IPIECA

Operational level grievance mechanisms

IPIECA Good Practice Survey

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The global oil and gas industry association for environmental and social issues

Operational level grievance mechanisms

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Contents

Purpose and scope

Wherever companies do business, engaging with affected communities and responding to their concerns is essential to operating successfully whilst ensuring respect for human rights. Processes that allow concerns to be raised and remedied—also known as grievance mechanisms—are an important means of achieving this aim. Grievance mechanisms benefit companies and communities by providing an opportunity for concerns to be identified and resolved before they escalate. When implemented as part of a broader community engagement strategy, they contribute to enhanced relationships, reduced risk, better management of operational impacts and the avoidance of potential harm.

This IPIECA *Good Practice Survey* on Operational Level Grievance Mechanisms builds on a decade of active engagement by IPIECA on business and human rights. IPIECA was among the first industry bodies to incorporate human rights into our social responsibility work in the early 2000s, later establishing a dedicated task force to advance best practice. Member companies actively supported the mandate of the UN Special Representative on Business and Human Rights. Most recently, following the adoption of the UN Guiding Principles on Business and Human Rights, IPIECA launched a three-year initiative to advance implementation of two key pillars of the framework: human rights due diligence and grievance mechanisms. In each of these areas, IPIECA is developing guidance tailored to the unique needs of the oil and gas industry through a combination of field testing, collaborative learning and consultation with a range of external stakeholders and experts.

This *Good Practice Survey* is designed to summarize the growing body of literature on community grievance mechanisms. It extracts the key insights from an array of publications and draws them together in a single, easy-to-use document focused on the needs of industry practitioners.

As the guidance surveyed in this document is yet to be tested systematically within the oil and gas industry, IPIECA has initiated a series of pilot implementation projects sponsored by member companies to field-test approaches to grievance mechanisms in different operating contexts. The pilots will test the basic precepts of this survey, with an emphasis on promoting local solutions to local challenges. During this process, participating companies will take part in a collaborative learning process designed to share knowledge and understanding about how to make grievance mechanisms work in practice. The results of this experience will inform the IPIECA *Guide to Grievance Mechanisms in the Oil and Gas Industry,* to be published at the conclusion of the project.

IPIECA will share the results of these activities and continue to engage with a wide range of stakeholders as this process moves forward.

Introduction

This document surveys the existing body of third-party guidance on operational level grievance mechanisms. It focuses on aspects of the literature of most relevance to the oil and gas industry, including the criteria for effective grievance handling, basic procedural steps, elements of good practice and integration with existing management systems.

Oil and gas activities give rise to varied social and environmental impacts. Companies have extensive systems in place to enhance the positive impacts of their activities and minimize the negative ones. They also seek to build strong relationships with affected communities in order to facilitate their input into decisions about how impacts are identified, avoided or managed. These practices are designed to work together to anticipate and resolve potential issues before they arise. Yet, even when an operation is managed to the highest standards, concerns about its performance can still be expected from time to time.

Grievance mechanisms provide a means by which affected individuals or communities can raise questions or concerns with a company and get them addressed in a prompt and consistent manner. They do not replace state-based judicial or non-judicial forms of remedy. But when applied effectively they offer the prospect of a more

Even when an operation is managed to the highest standards, concerns about its activities can still be expected from time to time.

efficient, immediate and low cost form of dispute resolution for both companies and communities.

As awareness of their value has grown, a number of sectors have begun to explore how grievance mechanisms can be adapted to their unique business needs and impacts. The emergence of the UN Guiding Principles on Business and Human Rights, which assign a prominent role to grievance mechanisms under the 'Protect, Respect and Remedy' framework, has been another important catalyst. As stakeholders increasingly turn their attention to the practical implementation of the Guiding Principles, the trend towards greater uptake is set to continue.

The growing interest in grievance mechanisms has helped to inspire a proliferation of recent guidance notes from various institutions, universities and associations. Whilst this literature is rich in advice and insight, it is yet to be tested systematically in the diverse environments in which the global oil and gas industry operates. Compounding the confusion for industry practitioners has been the sheer number of documents offering guidance in this area combined with a lack of detail on the practical aspects of implementation or integration with existing systems.

This *Good Practice Survey* is designed to help companies navigate the growing body of literature and advance their individual implementation efforts by pulling together the core insights and concepts most relevant to the oil and gas industry. Drawing on an array of guidance and research, it extracts and consolidates the latest thinking on grievance mechanisms into a single, convenient document for use by industry practitioners.

Terminology used in this survey

When talking about grievance mechanisms, terminology can be a recurring source of confusion for many companies. In some cases, words such as issue, concern, complaint, grievance and feedback may be used interchangeably. In other circumstances, these terms may have quite different meanings depending on existing usage within the company or communities. In certain contexts, terms such as grievance may have negative connotations and should be avoided altogether.

There is no right answer about which terms or definitions are most suitable. Companies should select the terms that are most appropriate for their context and which will be most readily understood by affected communities who may need to use the mechanism.

This survey uses the following definitions:

Concern
Concerns are questions, requests for information, or general perceptions unrelated to a specific impact or incident. If not addressed to the satisfaction of the complainant, concerns may become complaints. Although concerns do not have to be registered as a formal complaint, they should be noted in an appropriate management system so that emerging trends can be identified and addressed before they escalate.

Complaint or Grievance
Complaints or grievances are an expression of dissatisfaction stemming from a real or perceived impact of a company's business activities. Complaints can range from commonly occurring, relatively minor problems to more entrenched or serious ones that have the potential to become a source of significant resentment. When people present a complaint to the company, they generally expect to receive a specific response or remedy.

The terms complaint and grievance are used interchangeably in this document, without presuming differences in scale, complexity or seriousness.

