

CREATING SHARED VALUE IN COMPLEX ENVIRONMENTS: PART II

Part II of this series will focus on a company's internal structures and external relations department, and the impact these can have on a company's relations with its community stakeholders. There will also be discussion of the promotion and protection of human rights in the context of a social license to operate.

Internal Management Issues and the Acquisition of a Social License to Operate

Attempts to acquire a SLO will succeed to the extent that its core purpose is conducive to the acquisition of a SLO. Initiatives which create Shared Value among relevant stakeholders will succeed to the extent that they are fully integrated into core commercial decision-making policies, designed to deliver sustainable, long term success.

Commercial decisions that help solve societal problems are fundamental to the achievement of an effective SLO.

There is clear evidence that the manner in which the internal departments of a company are structured, and relate to each other, has a direct impact on the success of a company's relations with its community stakeholders. The way a company conducts its day to day core activities is more important than its community relations programmes in determining how the company is perceived by local stakeholders.

Fundamentally, it is the behaviour of the Company as a whole, not just its external relations department, that drives people's perceptions of the Company.

It is essential that policies conducive to the acquisition of a SLO are integrated into the decision-making cycles of all departments. For example, the HR Department determines who gets hired, the Contracts Department sets policies that can favour local contractors and suppliers, or make it difficult for local businesses to benefit from the corporate presence. The Accounting Department can facilitate administrative procedures and ensure speedy payment of compensation, or set complicated and delaying administrative requirements.

All the best efforts of an external affairs department can have little impact if the hiring procedures of a company are seen as unfair, security policies are seen to be oppressive or local contractors are not paid on time.

External Engagement - A Concern for All Departments

Safety issues are regarded as the responsibility of everyone on the workforce, regardless of their particular role. Similarly, external relations should be regarded as a responsibility of all, rather than just the External Affairs Department - which should coordinate rather than implement.

When an external relations department is the sole location for community relations experts, this often means that their expertise is required to resolve community problems only after they have already occurred.

It is essential to ensure that ways are found whereby external relations can be transformed from a fire-fighting role, to one of internal service provision. It is also important that ways are found to broaden the ownership for external relations within the organization:

- Communities should be approached as partners, rather than as potential risks to be mitigated;
 - Every member of the company should receive training in community affairs skills;
 - Representatives from all departments should be invited to participate in community meetings;
 - The quality of the company's relationship with local stakeholders should be incorporated into performance reviews for all staff - the number of community related incidents might be linked to the determination of bonuses, or to provide company wide awards for staff of departments that are judged to have made a positive contribution to company-community relations;
 - Ways should be identified to develop in-house capacity in conflict-resolution skills.

Guidelines for the building of a SLO in complex environments

Human Rights (VPSHR)

VPSHRs state that risk assessments are vital to the promotion and protection of human rights. These risk assessments must consider the available human rights records of public security forces, paramilitaries, local and national law enforcement as well as the reputation of private security. Awareness of past abuses and allegations will help companies avoid recurrences as well as promote accountability going forward.

Companies must take care to ensure that their partners are consistent with the protection and promotion of human rights. The following measures will help ensure this:

- Regular consultation between stakeholders about the impact of security arrangements on those communities, and clear communication between all stakeholders about the need for ethical conduct and respect for human rights by public service providers;
- The primary role of public security agencies should be to maintain the rule of law, including the safeguarding of human rights, and deterrence of acts which might threaten personnel and facilities;
- Individuals credibly implicated in human rights abuses must not be allowed to provide security services, and force should only be used when strictly necessary and to an extent proportional to the threat, and the rights of the individual should not be violated while exercising the right to exercise freedom of association and peaceful assembly, the right to engage in collective bargaining or other related rights of employees– as recognised by the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work;
- Companies should ensure the holding of structured meetings with public security on a regular basis to discuss security, human rights and related work-place safety issues. Support should be given to the host nation governments to provide human rights training and education for public security, as well as in their efforts to strengthen state institutions to ensure accountability and respect for human rights;

- In respect of allegations of human rights abuses there should be active monitoring of the status of any on-going investigation, and pressure for proper resolution of these issues, in consultation with host nation government and relevant NGOs. The security and safety of sources must be protected and additional or more accurate information that may alter previous allegations must be made available as appropriate to concerned parties;
- Companies must ensure that private security companies observe company policies in regard to ethical conduct and human rights, the law and professional standards of host nations, emerging best practice developed by the industry, civil society and governments and the promotion of the observance of international humanitarian law. In particular private security contractors must act in a lawful manner, exercising caution and restraint in a manner consistent with international guidelines on the use of force, including the UN Principles on the Use of Force and Firearms by law enforcement officials and the UN Code of Conduct for Law Enforcement Officials as well as emerging best practice.
- Furthermore, private security companies must have policies regarding appropriate conduct and the use of force, which are capable of being monitored. Such monitoring should encompass detailed investigations into allegations of abusive or unlawful acts, the availability of disciplinary measures sufficient to prevent and deter, and procedures for reporting allegations to relevant local law enforcement authorities when appropriate. All allegations of human rights abuses by private security must be recorded, and credible allegations investigated. Once those allegations have been forwarded to the relevant law enforcement authorities, companies should actively monitor the status of investigations and press for their proper resolution.

Part 3 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.

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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.

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