Define report content: Stakeholder engagement

Webinar 3 of the Sustainability Reporting Process Series

17 July 2019
How to use WebEx
Whiteboard exercise

Opportunities to annotate

- **Text** feature to type

- **Check mark** feature to insert a check mark (click on arrow to change shape)

- **Eraser** to remove annotations

- **Color palette** to change colors
Speakers

Rumyana Taneva
Coordinator
Program Development, GRI
Host

Dr. Milda Malinauskiene
Sr. Coordinator
Program Development, GRI
Speaker

Mario Gonzalez
Leader, Responsible Business
CEMEX
Speaker

Kathrin Beermann
Corporate Responsibility
Evonik
Speaker
Sustainability Reporting Process Webinars

- 16 April 2019: Webinar 1: Overall Reporting Process
- 28 May 2019: Webinar 2: Reporting Project Management
- 17 July 2019: Webinar 3: Define Report Content: Stakeholder Engagement
- 19 September 2019: Webinar 4: Define Report Content: Materiality Analysis
- 17 October 2019: Webinar 5: Data Collection
- 19 November 2019: Webinar 6: Content Development
- 17 December 2019: Webinar 7: Communications
<table>
<thead>
<tr>
<th>Item</th>
<th>Speaker</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome and introduction</td>
<td>Rumyana Taneva, GRI</td>
<td>5 min</td>
</tr>
<tr>
<td>Define report content: Stakeholder engagement</td>
<td>Milda Malinauskiene, GRI</td>
<td>15 min</td>
</tr>
<tr>
<td>Q&amp;A</td>
<td>Rumyana Taneva, GRI</td>
<td>5 min</td>
</tr>
<tr>
<td>Reporting on stakeholder engagement in practice</td>
<td>Mario Gonzalez, CEMEX Kathrin Beermann, Evonik</td>
<td>25 min</td>
</tr>
<tr>
<td>Q&amp;A and Concluding remarks</td>
<td>Rumyana Taneva, GRI</td>
<td>10 min</td>
</tr>
</tbody>
</table>
Define report content:
Stakeholder engagement
Sustainability Reporting Process

DISCLAIMER: The process described here refers to the most common activities for reporting purposes, based on reporters’ experience. It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as a suggestion and not as a requirement to produce a report in line with the GRI Standards.
STAKEHOLDERS

entities or individuals

- that can reasonably be expected to be **significantly affected** by the reporting organization’s activities, products, and services

- whose actions can reasonably be **expected to affect** the ability of the organization to implement its strategies and achieve its objectives

**Definition**
GRI Sustainability Reporting Standards

**GRI 101: Foundation 2016**
Stakeholder engagement
GRI Sustainability Reporting Standards

Reporting principles linked to stakeholder engagement:

- Stakeholder inclusiveness
- Materiality

Stakeholder inclusiveness principle
The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.
Stakeholder engagement disclosures

- **Disclosure 102-40**: List of stakeholder groups
- **Disclosure 102-41**: Collective bargaining agreements
- **Disclosure 102-42**: Identifying and selecting stakeholders
- **Disclosure 102-43**: Approach to stakeholder engagement
- **Disclosure 102-44**: Key topics and concerns raised
Sustainability Reporting Process

Define report content: Stakeholder engagement

- Benchmarking and gap analysis regarding stakeholder engagement
- Identification and prioritization of various stakeholder groups
- Design stakeholder engagement plan (what to ask and how to ask)
- Perform stakeholder engagement
- Collect, analyze information

DISCLAIMER: The process described here refers to the most common activities for reporting purposes, based on reporters’ experience. It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as a suggestion and not as a requirement to produce a report in line with the GRI Standards.
Define report content: Stakeholder engagement

Benchmarking and gap analysis regarding stakeholder engagement

What tasks could be considered?

- Assess peers' and best practices regarding stakeholder engagement
- Identify gaps vs peers/best practices and establish what is needed to close the gaps

**DISCLAIMER:** The process described here refers to the most common activities for reporting purposes, based on reporters’ experience. It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as a suggestion and not as a requirement to produce a report in line with the GRI Standards.
Define report content: Stakeholder engagement
Identification and prioritization of various stakeholder groups

What tasks could be considered?