Grievance mechanism
A grievance mechanism is a process for receiving, investigating and responding to concerns or grievances from affected stakeholders in a timely and consistent manner.
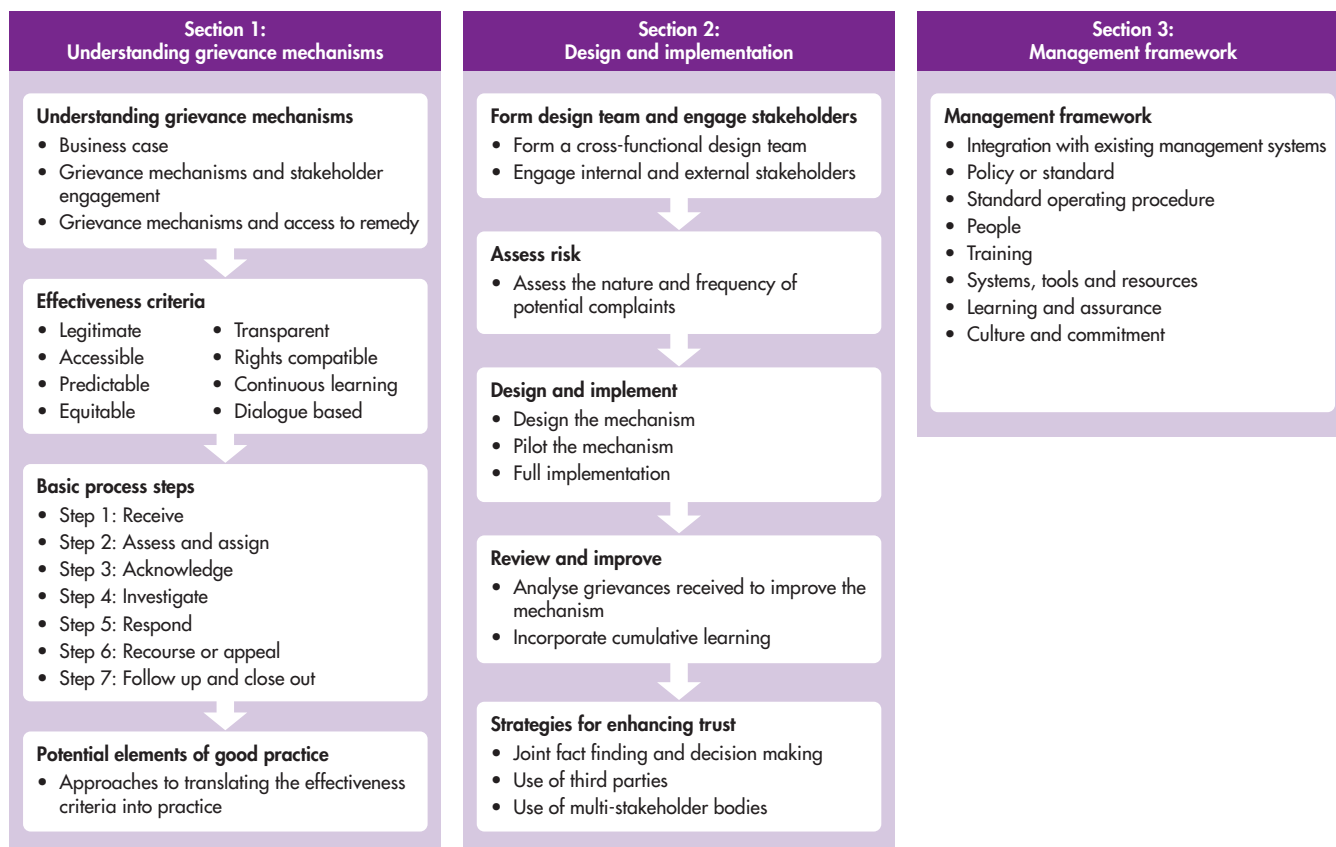
To test the real-world application of the advice surveyed in this document, IPIECA has launched a series of pilot projects to test different approaches to implementation on the ground. Sponsored by a select group of member companies and representing a range of operating environments, each pilot will seek to establish a grievance mechanism or improve one that already exists. Their experience will be followed over a two-year period via a collaborative learning process. The resulting learning will be incorporated into the IPIECA *Guide to Grievance Mechanisms in the Oil and Gas Industry*—a next-generation guidance document combining the latest thinking with practical experience on the ground.

This document is divided into three sections:
● Section 1 focuses on understanding grievance mechanisms, and presents the business case, foundational principles, procedural steps and potential attributes of good practice.
● Section 2 discusses design and implementation and explains the overall process for creating a grievance mechanism.
● Section 3 addresses the management framework, resources and integration with existing systems.

The Appendix provides a partial list of references consulted and links to other sources of guidance and commentary. Given the constant growth in the literature on grievance mechanisms, readers should note that this list is not comprehensive.

Figure 1 *Survey overview*

Section 1: Understanding grievance mechanisms	Section 2: Design and implementation	Section 3: Management framework
Understanding grievance mechanisms • Business case • Grievance mechanisms and stakeholder engagement • Grievance mechanisms and access to remedy	**Form design team and engage stakeholders** • Form a cross-functional design team • Engage internal and external stakeholders	**Management framework** • Integration with existing management systems • Policy or standard • Standard operating procedure • People • Training • Systems, tools and resources • Learning and assurance • Culture and commitment
Effectiveness criteria • Legitimate • Transparent • Accessible • Rights compatible • Predictable • Continuous learning • Equitable • Dialogue based	**Assess risk** • Assess the nature and frequency of potential complaints	
Basic process steps • Step 1: Receive • Step 2: Assess and assign • Step 3: Acknowledge • Step 4: Investigate • Step 5: Respond • Step 6: Recourse or appeal • Step 7: Follow up and close out	**Design and implement** • Design the mechanism • Pilot the mechanism • Full implementation	
Potential elements of good practice • Approaches to translating the effectiveness criteria into practice	**Review and improve** • Analyse grievances received to improve the mechanism • Incorporate cumulative learning	
	Strategies for enhancing trust • Joint fact finding and decision making • Use of third parties • Use of multi-stakeholder bodies	

Section 1:

Understanding grievance mechanisms

Grievance mechanisms are processes for systematically receiving, investigating and responding to community complaints at an operational level. When carefully designed, properly implemented and embedded in an effective community engagement programme, they provide significant benefits to both companies and communities.

The business case

A well-functioning grievance mechanism:

- demonstrates a company's willingness to take community concerns seriously, thereby contributing to better relationships with stakeholders;
- promotes early identification and resolution of concerns, leading to better management of operational impacts and the avoidance of potential harm;
- reduces the potential for complaints to escalate into litigation, protests, security incidents, or regulatory challenges that could result in project delays or production deferments;
- improves alignment with international standards and external expectations; and
- facilitates a learning culture in which trends and patterns can be analysed to drive continuous improvement in performance.

Operational-level grievance mechanisms and the UN Guiding Principles on Business and Human Rights

The question of how companies should respond to grievances raised by affected individuals and communities was addressed by the mandate of the UN Secretary General's Special Representative on Business and Human Rights, John Ruggie. In his 2008 report, 'Protect, Respect and Remedy', Ruggie proposed a framework for business and human rights based on three pillars:

1. the state duty to protect against human rights abuse;
2. the corporate responsibility to respect human rights; and
3. access to effective remedies for affected people.

The latter pillar consists of state-based judicial and non-judicial mechanisms, and non-state mechanisms, including operational-level grievance mechanisms offered by companies. This framework was subsequently incorporated into the UN Guiding Principles for Business and Human Rights adopted by the UN Human Rights Council in 2011.

