



How to be Loved

AT THE LAST COUNT, MICROSOFT, ONE OF THE WORLD'S BIGGEST COMPANIES, HAD 80,000 FOLLOWERS ON TWITTER. CHARLIE SHEEN, THE ACTOR, HAD 3.7 MILLION.

Walmart, the world's biggest retailer, had a paltry 38,000 followers. Tiger Woods had 810,000. Marks & Spencer, the leading U.K. retailer, had 22,000 followers. Russell Brand, the comedian, had two million.

In our highly connected world, where you can so easily befriend and be friended, why are companies so socially isolated? So unloved?

Our spring issue deals with stakeholder engagement – or how to make friends and influence people. We consider what it is, and what it is not. And we delve into our deep experience of helping companies engage to offer top tips on how to be loved.



WELCOME

Our occasional bulletins are linked to a continuing conversation on our website where we explore the issues that matter most to our clients as they look to extract maximum value from their corporate sustainability programs. In keeping with our transatlantic capabilities, our bulletins alternate between U.K. and U.S. spelling and punctuation. This edition conforms to U.S. style.

CONTACTS

Stakeholder engagement – in all its forms – is one of the corporate sustainability services we have provided to leading multinationals since our founding in 1997.

U.K.
SIMON PROPPER
simonp@context.co.uk
+44 (0)207 251 0050

U.S.A.
PETER T. KNIGHT
peter@contextamerica.com
+1 212 216 9773

Join us to continue the conversation or download a PDF of this publication at www.econtext.co.uk www.contextamerica.com or twitter.com/Context_Group

U.K.: 5-23 Old Street, London EC1V 9HL
+44 (0)207 251 0050

U.S.A.: 1140 Broadway, Suite 905,
New York, NY 10001
+1 212 216 9773



What is Stakeholder Engagement?

THERE IS ABSOLUTELY NOTHING DIFFICULT ABOUT STAKEHOLDER ENGAGEMENT OTHER THAN THE RATHER OVERBLOWN TERM.

STAKEHOLDER ENGAGEMENT IS ABOUT LISTENING TO THE JUNGLE DRUMS; HAVING YOUR EAR TO THE GROUND; ENSURING YOU'RE PART OF THE SOCIAL NETWORK; LEARNING HOW TO ALIGN YOURSELF WITH SOCIAL MORES. IT'S WHAT SUCCESSFUL PEOPLE DO TO MAKE THEIR WAY IN THE WORLD. IT'S WHAT MOST LARGE COMPANIES ARE REALLY BAD AT.

Corporations, on the whole, are shy, socially risk-averse wallflowers that prefer to observe rather than engage.

No wonder companies are so often blind-sided by emerging issues, activist campaigns and sudden shifts in consumer attitudes. If you're not out there listening and learning from others you'll only hear the clatter of advancing change when it's far too late to act.

Engagement is about being open, talking to others, listening, exploring social networks, understanding risks, and learning about new ideas that help you run a better business.

Of course, business has been engaging with critical stakeholders for years: consumers (what are focus groups for?), investors (all those webinars and conference calls), key customers (lots of golf), and policy-makers (more golf and fundraising dinners).

But the world has changed, and those that business has traditionally dismissed as trouble-makers - non-governmental organizations especially - now have far more influence, and greater impact on the bottom line. It's time to find ways to engage with them, and golf is not their preferred sport.



CASE STUDIES...

The Mining Sector

STAKEHOLDERS ENGAGED: London socially responsible investors (SRI)

ENGAGEMENT MECHANISM: One-to-one meetings with six investment organizations

OBJECTIVES:

- Identify the environmental, social and governance (ESG) issues that investors view as most important to our client. Establish if there is broad agreement between investors or if different analysts focus on different issues.
- Establish how our client's performance is rated by investors. Identify areas of perceived strength and weakness.
- Seek comments on our client's sustainable development (SD) performance by comparing the mining sector as a whole.
- Obtain feedback on our client's sustainability reporting and suggestions for how it can be improved.

