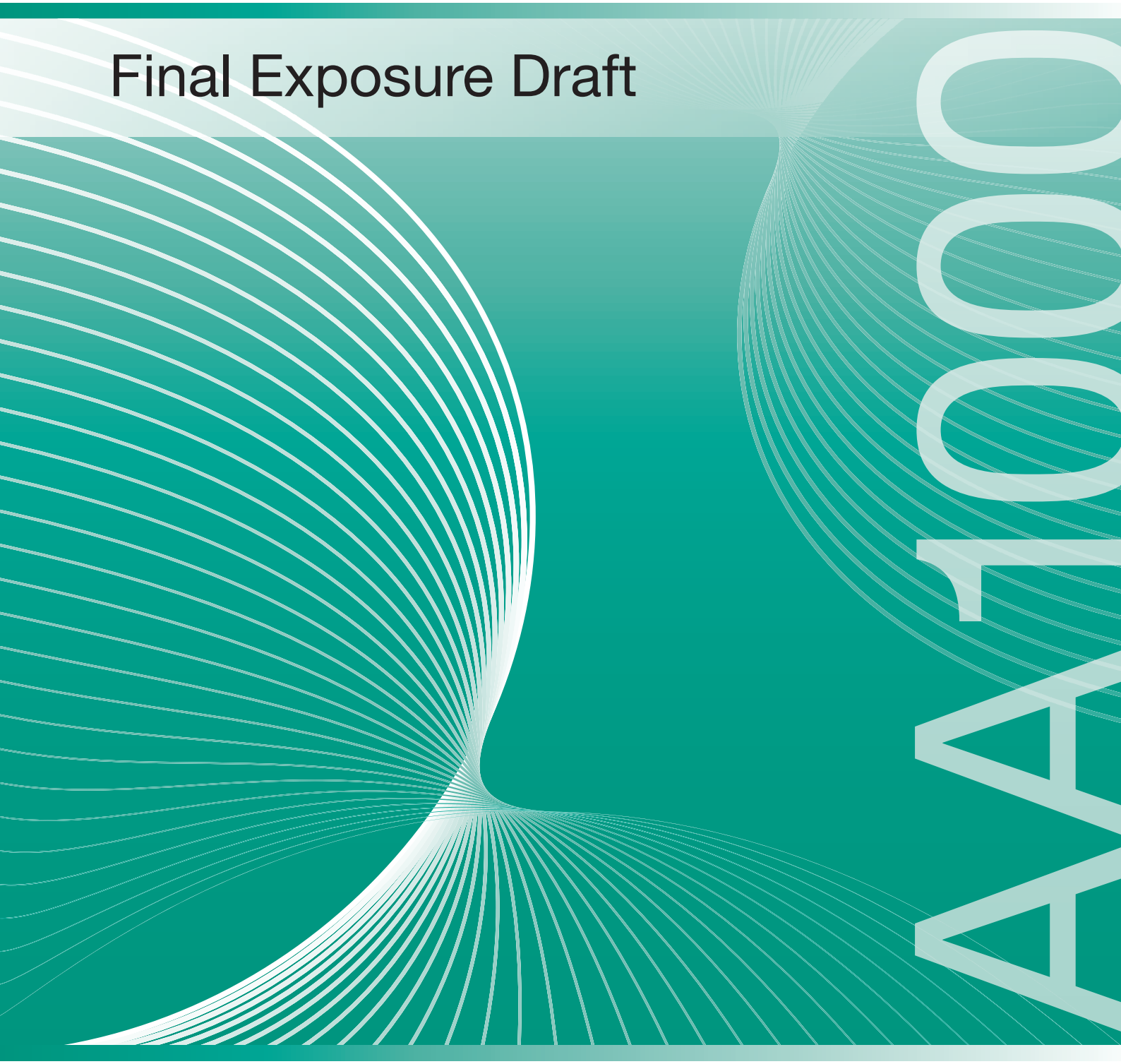
AA1000 STAKEHOLDER ENGAGEMENT STANDARD 2011

Final Exposure Draft



AccountAbility

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Foreword

In the *AA1000 Framework Standard* published in 1999, AccountAbility first introduced the principle of *inclusivity*. *Inclusivity* is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability. *Stakeholder Engagement* is a tool that organisations use to help them achieve *inclusivity*.

To support the achievement of inclusivity, guidance on how to design and conduct stakeholder engagement was included in the 1999 AA1000 Framework Standard. By 2005, this early guidance had evolved into the AA1000 Stakeholder Engagement Standard, the first international standard on stakeholder engagement to be published. This is the 2nd edition of the AA1000 Stakeholder Engagement Standard. It builds on the revisions to the A1000 AccountAbility Principles Standard (2008) and on advances in engagement practice over the last six years.

The AA1000SES (2011) was developed using a broad-based, multi-stakeholder process. This began in 2006 when a year-long pilot study was conducted using the 2005 edition of the AA1000SES. Feedback from the pilot program along with desk research on other initiatives and evolving practice, and the results of a widely broadcast e-survey were used to develop a preliminary draft of the revised standard. This draft was debated during face-to-face consultations in over 20 countries with a comprehensive range of stakeholders. All of the input received was considered by the AccountAbility Stakeholder Engagement Technical Committee, which then prepared a revised draft standard for public review. There were three periods of public review of 60-90 days each, followed by a final 30-day exposure period of the final draft. All public review took the form of collaborative drafting with full transparency using wiki software. Between each of these periods of public review and following the final period, the AccountAbility Stakeholder Engagement Technical Committee reviewed and revised the draft. The final draft was agreed by the

AccountAbility Stakeholder Engagement Technical Committee and submitted to the AccountAbility Standards Board, which approved it for publication.

The evolving nature of learning in the standards field means that the process of developing standards is on-going. AccountAbility invites you to share your AA1000 Stakeholder Engagement Standard experiences with us so that we can continue to improve the AA1000 Series.

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Introduction

While stakeholder engagement is not new, it is now accepted as crucial to an organisation's sustainability and success. To date, however, it has been difficult to fully understand what is good or poor quality engagement. The purpose of this standard is to establish the benchmark for good quality engagement.

Stakeholders are not just members of communities or non-governmental organisations. They are those individuals, groups of individuals or organisations that affect and/or could be affected by an organisation's activities, products or services and associated performance with regard to the issues to be addressed by the engagement.