According to the Guiding Principles, operational-level grievance mechanisms contribute to the corporate responsibility to respect human rights in two ways. First, they act as a feedback loop on a company's due diligence, enabling it to better understand and manage possible impacts. Second, they provide an opportunity for affected stakeholders to seek early and direct remedy before problems escalate or result in potentially compounded harms.
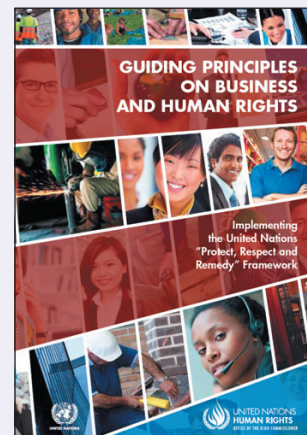
The UN Guiding Principles on Business and Human Rights assign a prominent role to grievance mechanisms under the 'Protect, Respect and Remedy' framework.

Grievance mechanisms and stakeholder engagement

Grievance mechanisms are an integral part of a company's approach to stakeholder engagement. They should not be seen as a stand-alone process or as a substitute for engagement. Rather, they are one element in a mutually reinforcing set of systems and activities.

Stakeholder engagement is designed to involve affected communities in the process of identifying and managing risks and impacts. When engagement is broad, continuous and inclusive, potential sources of concern are addressed at an early stage, helping to prevent complaints from arising in the first place. A grievance mechanism is designed to deal with complaints as and when they arise. But by providing early warning of potential problems, and demonstrating a willingness to deal with concerns promptly and effectively, it contributes to a sense of trust and goodwill that underpins the more proactive aspects of engagement. Good grievance handling supports good engagement and vice-versa. For this reason, experience suggests that the earlier a grievance mechanism is introduced in the project cycle, the better.

The nature of a project's impacts on affected communities strongly influences the design and resourcing of the mechanism. Since a project's exposure to complaints is partly linked to its impacts, the grievance mechanism should be broadly scaled to the level of risk involved from both a company and community perspective. This is particularly important when impacts are severe or complex, for example in projects involving involuntary resettlement, or in settings which may be prone to conflict for other reasons.

Stakeholder engagement, grievance handling and impact management are complementary parts of an interdependent whole. Effective engagement contributes to better impact management, while effective grievance mechanisms, by providing early warning of possible problems, contribute to both. The grievance mechanism encourages feedback from the community, provides an opportunity for the company to respond to questions and concerns and allows both real and perceived impacts to be addressed. Embedding the mechanism within existing management systems has the added benefit of ensuring that it has internal traction and becomes part of the normal way of doing business.

Effectiveness criteria

Effective grievance handling rests on a set of fundamental principles designed to promote the fairness of the process and its outcomes. Whilst different sources offer alternative versions of these principles, the Effectiveness Criteria for non-judicial grievance mechanisms contained in the UN Guiding Principles on Business and Human Rights are broadly accepted as a key international reference.

The Effectiveness Criteria state that operational level grievance mechanisms should be legitimate, accessible, predictable, equitable, transparent,

rights-compatible, dialogue-based and a source of learning. These principles are meant to inform both the design of the mechanism as well as the functioning of the process itself. They are meant to be interpreted and applied in a flexible manner depending on the industry sector and the operating environment. Recognizing the differences that exist between industries, companies and local circumstances, the Effectiveness Criteria describe broad characteristics rather than rigid specifications.

The eight Effectiveness Criteria are summarized below.

1. **Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes.**
   The grievance mechanism should be credible in the eyes of its intended users for people to trust and use it. Users should have confidence that if they lodge a complaint, it will be treated in a fair and objective manner. Both the process and its outcomes are important for establishing trust in the mechanism.

2. **Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access.**
   The mechanism should be known to all affected stakeholders, regardless of language, gender, age, literacy level or socio-economic standing. The company should promote awareness of the mechanism and understanding of its purpose and functioning. The mechanism should be readily accessible, culturally appropriate, and should not impede access to other forms of remedy. The design of the mechanism should take account of potential barriers to access, for example in terms of cost, language, fear of retaliation, as well as the needs of any vulnerable or disadvantaged groups.

3. **Predictable: providing a clear and known procedure with an indicative timeframe for each stage, and clarity on the types of process and outcome available and means of monitoring implementation.**
   A predictable grievance mechanism provides clarity to potential users about how the process works, the timeline for resolving complaints, and the types of outcome available. Predictability also means that the grievance handling process itself operates in a consistent manner.

   Predictability allows users to understand what steps will be followed when they submit a complaint, and provides them with a contact point within the company. It also means

providing clarity about what kind of complaints are in scope of the mechanism and the types of outcome available, as well as how agreed resolutions are followed up and monitored.

A predictable process builds trust. Respecting complainant's concerns, keeping them informed, following up promptly on complaints, and being seen to act consistently are essential to building confidence in the mechanism and the company as a whole.

4. **Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms.**
   The equitability principle refers to the fairness of the process and how it addresses imbalances of power or knowledge that may exist between the company and the complainant.

   Barriers presented by culture, expertise, language, or socio-economic status may mean that stakeholders are, or feel themselves to be, at a disadvantage when it comes to engaging with the company about the way grievances are investigated or resolved. The equitability principle seeks to redress real or perceived imbalances by placing responsibility on the company to help level the playing field. The complainant should have reasonable access to information, advice and expertise necessary to engage in the grievance process on fair and equitable terms. Equitability also implies handling every grievance consistently and with due respect for the complainant, regardless of whether the company considers the issue to be well founded.

5. **Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake.**
   The intent of the transparency principle is to build trust in the grievance mechanism by

keeping complainants informed about the progress of their case, and communicating with user groups about the overall functioning of the mechanism.

Transparency about outcomes does not imply that details of individual grievances should be made public. Rather, the intent is that a company should engage in a dialogue with stakeholders about the functioning and performance of the mechanism. Transparency should also be weighed against other considerations, such as the need to respect confidentiality and avoid exacerbating tensions between different groups.

6. **Rights compatible: ensuring that outcomes and remedies accord with internationally recognized human rights.**

Human rights are an essential foundation upon which any grievance mechanism rests. This applies both to the process itself as well as to the remedies obtained. In other words, a grievance mechanism should promote equitable resolution processes and equitable agreements based on informed decisions. A project-level grievance mechanism is not a substitute for, nor should it undermine, a complainant's right to pursue other judicial or non-judicial avenues of remedy.

7. **Continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.**

Grievance mechanisms contribute to institutional learning by making it possible for the company to identify trends and patterns and take appropriate measures to reduce the risk of recurrences. The more grievances a mechanism handles, the more experience the team managing the process has to understand the root causes of community concerns and how to resolve them. This principle highlights the need to analyse root causes and focus on prevention as opposed to simply managing grievances as they arise.

8. **Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.**

Engagement and dialogue form the foundation of the grievance handing process. This applies to the design of the mechanism as well as the way in which the process operates, from the receipt of a complaint through to investigation, resolution and follow-up.

Engaging with affected communities about the design of the mechanism creates trust and helps to build legitimacy around the process. By building a more responsive process than either of the parties could have achieved on their own, a collaborative approach brings advantages for both the company and community.

