KNOWLEDGE FOR ACTION

CORPORATE DIPLOMACY: BUILDING REPUTATIONS AND RELATIONSHIPS WITH EXTERNAL STAKEHOLDERS

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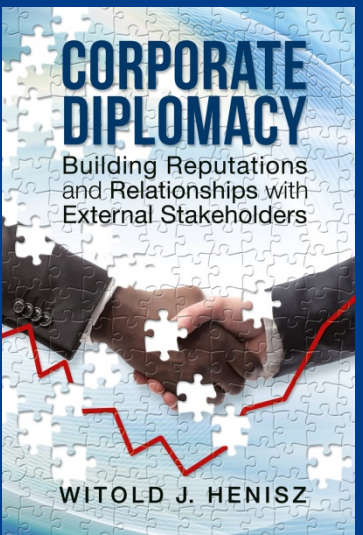

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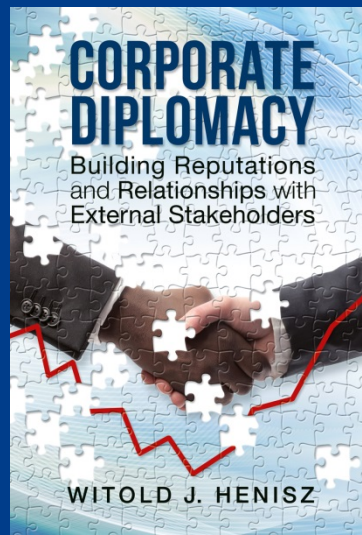
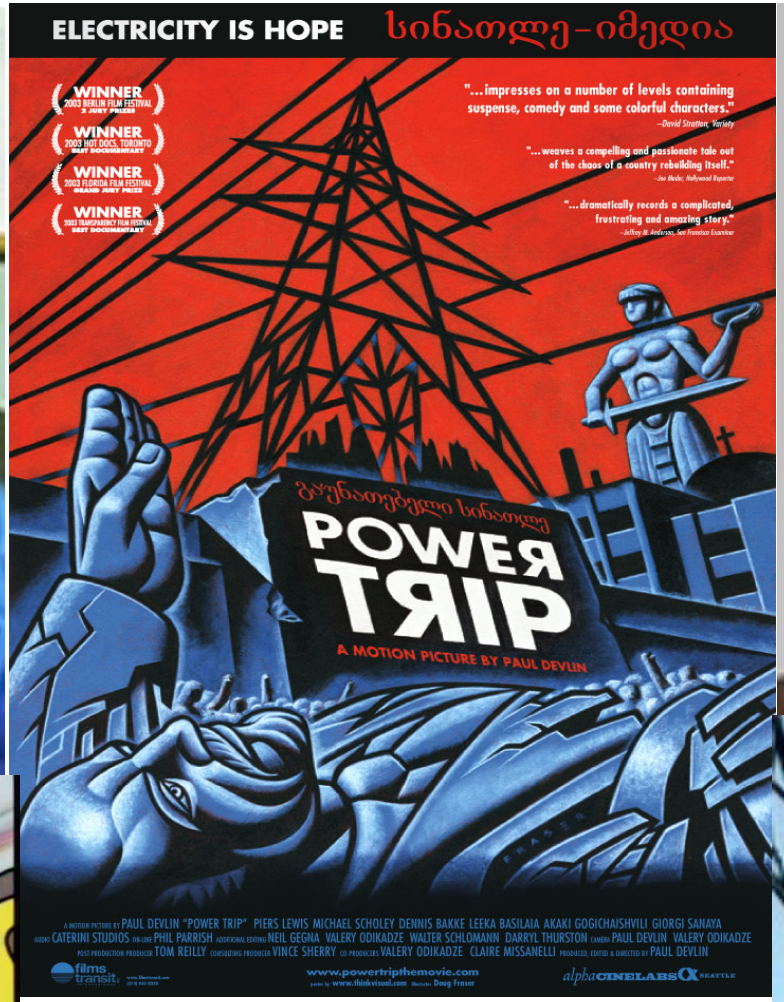


AES-Telasi: PowerTrip meets PowerPlay



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Best Practices of Corporate DIPLOMacy

D□□ D□ □□ □ □ — **Stakeholder mapping & analysis**

I □□ R□ □□ — **Integrating stakeholder data into core business systems**

P□R□□ □ — **Earning stakeholder trust & the social license to operate**

L□□R □ □ — **Adapting to negative feedback in a necessarily imperfect system**

O □ □□□ — **Strategically communicating to reinforce trust & reputation**

M□ D□□ — **Cultivating an externally-facing organizational mindset**

Analytical | **Behavioral-External** | **Behavioral-Internal**

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Best Practices of Corporate DIPLOMacy

