



Participant Workbook

MODULE 3: Communication and Stakeholder Engagement

MODULE 3: Communication and Stakeholder Engagement		Time in minutes
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2	How important is internal communication?	40
1.2. Stakeholder engagement		
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1.1 Internal Communication

1. Who must a company have to communicate to internally when setting up a due diligence program?

Read the following case study and draw an illustration of all the people that Sean should be talking to inside his company. Make sure that you draw arrows between those stakeholders that will be talking, taking into consideration the direction that the arrow goes toward (unilateral or bilateral communication).

All in One Co. is a large retailer based in the United Kingdom. The company sells clothing, accessories, food and home products via retail outlets. They have an annual revenue of £ 11 billion: 60 percent (food), 30 percent (clothing and accessories) and 10 percent (home products). They source from over 80 countries and have a social compliance team of 50 people based in various countries.

In the U.K., the Modern Slavery Act passed in 2015 obligates businesses with annual turnover of £36 million or higher to disclose the steps they take to tackle slavery in their supply chains under the Transparency in Supply Chains Provision (TISC).

Sean has just been hired as CSR Director and has been asked by the CEO to turn All in One Co. into a leader in the human rights field, as he thinks that his clients are inclined to consider due diligence in HR as a competitive advantage.

All in One Co. has visibility into tiers 1- 2 and, in few cases, back to the farms. Sean knows that the company has no contractual relationships with these farms for commodities (cashew, cocoa, sugar cane, cotton, etc.), used in their retail products.

In three of their sourcing countries (Indonesia, Nigeria, Pakistan), three different reports by different campaign groups SumatraWatch, UKWatch, LEAN NGO (fictitious names) indicate the presence of migrant labor, child labor, and forced labor in palm oil, cashew and cotton production.

Sean does not know if any of the farms identified in the report are within their supply chain and does not know if the claims made in the reports are true.

2. How important is internal communication?

Read these extracts taken from Nestlé's HQ Assessment Report:

The CSR commitments made by the Nestlé are applied throughout the company and are supported by the senior management. These are communicated internally to all staff. In addition, some employees are directly involved in operationalizing these commitments. This staffs are made aware through internal trainings and capacity building programs. For example, Nestlé conducts training of employees in charge of purchasing. All strategic buyers (internal staff of Nestlé who are involved in procurement) worldwide have to pass "Strategic Driving License" training, which included a formal training chapter on the Supplier Code and its verification through the Responsible Sourcing Program.

Nestlé's internal staff bonuses (part of salary) are based on them fulfilling the Responsible Sourcing (CSR) targets. In some cases, up to 20 percent of the remuneration of Nestlé staff is based on responsible sourcing that includes human rights. This displays a high level of integration of human rights agenda in the job description of internal staff.

Reorganization at the headquarters as described in the interview with the Nestlé staff demonstrates that the social/environment issues are increasingly becoming more important in the supply chain:

- One independent Board Member is reported to be responsible for maintaining an oversight of the CSR issues within the board.
- A new task force is established within Nestlé to manage human rights including prevention of child labor and members of three different committees will now be merged into one for working on crosscutting issues.
- Additionally, a named business unit (Responsible /Sustainability Sourcing Team) has overall management responsibility and management of the situation at the local level in collaboration with the markets (country operations).
- For each high-risk commodity, a report is presented to the board periodically.

Nestlé in 2016 is in the process of recruiting seven additional people for the Sustainability Sourcing Team and twelve full time individuals are now dedicated to responsible sourcing, responsible for specific countries and commodities. In Turkey and hazelnuts, a Responsible Sourcing Coordinator based in the Nestlé Turkey office, provides support. A new full-time person will be recruited in Vevey who will be responsible (50 percent for hazelnuts and 50 percent for Vanilla) for managing all efforts in Turkey. In 2017, Nestlé is planning to deploy responsible sourcing in Italy, Georgia, and Russia for hazelnuts.

According to the interviews at the headquarter level, the head quarter-based management is well aware of the situation in Turkey and the root causes of forced labor and child labor. Nestlé has made several public commitments around abolition of child labor in its supply chain. With respect to forced labor, Nestlé reported that even though they are aware of certain indicators that may amount to forced labor such as commission taken by the labor contractor, transportation provided by the labor contractors, lack of contractors and proper documents—these indicators are not presented as forced labor to its suppliers and no public commitments for hazelnut has been made so far.

Based on the example above, can you answer the following questions within your group? You may use Nestlé's examples to answer the questions or simply use the examples as inspiration to think of further actions that can be taken by a company.

1. How can cooperation be promoted between internal CSR staff and sourcing/procurement staff?
2. How can we ensure that sourcing/procurement and CSR are aligned?
3. How can sourcing/procurement and CSR teams obtain timely and high-quality data about their suppliers?
4. How can all parties understand each other's business requirements and challenges?