Engagement is also the foundation for resolving grievances. Solutions reached through dialogue better meet the interests of the parties than those imposed unilaterally. Open engagement helps the company and affected communities minimize barriers and find acceptable resolutions to the issues identified. Dialogue in itself can be a powerful tool to address grievances, especially when neither side can prove their case, when a complainant simply wants to be heard by the company or when the evidence does not substantiate the complaint.
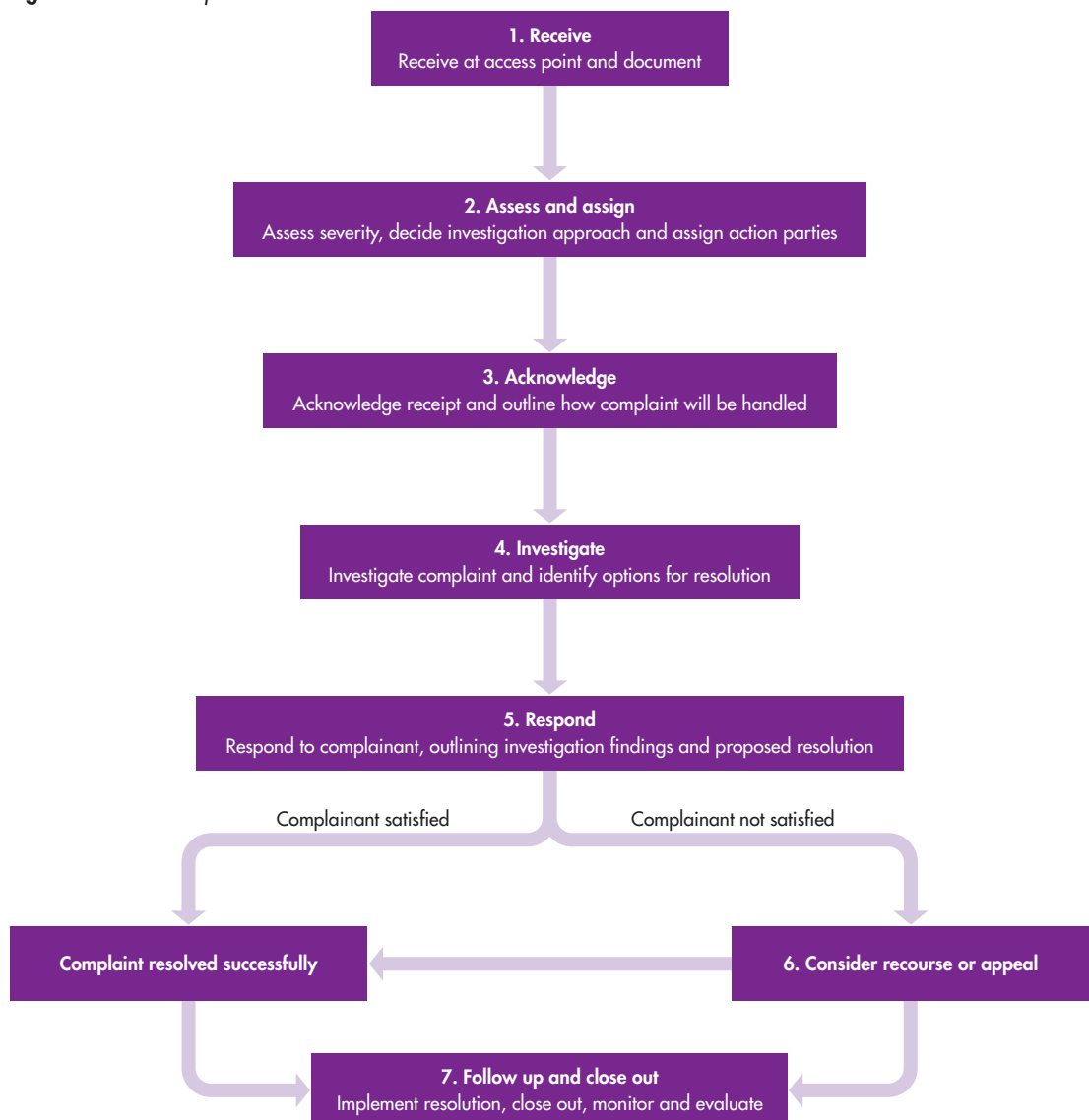
Basic process steps

An effective grievance mechanism is codified in a set of steps and activities that are easy to follow and understand. The exact process for receiving, investigating and resolving grievances may differ from company to company and location to location. Most mechanisms will, however, follow a series of basic process steps. This section reviews the procedural elements common to operational level grievance mechanisms.

The design of the mechanism in terms of its governance and procedural steps provides various opportunities for alignment with the Effectiveness Criteria.

The typical grievance mechanism is characterized by seven basic steps, beginning with the receipt of the complaint and ending with its resolution or close out. These steps are illustrated in Figure 2 and described in further detail below.

Figure 2 *Process steps*

1. Receive
Receive at access point and document

2. Assess and assign
Assess severity, decide investigation approach and assign action parties

3. Acknowledge
Acknowledge receipt and outline how complaint will be handled

4. Investigate
Investigate complaint and identify options for resolution

5. Respond
Respond to complainant, outlining investigation findings and proposed resolution

Complainant satisfied

Complainant not satisfied

Complaint resolved successfully

6. Consider recourse or appeal

7. Follow up and close out
Implement resolution, close out, monitor and evaluate

1. Receive

Affected communities can access the grievance mechanism through any of the various channels available to receive complaints, for example a dedicated telephone number or email address, or a convenient location in the community. Publicizing the access points is part of the company's outreach and awareness building. Trained company staff or authorized third parties accept the grievance and forward it to a central point for registration.

2. Assess and assign

Once logged, a grievance officer conducts a rapid assessment to verify the nature of the grievance. Some companies classify the grievance according to a risk matrix based upon severity. The level of severity can determine who needs to be informed and who manages the case. For example, grievances classified as low or moderate may be handled by a grievance officer whereas grievances ranked as high may be handled by a more senior manager. Building risk criteria into the mechanism helps personnel to identify what action is required to address the grievance in proportion to the impact.

The company unit associated with the problem should also be informed that a complaint has been filed and the grievance officer may need to collect basic information about the situation from their perspective. Often issues that are low severity from the point of view of the complainant and the company can be resolved immediately through a fast track process. Cases that require additional information or investigation should proceed to Step 3.

3. Acknowledge

Upon registration, complainants should receive a timely acknowledgement that their case is registered. Acknowledgement should be communicated in an appropriate manner, such as a letter, telephone call or a copy of the grievance form. The acknowledgement typically includes information about the next steps in the process, timelines and contact details of the grievance officer. This may be done at the time the grievance is received or subsequently.

