Stakeholder Engagement Standard
Exposure draft
AccountAbility’s mission is to promote accountability for sustainable development. As a leading international professional institute, AccountAbility provides effective assurance and accountability management tools and standards through its AA1000 Series, offers professional development and certification, and undertakes leading-edge research and related public policy advocacy. AccountAbility is based on an innovative, multi-stakeholder governance model, enabling the direct participation of its organisational and individual members who span business, civil society organisations, and the public sector from different countries across the world.

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Purpose and Use of the Exposure Draft

The purpose of this exposure draft is to encourage the standard to be piloted by a wide range of users, including businesses, civil society, labour organisations, and public agencies and for a wide range of applications.

The finally agreed standard, which will be issued in late 2006, will be based on the feedback we receive from this draft and we would encourage users of the exposure draft to contact us at aa1000sesfeedback@accountability.org.uk or to talk to one of our standards team members.

Structure and Language of the Standard

The standard is divided into six sections:

1. The first section provides an introduction to stakeholder engagement.
2. The second section defines the purpose and scope of the standard.
3. The third section defines the terms used in this standard.
4. The fourth section presents the requirements for quality stakeholder engagement.
5. The fifth section provides guidance on the requirements.
6. The sixth section presents the criteria for assessing the quality of stakeholder engagement.

There are also a number of informative annexes.

In sections 4 and 5 requirements use the word ‘shall’ and are printed in bold. Supporting guidance in section 5 uses the word ‘should’ and is printed in plain text.
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1. Getting engagement right

Stakeholder engagement has always been crucial to an organisation’s performance. Traditional forms of engagement, such as member engagement, citizen voting, investor road shows, employee dialogue and negotiation, have long been institutionalised through policies, norms and regulation. It is through these approaches that organisations have been accountable to stakeholders, and have engaged them in contributing to the organisation’s success.

Today’s organisational challenges and the need to achieve sustainable development make it more important to engage both with previously ignored stakeholders, including the voiceless, and with more familiar stakeholders on new topics and in new ways. This is true for commercial enterprises entering new markets or facing changing societal expectations. It is equally true for public bodies, and civil society and labour organisations developing new constituencies and approaches to service and advocacy. Furthermore, the imperatives of sustainable development reinforce the need to engage with stakeholders to realise specific organisational goals, as well as to meet broader social, environmental and economic challenges such as the Millennium Development Goals.

These changing circumstances have led to widespread experimentation in stakeholder engagement, which has been an important step in developing new accountability mechanisms. Unfortunately, it also brings with it new challenges. The great discrepancy in quality of practice and outcomes produced by the experimentation can threaten the credibility of stakeholder engagement itself. To combat this, there is a need clearly to establish what constitutes quality stakeholder engagement.
AccountAbility considers that securing the right to be heard for people who are affected by or can affect an organisation’s activities, and obliging the organisation to respond to these concerns, makes organisations perform better. It increases their knowledge, their legitimacy, and the values that are affirmed or created by the dialogue enhance their reputation and moral stature. For this to happen, such rights and obligations need to be established and enacted in a credible and effective manner.

The AA1000 Stakeholder Engagement Standard (AA1000SES) provides a clear basis for doing this. It is a generally applicable, open-source framework for designing, implementing, assessing, communicating and assuring the quality of stakeholder engagement. It builds on, and is consistent with, AccountAbility’s AA1000 Series, particularly the AA1000 Assurance Standard, launched in March 2003. It is intended for use either on its own or in conjunction with other tools, frameworks and standards. It may be applied for example to support quality and knowledge management, transparency and reporting, and governance and accountability.

AA1000SES, like other parts of the AA1000 Series, is built on the two foundations that underpin all of AccountAbility’s work. The first is our mission to ‘promote accountability for sustainable development’. The second is our commitment to base our standards on observed and achievable practice, understood and codified through a dialogue and the innovations that result from it.
The overall purpose of stakeholder engagement is to drive strategic direction and operational excellence for organisations, and to contribute to the kind of sustainable development from which organisations, their stakeholders and wider society can benefit by:

Learning:
- Identifying and understanding
  - the needs, expectations and perceptions of internal and external stakeholders;
  - the challenges and opportunities identified by those stakeholders; and,
  - the material issues of internal and external stakeholders.

Innovating:
- Drawing on stakeholder knowledge and insights to inform strategic direction and drive operational excellence.
- Aligning operations with the needs of sustainable development and with societal expectations.

Performing:
- Enhancing performance.
- Developing and implementing performance indicators that enable internal and external stakeholders to assess the organisation’s performance.
2. Purpose & scope of the standard

2.1 Purpose

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

2.2 Scope

The AA1000SES is applicable to the full range of engagements, including

- functional engagements (e.g. customer care),
- issue-based engagements (e.g. human rights), and
- organisation-wide engagements (e.g. reporting and assurance).

It is applicable to both internal and external engagement, and to the relationship between the two. Engagements may range from micro-level (organisation-stakeholder specific issues) to macro-level engagements on major societal concerns.

AA1000SES is not designed to underpin formal legal engagements between organisations and stakeholders (e.g. elections, formal negotiations between employers and employees). It may, nevertheless, usefully inform and support these engagements.
2. Purpose & scope of the standard

2.3 Users

AA1000SES is designed for all those initiating, participating in, observing, assessing, assuring or otherwise communicating about stakeholder engagement. It should enable:

- **Organisations or parts of organisations** to design and implement stakeholder engagement in accordance with clear principles and criteria, inform stakeholders of their approach, and allow them to have a clear basis for assessing their practice. Organisations may be of any type, including businesses, civil society organisations, labour organisations, public bodies and multi-stakeholder networks and partnerships.

- **Stakeholders** to identify, assess and comment on the quality of an engagement using clear principles and associated criteria.

- **Assurance practitioners** to assess and comment on the quality of stakeholder engagement, both in its own right and as a means of assessing an organisation’s determination of what is material, how it manages and understands material issues, and how it responds to stakeholder expectations.