3. What stakeholders should I engage with as part of my human right due diligence program?

Come up with a list of possible stakeholders whom you might need to engage when dealing in supply chain due diligence.

Which of these stakeholders are internal? Which ones external?

Which are close to the business and which more distant?

Which are more vocal and powerful and which more vulnerable?

Which can be organized and represented by other individuals and which have no formal structure?

4. What are the benefits of stakeholder engagement?

Individually rate the following statements as "always, sometimes, never":

Stakeholder engagement can:	Always	Sometimes	Never
Lead to more equitable and sustainable social development by giving those who have a right to be heard the opportunity to be considered in decision-making processes.			
Enable better management of risk and reputation.			
Allow for the pooling of resources (knowledge, people, money and technology) to solve problems and reach objectives that cannot be reached by single organizations.			
Enable understanding of the complex business environment, including market developments and identification of new strategic opportunities.			
Enable corporations to learn from stakeholders, resulting in product and process improvements.			
Inform, educate and influence stakeholders and the business environment to improve their decision making and actions that impact on the company and on society.			
Build trust between a company and its stakeholders.			

5. Can I draw up a stakeholder engagement strategy?

Your stakeholder engagement strategy needs to define the following elements:

- Objectives of the engagement
- With whom to engage
- On what issues to engage
- When to engage
- How the engagement is going to happen

Which of these elements do you think is harder to define?

Where might the challenges lie?

Do you think the strategy is something dynamic or static?

Do you already have a stakeholder engagement strategy?

6. What is stakeholder mapping?

Stakeholder mapping involves three steps:

- a. Identifying stakeholders
- b. Profiling stakeholders
- c. Prioritizing stakeholders

What do we need to do first? Mapping or profiling or prioritizing?

Whom should we involve in each step?

How often should we do these exercises?

What tools could we use for each of these steps?

Are you currently involved in any of these steps?

What challenges do you think you could find in each step?

7. How can I map stakeholders?

Read the case study below and identify all stakeholders that are or could be involved in the case.

Sweeties Co., a large food and beverage company sourcing sugar cane from India for both domestic and export products, has been accused of farmer suicides in the village of Vibhadra in the southwest state of Maharashtra. The company sources sugar from large and small private and publicly held sugar mills. These mills in turn buy sugar cane from large plantations but also hundreds of small-holder farmers who often organize into groups. Since the sugar cane sector is highly regulated by the Ministry of Agriculture with frequent inspections by the Ministry of Labor, any intervention by the company needs to incorporate the feedback from the ministries but also from the farmers and workers directly.

This particular issue was highlighted by a famous rural journalist P. Sainath; since he published his report, several regional and national NGOs have taken up the issue and it has also gained substantial attention from the Farmer Federation of India, the Suarmill Association of India, and recently the Government of Maharashtra, which has waived all debts of sugar cane farmers. But the issue is far from being over.

8. Can I profile my stakeholders?

Create a template with your group to include the information that would be useful when profiling stakeholders.

9. How do I prioritize who to work with?

Remember the stakeholder map that you created in Activity 6? It's time to use it again!

List the 10 top stakeholders in each quadrant, depending on their level of expertise and willingness to engage.

(Yes, this is a hypothetical exercise; we would need to go to India and talk to each stakeholder to be able to do this exercise... but let's pretend.

High expertise Low willingness	High expertise High willingness
Low expertise Low willingness	Low expertise High willingness

10. How does engagement happen?

Take the table below and describe different levels of engagement by identifying:

- the objective
- the type of communication (for example if it's one way or two way)
- the nature of the relationship (ad hoc, short term, long term)
- examples of actions (writing emails, hosting a conference, engaging in focus groups, etc.)

Level of engagement	Objective	Type of communication	Nature of relationship	Action examples
No engagement				
Monitor				
Inform				
Consult				
Involve				
Collaborate				
Empower				

11. What could be the greatest challenges when engaging with stakeholders?

What three challenges could you face when engaging with stakeholders? What actions could you put in place in order to mitigate or overcome these challenges?

Challenges	Mitigating measures
1	
2	
3	

12. Should we engage directly with children?

What tips could we give people who are interviewing children?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Do you think gender and age should be taken into consideration when engaging with children?

At what time of the day would you talk to them?

How could you win rapport or create a safe talking environment?

What would you do to ensure trust?

Worker engagement

13. Why should workers be involved in improving their labor conditions?

Come up with a list of the benefits of engaging workers in improving working conditions.

The benefits of having workers involved in improving labor conditions on:	
Workers	1
	2
	3
Employers/farmers	1
	2
	3
The community	1
	2
	3
Local organizations	1
	2
	3

14. How can I communicate labor standards to workers in the supply chain?

Brain-writing template		
The challenge: "How could I engage workers in learning about their rights?"		

