Technical Guidance on Meaningful Stakeholder Engagement in Garment, Apparel and Textile Sectors

STITCH

Table of Content

Summary

This Technical Guidance builds on the LASER Principles outlined in the Framework on Meaningful Stakeholder Engagement, adapting them specifically to the global garment, apparel, and textile sector. It provides practical, structured, and actionable guidance to help companies engage effectively with stakeholders across their operations and supply chains.

Section 1: Why is meaningful stakeholder engagement important in the garment sector?
- Sector complexity: Highlights the fragmented and multi-tiered structure of garment supply chains, and the associated challenges.
- Strategic value: Demonstrates how meaningful stakeholder engagement strengthens business resilience, supports responsible sourcing, and mitigates operational and reputational risks.
- International standards alignment: Anchors meaningful stakeholder engagement in key frameworks such as the UN Guiding Principles on Business and Human Rights, OECD Due Diligence Guidance for Responsible Business Conduct (OECD Due Diligence Guidance), and legislation on mandatory human rights due diligence.

Section 2: How to design the stakeholder engagement process
1. **Establish the purpose and objectives** of engagement.
2. **Determine the scope of stakeholder engagement**, including geographical, thematic, and coverage.
3. **Select and prioritise stakeholders** based on legitimacy, representation, and relevance.
4. **Choose the forms of engagement**, from consultations to long-term partnerships.
5. **Conduct the engagement activities** in an inclusive, safe, and rights-respecting way.
6. **Measure and communicate the outcomes**, ensuring feedback loops and accountability.

This section includes practical tools and checklists for:
- Assessing stakeholder legitimacy and leverage.
- Identifying barriers to engagement and potential solutions.
- Enhancing transparency, inclusivity, and feedback mechanisms.

Section 3: When is it important to do stakeholder engagement?
Outlines and provides practical tools for embedding meaningful stakeholder engagement throughout the OECD six-step due diligence process:
1. **Embed** Responsible Business Conduct into policy and management systems.
2. **Identify and assess** actual and potential adverse impacts associated with the enterprise's operations, products, and services.
3. **Cease, prevent, and mitigate** adverse impacts.
4. **Track** implementation and results.
5. **Communicate** how impacts are addressed.
6. **Provide or cooperate in remediation**.

About STITCH

STITCH is a consortium of six organisations - CDI, Cividep, CNV International, Ethical Trading Initiative, Fair Wear Foundation, and Mondiaal FNV (hereinafter 'the Consortium') - united by a shared vision of a global garment, apparel and textile that contributes to an equal and just society by respecting human rights in the world of work.

With deep roots in production countries and a unique combination of trade unions, civil society organisations, and multi-stakeholder initiatives, STITCH brings together grounded, local expertise and international leverage. This makes the consortium uniquely positioned to have published a sector-agnostic Framework on Meaningful Stakeholder Engagement, along with this Technical Guidance for the garment, apparel and textile industry. STITCH's approach centres the voices of garment workers - 75% of whom are women - who are most affected by business practices, and promotes meaningful stakeholder engagement (MSE) as a cornerstone of effective human rights due diligence. Through this Technical Guidance, the Consortium aims to contribute to a future where collective bargaining, living wages, gender equality, and decent work are the norm across the value chain.

Acknowledgements

The Social and Economic Council of the Netherlands (SER) laid an important cornerstone, in defining how to engage in meaningful stakeholder dialogue through their project 'Meaningful stakeholder dialogue in (international) supply chains'. The project provides practical tools and guidance for implementation and was supported, amongst others, by three STITCH Consortium Partners (CNV-I, M-FNV, and Cividep). The collaboration on this project has substantially informed critical parts of the Framework on Meaningful Stakeholder Engagement and this complimentary Technical Guidance. The STITCH Consortium would like to thank Beyond Human Rights Compliance for the organisation's contribution to the development and design of this Technical Guidance.

percentage of garment workers that are women

75%
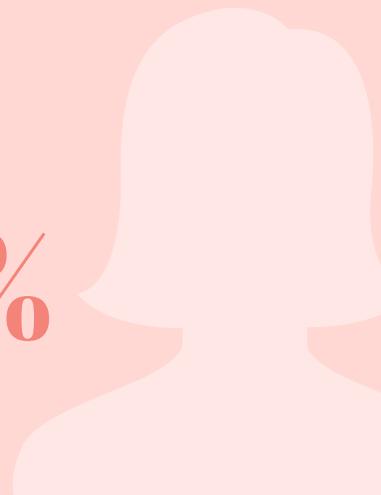
About this Guidance

This Technical Guidance follows the LASER Principles laid out in the Framework on Meaningful Stakeholder Engagement (Framework) for integrating meaningful stakeholder engagement (MSE) into companies' human rights due diligence processes.

The Technical Guidance adapts the Framework specifically to the global garment, apparel, and textile industry (hereinafter 'the garment sector'), focusing on MSE as a critical lever addressing human rights risks and impacts within companies' supply chains. Drawing on the expertise of the Consortium, it provides step-by-step guidance, practical tools, concrete examples and case studies, and tailored recommendations for centring rights-holders and affected communities.

This Technical Guidance emphasises that companies understand that MSE is not a one-time check-the-box exercise. It is a continuous process embedded throughout all stages of the human rights due diligence (HRDD) cycle, and a means to co-create solutions with stakeholders that improve human rights in the world of work.

Notably, this Guidance does not cover a company's own operations (such as headquarters or retail sites) or provides direction on engagement with directly employed staff.

5 principles for meaningful stakeholder engagement

1. Legitimacy
2. Accessibility
3. Safety
4. Equitability
5. Respect
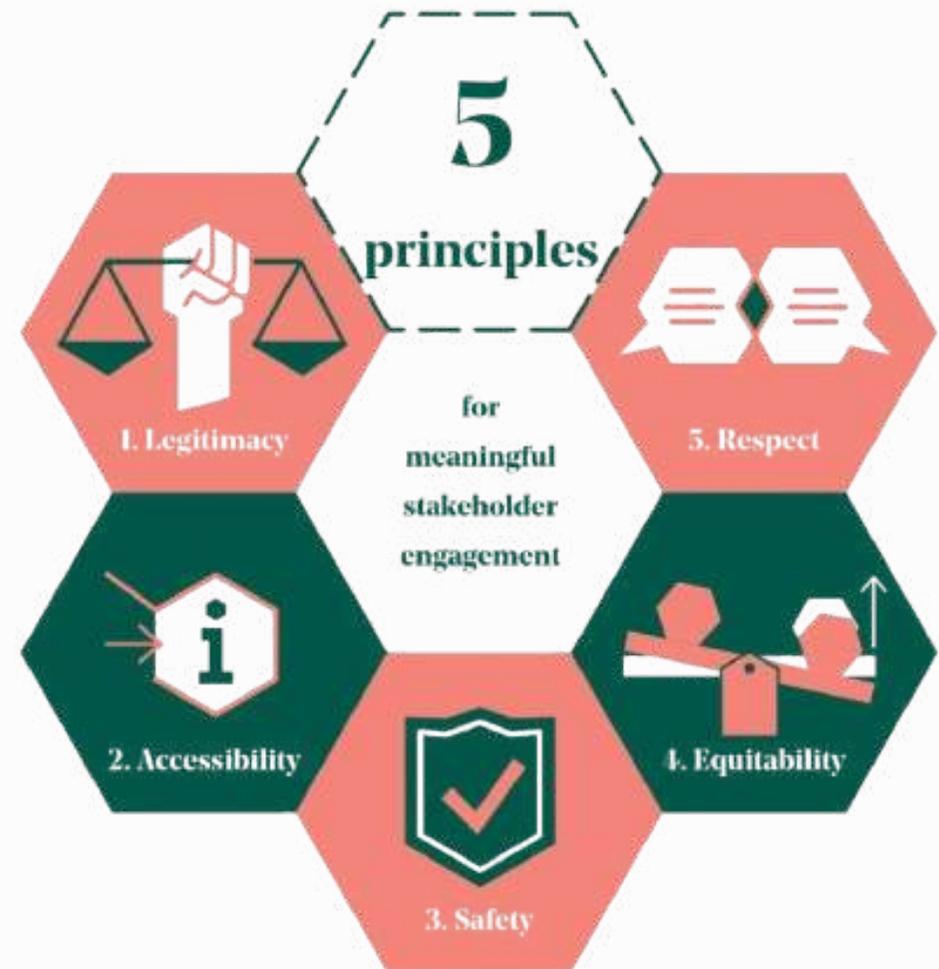
Audience & how to use this Guidance

Companies, irrespective of their size and scope of operations, are ultimately responsible for integrating MSE as a core, ongoing part of their human rights due diligence. This Guidance responds to the growing recognition that top-down, box-ticking approaches fall short in addressing root causes of human and labour rights violations or building trust with workers, communities, and their representatives. It provides shared principles and practical direction to help companies shift from extractive, compliance-driven practices toward genuine dialogue, collaboration, and improved outcomes for rights-holders.

This Guidance may benefit companies at different stages of their due diligence journey, both those just starting out and those with more advanced human rights due diligence (HRDD) processes, by offering practical insights on how to carry out meaningful stakeholder engagement at each step of the ongoing HRDD process.

While tailored for garment sector companies, the Guidance is also relevant for:

▶ **Rights-holders or individuals or groups entitled to rights under law**
To understand what respectful, accessible, and safe engagement entails, and to set expectations when interacting with companies.

▶ **Governments**
As a resource when developing legislation, evaluating corporate engagement practices, or guiding their own stakeholder relations.

▶ **Civil society actors and NGOs**
To assess and strengthen engagement practices, especially when representing or supporting rights-holders.

▶ **Multistakeholder initiatives (MSIs), certification schemes, and industry bodies**
To guide members, promote alignment, and reduce duplication of stakeholder engagement efforts.

▶ **Business partners (suppliers, service providers, subsidiaries)**
To inform their own practices and clarify expectations from clients further along the supply chain.

The Technical Guidance is organised into three main sections which, taken together, support companies in embedding MSE throughout their due diligence processes:

1   **Why is meaningful stakeholder engagement important in the garment sector?**

Examines the unique structural characteristics of the garment sector that make meaningful engagement both essential and challenging. This section discusses common barriers faced by stakeholders, the benefits for companies, and outlines relevant expectations under both soft and hard law.

**2**   **How do I design the stakeholder engagement process?**

Offers practical guidance on planning, executing, and measuring and communicating outcomes of stakeholder engagement. Topics include determining the appropriate scope and scale of engagement, identifying and prioritising stakeholders, assessing barriers to participation, selecting effective forms of engagement, and maintaining ongoing trust-based relationships.

3   **When is it important to do stakeholder engagement?**

Provides advice on how to embed meaningful engagement throughout all six steps of the HRDD process and provides tools and recommendations to support implementation at each stage.

Throughout the Guidance, the below icons are used to signal content that is related to one or more of the LASER Principles for MSE. These visual cues are intended to support the reader in navigating the document and in identifying specific sections that elaborate on each principle in practice.
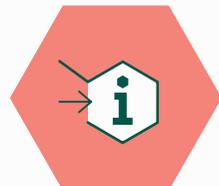
Legitimacy   **Accessibility**   **Safety**   **Equitability**   **Respect**
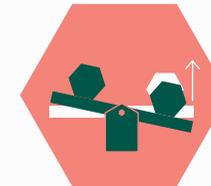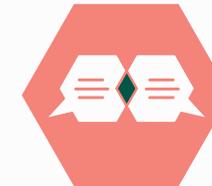
Why is meaningful stakeholder engagement important in the garment sector?
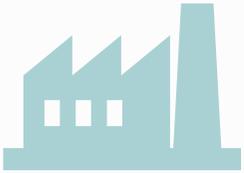
This section explains the structural characteristics of the garment sector that make embedding MSE as part of HRDD both essential and complex. It outlines systemic industry conditions that have historically acted as barriers to MSE, the business resilience benefits for companies, and relevant expectations under soft and hard law. It is important that companies ensure their internal teams understand this context before beginning the MSE process.

Structure of the garment sector

The garment sector forms a vast, globalised industry that employs millions of people around the world.[i] Characterised by complex, multi-level value chains, the industry plays a central role in shaping economic development in many countries, and at the same time also faces widespread and persistent human and labour rights challenges.[ii] These include poverty wages, poor occupational health and safety, gender-based discrimination, limited freedom of association, and inadequate legal and social protections.[iii]

The sector operates throughout an extensive network of globally dispersed supply chains, which can be broken down into various tiers, each associated with different functions and relevant actors. The main steps in the production process of the textile and garment sector are raw material processing or production (Tier 4), intermediate material processing (Tier 3), material manufacturing (Tier 2), and final product assembly (Tier 1).

TIER 4

RAW MATERIAL PROCESSING OR PRODUCTION

Cultivation and extraction of raw materials from the earth, plants, or animals

Rights-holders:
- Smallholders, employees and casual workers
- Local communities
- Worker representatives, such as farming cooperatives and worker participation committees, national and international trade unions

Stakeholders:
- Labour rights organisations
- Farming associations
- NGOs and CSOs
- Suppliers
- Government bodies and IGOs

TIER 3

INTERMEDIATE MATERIAL PROCESSING

Processing of raw materials into yarn and other intermediate products

Rights-holders:
- Factory workers and casual workers,
- Local communities
- Worker representatives, such as worker participation committees, national and international trade unions

Stakeholders:
- Labour rights organisations
- Suppliers
- NGOs and CSOs
- Suppliers
- Spinning and manufacturing associations
- Government bodies and IGOs

TIER 2

MATERIAL MANUFACTURING

Production and finishing of materials (e. g., knitting, trims, dyeing, printing) that go directly into the finished product

Rights-holders:
- Factory workers including piece rate and casual workers
- Local communities
- Worker representatives, such as worker participation committees, national and international trade unions

Stakeholders:
- Labour rights organisations
- Suppliers
- NGOs and CSOs
- Suppliers
- Ginning and tanning associations
- Government bodies and IGOs

TIER 1

FINAL PRODUCT ASSEMBLY

Assembly and manufacturing of final products

Rights-holders:
- Factory workers and casual workers,
- Homeworkers
- Local communities
- Worker representatives, such as worker participation committees, national and international trade unions

Stakeholders:
- Labour rights organisations
- Suppliers
- NGOs and CSOs
- Suppliers
- Garment, textile and apparel associations
- Government bodies and IGOs

END OF LIFE

Reuse, recycle, landfill

CONSUMER USE

Consumer care such as washing, drying, dry cleaning, etc.

TIER 0

OFFICE, RETAIL, DISTRIBUTION CENTRES

Corporate real estate not involved in production process

Key stakeholders at different tiers of the garment supply chain

Source: Sadowski et al. 2019.

Within each tier, engaging meaningfully with stakeholders, particularly rights-holders, allows companies to gain deeper insights into potential risks and to identify sustainable solutions that may otherwise be overlooked. To do so effectively, it is essential to understand who these stakeholders are and how they may be affected.

The term **stakeholders** is broad and includes anyone whose interests could be affected by a company's activities. Stakeholders can include employees, third party labour providers, trade unions, community members, investors, business partners, customers, and any other parties that might be involved in or impacted by the company's activities.[iv]

Among these, **rights-holders** form a distinct subset of stakeholders. They can be defined as individuals or groups who hold internationally recognised rights, which may be adversely impacted by the activities, operations, products or services of a company or its value chain.[v] The degree or form of right-holders' representation varies, with some being organised and represented by formal structures like trade unions, local associations, or community leaders, and others who may lack formal representation. It is incumbent upon companies to proactively engage with all relevant rights-holders, including those who may be vulnerable, marginalised or less likely to raise concerns directly.[vi]

stakeholders

rights-holders

Meaningful stakeholder engagement is crucial to the garment sector

MSE should be understood as a means to an end.

Its purpose is to improve human rights outcomes by ensuring that the voices of rights-holders and other stakeholders meaningfully inform and shape company decision-making.

Stakeholder engagement is not a standalone activity, but a fundamental and integral part of HRDD.

It is a dynamic and ongoing process that underpins the identification, prevention, mitigation, and remediation of adverse impacts and should be embedded across each step outlined in the OECD Due Diligence Guidance for Responsible Business Conduct (OECD Due Diligence Guidance). When implemented meaningfully, MSE enhances both the quality and legitimacy of corporate actions, ensuring they are guided by those who are most at risk. Engagement must not be a mere procedural step but a dynamic, ongoing, and results-oriented process in which all stakeholders, and specifically rights-holders, can trust. This makes both the process and the outcomes of MSE equally important.

In the garment sector, where risks are often hidden and power imbalances acute, MSE plays a critical role in helping companies go beyond technical compliance and take concrete steps to improve the human rights conditions within their supply chains.

By recognising that MSE is a dynamic, context-sensitive process that supports the broader goals of the HRDD process, companies in the garment sector can move beyond superficial compliance and towards more responsible, rights-respecting practices.

