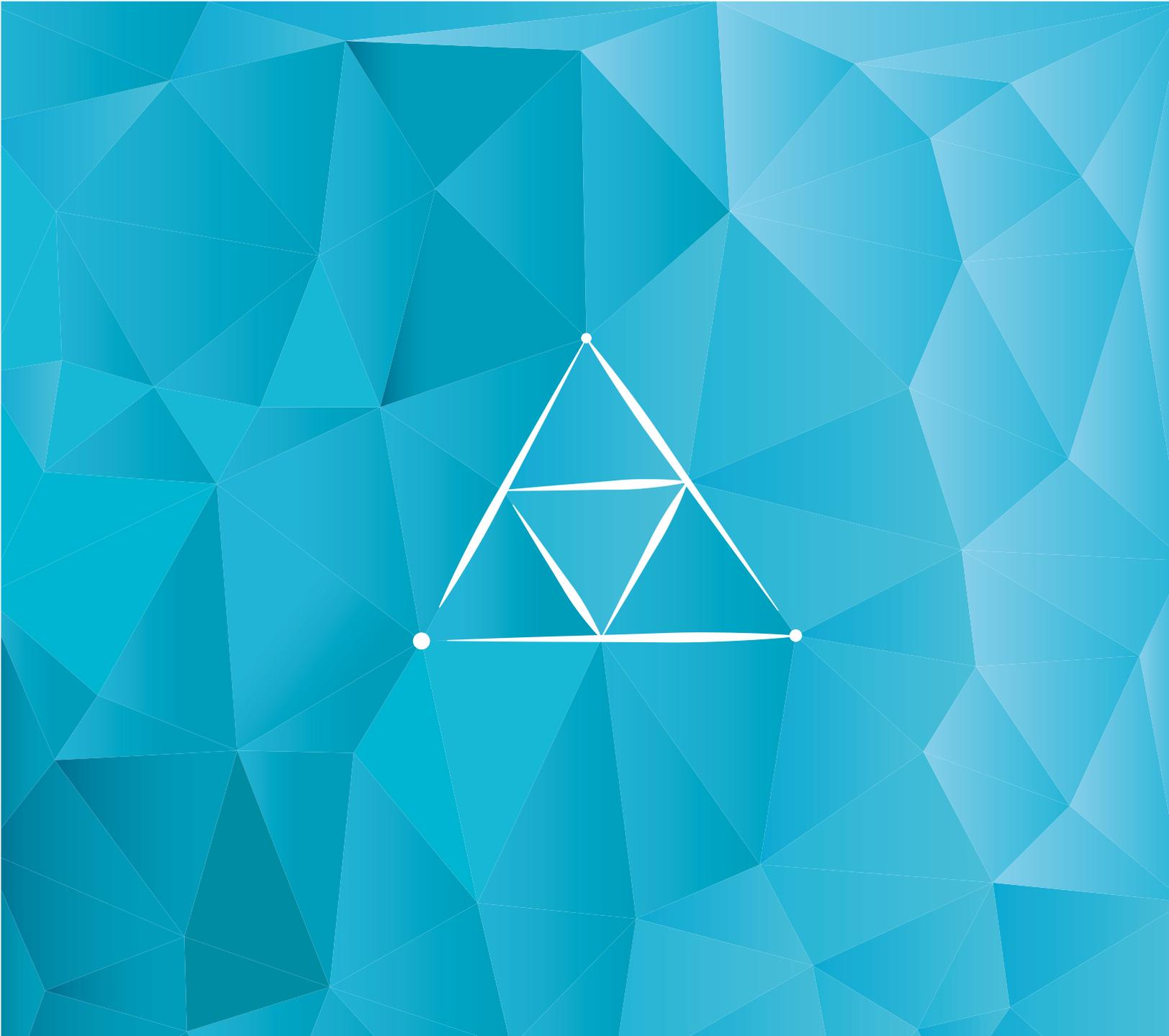


AA1000 STAKEHOLDER ENGAGEMENT STANDARD 2015



LETTER TO STAKEHOLDERS

AccountAbility's *vision* is of a world where people have a say in the decisions that impact them, and where organisations act on and are transparent about the issues that matter.

The past few decades have seen a shift in the role of organisations in society. Consequently more and more members or representatives of different impacted groups are claiming their right to be informed of, consulted on and involved in organisational decision-making. Furthermore, advancements in the understanding of how stakeholders contribute to the creation of value over the last few years have challenged organisations to refine their approach to engagement.

The *purpose* of the *AA1000 Stakeholder Engagement Standard (SES) 2015* is to establish the benchmark for good-quality engagement. The *AA1000SES (2015)* was developed using a broad-based, consultative, multi-stakeholder process. The *AA1000SES (2015)* is a generally applicable framework for the assessment, design, implementation and communication of quality stakeholder engagement.

The AA1000 Principles of *Inclusivity, Materiality and Responsiveness* create the foundation for the *AA1000SES (2015)* and the Series of AA1000 Standards. These principles underpin the practice of:

- ▶ Engaging with stakeholders to understand their expectations about governance, policies, strategies, practices and performance.
- ▶ Transparently accounting to stakeholders on performance and on the issues that matter to them.
- ▶ Developing innovative and sustainable responses to issues that matter, presently and in the future.

As a freely available standard recognized by leaders in the field, organisations regardless of size can benefit from using the *AA1000SES (2015)*. The adoption of this standard can be a source of competitive advantage for those organisations that can effectively create value and improve overall performance—collaboratively.

The evolving nature of learning means that developing standards is an ongoing journey. We, at AccountAbility, invite your thoughts and comments as we continuously evolve the process of creating value through stakeholder engagement and guiding leading sustainability practices worldwide.



Sunil A Misser
Chief Executive Officer
AccountAbility



Assheton L. Stewart Carter
Chairman
AccountAbility Standards Board

ABOUT ACCOUNTABILITY

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

At the core of AccountAbility's work is the AA1000 Series of Standards based on the principles of:

- ▶ **Inclusivity** - people should have a say in the decisions that impact on them
- ▶ **Materiality** - decision makers should identify and be clear about the issues that matter
- ▶ **Responsiveness** - organisations should act transparently on material issues

The AA1000 SES (2015) is a generally applicable, open-source framework for assessing, designing, implementing and communicating an integrated approach to stakeholder engagement.

