

# **ETI Position Statement on Meaningful Stakeholder Engagement (MSE) in HRDD**

## **Background**

Effective human rights due diligence (HRDD) requires genuine dialogue between all those affected and appropriate action taken in response. This need is not new and is enshrined in the overarching soft-law frameworks which guide good practice in business and human rights (BHR).<sup>1</sup> However, historically, many BHR efforts have focused on top-down approaches that fail to significantly engage rightsholders themselves. This means in turn a failure to understand the potential and actual impacts for workers, and what effective actions can be taken to address them.

The specific term ‘meaningful stakeholder engagement’ (MSE) has gained traction because of the welcome importance attributed to it within the EU Corporate Sustainability Due Diligence Directive (CSDDD).<sup>2</sup> ETI is a strong supporter and facilitator of MSE. As a tripartite organisation, ETI has promoted the importance of stakeholder engagement and collective action in all stages of HRDD since its founding in 1998. Engaging with stakeholders is set out in ETI’s HRDD and Progression Frameworks and we have developed guidance for companies on responsible sourcing, social dialogue and the importance of worker centred approaches.<sup>3</sup>

We encourage our members and other companies to strive for good practice in MSE, ensuring both sincere dialogue and effective action in response. It is also crucial to understand the role of MSE within the wider landscape of human rights efforts. While MSE and HRDD can support the respect for human rights in global supply chains, they cannot replace the

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<sup>1</sup> United Nations, Principle 18, UN Guiding Principles on Business and Human Rights (2011). Available at [https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf) and OECD, Guideline 15 (sub-section A), OECD Guidelines for Multinational Enterprises. Available at <https://mneguidelines.oecd.org/mneguidelines/>.

<sup>2</sup> EU Commission, EU Directive on Corporate Sustainability Due Diligence Directive, Recitals 65 (2024). Available at <https://statics.teams.cdn.office.net/evergreen-assets/safelinks/1/atp-safelinks.html>.

<sup>3</sup> Ethical Trading Initiative, Human Rights Due Diligence Framework (2016). Available at <https://www.ethicaltrade.org/insights/issues/human-rights-due-diligence>.

role of other fundamental approaches to advance human rights – including collective bargaining by workers, activism by human rights defenders and advocacy for improved policy and regulation.

## **What is MSE?**

Meaningful stakeholder engagement is part of the HRDD process.

**Meaningful** engagement requires companies to engage with stakeholders in a way that enables genuine two-way dialogue<sup>4</sup> on the issues of greatest importance to human rights and to the stakeholders themselves and, vitally, leads to meaningful action.<sup>5</sup>

Key **stakeholders** can include rightsholders (for example: workers, farmers, fishers, miners and impacted community members); their legitimate representatives (trade unions at all levels, community leaders/representatives and in some cases NGOs); business partners (suppliers, partners and service providers) and governments (local, regional, national).

Forms of **engagement** should be responsive and ongoing and can include, but are not limited to, collecting human rights information, consultation, collaboration and dialogue and negotiation.

An important point to emphasise here is that MSE is key to the effective delivery of each stage of the HRDD process. Identifying actual and potential risks, undertaking mitigating and preventative action, providing remediation and strengthening policies and management systems can only be done effectively through genuine engagement with stakeholders.

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<sup>4</sup> OECD, Guideline 15 (sub-section A), OECD Guidelines for Multinational Enterprises (2023) is available at <https://mneguidelines.oecd.org/mneguidelines/>.

<sup>5</sup> OECD Due Diligence Guidance for RBC (2018). Available at: [https://www.oecd.org/en/publications/oecd-due-diligence-guidance-for-responsible-business-conduct\\_15f5f4b3-en.html](https://www.oecd.org/en/publications/oecd-due-diligence-guidance-for-responsible-business-conduct_15f5f4b3-en.html)

## **ETI points of position**

### **1. *Engaging in ETI as a form of MSE***

Simply being a member of ETI does not 'count' as MSE. However, as a tripartite membership organisation, ETI works to ensure all its sector initiatives and collective action work facilitates meaningful stakeholder engagement. While the nature of this depends on the type and level of intervention, ETI prioritises meaningful engagement of rightsholders and their legitimate representatives in any initiative operating at the site or country level.

### **2. *Ensuring shared responsibility of MSE requirements***

MSE should be undertaken by companies in a way which ensures responsibilities, and the financial requirements of these responsibilities are shared between actors within the supply chain, based on impact, capacity and resources of those actors. Responsibilities should not be pushed along the supply chain or onto suppliers alone.

