



# Proactive Stakeholder Engagement

Presented by

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## Toolbox Tuesdays and Thursdays

On the 4<sup>th</sup> of December 2008 CSR Europe launched 20 CSR *Tools* which were the compilation of 18 months of work by CSR Europe, its Members and Partners and the European Alliance for CSR.

CSR Europe has now launched *Toolbox Tuesdays and Thursdays* as a new service to its Members and National Partner Organizations.

The purpose of these conference calls is to give CSR Europe Members and NPO's a **light informal training** on the individual CSR Tools launched as part of CSR Europe's Toolbox in December 2008.





# Proactive Stakeholder Engagement

Almost 40% of the world's 1600 largest corporations discuss structured stakeholder dialogue in their CSR reports

Over 30% of the blockages to CSR activities are internal, while only 8% stem from external partnerships (i.e. with stakeholders)

Today's situation in the corporate world:

- Increased, significant **commitment** to socially responsible behaviour
- Absence of global governance → **creative, proactive CSR practices**
- Need for stronger engagement with and consideration of stakeholders:
  - **Dialogue**
  - **Engagement/contract**

Identifying and engaging relevant stakeholders is a challenge faced by many companies, but one which is critical to the relevance, credibility and innovation of its activities.





# Proactive Stakeholder Engagement

A laboratory to:

- **Consolidate and broaden the knowledge acquired**, capitalizing on the experience of ORSE and CSR Europe's members

- Provide **illustrations, tools and best practices** to companies that want to engage with their stakeholders



*... the Tool*

## A Guidebook of Stakeholder Engagement Practices to :

- Gain a better understanding of existing approaches by a **'mapping' process**
- **Establish links with other laboratories (diversity, supply chain)**
- Deliver a **typology/cartography** of different types of stakeholder engagement **needs, interests and expertise**
  - **Provide conclusions and recommendations** for companies and stakeholders



Get this tool at: [www.csreurope.org/toolbox/stakeholderengagement](http://www.csreurope.org/toolbox/stakeholderengagement)

# Methodology

- Analysis carried out by **ORSE** and **CSR-Europe** and co-led by **Suez and Total**
- Based on experiences published by ORSE and on stressing some specific practices
- Interactive sessions to consolidate and broaden this knowledge, using successful and unsuccessful experiences as illustrations
- All stakeholders involved in discussions
- Meetings held in Paris and Brussels
- Broaden consultation
  - with the help of NPOs
  - With reciprocal participation in the diversity and supply chain labs



# Participants

A group of approx. 30 people representing :

- NGOs, associations (WWF, CARE...)
- Academics
- Trade Unions
- Governments
- European Companies
  - GDF Suez and TOTAL as leaders
  - Panasonic, Carrefour, CNCP, Enel, ADP, Orange, Canon, EDF, Areva, Lafarge, Rhodia, Adecco, Epson...



# Guidebook structure

## 2 different topic cards

- Tool cards (I)
- Stakeholder cards (II)

### I – TOOL CARDS

- Stakeholder cartography
- Tools of engagement implementation : panels, stakeholder sessions...

### II – ENGAGEMENT / DIALOG WITH STAKEHOLDERS CARDS

- NGOs
- Supply chain management
- Communities and local authorities
- Employees / Trade unions
- Consumers
- Shareholders

#### Structure of each card (topic)

Intro : Context and definitions

1 - ENGAGE WITH A STAKEHOLDER – WHY, WITH WHO, HOW?

- CHECK LIST of questions one asks -

2 - OPPORTUNITES / RISKS

3 - Measure the efficiency of the engagement - Choice of indicators (KPIs)

4 - Recommendations – To go further...