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Stakeholder mapping & analysis: Identify key stakeholders, their interests, strengths. Linkages & behavioral drivers

I □□ R□ □□

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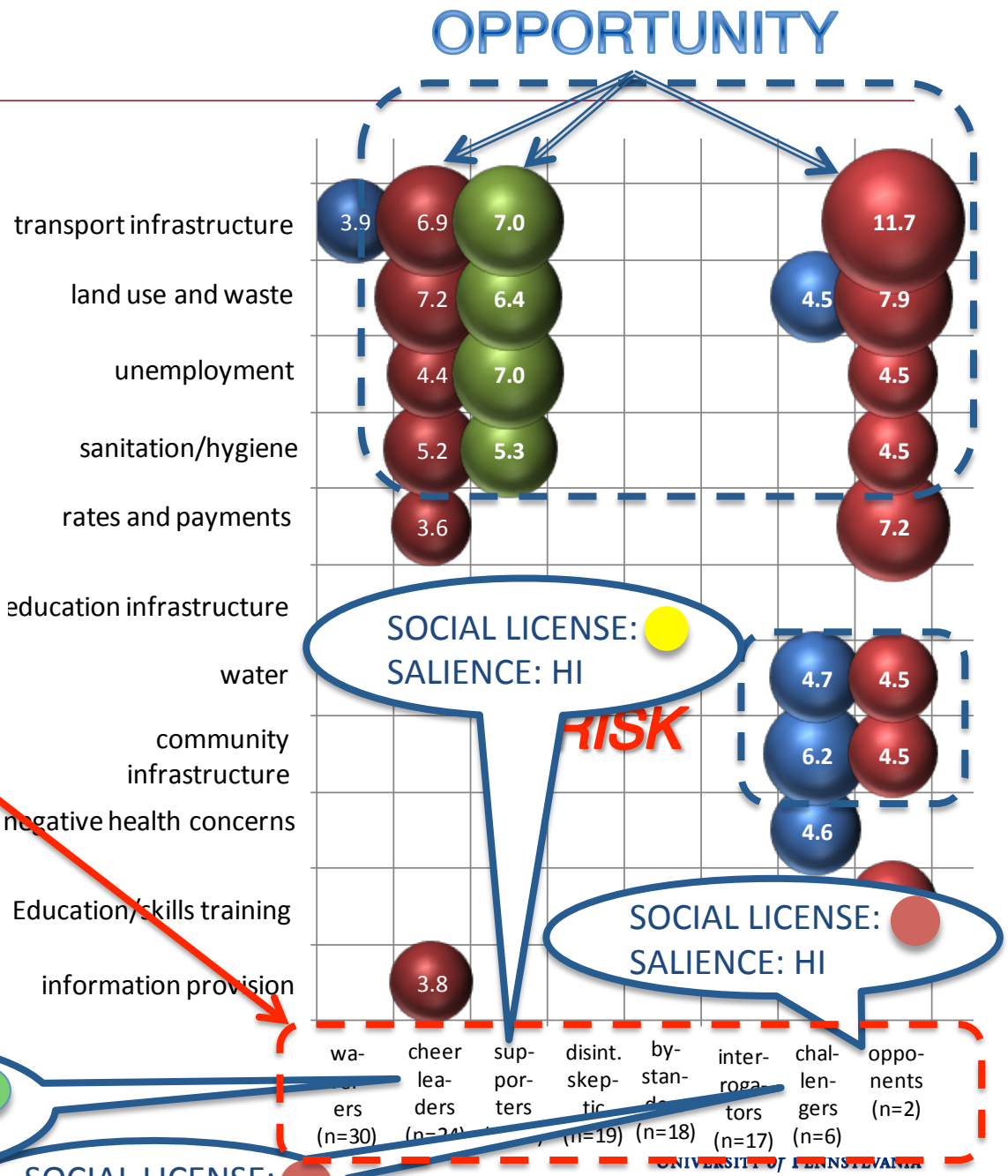
Country A, Mine Site A