When understood as a dynamic process, stakeholder engagement becomes essential to addressing the following problems, which have long affected the sector:

▶ Power imbalances

They exist between stakeholders throughout textile and garment supply chains and are inherent between companies, their employees, and their workers. In the context of MSE, these asymmetries in the distribution of power, influence, authority, and/or resources can significantly affect the ability of certain groups to safely participate in engagement activities, express their views, or advocate for their interests. While companies cannot entirely change power dynamics or 'fix' systemic power imbalances, they should aim to understand and use their circle of influence to address foundational issues where possible and take measured efforts to ensure that rights-holders are not undermined and have the support they need to engage effectively.

Precarious and informal work

This is defined as employment that offers compensation, hours, or security inferior to a "regular" job. It can include agency work, temporary work, "on-call" work, seasonal work, home-work, and part-time work, amongst other forms.[vii] Precarious work increases the risk of violations, as workers in insecure jobs may fear retaliation and be reluctant to report issues. Precarious or informal workers are often not represented by trade unions through membership. This can make them more vulnerable to human rights impacts in the workplace and more difficult to access for engagement. Companies must ensure the safety and security of informal workers (e.g., by avoiding uncontracted labour) to avoid the risk of stigmatisation, retaliation, or further harm.

Overreliance on social audits

This has historically caused companies to fall short on adequately identifying and addressing human rights risks in supply chains due to structural and operational flaws.[viii] As audits are often brief and checklist-driven, with stakeholder engagement activities limited and generally conducted in a one-way manner, they often miss issues that could be revealed through MSE. Further, distrust in the auditing industry has stemmed from pervasive issues, including pre-announcement, lack of transparency, false documentation, collusion between auditing firms and clients, and unfair financial burdens on suppliers. In this sense, if choosing audits as a tool for MSE, companies should go beyond onsite and management-level interviews and include meaningful off-site engagement, for example through confidential interviews with rights-holders and their representatives and using facilitators trained in gender-sensitive and trauma-informed approaches. MSE could address the gaps in traditional voluntary mechanisms, like third-party social auditing, which have had limited success in preventing and mitigating potential and actual adverse impacts in supply chains.[ix]

Case Study

Using MSE to improve responsible business practices for home-workers in the garment supply chain

Homeworkers Worldwide and the Indian labour rights NGO, Cividep, collaborated with footwear company Pentland to raise the conditions of homeworkers hand-stitching shoes in Tamil Nadu. These workers are hundreds of women, informally employed, poorly paid by the piece, and excluded from labour protections.

As a first step, Pentland adopted a Homeworking Policy, revised in collaboration with Homeworkers Worldwide, which recognised the role of homeworkers and commits to work with suppliers and others to improve their conditions.

In 2017, Cividep, with supplier support, mapped the informal supply chains for a shoe factory and confirmed widespread homeworker involvement in hand-stitching. A needs assessment of 30 workers highlighted low piece rates, lack of social protection, and health issues.

A broader mapping in 2018, involving nearly 200 homeworkers, 11 agents, and management, focused on a specific Pentland order. It documented pay rates, agent commissions, and agent roles such as order tracking and quality control. A time and motion study linked pay to minimum wage benchmarks. Interviews with Pentland staff showed that improved wages would have minimal impact on product price, and that production planning already helps to avoid overwork during peak times.

Case Study Continued...

Using MSE to improve responsible business practices for home-workers in the garment supply chain

In late 2018, a new system was introduced. Homeworkers saw their piece rates rise by one third on average, and all workers henceforth received the same rate for a given task, with wages linked to the minimum wage on an hourly basis.

Between December 2018 and February 2019 Pentland's supplier implemented a simple job-card system to track orders and payments to homeworkers, based on model tools provided by Homeworkers Worldwide. These are transparent and open to inspection by interested parties. Instead of charging commission, over which the factory had no control, agents are now paid a set fee per pair.

To capture these positive steps and signpost areas for future work, Cividep carried out further interviews with agents, supplier management, and a sample of homeworkers. This confirmed the significant increases in the piece rates, and improved transparency. Homeworkers can see the amount paid for each style of shoe, and all receive the same rate. Income has been further boosted, as orders per homeworker have risen due to consolidation, as some agents rejected the new system.

However, there is scope for further improvement. The study produced the following recommendations:
- Further improvements in record-keeping systems.
- Training for agents and homeworkers.

- Establishment of a system to set and update homeworker piece rates and agents' fees.
- Organisation of homeworkers, so that they are represented in future change processes, and provision of access to information and grievance mechanisms.
- Homeworkers' access to social protection & health care.

During this process it was acknowledged that supplier transparency on employment conditions requires time and resources to gain buy-in from both suppliers and agents. The cost of the increased piece rates was met by the supplier. Yet, the new systems, whilst beneficial, increase costs for participating agents so their fees should recognise this. Furthermore, for increased sustainable impact and reduced resistance to change, more Brands and suppliers could be recruited to the pilot.

Sustained dialogue and collaboration among homeworkers, agents, supplier, brand and civil society actors were essential to ensure that solutions reflected workers' realities. Stakeholders were meaningfully involved at every stage, from mapping the supply chain and identifying key issues to co-designing fairer payment systems and transparency tools. While building trust took time, this engagement led to more inclusive, transparent, and lasting improvements.

Stakeholder engagement for business and supply chain resilience

In the face of multiple converging crises and rapidly evolving geopolitical and economic conditions, the stability of global businesses and supply chains is increasingly under threat. Stakeholder engagement is critical to building resilience as it enables companies to better anticipate and respond to operational disruptions.

By fostering trust and maintaining regular, two-way communication with stakeholders across the supply chain and beyond, businesses gain access to vital information that improves risk visibility, supports effective contingency planning, and enables coordinated recovery efforts that prioritise rights-holders and vulnerable groups most affected by adverse human rights risks and impacts.

Case Study

Worker-union-employer collaboration to minimise impact of pandemic

When the Covid pandemic first hit in 2020, garment producers globally faced the immediate challenge of continuing production and fulfilling outstanding orders while complying with government measures and protecting workers' health.

In Tunisia, employers and workers, alongside workplace trade unions and their federation, took a collaborative approach to tackling these challenges. An ad hoc tripartite commission was set up – involving workers' trade union representatives, the employers, and the labour inspectorate – to advise workers and discuss how to meet customer orders during the government-imposed curfews to restrict movement and prevent the spread of Covid.

Through the commission, workers and employers from one factory, for instance, adjusted working hours, expanding the night shift to adapt to the curfews. Workers on night shifts would work 10 hours to avoid leaving during curfew, and in return received a bonus payment. In addition, employees that contracted Covid were guaranteed paid sick leave. Measures were reviewed each week, in cooperation with the labour inspectorate. Thanks to this collaborative approach the factory was able to continue production and fulfil its orders, while protecting its workers and ensuring they were fairly compensated.

During the second wave in 2021 there were global shortages of many raw materials which disrupted supply chains and pushed up costs. In one factory making diapers, these shortages stopped production altogether.

15

Why is meaningful stakeholder engagement important in the garment sector?

1

Case Study Continued...

Worker-union-employer collaboration to minimise impact of pandemic

Faced with this, the employer and workers' union representatives collaboratively developed steps to address the situation. They aimed to balance the burden of the crisis between workers and employer, to prevent the factory from closing and protect longer-term employment. To avoid lay-offs, workers would take their annual leave during halts of production. Thanks to their approach, the factory weathered the crisis.

Another Tunisian factory, manufacturing jeans for several global brands, was forced by the government to close for six weeks during the height of the pandemic and lost many suppliers and customers. When it reopened, it was only able to bring back half of the 600-strong workforce. Management and union worked together to find solutions that would protect the future of both the company and the workforce. Two-thirds of those workers that could not be re-employed after the closure of the factory were offered early retirement,with their allowances intact.

In each of these cases, effective collaboration was possible because meaningful engagement had already been established between the actors prior to the pandemic. Existing structures and ongoing relationships made it easier to find effective joint solutions to the crisis – both in the form of short-term emergency responses and of longer-term measures to sustain the business and workers' future employment.

MSE requirements for garment sector companies as set out in soft and hard law

Across the International Soft Law Framework on responsible business conduct (RBC), garment sector companies are expected to engage proactively and meaningfully with stakeholders throughout the due diligence process. The UNGPs, for instance, explicitly affirm the importance of MSE, with Principle 18 stating that to identify and assess actual or potential adverse human rights impacts, businesses should involve meaningful consultation with potentially affected groups and other relevant stakeholders in a manner that is appropriate to the enterprise's size and the context of its operations. The commentary to Principle 18 further highlights the need to consult directly with affected stakeholders in ways that are accessible and inclusive, considering barriers such as language or literacy.

Similarly, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector[x] places MSE at the heart of RBC, stating that enterprises should engage with affected stakeholders in a way that is:

- Two-way – fostering genuine dialogue and mutual exchange;

- Conducted in good faith – marked by respect, openness, and integrity; and

- Responsive – ensuring that stakeholder input informs decisions and actions.

The OECD Due Diligence Guidance also stresses the importance of transparency, urging companies to provide truthful and complete information and to offer stakeholders the opportunity to contribute input before major decisions are taken that may affect them.

In recent years, these soft law expectations have begun to be embedded in legal requirements. At the EU level, the Corporate Sustainability Due Diligence Directive (CSDDD) explicitly mandates companies to carry out due diligence processes that are informed by engagement with affected stakeholders. Similarly, the Corporate Sustainability Reporting Directive (CSRD) and associated European Sustainability Reporting Standards (ESRS) require companies to disclose how stakeholders were involved in materiality assessments and other sustainability-related processes.

Mandatory national human rights due diligence laws such as in France (Duty of Vigilance Law), Germany (Supply Chain Due Diligence Act), and Norway (Transparency Act) include specific provisions that either require or encourage stakeholder engagement as part of effective risk identification, prevention, and remediation. In practice, this means that garment sector companies operating or selling in these jurisdictions must be able to demonstrate how stakeholder engagement has informed their policies, risk assessments, prioritisation decisions, and remedial efforts.

> (i) For more information regarding legislation requiring stakeholder engagement, please refer to **Annex I** of this Technical Guidance.

Section 2

How do I design the stakeholder engagement process?

This section guides garment sector companies through the practical steps of planning their MSE as a core, dynamic and participatory practice embedded throughout the HRDD process. To achieve this, it covers the key steps for designing any stakeholder engagement process: from establishing objectives, scope, and priority stakeholders to identifying forms of engagement and communicating impacts. Practical examples, tools, considerations, and recommendations are provided for each step. Importantly, companies need to internally organise how stakeholder engagement will be planned and implemented, assigning clear responsibilities and ensuring coordination across different teams. There is no one-size-fits-all model, the approach must be tailored to each company's specific context, structure, and operations.

> ℹ️ MSE is not an end in itself, but a means to achieve better human rights outcomes.

1

Establish a purpose and objective

2

Determine the scope of stakeholder engagement
- Understand your legitimacy, leverage, and influence

3

Select and prioritise stakeholders
- Who needs to be engaged?
- Understand legitimacy, leverage, and influence of identified stakeholders
- Barriers to engagement

4

Choose the forms of engagement
- Bilateral versus collective engagement
- Different forms of engagement

5

Conduct the engagement activities
- Preparation of the engagement
- Periodicity
- Relationship and trust building with stakeholders
- Transparency

6

Measure and communicate impact
- Examples of outcomes based on MSE
- Track and evaluate the effectiveness of engagement
- Ongoing communication and feedback to stakeholders
- Communicate on severe human rights risks and impacts on right-holders
- Public disclosures and transparency

Step 1: Establish a purpose and objective

Establish and detail the purpose for the stakeholder engagement, the issues that need to be addressed, the information you aim to collect, contextual factors, and ideal potential outcome, while recognising that these may evolve.

Internally align coordination, especially between commercial and due diligence objectives. Buyers' purchasing practices often create power imbalances with business partners and serve as a systemic driver of adverse human rights impacts, especially on rights-holders.

Companies should also develop their engagement plans with the intent to engage stakeholders in good faith and with respectful two-way communication.

When outlining objectives, companies should clarify[xi]:

1 **Why MSE is needed**, accounting for context and circumstances surrounding the consultation and its significance.

2 **The purpose of MSE and the underlying issue** on which the company attempts to gain more information and understanding through MSE. This will inform specific questions to explore with stakeholders.

3 **Contextual factors to consider**, especially surrounding the socio-political and cultural landscape within which the MSE will be conducted.

Step 2: Determine the scope of stakeholder engagement

Identify a scope of engagement that is proportionate to the risk level of the issue being addressed, the complexity of the supply chain or supply chain segment involved, and the company's leverage and influence level in the impacted country, region, locality.

Given the fragmented nature of global garment supply chains, often spanning multiple tiers, countries, and regions, companies must take particular care to initiate and deepen meaningful MSE across all segments of the supply chain, including those where they have limited direct visibility. For instance, visibility is often low in upstream production stages, where labour rights risks such as forced labour, wage theft, and unsafe working conditions tend to be more prevalent and persistent. Stakeholder engagement should be:

1 **Proportionate to the purpose of the engagement** (as identified in Step 1), taking into account the severity and likelihood of the human rights risks involved, the complexity of the supply chain, and the company's level of visibility in the specific segment.

2 **Reasonable**, in light of the company's available resources, leverage, and operational characteristics, such as size, maturity, sourcing volume, and geographical footprint. While these factors influence the form and extent of engagement, they do not negate the obligation to ensure engagement is meaningful and rights-respecting.

3 **Inclusive and accessible** to affected and potentially affected stakeholders, particularly workers and their legitimate representatives, with attention to overcoming structural barriers related to language, literacy, gender, caste, migration status, and freedom of association.

Understanding your leverage and influence

Companies that have actual or perceived leverage and influence within the sector, are expected to have the means to engage with a broader range of stakeholders and in a deeper capacity.

> In the case of addressing and mitigating adverse human rights impacts through stakeholder engagement, **leverage** refers to a company's ability to directly bring about outcomes through its power to change the behaviours and/or actions of the actors it engages.
>
> **Influence** concerns a company's ability to shape opinions, decisions, or actions, and indirectly affect outcomes in situations where it does not have formal power or direct control.

To support companies in assessing their own position, we have developed a practical tool for determining a company's leverage and influence:

⚙ Tool 1: Determining a Company's Leverage and Influence

How to use this tool[xii]:

The following scoring matrix lays out a set of example indicators and weightings companies can analyse to determine their level of leverage and influence. Each row represents a different indicator for which a score of one (low leverage and influence), two (moderate leverage and influence), or three (high leverage and influence) is selected based on the relevant weightings and input into the right-most "Score" column. Once all scores have been input for each indicator, add them together to get the final composite score:

▶ **A composite score of 12-19 indicates low leverage and influence**

▶ **A composite score of 20-28 indicates moderate leverage and influence**

▶ **A composite score of 29-36 indicates high leverage and influence**

The below list of indicators is non-exhaustive and can vary significantly based on a number of factors. For example, a supplier's sourcing percentage (total production volume dedicated to a single brand) can vary greatly depending on the supplier's size, the number and size of the buyers it works with, and the specific types of products it produces.

In the case that **low leverage and influence** is determined (composite score of 12-19), the company is not absolved of its obligation to conduct stakeholder engagement. Rather, it should examine ways to amplify leverage and influence through collective means where bilateral engagement is not possible - for instance, through MSIs or buyer-led initiatives.

When a company has **moderate leverage and influence** (composite score of 20-28), it should prioritise targeted bilateral forms of engagement where it has leverage with specific stakeholder groups, as well as collective forms of engagement where there are gaps in its capacity to systematically effectuate change (see Different Forms of Engagement). Collaboration with MSIs and NGOs, for instance, could help facilitate engagement between rights-holders and companies. When considering bilateral versus collective engagement approaches, the company should also account for the context and severity of the risks and/or impacts being addressed.

High leverage and influence (composite score of 29-36) indicates that a company has greater capacity to engage directly and one-on-one with stakeholders. Bilateral dialogue should be implemented, especially when interacting with rights-holders, to enable deeper, more efficient engagement, greater accountability, and more effective solutions to prevent, mitigate, and remediate adverse human rights risks and impacts.