THE ACCOUNTABILITY STANDARDS BOARD

The AccountAbility Standards Board approves the standards strategy and oversees the ongoing development of the Standards used by institutions worldwide. The composition of the Board is designed to provide broad representation from the public and private sectors, civil society, and the standards community.

The members of the AccountAbility Standards Board are:

Alwin Kopse	Head, International Sustainable Agriculture Unit at Federal Office for Agriculture, Switzerland
Anant Nadkarni	Advisor and Consultant- Corporate Sustainability and Leadership, Former Vice-President for Sustainability and CSR, TATA group, India
Andrew Cave	Chief Sustainability Officer, RBS (Until April 2015)
Assheton L. Stewart Carter	Head- Advisory Board, Equitable Origin, and Managing Director, the Dragonfly Initiative, USA (Chair)
Beat Grüniger	Founding Partner, BSD Consulting, Brazil
Dongsoo Kim	Director of the Sustainability Management Center at the Korea Productivity Center (KPC) , Korea

CONTRIBUTION TO THE AA1000SES (2015)

The AccountAbility Standards Board is most grateful for the contributions of the following AccountAbility representatives who provided support to the AA1000SES Working Group 2015 through authorship, critical review, subject matter content, project coordination, design guidance and other valuable inputs:

Sunil A. Misser (Chief Executive Officer), David Pritchett (Head of Research), Claire Hart (Director), Udaya Nanayakkara (AccountAbility Standards) and Christy Giannarou (Associate).

CONTENTS

FOREWORD	4
INTRODUCTION	5
1 PURPOSE AND SCOPE OF THE AA1000SES (2015)	8
2 COMMITMENT AND INTEGRATION	10
2.1 COMMIT TO THE AA1000 ACCOUNTABILITY PRINCIPLES	11
2.2 INTEGRATE INTO ORGANISATIONAL GOVERNANCE	12
2.3 INTEGRATE INTO ORGANISATIONAL STRATEGY	12
2.4 INTEGRATE INTO OPERATIONAL MANAGEMENT	13
3 PURPOSE, SCOPE AND STAKEHOLDERS	14
3.1 ESTABLISH THE PURPOSE OF THE ENGAGEMENT	15
3.2 ESTABLISH THE SCOPE OF THE ENGAGEMENT ASSOCIATED WITH THE PURPOSE	15
3.3 DETERMINE THE MANDATE, OWNERSHIP AND STAKEHOLDERS OF THE ENGAGEMENT	15
3.3.1 Mandate and Ownership	16
3.3.2 Stakeholder identification	17

4

STAKEHOLDER ENGAGEMENT PROCESS

18

4.1 PLAN

19

4.1.1 Profile and map stakeholders

19

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

20

4.1.3 Identify boundaries of disclosure

23

4.1.4 Draft engagement plan

23

4.1.5 Establish indicators

24

4.2 PREPARE

25

4.2.1 Mobilise resources

25

4.2.2 Build capacity

25

4.2.3 Identify and prepare for engagement risks

26

4.3 IMPLEMENT THE ENGAGEMENT PLAN

27

4.3.1 Invite stakeholders to engage

27

4.3.2 Brief stakeholders

28

4.3.3 Engage

28

4.3.4 Document the engagement and its outputs

29

4.3.5 Develop an action plan

29

4.3.6 Communicate engagement outputs and action plan

30

4.4 REVIEW AND IMPROVE

30

4.4.1 Monitor and evaluate the engagement

31

4.4.2 Learn and improve

31

4.4.3 Develop and follow up on action plan

31

4.4.4 Report on engagement

32

A

ANNEXES

33

A. DEFINITIONS

34

B. THE AA1000 SERIES

35

C. THE ACCOUNTABILITY STAKEHOLDER ENGAGEMENT TECHNICAL COMMITTEE (EXPOSURE DRAFT 2011)

36

D. FINAL REVISION WORKING GROUP 2015

36

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 revisions to the AA1000 AccountAbility Principles Standard (2008) and on advances in engagement practice over the past several years.

The AA1000SES (2015) was developed using a broad, international, multi-stakeholder process. This process began in 2006 when a yearlong pilot study was conducted using the AA1000SES (2005). 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 then 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 to 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 Standard was published as Final Exposure Draft (2011) and in 2014/15 underwent a critical expert review in order to edit, refine and validate the 2015 edition. Most users and experts – consulted in an online Think Tank and a final public comment period conducted during June 2015 – agreed that the existing document had achieved a mature stage, and is valid and relevant for providing valuable guidance to its users. The final revised document was reviewed and approved by the AccountAbility Standards Board for publication in November 2015.

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

INTRODUCTION

While stakeholder engagement is not new, it is now accepted as integral to an organisation's sustainability and success. It is important, therefore, to understand the difference between good-quality and 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/or associated performance with regard to the issues to be addressed by the engagement.

Stakeholder engagement is the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve agreed 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 answer to stakeholders for decisions, actions and performance.

Quality stakeholder engagement must:

- ▶ be based on a commitment to the principles of the [AccountAbility Principles Standard \(AA1000APS\)](#);
- ▶ clearly define its 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;
- ▶ be flexible and responsive; and
- ▶ add value both for the organisation and its stakeholders.

It is widely believed that engaging with the individuals, groups of individuals and/or organisations that are affected by or can affect an organisation's activities, and responding to their concerns, improves an organisation's overall performance. It can also increase its knowledge, build Social and Relationship Capital and contribute to its 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;
- ▶ help to determine material issues for sustainability management and reporting;
- ▶ 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 complex operating environments, including market developments and cultural dynamics;

- ▶ enable learning from stakeholders, resulting in product and process improvements, and innovations;
- ▶ inform, educate and influence stakeholders in ways that can improve their decisions and actions, which will in turn 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 type of engagement. It is a generally applicable, open-source framework for assessing, designing, implementing and communicating the quality of 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.

