External Stakeholder Engagement

Tool 1: Key components of an SEP

A full SEP typically includes the following elements:

1. Purpose and objective of engagement;
2. Legal and regulatory framework;
3. Company/project description and issue identification;
4. Stakeholder identification and mapping;
5. Engagement plan implementation (methods, objective, approach, tools and materials);
6. Roles and responsibilities;
7. Summary of engagement activities (associated stakeholder consultation database);
8. Grievance process; and
9. Monitoring and reporting.

### Purpose and objectives of engagement

The overall purpose and objectives should be established upfront. Depending on the company activity, phase of development, impacts triggered and stakeholders, the purpose and objectives of the engagement plan will vary. The overall purpose may include achieving and maintaining the company’s/project’s social licence to operate and facilitating the successful setting and establishment of the company’s/project’s activity throughout its lifecycle. Specific objectives of an SEP may include ensuring inclusivity, prior and informed consultation with interested parties, timely disclosure of relevant information, and proactive engagement to anticipate and manage stakeholders’ concerns and expectations.

### Legal and regulatory framework

The regulatory framework may include national legal requirements (perhaps part of an environmental permitting process or environmental and social impact assessment (ESIA) disclosure requirements) as well as good international industry practice and guidance such as that in IFC Performance Standard 1.

### Company/project description and issue identification

Understanding the potential E&S impacts that may be triggered by the company’s or project’s operations is the first step towards identifying relevant stakeholders. This process can be originated by an ESIA, or may be determined through a less formal analysis early in the investment decision. The sooner impacts and influential stakeholders are identified and start to be engaged, the better placed a company is to manage stakeholder expectations. Company or project impacts can relate, for example, to community health and safety triggered by noise, air emissions or waste generated by the company, increases in road or river traffic, or restrictions in economic opportunities because of loss of access to resources. For more information, refer to the [E&S Briefing Note on Community Health, Safety and Security](http://toolkit.cdcgroup.com/e-and-s-briefing-notes/community).

### Stakeholder identification and mapping

Priorities for engagement can be determined by understanding each stakeholder’s influence and the impact of company operations on that individual/group. This is termed ‘stakeholder mapping’. Stakeholder impact is defined as the extent to which the interests of a stakeholder are affected by the company or project. Influence refers to the power that a stakeholder has over the company’s operations (including its social licence to operate). Analysing stakeholders’ influence and impact will allow prioritisation and strategic decisions about the engagement approach.

### Engagement plan implementation (methods, objective, approach, tools and materials)

The approach to engagement will vary from information disclosure (typically through mass media, national and local press or radio communications that are uni-directional and capable of reaching wider audiences) to in-depth engagement (one-to-one meetings, letters or calls which are two-way, relatively frequent and may seek approvals, deal with specific issues or concerns, or seek collaboration opportunities). The SEP should establish the objectives of engagement with different stakeholder groups (depending on the priority assigned) and which forms of engagement are most appropriate, and should define the tools, resources, effort and materials to be used.

### Roles and responsibilities

An SEP should clearly define who will lead the engagement activities, who will record and keep track of activities, as well as grievances, and how feedback, concerns or issues raised will be dealt with or escalated. It also needs to describe governance and oversight mechanisms and indicate who from senior management/board has ultimate responsibility for delivering effective stakeholder engagement.

### Summary of engagement activities

A summary of consultation activities, stakeholder concerns, issues/opportunities identified and commitments made at meetings would normally be registered in a stakeholder consultation database.

### Grievance process

Companies and projects can benefit from understanding stakeholder grievances and addressing them in a timely manner.

### Monitoring and reporting

Engagement activities, concerns and stakeholder perceptions should be monitored and acted on. Outcomes of engagement activities and grievance management should be part of annual monitoring reports prepared by the company or project. Companies should seek continuous improvement in stakeholder perceptions of the company or project and on how grievances are managed. For example, by aiming at reducing the time taken to address grievances, or improving the perception of the company or project. Information and feedback received from engagement activities can be a useful source of information for identifying community investment opportunities or opportunities for shared value.