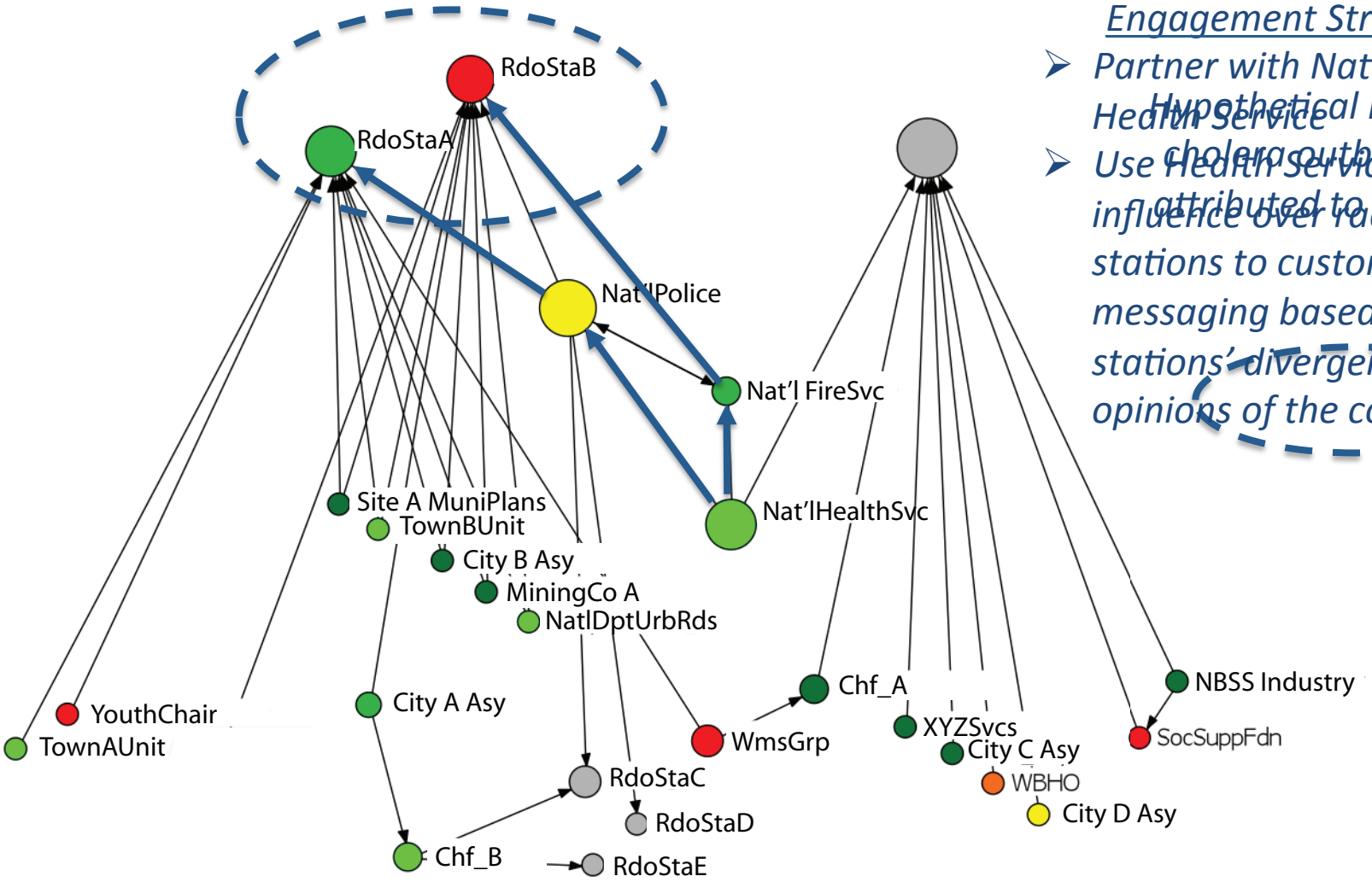
According to the same logic, the fact that challengers and opponents share issues of concern without being exposed to the potential moderating influence of more positively disposed groups represents a source of sociopolitical risk.

(bubbles indicate average mentions per stakeholder)

weighted by effective power)



Important Media Sector Links, Mine Site A



Engagement Strategy

- *Partner with National Health Service*
- *Use Health Service's influence over radio stations to customize messaging based on the stations' divergent opinions of the company*

Hypothetical issue: cholera outbreak attributed to mine

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Stakeholder mapping & analysis

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Integrating stakeholder data into core business systems: Assessing relative impact of strategies on financial and operating performance or other KPIs

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Integration: FVTOOL, Value Protection