Stakeholder engagement then is the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve accepted outcomes. It is now also recognised as a fundamental accountability mechanism, since it obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance.

Quality stakeholder engagement must:

- be based on a commitment to the AA1000APS principles;
- clearly define the scope;
- have an agreed decision making process;
- focus on issues material to the organisation and/or its stakeholders;
- create opportunities for dialogue;
- be integral to organisational governance;
- be transparent;
- have a process appropriate to the stakeholders engaged;

- be timely; and
- be flexible and responsive.

Engaging with the individuals, groups of individuals or organisations that are affected by or can affect an organisation's activities, and responding to their concerns makes organisations perform better. It increases their knowledge and contributes to their license to operate. Quality stakeholder engagement can:

- Lead to more equitable and sustainable social development by giving those who have a right to be heard the opportunity to be considered in decision-making processes;
- Enable better management of risk and reputation;
- Allow for the pooling of resources (knowledge, people, money and technology) to solve problems and reach objectives that cannot be reached by single organisations;
- Enable understanding of the complex operating environments, including market developments and cultural dynamics;
- Enable learning from stakeholders, resulting in product and process improvements;
- Inform, educate and influence stakeholders to improve their decisions and actions that will have an impact on the organisation and on society; and
- Contribute to the development of trust-based and transparent stakeholder relationships.

For these benefits to be realised, stakeholder engagement needs to be designed and implemented in a credible way. The AA1000 Stakeholder Engagement Standard (AA1000SES) provides a basis for this. It is a generally applicable, open-source framework for designing, implementing, assessing, and communicating the quality of

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stakeholder engagement. It builds on, and is consistent with, AccountAbility's AA1000 Series, particularly the AA1000 AccountAbility Principles Standard, launched in October, 2008.

Stakeholder engagement is a journey. The starting point is often pain alleviation. Something bad has happened and there is significant external pressure that needs to be addressed urgently. The organisation finds that it needs to engage, to be more transparent, and to respond directly to stakeholder concerns.

Organisations that find stakeholder engagement has helped resolve a problem, then look for ways to use engagement as a preventive rather than a reactionary mechanism. They begin to use it systematically as part of risk identification and management. They discover that a better understanding of their stakeholders results in an easier and more receptive operating environment. Performance improves.

They then discover that it can contribute just as much to strategic as to operational improvement. Engagement can be a tremendous source of innovation and new partnerships. Leading companies are discovering that a growing percentage of innovation is coming from outside the organisation and not from within. They realise that stakeholders are a resource and not simply an irritant to be 'managed'. At this level, stakeholder engagement drives strategic direction as well as operational excellence.

AA1000SES (2011) consist of four parts.

The first part describes the purpose and scope of the standard itself. It also articulates who the intended users are, making it clear that while this standard is primarily

intended for practitioners and engagement owners, it will be of significant use to all those involved in engagement as well as all who will benefit from it. It also makes clear that the standard is for use by organisations of all types and sizes, not just business and not just large organisations.

The next three parts establish the requirements for quality stakeholder engagement, supported by guidance to ensure full and clear understanding of the requirements. The three parts are 1) how to establish the necessary commitment to stakeholder engagement and how to ensure it is fully integrated in strategy and operations; 2) how to define the purpose, scope, and stakeholders of the engagement; and 3) what a quality stakeholder engagement process looks like.

The AA1000SES (2011) is now part of a suite of stakeholder engagement tools developed by AccountAbility. The suite of tools includes:

AA1000SE Standard – published as a set text and approved by the AccountAbility Stakeholder Engagement Technical Committee. It includes:

- Principles and requirements for quality stakeholder engagement;
- Guidance that clarifies and further explains the requirements.

AA1000SE Manual – published as a set text and developed by experts with support from broad public consultation. It includes:

- How to develop the case for stakeholder engagement;
- Step-by-step guidance, templates and worked examples for organisational engagement;
- project-based engagement; and
- public sector engagement.

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AA1000SE WikiHub – a real-time, open-access collaborative database of useful information and guidance on stakeholder engagement developed and policed by stakeholders, with some moderation. At the outset it will include:

- A database of performance indicators that organisations have developed and used to evaluate the quality and value of stakeholder engagement;
- A database of worked examples and cases in three sections: organisations, projects and public sector;
- A resource of country and regional adaptations addressing the local context and dynamics;
- A resource of sector adaptations addressing sector specific issues and dynamics;
- A database on how AA1000SES relates to and can be used with other standards, codes and guidelines;
- A database of other relevant tools and approaches to stakeholder engagement.

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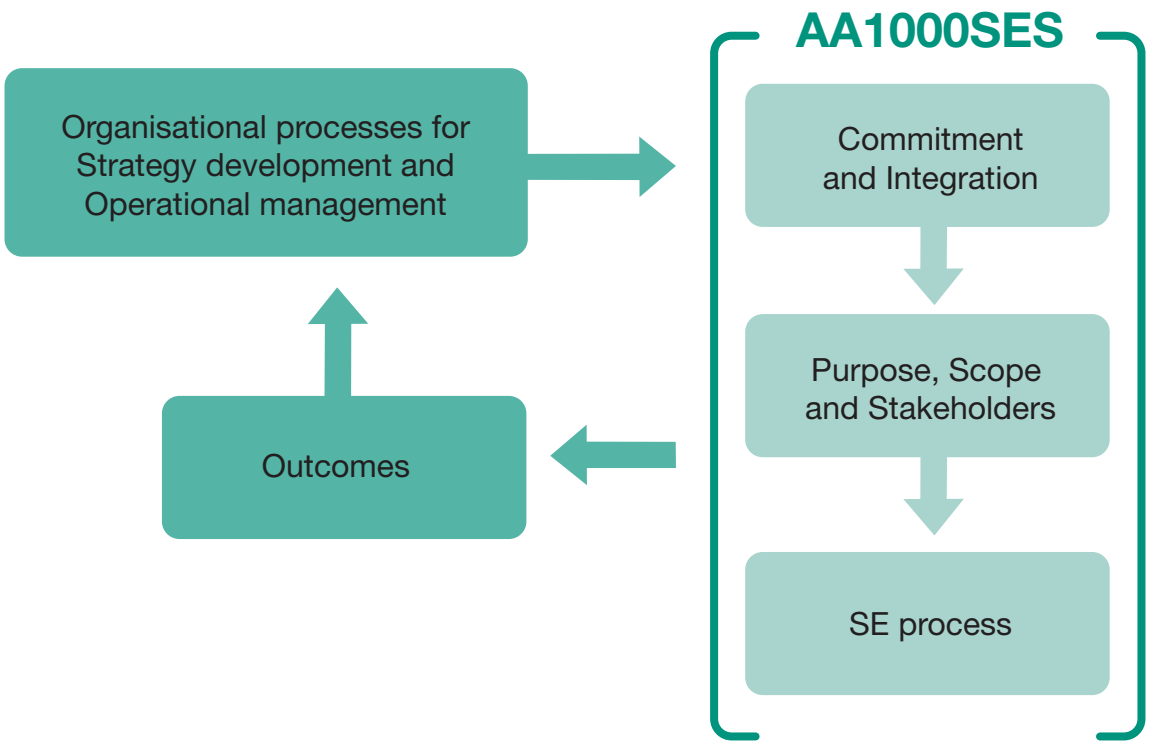
1. Purpose and Scope of the AA1000SES (2011)

