

CREATING SHARED VALUE IN COMPLEX ENVIRONMENTS: PART III

Part III of this series will cover corporate engagement with NGOs and the need for formal engagement at the outset, between NGOs and corporates on various CSR initiatives. There will also be an overview of the indications of a positive NGO-Corporate relationship, as well as discussion of the need to integrate a grievance procedure when consulting local communities.

NGO-Corporate Engagement

NGOs, in general, are operating at more levels, and becoming better organized and increasingly connected internationally. Corporate engagement with an NGO is often poorly thought out, and more concerned with public relations and corporate image than with engaging to correct mistakes.

Companies must recognize that NGOs often raise issues that need to be addressed, and that local communities will work with people who are most likely to solve problems. In a sense companies and NGOs are in competition with each other for the favour of local communities. This reality can give companies a great deal of control over how effective outside critics can become.

A mechanism needs to be developed for listening to the local voices that NGOs claim to represent, and there needs to be a focus on the objectives that companies and advocacy groups share.

Not all NGOs are anti-corporate. Some are keen to work with companies on issues relating to transparency, human rights, environmental preservation, development and humanitarian action. It is good to involve NGOs before a company finds itself subjected to campaigns. When a company highlights its positive efforts only after a campaign has already been launched against it, it loses credibility and allows critics to easily dismiss those efforts as a cover up. Formal structures need to be in place for engagement between NGOs and companies, so that those NGOs do not feel the only avenue through which they can affect company behaviour is via lawsuits or the media.

NGOs should be invited to help set company standards and audit company policies, practices and impacts. Such a policy can act as insurance for a company against future lawsuits. Where there are disputed facts companies and the relevant NGO should work towards agreement. NGOs are very good at identifying and voicing problems, but less good at identifying solutions. One useful tactic is to get NGOs to specify appropriate benchmarks of improvement.

Signs of a Positive Relationship

Finally, NGOs do not always represent the view of the communities they claim to represent. Sometimes it is worth calling their bluff! Indicators of positive relationships between a company and NGOs will include:

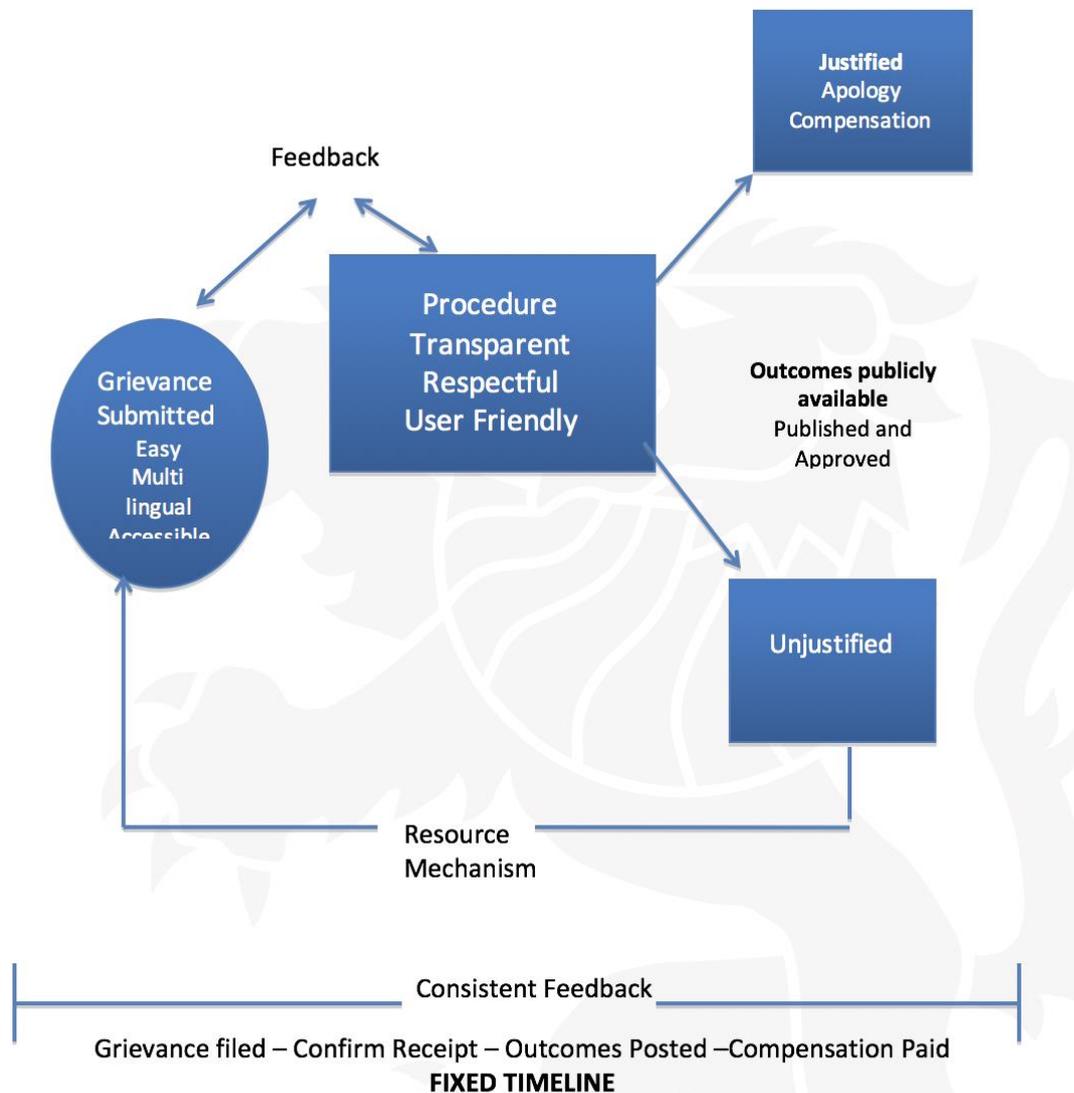
- Community members, not NGOs, voicing community perceptions in media outlets;
- A company being invited by NGOs to attend meetings;
- NGOs accepting invitations from companies to attend meetings;
- Credible NGOs asking to work with company;
- NGOs publicly acknowledging that company is trying to address issues of concern;
- NGOs start to use company's best practices as examples in their discussions with other companies.

