start here quick sheet

Stakeholder Engagement

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This document provides a birds-eye overview of how stakeholder engagement should be conceived and carried out. It should not be used as a replacement to the full “Stakeholder Engagement Handbook”, which should be referred to for complete guidance on stakeholder engagement. Rather, this quick sheet has been created to give time-constrained managers of exploration and development companies a snap-shot of what elements are crucial to a proper stakeholder engagement process. Furthermore, this document has pulled select key messages out of the comprehensive 200-page document and it thus only represents a small portion of the important information managers should have in-hand when designing and implementing a Stakeholder Engagement plan. This is not an official International Finance Corporation document, nor has it been endorsed by the IFC, and the entire contents of this Quick Sheet are credited to the IFC. If you begin to do work in this area, we suggest referring back to the original document, which can be found here:

http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_stakeholderengagement__wci__1319577185063
Establishing and maintaining good relationships requires a long time-horizon and companies who take this view tend to make different types of decisions. They invest in hiring and training community liaison staff and see the value of consistently following through on their commitments to stakeholders. They invest in translating information about their project into languages and formats that make sense to the local population and do so on an ongoing basis. They make the effort to personalize relationships through informal and social interactions, and work through their employees to build links to local communities. They take grievances seriously and deal with them in a reliable and timely manner. They listen more and learn from the community. Their senior managers stay involved with stakeholder activities and integrate this function into their business plans. Importantly, companies that focus on lasting relationships think in terms of the bigger picture and do not allow short-term interests (such as negotiating the lowest possible compensation rates) to jeopardize their broader social license to operate in the area.

Good stakeholder relations are a prerequisite for good risk management.
1.1 STAKEHOLDER ENGAGEMENT: COMMON COMPONENTS

Stakeholder engagement is an umbrella term encompassing a range of activities and interactions over the life of a project. These can be divided into eight components:

1. **Stakeholder Identification and Analysis:**
   Invest time in identifying and prioritizing stakeholders and assessing their interests and concerns.

2. **Information Disclosure:**
   Communicate information to stakeholders early in the decision-making process, in ways that are meaningful and accessible, and continue this communication throughout the project life.

3. **Stakeholder Consultation:**
   Plan out each consultation process, consult inclusively, document the process and communicate follow-up.

4. **Negotiation and Partnerships:**
   For controversial and complex issues enter into good faith negotiations that satisfy the interests of all parties. Add value to impact mitigation or project benefits by forming strategic partnerships.

5. **Grievance Management:**
   Establish accessible and responsive means for stakeholders to raise concerns and grievances about the project throughout its life.

6. **Stakeholder Involvement in Project Monitoring:**
   Involve directly affected stakeholders in monitoring project impacts, mitigation and benefits, and involve external monitors where they can enhance transparency and credibility.

7. **Reporting to Stakeholders:**
   Report back to stakeholders (both those consulted and those with more general interests in the project and parent company) on environmental, social and economic performance.

8. **Management Functions:**
   Build and maintain sufficient capacity within the company to manage processes of stakeholder engagement, track commitments and report on progress.
Many of the hallmarks of good relationships – trust, mutual respect and understanding – are intangibles that develop and evolve over time, based on individual and collective experiences and interactions. In the high-pressure context of getting a project up and running, interacting with stakeholders when there doesn’t seem to be any urgent need to do so can be viewed as a low priority and not a particularly good use of scarce time and resources. However, if a conflict or crisis does arise, the absence of established relationships and channels of communication puts the project at an immediate disadvantage in trying to manage the situation.

First, communities and their representatives are much less likely to give a company they don’t know (and have not had regular contact with) the benefit of the doubt. Second, trying to initiate contact with affected stakeholders when the company is in a reactive, defensive or crisis management mode can create lasting negative perceptions that are difficult for the company to overcome. Furthermore, reaching out to third parties such as local government officials or NGOs for assistance as allies or intermediaries only after a problem occurs may be more difficult due to perceived reputational risks of being associated with the company. Engaging with stakeholders from the start – as part of your core business strategy – enables a proactive cultivation of relationships that can serve as “capital” during challenging times.