- **Standards bodies, rating and index developers** to reference or integrate a clear quality framework for stakeholder engagement into their own work.

- **Investors, their advisors and other risk assessors** to determine whether organisations are effectively understanding and managing risks and opportunities.
• *Advisors and consultants* to assess and comment on quality stakeholder engagement processes, and assist in their design and implementation.

• *Professional development and training practitioners* to build professional competency in stakeholder engagement, both in itself and in relation to other organisational practices such as reporting and assurance.

### 2.4 Relationship to Other Standards

The AA1000SES exposure draft is intended to complement other standards in the AA1000 Series, including the AA1000 Assurance Standard. It is also intended to complement other standards in which stakeholder engagement is an important element, such as those covering reporting, assurance and governance, as well as issue-specific standards on, for example, labour, human rights and corruption (e.g. GRI Sustainability Reporting Guidelines, ISO standards, SA8000, IAASB standards and ISEAL member standards).

The AA1000 standards are supported by a range of other documents (see Annex C).
3. Definitions

**Accountability**

The AA1000 Series defines ‘accountability’ as being made up of:

- **Transparency**: accounting to stakeholders.
- **Responsiveness**: responding to stakeholder concerns.
- **Compliance**: complying with legal requirements, standards, codes, principles, policies and other voluntarily commitments.

These aspects of accountability may have very different drivers, such as legal compliance, stated policy commitments, reputation and risk management, and the company’s sense of moral and ethical duty.

**Enabler**

An enabler helps achievement of an action or goal by providing the means, knowledge, or opportunity.

**Organisation**

The organisation may be a whole organisation, part of an organisation, or a group or partnership of individuals and organisations. The organisation shall be defined at the outset of the engagement taking into consideration its activities, products, services, sites and subsidiaries, for which it has either management and legal responsibility or the ability to influence associated performance outcomes (e.g. effects of product use).
3. Definitions

**Stakeholder**

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

**Sustainability Performance**

Sustainability performance refers to an organisation’s total performance, which might include its policies, decisions, and actions that create social, environmental and/or economic (including financial) outcomes.

**Sustainable Development**

We have adopted the definition of sustainable development used in the report Our Common Future (also known as the Brundtland Report):

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”
4. Requirements for quality stakeholder engagement

A. The AccountAbility Commitment & Principles

A.1 Accountability and Stakeholder Engagement

In the AA1000 Series, accountability is defined as being made up of:

- **Transparency**: accounting to stakeholders.
- **Responsiveness**: responding to stakeholder concerns.
- **Compliance**: complying with legal requirements, standards, codes, principles, policies and other voluntarily commitments.

A.2 The AA1000 Series Commitment to Inclusivity

An organisation adopting any part of the AA1000 Series including the AA1000SES, shall commit itself to the practice of ‘inclusivity’, which means giving stakeholders the right to be heard, and accepting the obligation to account to them.

A.3 The AA1000 Series Principles as they Apply to Stakeholder Engagement

The commitment to ‘inclusivity’ is governed and operationalised by the three AA1000 Series Principles – Materiality, Completeness and Responsiveness.
### 4. Requirements for quality stakeholder engagement

<table>
<thead>
<tr>
<th>Principle</th>
<th>Application to Stakeholder Engagement</th>
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<tbody>
<tr>
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</tr>
<tr>
<td>(P.3) Responsiveness</td>
<td>requires coherently <strong>responding</strong> to stakeholders’ and the organisation’s material concerns.</td>
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</table>

All three principles shall be applied in any engagement using the AA1000SES.
AA1000 Series: Commitment and Principles

Materiality

Inclusivity
Accounting for stakeholders aspirations and needs

Responsiveness Completeness
4. Requirements for quality stakeholder engagement

B. The Stakeholder Engagement Framework

B.1 General Requirements

Under AA1000SES, the AccountAbility Commitment and all principles, stages and elements of the framework shall be applied. There may be instances where engagement is limited or deemed not possible for commercial or security reasons. Such reasons, where they exist, shall be specified and justified in the design of the process.

B.2 Roles and Responsibility

The organisation shall initiate and take responsibility for an engagement. The organisation may be a whole organisation, part of an organisation, or a group or partnership of individuals and organisations. The organisation shall be defined at the outset of the engagement, taking into consideration the activities, products, services, sites and the subsidiaries, for which it has either management and legal responsibility or the ability to influence associated performance outcomes (e.g. effects of product use).
B.3 Specific Requirements for the Elements of the Framework

Thinking & Planning

B.3.1 Identify stakeholders
The organisation shall establish a methodology, including systematic processes, to identify and map its stakeholders and to manage the relationship between them (taking into account the extent to which it already has means for doing this) in ways that build accountability to stakeholders and enhance overall performance. It shall communicate the stakeholder map to its stakeholders.

B.3.2 Initial identification of material issues
The organisation shall establish a methodology, including systematic processes, to identify material issues associated with its activities, products, services, sites and the subsidiaries, for which it has either management and legal responsibility or the ability to influence associated performance outcomes (e.g. effects of product use).

B.3.3 Determine and define engagement strategy, objective and scope
The organisation shall establish a strategy for stakeholder engagement. It shall establish the context, objective(s) and scope for engagement.
4. Requirements for quality stakeholder engagement

B.3.4 Establish engagement plan and implementation schedule

The organisation shall establish a stakeholder engagement plan and schedule that demonstrates the intent to engage with its stakeholders. It shall make these available to its stakeholders.

Preparing & Engaging

B.3.5 Identify ways of engaging that work

The organisation shall establish appropriate ways of engaging with its stakeholders.

B.3.6 Build and strengthen capacity

The organisation shall identify and assess stakeholder capacity needs both in resources (e.g. staff, money, time) and competencies (e.g. expertise, experience). The organisation shall commit itself to responding to these needs in order to enable effective engagement.