- Identify full list of internal and external stakeholder groups
- Define prioritization criteria
- Analyze and prioritize stakeholder groups

DISCLAIMER: The process described here refers to the most common activities for reporting purposes, based on reporters’ experience. It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as a suggestion and not as a requirement to produce a report in line with the GRI Standards.
Define report content: Stakeholder engagement

Design stakeholder engagement plan

What tasks could be considered?

Define stakeholder engagement plan with two main considerations in mind:

• **What to ask?** – based on specific objectives of engagement with different stakeholder groups, and

• **How to ask?** – defining methods and communication channels

**DISCLAIMER:** The process described here refers to the most common activities for reporting purposes, based on reporters’ experience. It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as a suggestion and not as a requirement to produce a report in line with the GRI Standards.
Define report content: Stakeholder engagement

Perform stakeholder engagement

What tasks could be considered?

- Use existing stakeholder engagements performed by the company as part of its regular activities, and/or
- Develop ad-hoc engagement activities, implemented specifically for the purposes of the report
- Document the processes

DISCLAIMER: The process described here refers to the most common activities for reporting purposes, based on reporters’ experience. It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as a suggestion and not as a requirement to produce a report in line with the GRI Standards.
Define report content: Stakeholder engagement
Collect, analyze information

What tasks could be considered?

• Collect and analyze information on key topics and concerns raised by stakeholders
• Share the results with internal functions, including C-suite, also to assess any company actions needed and how to revert back to stakeholders

DISCLAIMER: The process described here refers to the most common activities for reporting purposes, based on reporters’ experience. It is not part of the GRI Sustainability Reporting Standards (GRI Standards), therefore it should be considered as a suggestion and not as a requirement to produce a report in line with the GRI Standards.
GRI's practical support

**GRI Community**
Your ultimate GRI experience. The GRI Community is a year-round interactive membership program, helping members drive business improvements from within, while serving as a role model for the wider business community.

**Report Services**
Take your report to the next level with our reviewing services. Whether you’re a starting or seasoned reporter, GRI's specialized reviews and support will take your report to the next level.

**Reporting Tools**
Create top-notch reports that make your sustainability efforts stand out. These simply-designed applications help both beginning and experienced reporters produce high-quality reports.

**Training**
Learn first-hand from the pioneer of sustainability reporting. Our workshops and training programs provide a unique opportunity to learn about sustainability reporting from the pioneer of the process.
Publications

Relevant GRI publications

Stakeholder Engagement in Practice
A VERTICALLY INTEGRATED BUILDING MATERIALS COMPANY

WE SUPPLY CEMENT, READY-MIX CONCRETE, AND AGGREGATES,
AS WELL AS A RANGE OF OTHER CONSTRUCTION PRODUCTS AND SERVICES

AGGREGATES
Crushed stone, manufactured sand, gravel, sand, and recycled concrete

CEMENT
High-quality cement such as Gray Ordinary Portland, White Portland, Masonry or Mortar, Oil-well, and Blended cement in bags or bulk

READY-MIX CONCRETE
Architectural and decorative, rapid-setting, fiber-reinforced, fluid-fill, roller-compacted, self-consolidating, pervious, and antibacterial ready-mix concrete
A LEADING GLOBAL BUILDING MATERIALS COMPANY

One of the biggest cement companies in the world, with a US$ 14.4 billion annual sales.

- **CEMENT**: 56 cement plants, +11 cement mills, 93 million tons annual production capacity.
- **READY-MIX CONCRETE**: 1,490 plants, 53 million m³ annual production.
- **AGGREGATES**: 284 quarries, 150 million tons annual production.
- **TERMINALS**: 258 land distribution centers, 64 marine terminals.