4. Investigate

Although many complaints can be addressed with a quick response by a grievance officer or other company staff, complaints of a severe or technically complex nature may require more thorough examination. This process begins by seeking to understand the complainant's perception of the issue and what should be done about it. The investigation then proceeds to look into the circumstances of the case, speaking with the parties involved, and conferring with relevant stakeholders. In most companies, the unit associated with the complaint conducts the investigation as it has the technical expertise. The investigation verifies the facts of the complaint from a company perspective and the investigator reports back to the grievance officer. In serious or complex cases, it may be advisable to segregate responsibility for investigating complaints and authorizing remedies from the role of liaison with

the complainant in order to avoid possible conflicts of interest. Throughout this step, it is important to be sensitive to the way in which the complainant experiences the issue, as such an understanding may be just as important to achieving a successful outcome as establishing the facts.

5. Respond

Once the investigation is complete, a provisional proposal should be developed that is reasonable and proportional to the grievance and takes account of any cultural norms. Depending on the outcome of the investigation, the company response, including resolution options, is developed in-house first, especially when the outcome might set a precedent or require a policy decision.

The provisional proposal is prepared and the grievance officer discusses it with the complainant rather than unilaterally announcing the company's verdict. The grievance officer may also indicate other available avenues of remedy. The complainant has the opportunity to accept the proposition, offer an alternative for further

discussion, or reject it or consider another dispute resolution process. The final agreement should be specific, time bound and agreed upon by both parties. If not self-executing, it should include a monitoring plan. If the complaint is found to be unsubstantiated, the grievance officer should explain the reasons and may indicate other possible avenues of remedy.

6. Consider recourse or appeal

The grievance mechanism should incorporate an appeals provision for complaints that cannot be resolved on the first attempt. Such procedures are for exceptional cases and should be required infrequently. Appeals provisions vary widely. Several recourse options are described below:

- Elevate the issue to a review committee composed of senior managers to consider whether additional reasonable actions are appropriate.
- Elevate the issue to a review committee consisting of company and community representatives to consider whether additional reasonable actions are appropriate.

- Propose the use of an independent mediator agreed upon by both the company and the complainant to facilitate further dialogue. A procedure for engaging a mediator should be established at the time the mechanism is designed.
- Involve a trusted, independent external party to assess the grievance and propose an impartial resolution.
- Establish a standing appeals committee jointly with the community. The committee should consist of individuals who enjoy credibility with affected communities and are viewed as impartial by both sides. Such a system should be established at the time the mechanism is designed.

Should the appeals process fail to lead to a mutually acceptable resolution, the complainant should remain free to pursue other avenues of remedy.

7. Follow up and close out

Once a resolution has been agreed or a decision made to close out, the final stage is to implement the resolution, monitor outcomes and close out the grievance. Follow-up also addresses problems that develop during implementation. In some cases, adjustments are necessary to ensure that root causes of complaints are addressed and outcomes are consistent with the spirit of the original agreement. Experience from the follow-up can also be used to further refine the grievance handling process.

Closing out the grievance occurs after the implementation of an agreed resolution has been verified. Parties may be requested to provide feedback about their level of satisfaction with the grievance handling process and the outcome. Even when an agreement is not reached, it is important to close the case, document the results, and request the parties' evaluation of the process and its outcome.

Potential elements of good practice

The existing literature refers to a number of potential elements of good practice in terms of the design and implementation of the grievance mechanism. Whilst many of these elements have yet to be tested systematically within the oil and gas industry, they are indicative of some of the ways in which the intent of the Effectiveness Criteria can be translated into practice.

Table 1 (overleaf) presents a compilation of these suggested good practices, indicating how they contribute to aligning the mechanism with the intent of the Effectiveness Criteria. This list is neither exhaustive nor prescriptive.

Table 1 *Potential elements of good practice*

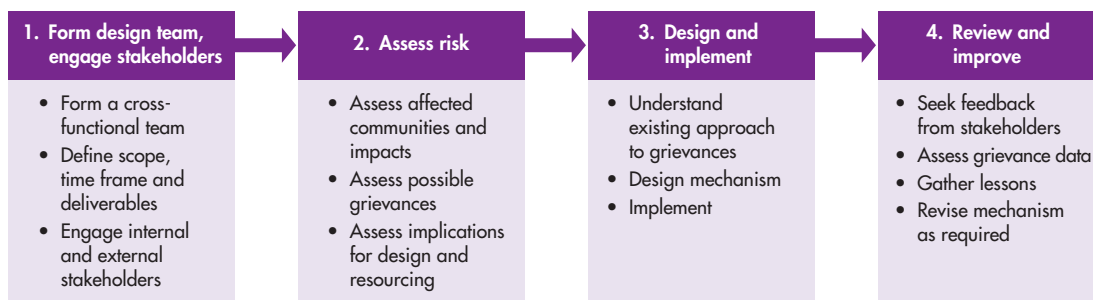| No.	Potential elements	Legitimate	Accessible	Predictable	Equitable	Transparent	Rights compatible	Dialogue based	Continuous learning
1	Impose as few restrictions as possible on types of issue that can be raised under the grievance mechanism	✓	✓						
2	Allow the complainant to pursue other avenues of remedy if an agreed solution cannot be reached	✓	✓		✓		✓		
3	Respect the confidentiality of all parties to the grievance handling process	✓			✓		✓		
4	Take steps to protect parties to the grievance handing process from retaliation	✓	✓		✓		✓		
5	Allow anonymous complaints where permitted by law	✓	✓		✓				
6	Take steps to prevent conflicts of interest within the grievance handing process	✓			✓				
7	Scale the grievance mechanism to risks and impacts on affected communities	✓	✓	✓	✓			✓	
8	Engage stakeholders in the design of the mechanism	✓			✓			✓	
9	Take active steps to make the grievance mechanism as accessible to affected communities as possible. Examples: • Publicize the existence of the mechanism widely (for example via community meetings, local media, leaflets, websites) • Provide multiple points of access • Use community-based organizations as a possible point of access • Ensure access points are convenient in terms of location and hours of availability • Ensure information about the mechanism is available in relevant local languages		✓	✓		✓			
10	Communicate how the process works, as well as the timelines for handing a grievance and types of resolution available		✓	✓		✓	✓		
11	Acknowledge receipt of complaints and provide regular status updates, for example by letter, telephone or email			✓		✓		✓	
12	Put tracking systems in place for logging grievances and monitoring actions			✓					
13	Take steps to build confidence in the fact-finding process. Examples: • Meet face to face with complainants • Meet in the complainant's home • Allow complainants to be accompanied by a friend or family member • Use independent third parties as technical experts or facilitators					✓		✓	
14	Verify that outcomes are consistent with human rights						✓		
15	Provide appropriate training to staff and contractors on dealing with grievances	✓	✓	✓	✓			✓	✓
16	Seek feedback on the functioning of the mechanism. Examples: • Community surveys • Satisfaction surveys of previous complainants • Community meetings	✓			✓				✓
17	Report to affected communities on the performance of the mechanism. Examples: • Provide feedback on typical cases and outcomes • Provide indicative data on number and type of grievances received					✓		✓	✓
18	Analyse data on grievances and lessons learned to inform changes in policy or practice that can help prevent recurrences							✓	✓
19	Have an assurance process to ensure the proper functioning of the mechanism	✓		✓			✓		✓

Section 2:

Design and implementation

This section explores the process of designing and implementing an operational level grievance mechanism.