Tool 1: Determining a Company's Leverage and Influence

Leverage indicators	Score of 1: Low leverage	Score of 2: Moderate leverage	Score of 3: High leverage	Company Score: Input score of either 1, 2, or 3
Sourcing Percentage (buyer-side): The share of a buyer's product purchased from a sourcing country. Note: this indicator can be examined at the supplier level too.	< 5% of total sourcing volume	5% – <15% of total sourcing volume	≥ 15% of total sourcing volume	
Sourcing Percentage (supplier-side): The share of a supplier's total production volume dedicated a buyer's total orders over a specific period of time. Disclaimer: Sourcing percentage can vary significantly depending on the supplier's size, the number and size of the buyers it works with, and the types of products it produces.	< 5% of supplier sourcing output	5% – <20% of supplier sourcing output	≥20% of supplier sourcing output	
Supplier Concentration: Percentage of a company's total suppliers based in a specific country.	< 5%	5% – < 15%	≥ 15%	
Employment footprint: Number of individuals in sourcing country employed by the company (directly and indirectly).	< 1,000	1,000 – 5,000	≥ 5,000	
Contractual Agreements: Extent of direct control over commercial terms, including pricing, delivery timelines, payment terms.	Minimal or indirect control	Partial control	Strong direct control	
Compliance Obligations: Extent of direct control over human and labour rights standards through supplier codes of conduct, audit requirements, labour standards and termination rights for noncompliance.	Limited or no formal compliance obligations	Partial compliance framework	Strong, enforced compliance regime	

Influence indicators	Score of 1: Low influence	Score of 2: Moderate influence	Score of 3: High influence	Company Score: Input score of either 1, 2, or 3
Participation in industry coalitions, trade associations, MSIs, and certifications.	Minimal or no membership in relevant groups	Membership in some relevant groups but limited active involvement or mostly nominal participation	Active membership in multiple key and relevant industry groups with ongoing engagement and contributions	
Local presence/ representation: Local offices and/or staff, auditing and training personnel, NGOs, unions	No local offices or dedicated staff; operations managed remotely or by third parties	Some local presence with limited staff focused on compliance or stakeholder engagement	Established local offices with dedicated, skilled teams actively managing compliance and programmes	
Investment in local programmes and projects: Capacity-building, training, local systems	Little or no investment in local systems (e.g., monitoring, reporting, grievance mechanisms)	Some investment in systems with partial functionality or limited local integration.	Robust investment in local systems fully integrated with operations and stakeholder feedback loops.	
Length of sourcing relationship with suppliers based in the sourcing country	Less than 1 year with most suppliers in the sourcing country	1 to 3 years with key suppliers, but turnover still notable	3+ years with majority of suppliers, indicating stability and trust.	
Company reputation and visibility: Extent of local/global media attention, public scrutiny, presence in industry reports, conferences, etc.	Rarely or never featured in local/global media, minimal public scrutiny, absent from industry reports or events	Occasionally mentioned in local or niche media; some public scrutiny; participates sporadically in reports and conferences	Frequently covered by major local/global media; subject to active public scrutiny; regularly cited in industry reports; consistent presence at key conferences and forums.	
Access to data: Related to supply chain visibility, labour rights violations and performance	Limited access: Data on supply chain is scarce or outdated; minimal visibility into labour rights issues or performance metrics; mostly reliant on third-party reports with little direct oversight	Moderate access: Partial data coverage with periodic updates; some internal monitoring of labour rights and performance; gaps remain in transparency or granularity	Comprehensive access: Real-time or regularly updated data across supply chain tiers; robust internal systems tracking labour rights violations and performance; transparent and actionable insights	
Composite Score (sum of scores for each indicator):				

See **Tables 1–4**: for examples of when to utilise different forms and scopes of engagement based on various supply chain tier focuses, levels of company leverage and influence, and degrees of risk and impact severity.

Case Study

Amplifying brand leverage and influence through a multi-company collective agreement in Vietnam

In Vietnam, a major fashion brand has been expanding its operations since establishing its representative office in 2011. Although the Vietnamese supply base at the time represented less than 3% of the company's global production, the brand has signalled its intention to increase sourcing from the country. As of 2022, it worked with 42 suppliers based in Vietnam, at Tier 1 and Tier 2 levels.

As part of its broader commitment to responsible business conduct, the brand began exploring ways to strengthen labour conditions and wage outcomes in its supply chain. In December 2020, it became interested in the Multi-Company Collective Bargaining Agreement (MC-CBA) initiative, a unique model of cooperation developed in Vietnam's garment sector. The MC-CBA process brings together Vietnamese and international trade unions, employers' associations, and public authorities to promote effective social dialogue and improved labour standards through collective bargaining. For the brand, this initiative complemented broader global frameworks, particularly the ACT initiative (Action, Collaboration, Transformation Initiative). While ACT provided a useful framework, limited progress had been made, prompting the brand to seek additional, more locally grounded approaches.

In August 2021, the brand recommended two of its suppliers in different industrial zones to participate in the MC-CBA process. At that time, both factories were facing significant operational challenges due to COVID-19.

Recognising the strain on factory management and workers, the brand delayed formal engagement, until conditions allowed for more effective communication and participation.

It was not until March 2022 that a first visit to one of the suppliers was possible. A working group - of provincial Federation of Labour representatives, an industry association, and the industrial zone trade union - met with the company's board and its in-house trade union to encourage participation in the MC-CBA initiative. The factory acknowledged the invitation but did not commit, explaining that it would require approval from its parent company abroad. In an informal exchange, a human resources representative at the factory expressed doubts about the brand's influence, noting that order volumes were modest, prices low, and the product range frequently changed. These factors meant management were less inclined to engage in additional non-commercial initiatives at the brand's request.

Despite these setbacks, both the brand and local stakeholders maintained their efforts. The brand held a virtual meeting with its team, the supplier's parent company, and international project representatives, to provide further information on the benefits and structure of the MC-CBA. The supplier cited ongoing production and business challenges as a barrier to joining the initiative. They left open the possibility of participation in the future, should business conditions improve.

Case Study Continued...

Amplifying brand leverage and influence through a multi-company collective agreement in Vietnam

This experience showcases the difficulties a global brand can face when trying to promote responsible business practices in supply chains where their leverage and influence is limited. While the brand was willing to engage and facilitate supplier participation in a meaningful local initiative, its ability to secure commitments was constrained by the small share of orders placed with the factories in question.

Step 3: Select and prioritise stakeholders

Develop a list of individuals and groups to engage based on the level of stakeholder leverage, level of interest, and influence. At this step it is important to identify legitimate representatives, as well as barriers to engagement specific to the prioritised stakeholders such as language, literacy, technology, financial cost, timing, remoteness, social barriers, stakeholder fatigue and safety.

Who needs to be engaged?

How a company identifies, maps, and prioritises stakeholders does not happen in a vacuum. It largely depends on the relationships the company establishes and nurtures with these groups. The level of trust, transparency, and dialogue between the company and all stakeholders, including rights-holders, can influence its ability to access information, identify risks and their root causes, develop effective solutions, and successfully prevent, mitigate, and remediate adverse human rights risks and impacts.

In doing so, the specific context in which each company operates must be carefully considered. This includes not only their operating model but also the characteristics of the sub-sector (such as leather, textile, or footwear), which may differ significantly in terms of supply chain structure, sourcing practices, and the human rights risks.

Geographic location, cultural norms, and the current state of their stakeholder relationships also play a crucial role when defining an approach to the HRDD process and to MSE. Factors such as the location of operations, the complexity of value chains, the level of organisation of rights-holders, and the presence (or absence) of formal representation mechanisms can all significantly impact how a company engages with stakeholders and mitigates risks.

Importantly, these contextual elements also affect the feasibility of different engagement approaches. What is meaningful and appropriate in one setting may not be immediately replicable in another due to resource constraints, security conditions, or the capacity of local actors. As such, companies should strive to balance ambition with realism, ensuring that their stakeholder engagement efforts are both credible and context-sensitive, while continuously seeking to improve over time.

Given the potentially considerable number of stakeholders a company interacts with, identifying which stakeholders to engage first can help in the pursuit of a more strategic and efficient approach to due diligence. It is incumbent upon companies to proactively engage with all relevant rights-holders, including those who may be vulnerable, marginalised or less likely to raise concerns directly.[xiii] It may also be necessary to determine priorities within each stakeholder group.

For more information on how trade unions work and how they are structured globally please refer to Ethical Trading Initiative's infographic on Trade Unions.

While aiming for MSE in the garment sector, understanding, for example, the diverse landscape of worker representation is crucial. Different types of unions exist, each with unique strengths and operational scopes. It is also important to assess the legitimacy of representative bodies and be aware of the risk of engaging with so-called "yellow unions", which are employer-controlled or overly aligned with management, and do not genuinely represent worker's interests. Finally, when selecting who to engage with, a multi-layered approach is often most effective:

Types of unions and their potential leverage

Independent trade unions are autonomous organisations, free from employer or government influence, often affiliated with national or international federations, providing a strong, unified voice for workers across multiple companies or even sectors.

Generally, they are considered the standard for meaningful engagement due to their autonomy, broader advocacy power, and ability to negotiate binding agreements.

Sectoral unions organise workers across an entire industry, like textiles or garment manufacturing, allowing for standardised agreements and addressing systemic issues.

They are highly valuable for addressing industry-wide challenges, promoting fair labour practices across supply chains, and achieving economies of scale in negotiation.

Factory-level unions are specific to a single factory or production unit, offering close proximity to shop-floor issues and direct representation for workers within that facility.

While factory-level unions may be an option for resolving immediate, localised grievances and fostering direct communication within a specific workplace, care must be taken to ensure they are truly independent and not "company unions" that may be unduly influenced by management.

Workers' associations are often less formal groups, sometimes formed without full recognition, that advocate for specific worker interests or provide mutual support.

They can be a starting point for dialogue in contexts where formal unionisation is challenging, but their effectiveness can vary significantly.

It is important to note that there is not one-size-fits-all response, but rather a holistic and context-specific approach. In this sense, independent and democratically elected trade unions (including robust sectoral unions and genuinely independent factory-level unions), where they are present, are the most effective and ethically sound partners. They have the mandate, legitimacy, and often the capacity to negotiate binding agreements and drive systemic improvements.

Where independent unions are absent or weak, brands are not absolved of the responsibility to engage workers meaningfully. In these cases, they should assess the local context and explore alternative avenues of engagement, such as:

- Identifying and working with existing worker representatives or representation groups;
- Partnering with civil society organisations or NGOs that support worker organising and rights;
- Creating safe and accessible spaces for dialogue, such as worker cafés or informal sessions;
- Sharing short, accessible information on freedom of association and workers' rights to help build capacity and trust.

Regardless of the setting, brands must actively support freedom of association and ensure that any form of worker engagement reflects genuine representation, not employer influence or tokenism.

Table 1: Who needs to be engaged?

Using the risk examples of occupational safety and health (OSH) and purchasing practices, the following table provides a list of potential stakeholders a company could engage at each of the six steps outlined in the OECD Due Diligence Guidance. The table is meant to be used as a starting point for reflection and planning which stakeholders a company may want to engage on specific human rights issues.

The list of stakeholders presented herein is non-exhaustive and for illustrative purposes only.

Due Diligence Step	Stakeholders to Engage
• Review human rights due diligence policies, standalone human rights policies, and management systems in regard to OHS.	• Suppliers (direct and subcontracted). • Factories (direct and subcontracted). • Local/national trade unions, union federations, and legitimate representatives of affected workers. Depending on the segment of the supply chain, these could include workers in the factory, home-based, informal, migrant, and contract workers, as well as farmers and other raw material producers. • Local NGOs (especially for tiers where company has limited visibility/access, or when consulting rights-holders directly is not possible. • MSIs and industry associations.
• Risk assessment and reassessment processes to identify hazards, including building structural defects, inadequate machinery safety mechanisms, over-capacity workspaces, lack of access to safety equipment, chemical and particulate matter exposure.	• Suppliers (direct and subcontracted). • Factories (direct and subcontracted). • Local/national trade unions, union federations, and legitimate representatives of affected workers. Depending on the segment of the supply chain, these could include workers in the factory, home-based, informal, migrant, and contract workers, as well as farmers and other raw material producers. • Local NGOs (especially for tiers where company has limited visibility/access, or when consulting rights-holders directly is not possible. • Auditors and compliance firms. • Third party providers. • Local engineers, safety inspection firms, technical experts. • Brand sourcing from same supplier, as relevant. • MSIs and industry associations (e. g., The Accord).
• Identification, development and implementation, of solutions that effectively prevent and mitigate harm (e.g. developing comprehensive risk strategies, adopting plans to prevent and mitigate future impacts, and ensuring transparency throughout the process).	• Suppliers (direct and subcontracted). • Factories (direct and subcontracted). • Local/national trade unions, union federations, and legitimate representatives of affected workers. Depending on the segment of the supply chain, these could include workers in the factory, home-based, informal, migrant, and contract workers, as well as farmers and other raw material producers. • Local NGOs (especially for tiers where company has limited visibility/access, or when consulting rights-holders directly is not possible. • Brands sourcing from same supplier. • MSIs and industry associations. • Local engineers, safety inspection firms, technical experts.

• Tracking implementation and effectiveness of human rights due diligence process.	• Stakeholders engaged in development and implementation of solutions that effectively prevent and mitigate harm • Directly and potentially impacted rights-holders • Suppliers and relevant factories • MSIs and NGOs • General public • Investors and shareholders
• Communication of policies, processes and activities conducted to identify and address human rights adverse risks and impacts.	• Stakeholders engaged in development and implementation of solutions that effectively prevent and mitigate harm • Directly and potentially impacted rights-holders • Suppliers and relevant factories • National/local government authorities, labour ministries, embassies, consulates, as relevant • General public • Investors and shareholders
• Remediation.	• Local/national trade unions, union federations, and legitimate representatives of affected workers. Depending on the segment of the supply chain, these could include workers in the factory, home-based, informal, migrant, and contract workers, as well as farmers and other raw material producers. • Suppliers and relevant factories. • Technical experts. • Local NGOs (especially for tiers where company has limited visibility/access, or when consulting rights-holders directly is not possible). • National/local government authorities, labour ministries, embassies, consulates, as relevant. • Brand sourcing from same supplier, as relevant. • MSIs and industry associations (e. g., The Accord). • NGOs and experts on responsible purchasing/contracting.

For more information about identifying, classifying, and analysing your stakeholders please refer to SER's tool on "Meaningful stakeholder dialogue - Identifying your stakeholders ".

For more information regarding practical steps a company can take to assess where and why they might face heightened risks to trade union rights please refer to Mondiaal FNV and Shift's tool on "Respecting Trade Union Rights in Global Value Chains - Practical Approachesfor Business".

Case Study

Leveraging meaningful stakeholder engagement to prevent sexual harassment at the workplace

With financial support from GIZ and a European brand, CDI implemented a programme to prevent sexual harassment in a factory in Central Vietnam. The factory employs 2,500+ workers, 75 percent of whom are women. In June 2023, a large-scale survey conducted by the brand with 1,900 workers revealed serious concerns. Over 30 percent of respondents expressed fears about sexual harassment in the workplace, while 40 percent chose not to answer the question, suggesting discomfort around the topic.

The factory faced several challenges. There was no staff member specifically assigned to harassment prevention, managers lacked effective communication skills, and the sensitivity of the issue discouraged workers from speaking up. As a result, internal policies were developed without worker input and did not fully reflect their needs.

CDI began by conducting a baseline assessment with all levels at the factory, including top management, middle management, and workers. The aim was to understand their knowledge, attitudes, and practices, identify gaps between policy and implementation, evaluate internal communication, and gather suggestions for improvement. CDI also partnered with labour law experts to review existing internal policies and procedures, including labour regulations and grievance mechanisms. These were compared with Vietnamese law, international labour standards, and the brand's Code of Conduct.

Based on this assessment, CDI and the experts recommended improvements to the factory's policies. CDI then developed a professional training programme tailored to each group. The factory finalised an improved set of policies and procedures for handling sexual harassment cases and shared these with employees.

The training led to a significant increase in awareness. Among middle managers and workers, understanding of sexual harassment rose from 75 percent and 55 percent respectively to 100 percent. The number of incidents decreased, and communication around the topic improved. Workers and managers acquired better communication skills, which contributed to clearer policy dissemination. Complaint channels were expanded, and workers reported feeling more confident and safe to speak out.

Strong stakeholder collaboration was key to success. Monthly meetings between the brand, GIZ, and CDI allowed for regular updates, shared learning, and prompt issue resolution. The brand played an active role in initiating and co-managing the programme, while the factory's management allocated time and personnel to ensure smooth implementation. Following the programme, the factory maintained and expanded these efforts. Workers were consistently engaged throughout the process, from the initial assessment and training to policy development and dissemination. They continued to participate in decision-making related to harassment prevention after the programme ended.

This case highlights how inclusive and meaningful stakeholder engagement can support the development of effective, experience-based policies. By involving all parties and fostering open dialogue, the programme created a safer and more respectful workplace environment.

Understanding legitimacy, leverage and influence of the identified stakeholders

Once the stakeholders have been mapped, it is important to carefully consider stakeholder legitimacy, leverage, and influence. Legitimacy is weighted on representativeness, mandate, and rootedness in the issue or geography.

For example, democratically elected trade unions and grassroots workers' associations have stronger legitimacy than entities nominated or created by employers.