As of December 31, 2018.
 RESPONSIBLE BUSINESS STRATEGY

SUSTAINABLE DEVELOPMENT

MAXIMIZE VALUE CREATION

MINIMIZE IMPACTS

CO-CREATE

CLIENTS

COMMUNITY

EMPLOYEES VENDORS

BENEFICIARIES

PARTNERS SUPPORTERS
COMMUNITY ENGAGEMENT
TO BUILD PARTNERS

1. Community Engagement Policy
2. Shared Value Cycle
3. CEMEX-Initiated Formal Dialogues with Local and Community Stakeholders
4. External and Internal Committees
5. Community Engagement Plans
6. KPIs
SHARED VALUE CYCLE

1. Dialogue with internal and external stakeholders

2. Identify impacts

3. Identify risks & opportunities

4. Decide what to address

5. Co-design projects and programs

6. Create a positive impact on stakeholders

7. Create positive impact on company

8. Measure and communicate
1. Preparation

1.1 Knowing your business and social context
1.2 Identifying potential risks and opportunities
1.3 Identifying and selecting relevant stakeholders
1.4 Defining Boundaries of Disclosure
1.5 Defining commitments
1.6 Selecting Mechanism of Dialogue

1.7 Drafting Dialogue Plan

2. Dialogue Set-Up

2.1 Resource Mobilization
2.2 Capacity Building

3. Engagement Implementation

3.1 Way of Engagement
3.2 Developing Briefing Materials
3.3 Engagement – Negotiation & Partnerships
3.4 Documentation & Report
3.5 Follow-up
3.6 Grievance Mechanism

4. Reporting: Monitoring and Evaluation

4.1 Reporting, Monitoring and reviewing actual performance
4.2 Adjusting Dialogue Plan
4.3 Inform Community Engagement Plan

CEMEX-Initiated Formal Dialogues with Local and Community Stakeholders
1. Preparation
1.1 Knowing your business and social context
1.2 Identifying potential risks and opportunities
1.3 Identifying and selecting relevant Stakeholders
1.4 Defining Boundaries of Disclosure
1.5 Defining commitments
1.6 Selecting Mechanism of Dialogue
1.7 Drafting Dialogue Plan

2. Dialogue Set-up
2.1 Resource Mobilization
2.2 Capacity Building

3. Engagement Implementation
3.1 Way of Engagement
3.2 Developing Briefing Materials
3.3 Engagement – Negotiation & Partnerships
3.4 Documentation & Report
3.5 Follow-up
3.6 Grievance Mechanism

4. Reporting: Monitoring and Evaluation
4.1 Reporting, Monitoring and reviewing actual performance
4.2 Adjusting Dialogue Plan
4.3 Inform Community Engagement Plan

Challenge:
Lack of a common mindset across all operations

Solution:
In-site cross-functional workshop in 56 cement sites and +20 aggregates sites (+2000 employees) to co-create Community Engagement Plan drafts
1. Preparation
1.1 Knowing your business and social context
1.2 Identifying potential risks and opportunities
1.3 Identifying and selecting relevant Stakeholders
1.4 Defining Boundaries of Disclosure
1.5 Defining commitments
1.6 Selecting Mechanism of Dialogue
1.7 Drafting Dialogue Plan

2. Dialogue Set-Up
2.1 Resource Mobilization
2.2 Capacity Building

3. Engagement Implementation
3.1 Way of Engagement
3.2 Developing Briefing Materials
3.3 Engagement – Negotiation & Partnerships
3.4 Documentation & Report
3.5 Follow-up
3.6 Grievance Mechanism

4. Reporting: Monitoring and Evaluation
4.1 Reporting, Monitoring and reviewing actual performance
4.2 Adjusting Dialogue Plan
4.3 Inform Community Engagement Plan

Challenge:
Clear metrics to incentivize, measure and reward CEMEX-Initiated Formal Dialogues

Solution:
Four KPIs of a weight of 16% in the Sustainability Scorecard (Internal Use)
<table>
<thead>
<tr>
<th>Impact on Stakeholders</th>
<th>Impact on Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participate</td>
<td>Participate</td>
</tr>
<tr>
<td>Light touch</td>
<td>Participate</td>
</tr>
<tr>
<td>Monitor Advocate</td>
<td>Participate</td>
</tr>
</tbody>
</table>

- Participate
- Participate Lead
- Innovate/Collaborate
- Lead
- Consult Dialogue
- Lead Participate
- Light Touch
- Lead