Establishing Effective Grievance Procedures

The establishment of a transparent and predictable grievance procedure is an important part of an effective community consultation process. An effective grievance procedure provides an indispensable tool for communities and companies to address difficulties in a non-confrontational manner. When stakeholders feel they have no mechanism for addressing problems in a peaceful manner, they turn to confrontation.

GRIEVANCE PROCEDURES - THE SIX CHARACTERISTICS

CLEAR AND TRANSPARENT + ACCESSIBLE + SAFE – PREDICTABLE + CONSISTENT - RECOURSE



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The key principle to designing a grievance procedure is respect for those submitting grievances. The process of handling a grievance is equally, if not more, important to the complainant than the outcome.

Grievance Procedures:

There are six characteristics of a respectful grievance procedure:

- The process must be **clear and transparent** – a Company should provide feedback to the person who has submitted the grievance at each stage of the procedure;
- The procedure must be **accessible**- the place where people can submit a grievance needs to be public and available to anyone in the community. Forms and processes need to be simple and clear;
- Submitting a grievance **must be safe and be seen to be safe** - no one should face any danger or penalty for submitting a grievance, and the company must respect requests for anonymity;
- The processes **should be predictable and include a timetable** – people should know when and how the community will respond to them and how they can inquire about the status of a grievance. Complainants should sign an outcome form both to acknowledge receipt and to confirm the grievance was handled in a respectful manner;
- The procedure and the outcomes should be **consistent**;
- The procedure should include a **recourse mechanism**– a company can establish committees or arbiters to ensure fair outcomes when there are disagreements.

Hiring

Issues surrounding jobs can become major sources of tension, and contribute to the loss of a Social License to Operate. In order to prevent hiring policies becoming an issue, short-term employment opportunities for local people should be maximised. Most communities know that very few of them can meet the standards for managerial/skilled positions.

At the same time Companies should show a willingness to invest in long term local employment opportunities. This can be achieved by supporting the education system, committing to local hiring targets and helping local people get officially certified for skills they already possess.

Hiring policies also need to address distributional impacts, and ensure that retrenchment processes are perceived as respectful and fair. Transparency in all hiring related matters is vital.

Part IV

Part IV will cover a company's approach to the acquisition of land and negotiations about land compensation, as well as company contracting policies and the impact of these on company-community relations, as well as the need to use local contractors where possible. There will also be an

overview of the need to incorporate long term economic development strategies into community projects.

About the Author

Prospect Law is a multi-disciplinary practice with specialist expertise in the energy and environmental sectors with particular experience in the low carbon energy sector. The firm is made up of lawyers, engineers, surveyors and finance experts.

Mark Jenkins advises clients on Corporate Social Responsibility (CSR), security and risk management issues affecting the viability of on and off-shore energy, mining and infrastructure sector projects in Europe, the Middle East and Africa. Mark's experience has been focussed on creating reliable community support for projects through the development of a Social License to Operate (SLO) based on effective CSR initiatives. The success of these initiatives has been based on a thorough understanding of local environmental, commercial, and cultural dynamics, especially Islamic ones.

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