Design and implementation

Figure 3 *Design and implementation*

1. Form design team, engage stakeholders	2. Assess risk	3. Design and implement	4. Review and improve
• Form a cross-functional team • Define scope, time frame and deliverables • Engage internal and external stakeholders	• Assess affected communities and impacts • Assess possible grievances • Assess implications for design and resourcing	• Understand existing approach to grievances • Design mechanism • Implement	• Seek feedback from stakeholders • Assess grievance data • Gather lessons • Revise mechanism as required

Current practice highlights four basic steps for companies to follow in developing an effective mechanism, as indicated in Figure 3. These steps are discussed in further detail below.

Step 1: Form design team and engage stakeholders

The first step in establishing a grievance mechanism is to form a design team. The team will be responsible for designing and implementing the mechanism and promoting it inside and outside the company.

Since incoming grievances may raise issues that cut across internal boundaries or involve interfaces with existing systems, it is desirable for the design team to be cross-functional in composition. A typical team might be composed of representatives of Community Relations, Human Resources, Health, Safety & Environment (HSE), Security and Legal. It should operate under a senior management sponsor to guide the process and ensure internal backing.

Once assembled, the team should agree on a scope of work, roles and responsibilities, a timeline for implementation and any resource requirements. To develop a preliminary plan, the team should consult with internal and external stakeholders to get their feedback. Internal stakeholders may include company functions, owners of existing

complaint handling processes, business managers, joint venture partners and contractors. External stakeholders will vary depending on the environment but could include community groups, civil society, NGOs, traditional leaders, local government, representatives of indigenous groups, or representatives of any vulnerable or marginalized groups.

Involving external stakeholders in the design of the mechanism can make it more responsive to local needs and improve its effectiveness. Meaningful engagement promotes a sense of ownership and respect for the mechanism, and encourages local people to use the process. When the company-community relationship is tense, consultation about the grievance mechanism is likely to be more complex. Equally, however, it may also represent an opening for constructive engagement.

Step 2: Assess risk

An early task for the design team is to conduct a risk assessment to evaluate the nature and frequency of expected complaints. The results of this assessment will be used to guide important decisions about the design of the mechanism, its resourcing and how stakeholders are engaged in the process.

The risk assessment should consider the full range of factors that could affect the pattern of complaints and the effort required to address them. These may include the footprint of the operation, its impacts, the size and make-up of affected communities, the legacy of any previous industrial activity, and levels of trust in the government and the company. It may also be relevant to consider how the complaint profile could vary over the project life cycle.

The design team should also consider the traditional ways in which disputes are resolved, the local dispute resolution culture, and available resources. For example, some companies have been able to incorporate dispute resolution resources, such as an ombudsman or a community-based conflict resolution service, into the mechanism.

Mapping the operation's complaints profile helps to inform decisions about how to scale the mechanism, improve accessibility and trust, and determine the resources needed to implement effectively.

Step 3: Design and implement

Based on the risk assessment and initial engagement with stakeholders, the design phase ties the various elements of the mechanism together. The following steps comprise a basic framework for designing the mechanism:

- **Scale to risk and impact:** the scale of the grievance mechanism should be determined during the risk assessment phase based on the volume and types of grievances expected. The assessment should inform subsequent decisions about design and resourcing.
- **Define the scope of grievances accepted:** the design team determines the range of grievances that will be accepted and identifies those that fall outside its scope. The criteria for acceptance should be broad and flexible in order to accommodate as wide a range of grievances as possible. Grievances based on perception as well as fact should be included.
- **Understand existing approaches to complaint handling:** most companies already have a formal or informal system for dealing with community complaints. Understanding the existing approach and building on what works is a starting point for designing a new mechanism. As grievances may cut across internal boundaries or pertain to issues for which an established procedure already exists, the team may also need to map any interfaces with existing processes.
- **Identify access points and methods:** different individuals and groups may prefer to use different channels to express a concern or grievance. Multiple receiving methods should be accommodated to promote access. Access points should be culturally appropriate and take account of all potential users, including marginalized or vulnerable groups.
- **Develop the management framework:** the final step in the design process is to develop the management framework for the grievance mechanism. The elements of this framework, which include an enabling policy, standard operating procedure, personnel, training, supporting systems and resources are discussed in the following section. It may also be useful to incorporate potential elements of good practice summarized in Table 1 (see page 14).
- **Launch the mechanism:** the launch of the mechanism is an important opportunity to build credibility and demonstrate the company's commitment to addressing complaints in a professional manner. Prior to launch, it is important to train staff and contractors and verify that access points are fully functional. The design team should put in place a communication and outreach strategy so that employees, contractors and the community know about the mechanism. Where stakeholders were engaged as part of the design phase, community members and civil society groups will

be aware of the process and can help to answer questions and build awareness.

Once the system is developed, communicated and officially launched, the grievance mechanism is ready for implementation.

Step 4: Review and improve

Driving continuous improvement in business performance through a process of learning from complaints is one of the most important functions of the grievance mechanism.

The purpose of learning from complaints is twofold. Firstly, it enables the company to assess the strengths and weaknesses of the grievance mechanism and make adjustments where needed. Second, it helps to identify broader opportunities for improvement in the way the company engages stakeholders and manages impacts.

Monitoring and evaluation

Performance monitoring requires clear standards and criteria. Emerging practice suggests that companies should monitor both quantitative and qualitative indicators, such as the number and type of complaints received, response times and feedback from stakeholders about their satisfaction with the process. Monitoring should be context-specific and embedded in existing systems.

Caution is needed when interpreting data on complaints. When an operation receives few complaints, it may be an indication that impacts are well managed, but it could equally be a warning sign that the grievance mechanism is unknown, inaccessible or not trusted. Similarly, a large number of complaints may indicate unhappiness with the company or, on the contrary, that stakeholders trust the mechanism and have no hesitation in using it. Consequently, the use of trends or a basket of indicators may give a clearer

picture of the company's performance than the absolute number of grievances received.

A review process should be conducted periodically to check the functioning of the grievance mechanism. The review should report on trends in grievances and assess the overall performance of the mechanism. The report should be reviewed by senior management. Adjustments to the mechanism should be approved by management, implemented and shared publicly if appropriate.