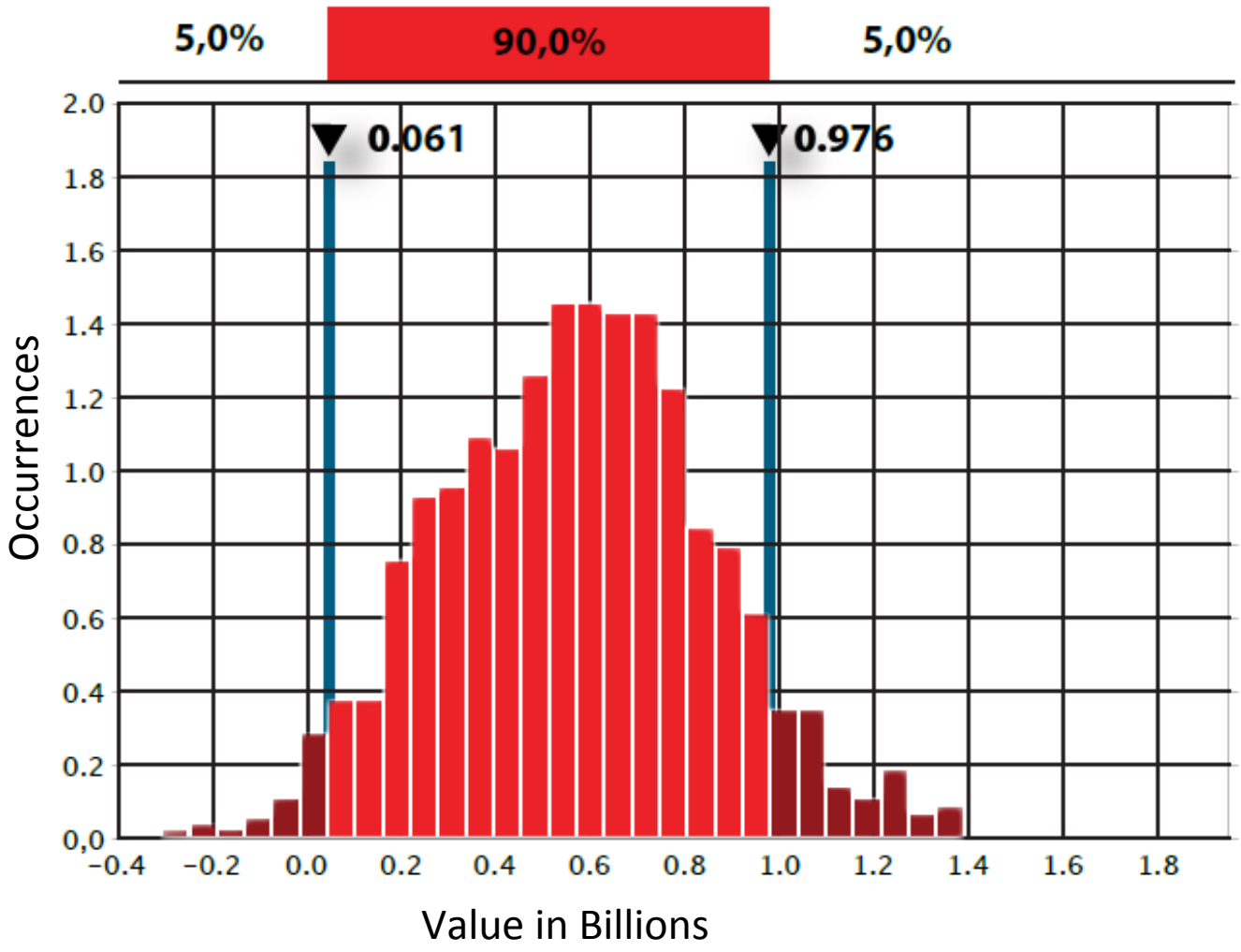
Sustainability - related event (risks) could cause a substantial decline in value of a project, such as :

1. Delay in the planning phase (pre-feasibility, feasibility)
2. Delay in the construction phase
3. Disruption in the production phase (operations)
4. Project cancellation/expropriation
5. Added (unforeseen) costs
6. Lawsuits

Annual Rate of Occur-rence	Duration (months)	One Time Cost	Lost Revenues
Min: 0.3 Likely: 0.45 Max: 0.6	Min: 0.1 Likely: 0.4 Max: 0.7	Min: 140k Likely: 250k Max: 500k	Min: 20% Likely: 40% Max: 60%

Objective: to model cash flow, based on Monte Carlo simulations

Integration: FVTOOL, Monte Carlo Simulation



Total Sustainability Portfolio Value-Added

Minimum	-319749
Maximum	1301754
Mean	517167
Std Dev	273004

Values in k USD

Monte Carlo is a:

