As part of the methodology development process for the 2024 CSA, we kindly invite you to review a draft proposal for new and updated questions impacting your industry.

Please review this document and provide your feedback by completing the online survey.

The question texts and methodology presented may be subject to change at any time before the end of March 2024. In addition, questions may look different in the Online Assessment Tool in terms of question structure and layout.
Introduction

Criterion Rationale

The rise of civil society, and the resulting increase in the availability of and access to information, has increased awareness of the impact of corporate activities on societies at large. New communication technologies and social media have improved stakeholders' ability to connect and coordinate, thus increasing the impact that local stakeholders can have on companies. These circumstances call for the implementation of policies and programs that adequately address the crux of good local stakeholder management. This includes identifying stakeholders beyond the traditional boundaries of shareholders, employees, and customers. By engaging with local stakeholders, companies can minimize reputational risks (e.g., being the target of a high-profile activist campaign), improve operational efficiency via smooth collaboration with local communities and authorities, and strengthen their social license to operate by gaining greater respectability and credibility.

Our questions assess whether companies have a Stakeholder Engagement Policy in place, whereby the company commits to identifying key local stakeholders, including them in their strategy, and providing a grievance mechanism to streamline concerns. The second question assesses whether companies have a Stakeholder Engagement Program to assess if the company’s strategy is executed in an efficient and balanced manner.

Please note that the Stakeholder Engagement criterion focuses on local stakeholder groups such as communities, authorities, media, associations, and NGOs which are not covered in other general or industry-specific parts of the questionnaire, such as investors (covered in the "Corporate Governance" criterion), employees (covered in "Talent Attraction & Retention" and "Human Capital Development") and customers (covered in "Customer Relationship Management").

Reason for update and summary of changes

This document contains two proposed questions, built from the current questions. First, a proposed new question “Stakeholder Engagement Policy” and second, a proposed updated question “Stakeholder Engagement Program” in replacement of “Stakeholder Engagement Implementation”. The new and updated questions reflect some aspects of the original questions under this criterion but have been reformulated to capture the most pertinent data from companies while addressing the most relevant aspects of their local stakeholder engagement activities. Moreover, the current criterion does not adequately capture what sort of programs and
frameworks a company may have in place to ensure that its local stakeholders’ views are considered and integrated into the company’s operational decisions.

New Question

Question: Stakeholder Engagement Policy

INDUSTRIES IMPACTED:
- CNO Casinos & Gaming
- CHM Chemicals
- COM Construction Materials
- CTR Containers & Packaging
- ELC Electric Utilities
- GAS Gas Utilities
- MUW Multi and Water Utilities
- OIE Energy Equipment and Services
- OGR Oil & Gas Refining & Marketing
- REI Equity Real Estate Investment Trusts (REITs)
- REM Real Estate Management & Development
- REX Restaurants & Leisure facilities
- TLS Telecommunication Services
- TRA Transportation and Transportation Infrastructure
- TRT Hotels, Resorts & Cruise Lines

QUESTION RATIONALE

Stakeholder engagement is a critical component of corporate social responsibility and good business practice. New communication technologies and social media have enabled stakeholders to better connect and coordinate, multiplying the impact of stakeholders on companies. These circumstances call for the implementation of adequate management strategies with a focus on the identification and management of relationships with stakeholders beyond the traditional boundaries of shareholders, employees, and customers. By engaging with the relevant local stakeholders, companies can minimize reputational risks (e.g., being the target of a high-profile activist campaign), improve operational efficiency via smooth collaboration with local communities and authorities, and strengthen their social license to operate by gaining greater respectability and credibility.

A robust policy on stakeholder engagement is crucial for companies to navigate the complex landscape of modern business. Such a policy can ensure that a company is responsible, ethical, and sustainable in its operations, whilst ensuring its social license to operate.
Our question assesses whether the company has a policy in place that includes local stakeholders; if the scope extends to operations and supply chain; and whether the policy has been endorsed by relevant management.

**KEY DEFINITIONS**

**Identifying Affected Communities and Range of Local Stakeholders:** Identifying who the company’s local stakeholders include is a vital starting point for a stakeholder engagement policy. In this question, we are seeking to ascertain whether a company has identified its local stakeholders. We would expect a process to support this result.

**Identifying Vulnerable Stakeholders:** Here, we are looking at whether the company has taken the next step in identifying out of their local stakeholders, who may be vulnerable. Identifying and prioritizing vulnerable stakeholders is crucial to ensure a company pursues ethical operations. Vulnerable stakeholders often include marginalized communities, indigenous groups, low-income populations, and others who may be disproportionately affected by a company’s activities. Having a policy in place ensures that the company is committed to protecting and empowering these groups, by addressing their unique needs and concerns.