The AA1000 Stakeholder Engagement Standard (AA1000SES) is a generally applicable, framework for the design, implementation, assessment and communication of quality stakeholder engagement.

It describes how to establish commitment to stakeholder engagement; how to integrate stakeholder engagement with governance, strategy and operations; how to determine the purpose, scope and stakeholders for engagement; and the processes that will deliver quality and inclusive engagement practice, and valued outcomes.

Figure 1: Purpose and Scope of AA1000SES (2011)



The Standard has been designed to enable organisations to respond in a comprehensive and balanced way to material issues, impacts and opportunities.

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It emphasises that stakeholder engagement must result in outcomes valued by those involved and must be communicated in a credible way.

The AA1000SES is applicable to all types and levels of stakeholder engagement. It is applicable to both internal and external engagement, for public, private and civil society organisations of all sizes. It can be used for project-based activities as well as for on-going purposes.

The AA1000SES is intended for use by stakeholder engagement process owners. It will also be of use to managers and others responsible for making decisions, as well as to participants in stakeholder engagement.

Users of other standards in the AA1000 Series will find AA1000SES useful in understanding and evaluating adherence to the AccountAbility Principles of inclusivity, materiality and responsiveness.

AA1000SES may also be used to support a wide range of other standards that recommend or require stakeholder engagement. It may be used, for example, to support risk, quality, relationship and knowledge management; social responsibility and sustainability; transparency and reporting; and governance and accountability. The AA1000SES has not been designed to replace or undermine existing frameworks, such as government consultation requirements or formal collective bargaining arrangements between organisations and workers. It may, nevertheless, usefully inform and support these engagements.

The AA1000SES contains requirements, and guidance clarifying these requirements. The requirements are stated in italics, the guidance is in normal text.

2. Commitment and Integration

Stakeholder engagement must be embedded in the culture and core functions of the organisation. To achieve this, AA1000SES requires a commitment to the AA1000APS principles and integration of stakeholder engagement with organisational governance, strategy and operations. Through this commitment and integration, the outputs of stakeholder engagement lead to strategic and operational outcomes.

2.1 Commit to the AA1000 AccountAbility Principles

The organisation shall make a formal commitment to the AccountAbility Principles as defined in the AA1000 AccountAbility Principles Standard (2008). This commitment shall be communicated both internally and externally.

The three accountability principles are Inclusivity, Materiality and Responsiveness. Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability. It is also a commitment to be accountable to those on whom the organisation has an impact and who have an impact on it, and to enable their participation in identifying issues and finding solutions. It is about engaging at all levels, including the organisation's governance, to achieve better outcomes.

Inclusivity, materiality and responsiveness require a defined process of stakeholder engagement that provides comprehensive and balanced involvement and results in outcomes that address and respond to issues and impacts in an accountable way.

The principle of Inclusivity is necessary for the achievement of the other two accountability principles: Materiality and Responsiveness. Inclusivity is the starting point for determining materiality. The materiality process determines the most relevant and significant issues for an organisation and its stakeholders, recognising that

materiality may be stakeholder specific, i.e., some issues will be material to some stakeholders but not to others. Responsiveness includes the decisions, actions, performance and communications related to those material issues.

The commitment to the three principles should be formalised in a way consistent with the governance of the organisation. This may require a specific policy statement or the inclusion of the commitment in vision, mission or value statements.

In doing this there is a need to be sensitive to cultural context and any other values or principles that the organisation has committed to.

2.2 Integrate with governance

The organisation shall integrate stakeholder engagement into governance and relevant decision-making processes.

Governance and decision-making processes are relevant when they are associated with an issue or action that will have a material impact on a stakeholder or will affect the way in which a stakeholder has an impact on the organisation.

2.3 Integrate with organisational strategy and operations management

The organisation shall integrate stakeholder engagement into all relevant policies and/or processes for:

- *Strategy development (including the vision, mission and values that underlay strategy); and*
- *Operations management.*

To ensure stakeholder engagement is embedded in the organisation, policies and/or processes for setting strategy and for managing operations should include the requirement to use stakeholder engagement where appropriate.