- Statistical technique by which a quantity is calculated repeatedly
- Using randomly selected "what-if" scenarios.
- Results approximate the full range of possible outcomes

Integration: FVTOOL, NPV of sustainability

Dashboard - Total Sustainability Value Added

Sustainability Issue /Initiatives	Value Creation NPV Calculations	Value Protection NPV Calculations	Total SD/CR added value (NPV)	Relative Share	Sharpe Ratio
Land Access	113,914.77	11,413.62	125.328.39	16.46%	4.21
Local Business Dev	48,723.09	7,609.08	56,332.17	10.98%	2.17
Health Programs	6,094.80	3,804.54	9,899.34	5.49%	1.34
Water Programs	5,561.69	6,340.90	11,902.59	9.15%	1.03
Local Employment	1,862.06	8,877.26	10,739.32	12.80%	0.70
Biodiversity	(8,899.47)	7,609.08	(1,290.39)	10.98%	(0.10)
Community Foundation	(31,403.51)	6.340.90	(25,062.62)	9.15%	(1.33)
TOTAL	135,853.42	51,995.36	187,848.83	75.00%	

For $2billion CAPEX project, sustainability investments returned as much as $187 million of NPV.

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Integrating stakeholder data into core business systems

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Earning stakeholder trust & the social license to operate: Enhancing understanding, fairness, clarity and ability to resolve disputes

L□□R □ □

Adapting to negative feedback in a necessarily imperfect system

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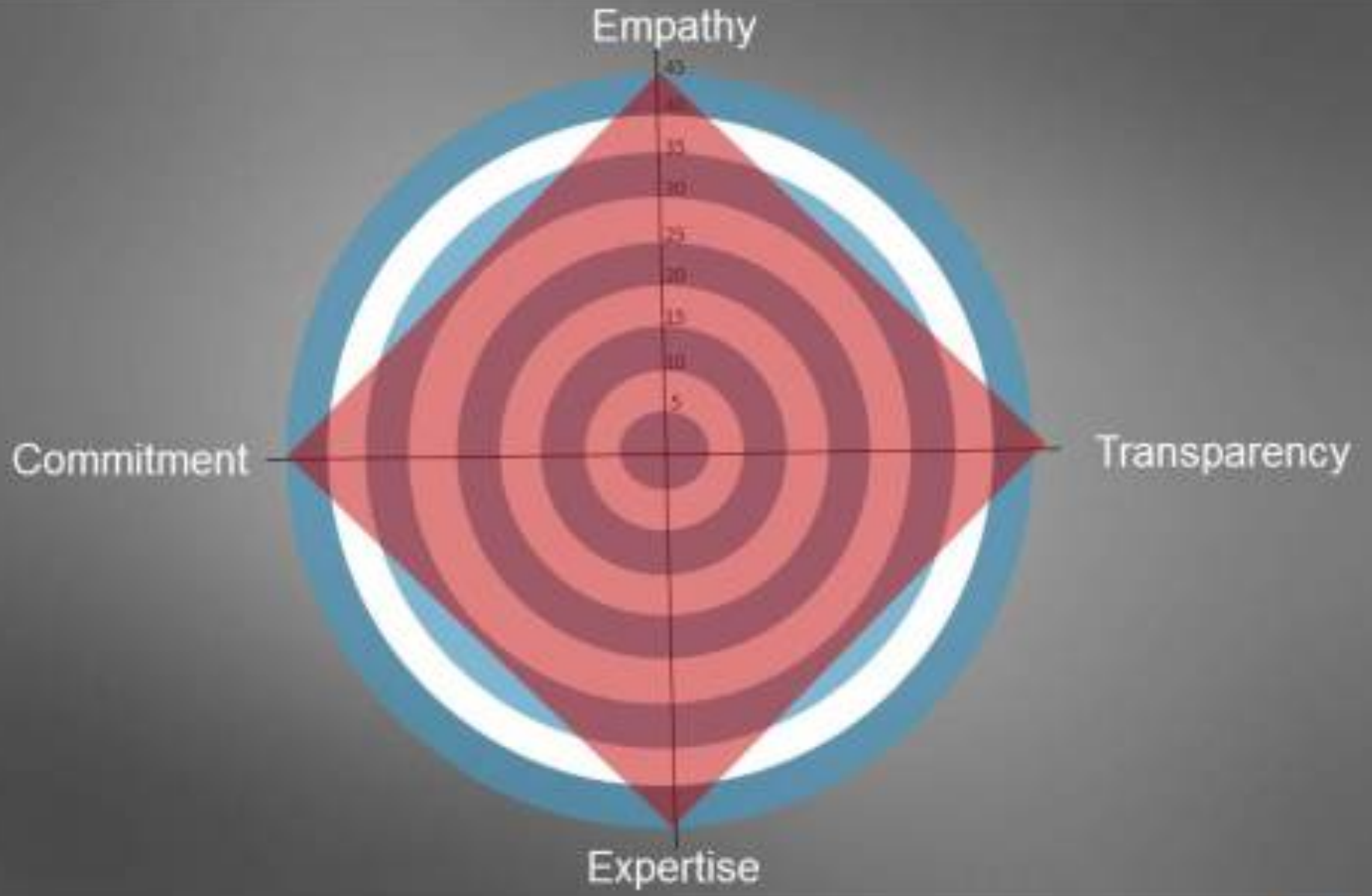
The Trust Radar



