



AA1000 Stakeholder Engagement Standard Consultation Workshop Outcomes

Sydney, Australia

24th of November, 2009

AccountAbility, Banarra and Net Balance Management invited the following professionals to join a discussion on the future role of stakeholder engagement and to contribute to the revision of the AA1000 Stakeholder Engagement Standard.

The purpose of the consultation was to identify and debate the issues that need to be addressed during the revision process and to develop recommendations both for the second edition of the standard and for the future role of stakeholder engagement.

The consultation was a full day event. The first half of the day involved a discussion on the purpose and nature of stakeholder engagement in general. The second half of the day gave participants the opportunity to comment on the first draft of the revised standard.





The following participants were in attendance for all or part of the day:

Organisation	Name
FXA	Amanda Keogh
FXA	Laura Reed
Stockland	Siobhan Toohill
Stockland	Amanda Steele
WBC	Alison Ewings
Sustainability Practitioner	Victoria Coleman
CFMEU	Peter Colley
Macquarie University	Heather Jackson
EcoSteps	Julian Crawford
Twyfords	John Dengate
Digital Eskimo	Duncan Underwood
Westfield Sydney	Julia Harvey
Darzin	Allison Hendricks
Straight Talk	Heather Barton
GreenWay Sustainability Project (Ashfield Council)	Lauren McIver
Global Reporting Initiative	Lena Geraghty
2B Sustainable	Lachie O'Loan
Stockland	Michael Zorbel
PlanCom Consulting	Margaret Harvie
Net Balance Management	Alan Dayeh
Net Balance Management	Natalie Falzon
Net Balance Management	Nadine Botzenhart
Banarra	Richard Boele
Banarra	Ellen Lenczner
Banarra	Siobhan MacCarthy
Banarra	Rebecca Edwards

What is stakeholder engagement?

No discussion.

How does stakeholder engagement contribute to AccountAbility and sustainable development?

No discussion.

Why do organisations undertake stakeholder engagement and who benefits from stakeholder engagement?

No discussion.

What is the role of stakeholder engagement in different contexts?

- 1. Business/ organisational strategy?**
- 2. One off projects?**
- 3. Government / public sector consultation?**

No discussion.

How does stakeholder engagement relate to other sustainability standards, guidelines and initiatives?

The groups discussed the relationship between AccountAbility's stakeholder engagement standard (AA1000SES) and other sustainability standards, guidelines and initiatives that referenced stakeholder engagement.

AccountAbility needs to articulate how stakeholder engagement relates to the other sustainability standards, guidelines and initiatives, such as GRI and ISO. It is useful that the AccountAbility standards (AA1000) dovetail with the GRI.

The AA1000SES language of plan, prepare, engage, act, review and improve is similar to the plan, do, check, act of the ISO standards. The movement of the two standards towards synthesis is positive, but may influence AccountAbility's positioning of the AA1000SES and reduce the standard's relevance. If the AccountAbility and the ISO standards were to compete in the marketplace, ISO would win purely due to numbers of participants as it is recognised more broadly beyond sustainability practitioners. However, the issue with some ISO standards is that they are lacking the stakeholder engagement aspect.

As the GRI, Equator principles, IAP2, Brisbane Declaration, World Bank, ISO26000, Ethos Indicators already reference stakeholder engagement, a participant suggested that the intellectual property should be given to GRI. Rather than "taking account of" our stakeholders (as per GRI) do we want to "be accountable to" our stakeholders (as per AccountAbility principle of inclusivity)?

A key recurring question was whether the standard was seeking to be a general stakeholder engagement standard or specific guidance to the practice of sustainability. This is an important distinction to make as the IAP2 spectrum already provides guidance on stakeholder engagement. Practitioners refer back to the IAP2 spectrum, as it's simple and easy to use. There were some strong views that IAP2 is better placed to produce a standard for stakeholder engagement. What authority does AccountAbility have in the stakeholder engagement space? Where does there authority to issue a stakeholder engagement standard come from? And, why aren't IAP2 managing that area? The important part of IAP2 is the promise that it makes to the stakeholder.

There was conflicting views as to whether Accountants are in the best position to produce a stakeholder engagement standard. However, it was agreed that duelling standards don't benefit anyone.

What are some of the common success factors and common challenges to good quality stakeholder engagement?

- No discussion.

What are some of the barriers to making stakeholder engagement a more strategic consideration in the organisation (or where this has been achieved, what were the important factors)?

- No discussion.