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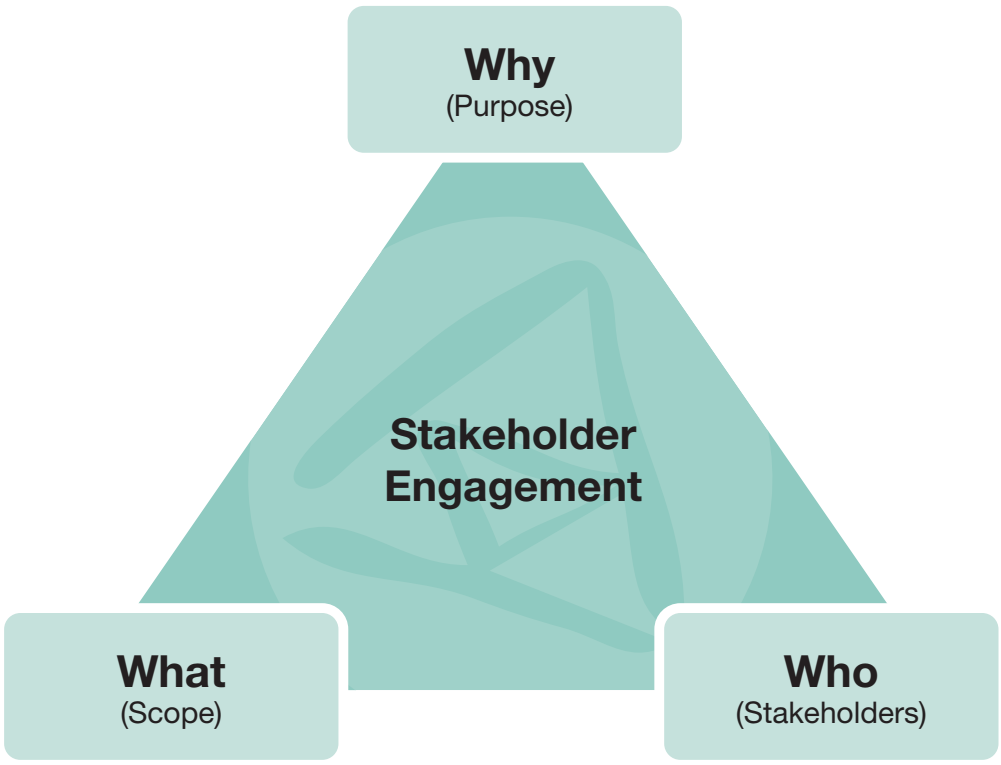
3. Purpose, Scope and Stakeholders

Successful engagement depends on understanding **why** to engaging (the purpose), **what** to engaging on (the scope), and **who** needs to be involved in the engagement (ownership, mandate, stakeholders). The commitment to the AA1000APS (2008) principles and the integration of stakeholder engagement into governance, strategy and operations require stakeholder engagement to be used systematically and regularly across the organisation.

Figure 2: Purpose Scope and Stakeholders



3.1 Establish the purpose of engagement

The purpose for stakeholder engagement shall be defined. The purpose shall be connected to the overall strategy and operations management of the organisation.

Stakeholder engagement must have a purpose. It is essential to first think about why to engage and what needs to be achieved. No stakeholder engagement should be initiated without defining a purpose.

There are two broad categories of purpose: strategy and operations. That is, stakeholder engagement takes place to develop or improve strategy or to help identify and address operational issues. Building trust-based relationships is inherent to both strategic and operational stakeholder engagement.

The purpose may be associated with on-going activities, such as aiming to ensure that the organisation has a good understanding of stakeholder views or to foster positive stakeholder relationships, or it may be associated with a specific project or need.

Those initiating the stakeholder engagement should involve stakeholders in defining the purpose of the engagement. During the engagement the purpose of the engagement should be reviewed and should be adjusted based on the input received from stakeholders.

3.2 Establish the scope of the engagement associated with the purpose

The scope of the engagement shall be defined by determining:

- *the subject matter the engagement will address;*
- *the parts of the organisation (e.g. regions, divisions etc.) and associated activities, products and services the engagement will address; and*
- *the time frame the engagement will address.*

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The subject matter is the issues that are relevant to the purpose of the stakeholder engagement. An issue should be considered material if it influences or is likely to influence the decisions, actions and behaviour of one or more stakeholders and/or the organisation itself.

When considering the parts of the organisation to include, it should be considered whether the engagement will address the whole of the organisation or a single business unit or operation.

When considering the geographical regions to include, it should be determined whether the engagement will address worldwide operations or those of a single country or region.

When considering the activities, products or services to include, it should be considered whether the engagement will address everything the organisation produces and does, or specific activities, products and services.

When considering the time frame the engagement will address, it should be considered whether the engagement will look at long-term strategic issues or current concerns or both.

Depending on the engagement issue, stakeholders may be involved in defining the scope of the engagement.

The scope of the engagement may have to be adjusted based on the views of stakeholders during the engagement.

3.3 Determine the mandate, ownership and stakeholders of the engagement

3.3.1 Mandate and Ownership

The mandate and ownership of the engagement shall be established. The owners of the engagement shall have the appropriate competencies

The mandate comes from those responsible for defining the purpose, scope and ownership of the engagement. The mandate may come from a single organisation, from a partnership or from a collaboration. The organisation, partnership or collaboration place their authority and resources behind the stakeholder engagement.

The owners of the engagement are the individuals or groups, including partnerships or collaborations, either internal or external to the organisation, who participate in the decisions associated with the planning, preparation, implementation, review and communication of the engagement. For lower levels of engagements ownership is typically vested in the organisation itself. For higher levels of engagement, ownership becomes more collaborative and may be shared. Ownership of the engagement may change during the engagement process if it is considered beneficial to the overall outcome and achievement of the purpose of the engagement.

3.3.2 Stakeholder identification

The owners of the engagement shall identify stakeholders relevant to the purpose and scope of the engagement. They shall establish a methodology to identify stakeholders.

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Relevant stakeholders are those individuals, groups of individuals or organisations that affect and/or could be affected by an organisation's activities, products or services and associated performance with regard to the issues to be addressed by the engagement. An organisation may have many stakeholders, each with distinct attributes and often with diverse and sometimes conflicting interests and concerns.

Establishing a methodology for systematically identifying stakeholder groups that can contribute to achieving the purpose of the engagement and/or could be affected by its outcome is fundamental to the engagement process.

A method for systematically identifying stakeholder groups should consider the scope of the engagement and may be guided by attributes of stakeholders such as the following:

- Dependency – groups or individuals who are directly or indirectly dependent on the organisation's activities, products or services and associated performance, or on whom the organisation is dependent in order to operate.
- Responsibility – groups or individuals to whom the organisation has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities.
- Tension – groups or individuals who need immediate attention from the organisation with regard to financial, wider economic, social or environmental issues
- Influence – groups and individuals who can have impact on the organisation's or a stakeholder's strategic or operational decision-making

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- Diverse perspectives – groups and individuals whose different views can lead to a new understanding of the situation and the identification of opportunities for action that may not otherwise occur.

Stakeholder may also include those who, through regulation, custom, culture or reputation, can legitimately claim to represent any of these interests as well the interests of the voiceless such as future generations and the environment.

An initial identification of stakeholders may build on external sources, such as research studies and peer analyses, as well as internal sources, including people with knowledge of the organisation and issues related to the purpose and scope of the engagement. As engagement progresses it may be appropriate to revise stakeholder identification based on stakeholder input.