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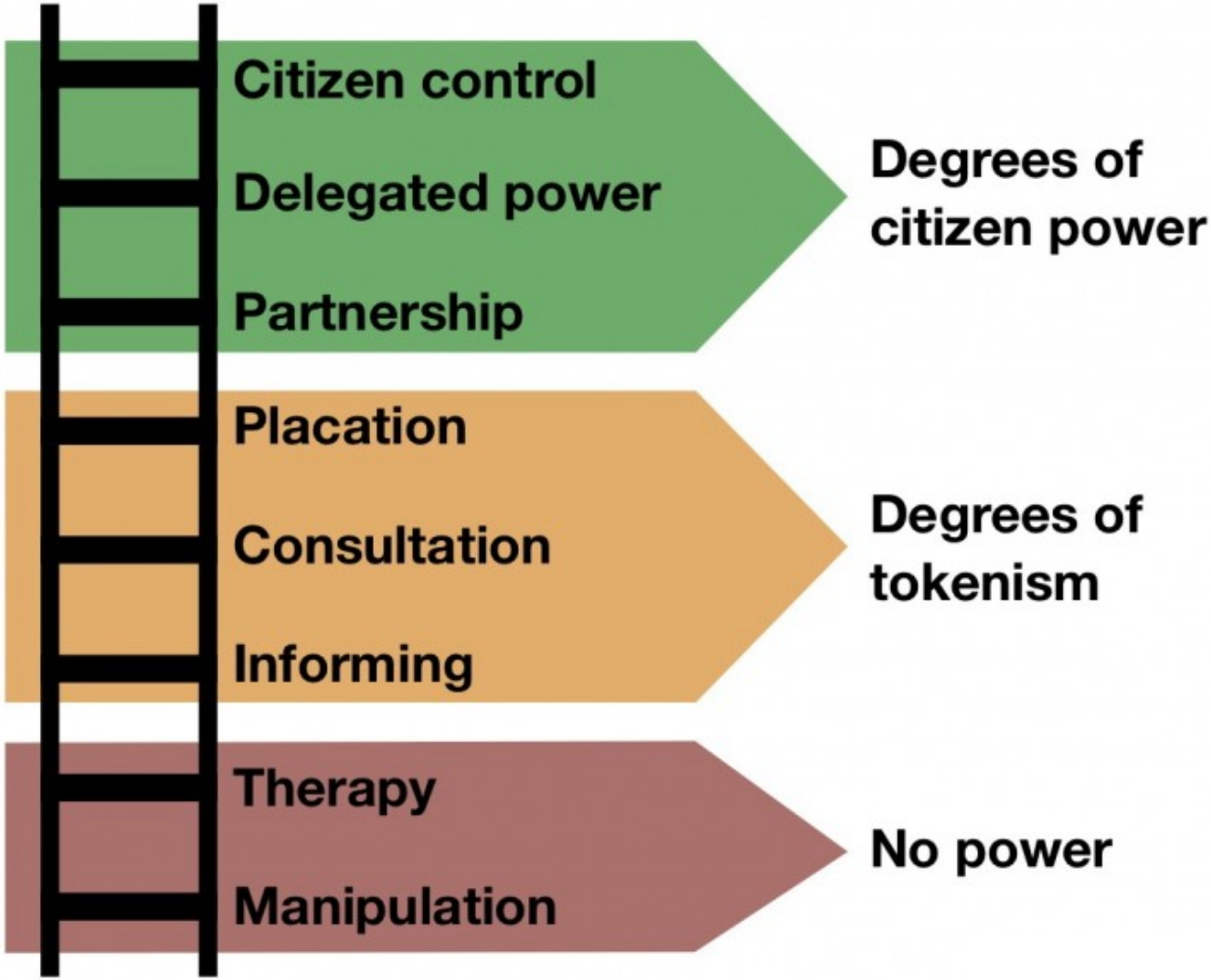
Arnstein (1969) Ladder of citizen participation