5 - 2 pages BEST PRATICES – LEARN FROM EXPERIENCES



# Check List to set up a partnership

## A partnership - why, how, who?

- identifying the issues at stake and embarking on self-diagnosis
- identifying, listing and selecting the stakeholder
- embarking on a frank dialogue and exchange

## Formalizing the partnership

- context
- objectives
- level of engagement by the signatories
- articulating the engagement
- scope of the partnership



## Implementing the partnership

- formalizing implementation
- commitment of local partners
- commitment of employees and their representatives
- internal communication
- external communication
- duration and timetable of the partnership

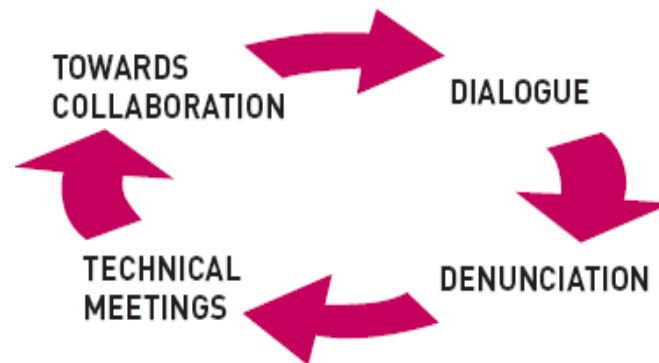
## Assessing the partnership

- evaluation of the partnership and its results
- renewing or modifying
- settlement of disputes

# Focus on tools : MAPPING STAKEHOLDERS

Relations may play out in many ways:

- Practices involving questioning (or confrontation...)
- Practices involving dialogue
- Contractual engagements (NGO partnerships, transnational framework agreements)



This matrix may help in specifying the degrees of integration of the various stakeholders in the decision making process:

Stakeholders	Information	Consultation	Concertation	Co decision / Partnership
Tools of implementation				



# Mapping / Cartography

Different ways of mapping / organizing stakeholders :  
From a company prospective

## Total – Stakeholder Relationships Management "SRM+" The need to articulate from global to local

### The main stages of SRM+

- 1 – Setting up a transversal team within management
- 2 – Societal diagnosis
- 3 – Elaboration of the managerial road map
- 4 – Progressive installation of the societal management system

### SRM+ Method

The following flow chart shows how SRM+ is deployed at a worksite.

#### Site Baseline

Self-assessment of community impacts:  
Stakeholder relationships and community action plans.  
Definition of improvement objectives.



#### Stakeholder and Priority Mapping

Survey of stakeholders by outside parties.  
Ranking of stakeholders and expectations.



#### Action Plan

Definition of actions in line with stakeholder priorities.  
Development of best practices for dialogue

### Objectives of SRM+ :

1. Enhance the structure of dialogue based on worksites: to that end, in 2005 we launched a process of mapping all stakeholders around our main industrial sites. Baptised "SRM+", this approach is intended to grow. For more information on SRM+: see the section on local development/ societal action.
2. Enhance understanding of stakeholder expectations: we conduct regular studies of the perceptions of our Group and its societal and environmental responsibility policy. They have led us to observe that:
  - our efforts are appreciated: notably the transparency of our engagements and objectives, our adhesion to major reference texts and our ability to take note of concerns on sensitive questions such as Myanmar and Sudan.
  - still, there is criticism on subjects such as our presence in Myanmar, the formalisation of our societal policy and financial transparency.

Ex. Areva

*Mapping of local stakeholders taken to the international level*

*In 2003, AREVA developed a mapping methodology for local external stakeholders to help the worksites compare their perceptions of local stakeholder expectations with their real expectations.*

*In 2007, local stakeholder mapping was deployed on an international scale and then broadened to include sites that carry significant economic weight.*