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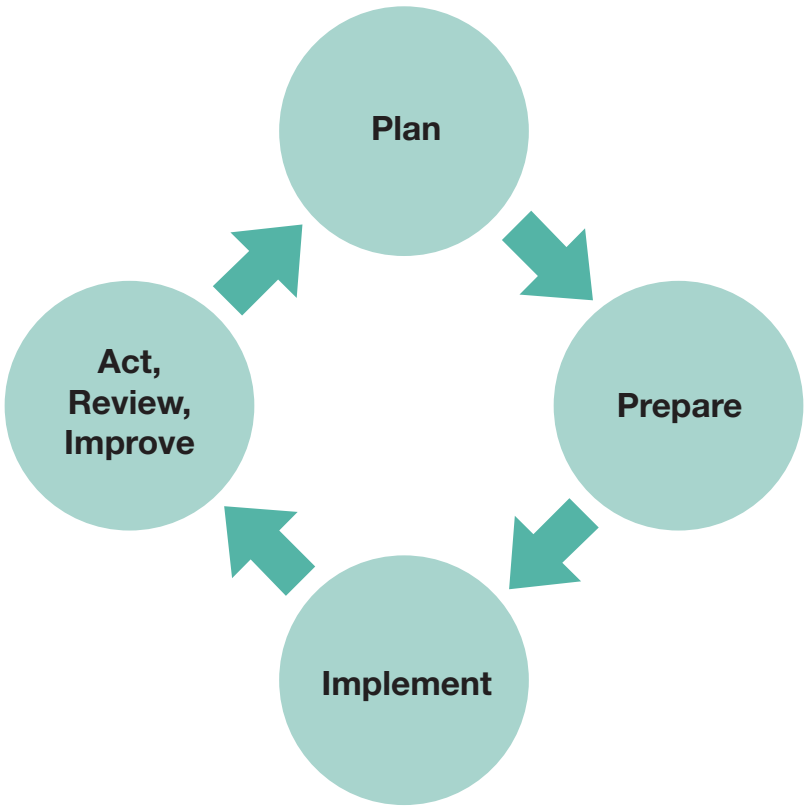
4. Stakeholder Engagement process

Having established the purpose, scope and stakeholders for the engagement, the owners of the engagement now need to ensure that there is a quality stakeholder engagement process in place. The AA1000SES stakeholder engagement process includes four stages: Plan; Prepare; Implement; and Act, Review and Improve.

Figure 3: Stakeholder Engagement process



4.1 Plan

4.1.1 Profile and map stakeholders

The owners of the engagement shall profile and map the stakeholders. They shall establish a methodology to profile and map stakeholders. This profiling and mapping shall be taken into consideration in the planning and implementation of the engagement.

Profiling and mapping shall be reviewed and revised throughout the process.

In order to design stakeholder engagement processes that work, engagement owners need a clear understanding of who the relevant stakeholders are and how and why they may want to engage. The engagement owners need to understand not only the stakeholder group but also the individual stakeholder representatives. Organisations should profile stakeholder groups as well as individual stakeholder representatives.

Engagement owners should systematically seek to understand each stakeholder's

- knowledge of the issues associated with the purpose and scope of the engagement;
- expectations of the engagement;
- existing relationship with the organisation (close or distant; formal or informal; positive or negative);
- dependence (or otherwise) on the organisation, which would necessitate that the stakeholder group should be able to express its views independently of management in order to contribute freely
- willingness to engage;
- level of influence;
- type (civil society, government, consumer etc.);
- cultural context;
- geographical scale of operation;
- capacity to engage (e.g. language barriers, IT literacy, disability);
- legitimacy
- relationships with other stakeholders.

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Having profiled the stakeholders, the owners of the engagement should map them to determine which groups and individual representatives are most important to engage with in relation to the purpose and scope of the engagement.

Mapping can be based on any of the criteria used to characterise the stakeholders. The owners of the engagement can map the stakeholders in any number of ways and may wish to use several maps to gain better insight. For example, the owners of the engagement may wish to map level of influence against willingness to engage, type of stakeholder against level of influence, or capacity to engage and knowledge of issues against expectations.

Setting clear criteria for mapping stakeholders better enables the owners of the engagement to steer the engagement away from being driven by un-strategic considerations such as the 'noisiest' stakeholders, the short-term focus of the media, or the comfort-zone of managers.

While the initial profiling and mapping may take place without the systematic involvement of stakeholders, as engagement takes place and practice matures, relevant stakeholders should be involved in this process and outcomes adjusted accordingly.

4.1.2 Determine engagement level(s) and method(s)

The owners of the engagement shall determine the level(s) and method(s) of engaging with stakeholders that are best suited to the purpose and scope of engagement and to the relevant stakeholders.

In determining level(s) of engagement the owners of the engagement define the nature of the relationship they have or aim to develop with their stakeholders.

Engagement may take place at more than one level. The owners of the engagement may choose to engage with the stakeholders in one segment of its stakeholder map at one level and with stakeholders in another segment of the stakeholder map at another. The level of engagement may also change over time as relationships deepen and mature.

The method of engagement should be selected to best meet the needs, capacity and expectations of the relevant stakeholders. More than one method may be selected for any given engagement. Different methods may be used concurrently or sequentially.

Consideration needs to be given to the relative merits of collective and individual consultation within stakeholder groups. For some groups, such as workers, providing views in a collective forum independent of management (such as through their union) is an essential part of providing anonymity for individuals and enhancing their capacity for influence.

Engagement owners should also include in their planning process activities and methods that are essential to engagement but are not themselves formal engagement methods.

Pre-engagement activities include:

Receiving unsolicited information

Stakeholder views expressed through:

- Protests
- Letters
- Media

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- Websites
- Other advocacy efforts

Tracking information

- Media tracking
- Internet tracking
- Social network tracking
- Second hand reports

Creating awareness

- Bulletins, newsletters and brochures
- Websites
- Speeches and conference presentations
- Road shows
- Press releases
- Advertising and other public displays
- Lobbying

Stakeholder engagement is a two way process. However, there are different levels and associated engagement methods depending on the nature and extent of stakeholder involvement.