B.3.7 Engage with stakeholders in ways that facilitate understanding, learning and improvement

The organisation shall ensure that stakeholder concerns, opportunities and risks are identified and understood in a way that enhances the understanding of materiality. It shall identify enablers (i.e. the means) for learning and improving performance.
Responding & Measuring

B.3.8 Operationalise, internalise and communicate learning
The organisation shall use what it learns from stakeholder engagement to inform its strategies and operations so that they are consistent with sustainable development. The organisation shall communicate what it learns and how it intends to respond.

B.3.9 Measure and assess performance
The organisation shall establish processes and mechanisms to measure, monitor and assess the quality of its stakeholder engagement practice.

B.3.10 Assess, re-map and re-define
The organisation shall assess and re-map its stakeholders and re-define its stakeholder strategy where changes have occurred or new learning has been gained.
5. Guidance on the requirements for quality stakeholder engagement

A. The Accountability Commitment & Principles

A.1 Accountability and Stakeholder Engagement

In the AA1000 Series, ‘accountability’ is defined as being made up of:

- **Transparency**: accounting to stakeholders.
- **Responsiveness**: responding to stakeholder concerns.
- **Compliance**: complying with legal requirements, standards, codes, principles, policies and other voluntary commitments.

Stakeholders are central to all elements of this definition because they are central to the many drivers of accountability. They influence legal and regulatory requirements and policy and performance commitments, they affect reputation both positively and negatively, they can represent as well as mitigate risk, and they help to frame ethical standards.

Accountability therefore requires effective stakeholder engagement. Stakeholder engagement helps organisations understand what consumers and society at large expect of them, provides a powerful stimulus to innovation and helps to secure an ongoing licence to operate.
5. Guidance on the requirements for quality stakeholder engagement

A.2 The AA1000 Series Commitment to Inclusivity

An organisation adopting any part of the AA1000 Series including the AA1000SES, shall commit itself to the practice of ‘inclusivity’, which means giving stakeholders the right to be heard, and accepting the obligation to account to them.

This requires a commitment to:

- Identify and understand the social, environmental and economic performance and impacts of the organisation’s activities, products and services.
- Understand the concerns of stakeholders i.e. their needs, expectations and perceptions.
- Reflect this understanding in policies and practices.
- Consider and coherently respond to those concerns.
- Account to stakeholders for decisions, actions and impacts.

A.3 The AA1000 Series Principles as they Apply to Stakeholder Engagement

The commitment to ‘inclusivity’ is governed and operationalised by the three AA1000 Series principles – Materiality, Completeness and Responsiveness.

These three principles emerged through practice and dialogue following the launch of the original AA1000 Framework in 1999. They are a
clarification of the Framework’s original principles and supersede them. They are common to all elements of the AA1000 Series. They are interpreted as they apply to stakeholder engagement below.

**Principle** | **Application to Stakeholder Engagement**
---|---
(P.1) Materiality | requires **knowing** stakeholders’ and the organisation’s material concerns.
(P.2) Completeness | requires **understanding** stakeholder concerns, that is, views, needs, and performance expectations and perceptions associated with their material issues.
(P.3) Responsiveness | requires coherently **responding** to stakeholders’ and the organisation’s material concerns.

All three principles shall be applied in any engagement using the AA1000SES. The level of practice may vary. Together, the commitment and the principles affirm and encourage the central role of stakeholders in the design and implementation of an engagement. These three principles are operationalised in the stakeholder engagement framework. For an organisation fully to comply with the standard, it must ensure this central role for stakeholders at all stages in the engagement (see section 6).
B. The Stakeholder Engagement Framework

B.1 General Requirements

The framework is comprised of three stages, each of which has a number of elements. The three stages – Thinking & Planning, Preparing & Engaging and Responding & Measuring – link the stakeholder engagement framework to the overall AA1000 Series. The elements provide a step-by-step process for designing and implementing a quality stakeholder engagement process. The sequence and the relative importance of the stages and their elements may differ depending on the reason for and context of the engagement.

Under AA1000SES, the AccountAbility Commitment and all principles, stages and elements of the framework shall be applied. There may be instances where engagement is limited or deemed not possible for commercial or security reasons. Such reasons, where they exist, shall be specified and justified in the design of the process.

B.2 Roles and Responsibility

The organisation shall initiate and take responsibility for an engagement. The organisation may be a whole organisation, part of an organisation, or a group or partnership of individuals and organisations. The organisation shall be defined taking into consideration the activities, products, services, sites and the subsidiaries, for which it has either management and legal responsibility or the ability to influence associated performance outcomes (e.g. effects of product use).
An organisation may commission another person or group to manage all or part of the engagement on its behalf but the responsibility for the engagement and for ensuring the effective implementation of this standard remains with the organisation.

These persons or groups may include:

- An independent convenor who facilitates an engagement on a particular material issue.
- A market or opinion research institute or agency that provides a research service.
- A stakeholder panel that assists, for example, in defining material issues.
- Stakeholders themselves who may, for example, convene other stakeholders to explore and learn about a particular issue.

The relationship between the organisation and the person or group commissioned must be well defined and visible.

An assurance practitioner may need to engage with stakeholders in order to assure information provided by or to an organisation. Such an engagement may be limited in purpose and scope to meet the needs of the assurance engagement. It should be initiated by and be the responsibility of the assurance practitioner.