Taking a proactive approach means fighting the instinct to delay consultation because it is still early days and you don’t have all the answers yet or are worried about raising expectations. The reality, most likely, is that people’s expectations are already raised in some form or another, and that speculation about the project and the company is beginning to circulate.
2.1 EARLY STAGES: PROJECT CONCEPT

Stakeholder engagement at the early, project concept stage is about gauging potential local support for, or opposition to, different options and alternatives and identifying key issues and concerns that might affect the viability of a project. These concerns (and opportunities) should then get fed back into the decision-making process. The key at this early stage is to engage with potential stakeholders in a way that protects competitive business interests, and yet also helps to identify risks and inform strategic choices. Consultation with stakeholders at the project concept stage should therefore be highly selective and targeted.

**Good practice pointers:**

- Refer to any past stakeholder information and consultation.
- Disclose information on alternatives and design or location options.
- Where possible, engage with government during strategic planning.
- Review legal, regulatory and lender requirements for stakeholder engagement.
- Ensure that project risk analysis includes stakeholder issues.

2.2 FEASIBILITY STUDIES AND PROJECT PLANNING

The most intense period of planned stakeholder engagement will likely take place during the project feasibility studies and ESIA process. **The essential elements of stakeholder engagement at the time of project feasibility are:**

- Forward planning the engagement as one would any complex activity, with a schedule and sufficient staff with the right capabilities
- Focusing principal efforts on those stakeholders most affected by the project, whether because of proximity or vulnerability to change
- Demonstrating that people’s opinions and ideas are receiving serious consideration, whether by “designing-out” identified risks, “designing-in” additional local economic or social benefits or incorporating the views of stakeholders in testing the feasibility of various design and risk management options

**Good Practice Pointers:**

- Systematically identify project stakeholders and their interests.
- Involve stakeholders in the “scoping” phase of ESIA studies.
• Seek input from stakeholders on how they wish to be consulted.
• Provide information ahead of consultations on environmental and social impacts. Include:
  ° An overall description of the project and its main objectives, including its location and the timetable of the main events: construction phase, peak operational activity, decommissioning
  ° A more detailed description of the project as it relates to topics for consultation or wider stakeholder engagement
  ° An outline of the environmental and social impacts to be assessed during the consultation, and any provisional conclusions or predictions already reached
  ° Any existing proposals for mitigation measures
• Employ good practice in meeting or exceeding ESIA requirements on consultation.
  ° (See full document for further guidance.)
• Maintain involvement with government-led consultation.
• Gauge the level of stakeholder support for your project.
  ° (See full document for further guidance.)
• Keep partnerships short-term prior to the investment decision.
• Facilitate access to community liaison staff.
• Report changes in the evolving project design to stakeholders on a regular basis.
• Document the process and results of consultation.
• Accompany your ESIA consultants and stay involved in the process.
• Integrate stakeholder information across the project planning functions.

2.3 CONSTRUCTION

For affected communities and stakeholder groups with interests in biodiversity and the natural environment, the construction phase is a time of great concern. On the other hand, the construction period is also perceived by many as an opportunity to secure local economic benefits, including direct and indirect employment. Once construction starts, it is important to involve affected stakeholders in monitoring the anticipated impacts throughout the period. With the rapid mobilization of construction equipment and contractors, and an urgency to complete the work on schedule, there are risks that impact mitigation measures or employment and other intended benefits may not be as effective as anticipated.