**BEST PRACTICES**
## BEST PRACTICES

<table>
<thead>
<tr>
<th>Participate</th>
<th>Participate</th>
<th>Lead</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light touch</td>
<td>Participate</td>
<td>Lead</td>
</tr>
<tr>
<td>Monitor Adocate Reamain Passive</td>
<td>Light Touch</td>
<td>Lead</td>
</tr>
</tbody>
</table>

### Impact on Stakeholders
- +70,000 families
- + 300 communities
- + 100 alliances

### Impact on Business
- Direct and indirect sales

+70,000 families
+ 300 communities
+ 100 alliances
Direct and indirect sales
## BEST PRACTICES

<table>
<thead>
<tr>
<th>Impact on Stakeholders</th>
<th>Impact on Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participate</td>
<td>Participate Lead</td>
</tr>
<tr>
<td>Light touch</td>
<td></td>
</tr>
<tr>
<td>Monitor Advocate</td>
<td></td>
</tr>
<tr>
<td>Remain Passive</td>
<td></td>
</tr>
</tbody>
</table>

- Since 2013
- 2 cement plants
- 60 representatives per session
- Local governments, communities, administration bodies, environmental protection, educational institutions, customers & vendors
THANK YOU
Our approach to stakeholder engagement

Evonik Industries – a Germany-based global specialty chemicals company
Who we are
Evonik at a glance

- 13,3 Billion Euro sales in 2018
- >80% Of turnover gained from leading market positions
- 104 Employees from 104 different nations work for Evonik
- >32,000 Employees in over 100 countries
- 2.15 billion Euro Adjusted EBITDA 2018
- ~240 New patent applications
What we do
Living better with Evonik

more fuel saving  fluffier  more elastic  healthier  more effective

CAR TIRES  TOWELS  MATTRESSES  NUTRITION  TABLETS

Countless products gain their special attributes through our creative power.
Our approach to stakeholder engagement

Step 1: Define your relevant stakeholder groups

- Customers
- Employees
- Suppliers
- Shareholders
- Lenders
- Legislators
- Authorities
- Local residents
- The business
- Financial markets
- Regulatory bodies
- Society/community
- Associations
- Analysts/rating agencies
- Politicians
- Scientific community
- Non-governmental organizations
- Competitors
- Media
Focus 2018: Extensive update of our materiality analysis

Step 2: Define your ways and your processes of collecting stakeholder feedback
Step 3: Use different forms of dialogues to get in touch with stakeholder groups most relevant to you
Result 2018: prioritized and validated material topics

Step 4: Analyze stakeholder feedback and integrate it into your business processes and update/validate material topics in the materiality analysis.
Challenges

1. Balance between different stakeholder groups
2. Stakeholder engagement with a German Focus
3. …
Summary – process overview stakeholder engagement at Evonik

Step 1: Define your relevant stakeholder groups

Step 2: Define your ways and your processes of collecting stakeholder feedback

Step 3: Use different forms of dialogues to get in touch with stakeholder groups most relevant to you

Step 4: Analyze stakeholder feedback and integrate it into your business processes and update/validate material topics in the materiality analysis

Step 5: Integrate material topics in the strategy
Conclusion and upcoming sessions
Sustainability Reporting Process Webinars

- 16 April 2019: Webinar 1: Overall Reporting Process
- 28 May 2019: Webinar 2: Reporting Project Management
- 17 July 2019: Webinar 3: Define Report Content: Stakeholder Engagement
- **19 September 2019**: Webinar 4: Define report content: Materiality Analysis
- 17 October 2019: Webinar 5: Data Collection
- 19 November 2019: Webinar 6: Content Development
- 17 December 2019: Webinar 7: Communications
Get in touch

Corporate & Stakeholder Engagement Team
For resources, registration and additional support
Community@globalreporting.org

Standards Division
For all questions about the GRI Standards
Standards@globalreporting.org

Training & Coaching
For all questions about GRI’s workshops and training programs
TrainingAndCoaching@globalreporting.org

Report Services
For all questions about GRI’s report services
ReportServices@globalreporting.org
THANK YOU

info@globalreporting.org
www.globalreporting.org

Barbara Strozzilaan 336
1083 HN Amsterdam
The Netherlands

Amsterdam – Hong Kong – Bogota – Johannesburg – New Delhi – New York – São Paulo