Those involved in stakeholder engagement should consider drawing on specialised guidelines and tools for additional design and implementation guidance.
Stages and Elements of the Framework for Quality Stakeholder Engagement

1. Identify Stakeholders
2. Initial identification of material issues
3. Determine and define engagement objective & scope
4. Establish engagement plan & period schedule
5. Determine and define ways of engaging that work
6. Build and strengthen capacity
7. Understand material aspects. Identify opportunities and risk.
8. Operationalise & internalise learning
9. Measure, monitor and assess performance
10. Assess. Redefine and re-map

Accountability Commitment
Responsiveness
Materiality
Completeness
Thinking & planning
Stakeholder Engagement
Responding & measuring
Preparing & engaging
B.3 Specific Requirements of the Elements of the Framework

Thinking & Planning

B.3.1 Identify stakeholders
The organisation shall establish a methodology, including systematic processes, to identify and map its stakeholders and to manage the relationship between them (taking into account the extent to which it already has means for doing this) in ways that both build accountability to stakeholders and enhance overall performance. It shall communicate the stakeholder map to its stakeholders.

The organisation should identify and map stakeholders in regard to all of its activities, products and services. This mapping should inform the overarching strategy for managing stakeholder relationships. Specific stakeholder engagements should draw on it.

Stakeholders are those groups who affect and/or could be affected by an organisation’s activities, products or services and associated performance. Based on the above definition, identification of an organisation’s stakeholders should be guided by the following criteria:

- **Responsibility** - those stakeholders to whom the organisation has, or in the future may have, legal, financial and operational
5. Guidance on the requirements for quality stakeholder engagement

- **Influence** - those stakeholders with influence or decision-making power (e.g. local authorities, shareholders, pressure groups).

- **Proximity** - those stakeholders that the organisation interacts with most, including internal stakeholders (e.g. management of outsourced employees, local communities), those with long-standing relationships (e.g. business partners) and those the organisation depends on in its day-to-day operations (e.g. local authorities, local suppliers, local infrastructure providers).

- **Dependency** - those stakeholders who are directly or indirectly dependent on an organisation's activities and operations in economic or financial terms (e.g. only employer in locality or sole purchaser of goods) or in terms of regional or local infrastructure (e.g. schools, hospitals). This also includes stakeholders who are dependent on basic needs the organisation is directly or indirectly responsible for the delivery of (e.g. medicine, water, electricity).

- **Representation** - those stakeholders who through regulation, custom, or culture can legitimately claim to represent a constituency (e.g. NGOs, special interest groups including those representing the 'voiceless' - people or things unable to represent themselves, like the environment or future generations - trade union representatives, councillors and local community leaders).

- **Policy and strategic intent** - those stakeholders the organisation directly or indirectly addresses through its policies and value statements (e.g. consumers, local communities, management of...
outsourced employees, franchisees), including those who can give early warning on emerging issues and risks (e.g. activists, civil society organisations, academia).

6-part Stakeholder Mapping Test
The process for identifying and mapping stakeholders may include:

- Convening a cross-functional group of people (e.g. legal, risk management, external communications, procurement, HR, and investor relations) with knowledge of the organisation, project, department or specific issue that you want to identify the stakeholders for.
- Categorising identified stakeholders according to the criteria under which they have been identified, to what extent and why.
- Grouping stakeholders into categories and then subcategories likely to share similar perspectives (e.g. non-governmental organisations might include humanitarian organisations, human rights organisations, animal welfare groups and environmental groups).

Further, the organisation should establish systematic processes to

- enable stakeholders not currently identified to voice their concerns or to identify opportunities (e.g. through open access mechanisms such as hotlines, local representatives, focus groups or surveys that reach beyond the engagement’s envisioned scope);
- where appropriate, provide for voices to be heard without fear of consequences, by making the process independent of its influence and control (e.g. whistle blowing policies or appointment of an ombudsman); and
- include mechanisms for representation of the voiceless (e.g. future generations, the environment).
While the initial stakeholder identification and mapping may take place without the systematic involvement of stakeholders, as engagement takes place and practice matures, they should be involved in this process.

B.3.2 Initial identification of material issues

The organisation shall establish a methodology, including systematic processes to identify material issues associated with its activities, products, services, sites and the subsidiaries, for which it has either management and legal responsibility or the ability to influence associated performance outcomes (e.g. effects of product use).

A concern should be considered material if it influences or is likely to influence the decisions, actions and behaviour of stakeholders and/or the organisation itself.

The determination of material issues should be guided by the following:

• Policy-related performance – those aspects of an organisation’s performance linked to its stated commitments and policies.

• Short-term financial performance and legal compliance - those aspects of performance including significant potential or actual legal and regulatory impacts that have a direct financial effect on the organisation.

• Peer-based norms – aspects of performance or behaviour adopted and generally considered legitimate by peers (e.g. competitors) of the organisation, irrespective of whether the organisation itself has a related policy.
5. Guidance on the requirements for quality stakeholder engagement

• Stakeholder concerns and behaviour – those concerns that affect the decisions and behaviour of stakeholders, both towards the organisation and in relation to the needs of sustainable development.
• Societal norms – those aspects of performance demonstrably relevant to stakeholders and likely to be relevant to future stakeholder decisions and behaviour, including aspects of performance that are already regulated, or subject to more or less effective non-regulatory scrutiny and likely to be legally regulated in future.

In determining materiality, an organisation should consider relevance and significance in relation to each of these elements.

Relevance should be assessed in relation to each element of the five part materiality test. As this initial identification of material issues takes place before stakeholders have been engaged, the organisation should begin by focusing on mission- and policy-driven materiality – its policy-related performance (i.e. its mission, strategy and policies); short-term financial performance and legal compliance; and peer-based norms, benchmarking against peers in its sector or market. At this time the organisation should use what it already knows of stakeholder views to make a preliminary assessment of the materiality of any issue in relation to stakeholder concerns and societal norms.

In determining levels of significance the organisation should establish thresholds using relevant and appropriate tools, standards, indicators and
criteria. As this initial identification of material issues takes place before stakeholders have been engaged, the organisation should use its current understanding of stakeholder concerns to determine significance.

In the initial identification of material issues, the organisation should involve a cross-functional group (e.g. legal, risk management, external communications, procurement, HR, and investor relations).

