

## Giving stakeholders a voice and creating constructive challenge

### The client need

Our FTSE 100 client was looking to improve the quality of its corporate responsibility (CR) reporting by enhancing assurance through the introduction of an independent stakeholder panel. The role of the panel was to review the CR report and to provide a statement of the extent to which it felt it met the needs of stakeholder groups it represented.

Our client wanted a range of stakeholders to comment on the needs and expectations of the wide variety of key groups with which it interfaced. The panel was expected to provide assurance on the CR reporting and constructively challenge areas it felt were not adequately addressed or where further content would be helpful. It was also envisaged the panel would contribute to thinking on the client's CR strategy.

### Our approach for the independent stakeholder panel

Our client asked us to manage the complete process including identifying and approaching senior individuals from key stakeholder groups; setting up the panel with a clear "terms of reference"; undertaking all research and administration to keep the panel informed; the management and facilitation of all panel meetings; as well as managing the development of the assurance statement in conjunction with the panel members. This process included:

- **Establish the boundaries and parameters for the stakeholder panel.** We created a clear "terms of reference" defining the purpose and structure of the independent stakeholder panel, frequency of meetings and the overall objectives. The panel's assurance process was guided by the AA 1000 AS standards for materiality, completeness and responsiveness of reporting. This included the extent to which the panel considered our client had interpreted the data in the report effectively and had drawn appropriate conclusions.
- **Identifying suitable stakeholder representatives and inviting them to participate.** The stakeholder groups covered in the panel included employees; suppliers; NGO representing the community; academics allied to stakeholders; customers; investors; and a body representing public trust and ethics. Individuals were approached for their interest in the role and signed non-disclosure agreements. To ensure their independence a nominal amount was donated to a charity of their choice.
- **Providing the stakeholder panel with an in depth review of our client's CR reporting.** To ensure the panel's time was used most effectively, we provided in depth reviews of the scope and content of the report as well as a wider CR perspective.
- **Providing the panel with competitive benchmarking.** To ensure the panel understood what others in the sector were doing we benchmarked competitors' CR reporting.
- **Providing the panel with a wider range of stakeholder views.** To ensure the panel had the widest possible range of views we engaged and interviewed a range of internal and external stakeholders to provide greater depth across all stakeholder groups.
- **Facilitate the panel to understand organisational practices and interview senior executives.** It was important that the panel not only understood what the report covered, but that it had the opportunity to review the culture of the business and understand the commitment of its managerial and employee base towards the CR agenda. For this we arranged for the panel to meet directors and senior managers including the chief executive, non-executive director responsible for the CR Board Committee and those responsible for various CR elements. The panel was also encouraged to gain first-hand experience through "Mystery Shopper" visits to company branches and those of their competitors.

- **Support the panel in developing their CR statement.** Once the panel had reviewed the report's scope and content, and understood the extent to which the client "lived" its CR agenda, we facilitated the panel to help them shape its assurance statement. We agreed a template with the panel's Chair for the statement's outline, but the panel modified this template on any issues about which they felt strongly. Once approved it was submitted to our client to respond to the commentary.
- **Review the proposed statement format in the CR report on the website.** Once approved by the panel, we worked with the client to agree the positioning of the statement within the report (and other web sections, if relevant) to ensure its format and placement met the panel's intentions.

## Outcome

The initial independent stakeholder panel was first established by us at the beginning of 2013 and was in place for the next four years. This structure supported our client with views of stakeholder expectations and assurance for its CR reporting for the initial three years. As the process evolved we were asked to develop the panel to enable them to take a greater role in contributing thoughts about the direction of the CR strategy in the subsequent year.

This increased involvement saw the panel reviewing and critiquing our client's approach on key elements of their CR strategy linked to social change and the associated interventions. The panel's role was to understand and constructively challenge our client's thinking around the overall strategy, its communication and the involvement of employees in connecting to local communities.

Meeting topics covered different strategy elements (e.g. financial inclusion & vulnerability) with detailed papers on the approach and current thinking provided to the panel in advance. Following each meeting, panel members attended and contributed to the CR board committee meetings, presenting feedback on the topic and recommended actions.

Senior executives acknowledged the part the independent stakeholder panel played over the years in driving the assurance process and contributing to the client's strategic direction of CR to meet the needs and expectations of stakeholders. Both the CR report and annual report and accounts referenced this contribution.

What our client said:

***"The Independent Stakeholder Panel process was a key initiative in the organisation's journey to embrace and commit to embed a strategic CR approach, supported from the board all the way through to our employees facing customers. The panel process was managed sensitively, with appropriate challenge and inquiry to provide the rigour and assurance we required. The panel improved our approach to assurance and helped us shape the direction of CR in the organisation by "holding a mirror up" to our strategy to ensure we developed it with due consideration for the wide range of stakeholder views".***

What members of the independent stakeholder panel said:

***"By bringing together stakeholders in a forum that allows genuine debate on relevant issues, the independent panel process has created the opportunity for a more open and trusted dialogue".***

***"I very much welcomed the decision to establish an independent stakeholder panel – and in particular to encourage regular external challenge – to ensure focus on the most pressing issues as the company further develops its approach in this area".***

***"Personally I valued and enjoyed the opportunity to get involved in the Independent stakeholder panel. I found the collaborative process productive and helpful, while the discussions and recommendations we produced could potentially result in increased coherence and groundedness in their CR strategy".***