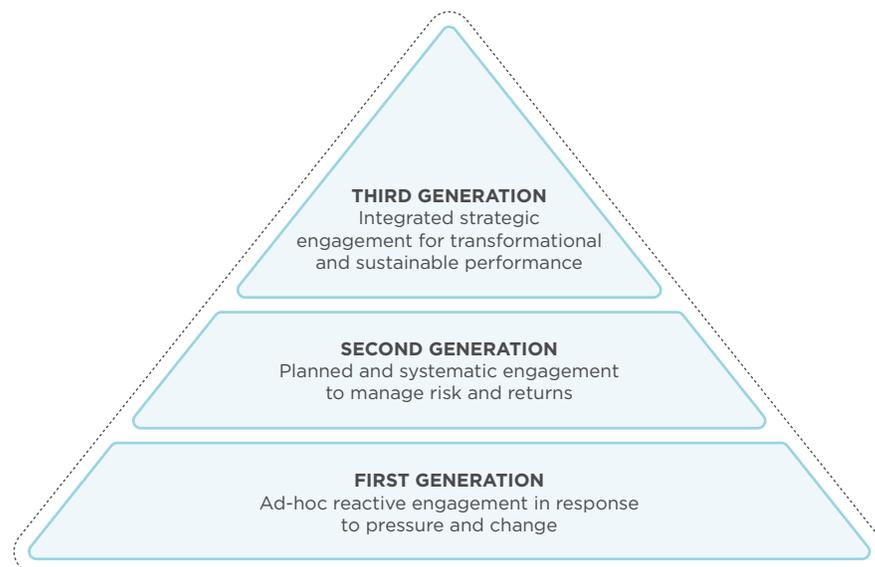
The starting point is often pain alleviation, and there is significant pressure that needs to be addressed urgently. Subsequently, an organisation finds that it needs to engage, to be more transparent, and to respond directly to stakeholders' concerns.

Organisations for whom stakeholder engagement has helped to resolve a problem typically 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, not only from within. They realise that stakeholders are a resource. At this level, stakeholder engagement drives strategic value as well as operational excellence.

As with most standards, a shift in the level of and approach to stakeholder engagement occurs over time within an organisation, as illustrated in the following diagram.

Figure 1: Generations of Stakeholder Engagement



The AA1000SES (2015) is divided into four sections.

The first section describes the purpose and scope of the AA1000SES (2015) itself. It also articulates who its 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 may benefit from it. It also makes clear that this Standard is for use by organisations of all types and sizes, not just business and not just large organisations.

The next three sections establish the requirements for good-quality stakeholder engagement, supported by guidance to ensure full and clear understanding of the requirements. They are:

- ▶ How to establish the necessary commitment to stakeholder engagement, and how to ensure it is fully integrated in to strategy and operations;
- ▶ How to define the purpose, scope and stakeholders of an engagement; and
- ▶ What a good-quality stakeholder engagement process looks like.

1

PURPOSE AND SCOPE OF THE AA1000SES (2015)

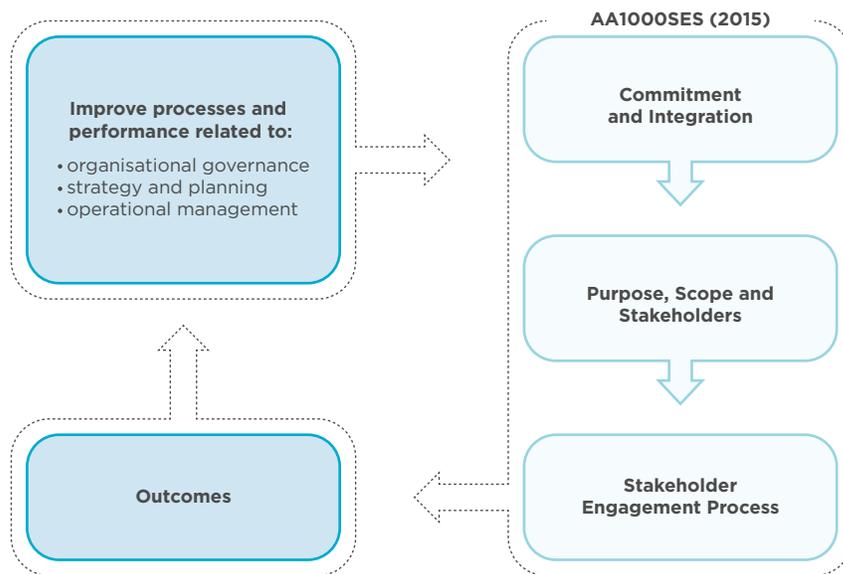
PURPOSE AND SCOPE OF THE AA1000SES (2015)

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

It describes:

- ▶ how to establish commitment to stakeholder engagement;
- ▶ how to determine the purpose, scope and stakeholders of the engagement;
- ▶ how to integrate stakeholder engagement with governance, strategy and operations; and
- ▶ the processes that will deliver quality and inclusive engagement practice, and valuable outcomes.

Figure 2: Purpose and Scope of AA1000SES (2015)



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

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, and to public, private and civil society organisations of all sizes. It can be used for project-based activities as well as for ongoing 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, however, usefully inform and support these engagements.

THE AA1000SES CONTAINS REQUIREMENTS, AND GUIDANCE THAT CLARIFIES THESE REQUIREMENTS.

- **REQUIREMENTS:** All requirements are stated in italics in a blue text box, with the ★ symbol.
- **GUIDANCE:** Stated in normal text and supported by diagrams.