The organisation should continue its assessment of relevance and significance of material issues when it engages with stakeholders. This will allow the organisation to more fully understand and bring to their assessment an understanding of stakeholder concerns and behaviour and societal norms, that is, stakeholder concerns, views, expectations and needs (See B.3.7).

When stakeholder engagement begins and as it develops, stakeholders should become integrally involved in the design and implementation of thresholds and criteria for relevance and significance and participate in the identification of ‘mission and policy driven materiality’.

The five-part materiality test discussed above is an iterative process. The two cycles, ‘mission and policy driven materiality’ and ‘societal and stakeholder behaviour driven materiality’ influence each other. New information will be brought to light in respect of each part of the test at different stages of the engagement process. Thus, an issue identified in the initial stage as a peer-based norm or a stakeholder concern might have become policy by the time of the next round of determining materiality.
5-part Materiality test

- Short term financial
- Stakeholder concerns and behaviour
- Mission and policy driven materiality
- Societal and stakeholder behaviour driven materiality
- Policy-based performance
- Societal Norms (regulatory & non-regulatory)
- Peer-based norms
B.3.3. Determine and define engagement strategy, objective & scope

The organisation shall establish a strategy for stakeholder engagement. It shall establish the context, objective(s) and scope for engagement.

The organisation should develop a strategy for stakeholder engagement informed by its stakeholder map and the initial identification of material issues. The strategy should consider the motives for engagement, the stakeholders to be engaged with and the issues to be engaged on. It should define how stakeholder engagement could assist the organisation to understand the issues it faces and to develop and achieve its objectives.

Further, the organisation should ensure consistency between its engagement and other organisational strategies. The engagement strategy should be revised and improved in the light of specific engagements.

The organisation should develop overall high level objective(s) and scope for engagement. The engagement scope should allow the organisation to achieve engagement objective(s).

In developing its strategy, the organisation should determine its ability (i.e. the extent to which it is willing and able – including available human, technical, financial capacity) to respond to stakeholders in a coherent and adequate manner and in a way that meets the purpose for engaging. The organisation should assess its ability to respond to a range of possible engagement outcomes and expectations.
As engagement takes place and as stakeholder engagement practice matures, the organisation should involve stakeholders in the design and implementation of its engagement strategy, objective(s) and scope.

### B.3.4 Establish engagement plan and implementation schedule

The organisation shall establish a stakeholder engagement plan and schedule that demonstrates the intent to engage with its stakeholders. It shall make these available to its stakeholders.

Aligned with its engagement strategy, objective(s) and scope, the organisation should establish an engagement plan that will allow it to achieve its strategy and will demonstrate how the Accountability Commitment to ‘inclusivity’ is to be met over time. It should establish criteria for prioritising its engagements and communicate these criteria to stakeholders.

The engagement plan should be communicated and easily accessible. It should evolve over time and should be published in the form of an implementation schedule.

As engagement takes place and as stakeholder engagement practice matures, the organisation should involve stakeholders in the design and implementation of its engagement plans.
Preparing & Engaging

B.3.5 Determine ways of engaging that work

The organisation shall establish the appropriate ways of engaging with its stakeholders.

For each engagement, the organisation should establish:

- specific engagement objective(s) and scope,
- stakeholder representation (i.e. what stakeholder groups should be included, and at what degree of representation),
- level of engagement (e.g. from the more passive forms such as monitoring and informing, to the more active such as collaborating or empowering),
- engagement medium (e.g. internet, phone, video conference, direct (local) interaction, print, broadcast or mixture of any of the above),
- facilitation technique (e.g. facilitated, debate, convened, mediated – binding or non-binding), and
- method of engagement (e.g. surveys, focus groups, local representatives, one-to one, online forum, road shows, stakeholder networks, stakeholder panels or committees, public meetings or forums, partnerships including alliances, collaborative projects, initiatives or ventures, or world café).
The organisation should assess and build on existing engagement mechanisms (e.g. customer hotlines or investor relations meetings).

When designing individual engagement activities the organisation should consider:

- mode of engagement
- governance implications
- sign-off and associated implications
- stakeholders' willingness to engage
- conflicts of interest
- differing and/or conflicting stakeholder interest
- time frame
- cultural differences
- capacity implications
- maturity of issues

The organisation should make clear to stakeholders when it has no management power or influence over decision-making and as a result is unable to respond to their concerns (e.g. when it is the regional licence holder for franchisee or the national branch of a multinational organisation). Where necessary the organisation should establish appropriate governance structures for the management of the stakeholder engagement process. In designing the engagement, the organisation should take into account what is and is not negotiable.
The organisation should invite stakeholders to participate well in advance and should provide all necessary information, such as information on the engagement framework and process and the engagement objective(s).

As engagement takes place and as stakeholder engagement practice matures, the organisation should involve stakeholders in the design and implementation of its engagement activities.

**B.3.6 Build and strengthen capacity**

The organisation shall identify and assess stakeholder capacity needs both in resources (e.g. staff, money, time) and competencies (e.g. expertise, experience). The organisation shall commit itself to responding to these needs in order to enable effective engagement.

The organisation should build on existing processes and mechanisms wherever possible (e.g. people, systems, resource planning).

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

Areas where capacity building or external party involvement may be relevant and beneficial include:

- building understanding and awareness,
- addressing language barriers,
- facilitating process (e.g. convening or conflict management),
5. Guidance on the requirements for quality stakeholder engagement

• assisting access to consultations and engagements (e.g. adjusting the engagement process or structure to make participation possible, assisting with resources), and
• specialised expertise (e.g. supply chain expertise, country knowledge, cultural awareness).

Organisations should consider combining engagements and/or collaborating with other organisation on an issue to save resources of weaker resourced organisations.

As engagement takes place and as stakeholder engagement practice matures, the organisation should involve stakeholders in defining ways to build and strengthen capacity.