By engaging with legitimate representatives, companies can ensure that their human rights due diligence processes reflect the real needs and concerns of rights-holders, even when direct engagement is not possible, feasible, or appropriate.

Working with individuals or entities lacking legitimacy can damage trust and undermine the relationship with affected communities.

However, legitimacy alone is not sufficient. Stakeholders vary in their ability to effect change: some, like global union federations or supplier associations, may wield significant leverage over policy or industry norms depending on the stage of the HRDD process engagement should be conducted, while others, like local CSOs or cooperatives, may require capacity support to influence outcomes.

Therefore, stakeholders must also be prioritised based on their legitimacy and influence to implement the desired outcome from the consultation.

Tool 2: Legitimacy Checklist

To better assess the legitimacy of some stakeholders, we have developed a practical checklist:

Trade Unions

- ✓ Is the trade union democratically elected and independent from management and government control?

- ✓ Is the trade union recognised at site level and actively involved in labour-related discussions and negotiations?

- ✓ Has the union been included in past assessments or grievance procedures?

- ✓ Are union representatives genuinely representative of all relevant groups of workers, including women, migrant workers, or temporary workers?

- ✓ In case trade unions are restricted or absent, are there functional and legitimate alternative worker committees or informal structures in place?
  - Are these committees independent from management?
  - Are they elected or endorsed by workers themselves?

Community representatives

- ✓ Is there an established and recognised system in place for selecting community representatives (e.g., elections, traditional leadership, council structures)?

- ✓ Do these representatives reflect a broad cross-section of the community, including women, youth, Indigenous peoples, and other vulnerable groups?

- ✓ Has the company validated whether these representatives are perceived as legitimate by the wider community? If not, has the company undertaken broader consultations to test this perception?

- ✓ Is there any indication of bias, elite capture, or conflict of interest in how representatives were selected or how they operate?

- ✓ Has the company identified and taken actions or steps to include underrepresented or marginalised groups in engagement efforts?

Civil society organisations

✓ Which rights-holders does the NGO/organisation potentially represent?
- Is this limited to a particular group, region, sector or location and if yes, is it relevant to the issue at hand?
- Does the NGO work at the national, regional, or international level* and what is its perceived public credibility?

* Where relevant, consider working with international NGOs that have a strong track record, sectoral expertise, and partnerships with legitimate local organisations to strengthen context-specific engagement.

✓ Does the NGO/organisation maintain direct and consistent engagement with the rights-holders?

✓ Are the rights-holders aware of the NGO/organisation, and do they perceive it as representing their rights or interests?

✓ Who is not represented by this NGO/organisation? Which group does not appear to have a voice in this NGO/organisation?
- Has the company considered engaging multiple NGOs to capture a fuller range of views?

✓ How is the NGO/organisation constituted and governed?
- Are there any actual or perceived conflicts of interest arising from the board membership or appointed trustees?

✓ Has the company mapped the relationships, influence, and credibility of the NGO within the community or stakeholder group?

Table 2: Example of legitimacy, leverage, and influence of key stakeholders in the textile and garment sector			
This table provides illustrative examples only. The level of legitimacy, leverage, and influence of stakeholders is context-specific and may vary across countries, supply chains, and over time. It should not be considered static or universally applicable.			
Stakeholder	**Legitimacy**	**Leverage**	**Influence**
Trade union	High, if democratically elected by workers Low if nominated by company	High, if democratically elected – Can mobilise workers, file grievances	High – Can influence policies and/or worker behaviour if legitimate representative
Workers' associations or cooperatives	High, if democratically constituted	Low to Medium – Depends on recognition	Low to Medium – Often needs capacity support
Trade union federations and confederations	High, if democratically elected by workers	High, if democratically elected – Can mobilise workers, file grievances	Moderate to high – May influence policies and/or worker behaviour if legitimate representative
Global union federations	High, if representative of legitimate national unions active in the region and/or sector in the region	High - Can negotiate global framework agreements, escalate cases	Moderate to high – Could shape industry standards, buyer policies, and regulatory frameworks
Local civil society organisations dedicated to promoting and protecting the rights of workers	High, if long term engagement in the region with workers on the issue	Medium – Can expose issues and cases of violations	Moderate to low – Could influence brand reputation and/or lobby with the government
International civil society organisations	High, if long term engagement in the region with workers on the issue Medium, if long-term engagement on the rights and/or context Low, if no experience with rights and/or context	High – High global media visibility	Moderate to high – Could influence investor or consumer behaviour and shape policy discourse
Suppliers	High, if directly connected with the issue to be engaged on Medium, if they have some relevance to the issue or affected stakeholders but lack a direct connection or mandate	High – Site level operational control	High – Could directly effectuate localised/site-level changes
Suppliers associations	Medium – Represents businesses	High – Operational control over factories	Moderate to High – Could influence industry practice
Multi Stakeholder Partnerships (MSPs)	Medium to High – Depends on structure and membership	Low to high – Depending on the membership and sphere of operations, can coordinate buyers and suppliers	Low to high - Sectoral norm-setting role

Once companies have confirmed that representatives have been freely selected or elected by the rights-holders and that they hold a clear mandate to speak and negotiate on behalf of the group, the following considerations should guide further engagement:

Determine whether to engage directly with rights-holders or via a representative (e. g. trade union, NGO, community leader). This decision should be guided by the specific context, including the nature of the rights at stake, the characteristics of the stakeholders and rights-holders, and the existing local dynamics and power imbalances.

In situations where direct engagement is not feasible (e.g., risk of retaliation or cultural barriers), indirect engagement via trusted representatives may be safer and more effective. Where engagement with representatives is necessary:

- Keep a transparent record of engagement processes, choices made, and representatives consulted.
- Avoid "representatives" selected solely by companies or governments without rights-holders' consent.
- Confirm if the selected representatives have a clear mandate to act as such, for example through evidence of democratic election, an official role, or affiliation with a recognised and legitimate union or federation (e.g., IndustriALL, CNV Internationaal, Mondiaal FNV). Companies should request documentation or consult with local partners to verify that representatives are genuinely endorsed by the workforce.
- Ensure they are chosen or endorsed by the communities they represent (e.g., Cividep).
- Make sure they are able to speak safely on behalf of how they represent.

Train staff and suppliers on:

- Identifying legitimate representatives.
- Recognising power imbalances.
- Using inclusive, respectful and culturally sensitive engagement methods.
- Social dialogue and its three pillars (Trust, Communication and Respect).
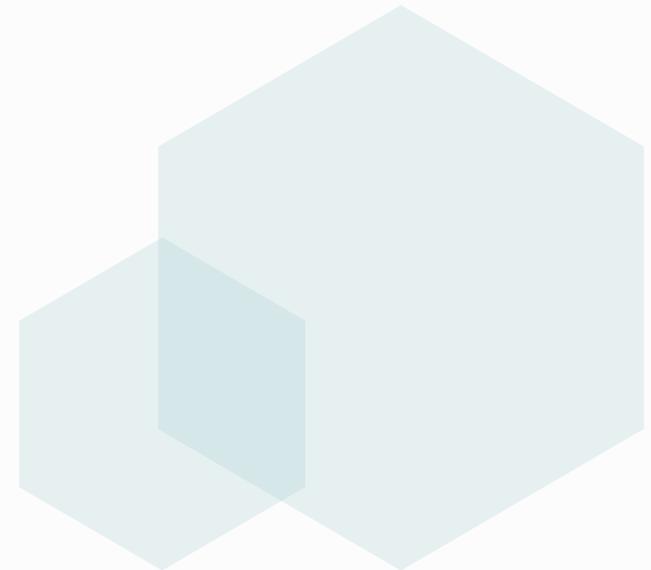
Lessons from Indonesia on how to identify stakeholders for engagement

Indonesia's garment sector involves many actors, including government agencies, trade unions, employers' associations, and civil society. Each actor plays a critical role in shaping labour standards, but ensuring freedom of association remains difficult due to employer resistance, complex legal frameworks, and uneven law enforcement. This case outlines key stakeholders for brands to engage with and identifies practical alternatives when formal union structures are absent.

Government and regulatory bodies

The Ministry of Manpower oversees labour laws, minimum wages, and occupational safety. Local labour offices in areas like West and Central Java manage inspections, grievances, and wage issues, while the Industrial Relations Court mediates disputes. Brands should maintain communication with these bodies to align with legal requirements. However, enforcement can be weak, as some offices lack resources or face pressure to avoid disrupting business. Brands can promote accountability by taking part in tripartite forums with government, employers, and unions.

Industry associations

APINDO and the Indonesian Textile Association represent factory owners and manufacturers. Engaging with these groups helps brands understand sector challenges and support ethical sourcing initiatives. Many suppliers are APINDO members, so joint training on labour rights can influence broader practices. However, some members oppose unionisation, promoting alternative worker bodies without bargaining power. Brands must clearly state that suppliers must respect workers' rights to organise and bargain collectively.

Trade unions and worker organisations

Indonesia has a strong but fragmented union landscape. Key federations include FSP-TSK KSPSI, GARTEKS, KSBSI, SPN, KSPN, RTMM K-SARBUMUSI, KASBI, SBSI92, GSBI, and APBGATI—a coalition of seven federations. These groups push for fair wages and safer conditions. Yet, union busting, including intimidation and dismissals, remains common. In some factories, competing unions weaken collective power. Brands should support dialogue with union coalitions, such as APBGATI, which unites seven federations to strengthen bargaining positions. Supporting coalition-based bargaining and direct engagement with union leaders can improve outcomes.

International programmes and MSIs

Better Work Indonesia (by ILO and IFC), the Fair Wear Foundation, and the Asia Floor Wage Alliance support independent assessments and promote ethical labour practices. Working with groups like IndustriALL and CNV Internationaal helps brands engage local unions and improve systemic conditions.

Civil society and watchdog organisations

Local NGOs such as TURC and LIPS provide research and advocacy. Gajimu.com offers anonymous reporting on labour conditions. International organisations like Human Rights Watch increase public pressure. Partnerships with these groups help brands identify risks and strengthen grievance mechanisms.

Challenges in stakeholder engagement

Despite the importance of multistakeholder collaboration, brands face challenges such as union fragmentation, employer resistance to unionisation, and inconsistent enforcement of labour laws. Some factories discourage worker organising, while others struggle with implementing collective bargaining agreements when multiple unions are involved. To overcome these barriers, brands should enforce strict supplier codes of conduct, facilitate mediation between unions and factory management, and advocate for stronger government oversight.

In CAHRAs, engagement with certain actors (e.g., armed groups or informal power holders) may be unavoidable for effective due diligence. Companies should not legitimise unlawful actions but may need to engage carefully to understand the operating context and mitigate risk.

Case Study

A good practice response to child labour by a Myanmar factory and global brands

IInvesting in child rights is investing in supply chain resilience and security of supply.

In 2022, MADE in Myanmar discovered workers suspected to be under 16, working full-time in a supplier's factory in Myanmar. In response, the brand notified the Fair Wear Foundation within 24 hours about the cases, which introduced The Centre to three brands sourcing from the factory. This led to a two-year remediation programme for the factory supplying these brands.

As part of the programme, The Centre conducted an on-site assessment and confirmed five cases of child labour, along with four young workers engaged in work hours that exceeded ILO requirements. A subsequent self-assessment carried out by the supplier with MADE's support revealed 11 cases of child labour and 35 young workers aged 16 – 17. This issue largely stems from the tendency of young workers to present fraudulent identification documents or to use the documents of others when seeking employment.

Recognising the urgency of the situation, the brands and the factory agreed to the remediation programme proposed by The Centre, focusing not just on immediate fixes but on long-term solutions through funding and training.

This was the most important step throughout the whole process, as fostering respect for child rights throughout the supply chain requires strong leadership and commitment at every level. It would not have been possible without the mutual trust established between the brands and the supplier.

Often, brands issue stop orders to supplying factories suspected of employing child labour. In contrast, this stands out as an example of effective collaboration and good practice. Henceforth, the brands and supplier worked with an accredited third-party to provide meaningful remediation for the affected children.

The remediation programme also went beyond addressing existing child labour cases and incorporated training initiatives and improved processes for the welfare of young workers, including supporting workers to obtain ID cards.

Although child labour cases were reported, the supplier showed a strong commitment and willingness to collaborate. It welcomed suggestions for improving recruitment and actively worked to strengthen their systems to prevent child labour in the future, for instance, through their commitment and increased awareness of child labour prevention.

Barriers to engagement for prioritised stakeholders

To conduct effective engagement, companies must identify, assess, and remove barriers that prevent stakeholders, and more specifically rights-holders, from fully and meaningfully participating in engagement activities.

These barriers are specific to their individual contexts and generally more pronounced for individual rights-holders and local or national stakeholders. Further, marginalised and vulnerable stakeholders may encounter additional unique obstacles such as a heightened fear of retaliation or social barriers, which prevent them from sharing certain information.
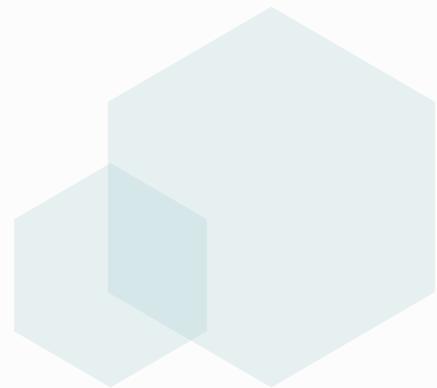
Table 3: Key barriers to engagement and potential solutions		
This table provides illustrative examples of common challenges and potential solutions. Companies should assess their own level of leverage and influence (see Tool 1) and tailor their approach proportionately to their size, scale, and context to best address barriers to engagement.		
Barrier	**Supply Chain Reality**	**Potential Solutions**
Language	• Garment supply chains are characterised by linguistically diverse workforces, including migrant and seasonal workers who may not speak the dominant national language or have access to translated information. • Factory-level communication typically occurs in dominant languages, while corporate engagement materials are often produced in English. These gaps can affect worker empowerment and comfortability when it comes to conveying information that can help detect issues and inform solutions.	• Companies should ensure that interpreters are available and that all engagement materials are translated into relevant local and spoken languages. Using local, trusted interpreters, and legitimate representatives, can help ensure worker comfort and empowerment to speak on issues they might otherwise not communicate. • Local partnerships can also facilitate adjusting communication styles to reflect local norms. Communication should avoid legal or corporate jargon and adopt formats that are culturally and linguistically appropriate.
Literacy	• In many production contexts, literacy is limited, particularly among women, migrant, or lower-caste workers. Therefore, written documents may be inaccessible to large segments of the workforce. This raises concerns about the validity of consent, the effectiveness of grievance mechanisms, and the inclusivity of consultations.	• Engagement processes should use accessible communication formats, including oral, audio, pictorial, and video materials. • Rights-based messages should be conveyed using plain language and participatory methods. • Companies should also consider co-developing materials with local organisations that understand the lived realities and literacy levels of target groups.
Technology	• Many workers do not have individual access to mobile phones or digital tools. Shared devices, factory-level restrictions on phone usage, and surveillance by supervisors are common. • In rural areas or conflict-affected regions, internet access may be unreliable or unavailable. These realities limit the feasibility and security of digital engagement.	• Digital tools used for stakeholder engagement should be designed to function in low-bandwidth environments, with options for offline use. Tools should be available in local languages and accompanied by guidance or support. • Companies should consider providing alternatives (e.g., in-person meetings, or free SMS-based systems) and ensure that any digital engagement is respect privacy rights.
Financial Constraints	• Participation in engagement activities often involves direct or indirect costs for rights-holders, such as lost wages, transportation, childcare, or meals. • Piece-rate or informal workers may be unable to attend consultations without financial loss. • Community-based organisations or worker representatives may also lack resources to engage meaningfully.	• Companies may consider covering reasonable costs of participation, including time, meals, transportation, and childcare, with clear communication that such support does not constitute undue influence. • Engagement activities should be designed to minimise disruption to working hours, but if it takes place during working hours compensation for lost income or wages must be provided. • Additionally, funding for the participation of unions and CSOs should be made available through neutral and transparent mechanisms.