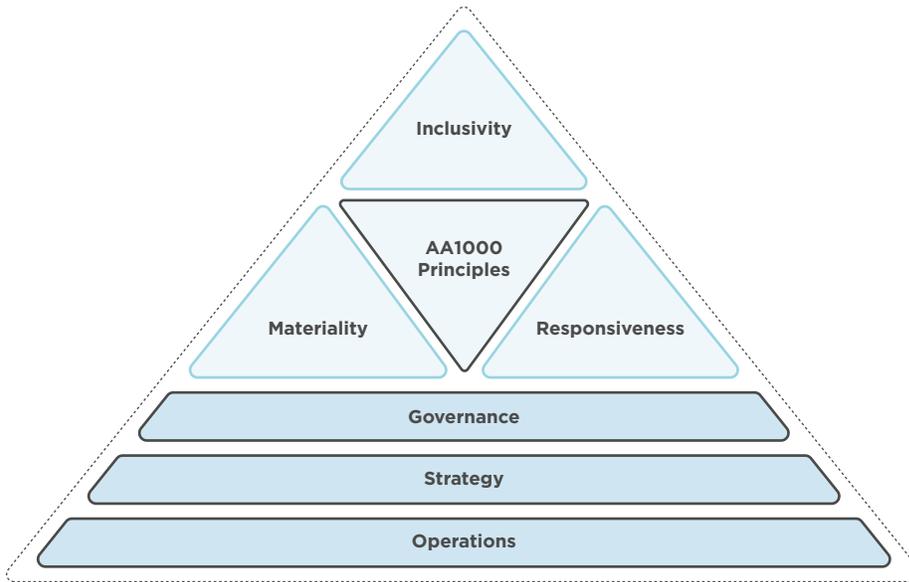
2

COMMITMENT AND INTEGRATION

COMMITMENT AND INTEGRATION

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

Figure 3: Integration of AA1000 Principles during Stakeholder Engagement



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.

Accountability Principles

- ▶ **Inclusivity** - Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability. An inclusive organisation accepts its accountability to those on whom it has an impact and who have an impact on it.
- ▶ **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.

Inclusivity, Materiality and Responsiveness require a defined process of stakeholder engagement that provides comprehensive and balanced involvement, resulting in outcomes that address and respond to issues and impacts in an accountable way. The box feature highlights the definitions of the three AccountAbility principles.

Inclusivity is about engaging at all levels, including at the level of the organisation's governance, to achieve better outcomes. It is necessary for the achievement of materiality and responsiveness. Inclusivity is the starting point for determining materiality. The materiality-assessment 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. Since responses will compete for available resources, responses are necessarily prioritised. This prioritisation needs to be consistent with other strategies and operations, as well as with stakeholder interests, and communicated to stakeholders.

An organisation's commitment to these three principles should be formalised in a way that is 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, it is necessary to be sensitive to cultural context and any other values or principles to which the organisation has previously committed.

2.2 INTEGRATE INTO ORGANISATIONAL GOVERNANCE



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

Stakeholder engagement information should be integrated into governance through established organisational processes. Effective governance defines the decision-making process. It defines clear roles and responsibilities. With these defined, an organisation and its management can focus on understanding material sustainability issues facing both the organisation and stakeholders, and begin identifying solutions.

The governance and processes for decision-making require formal frameworks or structures for identifying the material issues and for collecting complete and relevant information.

With this information the governance process shall determine the procedures to:

- ▶ form an opinion;
- ▶ make a decision; and
- ▶ implement a decision.

The organisational governance shall, therefore, set the boundaries within which people in the organisation shall operate. It shall define the process they use to make legitimate decisions. Management of the organisation shall then make the decisions. Decision-making of the highest governing body of the organisation should be informed by the material issues related to stakeholder engagement.

2.3 INTEGRATE INTO ORGANISATIONAL STRATEGY



The organisation shall integrate stakeholder engagement into all relevant policies and/or processes for strategy development.

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

Forward-looking organisations understand the interdependence between effective stakeholder management and organisational performance. Virtually any organisation will readily agree that stakeholder cooperation can improve an organisation's performance and realise that not keeping good relationships with stakeholders can have a damaging effect, not just on reputation but also on actual project outcomes and overall performance.

Stakeholder engagement shall be viewed as a valuable and effective tool in the organisational strategy development process. The outcomes of engagement activities shall formally shape an organisation's strategy, notably in terms of:

- ▶ the overall aspirations of an organisation;
- ▶ the concrete goals against which progress is measured;
- ▶ which sectors and audiences to focus on;
- ▶ how an organisation will approach these audiences; and
- ▶ what capabilities and resources are necessary.

2.4 INTEGRATE INTO OPERATIONAL MANAGEMENT



The organisation shall integrate stakeholder engagement into operational management and systems.

The organisation should integrate stakeholder engagement into its operational management and excellence approach. It is often the management at the operational level who hold primary relationships to key stakeholder groups. The strength of these relationships and the insights gained from engagement, are a valuable asset for the organisations and should further inform plans and processes for operational management.

Well managed and coordinated stakeholder engagement builds trust with internal and external stakeholders and helps build effective long-term positive relationships for the operations teams.

To achieve this aim, operational management shall be both guided by and feed into organisational strategy and the accompanying action plan with respect to stakeholder engagement. As such, sections 3 and 4 of this Standard act as a reference and provide insights for operational management with respect to implementing stakeholder engagement activities.

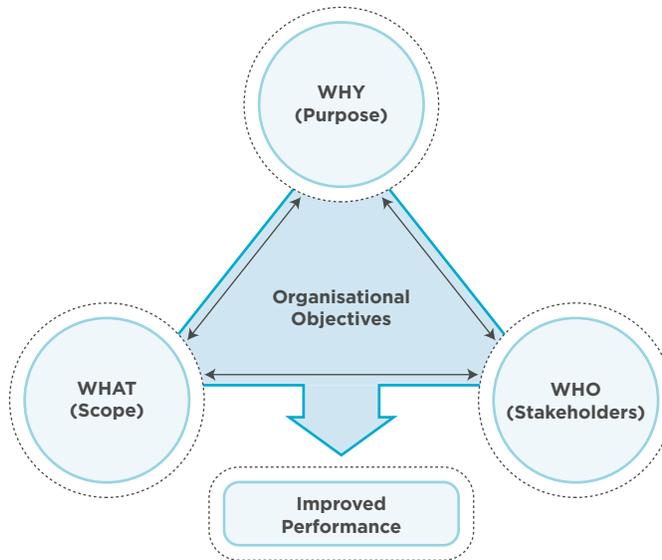
3

PURPOSE, SCOPE AND STAKEHOLDERS

PURPOSE, SCOPE AND STAKEHOLDERS

Successful engagement depends on understanding why an organisation is engaging (the purpose), what issues to engage on (the scope), and who needs to be involved in the engagement (ownership, mandate, stakeholders). The commitment to the AA1000APS Principles and the integration of stakeholder engagement into an organisation's governance, strategy and operations require stakeholder engagement to be used systematically and regularly across the organisation. Stakeholder engagement should be aligned with organisational objectives to improve performance of the organisation through learning from stakeholders, resulting in outcomes such as product and process improvements, and better management of risk and reputation.