B.3.7 Engage with stakeholders in ways that increase understanding, learning and improvement

The organisation shall ensure that stakeholder concerns, opportunities and risks are identified and understood in a way that enhances the understanding of materiality. It shall identify enablers (i.e. the means) to learning and improving performance

Based on its stakeholder strategy and plans, the organisation should engage with stakeholders to enhance its understanding of its material issues. The initial identification of material issues assessed relevance and significance based on the then current understanding of stakeholder concerns and focused on ‘mission- and policy-driven materiality’. The organisation should
now expand its discussion to include ‘societal and stakeholder behaviour driven materiality’ and engage its stakeholders on stakeholders’ concerns and societal norms.

To be able to assess relevance and significance and so determine materiality the organisation should ensure understanding of material stakeholder concerns that is, views, needs and expectations. It should fully explore these and inform stakeholders of its current performance and future plans in relation to these concerns. Exploring material stakeholder concerns should include consideration of the risks and opportunities associated with them.

The determination of the level of relevance and significance of material stakeholder concerns should inform the subsequent prioritisation of material issues.

The organisation and its stakeholders should identify and explore the enablers of learning and improvement, taking into account the maturity of issues. Enablers include:

- commissioning or undertaking research (e.g. on latent and emerging issues – see Annex A, Maturity of Issues);
- building internal and external capacity and competencies (e.g. for latent and emerging issues);
- engaging in discussions and debates on material concerns and opportunities (e.g. for latent and emerging issues);
- developing processes to measure, monitor and manage material
issues; (e.g. for latent to consolidated issues), developing relevant policies and strategies; (e.g. for emerging to consolidated issues):
- adopting and applying appropriate standards, codes, frameworks or management systems; (e.g. for established to consolidated issues); and
- establishing performance targets and indicators to inform the decision-making (processes) of both stakeholders and the organisation and ensure comparability, over time, with other organisations, and against relevant standards, strategies (e.g. for mature to consolidated issues).

The organisation should involve external experts, or participate in consultations or debates organised by experts, where it would further understanding and learning and facilitate decisions on enablers.

As engagement takes place and stakeholder engagement practice matures, stakeholders should become integrally involved in the design and implementation of criteria for relevance and significance and participate in the identification of ‘mission and policy driven materiality’ and ‘societal and stakeholder behaviour driven materiality’. Also the organisation should involve stakeholders in the identification of enablers.
B.3.8 Operationalise, internalise and communicate learning

The organisation shall use what it learns from stakeholder engagement to inform its strategies and operations so that they are consistent with sustainable development. The organisation shall communicate what it learns and how it intends to respond.

The organisation should provide a complete, coherent and consistent response to all material issues identified during the engagement and how it will manage its material issues. In particular the organisation should:

- Assess identified enablers and take decisions on actions informed by the learning from the engagement (see B.3.7).
- Ensure that decisions and actions take into account stakeholder needs, expectations and perceptions. (Note: This does not necessarily mean that an organisation agrees or complies with stakeholders’ views, but that it responds coherently and consistently to them.)
- Establish and implement policies and performance targets aligned with the organisation’s commitments and strategy (see B.3.7).
- Communicate where material issues have not yet been responded to (i.e. addressed or enablers identified) and why.
- Establish and implement action plans (which should include measuring and monitoring systems) using indicators that are
meaningful to both the organisation and its stakeholders and that are aligned with the organisation’s commitments and strategy.

- Ensure that roles and responsibilities are well-defined and communicated.
- Allocate adequate resources to enable achievement of policies, targets and commitments.
- Communicate what has been decided in response to stakeholder concerns to those involved or affected both internally, including all appropriate functions and management levels within the organisation(s), and externally.

As stakeholder engagement takes place and as stakeholder engagement practice matures, the organisation should involve stakeholders in the design and implementation of its processes for decision making and response to stakeholders.

B.3.9 Measuring performance

The organisation shall establish processes and mechanisms to measure, monitor and assess the quality of its stakeholder engagement practice.

The organisation should establish processes and mechanisms to measure, monitor and assess the effectiveness and quality of engagement practices, processes and activities on an operational level. The organisation should seek views on potential improvements. The assessment of the quality of stakeholder engagement, including for assurance purposes (AA1000AS) and self-assessment, should consider the guidance in Annex B.
The organisation should consider the extent to which measurement or assessment mechanisms exist and build on these.

As stakeholder engagement takes place and as stakeholder engagement matures, the organisation should involve stakeholders in the design and implementation of its stakeholder engagement measurement.

**B.3.10 Assess, re-map and redefine**

The organisation shall assess and re-map its stakeholders and re-define its stakeholder strategy where changes have occurred or new learning has been gained.

Periodically and following engagements, the organisation should revise its stakeholder map, engagement strategy and overall engagement objective(s) and scope, as well as its engagement plan and related records. For example, an engagement may reveal additional material issues for which a new stakeholder analysis is needed, or a new business strategy planned that may influence the current set of stakeholders.

As stakeholder engagement takes place and stakeholder engagement practice matures, the organisation should involve stakeholders in the assessment and re-definition of its stakeholders and stakeholder strategy.
6. The quality of stakeholder engagement

It is recognised that organisations have different levels of practice. While stakeholder involvement is at the heart of quality stakeholder engagement, AA1000SES recognises legitimate differences in levels of engagement practice and supports learning and flexibility in engagement. It provides a means to understand and recognise achievement while at the same time establishing the criteria for full accordance. Its underlying understanding is that time and experience will bring about improvement.

The quality of engagement practice depends on two principal characteristics:

- **Application of the Accountability Commitment, the three principles and framework** – The degree to which the organisation embraces and applies the Accountability commitment, principles and framework.

- **Involvement of stakeholders** – The degree to which stakeholders have been involved in the design, implementation and evaluation of the engagement practice.