**Including local Stakeholders in Engagement Strategy:** Local stakeholders can often possess invaluable insight about their communities and the potential effects of a company’s operations and vice versa. By including them in the development and implementation of the engagement strategy, this not only enhances the quality and relevance of the strategy itself but fosters a sense of ownership and collaboration for local stakeholders. A participatory approach can lead to more mutually beneficial outcomes, thus building trust, and ensuring the company’s social license to operate.

**Providing a Grievance Mechanism:** Acknowledging that conflicts or concerns may arise is a vital aspect of stakeholder engagement. Committing to ensure access to a well-defined grievance mechanism allows stakeholders to voice their complaints, seek resolution, and hold the company accountable for its actions. This demonstrates the company’s commitment to addressing issues, but also towards preventative measures to quell disputes from escalating into more significant problems. This allows a positive relationship to ensue with local stakeholders.

**DATA REQUIREMENTS**

**Supporting evidence:**
This question requires supporting evidence from the public domain. The information provided must be included in your public reporting (e.g., annual report, sustainability report, integrated report, company publications) or corporate website. Any response that cannot be verified in the attached public document(s) will not be accepted.

**REFERENCES**

- [AA1000 Stakeholder Engagement Standard](#)
- [UNGP C2 Stakeholder Engagement](#)
- [ICMM Stakeholder Engagement](#)
• UNGC Local Network Issue Engagement Framework
• GRI Disclosure 2-29 and 2-30
• GRI 413: Local Communities
Stakeholder Engagement Policy

Does the company have a public policy or framework for stakeholder engagement? Please specify where this information is available in your public reporting.

○ Yes, the company has a public group-wide policy or framework in place on stakeholder engagement.

References (max 3 allowed, public)
  □ Identifying affected communities and range of local stakeholders
  □ Identifying vulnerable groups as part of identification process
  □ Engagement strategy includes local stakeholders
  □ Complaints/ grievance mechanism available for communities

Scope of Policy

Please indicate the scope of the company’s policy

□ Own operations
□ Supply Chain

Policy Endorsement

□ Is the policy endorsed by a member of either the Board of Directors or Executive Management?

  ○ Board of Directors
  ○ Executive Management

○ No, the company doesn’t have a group-wide policy or framework on stakeholder engagement.
○ Not applicable. Please provide explanations in the comment box below.
Updated Question

Question: Stakeholder Engagement Program

INDUSTRIES IMPACTED:
CNO Casinos & Gaming
CHM Chemicals
COM Construction Materials
CTR Containers & Packaging
ELC Electric Utilities
GAS Gas Utilities
MUW Multi and Water Utilities
OIE Energy Equipment and Services
OGR Oil & Gas Refining & Marketing
REI Equity Real Estate Investment Trusts (REITs)
REM Real Estate Management & Development
REX Restaurants & Leisure facilities
TLS Telecommunication Services
TRA Transportation and Transportation Infrastructure
TRT Hotels, Resorts & Cruise Lines

QUESTION RATIONALE

This question has been updated to capture whether companies are implementing programs to support the newly formed policy question. The layout has been updated to improve the navigation of the question. Stakeholder Engagement Programs are a strong indicator of the application of a company's implementation of its stakeholder policy. These programs encompass initiatives designed to actively involve, communicate with, and address the concerns of local stakeholders. They reflect a proactive approach to stakeholder engagement, ensuring that the company is not only aware of potential impacts but also actively working towards fostering positive relationships and sustainable practices.

By addressing key components within the Stakeholder Engagement Programs, companies can demonstrate a comprehensive understanding of the intricacies involved in managing relationships with local stakeholders. Each element plays a crucial role in promoting transparency, accountability, and responsiveness, contributing to the overall success of the company's stakeholder engagement strategy.

KEY DEFINITIONS

Conducting Impact Assessments: Conducting comprehensive impact assessments allows the company to identify potential negative impacts on its local stakeholders. By assessing these impacts, the company can proactively mitigate potential issues and prevent conflict, as well as streamlining operations that minimize disruption that may otherwise occur from poor communication with local stakeholders. Moreover, this can enable the company to align its strategy with the long-term interests of the local stakeholders.
Clear communication channels for local stakeholders to communicate with the company: Clear communication channels with local stakeholders involve transparent methods established by the company to facilitate effective dialogue with the community. This includes dedicated platforms like regular hearings, communication portals, websites, or online forums for information access, inquiries, and concerns. Easily accessible contact details for key company representatives contribute to this effort. Regular updates ensure timely and consistent dissemination of accurate information about the company’s operations, plans, and potential impacts. The goal is to establish a two-way communication flow, enabling local stakeholders to express thoughts, seek clarification, and actively engage with the company.