Good Practice Pointers:

• Identify stakeholders most likely to be affected by construction.
• Notify local stakeholders of construction activities and changes to schedules.
• Get community liaison staff on the ground quickly.
  ° The construction phase often carries the highest risk of potential negative impacts and therefore tends to generate the greatest volume of grievances.
• Aim for rapid response times in resolving grievances.
• Report to stakeholders on progress of environmental and social management programs.
• Choose contractors with the capacity to engage effectively with stakeholders.
• Manage risks to stakeholder relations from contractors.
2.4 OPERATIONS

Significant levels of staff turnover and other personnel changes during the transition from construction to operations pose the risk that knowledge and relationships that have been cultivated between project staff and local stakeholders up to this point can be lost if concerted efforts to ensure continuity are not made. Remember that the transition to operations can be a time of uncertainty for local stakeholders, so it is important to communicate what changes are to be expected and what impacts this might have, if any, on local residents.

Good Practice Pointers:

- Periodically review and update your stakeholder information.
  - Potential triggers for a reassessment might include:
    - Elections
    - Adverse socioeconomic trends or natural disasters that worsen the plight of already disadvantaged people
    - New local economic development plans
- Consider ways to assess stakeholder perceptions.
  - Independently administered stakeholder perception surveys
- Continue to disclose, consult and report to stakeholders as needed.
- Ensure integration of ongoing stakeholder commitments into operations management systems.
- Communicate emergency preparedness and response plans on a regular basis.
- Keep your grievance mechanism operational.
- For controversial projects, consider establishing an independent monitoring panel.
3. management functions

3.1 COORDINATE ACTIVITIES, ASSIGN OVERALL RESPONSIBILITY AND CREATE CLEAR REPORTING LINES TO SENIOR MANAGEMENT

It is essential that engagement activities are coordinated and that information is consistent, as is keeping track of activities in order to reduce inefficiencies, confusion and conflicting messages or commitments. This is usually best achieved by giving a senior manager overall responsibility for stakeholder engagement.

3.2 HIRE, TRAIN AND DEPLOY THE RIGHT PERSONNEL

For projects where the stakeholder engagement process is likely to be complex or sensitive, consider bringing in social advisors or other expert staff to help design and facilitate the process and assist with participatory methodologies and other specialized techniques.

3.3 COMMUNICATE THE STRATEGY INTERNALLY AND STAY IN CONTROL OF THIRD-PARTY ENGAGEMENT

When hiring community liaison staff look for character qualities including:

- Good people and communication skills
- A good understanding of the local language and community/cultural dynamics
- Open-mindedness and respect for the views of others
- A solution-oriented approach
- A high integrity/degree of trustworthiness
- A genuine commitment to the position and its goals

If stakeholder engagement is to be truly integrated into day-to-day business operations, the concept needs to be "owned" by all staff.
3.4 DEVELOP AND MAINTAIN A STAKEHOLDER DATABASE

Should contain details of the various stakeholder groups (their representatives, interests and concerns); details of any consultations held (including when these took place, the topics discussed and results); any commitments made by the project company, both those outstanding and those already delivered; and a record of specific grievances lodged and the status of their resolution. It should contain timeframes for action and, importantly, assign responsibility to the appropriate individuals, business units or implementing third party (which in some cases may be the contractor, an NGO or local government agency).

3.5 MANAGE CONTRACTOR RISKS

During the construction phase, contractors and their sub-contractors can have more frequent contact with local stakeholders than do project staff, and affected communities often do not make a distinction between contractors and the company. Select contractors that have the capability to deal effectively with stakeholders and put the appropriate requirements into their contract. Contractual requirements might include having their own mechanisms for managing grievances, their own manager of community relations and providing training to staff and sub-contractors on how to interact with the local population. They might also include reporting requirements regarding stakeholder engagement, grievances and issues management.