Stakeholder levels and associated methods may be described as follows:

Level of engagement	Methods of engagement
Consult *Limited two-way engagement: organisation asks questions, stakeholders answer*	• Surveys • Focus groups • Meetings with selected stakeholder/s • Public meetings • Workshops • Online feedback mechanisms • Advisory committees
Negotiate	• Collective bargaining with workers through their trade unions
Involve *Two-way or multi-way engagement: learning on all sides but stakeholders and organisation act independently*	• Multi-stakeholder forums • Advisory panels • Consensus building processes • Participatory decision making processes • Focus groups • On-line feedback schemes
Collaborate *Two-way or multi-way engagement: joint learning, decision making and actions*	• Joint projects • Joint ventures • Partnerships • Multi-stakeholder initiatives
Empower *New forms of accountability; decisions delegated to stakeholders; stakeholders play a role in governance*	• Integration of stakeholders into governance, strategy and operations management

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As engagement takes place and the process matures, the owners of the engagement should involve stakeholders in the design and implementation of the engagement purpose and scope.

4.1.3 Establish and communicate boundaries of disclosure

The owners of the engagement shall establish the boundaries of disclosure of the engagement and shall clearly communicate these boundaries to its stakeholders.

Boundaries of disclosure specify what information the owners of the engagement will share with its stakeholders and what information stakeholders may share outside of the engagement process. There are a range of options:

- Full disclosure including attribution of who said what;
- Full disclosure without attribution of who said what;
- Limited disclosure agreed by the participants; and
- Limited disclosure controlled by the owners of the engagement.

Effective engagement depends upon a shared understanding of issues. This works best when all participants have access to the same information. There may be legitimate reasons for not sharing information. The information may be not relevant, commercially sensitive or misleading out of context.

The owners of an engagement may choose to go forward with an engagement and share the information they wish to keep confidential under the protection of a confidentiality agreement. This will allow those engaged full access to the information. But it will not allow them to share it outside of the engagement.

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If the owners of an engagement or a stakeholder is not willing to share the information needed for successful engagement, they should consider not initiating or participating in that engagement.

4.1.4 Draft engagement plan

The owners of the engagement shall develop an engagement plan. The engagement plan shall be made available to stakeholders. Stakeholders shall have the opportunity to provide input into the plan.

The engagement plan documents the engagement process.

The engagement plan at a minimum should include the following:

- The mandate for the engagement;
- The purpose and scope of the engagement;
- The owners of the engagement, their roles and responsibilities;
- The methodology for and results from identifying stakeholders;
- The methodology for and results from profiling and mapping stakeholders;
- The pre-engagement activities;
- The engagement level(s) and methods;
- The boundaries of disclosure.

Further, the engagement plan should document various aspects related to managing the engagement process and at a minimum include the following:

- Tasks and timelines;
- Contact persons;
- Technologies used;
- Ground rules;

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- Comfort requirements;
- Engagement risks
- Resource requirements, budget;
- Channels of communication;
- Monitoring and evaluation;
- Reporting the engagement outputs and outcomes.

When developing engagement plans it is also important to consider factors that can impede the ability of stakeholders to engage and to address these in the plan. Such factors may include:

- The accessibility of the location;
- Capacity to travel;
- Availability of technology (ICT);
- Timing;
- The need for anonymity;
- Social hierarchies (e.g. caste, gender, wealth);
- Local conflicts;
- Lack of shared understanding of expectations, customs, conventions;
- Religion;
- Culture-specific communication styles; and
- Family and other responsibilities (e.g. harvest times, childcare).

As engagement takes place and as stakeholder engagement practice matures, the owners of the engagement may involve stakeholders in drafting the engagement plan.

4.1.5 Establish Indicators

Indicators for the quality of stakeholder engagement based on the requirements of AA1000SES (2011) shall be established. Stakeholders shall have the opportunity to provide input into the indicators. The indicators shall be meaningful to the organisation and its stakeholders.

Indicators allow an organisation to measure and evaluate the progress towards achieving quality stakeholder engagement, to identify areas for improvement and to demonstrate the value added through engaging with stakeholders. Indicators can be quantitative or qualitative.

4.2 Prepare

4.2.1 Mobilise resources

The owners of the engagement shall identify and gain approval for the resources required for successful engagement.

Resources are required for the engagement process itself, but also to make the necessary changes in response to the outputs of engagement. Engagement outputs may have significant consequences for an organisation's strategy and operations management. Therefore, it is important to consider the resource requirements of these.

Resource requirements should have been developed and documented in the engagement plan. The resources required for the engagement process will include the financial, human (including capacity building) and technological resources required for those carrying out the engagement, as well as for the stakeholders invited to

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participate. Stakeholders may wish or need to be compensated for their time as well as for expenses incurred in order to participate in the engagement. Any financial support should be designed in such a way that it does not represent a potential for conflict of interest.

The engagement should not proceed if the necessary resources are not committed.

4.2.2 Build Capacity

The owners of the engagement and the stakeholders shall identify where capacity to engage needs to be built. The owners of the engagement shall work with the stakeholders to respond appropriately to these needs in order to enable effective engagement.

Engagement processes are likely to involve a variety of people with different levels of expertise, confidence and experience. It is important to appreciate that some individuals and groups may find it difficult to take up an invitation to engage, or that circumstances may hinder them in fully contributing to the engagement. This might, for example, be due to language, literacy, disability or cultural barriers, problems of distance or lack of time, or gaps in their knowledge about a specific issue. The owners of the engagement may need to address capacity gaps of stakeholders to avoid their exclusion or to prevent them from disengaging. Adequate capacity to engage can help to reduce engagement risks.

Areas where capacity building may be relevant and beneficial include:

Knowledge

- Understanding and awareness of the issues, the organisation, the local culture and politics;

- Knowledge of relevant approaches to stakeholder engagement; and
- Understanding of the stakeholders involved and their perspectives.

Skills

- Language and communication skills;
- Ability to examine and interpret the outputs of stakeholder engagement in a way that captures the key facts and figures, as well as messages and insights; and
- Individual personality traits such as integrity, ability to focus on solutions, motivation, and creativity.

Opportunity

- Availability of necessary financial and physical resources;
- Availability of time to participate; and
- Access to information in a timely and appropriate fashion.

The owners of the engagement should consider the following when building capacity:

- If providing financial support to stakeholders, do so on the basis of clear eligibility criteria and in a transparent manner;
- Never assume common levels of knowledge and similar understandings of concepts – be sure everybody involved understands the issues at stake;
- Provide enough time: stakeholders require time to understand new information and form opinions; good engagement also requires trust, which takes time to evolve.

The owners of the engagement should consider involving external parties where this would benefit the engagement.