Timing	• Engagement that does not consider production schedules, religious holidays, or social norms may unintentionally exclude rights-holders. • In GA&T supply chains, peak production seasons (e.g., for holiday orders) and gendered time burdens (e.g., caregiving responsibilities) may limit availability.	• Engagement activities should be scheduled in consultation with local stakeholders and consider production calendars, caregiving obligations, religious practices, and local holidays. • For example, avoiding harvest or festival periods, prayer times, and early or late hours for women may increase participation. Companies may also incorporate engagement requirements into supplier contracts to protect workers' time and participation.
Remoteness	• In geographically remote or politically sensitive regions stakeholders may be physically difficult to reach and may not appear in formal supplier records. These areas may include home-based work, informal subcontracting, or sourcing from CAHRAs.	• Companies should partner with trusted local civil society organisations and trade unions who have long-standing relationships in remote areas. Mapping informal production and engaging through regional hubs or mobile units may be necessary. • In high-risk contexts, engagement strategies should be tailored using conflict sensitivity and human rights due diligence tools appropriate for CAHRAs.
Social barriers	• Social hierarchies based on gender, caste, ethnicity, religion, sexual orientation, and migration status can significantly influence who is able and willing to participate in engagement processes. Women, Dalit, LGBTQI+ persons, and undocumented migrants may face overt or subtle exclusion. • Factory-level structures (e.g., worker committees) may replicate existing social power dynamics and fail to represent marginalised voices.	• Companies should conduct intersectional risk assessments prior to engagement. Pre-engagement outreach may be needed to build trust and explain the purpose, scope, and limitations of engagement. • Engagement spaces should be designed to be safe, inclusive, and appropriate for marginalised groups. Anonymity and confidentiality protocols should be established, particularly for sensitive topics such as discrimination or harassment.
Safety	• Stakeholders may face real or perceived risks of retaliation, job loss, physical harm, harassment, or surveillance as a result of engaging with brands or third-party assessors. • Confidentiality breaches can have serious consequences for individuals, especially in small or rural communities.	• Engagement must be grounded in a do-no-harm approach. Companies should ensure that participation is voluntary, confidential, and protected against reprisals. This may include third-party facilitation, anonymised data collection, and trauma-informed methodologies. • Contracts with suppliers should contain enforceable non-retaliation clauses. Security and legal risk assessments should be undertaken prior to engaging in high-risk or CAHRA contexts.

Lessons from a Cambodian trade union to guide meaningful and effective engagement between brands and unions applying the LASER Principles

In Cambodia, the garment, footwear, and travel goods sectors are critical to the economy and employ a predominantly female workforce. These sectors are under close scrutiny by international buyers and trade unions. However, not all unions operate with equal independence or capacity.

Experience from C.CAWDU, a leading independent and democratic union, highlights that a one-size-fits-all approach to union engagement is ineffective.

Legitimacy: which trade unions should brands engage with?

- Independent, democratic, and genuine representative unions registered at MoLVT.
- Actively organise workers, hold regular elections, and maintain strong member engagement.
- Have a proven track record of negotiating Collective Bargaining Agreements (CBAs), particularly those recognised by the MoLVT, and promoting gender equality.
- Are involved in Global Framework Agreements or affiliated with recognised union federations.

Accessibility: how should brands engage with these unions?

- Use established mechanisms, such as those facilitated by the ILO and the Cambodia Footwear Association.
- Maintain direct communication with union leadership, not only factory managers.
- Include unions in HRDD and grievance mechanisms.
- Establish regular dialogue and ensure supply chain-wide accessibility.
- Engage with stakeholders such as IndustriALL, ITUC, Clean Clothes Campaign, Worker Rights Consortium, OECD National Contact Points, and national institutions.

Safety: what are the foreseen barriers when engaging with trade unions?

- Union-busting tactics by some factory managers, harassment, blacklisting unionists, persecution, intimidation.
- The presence of factory management-influenced unions, which dilute genuine worker representation.
- Delays in negotiation or dispute resolution due to lack of unity among unions or interference from external actors.
- Capacity and resource constraints on trade union.
- Suppliers may not trust or cooperate with brands that have good relations with trade unions.

Equitability: why prioritise strategic engagement with active unions first?

- Workers' needs are clearly articulated and prioritised.
- Collective demands are based on real worker input and representation.
- Negotiations reflect the lived experiences of the workforce, especially women, who dominate the garment sector.

Respect: what are the red lines not to cross?

- Bypassing independent unions to work with management-controlled or inactive unions.
- Creating parallel structures (e.g., worker committees handpicked by management).
- Discriminating against union members.
- Ignoring legal obligations or formal decisions (e.g., from MoLVT or the Arbitration Council).
- Allowing illegal subcontracting that undermines union representation.

Step 4: Choose the forms of engagement

Select the forms of engagement that will be used to understand and effectively address human rights risks and adverse impacts.

The forms of engagement you choose will vary depending on the stage of the due diligence process, the impact being addressed, and the specific contexts of both the company and involved stakeholders.

Determine whether a bilateral, collective, or hybrid engagement approach is most appropriate based on the scope and severity of the issue, power dynamics at play, and both company and stakeholder leverage and objectives.

Once the overall approach is established, choose the specific forms of engagement and appropriate communication channels.

Bilateral versus collective engagement

A company's decision to utilise a bilateral, collective, or hybrid engagement approach depends on the scope of the issue being addressed, as well as the objectives and leverage levels of both the company and the stakeholders involved. The operational context - whether international, national, or local - and the power dynamics both among stakeholder groups and between stakeholders and companies should also be considered.

Companies with high leverage (e.g., main buyer, long-term sourcing partner) should prioritise bilateral dialogue with stakeholders when addressing facility-specific risks, building trust with rights-holders, ensuring confidentiality (e.g. protecting whistleblowers or in cases of sensitive remediation), and/or when the issue is time-sensitive.

Collective approaches are particularly valuable when company may lack sufficient leverage to effectuate positive change. For instance, if a company finds that it does not have the leverage it needs to address a factory-specific risk, it can pursue collective leverage by collaborating with like-minded buyers producing at the same factory. Collective approaches also help to prevent the duplication of efforts by multiple companies, as well as stakeholder fatigue caused by over-engagement or an overreliance on the same stakeholders. This is commonly experienced among grassroots stakeholders that are closer to the issues and therefore have an in-depth understanding of salient risks, despite being under-resourced. In times of crisis, such as natural disasters, political unrest, or widespread labour rights violations, collective MSE becomes even more essential. In such situations, the demand for stakeholder input tends to surge, particularly from brands, while local stakeholders (e.g., NGOs) are simultaneously responding to urgent needs on the ground. Coordinated, collective engagement helps avoid the diversion of critical resources and ensures that rights-holders' voices are not lost or overwhelmed.

It should also be noted that participation in collective efforts does not exempt companies from individual accountability. Further, certain adverse risks and impacts may require a combination of bilateral and collective approaches. The choice of approach should be informed by the nature of the issue and the specific context in which it arises.

Case Study

Collective MSE as a critical part of hHRDD amid crisis in Bangladesh

Since July 2024, Bangladesh has experienced significant civil unrest, political upheaval, and devastating floods. These overlapping crises have disrupted the country, severely impacting garment supply chains and increasing human rights risks for workers in the RMG sector. When a crisis hits, MSE becomes more challenging: how can we engage with those affected without diverting crucial attention and resources from crisis response?

Effective HRDD depends on meaningful engagement with affected stakeholders to inform timely and relevant actions. Amid the political and climate disruptions of 2024, the Ethical Trading Initiative (ETI) and ETI Bangladesh facilitated collective MSE involving international brands, trade unions, civil society, and manufacturers. The aim was to support businesses to integrate human rights considerations into their decision-making processes and crucially, to ensure a coordinated approach, even in a volatile context.

In practice, dialogue between local stakeholders and international brands was maintained through:

- Direct outreach to 60 factories to assess the impact of the crisis on manufacturing operations and supply chains.
- Engagement with rightsholder representatives, including structured meetings between trade union leaders, industry associations, and brands, enabling affected groups to voice their concerns and priorities.
- Consolidation of insights from these engagements into actionable industry recommendations for responsible business conduct and heightened human rights due diligence (hHRDD) during the crisis.
- Feedback loops with rightsholders, particularly through consultations with trade union leaders, to validate whether recommendations addressed the risks and priorities they had communicated. A coalition of MSIs, industry bodies, and trade unions adopted the final recommendations. This endorsement was critical in aligning responses across the sector, reducing consultation fatigue and pressure on local stakeholders.

This case highlights the critical role that a collective approach to MSE can play, especially during a crisis, where MSE becomes more challenging, but even more essential. Through a collective approach facilitated by ETI and ETI Bangladesh, companies and brands were able to engage directly with suppliers and trade unions and coordinate an aligned response – reducing engagement fatigue and duplication.

Different forms of engagement

The forms of stakeholder engagement must equally be tailored to the context, nature of the risk, and the level of leverage and influence a company holds within the value chain. In a similar vein, engagement may be facilitated through a variety of formats, including online, offline, and at the local, national, regional, or international level.

What matters the most is not the format itself, but whether the process enables meaningful participation and contributes to identifying, preventing, or mitigating adverse impacts on people.

Companies should avoid adopting a one-size-fits-all approach and instead, assess what is feasible, appropriate, and proportionate in each context. This includes evaluating the accessibility of the engagement formats for rights-holders, considering language, digital literacy, connectivity, gender, and cultural considerations.

While in-person meetings can foster deeper trust and are vital in certain contexts, they are not always the most feasible or preferred method for all stakeholders. Online platforms (such as secure messaging, video conferencing, online surveys, and dedicated platforms) can offer significant advantages in terms of reach, cost-effectiveness, accessibility for geographically dispersed groups, and sometimes, perceived safety or anonymity.

However, companies must be mindful of the digital divide and ensure that chosen online methods do not inadvertently exclude stakeholders with limited digital access or literacy. The feasibility of reaching numerous individuals personally is limited, and a strategic mix of online and offline methods is often the most effective and respectful approach.

Companies must recognise that they cannot always engage with every single stakeholder.

Feasibility should be assessed carefully and transparently, not as an excuse to avoid engagement, but to ensure that efforts are realistic, effective, and do not overburden rights-holders or set up expectations that cannot be met.

It is essential that companies move beyond superficial consultation and instead embed MSE into a long-term process, keeping in mind that, while they may not be able to do everything at once, they are committed to improving and doing what matters.
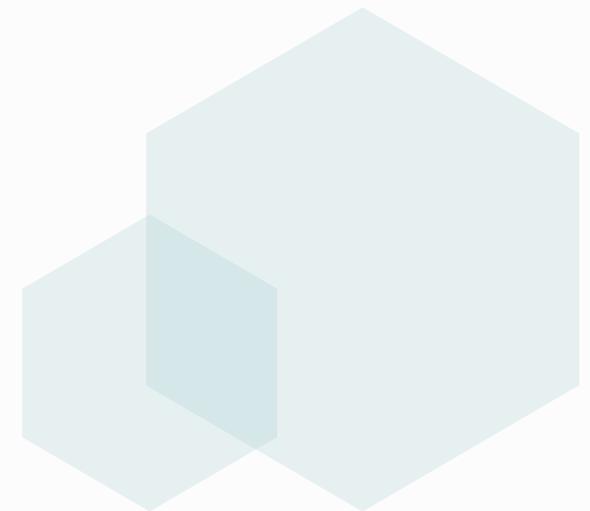
Five key forms of stakeholder engagement

This section outlines five key approaches — Information Collection, Consultation, Collaboration, Dialogue and Negotiation, and Peer Learning and Capacity Building — and offers practical guidance on how and when to apply each within the garment and textile sector.

▶ **Collecting Human Rights Information:** Useful for early scoping of risks, understanding the operating context, and prioritising consultations. Collecting information is not inherently two-way, which is a criterion for meaningful stakeholder engagement. Companies must therefore take proactive steps to ensure they are feeding back to stakeholders in an accessible, timely, and culturally appropriate way, how their input has been considered.

EXAMPLE

Before sourcing from a new country, a brand reviews reports from the relevant trade unions, labour rights assessments by local NGOs, and international watchdogs to identify potential risks such as low wages or restrictions on freedom of association.

GOOD PRACTICE

This is pre-engagement, not a substitute for dialogue. Use it to shape later consultation and risk prioritisation.

▶ **Consultation:** Critical to gather input on policies and decisions that affect stakeholders.

EXAMPLE

A brand reviewing its purchasing practices engages with key stakeholders across its supply chain, including suppliers, business associations, and trade union representatives from different sourcing countries, to understand how issues like lead times and order cancellations affect wages, working hours, and job security.

GOOD PRACTICE

Ensure materials are translated and sessions are scheduled to accommodate different time zones and shift patterns. Clearly communicate how the input will be used, provide timely feedback on the outcomes of the consultation, and demonstrate concrete changes (such as adjusting order timelines or improving grievance mechanisms) based on stakeholder contributions.

▶ **Collaboration**: Valuable for jointly designing and implementing initiatives, provided that rights-holders and other stakeholders have a clearly defined and influential role in shaping decisions. To be meaningful, collaboration should be based on mutual trust, transparent communication, and clearly managed expectations, including clarity on responsibilities, decision-making power, and how input will influence outcomes. This also helps avoid duplication and stakeholder fatigue.

EXAMPLE

Brands collaborate on Multistakeholder Platforms (MSPs) on systemic issues such as living wages, agreeing on collective bargaining mechanisms supported by industry-wide wage increases and better sourcing commitments.

GOOD PRACTICE

Choose collaboration when the issue is systemic or where individual leverage is weak; clarify roles and responsibilities to prevent tokenism or passive participation.

▶ **Dialogue and Negotiation:** Useful to reach mutual understanding and shared outcomes.

EXAMPLE

When a factory in a sourcing country is accused of union busting, the brand initiates a dialogue between the factory owner and union leaders, facilitated by a neutral local organisation, to agree on corrective actions and reinstatement of workers.

GOOD PRACTICE

Avoid entering dialogue with pre-set outcomes; focus on listening and shared problem-solving; document and publish outcomes to demonstrate accountability.
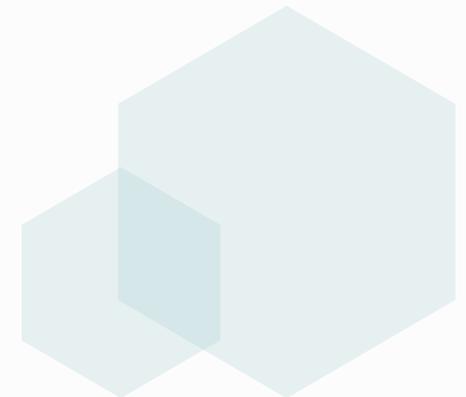
▶ **Peer Learning and Capacity Building:** Crucial to support shared learning and empower stakeholders to meaningfully engage.

EXAMPLE

Brands fund training workshops for women worker leaders in a sourcing country's garment zones delivered by local NGOs, focusing on negotiation and grievance handling.

GOOD PRACTICE

Include supplier management in the learning process to encourage top-down change; ensure participation of informal and migrant workers, who often face the most barriers to meaningful engagement; make the training accessible in the local language and tailored to the literacy levels, schedules, and specific needs of the stakeholders involved; and co-develop training content with rights-holders, such as women workers, who often face access barriers to ensure relevance and accessibility.

When developing forms of engagement companies should...

Engage legitimate representatives (e.g., elected trade union leaders, community elders, civil society organisations), particularly when conducting MSE at the national or local levels.

While this could improve access to and reduce the burden on individual rights-holders, it should not preclude direct engagement with rights-holders when necessary and appropriate, ensuring diverse voices are heard.

Facilitate structured, ongoing, and two-way communications that are conducted in a respectful manner.

Understand and address power imbalances so that all stakeholders, including rights-holders are able to provide inputs safely and have their input heard and considered.

Identify and take steps to mitigate against safety risks - including retaliation, physical, psychological, emotional, reputational, social, and privacy - prior to engaging stakeholders.

(See Framework of Meaningful Stakeholder Engagement, page 32 for more on these individual safety risks).

Ensure that forms of MSE are inclusive, reasonable, and accessible to rights-holders and vulnerable workers, being mindful of barriers such as language, geographical location, access to technology, and availability of time, so as not to place undue burden on stakeholders.

Lessons from Vietnam on participatory models to address barriers to MSE

In Vietnam's garment sector, enterprise-level or grassroots trade unions are formally recognised worker representatives. However, they often lack independence and bargaining power, especially when mid-level managers sit on union executive boards - undermining efforts to negotiate benefits beyond legal minimums.

To address this, upper-level trade unions, with support from CNV Internationaal, have established a regional taskforce to support the multi-company collective bargaining agreement (MC-CBA) process.

This taskforce brings together representatives from each participating factory's union, production workers, and management or HR. Its aim is to ensure more inclusive and balanced social dialogue, particularly for production workers who are typically excluded.

Members receive training and engage in structured, participatory dialogue to identify shared priorities which form the basis of the MC-CBA agenda. Selected members then take part in formal negotiations and support implementation and renewal.

Addressing barriers to MSE

The taskforce model has demonstrated strong potential in addressing typical obstacles to MSE in the Vietnamese garment sector:

- It creates opportunities for key stakeholders to work together and develop essential skills in negotiation through hands-on participation in training and group discussions.
- It provides a safe space and equal setting for dialogue between workers and management fostering mutual understanding and reducing cases of retaliation against individual workers.
- It ensures continuity and functionality, even when membership changes, by promptly onboarding and training new members.
- It uses flexible meeting formats and accessible locations, including trade union offices, cafés, or online messaging platforms, facilitating easier attendance and participation for production workers without disrupting their work.