The standard recognises three levels of achievement: the emergent organisation, the strategic organisation and the civil organisation.
## Quality of engagement practice

### Application of principles and framework

<table>
<thead>
<tr>
<th>Emergent organisation</th>
<th>Strategic organisation</th>
<th>Civil organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability commitment</td>
<td>Accountability commitment</td>
<td>Accountability commitment</td>
</tr>
<tr>
<td>No or some elements of the framework applied</td>
<td>All elements of the framework applied</td>
<td>All elements of the framework applied and assured using AA1000AS</td>
</tr>
</tbody>
</table>

### Involvement of stakeholder

<table>
<thead>
<tr>
<th>Emergent organisation</th>
<th>Strategic organisation</th>
<th>Civil organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No involvement of stakeholders in design, implementation and assessment of engagement</td>
<td>Stakeholders participate in the design, implementation and assessment of engagement, but there is not full consensus on engagement practice and outcomes</td>
<td>Consensus on engagement design, implementation and assessment between organisation and Stakeholders. Engagement is part of wider societal debate</td>
</tr>
</tbody>
</table>

In accordance with AA1000SES
An **Emergent Organisation** has made a commitment to inclusivity and the three AccountAbility principles but is at an early stage of design and implementation. While it has begun this process, it does not yet have in place all stages and elements of the framework and there is no involvement of stakeholders in the design, implementation and assessment of its stakeholder engagement.

A **Strategic Organisation** actively and strategically engages with its stakeholders to understand their concerns, facilitate learning and find solutions. At this level, the organisation fully applies the framework that operationalises the three principles that underpin the AccountAbility Commitment. While it involves stakeholders in the design, implementation, measurement and communication of its engagement practice, there is not necessarily full consensus between the organisation and its stakeholders on all elements of the engagement practice and/or outcomes.

A **Civil Organisation** has shifted its engagement practice from an organisation-centred approach to an approach that is linked into the wider societal debate (i.e. issues centred). At this level the organisation fully applies the framework that operationalises the three principles that underpin the AccountAbility Commitment and reaches consensus with its stakeholders on the design including the identification of criteria, implementation, measurement and communication of its engagement practice and outcomes. The organisation has been assured using AA1000AS.

This method for assessing the quality of engagement practice provides a basis for comparison and transparency and therefore for credibility and
6. The quality of stakeholder engagement

accountability. It also provides a way of assessing stakeholder engagement quality for other standards and codes that require stakeholder engagement.

To further learning, organisations should consider assurance based on AA1000AS regardless of level of practice. The assurance process should take into account the level of stakeholder engagement practice.

In the spirit of continual improvement, organisations should commit themselves to strive toward the civil organisation level of quality.
Annex A
Related Concepts

A.1 Maturity of issues

Markets and hence issues are shaped and defined by a number of factors - societal, geographical, cultural, regulatory, and industrial. Not all stakeholder expectations are stable and well understood at the outset (e.g. employees and remuneration, suppliers and payments terms or regulators and compliance); rather they evolve dynamically in different cultures and markets (i.e. learning changes the awareness and understanding of issues and associated performance, and as a result, stakeholder needs, expectations and perceptions).

The table below characterises levels of maturity.
### Level of maturity

<table>
<thead>
<tr>
<th></th>
<th>Latent</th>
<th>Emerging</th>
<th>Mature</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research</strong></td>
<td>Early awareness</td>
<td>Emerging body of detailed research</td>
<td>Detailed research</td>
<td>Mainstream</td>
</tr>
<tr>
<td></td>
<td>Exploratory research</td>
<td></td>
<td>Consensus is building</td>
<td></td>
</tr>
<tr>
<td><strong>Evidence</strong></td>
<td>Perceptions weak</td>
<td>Data is still weak</td>
<td>Strong evidence emerging</td>
<td>Evidence accepted</td>
</tr>
<tr>
<td></td>
<td>No hard scientific evidence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholder engagement</strong></td>
<td>Opinion leader interest</td>
<td>NGO lobbying</td>
<td>Multi-sector partnerships (e.g. GRI, UNGC)</td>
<td>Political actions</td>
</tr>
<tr>
<td></td>
<td>Activist and community interest</td>
<td>Media attention</td>
<td>Business Associations (e.g. Responsible Care)</td>
<td>Judicial action</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Political awareness</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholder expectations</strong></td>
<td>Limited</td>
<td>Growing</td>
<td>Coherent</td>
<td>Strong</td>
</tr>
<tr>
<td><strong>Regulatory response</strong></td>
<td>No regulation</td>
<td>Civil society regulation</td>
<td>Corporate self regulation</td>
<td>State or intergovernmental regulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Co- or multi-lateral regulation</td>
<td></td>
</tr>
<tr>
<td><strong>Boundaries of CSR</strong></td>
<td>Undefined</td>
<td>Debated by society</td>
<td>Consensus is building</td>
<td>Well defined</td>
</tr>
<tr>
<td></td>
<td>Limited societal debate</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The maturity of an issue may vary across an organisation’s operations, and will change over time.
A.2 Mode of engagement

Stakeholders have preferred ways in which they engage, and in which they act to effect change. These may include:

- Working to establish formal legal or contractual rights and responsibilities.
- Participating in legally-recognised representational processes.
- Working with representational organisations, the legitimacy of whose representation rests on reputation.
- Participating in representational organisations with sanctioning power.
- Participating in the development and advocacy of voluntary standards.
- Developing, implementing and promoting benchmarks or indices.
- Participating in multi-constituency advocacy or campaigning.
- Using sophisticated lobbying and campaigning techniques.
# Annex B

## Quality of Stakeholder Engagement

### Roadmap for AccountAbility Commitment and Principles

<table>
<thead>
<tr>
<th>Emergent Organisation</th>
<th>Strategic Organisation</th>
<th>Civil Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagement practice embraces obligation</td>
<td>Engagement practice embraces obligation</td>
<td>Engagement practice embraces obligation</td>
</tr>
<tr>
<td>• to know stakeholders’ concerns which will inform its judgements, decisions and actions</td>
<td>• to know stakeholders’ concerns which will inform its judgements, decisions and actions and stakeholders right</td>
<td>• to know stakeholders concerns which will inform its judgements and stakeholders right and stakeholder right</td>
</tr>
<tr>
<td></td>
<td>• to be heard on their concerns and to participate in decision making</td>
<td>• to right to be heard on their concerns and to participate in decision making and know about the organisation’s performance</td>
</tr>
</tbody>
</table>