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4.2.3 Identify and prepare for engagement risks

The owners of the engagement and the stakeholders shall identify and address engagement risks.

Engagement risks may include:

- Conflict between participating stakeholders;
- Unwillingness to engage;
- Participation fatigue;
- Creating expectations of change that the organisation is unwilling or unable to fulfil;
- Lack of balance between weak and strong stakeholders;
- Disruptive stakeholders;
- Uninformed stakeholders; and
- Disempowered stakeholders.

The owners of the engagement should make contingency plans to deal with the most likely or damaging risks.

The owners of the engagement should understand the potential for conflict as fully as possible and should have detailed profiles available for facilitators. If conflict resolution is not possible because of entrenched positions the method of engagement may have to be changed or adjusted. Bilateral engagement may be more productive than a forum discussion. Where there is the potential for conflict in an open forum, special care should be taken to select a facilitator who is neutral and credible to all parties.

It is not always possible to engage with key stakeholders because of their unwillingness to engage. This may require an adjustment of the scope, purpose, level

and method of the engagement. Full consultation may not be possible but it may still be possible to keep the stakeholder fully and transparently informed. In multi-party engagement it will be important to ensure the views of a key stakeholder unwilling to engage are included in the discussion and debate.

The owners of the engagement should be aware that stakeholders are a valuable resource they should not take advantage of. Resource and capacity building support should be provided. The organisation should only engage with stakeholders when there is clear purpose and value in doing so. Stakeholders want to see a return on their contribution to engaging.

Weak or marginalised stakeholders may have very valuable input to offer. In a multi-party engagement, the facilitator must ensure that balance of input is encouraged and maintained.

The owners of the engagement should establish clear ground rules for the engagement. These ground rules should be agreed by all participants. If a stakeholder disrupts an engagement in a way that clearly contravenes the ground rules the facilitator must intervene and re-establish the ground rules.

4.3 Implement the engagement plan

4.3.1 Invite stakeholders to engage

The owners of the engagement shall ensure that stakeholders are invited to participate reasonably well in advance and that communications are appropriate for each stakeholder.

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The information included in the invitation should include at a minimum:

- The purpose and scope of the engagement;
- The engagement process and timelines;
- What stakeholders are expected to contribute;
- The benefits to the stakeholder invited to participate;
- Logistical and practical information about the engagement;
- How to respond;
- Additional information that will be provided; and
- Next steps.

Invitations should be sent to named individuals and not just an organisation. If the person invited is not the appropriate contact then the stakeholder should be given the opportunity to nominate the relevant individual. Similarly, if an invited stakeholder organisation ceases to exist, the involvement of new or equivalent organisations should be explored.

The owners of the engagement should keep a contact database of invitees, their preferred method of communication and their responses. The owners of the engagement should be aware of cultural differences and customs when inviting people.

The owners of the engagement should consider using a range of means to invite participation, including: social networks, relevant media, mailing lists, telephone calls and personal visits. The owners of the engagement should follow-up appropriately. The owners of the engagement should strive to organise the engagement around the availability of key participants.

4.3.2 Brief stakeholders

The owners of the engagement shall develop and provide the participants with the briefing materials needed to ensure the success of the engagement. Comprehensive and balanced briefing materials shall be made available to participants in good time and shall take into account any relevant language, disability and literacy issues.

Briefing materials provide the basis for building robust and responsive stakeholder engagement processes. These materials should address

- The purpose and scope of the engagement;
- The nature of the issues, why they are considered material and the risks and opportunities associated with them;
- How the issues are currently managed within the organisation;
- What policies and systems are already in place; and
- What the organisation can and wants to do about the issues.
- Briefing materials should be made available to participants in good time to allow them to read and digest the information. It may also be useful to prepare participants with pre-meetings, informal conversations and training.
- Briefing materials should be presented in a format that is accessible and that clearly highlights the key points. The owners of the engagement should take into account any relevant language, disability and literacy issues. Summaries should be provided where this would prove useful.
- The owners of the engagement should also consider involving stakeholders in the development and identification of briefing materials.

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4.3.3 Engage

At the beginning of the engagement, the owners of the engagement, with input from the stakeholders shall establish procedural and behavioural ground rules for the participants in the engagement. The ground rules shall be agreed by all participants.

Some general ground rules for engagement may include:

- Avoid assigning intentions, beliefs, or motives to others. (Ask others questions instead of stating untested assumptions about them.)
- Honour each party's right to "pass" if he or she is not ready or willing to speak.
- Allow others to express their opinions completely.
- Make sure that the opportunities for input are evenly distributed.
- Respect all confidentiality or anonymity requests that the group has agreed to honour.
- Adopt a solutions-oriented approach.
- Stay focused on the issue that is the subject of the agreement.

During the engagement, as a result of stakeholder input, it may be appropriate to revise the purpose and scope of the engagement.

During the engagement the owners of the engagement, or the facilitator working for the owners, should be watchful for and immediately identify and address the root cause of any potential issues. Potential issues or attributes to consider could include but are not limited to:

- distrust,
- intimidation,
- rivalries between individuals and organisations,

- poorly defined issues or problems,
- emotionally upsetting situation,
- unhelpful complexity,
- unhelpful digression,
- unbalanced participation, or
- poor time utilisation.

The owners of the engagement or facilitator should ensure all views and discussions are captured as appropriate. With the agreement of the participants, audio, video or photographic records of the engagement may be made.

4.3.4 Document the engagement and its outputs

The owners of the engagement shall document the engagement and its outputs.

The documentation should capture:

- The purpose and aims of the engagement;
- The methods used;
- Who participated and who didn't;
- The timeframe;
- A verbatim record (not always necessary but may be useful - permission may be required);
- A summary of stakeholder concerns, expectations and perceptions;
- A summary of key discussions and interventions; and
- Outputs (e.g. queries, proposals, recommendations, agreed decisions and actions).

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4.3.5 Develop an action plan

The owners of the engagement shall analyse the engagement and its outputs and develop an action plan that articulates how the organisation will respond to the outputs of the engagement. The action plan shall provide a response to all outputs of the engagement. The action plan shall be developed in consultation with those who will have responsibility for implementing it.

The owners of the engagement should respond to every output, giving reasons for the chosen decisions and actions, even if it does not do everything that is proposed or recommended.