# Mapping / Cartography

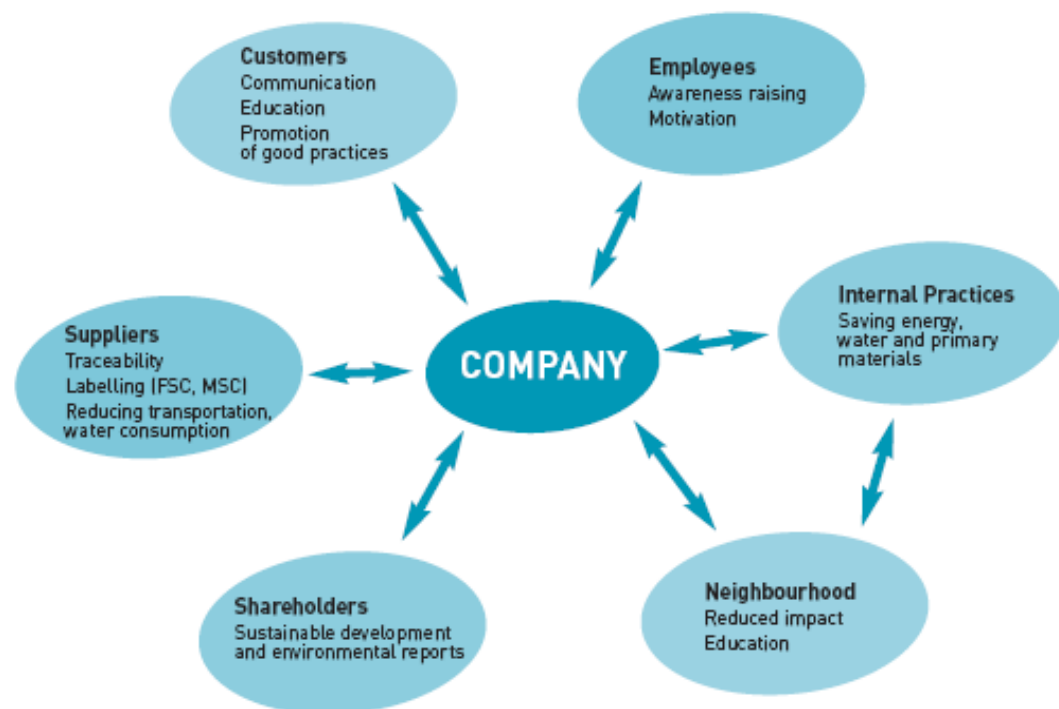
From an NGO prospective

## The WWF approach

Because they are at the heart of a group of stakeholders with which they interact, companies have a decisive role to play in the protection of nature and reduction of their ecological footprint:

- through change in their own practices, or even products,
- by influencing their suppliers and surroundings to the same end,
- by sensitizing their employees and customers to sustainable lifestyles involving modification of their consumption habits.

That is why WWF has chosen to enter into strategic partnerships with those that demonstrate a strong desire, at the highest level, to engage in protection of the Environment



# Mapping / Cartography

## Indicators

### Distribution of Income by Stakeholder

NGOs	Economic Development	State and public authorities	Suppliers	Shareholders	Employees	Customers
- sponsorship, public funds - advice, training	- investment - research and development	taxes	Purchases	dividends	- salaries - social contributions	turnover

Below a way to map each stakeholder in relation to the whole process from identifying issues to measuring results :

### Methods for presentation of stakeholder relations

Stakeholders	Key Figure	- Issues raised by stakeholders - opportunities - risks	Main dialogue tools (type of relations)	- Engagement made - Objective to be reached - Principles of action	Action implemented Results obtained State of advancement



# Consulting stakeholders :



# Consulting stakeholders : why and how?

## Panels and stakeholders sessions

### Why - What are the objectives?

- produce outcomes, such as comments or recommendations, upon which the company may or may not make specific commitments.
- to receive advice from experts
- gauge expectations and criticism concerning its **sustainable development strategy and/or reports**.
- To anticipate possible threats to its activity in the future.

### How - What forms?

- Range of panels that correspond to the various expectations and strategic choices of the parties.
- various forms and either respond to a specific subject (water management, biodiversity, etc.) or to all the issues dealt with in the company's CSR strategy. Panels may open up decision-making bodies to greater diversity.



# Meet all in one : sessions and panels

## ■ HOW?

There is no standard approach to establishing a panel. When setting it up, one seeks to ensure that it is going to function, influence strategic decisions and build external confidence.

Although each panel will be adapted to the corporate context (size, culture, activity, etc.), there are a number of common stages and issues to help future panellists become engaged:

### Stage 1: DEFINE OBJECTIVES

- Determine the mandate and ambitions of the panel: be clear about the aims of the action and determine the required degree of implication of stakeholders in decision-making.
- Look to ensuring that risks and opportunities are balanced on both sides. Create links with other corporate processes, including other stakeholder engagements and governance action.
- Ensure the internal involvement of the directors; establish specific commitments to respond to the panel.
- Think of the budget needed to run the panel.

### Stage 2: DETERMINE THE OPERATING RULES (frequency of meetings, choice of subjects, etc.):

- Define the operating rules very clearly from the outset.
  - Specify the mandate of the panel; develop clear rules in order to reach objectives. Key issues requiring debate will be the subject of agreement by the panel and will be reviewed as the panel develops.
- Consider recourse to an external facilitator if relevant and/or necessary and reassure the panellists concerning fair conduct of proceedings.
- Define the conditions for communicating the views expressed by members of the panel, notably when they are included in the sustainable development report.