Continuous learning

Continuous learning from grievances can be a powerful tool for identifying emerging issues and highlighting broader opportunities for improvement. While a goal of having few or no complaints is unrealistic and can even be counterproductive, systematic learning can help identify actions to reduce the recurrence of complaints and contribute to better overall business performance. Such analysis can also contribute to a 'heat map' analysis of emerging issues and provide early warning of possible problems.

When designing the mechanism, it can be useful to think in advance about the type of data or analysis that will be most valuable to business decision makers so that these can be incorporated into the performance monitoring framework. To ensure learning is integrated into decision making, reports on trends in grievances should be provided regularly to relevant line and functional managers. Learning should also be used to make refinements to the functioning of the mechanism itself.

Communicating performance

Companies are encouraged to communicate with external stakeholders about the overall performance of the grievance handling process. Emerging practice suggests that companies should actively seek feedback on the mechanism from complainants and community stakeholders at large.

Companies should also share information about the functioning of the mechanism, for example in terms of the number and type of complaints received, indicative outcomes, the speed of resolution, and any changes in policy or practice made a result of identified trends. Practice in this area is evolving and varied, with some companies choosing to report publicly on complaints received while others provide more qualitative assessments of performance.

Strategies for enhancing trust

In situations where the relationship between the company and communities is marked by an underlying lack of trust, or where the operating environment is complex for other reasons, it may be appropriate to consider additional measures to enhance access and build trust in the grievance handling process.
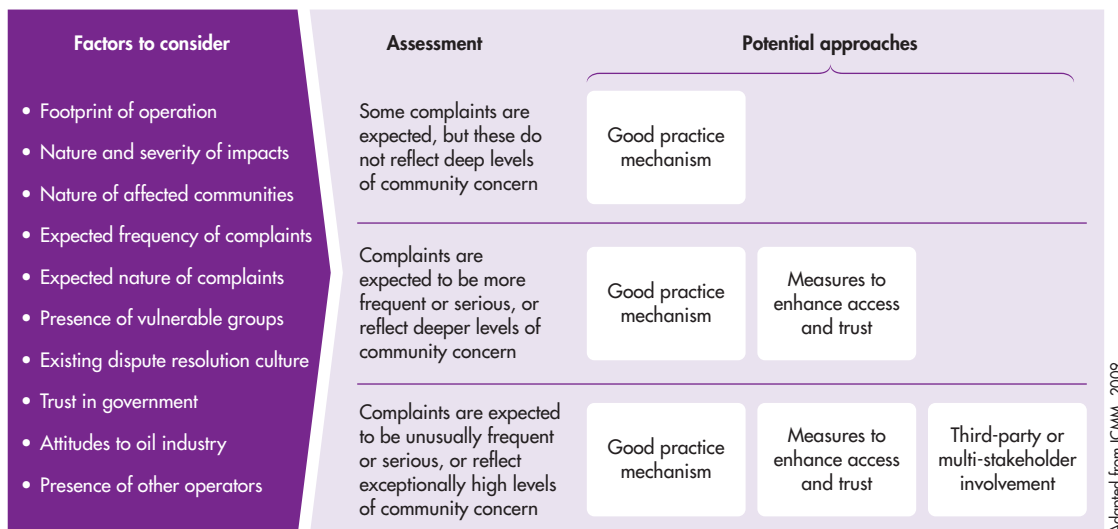
The need for additional accessibility and trust building measures will often be identified as part of the risk assessment conducted at the time the mechanism is established. Figure 4 illustrates a framework for assessing the need for further steps.

Some of the most effective strategies involve the use of participatory approaches to fact finding and decision making, third parties in a mediation or facilitation role or multi-stakeholder bodies. These are discussed below.

Joint fact finding and decision making

An essential part of trust building is the participation of stakeholders in processes that affect their interests. In grievance handling, problems can often be resolved more effectively through

Figure 4 *Assessing the need for trust building measures*

Factors to consider	Assessment	Potential approaches		
• Footprint of operation • Nature and severity of impacts • Nature of affected communities • Expected frequency of complaints • Expected nature of complaints • Presence of vulnerable groups • Existing dispute resolution culture • Trust in government • Attitudes to oil industry • Presence of other operators	Some complaints are expected, but these do not reflect deep levels of community concern	Good practice mechanism		
	Complaints are expected to be more frequent or serious, or reflect deeper levels of community concern	Good practice mechanism	Measures to enhance access and trust	
	Complaints are expected to be unusually frequent or serious, or reflect exceptionally high levels of community concern	Good practice mechanism	Measures to enhance access and trust	Third-party or multi-stakeholder involvement

Adapted from ICMM, 2009

collaborative approaches that involve the stakeholder in the process of finding a solution.

Joint fact finding refers to the practice of involving stakeholders in the process of establishing the underlying facts behind a grievance. Such an approach can take many forms. It can range from the relatively informal, such as inviting the stakeholder to participate in an aspect of the investigation, to the more formal, such as forming a joint team of company and community representatives to look into an issue. Collaborative approaches do not preclude the company carrying out its own investigations and reaching its own conclusions. But by involving stakeholders in the process of establishing the facts, the resulting information may have more credibility than if the company is seen to reach the same conclusions on its own.

Joint decision making is a process where the company and the community mutually decide on the resolution of a grievance. This approach may be appropriate in settings where community members show a strong preference for collective approaches to problem solving, or where the issues involved are particularly complex. Joint decision-making structures take many forms, from informal consultations with community leaders to standing bodies composed of

a mix of company and community representatives. Such an approach may be useful when the credibility of the decision making process itself is a crucial factor in the acceptance of outcomes.

The use of third parties

Although existing guidance highlights the role of third parties in grievance resolution, companies are sometimes unclear about how to involve external experts. Third parties can serve as facilitators, access points for the mechanism, technical experts, co-investigators, mediators, appeals assessors or oversight panel members. Some companies have also engaged third parties to provide independent monitoring of the grievance mechanism on a regular basis.

Academic bodies, state agencies such as a local ombudsman, non-profit organizations, and networks of individuals are all examples of third parties that have played a role in operational level mechanisms. The community and the company should be able to trust the third party to be impartial and to act in the common interest. Using a third party at appropriate times in the grievance process can lead to an acceptable resolution and help the company fulfil its broader responsibilities.

Use of multi-stakeholder bodies

Multi-stakeholder bodies may be a useful framework for addressing grievances in situations where the issues are complex or touch upon multiple interests. Such bodies can play various roles in the grievance handling process, from serving as a forum for communicating about the functioning of the mechanism to playing a more direct role in the process. Although multi-stakeholder bodies require significant effort to establish and maintain, they are often valuable for creating a space in which the interests of various parties to an issue can be reconciled.

Section 3:

Management framework

For a grievance mechanism to be effective it should be fully integrated into a company's existing management framework. This section extracts highlights from the literature to illustrate some of the ways grievance mechanisms can be incorporated into company management systems.