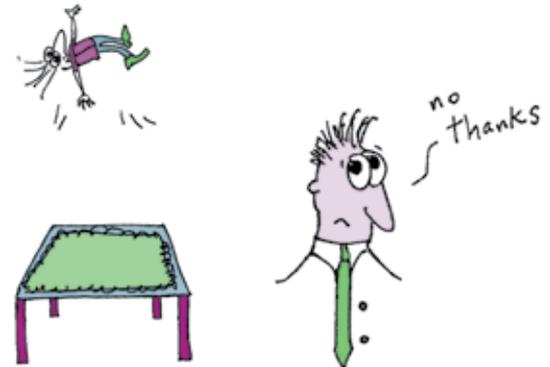
BENEFITS: Our client gained a detailed insight into how the London SRI community views its SD performance and reporting. Areas for improvement were clearly flagged, and the material was used to brief company management and shape its future SD program.

Brown-Forman's Thinking About Drinking

Public opinion regarding the marketing, sale and consumption of alcohol is far from united. Whereas some people want to clamp down, others are more liberal. These disparate opinions set the rules that form alcohol-makers' "social license to operate".

Brown-Forman, owner of spirit brands such as Jack Daniel's and Southern Comfort, encourages debate and discussion through its online issues forum, OurThinkingAboutDrinking.com, which Context helps coordinate. The company invites experts to submit an opinion piece, then garners comment from interested individuals (including you). The site is part of Brown-Forman's efforts to open up, listen to and act upon different points of view.

Brown-Forman has not shied away from tough topics such as alcohol and indigenous populations, alcohol and violence, ignition interlock devices, and the minimum legal drinking age in the U.S.A.



How to Engage



CONTEXT HAS BEEN HELPING CLIENTS ENGAGE SINCE OUR INCEPTION IN 1997, ACTING AS ADVISORS, FACILITATORS, MATCH-MAKERS AND SOMETIMES PEACE-MAKERS. WE FIND A SIMPLE BUSINESS PROCESS HELPS. HERE'S OUR FIVE-STEP PLAN:

1 IDENTIFY & TARGET

Identify those with whom you want to engage. This goes by the grand name of stakeholder mapping, which is essentially the making of lists. Stakeholders are identified by group and by name and plotted on a spreadsheet. Ideally, this exercise should be part of the way you manage emerging issues.

For example, if child labor is a concern, then you need to identify organizations and individuals who can help you understand the issue and find solutions. If you are a big water consumer, you have to identify the right people to help you paddle your way through this emerging issue in a fast-drying world.



2 STRATEGIZE & ENGAGE

Plan the best way to make contact with your identified stakeholders. Again, there's no mystery here because it's what humans do: make eye contact, start a conversation, listen and learn. And remember, this is engagement, not messaging or tweeting. It is about dialogue, listening and sharing.

The joy of stakeholder engagement is that there are relatively few people with whom you need to engage. This means you can concentrate on personal, high-value interactions. We prefer to organize meetings with food. Lunch or dinner is a great way to bring people together.

We've been organizing lunches and dinners for our clients all over the world for more than a decade. These are always highly organized, fully facilitated but totally relaxed events (see Unilever and United Technologies case studies). And when you can't get people together in a room, new technology works well (see Cisco case study).

Using the web (Facebook, Twitter, specialist "dialogue" websites and simple email) has its value, especially if you need to gauge mood and opinion, but true engagement involves old-fashioned dialogue: speaking and listening.



3 FACILITATE & LEARN

Internalize the learning. Engagement is only useful if the information gleaned is fed back to your colleagues who have the power to act. The skills needed to connect with external stakeholders are exactly the same as those needed to engage with your colleagues. You will never solve your child labor issue if you don't engage with those who control your supply chain. The best way to do this is to make sure that they are involved in most of your engagements: that you become the facilitator for their benefit.



4 FRIENDED & TRUE

Stay true. Engagement is not for the fickle or the flirty. Once you've made a friend, work hard at keeping them.

Again, this is about common sense and finding a shared goal. You should keep in contact – put them on your newsletter list, invite them to company events, look for ways to contribute to their work (they need to engage too) and remain a presence in their lives.

5 MONITOR & MEASURE

Measure your success. Relationship databases, such as Salesforce.com, are a boon. You should set goals to ensure you keep in regular touch with those on your list and keep a note of every touch point. These records are not only essential for monitoring relationships – they provide evidence of engagement if you are pursuing a top rating in your sustainability reporting.