### Choosing the members of the panel

The company should consider whether it wishes to privilege expert legitimacy or representational legitimacy when choosing the participating stakeholders. Selecting one NGO rather than another in a given area (the environment for example) is not neutral.

When the panel is set up to debate a given issue (water, biodiversity, etc.), the choice of experts may be all the more justified. (See good practices, "Panel on water" GDF SUEZ)

### Stage 3: RECRUIT MEMBERS (WHO?)

Recruit panellists who reflect the expectations of the main groups of stakeholders. The key issue will be to find a good mix between expertise, reputation, time available and good potential to influence and impact corporate decision-making.

## RECOMMENDATIONS

- Clearly plan and define the profile of the panel: what are the objectives, rules of the game and issues, and who can satisfy them?
  - Provide pre-defined rules when recruiting members. Take account of stakeholders who are already known to the organisation and/or have already entered into a partnership
  - Build a climate of confidence encouraging dialogue.
  - Provide concrete information to the panel: conduct overview by comparing the expectations of the panel with those of the company and decide whether it is worth continuing.
  - When conducting the same operation with local stakeholders, provide teams with mapping to facilitate interviews with stakeholders.
  - Train stakeholders so as to encourage dialogue at the same competency level
  - Raise awareness and integrate these issues in other internal teams, including different line managers in the same room.
  - Panels are one tool for stakeholder dialogue among many and it is important to know how to articulate them with other tools (mapping, social dialogue, strategic NGO partnerships, etc.)
- After a number of years in existence and according to general experience, the tendency seems to be towards panels focused on specific issues.



# Consulting stakeholders : why?

## ENGAGE with local communities why, who, how?

### ■ WHY?

Corporate establishment in national and international territories requires the organisation of dialogue with the local population and authorities, and lies within CSR policies for three main reasons:

- **Licence to operate - political, economic and social integration**

Community involvement and development promote communication and positive relations between a company and local stakeholders. It facilitates acceptance of corporate activities by the local population. It creates opportunities for synergy with local decision-makers, who are more apt to support the company in case of difficulty, thus facilitating the long-term sustainability of its activities within the country. In certain delicate contexts, it also tends to reduce incidents and tension, thus preventing provocation and security risks.

- **Human resources management issues:**

Through socio-economic development in a country, companies help to create pools of local workers with the specific skills they need. Moreover, community development helps to attract and retain qualified personnel, by developing their pride in belonging to the company's social core and thus favours a better internal climate. This involvement also leads to more dynamic management by giving directors direct access to their environment.

- **Innovation and market issues:**

Community development allows a company to stand out from its competitors, especially when making tender bids, and may even lead to new contracts. In addition, since community involvement implies a good understanding of local needs, it allows a company to develop specific skills which strengthen its capacity to adjust its products/services to the requirements of specific contexts. The company may thus respond better to the expectations of a range of consumers, becoming more competitive and creating new opportunities.



# Evaluating opportunities and risks

## Interactive session

### Stakeholders prospectives

#### Opportunities

- Enlarge the spectrum of participating corporations + visibility
- Partnership is more engaging than one shot dialog (question of duration, means at disposal)
- Sensibilize employees (other resources to mobilize..)

#### Limits

- Find the frontier with consultancy
- Risk of manipulation
- Independence in profit of fundraising

### Companie's prospectives

#### Opportunities

- Stakeholder dialog brings innovation and expertise from outside
- Conquest new markets
- Build trust with civil society
- Prevent from risk of reputation

#### Limits

- Need of definition of a partnership
- Choice of relevant : legitimacy and transparency
- Information leaks
- Sectorial exclusion criteria

Common view : philanthropy can't be considered as partnership when it doesn't relate to the core