Capacity building for local stakeholders to ensure they can communicate with company: In this question, we are specifically looking for how companies ensure that their local stakeholders are given the means to communicate with the company their concerns and questions. The term 'capacity building' entails improving accessibility of information for local stakeholders. This includes consideration of barriers for effective engagement, and how to break these down to ensure communication is possible and can be effective.

Regular surveys/reviews of perceptions for local stakeholders on engagement strategy: As part of a robust local engagement strategy, this question looks for whether companies have incorporated a review of their local stakeholders’ perception of their engagement strategy. This is a useful means to address concerns, and to measure the company’s progress regarding community relations.

Meeting with local stakeholders to identify emerging concerns: Scheduled meetings with local stakeholders facilitate purposeful interactions between company representatives and surrounding communities. Proactive engagement defines these gatherings, as the company actively seeks input through forums and meetings to stay informed about community needs. These interactions serve as a platform to identify emerging concerns, providing stakeholders an opportunity to express views. These meetings go beyond information dissemination, creating a collaborative space for constructive dialogue, fostering trust, and understanding. This approach contributes to a comprehensive stakeholder engagement program, ensuring transparent and accessible communication with mechanisms to address emerging concerns in local communities.

Tracking of Grievances: Companies that track their grievances through a variety of metrics indicates that a company is committed to learning and responding to issues that local stakeholders raise. Companies may choose to track these metrics throughout their various stages, or on a case-by-case basis.

Stakeholder engagement programs are applied at all local operations: Indicating the coverage of the stakeholder engagement program is a strong indicator of a company’s commitment to implementing uniform procedures at all its sites.

DATA REQUIREMENTS

Supporting evidence: This question requires supporting evidence from the public domain. The information provided must be included in your public reporting (e.g. annual report, sustainability report, integrated report, company publications) or corporate website.
REFERENCES

- AA1000 Stakeholder Engagement Standard
- UNGP C2 Stakeholder Engagement
- ICMM Stakeholder Engagement
- UNGC Local Network Issue Engagement Framework
- GRI Disclosure 2-29 and 2-30
- GRI 413: Local Communities
Stakeholder Engagement Implementation

If applicable, please indicate which operational responsibilities and associated activities were assigned to local operations.

Please provide examples of these activities.

Local implementation of the group-wide Stakeholder Engagement policy/strategy is part of the annual performance review of the local operations’ top managers. Please specify.

Top local managers receive relevant training on capacity building and management-style engagement as specified in the Stakeholder Engagement policy/strategy. Please specify.

**Execution (Can be filled out even if first section has not been completed)**

- Stakeholder profiles are used as tools on the local level. Please provide example of profiles from a representative local operation.
  - No references attached.

- Stakeholder maps are used as tools on the local level. Please provide example of maps from a representative local operation.
  - No references attached.

- At the representative local operation indicated above, please describe the process for categorizing stakeholders and identifying high-priority stakeholders.
  - [Indicator]

- Based on your categorization of stakeholders as explained above, please provide two examples of stakeholders determined to be high-priority.
  - [Indicator]

- Please briefly describe an interactive engagement (e.g., dialogue, partnership) with one of the high-priority stakeholders indicated above. Attach supporting evidence (e.g., notes of town-hall meeting).
  - [Indicator]

- We do not have a function responsible for stakeholder engagement and do not use tools to categorize stakeholders at the local level.
- Not applicable. Please provide explanations in the comment box.
*The question requires publicly available information.

**Stakeholder Engagement Program**

Does the company have programs/systems/procedures in place to ensure effective implementation of the company’s Stakeholder Engagement Policy? Please specify where this information is available in your **public reporting**.

- Yes, the company has programs/systems/procedures in place that cover the following elements:
  - Conducting local stakeholder or community impact assessment
  - Clear communication channels for local stakeholders to communicate with the company
  - Capacity building for local stakeholders to ensure they can communicate with company
  - Regular surveys/reviews of perceptions for local stakeholders on engagement strategy
  - Meeting with local stakeholders to identify emerging concerns
  - Tracking of grievances
  - Stakeholder engagement programs are applied at all local operations

- No, the company doesn’t have a Stakeholder Engagement Program
- Not applicable
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