### **3. *Promoting and supporting freedom of association***

As enabling rights, freedom of association and collective bargaining are key to the advancement of working conditions in international supply chains – allowing workers to advocate for their rights. Promoting these rights through HRDD activity is fundamental to enabling effective and meaningful engagement with workers. As such, any MSE activity should ensure established industrial relations and social dialogue are not undermined. Where a legitimate trade union is established and the company wishes to engage with workers, the trade union as the legitimate representative should be engaged first and foremost. Where a legitimate trade union does not exist, elected worker committees may be able to help represent workers in engagement, but their legitimacy must be determined. Similarly, NGOs and community-based organisations may be able to help in engagement with community members, however, their legitimacy as a proxy representative must also be determined.

#### **4. Acting collectively**

Companies should seek to undertake engagement with key stakeholders through collective action with peer companies where possible. Combining efforts and resources reduces the time required of rightsholders and suppliers, thereby avoiding 'engagement fatigue'. It also creates an opportunity for deeper and more effective engagement. Being a member of ETI can enable companies to undertake collective efforts with their peers and collaborate with key stakeholders such as trade unions and NGOs.

#### **5. Taking a gender and social inclusion lens**

All MSE efforts must take a gender and social inclusion lens, to ensure that MSE efforts do not exclude marginalised rightsholder groups who often face heightened risks of human rights abuse. In some situations, rightsholders may experience multiple and intersecting forms of discrimination, further increasing their vulnerability to rights abuse and to inadvertent impacts of poorly thought through engagements. If marginalised groups are overlooked in the stakeholder engagement process, or engaged inappropriately, solutions to adverse human rights impacts may not be effective and could even put workers in a more vulnerable position.

### **Next steps**

ETI recognises that further guidance is required for members to provide practical advice on how to engage with stakeholders meaningfully.

In partnership with six organisations within the [STITCH consortium](#), ETI is developing a Meaningful Stakeholder Engagement Framework. The framework is designed to be relevant across all sectors and provides key principles that underpin this essential part of HRDD. The framework will be supported by a technical guidance document which is a practical toolkit on integrating MSE within HRDD processes for companies within the apparel and textiles industry.

## Existing and relevant ETI guidance

- [ETI Human Rights Due Diligence Framework](#)
- [FOA and worker representation company guidance](#)
- [Safe Spaces Report](#)
- [Undertaking HRDD in Challenging Contexts](#)
- [ETI Briefing on Social Dialogue](#)

## Frequently Asked Questions

### ***Who are the stakeholders that need to be engaged as part of MSE?***

This will depend on the type of business and supply chain. However, stakeholders can include relevant rightsholders (for example: workers, farmers, fishers, miners and impacted community members); their legitimate representatives (trade unions at all levels, community leaders/representatives and in some cases NGOs); business partners (suppliers, investors, partners and service providers) and governments (local, regional, national).

### ***What do we mean by meaningful?***

As part of the HRDD process, companies should engage with stakeholders in a way that enables genuine two-way dialogue<sup>6</sup> on the issues of greatest importance to human rights and to the stakeholders themselves and, vitally, leads to meaningful action.

Further guidance can be found in our forthcoming MSE Framework developed in partnership with the STITCH consortium, which outlines that for any engagement to be 'meaningful' it needs to fulfil the five key principles of legitimacy, safety, accessibility, equitability and respect.

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<sup>6</sup> OECD, Guideline 15 (sub-section A), OECD Guidelines for Multinational Enterprises (2023) is available at: <https://mneguidelines.oecd.org/mneguidelines/>.

### **Who should 'do' MSE?**

All companies should do MSE as part of the HRDD process, as outlined in the key overarching soft-law instruments guiding BHR such as the [UNGPs and OECD Guidelines](#).<sup>7</sup>

### **At what point in an HRDD cycle do we do MSE?**

Stakeholders and rightsholders should be meaningfully engaged at all stages of the HRDD process. However, different stakeholders may be engaged for the different stages.

Further guidance can be found in our forthcoming MSE Framework developed in partnership with the STITCH consortium, which provides an overview of the HRDD stages and what MSE looks like under each of these.

### **How does MSE relate to the concept of social dialogue?**

The [ILO defines social dialogue](#) to include “all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.”

They explain that social dialogue can consist of relations only between labour and management (or trade unions and employers' organisations), without government involvement. Common forms of social dialogue include workplace cooperation and collective bargaining (within companies and at sector levels).

MSE is broader than social dialogue. Social dialogue focuses on workers as the rightsholders, whereas MSE considers rightsholders more broadly and engages with a wider set of stakeholders. MSE includes social dialogue between workers and employers, but expands the engagement and dialogue to include, for example, impacted community members, informal workers and relevant and *legitimate* civil society and community-based organisations. It is essential that MSE does not in any way undermine or replace established processes of social dialogue and industrial relations. MSE should enable companies to meaningfully engage with other rightsholders and stakeholders who may not be included within

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<sup>7</sup> United Nations Guiding Principles on Business and Human Rights (2011) is available at [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf) and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023) is available at <https://mneguidelines.oecd.org/mneguidelines/>.

established industrial relations – these may include community members, as well as migrant workers, informal workers, and non-governmental organisations and community-based organisations.