Figure 4: 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 of the organisation.

Stakeholder engagement must have a purpose. It is essential to first think about why the organisation is engaging 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 ongoing 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, such as to inform a materiality-determination process.

Those initiating the stakeholder engagement should involve stakeholders in defining the purpose of the engagement. During the engagement, the purpose should be reviewed and 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.*

The subject matter is the set of material issues that are relevant to the purpose of the 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 defining what 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 what 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 what 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 deciding the time frame the engagement will address, it should be considered whether the engagement will look at long-term strategic issues, 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 places its authority and resources behind the stakeholder engagement.

The owners of the engagement are the individuals or groups, including partners or collaborators, 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 engagement, 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 a change 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.

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 by the associated performance with regard to the issues addressed by the engagement. An organisation may have many stakeholders, each with distinct attributes and often with diverse and 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 or individuals who can have an impact on the organisation's or a stakeholder's strategic or operational decision-making
- ▶ **Diverse perspectives** – groups or 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

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

An organisation must also be aware of illegitimate stakeholders; these may include people who falsely claim to represent a stakeholder group and illegal actors who nonetheless can affect the organisation.

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.

4

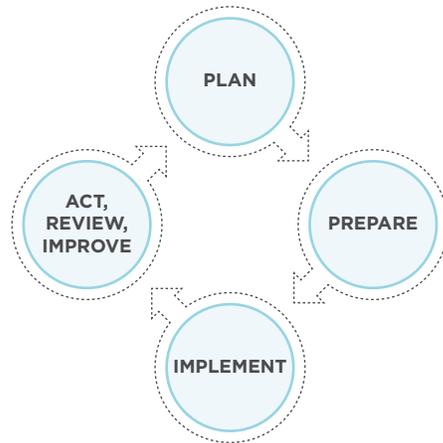
STAKEHOLDER ENGAGEMENT PROCESS

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 5: Stakeholder Engagement Process



4.1 PLAN

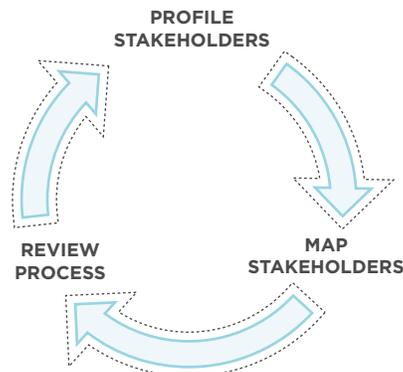
4.1.1 Profile and map stakeholders



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, as appropriate, throughout the process.

Figure 6: Stakeholder Engagement Mapping Cycle



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 with the organisation. 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 on the organisation,
- ▶ 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 and representation; and
- ▶ relationships with other stakeholders.

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 non-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. Such pre-engagement activities include:

Analysing stakeholder views

- ▶ Protests
- ▶ Letters
- ▶ Media
- ▶ Grievance mechanisms
- ▶ Websites
- ▶ Other advocacy efforts

Tracking information

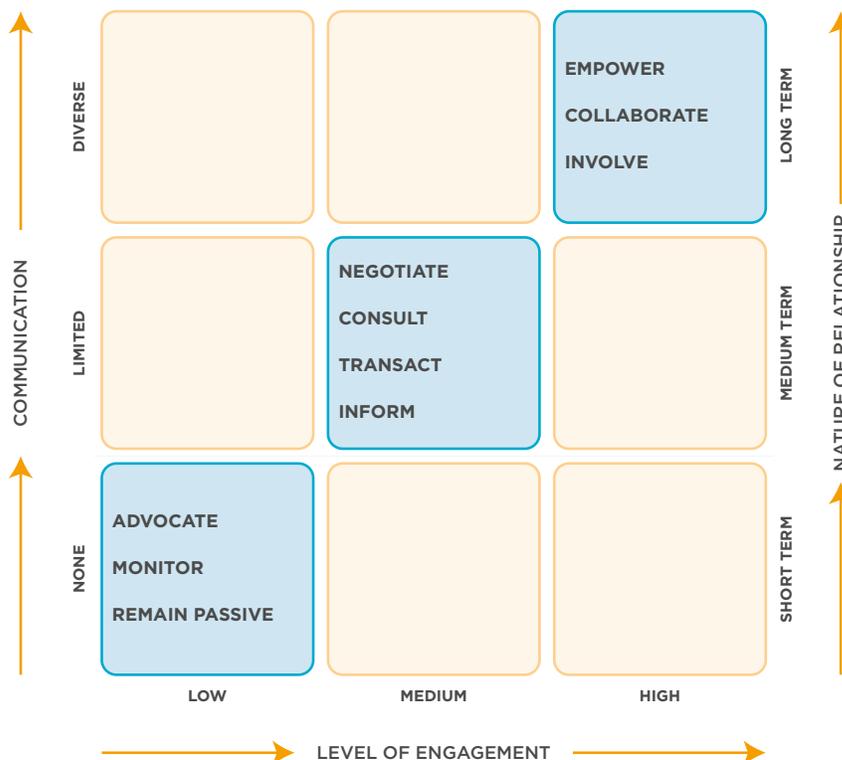
- ▶ Media tracking
- ▶ Internet tracking
- ▶ Social network tracking
- ▶ Secondhand reports

Creating awareness

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

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.