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Adapting to negative feedback in a necessarily imperfect system: Frequent data updates, avoiding behavioral traps and a safe environment for self-criticism

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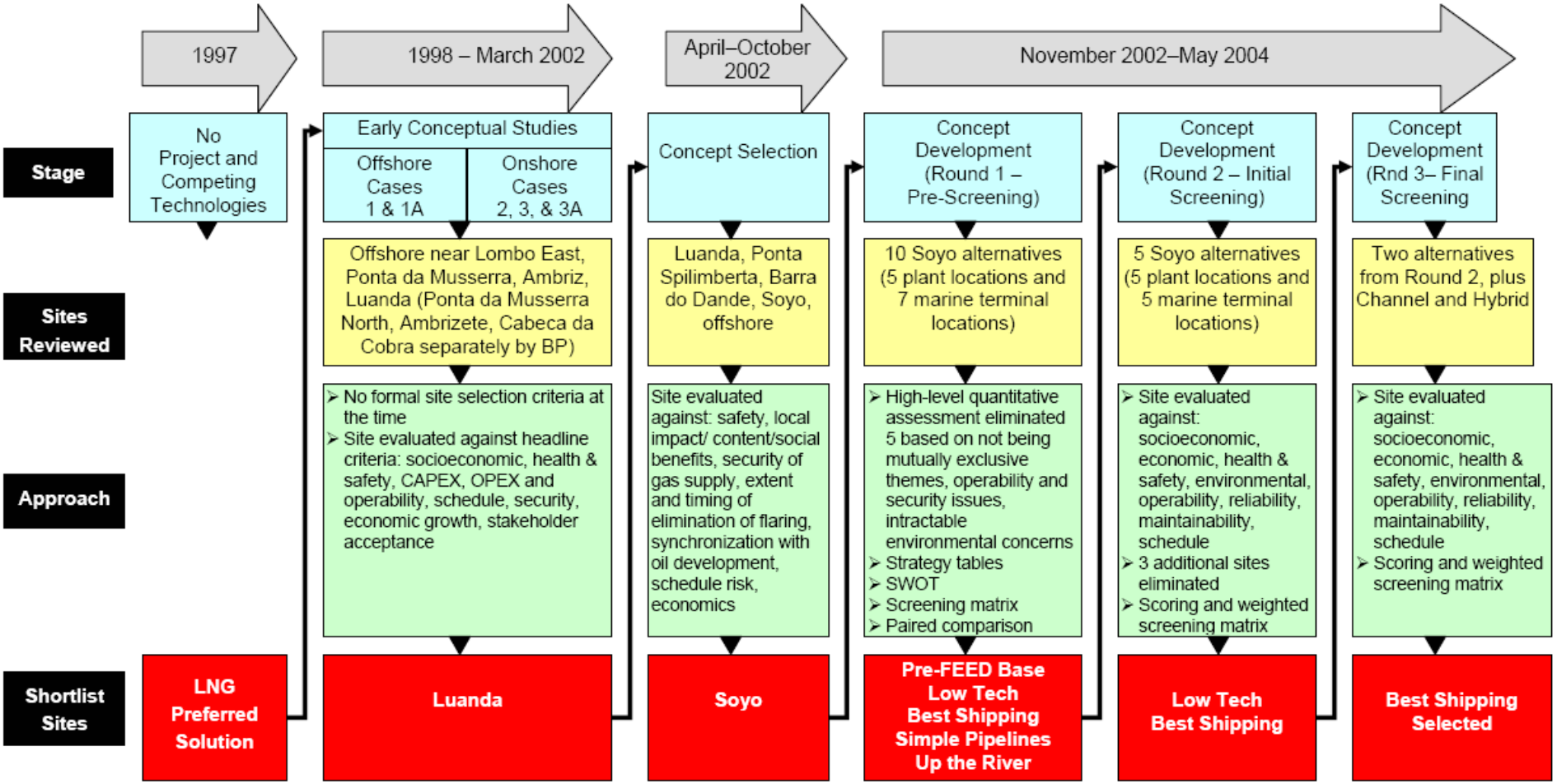
Every Aspect of Proposal Influenced by Stakeholder and Cross-Functional Feedback