Why brands support the MC-CBA process

Although the taskforce is led by Vietnamese trade unions, brands see the values in supporting this structure through the MC-CBA process. Several brands have been working with CNV Internationaal to engage their suppliers and production workers in the process and gained the following benefits:

- Have a safe platform to conduct meaningful stakeholder engagement where brands can speak directly with trade unions officers, representatives of garment sector business associations, suppliers and production workers.
- Explain brands' expectations and commitments towards sustainability and HRDD and have buy-in from local stakeholders.
- Gain insights on social dialogue situation at factory level.
- Develop direct relationships with trade unions in the region.

Tables 4-7 provide examples of when bilateral, collective, and/or hybrid engagement approaches might be implemented based on supply chain tier, company level of leverage and influence, and impact severity.

Each table, representing a different tier, details suggestions for the type, scope, and forms of engagement to apply when addressing various risks and harms. The specific risk/harm examples provided are purely illustrative and are not exclusive to the tiers to which they are applied. It should be noted that severity level can vary greatly depending on the nature and scope of the risk or harm, as well as the individual lived realities of impacted rights-holders.

Table 4: Forms of engagement for Tier 1 For illustrative purposes only			
Leverage and Influence Level	**Severity of Risk/Harm**	**Suggested Engagement Type**	**Proportional Scope and Forms of Engagement**
High: e.g., long-term strategic supplier, high production volume	**High:** Freedom of Association violations	Hybrid: bilateral and collective for systemic impact	• Direct supplier engagement, requiring FOA respect in contracts and monitoring compliance. Implement and ensure proper function of grievance mechanisms that are anonymous, with reports reaching company level. • Direct engagement with workers and/or legitimate representatives through local/national-level unions and federations, NGOs, interlocutors, etc. • Support and fund worker rights trainings either directly or through MSIs/collective initiatives and actively participate in regional and local FOA initiatives.
	Medium: Short-term wage payment delay	Hybrid: bilateral and collective	• Require timely wage payments in contracts and audits, and immediate remediation for repeated delays. Direct support with digital payroll systems. • Partner with NGOs or tech platforms to ensure transparency.
	Low: Lack of on-site formal break area for factory workers	Bilateral	• Require the provision of a clean, shaded or indoor break area with seating and water, including this as a compliance item in audits or scorecards. Offer cost-sharing or guidance on space optimisation for worker comfort.

Medium: e.g., occasional sourcing partner	**High:** Freedom of Association violations	Hybrid: bilateral and collective	• Direct engagement with suppliers and intermediaries where there is leverage, and through MSIs and buyer coalitions to build pressure at local and regional levels. Share due diligence expectations and model practices.
	Medium: Short-term wage payment delay	Hybrid: bilateral and collective	• Direct engagement to encourage payroll system improvements (e.g., digitalisation), and on wage tracking as part of audit scope. • Collaborate with other brands sourcing from the factory to push for improvement.
	Low: Lack of on-site formal break area for factory workers	Hybrid: bilateral and collective for support	• Encourage improvements through supplier engagement and capacity-building and provide examples of good practice from other facilities. • Work with other brands if sourcing is shared to amplify leverage.
Low: e.g., new, one-time or minor supplier	**High:** Freedom of Association violations	Collective	• Support collective advocacy for FOA where legal barriers exist. Join initiatives pushing for improved FOA frameworks or national policy change. Fund independent research or worker voice tools.
	Medium: Short-term wage payment delay	Collective	• Engage directly where possible to request basic reporting on wage practices. • Join platforms focused on wage transparency or wage assurance and participate in collective advocacy for national enforcement of wage laws.
	Low: Lack of on-site formal break area for factory workers	Collective	• Join collective efforts promoting the inclusion of adequate break areas in industry codes of conduct and support worker well-being initiatives.

Table 5: Forms of engagement for Tier 2 For illustrative purposes only			
Leverage and Influence Level	**Severity of Risk/Harm**	**Suggested Engagement Type**	**Proportional Scope and Forms of Engagement**
High: Long-term strategic supplier, high sourcing volume	**High:** Chemical exposure to workers in fabric mills, dye houses, laundries, and finishing units.	Hybrid: targeted bilateral and collective for systemic issues	• Direct engagement with Tier 2 suppliers where possible, (or via Tier 1) to require compliance with chemical safety standards (e.g., Manufacturing Restricted Substances Lists) as part of sourcing decisions and to ensure speed and accountability for remediation on issues of poor ventilation, inadequate PPE and equipment safeguards, unsafe handling of dyes/solvent, etc. Offer financial incentives/support where necessary. Investigate potential community exposure to chemicals through facility effluents. • Participate in collaborative initiatives and NGOs for external technical expertise and addressing issue on a systemic level.
	Medium: Water overuse and soil degradation (risk is not immediately harmful but can contribute to serious systemic risk and result in long-term impacts for local communities.	Hybrid: bilateral and collective	• Direct supplier engagement where possible to address site-level water use, reuse, and discharge; co-fund equipment upgrades. Third-party monitoring or grievance channels for affected communities, regional collective action platforms for water stewardship, co-funding of local regenerative practices and irrigation systems, integration of environmental KPIs into supplier audits and sourcing, disclosure environmental risk mapping in high-risk regions. Capacity-building and peer learning on water/soil management.
	Low: Outdated or lack of safety instructions via on-site PPE posters.	Bilateral	• Require immediate correction/CAP based on audit findings/risk assessments/complaints, following up via regular compliance checks. Offer financial or technical support where necessary.
Medium: Occasional sourcing partner	**High:** Chemical exposure to workers in fabric mills, dye houses, laundries, and finishing units.	Collective (supported with bilateral where possible)	• Peer alignment on chemical safety standards and participation in collective monitoring programs. Offer technical support and capacity-building opportunities if directly connected with supplier facility.
	Medium: Water overuse and soil degradation where the risk is not immediately harmful but can contribute to serious systemic risk and result in long-term impacts for local communities.	Hybrid: bilateral and collective	• Direct supplier engagement where possible to address site-level water use, reuse, and discharge and support with collective initiatives for broader impact on the ground. NGO collaboration for access to local affected community's perspectives, MSI participation to address systemic root causes.
	Low: Outdated or lack of safety instructions via on-site PPE posters.	Bilateral	• Raise issue through periodic facility check-ins/visits, offering standardised poster examples/templates and/or training resources.

Leverage and Influence Level	Severity of Risk/Harm	Suggested Engagement Type	Proportional Scope and Forms of Engagement
Low: New, one-time or minor supplier	**High:** Chemical exposure to workers in fabric mills, dye houses, laundries, and finishing units	Collective	• Participation in MSIs, industry-led coalitions, buyer alliances to pool influence, application of joint pressure, and collectively monitor facilities. Engagement via credible platforms.
	Medium: Water overuse and soil degradation where the risk is not immediately harmful but can contribute to serious systemic risk and result in long-term impacts for local communities.	Collective with targeted bilateral if possible	• MSI-led engagement (platforms addressing water/soil issues) and industry associations for systems-focused collaboration. Discussion with Tier 1 suppliers to encourage adoption of sustainable sourcing from upstream suppliers.
	Low: Outdated or lack of safety instructions via on-site PPE posters	Hybrid: bilateral and collective	• Provide compliance tips on PPE signage in onboarding materials and monitor via third-party assessments if possible. Encourage participation in shared capacity-building.

| Table 6: Forms of engagement for Tier 3 | | | |
For illustrative purposes only			
Leverage and Influence Level	**Severity of Risk/Harm**	**Suggested Engagement Type**	**Proportional Scope and Forms of Engagement**
High: Long-term strategic supplier, high production volume	**High:** Child labour	Bilateral and MSIs for systemic issues	• Direct engagement for targeted assessments and audits at processing/spinning facilities, remediation, and follow-up. Support facilities with child labour monitoring systems • Collaboration with MSIs, industry coalitions, NGOs to address root causes at a systemic and local community level.
	Medium: Reports of indirect workplace discrimination against the supplier	Hybrid: bilateral and collective	• Direct engagement to conduct confidential risk assessments (e.g., through worker surveys, focus groups, interviews), implement and improve workplace grievance mechanisms with gender-sensitive protocols, and support facilities with remediation, prevention of future occurrences, and trainings. • Collaboration with MSIs, industry coalitions, NGOs to address root causes at a systemic and local community level (if any).
	Low: Lack of facility fire/safety drills	Bilateral	• Include safety drills as compliance requirement, directly engage on corrective action plans and deadlines, and follow-up. Offer training and resources for support on alignment with fire and safety frameworks.

Medium: Occasional sourcing partner	**High:** Child labour	Collective and targeted bilateral	• Engagement with industry platforms, MSIs, and NGOs addressing child labour to build collective influence/impact where visibility and access are limited, and to enable joint risk assessments, co-develop compliance and training programs, and share accountability for prevention, mitigation, remediation.
	Medium: Reports of indirect workplace discrimination against the supplier	Collective and selective bilateral efforts	• Engagement via intermediaries to strengthen non-discrimination policies at the site-level. • Participate in industry initiatives focused on gender equality and workplace safety and co-develop grievance mechanisms and tools for remediation.
	Low: Lack of facility fire/safety drills	Hybrid: bilateral and collective	• Engage via intermediaries to require and enforce safety protocols.
Low: New, one-time, or minor supplier	**High:** Child labour	Collective	• Support and participate in industry initiatives and multi-brand coalitions to align on transparency and zero-tolerance standards.
	Medium: Gender-based harassment	Collective	• Engagement via credible platforms and MSIs to support non-discrimination (e.g., gender equity) frameworks, to pool influence to advocate for legal protections and their enforcement, co-fund safety training programs and anonymous worker feedback channels, and coordinate joint compliance monitoring.
	Low: Lack of facility fire/safety drills	Bilateral	• Require health and safety compliance as a condition of onboarding and provide guidance on safety standards and resources.

Table 7: Forms of engagement for Tier 4 For illustrative purposes only			
Leverage and Influence Level	**Severity of Risk/Harm**	**Suggested Engagement Type**	**Proportional Scope and Forms of Engagement**
High: Company directly sources from/funds/owns farms or raw materials facility	**High:** Forced labour	Hybrid: bilateral and collective	• Bilateral engagement with own farms and raw material facilities for targeted pressure, remediation, follow-up, and support with child labour monitoring systems. • Sectoral engagement with and through industry coalitions, industry associations, and MSIs for broader collective influence in addressing systemic issues like state-imposed labour.
	Medium: Land use pressure and soil degradation (risk is not immediately harmful, but can have long-term impacts on land quality/security and livelihoods for farming communities)	Hybrid: bilateral and collective	• Where possible, direct supplier engagement for risk mapping (especially in high-risk regions), addressing site-level land use and farming practices, enforcing integration of environmental/land use KPIs into supplier audits and sourcing standards, capacity-building and peer learning on water/soil management, and/or negotiating funding for local regenerative farming and capacity-building programs. • Engagement with industry platforms, MSIs, and NGOs to create collective leverage for impact where visibility and access are limited.
	Low: Non-standardised labour records for workers (e.g. paper logs)	Bilateral	• Direct engagement with farms and raw material producers for speed, depth, and accountability for remediation (improving recordkeeping). Companies can also improve/enforce record requirements as part of contracts, directly support with reference resources, and follow up directly.
Medium: Occasional sourcing partner	**High:** Forced labour	Collective	• Engagement with industry platforms, MSIs, and NGOs to create collective leverage for impact where visibility and access are limited, and enable joint risk assessments for and shared accountability on prevention, mitigation, and remediation.

	Medium: Land use pressure and soil degradation (risk is not immediately harmful, but can have long-term impacts on land quality/security and livelihoods for farming communities)	Hybrid: bilateral and collective	• Direct supplier engagement where possible to address site-level water use, reuse, and discharge and additional support with collective initiatives for broader impact on the ground. • NGO collaboration for access to local affected community's perspectives and MSI participation to address systemic root causes.
	Low: Non-standardised labour records for workers (e.g. paper logs)	Hybrid: bilateral and collective	• Companies may have to work through intermediaries to help educate and provide guidance to upstream actors, but should enforce/incentivise record requirements as part of contracts where possible. • Collective transparency tools through MSIs to broaden impact.
Low: New, one-time or minor supplier	**High:** Forced labour	Collective	• Support collective action and participate in industry coalitions that advocate for standards around traceability and due diligence.
	Medium: Land use pressure and soil degradation (risk is not immediately harmful, but can have long-term impacts on land quality/security and livelihoods for farming communities)	Collective with targeted bilateral if possible	• MSI-led engagement (platforms addressing water/soil issues) and industry associations for systems-focused collaboration. Discussion with Tier 1 suppliers to encourage adoption of sustainable sourcing from upstream suppliers.
	Low: Non-standardised labour records for workers (e.g. paper logs)	Collective	• Company may have to use collective industry platforms, coalitions, NGOs, and/or outside experts to support with labour formalisation, fair recruitment, record digitalisation, and traceability systems.

Step 5: Conduct the engagement activities

Identify what resources are necessary to successfully carry out engagement activities in regard to manpower and financial cost. Companies may need to provide high-quality translators and interpreters so that stakeholders may communicate in their own language or preferred languages. It is crucial that the engagement is periodic and transparent.

Companies can utilise these handy tools from the SER to prepare for dialogue:

- Preconditions for starting a dialogue to assess commitment, capacity, and internal processes, and undertake the necessary improvements as prerequisites for effective social dialogue.
- Considering country-specific and cultural factors, with practical examples of the kind of contextual information to collect before engaging in social dialogue.
- Checklist multi-stakeholder dialogue meeting abroad for practical aspects to consider in the organisation of multistakeholder dialogues abroad.
- When and how to share information? for practical insights about proactively sharing relevant information to stakeholders.

Preparation

Before conducting the chosen forms of engagement (e.g., discussions, negotiations, consultations, etc.), companies must ensure they meet the following prerequisites for effective MSE:

▶ **Commitment:** Cross-functional understanding of the importance of dialogue and internal alignment on the company's level of commitment to the outcomes.

▶ **Capacity:** Sufficient time, resources, and expertise to prepare, conduct, and follow up on stakeholder dialogues, as well as a clear understanding of the company's capacity when it comes to carrying out stakeholder dialogue.

▶ **Internal processes:** Effective internal communication and coordination on dialogue purpose, content, implementation, and outcomes, as well as appropriate technological infrastructure for supporting the forms of engagement (e.g. online dialogue).

▶ **Gathering information on country-, regional-, and locality-specific cultural contexts:** This is an essential pre-implementation step to aid companies in understanding and preparing for political, economic, and social differences between company representatives and stakeholders. Equipping internal teams with such information can help to build trust and show goodwill with stakeholders, prevent unintended missteps or offense, align engagement approaches with cultural contexts, and set realistic feasibility expectations. Important topics to explore include laws and regulations, recent events, civic space, professional position profiles, public holidays, time differences, security, technology use, communication style, and cultural customs and attitudes.

Understanding this information will also help in the identification of stakeholder-specific barriers and inform the arrangement of reasonable logistics with regard to organising meeting format/venue, agenda structure, translation services, group communication channels, travel and arrangements, local transportation, among other factors.

Periodicity

When determining how often engagement should take place with a specific stakeholder group, the company should consider the stakeholders' level of interest and influence, the current phase of engagement within the due diligence process being carried out, and the level of engagement conducted previously with these stakeholders.

Frequency of engagement should increase as a company progresses through each step of the HRDD process, with special care taken to ensure communication is two-way and ongoing, as companies provide transparent and relevant information in advance of any major discussions or decisions. It is also essential for companies to report back on the decisions and actions they have taken and for stakeholders to be able to challenge companies' decisions and hold them to account for their commitments.[xiv]

Further, stakeholders should be provided with sufficient time to consider issues that affect them and should not be expected to rapidly take a decision or provide feedback on information they are hearing for the first time.[xv] This means that stakeholders should have adequate time to prepare, review relevant materials, and seek clarification on information if needed. The timelines and the notice period should be mutually agreed between the company and the stakeholders.

Periodicity also reflects a broader commitment to continuous improvement. MSE should not be a one-off event but an iterative process that evolves as circumstances change. This requires companies to regularly assess the effectiveness of their engagement efforts, adapt their approaches in response to feedback, and be prepared to refine their methods over time.

The LASER Principles should also be embedded and upheld throughout the engagement lifecycle.

Relationship building with stakeholders

Sporadic or crisis-driven engagement erodes credibility. Rather, companies should proactively adopt a long-term, preventative approach to stakeholder engagement, embedded across sourcing decisions, risk assessments, and remediation processes. This includes investing in trusted relationships with local trade unions, women-led organisations, and community groups well before harm occurs.

Trust is both an outcome and enabler of meaningful stakeholder engagement. In complex supply chains, trust allows for open communication about sensitive issues such as wage violations, gender-based violence, and freedom of association.