# Evaluating opportunities and risks

## Ex. NGO Card

### Opportunities and risks in engaging

	For companies	For NGOs
Opportunities	<ul style="list-style-type: none"> <li>• To signal their willingness to become involved in socially responsible practices and/or those that are environmentally more satisfactory.</li> <li>• To improve their internal management practices between all parts of the company as a result of the partnership.</li> <li>• To benefit from expertise on the issues of sustainable development and how to tackle them.</li> <li>• To improve their image within the company and outside</li> <li>• To be able to open up to civil society</li> <li>• To avoid or escape from crisis situations</li> <li>• To become a stakeholder in the community and civil society as a result of the NGOs' special understanding</li> <li>• To create innovation</li> <li>• Facilitate community development</li> </ul>	<ul style="list-style-type: none"> <li>• To be able to move their ideas forward</li> <li>• To encourage companies to adopt a vision of sustainable development rather than managing crises one by one.</li> <li>• To encourage companies to improve the way they act in social, societal and/or environmental contexts.</li> <li>• To be involved in determining strategy as well as in its monitoring.</li> <li>• To develop relationships with other companies.</li> <li>• Diversify and gather financial, human and technical resources and skills for carrying out a specific project.</li> <li>• To get more visibility and therefore more people involved in the cause defended by the NGO</li> <li>• To better understand how a company works and what challenges it faces</li> <li>• To create innovation</li> <li>• To benefit from a partnership other than with the public</li> <li>• Raise credibility in establishing real discussions rather than having a hostile behaviour</li> </ul>
Possible risks	<ul style="list-style-type: none"> <li>• To expose itself to potential attacks because its activities are under constant supervision - A partnership is in no way a kind of insurance against NGO campaigns</li> <li>• To be victim of information leaks</li> <li>• To waste time and money if the partnership does not succeed.</li> </ul>	<ul style="list-style-type: none"> <li>• To put its reputation on the line if it becomes involved with a company that proves unable to meet the original expectations</li> <li>• To compromise its principles and its original intentions in the name of the partnership, and hence lose its independence and all credibility especially when the funding is predominant</li> <li>• To be exploited by an unscrupulous company that sees a way of destabilizing one of its competitors</li> <li>• To give rise to differences of opinion within the NGO</li> <li>• To replace consultants or employee representatives on some particular subjects (discrimination, human rights respect in the workplace...)</li> </ul>



# Implementation :

## Check List to set up a partnership with NGOs :

- Step 1** - Identifying the issues and embarking on self-diagnosis
- Step 2** - Embarking on a fully frank dialogue and exchange
- Step 3** - Identifying and selecting the "ideal" partner
- Step 4** - Committing to the partner and formalizing the Partnership
- Step 5** - Defining the content of the partnership
- Step 6** - Implementing the partnership
- Step 7** - Assessing the partnership and its results



# Reporting and partnerships

## Design KPI in the context of partnerships

### NGOs dialogue

#### Concrete examples with WWF :

- Partnership with **Orange** on concrete actions, with measurable results, such as the environmental performance evaluation of the products marketed by Orange, recycling, the eco-design of its shops and products, a pedagogy around the “green gestures” directed at consumers and employees and the reduction of paper consumption.

- **Air France – KLM** – on greenhouse gas emissions

- **LAFARGE**

8 performance indicators (controls and results published yearly)  
(environmental audits of sites, quarry rehabilitation plans, greenhouse gas emissions, water and energy consumption, raw materials, etc.).



# Recommendations

## NGOs dialogue

### Eight keys to success for a strategic NGO/company partnership

- Take the time to get to know one another
- Formalize a frank clear and precise partnership, with time schedules
- Commit at the highest level on both sides
- Ensure the support of all concerned including employees and their representatives as well as other external stakeholders (communities, consumers)
- Satisfactorily define the human and financial resources of the partnership
- Properly manage communications Internally - the partnership agreement, should be known to everybody, and reported on the local networks.
- Remain vigilant throughout the partnership
- Set up a monitoring system with follow up of the results





# European Toolbox Roadshow

From February 2009-January 2010, CSR Europe will be coordinating in cooperation with National Partners, national sessions in various geographic areas in Europe as part of a wider European Toolbox Road show.

The objective is to further disseminate the laboratory tools, as well as to equip companies and stakeholders participating in national sessions with relevant, useful and practical CSR tools.

Further Information: [www.csreurope.org/page/en/roadshow.html](http://www.csreurope.org/page/en/roadshow.html)



## ....Stakeholder Engagement Tool

The Tool will be presented at the following National Sessions

- Belgium
- United Kingdom
- Sweden





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