### Materiality

<table>
<thead>
<tr>
<th>Exploring stakeholders and their material concerns.</th>
<th>Organisation centric accountability processes to identify stakeholders and their material concerns.</th>
<th>Accountability processes link to wider societal debate to identify stakeholders and their material concerns. This includes voiceless and vulnerable stakeholders.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Focus on consolidated issues</td>
<td>• Focus on established and consolidate issues.</td>
<td>• Focus on latent to consolidate issues.</td>
</tr>
<tr>
<td>• Dialogues on established issues</td>
<td>• Exploratory dialogues on emerging issues</td>
<td>Criteria concerning stakeholders and their material concerns are developed in partnership with stakeholders</td>
</tr>
<tr>
<td><strong>Criteria concerning stakeholders and their material concerns are developed by the organisation</strong></td>
<td>Criteria concerning stakeholders and their material concerns are developed in dialogue with stakeholders</td>
<td></td>
</tr>
</tbody>
</table>

### Completeness

<table>
<thead>
<tr>
<th>Exploring stakeholders’ material concerns and associated needs, expectations, perceptions and views</th>
<th>Organisation-centred accountability processes to understand stakeholders’ material concerns and associated needs, expectations, perceptions and views</th>
<th>Accountability processes linked to wider societal debate to understand stakeholders’ material concerns and associated needs, expectations, perceptions and views</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design and implementation of engagement practice developed by the organisation</strong></td>
<td><strong>Design and implementation of engagement practice developed in dialogue with stakeholders</strong></td>
<td><strong>Design and implementation of engagement practice developed in partnership with stakeholders</strong></td>
</tr>
<tr>
<td>Measurement criteria and indicators of the quality of stakeholder engagement developed by the organisation</td>
<td>Measurement criteria and indicators of the quality of stakeholder engagement developed in dialogue with stakeholders</td>
<td>Measurement criteria and indicators of the quality of stakeholder engagement developed in partnership with stakeholders</td>
</tr>
</tbody>
</table>

### Responsiveness

<table>
<thead>
<tr>
<th>One-way communication with stakeholders</th>
<th>Organisation centric two way dialogue.</th>
<th>Two way dialogue embedded in societal debate.</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-way response from stakeholders</td>
<td>Response informed by stakeholders’ material concerns and associated needs, expectations, perceptions and views</td>
<td>Response informed by and addressing stakeholders’ materials concerns and associated needs, expectations, perceptions and views.</td>
</tr>
<tr>
<td>Response and identification of enablers by the organisation</td>
<td>Response and identification of enablers in dialogue with stakeholders</td>
<td>Partnership exploring and addressing societal concerns.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Response and identification of enablers in partnership with stakeholders</td>
</tr>
</tbody>
</table>
The AA1000 Series

AA1000SES links stakeholder engagement to the broader AA1000 Series through the AccountAbility Commitment and the AA1000 Principles. The stakeholder engagement framework describes the stages and elements of quality engagement processes. AA1000SES can be used alone or with more technical, detailed direction as set out in:

- **Practice Briefings**: which will provide descriptions and share lessons and analysis of experiences of applying the AA1000 Stakeholder Engagement Standard. These may be established in association with partners and members of AccountAbility.
- **User Notes**: which will provide descriptions and analyses of existing ‘how to’ frameworks, guidelines, tools and existing and/or emerging related standards; and explore how these fit with the AA1000 Stakeholder Engagement Standard.
- **Consultation Notes**: which will provide experience, lessons learnt and insights from consultations and workshops.
- **Publications and research on specific areas of stakeholder engagement**: which will provide a greater level of detail and ‘how to’ guidance directly or indirectly related to the AA1000 Series.

The material and additional guidance provided in ‘The Practitioner’s Handbook on Stakeholder Engagement’ can assist an organisation in attaining the (maturity) level of a strategic organisation (see chapter 6).
Annex D

AccountAbility Technical Committee

The mandate of AccountAbility’s Technical Committee is to oversee the development of the AA1000 Series. Its membership includes:

Paul Monaghan, Co-Chair
The Co-operative Bank

Jennifer Ianson-Rogers, Co-Chair
KPMG Sustainability, The Netherlands

Roger Adams
The Association of Chartered Certified

Maria Emilia Correa
GrupoNueva

Alois Flatz
Independent Consultant

Adrian Henriques
Middlesex University / Independent Consultant

Johan Piet
Fédération des Experts Comptables Européens (FEE) / TranspaRAbility

Scott Noesen
The Dow Chemical Company

Wendy Poulton
Eskom

Vernon Jennings
Independent Consultant

Eileen Kohl Kaufman
Social Accountability International

Preben Soerensen
Deloitte

Mark Lee
SustainAbility

Chris Tuppen
British Telecom
The key characteristics of the AA1000 Stakeholder Engagement Standard Exposure Draft:

- Advances the right of stakeholders to be heard, and the organisations’ obligation to adequately respond to their concerns.
- Provides a principles-based, open source framework for quality stakeholder engagement.
- Offers a robust basis for designing, implementing, evaluating and assuring the quality of stakeholder engagement.
- Provides guidance for continuous improvement, recognising different levels of practice.
- Can be used as a stand-alone standard or as an integral element of other standards (e.g. AA1000 Assurance Standard, GRI, ISO).
- Is relevant across a full range of engagements from micro-level issues specific engagements to macro-level engagements on major societal concerns.
- Applies to businesses, civil society and labour organisations, public bodies and multi-stakeholder networks and partnerships.