Figure 4-1: Site Selection Activities



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Strategically communicating to reinforce trust & reputation: Integrated reporting that matches words to deeds, crisis management, transparency and honesty

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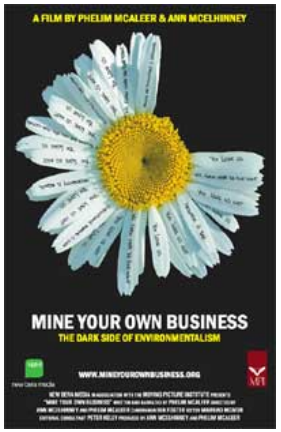
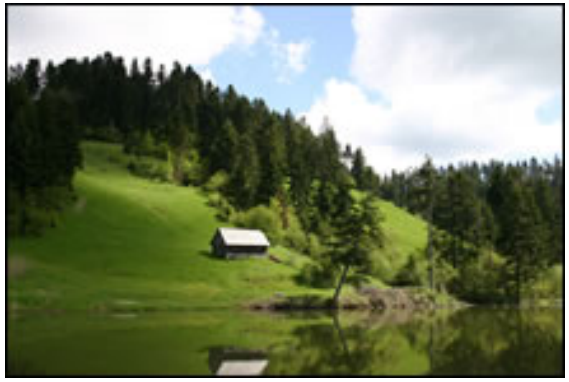
Scenes from the Battlefield





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Cultivating an externally-facing organizational mindset: Incentives and rites that reinforce shared > shareholder value and long-term > short-term for all

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NOVO NORDISK **WAY** IS OUR WAY

- In 1923, our Danish founders began a journey to change diabetes. Today, we are thousands of employees across the world with the passion, the skills and the commitment to continue this journey to prevent, treat and ultimately cure diabetes.
- Our ambition is to strengthen our leadership in diabetes
- Our key contribution is to discover and develop innovative biological medicines and make them accessible to patients throughout the world.
- We aspire to change possibilities in haemophilia and other serious chronic conditions where we can make a difference.
- Growing our business and delivering competitive financial results is what allows us to help patients live better lives, offer an attractive return to our shareholders and contribute to our communities.
- We never compromise on quality and business ethics.
- Our business philosophy is one of balancing financial, social and environmental considerations - we call it 'The Triple Bottom Line'.
- We are open & honest, ambitious & accountable. We treat everyone w/ respect
- We offer opportunities for our people to realise their potential.
- Every day, we must make difficult choices, always keeping in mind, what is best for patients, our employees and our shareholders in the long run.

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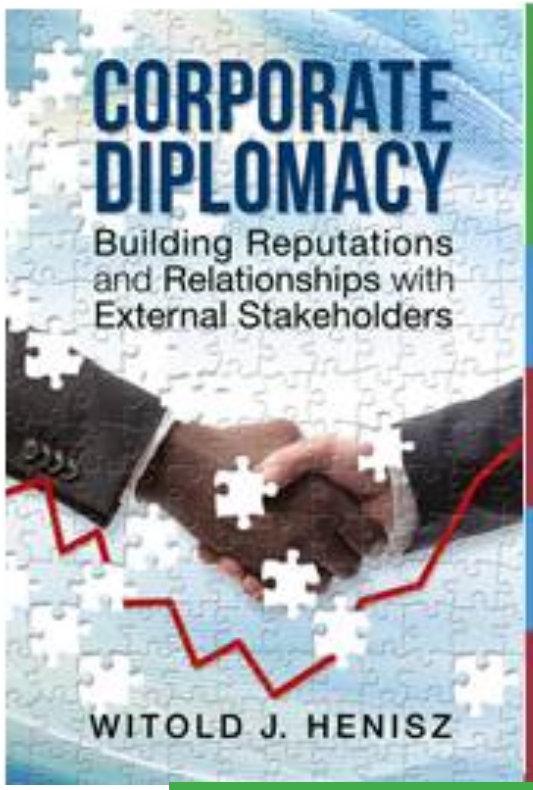

DUE DILIGENCE	Stakeholder mapping & analysis
INTEGRATION	Integrating stakeholder mapping & analysis into core business systems
PERSONAL	Stakeholder relationships are personal relationships
LEARNING	Adapting to negative feedback in a necessarily imperfect system
OPENNESS	Strategically communicating to reinforce trust & reputation
MINDSET	Cultivating an externally-facing organizational mindset

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