What should the focus/aim of the AA1000SES be (i.e. should it remain focused on CSR issues, or should it address wider engagement/dialogue and participation issues)

- There was significant debate about whether the AA1000SES should be all encompassing or focused on sustainability stakeholder engagement requirements;
- CSR can benefit from a stakeholder engagement standard;
- Wider engagement/dialogue and participation issues should be addressed by the AA1000SES; and
- Stakeholder engagement is an activity that is independent in its own right and not limited to CSR.

The focus/aim of the AA1000SES should be:

- To recognise and drive stakeholder engagement practice;
- To articulate leading practice in stakeholder engagement and drive best practice;
- To recognise and define stakeholders engagement needs;
- To develop a document that can be used by multiple types of practitioners – including those coordinating customer satisfaction surveys, employees surveys, etc;
- To enable stakeholder engagement education;
- To link it back to a materiality process as per the AccountAbility Principles Standard (AA1000APS), and use the standard to strengthen the 'inclusivity' principle, as well as materiality and responsiveness; (ie to be the guidance or 'how to' for implementing the inclusivity principle);
- To draw more widely around organisational decision-making;
- To take a bigger picture approach and explore where AccountAbility have the best impact and add most value;
- To decide whether the standard about compliance or about driving continuous improvement;
- To be clear on boundaries and determine who are being targeted; and
- Create a common language, approach and understanding between stakeholders.

The document needs to address:

- Conflict resolution;
- Capacity building;
- Participatory decision-making and evaluation;
- Transparency regarding the purpose of engagement;
- Effective organisations;
- Materiality process;



- Performance reporting; and
- Participation with a view to identifying mutually beneficial project outcomes.

Overall, the document needs to:

- Be more strategic, usable, universal, accessible and inclusive, as well as clear, simple, pragmatic and easy to engage with. It also needs to use a common language;
- Adopt a case study approach for sharing best practice;
- Provide guidance on how to perform stakeholder engagements and guidance on stakeholder engagement frameworks;
- Provide education on engaging with stakeholders;
- Incorporate peer review; and
- Make a business case for stakeholder engagement outlining the drivers for stakeholder engagement.

Are there any gaps in the market that AA1000SES should try and fill?

- There was a question around whether there is indeed a gap in the market;
- Internal stakeholder engagement guidance;
- Clear methodology that is simple and easy to follow;
- Explaining the value of stakeholder engagement;
- Provide examples through case studies;
- Embedding stakeholder engagement into existing process and management responsibilities; and
- Education as a part of improving stakeholder engagement practice.

What should the scope of the AA1000SES cover?

Is the AA1000SES intended only for corporate practice, and if it is, should it be broadened to apply to public sector? The AA1000SES would be useful in the public sector. However, this would necessitate the need for a common language, not a corporate language. It would be beneficial to have one standard that provided governance on corporate engagement with local government and local government’s engagement with community. In Australia, the government conducted poor stakeholder engagement during the intervention in the Northern Territory and was criticised for not being inclusive. However, stakeholder inclusivity is very different for governments.

It would be beneficial to have a standard that would assist with government stakeholder relations. Australian government departments have shown an interest in assurance against the Assurance Standard (AA1000AS). State agencies in Australia are adopting parts of IAP2 but not doing so with AA1000 in mind. Stakeholder inclusivity is very different for governments due to increased tokenism, decreased transparency, and issues of political donations. OR is that the difference between politicians and people in government?

The AA1000SES should focus on the corporate audience. The AA1000SES could be revised for the corporates, and then broadened to apply to the NGO’s and government, as the corporates can influence the broader spectrum. The approach should be incremental and the first approach should be developed with the second approach in mind. However, given the AccountAbility’s roots, context, background and credibility perhaps AccountAbility should focus on what they’re good at, sustainability and not release a stakeholder engagement standard.

How can the AA1000SES link stakeholder engagement more effectively with strategy and core operation?



The AA1000SES can link stakeholder engagement more effectively with strategy and core operation by ensuring that stakeholder engagement is as close to decision making as possible. It is also important to ensure that the AA1000SES reflects existing strategic frameworks e.g. second road, 6 sigma and GRI management approaches. The AA1000SES must clarify how stakeholder engagement fits in to existing strategic frameworks i.e. identify where the AA1000SES fits into the GRI framework.

What elements of good practice and which challenges does it need to address?

- No discussion.

Which other standards does it need to aligned with and how?

The AA1000SES needs to be aligned with the AA1000AS, however, the groups questioned the role in the market for an AA1000SES, and suggested that the AA1000SES consultation should have come before AA1000AS consultation as the AA1000AS is already focused on stakeholders. Does the AA1000AS and the AA1000SES need to be consistent and so closely linked or does AA1000APS need to drop the A? The current focus on assurance with the AA1000APS is limiting its take-up.