Management framework

Grievance mechanisms should be considered an integral part of a company's broader approach to stakeholder engagement. They also interact with other management processes for health, safety, security, environment and social performance. Because the management of these processes differs from company to company, the way in which grievance mechanisms are embedded in this framework will vary as well.

In terms of the way a company receives, investigates and follows up complaints, a grievance mechanism is fundamentally a business process. As such, it requires a management framework consisting of an enabling policy or standard, standard operating procedures, qualified personnel with well-defined roles and responsibilities, appropriate resources and an assurance process. Less tangible but just as important is management commitment and a company culture of responsiveness towards dealing with complaints.

These elements of a management framework for grievance mechanisms are illustrated in Figure 5. Each element is discussed below.

Policy or standard

At the highest level, a grievance mechanism should be governed by an enabling policy or standard. This may take the form of a stand-alone policy or a commitment incorporated in existing policies on stakeholder engagement or social performance. Depending on the company's approach, the policy may also specify the situations in which a requirement applies and the managers responsible for its implementation.

Standard operating procedure

At an operating level, the grievance mechanism should be managed in accordance with a standard operating procedure which sets out the detailed steps to be followed when dealing with complaints. The content of the procedure will vary from company to company but typically includes such basic elements as the objectives of the process, its scope, the roles and responsibilities of staff and contractors, the process steps to be followed and types of performance data to be monitored.

Figure 5 *Management framework for grievance mechanisms*
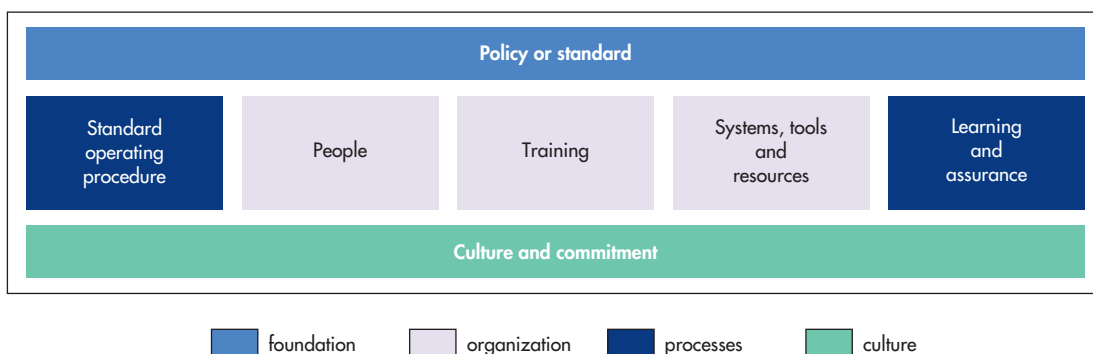
People

Implementing the grievance mechanism requires qualified staff with clearly defined roles and responsibilities.

The workflow for handing a grievance typically involves several distinct roles: liaising with complainants; investigating concerns; implementing resolutions; and exercising custodianship over the process itself. These roles may be played by different managers depending on the company, with the precise allocation of roles and responsibilities being made at the time the grievance mechanism is designed. When assigning roles and responsibilities, it is also important to consider the role of contractors or third parties and how they will interact with the process.

Whatever approach the company adopts, roles and responsibilities in the grievance handing process should be incorporated in relevant job descriptions and performance objectives.

Training

Staff or contractors who have a role in the grievance handling process may require training in order to perform their job effectively. During the process of designing the mechanism, the company should identify personnel who will have a role in the process and the type of training required for them to perform effectively. For community liaison staff, this could include training in basic conflict resolution and grievance handling skills. Staff involved in investigating grievances may require training in investigative methodologies and engagement skills. For other staff or contractors with community facing roles, an awareness session on the mechanism and how it works is appropriate.

Systems, tools and resources

Effective grievance mechanisms often require supporting tools and systems to enable them to function efficiently.

One of the most important is an information management system for tracking grievances. These systems vary widely in terms of functionality, cost and the degree to which they integrate with existing systems. The most sophisticated are designed to fully automate the grievance handling process by allowing the company to register grievances, monitor their status, provide notification of overdue actions and generate reports. Other systems are more modest, and are limited to capturing basic data on a complaint. Whatever option is chosen, such systems must comply with applicable data protection laws.

Various resources will be required to implement the grievance handling process. These may include resources for dedicated personnel, training, external communications material, consultants, the use of neutral third parties as facilitators or mediators, and any costs associated with the process of investigating and resolving individual grievances. These costs should be included in the relevant budget planning process.
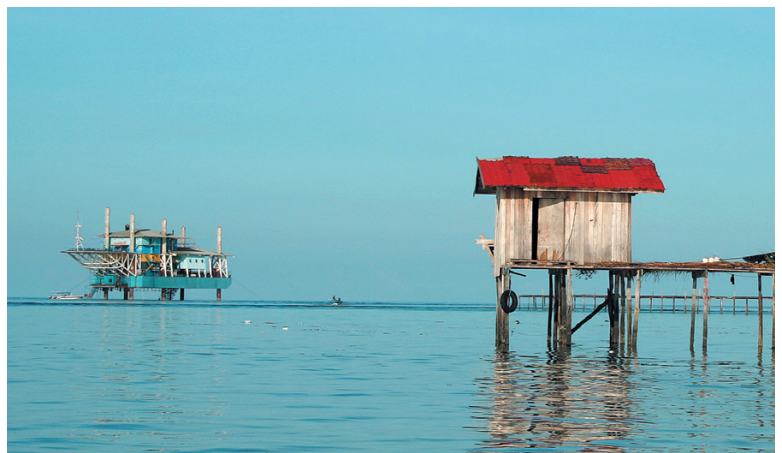
Assurance

As with other business processes, grievance mechanisms may be subject to periodic internal assurance to ensure that appropriate controls are in place and that the process is functioning in line with established policy. Where the grievance mechanism has been incorporated into an existing company policy framework, it will usually be subject to the assurance regime relevant to that framework.

Culture and commitment

The best policies, procedures, people and systems will not enable a company to deal effectively with grievances if the leadership and internal culture are not supportive. This requires that the business case for grievance mechanisms be widely communicated and understood throughout the organization. The fact that grievances often cut across internal boundaries or require multidisciplinary responses underscores the importance of senior managers setting the tone and encouraging a culture in which everyone is responsible for complaints. It is important for managers to communicate these expectations clearly to both staff and contractors.

Resources and further reading

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Acknowledgements

IPIECA

IPIECA is the global oil and gas industry association for environmental and social issues. It develops, shares and promotes good practices and knowledge to help the industry improve its environmental and social performance, and is the industry's principal channel of communication with the United Nations.

Through its member-led working groups and executive leadership, IPIECA brings together the collective expertise of oil and gas companies and associations. Its unique position within the industry enables its members to respond effectively to key environmental and social issues.

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