The action plan should:

- Ensure that decisions and actions take into account stakeholder concerns, expectations and perceptions, as well as key discussions and interventions;
- Ensure that roles and responsibilities are well-defined; and
- Offer realistic timescales for completion.
- Actions may include the development of or changes to:
- Governance and management commitment;
- Relevant policies;
- Strategies, objectives, targets and performance indicators;
- Operational practices;
- Clear assignment of responsibility and the necessary competencies; and
- Review, learning and improvement processes.

4.3.6 Communicate engagement outputs and action plan

The owners of the engagement shall communicate the outputs and action plan to participants of the engagement in an appropriate and timely manner.

It is important that reporting back to stakeholders is done in an inclusive and consistent way so that all participants receive consistent feedback. Reporting back should include a written report, but may be supplemented by:

- Stakeholder events;
- One-to-one meetings and conversations;
- Follow-up telephone briefings; and
- Providing access to information on web portals.
- The owners of the engagement should seek feedback from the participants on the information provided and revise it in response to any legitimate queries raised.
- The owners of the engagement should ensure they keep a record of any queries raised and how the information has been revised.
- The owners of the engagement may also choose to communicate this information more widely, both internally and externally.

4.4 Act, review and improve

4.4.1 Monitor and evaluate the engagement

The organisation shall systematically monitor and evaluate the overall quality of the stakeholder engagement, and the owners of engagements shall evaluate the quality of individual engagements. This shall include monitoring and evaluation of

- *Commitment and integration*
- *Purpose, scope and stakeholder participation*

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- *Process (planning, preparing, engaging, acting, reviewing and improving)*
- *Outputs and outcomes*
- *Reporting*

Monitoring and evaluation should be based on the criteria in this standard. Each individual engagement should be monitored and evaluated. The information from individual engagements should then be aggregated and evaluated at group level.

Monitoring may be compliance-based, that is it may be based on an evaluation of whether an organisation's stakeholder engagement meets the criteria in this standard.

Alternatively organisations may consider monitoring and evaluation in relation to the level of achievement based on a scale that evaluates the nature and extent of achievement of each criterion in this standard, rather than evaluating a pass or fail against each criterion.

The monitoring and evaluation of outputs (the action plan) and outcomes (the results of decisions and actions) should be integrated with overall sustainability performance monitoring and evaluation.

4.4.2 Learn and improve

The organisation, with input from stakeholders, shall strive to continually improve its stakeholder engagement. It shall identify and act on specific improvements.

The criteria in this standard provide the means to identify areas for improvement. This learning should be included in the design, planning and methodological guidance of future engagements.

4.4.3 Follow up on action plan

The organisation shall review and monitor the outcomes associated with the engagement action plans and provide feedback on progress to the stakeholders.

The on-going success of stakeholder engagement depends on the organisation becoming more successful as a result of the decisions and actions it takes in response to the engagement action plans. In following up on engagement action plans, the organisation should analyse the overall contribution of engagement to the success of the organisation.

4.4.4 Report on engagement

Organisations shall publicly report on their stakeholder engagement.

Communicating to stakeholders on the value and impact of engagement should go beyond providing feedback to stakeholders who participated in specific engagements. The organisation should publicly report on the aggregate of its engagement activities to demonstrate how they contribute value to the strategy and operations of the organisation.

Organisations should integrate public reporting on stakeholder engagement with other forms of public organisational reporting.

Organisations should have the public reports independently assured. Independent external assurance of public reporting will increase the learning from engagement and increase the credibility of the report.

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Annexes

A. Definitions

Assurance

The term usually describes the methods and processes employed by an assurance provider to evaluate an organisation's public disclosures about its performance as well as underlying systems, data and processes against suitable criteria and standards in order to increase the credibility of public disclosure. Assurance includes the communication of the results of the assurance process in an assurance statement.

Accountability Principles

- **Inclusivity -** For an organisation that accepts its accountability to those on whom it has an impact and who have an impact on it, inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
- **Materiality -** Materiality is determining the relevance and significance of an issue to an organisation and its stakeholders. A material issue is an issue that will influence the decisions, actions and performance of an organisation or its stakeholders.
- **Responsiveness -** Responsiveness is an organisation's response to stakeholder issues that affect its sustainability performance and is realised through decisions, actions and performance, as well as communication with stakeholders.
- **Accountability -** acknowledging, assuming responsibility for and being transparent about the impacts of your policies, decisions, actions, products and associated performance. It obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance. It includes the way in

which an organisation governs, sets strategy and manages performance.

- **Dialogue -** a discussion intended to produce an outcome
- **Organisation -** an entity, group of people, company, corporation, firm, enterprise, site, authority or institution, or part or combination thereof, whether corporate, government or civil society, that has its own functions and administration.
- **Sustainable Development -** development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland, 1987)

Types of performance measures

- **Output** – The immediate result of an activity.
- **Outcome** – changes or benefits resulting from an output.

Stakeholder

Stakeholders are those groups who affect and/or could be affected by an organisation's activities, products or services and associated performance. This does not include all those who may have knowledge of or views about the organisation. Organisations will have many stakeholders, each with distinct types and levels of involvement, and often with diverse and sometimes conflicting interests and concerns.

Stakeholder Engagement

Stakeholder engagement is the process used by an organisation to engage relevant stakeholders for a purpose to achieve accepted outcomes.

Quality stakeholder engagement must:

- Be based on a commitment to the AA1000APS principles;

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- Clearly define scope;
- Have an agreed decision making process;
- Focus on issues material to the organisation and/or its stakeholders;
- Be integral to organisational governance;
- Be transparent;
- Have a process appropriate to the stakeholders engaged;
- Be timely; and
- Be flexible and responsive.

B. The AA1000 Series

The AA1000 Series is comprised of three standards:

- AA1000APS (2008) AccountAbility Principles
- AA1000AS (2008) Assurance Standard
- AA1000SES (2011) Stakeholder Engagement Standard

The series is supported by Guidance Notes and User Notes. The Guidance Notes provide information on how to apply the standards. The User Notes provide examples of the use of the standards.

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D. About AccountAbility

AccountAbility is a leading global think tank and consultancy providing innovative solutions to the most critical challenges in corporate responsibility and sustainable development. Since 1995 we have been helping corporations, non-profits and governments embed ethical, environmental, social, and governance accountability into their organisational DNA. Our unique value proposition brings together leading-edge research, widely-recognised standards and strategic advisory services to deliver practical solutions for our clients.

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