Figure 7: Different Levels and Approaches to Engagement



LEVEL OF ENGAGEMENT	METHODS OF ENGAGEMENT
<p>Remain Passive <i>No active communication</i></p>	<ul style="list-style-type: none"> Stakeholder concern expressed through protest Letters Media Websites etc.
<p>Monitor <i>One-way communication: stakeholder to organisation</i></p>	<ul style="list-style-type: none"> Media and internet tracking. Second-hand reports from other stakeholders possibly via targeted interviews.
<p>Advocate <i>One-way communication: organisation to stakeholder</i></p>	<ul style="list-style-type: none"> Pressure on regulatory bodies Other advocacy efforts through social media Lobbying efforts
<p>Inform <i>One-way communication: organisation to stakeholder, there is no invitation to reply</i></p>	<ul style="list-style-type: none"> Bulletins and letters Brochures Reports and websites Speeches, conference and public presentations
<p>Transact <i>Limited two-way engagement: setting and monitoring performance according to terms of contract</i></p>	<ul style="list-style-type: none"> 'Public- Private partnerships' Private Finance Initiatives Grant-making Cause-related marketing.
<p>Consult <i>Limited two-way engagement: organisation asks questions, stakeholders answer</i></p>	<ul style="list-style-type: none"> Surveys Focus groups Meetings with selected stakeholder/s Public meetings Workshops
<p>Negotiate <i>Limited two-way engagement: discuss a specific issue or range of issues with the objective of reaching consensus</i></p>	<ul style="list-style-type: none"> Collective bargaining with workers through their trade unions
<p>Involve <i>Two-way or multi-way engagement: learning on all sides but stakeholders and organisation act independently</i></p>	<ul style="list-style-type: none"> Multi-stakeholder forums Advisory panels Consensus building processes Participatory decision-making processes Focus groups Online engagement tools
<p>Collaborate <i>Two-way or multi-way engagement: joint learning, decision making and actions</i></p>	<ul style="list-style-type: none"> Joint projects Joint ventures Partnerships Multi-stakeholder initiatives Online collaborative platforms
<p>Empower <i>New forms of accountability; decisions delegated to stakeholders; stakeholders play a role in shaping organisational agendas</i></p>	<ul style="list-style-type: none"> Integration of stakeholders into governance, strategy and operations of the organisation

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 their stakeholders.

Boundaries of disclosure specify what information the owners of the engagement will share with their 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 irrelevant, commercially sensitive or misleading when discussed 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 would allow those engaged full access to the information, but it would not allow them to share it outside of the engagement.

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.

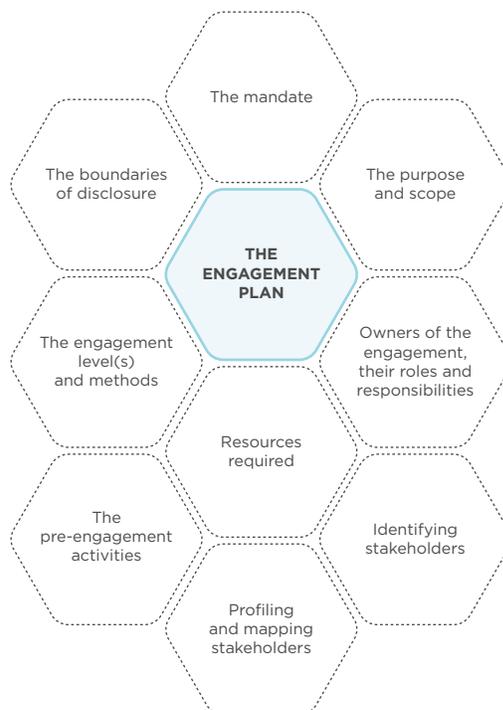
4.1.4 Draft engagement plan



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.

Figure 8: Components of an Engagement Plan



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;
- ▶ comfort requirements;
- ▶ engagement risks;
- ▶ resource requirements, budget;
- ▶ channels of communication;
- ▶ monitoring and evaluation; and
- ▶ 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 and neutrality of the engagement location;
- ▶ capacity to travel;
- ▶ availability of Information and Communication Technologies (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;
- ▶ family and other responsibilities (e.g. harvest times, childcare);
- ▶ need for language translation;
- ▶ special needs of those with disability;
- ▶ inclusion of those who represent children’s interests; and
- ▶ illiterate stakeholders.

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 (2015) as well as indicators that measure the engagement impact shall be established. Stakeholders shall have the opportunity to provide input into the indicators.

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 and shall help to demonstrate impacts for the organisation as well as the stakeholders involved in the engagement process. The indicators may be new or existing within the organisation.

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 by those carrying out the engagement, as well as by the stakeholders invited to 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 conflict of interest.

Engagement owners may hire third-party facilitators to conduct an engagement process. This is a valid approach and can help to guarantee that stakeholders are expressing their opinions without fear and restrictions. In this case, the selection process must be based on an objective evaluation of the capacities and acceptability of the facilitators.

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, their aspirations and new perspectives they may bring to the process.

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, creativity and ability to innovate.

Opportunity

- ▶ Availability of necessary financial and physical resources;
- ▶ Availability of time to participate; and
- ▶ Access to information in a timely and appropriate fashion, without assuming common levels of knowledge and understanding of concepts.

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; ensure everybody involved understands the issues at stake; and
- ▶ 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.

4.2.3 Identify and prepare for engagement risks

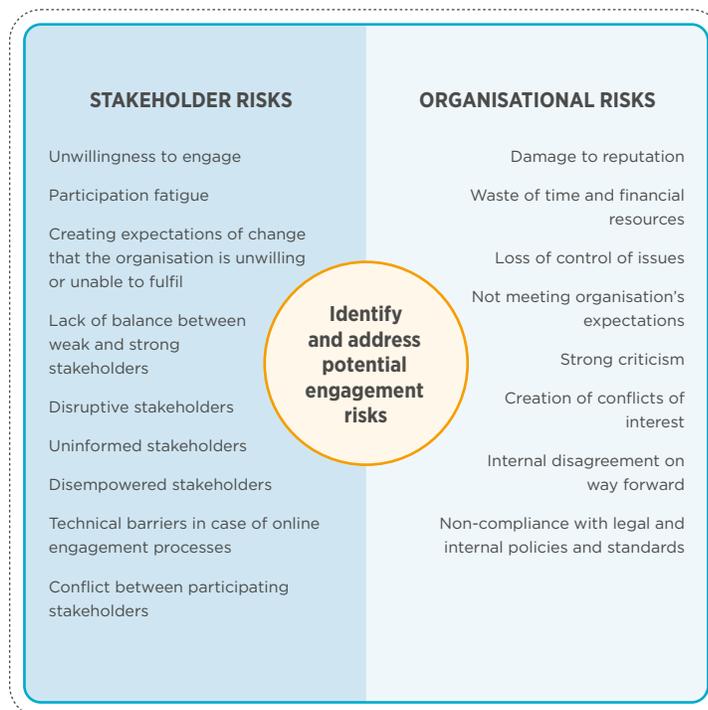


The owners of the engagement shall formally identify, assess and address engagement risks. They shall establish a robust framework for risk assessment that is coherent with the risk management approach of the organisation.