### ***How does MSE relate to grievance mechanisms?***

MSE is as relevant to grievance mechanisms as it is other parts of the HRDD cycle.

Grievance mechanisms are critical for the identification and remediation of human rights risks within the workplace. For a grievance mechanism to be effective, rightsholders and other relevant stakeholders need to be engaged in a meaningful way in the design of the grievance mechanism process.

In the implementation of a [grievance](#) mechanism, transparency and ongoing engagement and dialogue with users is required for the mechanism to be effective as outlined in the [UNGP Effectiveness Criteria](#).<sup>8</sup>

### ***What are the common pitfalls or risks that businesses can encounter when attempting MSE?***

When a business undertakes meaningful stakeholder engagement, a common pitfall is that the company focuses almost exclusively on the identification of actual and potential risk stage of HRDD. Whilst engaging with rightsholders and stakeholders is crucial to determining salient human rights risks, action must then be taken on those risks identified to make the exercise truly meaningful. Meaningful stakeholder engagement starts with respect and good faith from both sides, but this is only built through ongoing engagement and action. A failure to act on risks identified, and a lack of transparency around the reasoning for this, can lead to mistrust between stakeholders and companies, jeopardising further engagement.

Other risks that businesses may run into when attempting MSE is to not fully prepare and budget for the true cost of engaging meaningfully and to add to the issue of ‘engagement fatigue’ by failing to act collectively where possible.

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<sup>8</sup> United Nations, UNGP Effectiveness Criteria (2010) available at <https://www.ohchr.org/sites/default/files/Documents/Issues/Business/Accountability-and-Remedy/GRAM-presentation-effectiveness-criteria.pdf>.

### ***Why do we need to consider gender and social inclusion in MSE?***

Companies should pay particular attention to marginalised rightsholder groups who often face a heightened risk of becoming vulnerable to human rights impacts. In some situations, rights-holders may experience multiple and intersecting forms of discrimination, further increasing their vulnerability to human rights abuses. For example, a female worker who is also a migrant may experience compounding discrimination for being both a woman and a migrant. If marginalized groups are overlooked in the stakeholder engagement process, solutions to adverse human rights impacts may not be effective and could even put workers in a more vulnerable position.

### ***What kind of resources does MSE require?***

The resources to undertake stakeholder engagement in a meaningful way need to be assessed and allocated before engagements take place and built into the cost of planning early on. For example, there will be costs involved to ensure that you are reaching all relevant stakeholders and marginalized rightsholders. Addressing accessibility barriers such as language, literacy and location requires adequate resourcing to ensure they are done safely and effectively.

Where possible and appropriate, MSE should be undertaken collaboratively with other companies and organisations, to pool resources, skills and expertise. This may be especially relevant for beyond Tier-1 engagements and when engaging with community groups.

### ***When is preferable to discuss with rightsholders directly, legitimate representatives, or both?***

When engaging rights-holders, companies may first want to engage their legitimate representatives, where possible so as not to overburden and to provide anonymity to individual workers, community members, and other rights-holders. However, it is crucial that companies ensure that they are working with legitimate representatives and proxy representatives (where legitimate representatives do not exist) who genuinely reflect the interests and concerns of the rights-holders they represent. Understanding how proxy representatives have acquired their roles, and in the case of civil society organisations, understanding how they are governed, led, financed,



and the role that rights-holders play in the organisation is critical to understanding their representativeness.

***How do we assess the legitimacy of organisations/representatives?***

Legitimate representatives are individuals and organizations who are selected or elected by rights-holders to represent them and their interests. These representatives must have a clear mandate from the rights-holders to speak and negotiate for them. For example, in the context of labour rights, democratically elected and independent trade unions serve as the legitimate representatives of workers on labour rights issues. For non-unionised workforces and community groups there may be other elected representatives that can act as a proxy representative, such as workplace committees not under the control of the employer or other third parties other than the workers involved, community interlocuters, community-based organisations and NGOs.

Further guidance can be found in our forthcoming MSE Framework developed in partnership with the STITCH consortium, which provides further detailed guidance on assessing the legitimacy of proxy organisations.

***How do we minimise duplication and avoid stakeholder engagement fatigue?***

Ensuring that as much as possible, and where appropriate, engagement is undertaken collectively is key. Collaboration with other companies with the same suppliers and identified stakeholder and rightsholder groups will minimize those groups being approached multiple times by different actors.