3.6 TRACK CHANGES IN THE QUALITY OF STAKEHOLDER RELATIONSHIPS

An annual or semi-annual “perception” survey, independently administered, which uses the same set of questions over time to achieve continuity, is a tool some companies use to help them manage the stakeholder engagement process.
appendices

Appendix 1: Topics to Include in Stakeholder Perception Surveys

- General ethical conduct
- Conduct of staff and contractors
- Quality of environmental and social impact and risk management, including monitoring regimes
- Interaction with government and local politics
- Local procurement, employment and training opportunities
- General relationship with the project company, including levels of honesty and trust
- Relevance and meaningfulness of information communicated or reported
- Effectiveness and responsiveness of ongoing consultation
- Effectiveness and responsiveness of grievance procedures
- Perceptions of paternalism, favoritism and corruption
- Benefits of community investment programs or similar benefit-sharing programs
- Comparison of performance, in any of the above, between the last survey period and this one
Appendix 2: Valuable Insights on Stakeholder Engagement

The following are some key insights that have been repeatedly highlighted in interviews with industry professionals:

- Be honest and forthcoming with information, both positive and negative, to manage expectations and build legitimate relationships.
- It is no longer practical to assume that people are unaware of their rights.
- Stakeholder engagement should be led by a senior person in the company, especially when it involves indigenous peoples. It is important that the executive team take the time to be on site to develop relationships, show respect and create trust.
  - In speaking with elders, be very aware of interrupting or trying to rush a conversation, and thank them for allowing you to enter their territory.
- It is important to have someone on the ground who is open, honest and trusted by the company. The person who liaises with the community is key.
  - Should not have the attitude that they are better than the community.
  - One interviewee suggested that either very local people or expats are often best-suited to this job, and that people from regional or national centres of the country are not as ideal.
  - Find the people in the company who have humility, honesty, listening skills and are always following up on things.
- Avoid telling stakeholders to appreciate the company more.
- Ensure the community liaison has the right information, that they understand the need to be honest if they don’t have the answer to certain questions and that they follow-up when they find out the answer.
- The difference between consultation and negotiation: two different roles require two different people.
  - Consultation and community relations is generally focused on building relationships to create trust, finding out the concerns and aspirations of stakeholders and allowing people to feel heard.
  - Negotiation involves coming to the table with what the company can offer and what it can’t, and it is not as much a friendly conversation as it is a process of compromise to reach mutually agreed upon terms.
- Delivery of information and communication style is surprisingly important.
- There are issues that can’t be answered right off the bat.
- It is not sufficient to simply obtain a “social license” to operate –this is something which can be lost at any time and needs to be maintained.
Impact-Benefit Agreements

- Once the IBA is signed, the company is not done – this is where it begins for most stakeholders and the relationship inside and outside that IBA is ongoing.
- Consider and plan for the survival of an IBA beyond your company’s involvement with the project. Need to have provisions for what happens through M & As.
- The success or failure of an IBA depends on the parties’ commitment to its success in tough times as well as good times. Ensure that there is an understandable and practical dispute resolution mechanism. This should include a process to elevate unresolved disputes from committee, to executive to chief executive levels as necessary to obtain resolution. Dispute resolution training may be desirable.

Defining Impact Boundaries in Agricultural Societies

- Subsistence agriculturalists typically view a project as only a risk, since these people are highly dependent on natural resources.
- Mines are often at the top of watersheds and users downstream are impacted, yet frequently thought to be outside the impact zone, so they are neglected.
  - The people are not so much wanting compensation as they are wanting information.
  - Ensure that people from outside the impact zone have information.
- Companies generally need to expand their areas of impact.

Beyond Due Diligence

- Companies will be seen as deceitful by only appearing to perform due diligence – need to engage continuously throughout the project and provide consistent “small wins” to communities.
- If local people are not qualified to fill positions at the mine, emphasize training and education in social investments to display that the company has a strategy to eventually fill positions with locals.

Construction

- The construction phase is thought to be a point of great vulnerability for a company’s relationship with communities.
- Specialized teams are brought in to do particular work, and they generally have not been trained on how to be socially and culturally sensitive.
- It is important that companies ensure that contractors understand and act in accordance with the image that the company wants reflected.
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about NBS

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