Key practices for building trust with stakeholders include:

▶ **Demonstrating transparency:** The purpose of engagement, expected outcomes, and limitations should be transparent and clear.

▶ **Ensuring consistency and follow-through:** Stakeholders must see that their inputs lead to action - or receive a clear explanation when they do not.

▶ **Creating safe spaces:** Engagements must be free from surveillance or retaliation. This is especially crucial in contexts where workers or civil society actors face repression.

▶ **Being responsive and respectful:** Timely follow-ups, culturally appropriate communication and acknowledgment of stakeholder knowledge help to maintain trust.

One practical tool to institutionalise this approach is the integration of stakeholder engagement clauses into supplier contracts. This shifts stakeholder engagement from a discretionary activity to a shared contractual obligation, anchoring relationship-building in the business relationship.

⚙ The SER tool on <u>Meaningful stakeholder dialogue - Building trust</u> is a helpful resource for companies on how to build trust and manage distrust.

EXAMPLE OF STAKEHOLDER ENGAGEMENT IN SUPPLIER CONTRACTS

(e) Any engagement with stakeholders and/or their representatives [and/or a third party acting on behalf of such stakeholders] pursuant to this Clause [5] shall only be carried out to the extent it does not cause, contribute to, or exacerbate any Adverse Impacts.

The Connected Party shall ensure that any such engagement is free of manipulation, interference, coercion, and/or intimidation, and is conducted in a culturally appropriate format. Where such engagement is not possible, the parties shall consider reasonable alternatives such as consulting credible, independent expert resources, including human rights defenders and others from civil society.

From the <u>Supplier Model Contract Clauses Version 1.0, "SMCs 1.0"</u>, 2023 by the Responsible Contracting Project
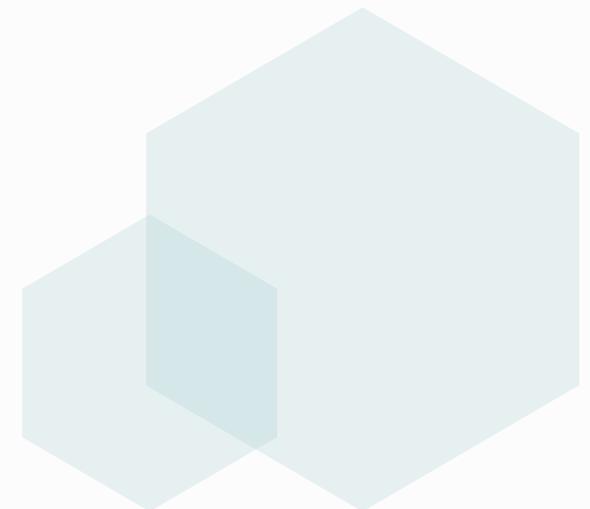
Lessons from Cambodia on strengthening MSE through Global Framework Agreements

In Cambodia's garment sector, global framework agreements (GFAs) offer a structured approach for international brands to protect labour rights across supply chains. These are signed between global union federations (e.g., IndustriALL) and multinational brands, with commitments on freedom of association, collective bargaining, non-retaliation, and engagement with independent unions such as C.CAWDU.When local resolution fails, C.CAWDU has used GFAs to escalate disputes to brand headquarters, leveraging multi-level complaint mechanisms. The GFA process typically involves:

- Negotiations at headquarters level between IndustriALL and brands.
- Mapping and introduction of local unions into the framework after signing.
- Establishment of contact points or complaint platforms.
- Involvement of union leaders in case preparation and joint meetings.
- Support from international solidarity groups to help unions access and use the GFA.

However, some brands have been inconsistent in applying GFAs, highlighting a key limitation: their non-binding nature makes enforcement slow and weakens impact. For GFAs to be effective, they require clear escalation steps, sustained brand commitment from headquarters to factory level, union training, and consistent monitoring. Trust is built through ongoing, transparent collaboration, not one-off actions.

GFAs benefits depend on brands sharing responsibility fairly, rather than shifting it to unions or factories. However, uneven awareness and training, especially among suppliers and brand field offices, create bottlenecks.

To address this, brands should adopt enforceable GFA terms, train staff and suppliers, engage only with independent unions, set clear complaint follow-up timelines, support union capacity-building, and report publicly on progress. These steps are key to building trust and making GFAs effective tools for protecting workers' rights.

Benefits of GFAs: C.CAWDU's on-the-ground experience with GFAs in the Cambodian garment sector:

For workers and unions:

GFAs provide safer platforms for workers and union members to report violations. They allow escalation when local options are exhausted and reduce fear of retaliation. When enforced, GFAs strengthen worker confidence and representation. However, this safety depends on:

> Prompt brand responses.

> Respect for the agreement by local factories.

> Protection from retaliation for union members who raise issues.

For brands, GFAs:

> Improve their reputation.

> Act as early warning systems before issues escalate.

> Support more stable relationships with suppliers.

For suppliers and local factories, GFAs:

> Create more structured communication with unions.

> Reduce risk of surprise audits or brand withdrawal if terms are respected.

Transparency

As a cornerstone of MSE, transparency around both the purpose and outcomes of engagement is a crucial part of establishing trust and maintaining effective long-term stakeholder relationships.

As such, companies should:

1 **Clearly communicate the purpose of engagement,** informing stakeholders about the objectives of the engagement, as well as information about and the context surrounding the issues be addressed

2 **Set expectations for outcomes:** Discuss the intended potential outcomes of the engagement, including how stakeholder input will be incorporated into decisions and actions.

3 **Establish regular communication:** Maintain ongoing dialogue with stakeholders, providing updates on progress, challenges, and changes in plans or timelines.

Such transparency ensures that stakeholders are informed and empowered throughout the engagement process, encouraging regular, active participation.

Step 6: Measure and communicate the outcomes

Identify key performance indicators (KPIs) and reliable mechanisms for collecting relevant data to track the progress and outcomes of MSE. These should be co-developed between brands and stakeholders to monitor and assess progress toward shared and individual objectives.

The communication of impact and relevant indicators should be timely, accessible, and easily understandable to stakeholders. The impact measurement and tracking should be ongoing and integrated into all steps of the due diligence process.

Companies can also use the insights gathered to improve and iterate engagement strategies. Information should be communicated with barriers to engagement in mind, such as language, literacy, technology, and remoteness.

It should be shared in a language that stakeholders can understand without jargon and presented in a culturally appropriate way.

Examples of outcomes based on MSE

Tailored mitigation and remediation

Conducting MSE allows for companies to co-develop more effective, context-specific mitigation and remediation pathways that centre rights-holders' perspectives.

It is crucial that stakeholders be included throughout mitigation and remediation processes, including audits themselves, for example through interviews and the final agreement on corrective actions. Remediation efforts should be proportionate to the severity of the impact, ensuring that responses are fair, effective, and aligned with the expectations of affected communities.

In line with OECD Garment Guidance, corrective action plans (CAPs) - whether site-, regional-, country-, or global-level - should be developed in collaboration with rights-holders and other relevant stakeholders, and go beyond surface-level fixes to address root causes and support long-term change.[xvi]
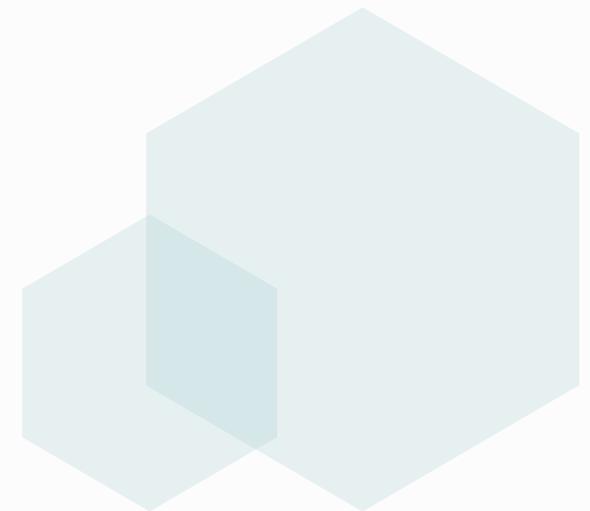
⚙ Tool 3: Step-by-step checklist: What makes for a good CAP?

1

Engage workers and legitimate representatives early

▶ Involve workers and their democratically elected representatives (e.g., trade unions, worker committees) in designing the CAP.

▶ Ensure their input helps shape realistic, rights-respecting solutions that address root causes, not just symptoms.

▶ Confirm legitimacy of worker reps and absence of major freedom of association issues before engagement.

2

Ensure CAP is gender-sensitive and culturally appropriate

▶ Design CAP measures that respect cultural contexts and do not inadvertently shift risks or burdens onto workers, particularly vulnerable groups such as women and migrants.

3

Communicate transparently and accessibly

▶ Share the CAP and related findings in local languages with all relevant stakeholders, including worker representatives.

▶ Use clear, jargon-free language and provide multiple communication channels for ongoing feedback (e.g., meetings, translated documents, suggestion boxes).
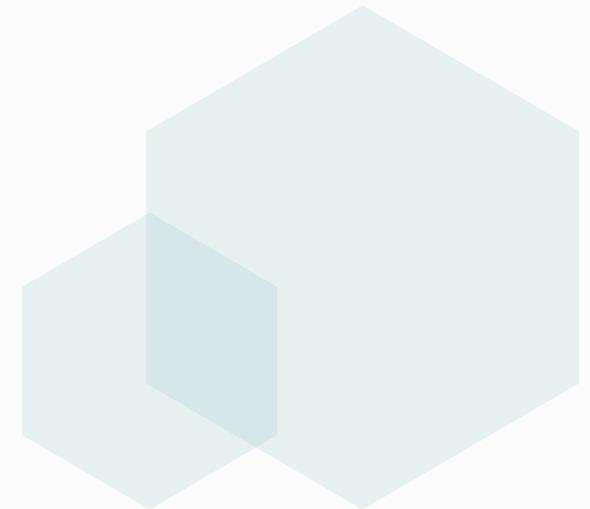
4

Define clear timelines, accountability, and progress indicators

▶ Establish mutually agreed deadlines for each action point.

▶ Specify who is responsible for implementation and monitoring.

▶ Agree on measurable indicators to track progress and impact.

5

Co-create a follow-up process with suppliers and worker representatives

▶ Organise a formal dialogue with suppliers to review CAP findings and the proposed follow-up process.

▶ Colelaboratively design mechanisms for worker reps to participate actively in monitoring implementation.

▶ If suppliers resist involving worker representatives, discuss concerns openly to build trust and understanding.

6

Monitor progress and process respectfully

▶ Use multiple tools to track CAP implementation and effectiveness. Some examples include:
  - Site visits.
  - Worker surveys.
  - Anonymous feedback channels (hotlines, suggestion boxes).
  - Third-party or peer reviews.

▶ Evaluate not only outcomes but also how well the process amplifies rights-holders' voices.

7

Analyse and learn from recurring issues

▶ Periodically review CAP results across suppliers to identify systemic risks or repeated challenges.

▶ Adjust corporate policies, purchasing practices, or due diligence processes based on these insights to prevent future harms.

8

Foster sustainable social dialogue

▶ Use the CAP as a platform to strengthen ongoing dialogue between factory management and worker representatives.

▶ Support empowerment of worker representatives to raise issues early and independently, reducing reliance on audits as well as external pressure.

For a template of a CAP, please refer to **Annex 2** of this Technical Guidance.

Termination of business relationship as last resort

There may be situations where adverse impacts cannot be effectively addressed despite sustained efforts and meaningful stakeholder engagement. In such situations, where a company's leverage is insufficient to achieve the necessary prevention or mitigation of severe human rights impacts, it may be compelled to consider disengagement as a means of ending its contribution to those impacts.

This decision, while often commercially challenging, must primarily be driven by the company's responsibility to respect human rights and should follow a clear and transparent process aligned with the International soft law on RBC. In such cases, companies should reassess the business relationship and explore all possible alternatives before considering disengagement.

Disengagement should be undertaken only after all reasonable attempts to cease, prevent, or mitigate the impact have been exhausted and the prospect of achieving positive change within a reasonable timeframe is limited or absent. Importantly, CAPs and responsible disengagement are not mutually exclusive but can interact as part of a phased approach.

In certain cases, a CAP may include clear benchmarks and timelines for improvement, accompanied by a parallel assessment of conditions that would trigger disengagement if progress remains inadequate. This allows companies to communicate expectations transparently while giving suppliers a fair opportunity to remedy harms.

Responsible disengagement, driven by a company's commitment to respect human rights when leverage has failed to address adverse impacts, is a complex and high-stakes process.

Companies have a responsibility to manage their exit in a way that seeks to prevent or mitigate adverse human rights consequences arising from the disengagement itself. It requires careful planning, resources, and robust internal procedures for assessment, decision-making (based on human rights criteria), documentation, and implementation. Companies should ensure these procedures are clearly defined and aligned with their overarching human rights policy and due diligence framework and are:

Transparent: Clearly communicating the human rights-based reasons and the timeline for disengagement to the supplier's management, workers and their representatives, and other relevant stakeholders.

Inclusive and consultative: Engaging in meaningful consultation with affected rights-holders (e.g., workers, trade unions, local communities) and their legitimate representatives to understand the potential social and economic consequences of disengagement on them, and to identify and collaborate on measures to minimise these harms.

Respectful and rights-holders protecting: Ensuring the disengagement process adheres to all legal obligations (e.g., regarding notice periods and severance pay) and seeks to go beyond these minimum obligations where necessary to protect rights-holders. This includes assessing impacts on vulnerable groups and ensuring any outstanding grievances or remediation needs related to past harms are addressed.

Contractual responsibility: Companies should honour pre-existing contractual obligations, including paying for finished goods and materials already ordered or produced by suppliers, in line with responsible purchasing practices.

Disengagement must not be used to shift responsibility or avoid remediation. Instead, it should reflect a company's ongoing commitment to human rights, even in complex, high-risk contexts.

The OECD Garment and Footwear Guidance on disengagement from suppliers

Responsible disengagement is an option. Enterprises may disengage:

- After failed attempts at preventing or mitigating impacts through different measures, for example, when suppliers have not taken corrective action within agreed upon timeframes.
- Where the enterprise deems preventing or mitigating impacts not feasible.
- When the enterprise has identified severe harm. For example, in relation to occupational health and safety risks, when immediate and critical danger has been identified, the enterprise should ensure that production does not take place at the affected production site until the immediate and critical danger has been adequately addressed.

If an enterprise determines the need to disengage, it should seek to do so responsibly. Specifically, the enterprise should:

- Comply with national laws, international labour standards, and the terms of collective bargaining agreements.
- Provide detailed information supporting the business. decision to management and to the union, where one exists
- Give the supplier sufficient notice of the ending of the business relationship.

Refer to Section 1, Chapter 3.1, "Cease, Prevent or Mitigate Harm in the Enterprise's Own Operations," of the OECD Garment and Footwear Guidance for more information on disengagement from suppliers.

Examples of good MSE practices from Fair Wear's member brands when 'responsibly' exiting markets

Example 1: A Fair Wear member brand stopped working with one supplier in Slovakia over which it had low leverage (~2%). Despite this, it followed Fair Wear's responsible exit guidance and tailored it to its own internal strategy. A gradual reduction in orders had been planned over a period of two years, and the brand engaged in transparent communication, including a personal meeting between its CEO and factory management. When the factory later struggled with capacity, the brand placed a temporary order to support the production capacities again temporarily.

Example 2: A Fair Wear member stopped with one supplier in India and is currently responsibly disengaging from Myanmar following Fair Wear's policy on business in Myanmar. In Myanmar, it worked closely with Fair Wear and the supplier, concluding with a shared impact report. While not leading grievance remediation, the brand supported efforts to address worker concerns. In India, exit decisions stemmed from consolidation and quality issues. All stakeholders, including Fair Wear and affected subcontractors, were informed and included in the disengagement plan. In Bangladesh, the brand considered exiting over poor audit results but chose to stay following high-level dialogue and improvements at the factory, exemplifying how stakeholder engagement and leverage assessments shaped different outcomes.

Tracking and evaluating the effectiveness of the engagement

To monitor and assess progress toward engagement goals, companies should develop clear KPIs that align with both company and stakeholder objectives, as well as reliable mechanisms for collecting relevant data.

On the company side, KPIs for consideration include stakeholder attendance, participation, and response rates; communication frequency; satisfaction with overall engagement mechanisms, remedy, and other outcomes; company perception; number of issues/risks identified; and CAP resolution rates. On the other hand, stakeholders, particularly rights-holders, may be more concerned with outcomes surrounding the prevention, mitigation, and remediation of specific adverse impacts and risks that are affecting, or could affect them.

The communication of engagement impact and relevant indicators should be timely, accessible, and easily understandable to stakeholders, while also accounting for language differences and varying levels of education and literacy. The communication of data alone may not be material to stakeholders.