Is AccountAbility keen to move away from the AA1000APS, in which case they need to make the AA1000 standards more universal and user-friendly? OR do they want to stay within their niche, in which case they stick with their own language, which is not user-friendly. If practitioners start to use the AA1000SES separately, there is the risk of having stakeholder engagement decoupled from AA1000AS. Therefore the AA1000AS must refer to the AA1000SES. As it is meaningless to have one standard which is essential and one that is a “feel good”, thus they should both place the same level of requirements on the user. Or, the AA1000SES could be used as guidance to support the AA1000AS. This begs the question of whether it should be a separate standard. One participant stated: “Using AA1000AS this year in my company, I found the materiality principle workable. However, I found the inclusivity principle to be blue sky. Therefore there is a role for the AA1000SES to help us translate that blue sky into something workable”.

What should the balance be between requirements and guidance? And, how should the standard function in the market place (e.g. should it become a certification standard, remain as guidance or something else?)

Those against certification against the standard were concerned that there was a large risks that organisations would abandon the standard if certification was possible. As, a standard may provide a disincentive for companies already complying with numerous standards. The standard should be principles driven and outcomes focused, rather than process focused. The standard should also highlight the importance of evaluating outcomes rather than processes. Guidance can be used for measurement and evaluation by putting the principles in an evaluation framework. For example, to gain confidence in the IAP2 spectrum, practitioners can evaluate against the promises. AccountAbility could separate the methodology out of the standard and use the methodology as an addendum to the AA1000AS or an addition to the AA1000APS. For example, a separate module used for benchmarking outcomes internally or externally – internally, benchmark prior year and current year, externally, benchmark between competitors. Providing this option will give organisations an opportunity to benchmark performance against best practice.

There was a question around what AccountAbility wants the role of the standard to be. If the AA1000AS was to be aspirational and push organisations towards improving their performance. Is this what AccountAbility wants from this standard as well? AccountAbility should be careful not to set the bar so high that the good work done by smaller organisations (e.g. small community-based NGOs) is

priced out of the market. If a certification standard is introduced, there needs to be a clause stating that not all organisations need to be certified.

Those advocating for a certification standard questioned what value another guidance document can add to the significant number of already existing guidance documents. Furthermore, the aim of standards is to drive continuous improvement, whereas guidelines don't drive improvement and change. A standard will assist in preventing questionable practice and reduce incoherent approaches by introducing a certifiable process. Certification would encourage uptake of a standard that has received poor uptake in the past. Also, a standard will enable practitioners to certify practice against principles. However, certification is not the only goal of a certification standard, the standard could incorporate steps or levels. For example, a star certification approach or a minimum standard (not tied to the standard) and an assurance principle standard (meeting the standard). Already a large number of organisations are assured without meeting the principles, and a minimum standard with specific measures that define if the need is met would be useful.

What do you like/dislike about the original AA1000SES and the first draft of the new standard?

The groups disliked the original AA1000SES and the first draft of the new standard because:

- It focuses on CSR, compliance, risk assessments, risk management procedures rather than stakeholder engagement and driving continuous improvement. It needs to move from a gap analysis to a strength based model, from a risk based model to an opportunity based model;
- It is too focused on the easier aspects i.e. identification and assessment and is not articulate on the difficult issues i.e. engagement and participation; and
- It is too process focused i.e. plan, do, act, whereas principles driven, outcome focused guidance that isn't too prescriptive and interacts with strategy would be of more use.

The groups made the following comments about the original AA1000SES and the first draft of the new standard:

- The 2005 standard was more like guidelines than a standard;
- The term accountable implies consequences for not meeting a standard / expectation; and
- As the standard was developed in the UK, which is more advanced than Australia with respect to sustainability at a strategic level, the AA1000SES may be challenging to implement at a global level.

General Discussion

There was a discussion around stakeholder engagement as a subset of sustainability. It was suggested that organisations can not practice sustainability without practising stakeholder engagement. One group commented that uptake of the original standard was poor because sustainability professionals are occupied with the other elements sustainability. However, another group commented that materiality and stakeholder engagement is a part of the sustainability reporting process and designing a stakeholder engagement framework is how organisations facilitate stakeholder engagement. There was a general consensus among the groups that professionals currently refer to sources other than AccountAbility's guidance for guidance on stakeholder engagement.

One group suggested that the Global Financial Crisis (GFC) has made organisations financially focused and placed CSR on the back burner. Whereas, another commented that the GFC has heightened the importance of trust and increased the focus on CSR.