Risk management enables better decisions - from setting corporate strategy, to meeting compliance requirements, to operational management to implementing stakeholder engagement. It represents good management practice.

With a robust process to identify, assess and address risk, organisations can make better quality decisions. With regard to stakeholder engagement, this translates to effective engagement planning, anticipating potential negative outcomes and focusing on areas for opportunity and positive relationship building.

Figure 9: Identification of Potential Engagement Risks



The owners of the engagement should formally research the profiles of the stakeholders with whom they plan to engage. This profiling risk assessment should look at the risks that are outlined in figure 9 on the left side, which will influence the scope, level and method of engagement.

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 unwilling stakeholders. 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 that the views of a key stakeholder unwilling to engage are included in the discussion and debate.

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 also review the organisation's expectations of outcomes from the stakeholder engagement. A risk assessment with regard to internal ambitions and perspectives is an important balance in the risk assessment process. Risks related to reputation impact and potential non-compliance are notably important. A number of the relevant risks are outlined in figure 9 on the right side.

The owners of the engagement should assess the resulting risks and make relevant contingency plans for those with the highest probability of occurrence and / or severity. It is recommended that an organisation leverage any risk assessment framework that is used to manage business and financial risks within the organisation. This will ensure a coherent approach at an organisational level.

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.

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;
- ▶ instructions on how to respond to the invitation;
- ▶ additional information that will be provided; and
- ▶ next steps.

Invitations should be sent to named individuals rather than to 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, invitees' 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 or technical restrictions in case of online engagements. 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.

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 situations;
- ▶ unhelpful complexity;
- ▶ unhelpful digressions;
- ▶ 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 did not;
- ▶ the time frame;
- ▶ 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).

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. 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 they do not carry out everything that is proposed or recommended.

The action plan should:

- ▶ ensure that current and future 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 time frames for completion.

Actions may include the development of or changes to:

- ▶ governance and management commitments;
- ▶ 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.

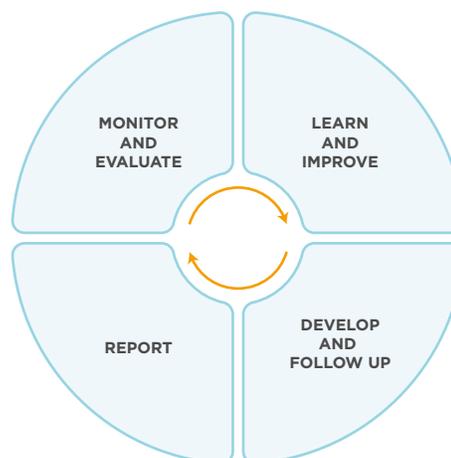
It is important that reporting back to stakeholders is done in an inclusive and consistent way so that all participants receive consistent feedback. Reporting back should include a written report, but may be supplemented by:

- ▶ 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 REVIEW AND IMPROVE

The cyclical nature of stakeholder engagement and the associated review, action planning and reporting process is illustrated in the diagram below.

Figure 10: Monitoring the Stakeholder Engagement Process



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 engagement shall evaluate the quality of individual engagements. This shall include monitoring and evaluation of:

- *commitment and integration*
- *purpose, scope and stakeholder participation*
- *process (planning, preparing, engaging, acting, reviewing and improving)*
- *outputs and outcomes*
- *reporting*

Monitoring and evaluating is a process that helps to improve performance and achieve results. The objective with regard to stakeholder engagement is to improve current and future management of engagement outputs, outcomes and impact.

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 as a whole.

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 and preferably, organisations should consider monitoring and evaluation in relation to the level of expected achievement, again using the criterion in this standard as a basis.

The monitoring and evaluation of outputs (action plan, result of activity) and outcomes (the results of decisions and actions) should be integrated with overall sustainability performance monitoring and evaluation that ultimately feeds back into the strategy development process.

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.

Stakeholder engagement is a process, not an event or a one-off exercise. Therefore, it is important that organisations formalise the learning and improvement process from engagement activities and experiences in order to strengthen and optimise future activities.

The monitoring and evaluation step shall provide the input from which an organisation can institutionalise the learning and actively look for improvement opportunities. This learning should be included in the design, planning and methodological guidance of future engagements and linked to organisational goals for stakeholder engagement.

Organisations shall foster a continual improvement process with stakeholder engagement, namely an ongoing effort to incrementally improve the engagement process with regards to efficiency, effectiveness and impact.

4.4.3 Develop and follow up on action plan



The organisation shall develop an action plan, ensuring organisational collaboration, following the engagement process. The organisation shall inform stakeholders of the outcome.

The ongoing success of stakeholder engagement is linked to the organisation becoming more successful as a result of the actions it takes further to engagement.

The organisation shall implement a formal process to discuss, define and detail, agree on and prioritise actions, ideally involving different functions of the organisation, on the back of the stakeholder engagement activities. The individual engagement action plans shall lead to an overall stakeholder engagement action plan for the organisation.

The organisation shall communicate the overall stakeholder engagement action plan to senior management and internal stakeholders. The action plan will be coherent with the organisation's strategy and objectives.

The organisation shall follow up on individual engagement action plans in an appropriate manner with external stakeholders.