Key learning points

- Internal communication is essential in a due diligence program.
- Human rights need to be integrated in the company, and for integration to happen, communication needs to be bidirectional and fluid.
- There needs to be constant communication between the HQ and regional offices so that the HQ can take into account the regional context while defining policies and can facilitate the process for people in the regions with resource allocation etc.
- A stakeholder is “any individual who may affect or be affected by an organization’s activities.”
- An affected person or group is defined as “an individual whose human rights have been affected by an enterprise’s operations, products or services.”
- A human rights due diligence approach requires that companies pay specific attention to and engage the affected groups, in particular the more vulnerable amongst them.
- Both internal and external stakeholder should be involved in the human rights due diligence process.

How to identify our stakeholders: (significant steps)—Extracts from FLA CSO Engagement Guidance:

1. Interest
 2. Strategic prioritization
 3. Stakeholder who are affected by the issue
 4. Cultural appropriateness
 5. Inclusive approach to engagement-gender focused, indigenous community, etc.
- Due diligence “should...involve meaningful consultation with potentially affected groups and other relevant stakeholders.”
 - Meaningful stakeholder engagement is particularly essential in a business’ efforts to meet its corporate responsibility to respect human rights.
 - Engagement entails that those that are affected by the company’s activities are regularly consulted to ensure their rights and perspective is taken into account when making business decisions and/or designing company policies and procedures.
 - Business can benefit from collaborating with NGOS, governments, labor organizations and other stakeholders.
 - Stakeholder engagement allows for complex issues to be address very practically.
 - To define a stakeholder strategy, it is essential to determine the objectives of such engagement, identify who should be in such a process, what issues should be brought to the table, when such engagements should take place, how they will be materialized.
 - Engagement needs to happen early and have a long-term perspective.
 - Companies show their concern and interest by having a clear and long-term stakeholder engagement strategy, especially on those issues that affect society and a community at large.
 - Stakeholder engagement takes time and resources.
 - It raises expectations.
 - Getting the right stakeholders at the table and all at the same page is essential.
- Engagement processes differ based on various factors- geography, topography, socio-cultural scenario, bringing the regional perspective- challenge (e.g., in Europe, engagement

might mean policy development and public debate, whereas in South Asia it might mean capacity development of stakeholders).

- Stakeholder mapping is a collaborative process of research, debate, and discussion that draws from multiple perspectives to determine a key list of stakeholders across the entire stakeholder spectrum.
- Profiling is an important step to understanding who your key stakeholders are, where they come from, and what they are looking for in relationship to your business.
- Stakeholders come with issues.
- There is no standard list of stakeholders and the stakeholders change over time depending on the issues that need to be addressed.
- Who is the affected party and who is affecting them, may depend on supply chain structure, country of operation, regional context, the issue itself.
- Within an organization (or your company), it is good to do this exercise with a cross-functional team who bring different perspectives, have prior knowledge and experience in stakeholder engagement. Build on their experiences.
- Expectations, knowledge of different issues, legitimacy, willingness to engage, possible impacts, cultural context, geographical impact, engagement capacity, relationship with other stakeholders are essential information to have.
- There are different forms of stakeholder engagement with different intensity, value and benefit depending on where in the human rights due diligence process a company is, and the purpose of the engagement.
- Various qualitative and quantitative engagement methods can be used such as:
 - Telephone or email, online calls
 - Face-to-face information sessions or interviews and meetings
 - Focus groups discussions
 - Written surveys and correspondence
 - Multi-stakeholder meetings
 - Household verbal surveys for the illiterate, vulnerable population
 - Public meetings
 - Panel discussions
- Different types of challenges will arise when engaging with stakeholders, ranging from lack of trust, lack of capacity, lack of legitimacy, lack of engagement, varied political alignment, competition, etc.
- When engaging directly with children companies should ensure that:
 1. Participation should be voluntary, with informed consent from the child in written or oral form, and from the parents and caregivers.
 2. Consultation topics should have a clear purpose and focus on specific issues that are relevant to children's lives and concerns.
 3. Children's time is precious, and engagements should fit in with their daily routines.
 4. Child rights stakeholders should also be consulted throughout the process.
 5. Companies should rely on expert third-party facilitation, regardless of the chosen approach.

6. Consultations should be part of a wider long-term approach to stakeholder engagement.
7. Child safeguards and confidentiality should be ensured throughout the process.
- Workers' involvement is necessary when we are talking about improving their working conditions.
 - By engaging workers in the improvement of their working conditions they will feel ownership of the process, trust will improve, social dialogue will be promoted, there will be greater transparency in the process and it is likely that motivation increases.
 - This will also lead to the empowerment of workers, where they feel that they are being heard and consulted and are not just treated as an input.
 - Most workers worldwide are not aware of their rights and obligations; therefore, it is unlikely that they will be able to exercise them.
 - There is a need for companies to take an active role to promote that workers know and understand their rights and how they can exercise them.
 - The more engaging the actions, the more effective the learning will be.