How to Engage

Case Studies

ENGAGEMENT COMES IN MANY SHAPES AND FORMS, COMBINING FORMAL MEETINGS WITH CASUAL CONTACT AND INFORMAL GATHERINGS.

These case studies (see also page 3) demonstrate the breadth of what **Context** considers to be good practice. There are others, and we would like to hear about your experience – join the conversation on our website (www.contextamerica.com).

UNILEVER LEARNS AT LUNCH

Unilever, the home and personal care company, is a beacon of effective stakeholder engagement. It led the food industry in the mid-1990s, partnering with WWF to develop sustainable fishing guidelines through the creation of the Marine Stewardship Council. It has been a leader in developing sustainable agricultural guidelines, published as the Unilever Sustainable Agriculture Code in 2010. With WWF and others, it helped establish the Roundtable on Sustainable Palm Oil.

Context worked with Unilever over two years to bring influential stakeholders to the table for informal discussions with senior executives. This involved long-term planning, where issues of interest were identified – such as water and sustainable labeling – and the relevant experts found.

We facilitated and chaired a series of lunches. The gatherings – no more than six invited guests – produced lively discussions and the notes of the meeting were circulated to executives who could not attend.

The emphasis was always on learning from the experts, rather than using the events to push a company line. Our role as neutral facilitators ensured that the objective was met.



CEMEX BUILDS EXPERT PANEL

SECTOR: Building materials

STAKEHOLDERS ENGAGED: International sustainability experts

ENGAGEMENT MECHANISM: Expert panel

OBJECTIVES:

- Gain insight from leading global thinkers on the company's Sustainable Development Report.
- Continually improve the report to maintain the A+ rating against the Global Reporting Initiative guidelines.
- Have the panel produce a formal statement each year on the quality of the Sustainable Development Report.

BENEFITS: CEMEX now has a formal mechanism to provide feedback and assurance for its report. **Context** helped establish the panel's terms of reference, recruit the members, chair the meetings and facilitate the production of the final statement.

UNITED TECHNOLOGIES (UTC) BRINGS QUALITY TO SUSTAINED ENGAGEMENT

SECTOR: Manufacturing

STAKEHOLDERS ENGAGED: Transatlantic sustainability experts

ENGAGEMENT MECHANISM: Lunch and dinner meetings

OBJECTIVES:

- Establish an annual record of UTC's reporting performance.
- Raise the profile of UTC's CR work among key stakeholders.
- Understand sector best practice in the U.K. and the U.S.A.

BENEFITS: UTC, a Dow 30 diversified manufacturer, is known for operational excellence. This applies to the way it manages its engagements, especially when ensuring continued improvement of its reporting.

For the past four years **Context** has facilitated formal feedback from stakeholders in the U.K. and the U.S.A. Using our systematic process to ensure balanced feedback, we have organized meetings (either over lunch or dinner) with eight contributors in each region.

UTC representatives join the discussions, engage the stakeholders, and interactively discuss their responses and recommendations. www.utc.com/responsibility

VODAFONE SEEKS TO STIMULATE

Extensive dialogue with stakeholders has been instrumental to the strategy and award-winning reporting that established Vodafone as a leader in corporate sustainability.

Around the **Context** lunch table, stakeholders have offered valuable insights on Vodafone's strategy since 2004. Opinion formers and experts have been invited to discuss key issues for the mobile telecommunications industry.

Most recently: climate change, supply chain, and mobiles, masts and health (radio frequencies).

Vodafone seeks to stimulate and contribute to debate through this issue-specific approach, and to use that dialogue to inform its sustainability strategy.

CISCO ENGAGES GLOBALLY WITHOUT AIRPLANE CARBON EMISSIONS

How do you get stakeholders in Argentina, Australia, China, Germany, India, the U.K. and the U.S.A. in the same room without costing the earth? Ask Cisco. The networking company used its Cisco TelePresence videoconferencing technology to host a series of sessions with 25 stakeholders from 12 countries.

The sessions, organized and facilitated by **Context**, gave Cisco valuable feedback on its corporate social responsibility (CSR) strategy and reporting, helping the company refine its key performance indicators in time for its next reporting cycle. The stakeholder feedback sessions showcased Cisco TelePresence, high-definition, streamlined videoconferencing technology that strives to provide the most life-like and "in-person" experience possible.