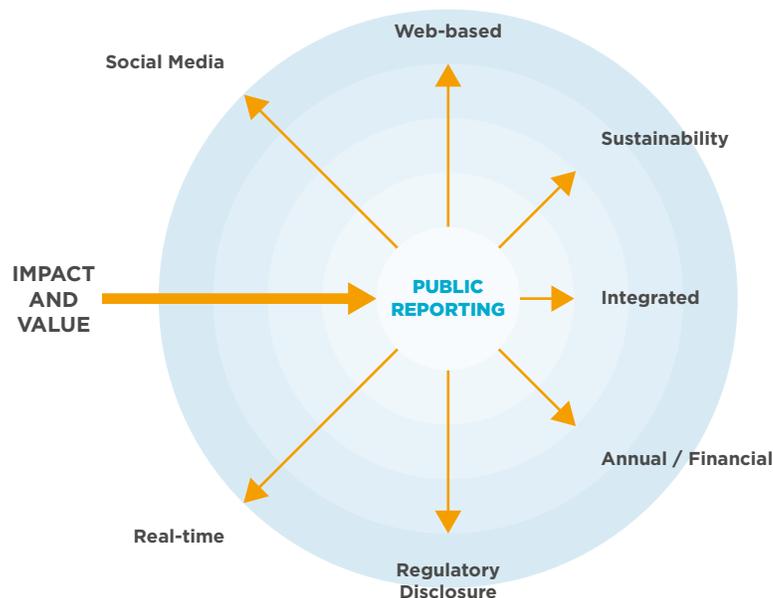
4.4.4 Report on engagement



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 together with overall outcomes and impact, to show the scope and breadth of its outreach, and to demonstrate how its engagements contribute value to its strategy and operations.

Figure 11: Forms of Reporting



Organisations should integrate reporting on stakeholder engagement with appropriate other forms of public organisational reporting (e.g. sustainability-related reports, annual or financial reports, website reporting, social media reporting).

Reporting on stakeholder engagement may include:

- ▶ stakeholder groups engaged
- ▶ approach to stakeholder engagement and methods used
- ▶ frequency of engagement
- ▶ primary issues and concerns raised through engagement
- ▶ organisation response to the engagement outcomes

A

ANNEXES

A. DEFINITIONS

Assurance

This 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 its underlying systems, data and processes, against suitable criteria and standards in order to increase the credibility of the organisation's public disclosure. Assurance includes the communication of the results of the assurance process in an assurance statement.

Accountability Principles

- ▶ *Inclusivity* - Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability. An inclusive organisation accepts its accountability to those on whom it has an impact and who have an impact on it.
- ▶ *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* - Accountability is 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)

Engagement Owner

Organisation that is conducting or initiating an engagement process.

Performance Measures

- ▶ *Output* - The immediate result of an activity.
- ▶ *Outcome* - Changes or benefits resulting from an output.
- ▶ *Impact* - Long-term change of behaviour and performance based on outcomes.

Stakeholder

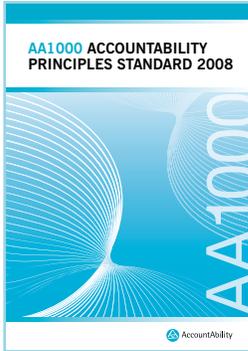
Stakeholders are those groups who affect and/or could be affected by an organisation's activities, products or services and associated performance. This does not include all those who may have knowledge of or views about an organisation. Organisations will have many stakeholders, each with distinct types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

Stakeholder Engagement

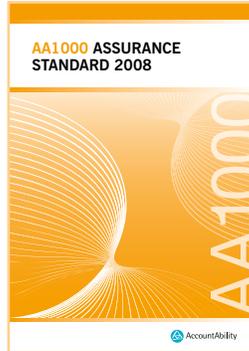
Stakeholder engagement is the process used by an organisation to engage relevant stakeholders for a purpose to achieve agreed outcomes.

B. THE AA1000 SERIES OF STANDARDS

The AA1000 Series comprises of three standards:



AA1000APS (2008) AccountAbility
Principles Standard



AA1000AS (2008)
Assurance Standard



AA1000SES (2015) Stakeholder
Engagement Standard

UPCOMING VERSION



AA1000AS Assurance Standard
New version in early 2016

C. THE ACCOUNTABILITY STAKEHOLDER ENGAGEMENT TECHNICAL COMMITTEE (FINAL EXPOSURE DRAFT 2011)

Alan Knight	AccountAbility (Until 2010)
Anne Pattberg	Head of Corporate Responsibility, Camelot
Alison Ewings	Group Sustainability Manager, Westpac
Ambreen Waheed	Founding Executive Director, RBI (Responsible Business Initiative)
Christian Hell	Senior Associate, KPMG Wirtschaftsprüfungsgesellschaft AG
Dongsoo Kim	Director of Sustainability Management Centre, Korea Productivity Center
Eros Artuso	Manager, PricewaterhouseCoopers
John Aston	Managing Director, Aston Eco Management
John Scade	Managing Director, MAS Business
Monir Bou Ghanem	Head of Stakeholder Relations, EAD
Nicky Leggatt	Technical Director, Jacobs
Philip Schukat	Policy Advisor and Specialist for Environmental and Social Standard Systems
Rod Sterne	Head of Strategies, WWF
Santhosh Jayaram	Head - Sustainability and Business Excellence Services, Det Norske Veritas AS
Shikhar Jain	Senior Counsellor, Confederation of Indian Industry
Sonia Favaretto	BM&F Bovespa
Suzyo NG'Andu	Bank Secretary, Zambia National Commercial Bank

D. FINAL REVISION WORKING GROUP (FINAL EDITION 2015)

Beat Grüniger	BSD Consulting, Member AccountAbility Standards Board
Bill Baue	Co-Founder, Chief Engagement Architect, Convetit; Director, ThriveAbility Foundation
David Canassa	Sustainability Manager, Votorantim Industrial Group
Dongsoo Kim	Director of Sustainability Management Centre, Korea Productivity Center
Ruth Schmitt	Head of the Institute of Humanities and Social Sciences, University of Applied Sciences Northwestern Switzerland
Sarah Bostwick	Manager- Reporting, UN Global Compact; Co-Coordinator, UN Sustainable Stock Exchanges, US
Shikhar Jain	Senior Counsellor, Confederation of Indian Industry

Additionally, 39 experts participated in a Think Tank in May 2015 to discuss the final release via the online engagement tool www.convetit.com.