Effectively and efficiently getting worldwide feedback is a challenge that even globetrotting companies have yet to master. Cisco is showing the way.



CENTRICA LISTENS TO LOW-CARBON VIEWS

Centrica has worked with **Context** to gather feedback on its corporate responsibility (CR) report and strategy, one part of a wider approach to stakeholder engagement.

We facilitated two London lunches that raised a wide range of CR issues that Centrica's British Gas business must manage – from safety in gas production to consumer energy pricing. A key focus was the role of the energy industry in supporting the move to a low-carbon world.

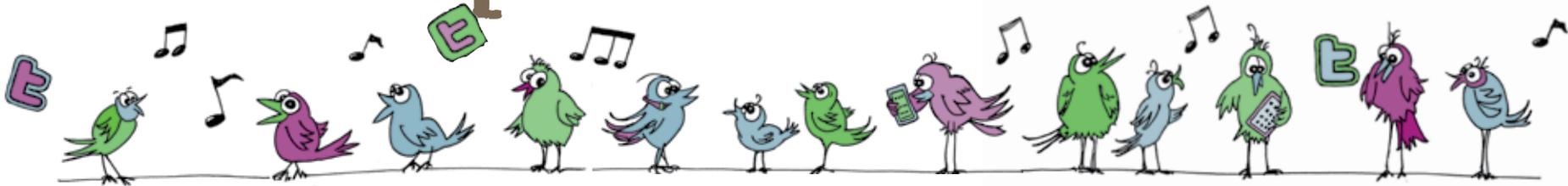
Telephone interviews brought perspectives from North America, where the company operates as Direct Energy. Feedback revealed areas for improvement that Centrica has worked on with **Context** to include in its next reporting cycle.

McGRAW-HILL'S TIMELY DINNER

Business for Social Responsibility's conference is an annual meeting of CR minds. What better time to get their insight into your first report? New York-based information services company McGraw-Hill took advantage of the mass descent, hosting a dinner for stakeholders at the city's 21 Club.

Context organized all aspects of the dinner, from stakeholder selection to facilitation, which gave the company a basis from which to refine its report in future years. And people have already taken notice – McGraw-Hill was 1st runner-up in the 1st time reporter category at the 2011 Corporate Register Awards.

Ten Top Tweets



CONTEXT CLIENTS TWEET THEIR ESSENTIAL TIPS FOR STAKEHOLDER ENGAGEMENT.*

@**BAE Systems** Invest the time - constructive dialogue with stakeholders isn't always easy but it is a business essential

MICHELLE FAIRBAIRN, CORPORATE RESPONSIBILITY MANAGER

@**Bloomberg** Be transparent – share as much as you can because it will pay dividends

LEE BALLIN, SUSTAINABILITY MANAGER

@**Brown-Forman** Be brave – a bit of controversy really helps get the conversation going

ROB FREDERICK, DIRECTOR OF CORPORATE RESPONSIBILITY

@**Centrica** We use stakeholder engagement to help us prioritize our most material issues, ensuring we focus our resources in the most important areas

AMELIA KNOTT, CORPORATE RESPONSIBILITY MANAGER

@**Cisco** Think big! You'd be surprised how many CSR thought leaders are willing to share their views on your performance in a collaborative way

TERI TREILLE, SUSTAINABLE BUSINESS PRACTICES

@**Citi** Think global. But don't forget about national issues too

VAL SMITH, VICE PRESIDENT, CORPORATE SUSTAINABILITY

@**The Estée Lauder Companies** Strive to get your executives to accept that stakeholder conversation can be challenging

ANNA KLEIN, DIRECTOR, PUBLIC AFFAIRS

@**McGraw-Hill** Keep it intimate. People tend to be frank in smaller groups

LOUISE RAYMOND, VICE PRESIDENT, CORPORATE RESPONSIBILITY AND SUSTAINABILITY

@**Vodafone** Keep your friends close and your stakeholders closer. Engage with them to get a broad understanding then zero in on the most material issues

JOEL ROXBURGH, HEAD OF SUSTAINABILITY

@**WPP** Get your colleagues involved - hearing feedback first hand can be very powerful, helping you make the business case

VANESSA EDWARDS, HEAD OF CORPORATE RESPONSIBILITY



*None of these were posted on a corporate Twitter account.