The tracking of engagement impact should be ongoing and integrated into all steps of the due diligence process. Companies should use the insights gathered to improve engagement strategies and implementation, and report back to stakeholders on improvements and challenges. Engaging with stakeholders on impact is also instrumental to fostering trust and transparency.

Ongoing communication and feedback to stakeholders

Companies must ensure that disclosures are meaningful to rights-holders. This requires co-determining with stakeholders what constitutes material information and how it should be communicated. Furthermore, disclosure should be culturally appropriate and context-sensitive and should prioritise the safety and confidentiality of rights-holders.

The information shared should go beyond general commitments or vague statements and reflect concrete actions taken, results achieved and even lessons learned. It must not be limited to one-way dissemination of information. Rights-holders should be able to ask questions, clarify doubts, and contest company claims. This emphasises the importance of creating feedback loops that allow rights-holders to validate the information and raise additional concerns, which should in turn trigger further due diligence where necessary.
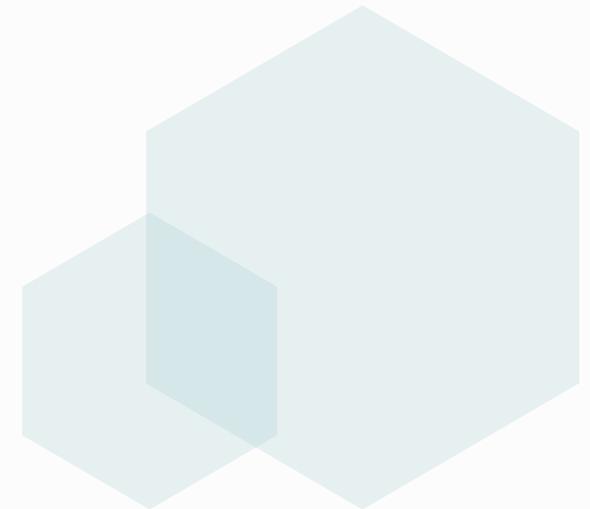
While rights-holders must be at the centre of communication efforts, companies also have a responsibility to transparently communicate with other relevant stakeholders, as appropriate. These include investors, business partners, CSOs, industry associations, trade unions, regulators, and the general public. In this sense, communication to stakeholders should be transparent, comparable, and decision-useful, while maintaining the confidentiality or security of rights-holders when necessary. Companies should also:

▶ Share lessons learned and good practices via industry initiatives or buyer forums.

▶ Where possible, include disaggregated data (e.g., by gender, location, or type of grievance) to support transparency and facilitate external scrutiny.

▶ Disclose the information in sustainability reporting, corporate websites, or dedicated human rights updates and ensure consistency across all public reporting formats.

▶ To reinforce accountability, publish information about grievance mechanisms, the number and type of complaints received, trends over time, and how complaints have been resolved.

▶ Proactively share findings from impact assessments and mitigation efforts with civil society actors operating in affected regions.

▶ Establish ongoing communication channels (e.g., roundtables, stakeholder panels, joint webinars) and enable rights-holders' representatives, human rights defenders, and NGOs to review and provide input on disclosure content to ensure it reflects the ongoing realities.

Communicating on severe human rights risks and impacts to rights-holders, especially in crisis

The form of communication with rights-holders and stakeholders should be tailored to the specific nature and severity of the impact. Garment companies should consult with stakeholders on what information they need considering the context.

For example, in the context of severe human rights risks, stakeholders may most need communication on how the company will be handling grievances.

In the context of a fire or industrial accident, stakeholders may need information on how the company will monitor remedy for impacted workers.

In the context of a natural disaster, stakeholders may need information on whether the company will continue to place orders and how it is engaging with its suppliers to try to maintain production.

It can be difficult and potentially impossible to establish stakeholder engagement relationships while in a crisis. Companies should therefore seek to establish ongoing relationships with stakeholders at the country level, for example through semi-regular meetings. This establishes a means of dialogue when crisis does arise. Companies can also engage through MSIs and industry agreements that facilitate country-level engagement. It is important to ensure that:

During a crisis, the principle of respect is particularly important to ensure a timely and appropriate response to the crisis. This means that:

- Companies engage in good-faith prior to making major decisions, thoroughly consider their input, and take action based on the information that they learn from stakeholders.
- Communication is two-way, meaning that both the company and stakeholders can freely share their information and perspectives.
- Garment companies share relevant information in a timely fashion. Crisis contexts evolve quickly, and garment companies may need to engage with stakeholders more quickly than in normal operating environments.

Communication should be delivered in a format and at intervals that correspond to the severity and nature of the company's human rights impacts.

Communication should contain enough detail to allow stakeholders to assess how effectively the company has responded to specific human rights concerns

Communication should not create further risks for affected individuals, employees, or breach legitimate expectations of business confidentiality.

Public disclosures and transparency

Disclosure is inherently one-way. However, disclosure should not be an isolated step. Garment companies should be consulting on their human rights polices and prevention action plans with stakeholders at global and country-level as part of their ongoing engagement with stakeholders.

Global level

Garment companies can actively engage with key stakeholders on their due diligence reporting. This can include seeking feedback on sections of their annual sustainability and due diligence reports prior to publication to ensure that the report provides sufficient information to evaluate the garment company's due diligence.

Country level

In key sourcing countries, garment companies could share HRDD plans with national stakeholders to highlight priority human rights issues it is seeking to address.

Garment companies could publish relevant policies and due diligence disclosures in key languages, such as the languages of its largest sourcing countries (in terms of volume).

Garment companies should never name a stakeholder or partner without their explicit permission. This concerns any public communication.

Garment companies should truthfully reflect their HRDD activities and stakeholder engagement efforts in their annual reporting.

When is it important to do stakeholder engagement?

As highlighted in the OECD Guidelines and the UNGPs, meaningful stakeholder engagement is not merely a procedural requirement, but a fundamental component of the HRDD process. It can help companies in identifying, mitigating, and addressing human rights and environmental risks and impacts in a comprehensive, inclusive, and effective manner. For this reason, embedding meaningful stakeholder engagement throughout each step of the human rights due diligence process is pivotal, as it ensures that companies are fully informed about the risks they pose and can take appropriate and proactive actions with the aim of improving human rights in their supply chain.

The following section provides an overview of MSE within the six-step framework of the HRDD process outlined in the OECD Due Diligence Guidance, including entry points for engagement at each stage and practical tools. Importantly, the highlighted key entry points do not necessarily follow a sequential order. Depending on the context, companies may choose to engage stakeholders at different stages of the HRDD process, or revisit earlier steps as new risks or opportunities emerge.

Step 1: Embed RBC into policy and management systems

In accordance with the recommendations stipulated within the <u>OECD Due Diligence Guidance</u>, companies should embed RBC into their policies and management systems,[xvii] including a commitment to internationally recognised standards such as the OECD Guidelines and the UNGPs.

Why is stakeholder engagement important?

Establishing clear policies is a foundational step that underpins all subsequent HRDD efforts, ensuring that a company's values and commitments are translated into practice across its operations and supply chains. To be meaningful and legitimate, these policies should be developed through engagement with key stakeholders to understand their implications, especially on those who may be directly affected by the company's activities. They should also be regularly reviewed and updated to reflect evolving risks, contexts, and stakeholder expectations.

On the management systems side, companies must allocate adequate resources to carry out effective HRDD and foster internal accountability.

A cross-functional buy-in and alignment across relevant departments (legal, procurement, public relations, and executive leadership) is essential. This internal alignment ensures consistency and accountability across decision-making processes. For instance, complex and high-stakes decisions, such as exiting from a production country due to human rights risks require coordination among different departments such as legal, procurement, public relations and the full support and endorsement of the executive leadership to ensure credibility, coherence, and long-term responsibility.

Initial engagement to inform, co-develop, and receive feedback on RBC policies and to strengthen management systems.

Who to engage?

International or national unions, suppliers, and MSIs/NGOs with sector/regional/thematic expertise. Direct rights-holders do not need to be engaged at this stage.

Tools

- Fair Wear's Templates for Responsible Sourcing Dialogue which provides information about pre-sourcing, start of business, and ongoing sourcing dialogue.
- Fair Wear's practical Brand Guidance for Responsible Sourcing Dialogue for practical guidance for brands to conduct responsible sourcing dialogue.
- SER's Tools Preconditions for starting a dialogue and The added value of dialogue for your company.
- Syspons' tool on how to effectively engage with trade unions.

Guidance

- Companies are not expected to conduct in-person consultation, as the focus here is on understanding the context - where the brand sources from, where supply chains are operating from, and the key issues happening on the ground - which can be done virtually.

Embedding RBC into responsible contracting and sourcing agreements.
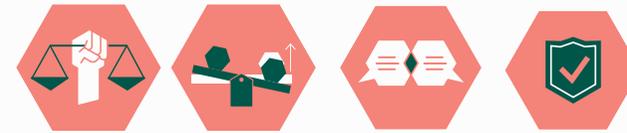
🤝 Who to engage?

Suppliers with whom the company has contracts, MSIs and NGOs with expertise on responsible contracting and fair purchasing practices.

🧭 Guidance

- The contract should not be a way to cascade responsibility down the supply chain, rather facilitate shared responsibility.

- Companies should seek to understand the impacts of their contract terms and purchasing practices on suppliers, and thereby, garment workers, and adjust their policies accordingly.

- Key considerations include embedding both commercial and human rights standards into supplier agreements, alongside buyer commitments to sustainable costing and collaborative production planning.

⚙️ Tools

- RCP's Model Contract Clauses (MCCs) 2.0 translate the UNGPs and OECD Due Diligence Guidance into contractual obligations that can be included in supply contracts for the manufacturing and sale of goods.
- RCP's European Model Clauses (EMCs) which include a set of contractual tools under development that aim to assist companies in aligning with the CSDDD and other international human rights and environmental due diligence (HREDD) standards.
- The Common Framework for Responsible Purchasing Practices, the Responsible Purchasing Practices - Supplier engagement briefing and the Purchasing Practices HRDD Framework for the Garment and Footwear Industry for references about purchasing practices.
- ETI's Guide to buying responsibly on purchasing practices, drawn from best practice examples and outlining the five key business practices that influence wages and working conditions.
- Fair Wear's Buyer Guidance for Responsible Contracting outlines buyer "Do's" and "Dont's"for contract negotiation.

Subsequent periodic engagement to review and update policies as circumstances change and new adverse risks and impacts emerge.
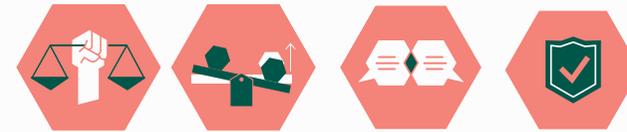
Who to engage?

Suppliers, international or national unions, NGOs and MSIs with sector/regional/thematic expertise as needed.

Tools

- Fair Wear's Templates for Responsible Sourcing Dialogue which includes information about pre-sourcing, start of business, and ongoing sourcing dialogue.

Guidance

- Not expected to conduct in-person consultation, as this type of engagement can be done virtually. Direct rights-holders are also not expected to be engaged at this stage.

Step 2: Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products, and services

Companies are required to carry out an ongoing human rights risk assessment across the entire value chain, to identify both potential and actual adverse impacts. From this assessment, companies are expected to prioritise the most significant adverse risks and impacts, based on their likelihood and severity.

While prioritisation helps determine where to focus immediate mitigation efforts, it does not exempt companies from addressing other risks in a timely manner. Given that HRDD is a continuous process, companies should revisit and adjust their priorities as circumstances evolve and mitigation measures are implemented.

Why is stakeholder engagement important?

As highlighted in the stakeholder mapping section of this Guidance, companies should prioritise engaging those stakeholders who are most affected or at risk, rather than seeking to engage as broad a group as possible. This ensures that the risk assessment is informed by credible, relevant, and diverse perspectives.

Collecting human rights information as part of risk assessment processes, audits, and other site-level assessments.
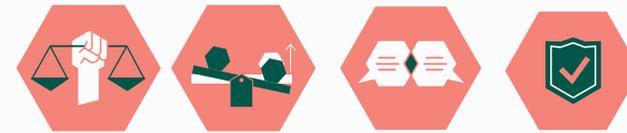
Who to engage?

Collecting human rights information as part of risk assessment processes, audits, and other site-level assessments.

Guidance

- Information collection almost always starts with a desktop research (e.g., reviewing stakeholder websites and credible publications that cite stakeholder perspectives), followed by light-touch engagement (e.g., a meeting or email exchange) with key stakeholders such as MSPs and relevant CSOs to get an understanding of the context and the issues.

- This should be followed by a deeper, more meaningful engagement with affected stakeholders (e.g., worker interviews surveys, and voice tools).

Tools

- See section on "Who Needs to be Engaged?".
- Cividep and HWW's toolkit on Finding hidden homeworkers in apparel & footwear supply chains to identify risks and improve transparency in informal tiers of apparel and footwear supply chains.
- ETI's red flags checklist to assess risks to freedom of association and collective bargaining at the at the country-level and at the site-/ supplier-level.
- ETI's Base Code which provides publicly available information on a range of human rights risks and ETI's Base Code guidance: caste in global supply chains for more useful information about the risks posed by caste discrimination when companies' operations and supply chains stretch into caste-affected countries.
- Fair Wear's Code of Labour Practise which provides publicly available information on a range of human rights risks.
- MVO Nederland's CSR Risk Check Tool which helps to identify potential risks across different sourcing countries and product categories, and to understand how these risks can be managed.

Conducting global and country-level human rights risk and impact assessments (HRIAs) to identify ways that operations may adversely affect human rights.

Who to engage?

National, regional, and sectoral unions; rights-holders (affected workers and community members); MSIs and CSOs with thematic/sectoral expertise.

Guidance

- This step helps to verify the information collected, as well as prioritises risks and impacts to be addressed.

- This step could be facilitated by MSIs with existing networks in the regions, such as ETI and Fair Wear.

Tools

- Purchasing practices initial risk assessment tool to document purchasing practices and risk assessment, with input from suppliers and Procurement mapping exercise to understand and map current purchasing practices.
- Oxfam's Human Rights Impact Assessment Framework outlines criteria that cover both process and content of an HRIA.
- Danish Institute for Human Rights is Denmark's Human rights impact assessment guidance and toolbox tools and resources on HRIAs in the business and human rights context.

Conducting site-level consultations to validate and complement initial findings.

Who to engage?

Suppliers, factory/facility management and compliance staff, rights- holders (affected workers and community members) and/or their legitimate representatives, local unions, third-party auditing firms, MSIs.

Guidance

- This is the most resource- and personnel-heavy step, but it's critical to the HRDD process.

- MSIs could facilitate this step with existing networks in the target regions, such as ETI and Fair Wear.

- At this stage, the risk of stakeholder fatigue is significant. Incorporating the LASER Principles into engagement, will make it easier for brands to build trust and rapport with the stakeholders for future engagement

Tools

- See "Meaningful stakeholder engagement is crucial to the garment sector" for understanding the challenges of relying solely on social audits.
- Mondiaal FNV and WageIndicator Foundation's Decent Work Check which gathers data on working conditions by comparing them against national labour laws and international standards. Surveys are conducted anonymously, often outside the workplace to prevent retaliation, and results are shared with trade unions and brands to jointly resolve issues.
- CNV International's Fair Work Monitor that collects worker-reported data via mobile surveys, with support from trade unions. It covers key issues such as wages, working conditions, and the existence of collective bargaining agreements. The data can help unions advocate for improved labour standards, including higher wages.
- UN Guiding Principles Assurance Guidance and aide memoires for internal auditors and external assurers.

Collecting complaints through Grievance Mechanism as part of risk and impact identification.

Who to engage?

Rights-holders (affected workers and complainants), local unions and community representatives, suppliers operating their own OGMs, third-party OGM service providers (e.g., CSOs, MSIs).

Guidance

- This step is ongoing (see Step 6).

- Support suppliers to socialise the OGM properly, so that rights-holders know where/how to file complaints. Ideally, OGMs should allow for complaints to be raised all the way up to the brand level.

- Looking back to complaints resolved in the last 2 years can give an idea of the kinds of issues that have arisen.

Tools

- UNDP's Supplemental Guidance on Grievance Redress Mechanisms for information on the core functions and design principles of a GRM and how to assess the quality and capacity of an existing GRM.
- IDB MICI's Guide for Independent Accountability Mechanisms on Measures to Address the Risk of Reprisals in Complaint Management: A Practical Toolkit that assists independent accountability mechanisms (IAMs) address the risk of reprisals within the context of their complaint management process.
- See project on Promoting and Advancing International Labour Rights in Pakistan which uses legal aid clinics and women's cafes across Pakistan, to document and investigate labour rights complaints from garment factories in Lahore, Karachi and Faisalabad supported by an investigative documentation and monitoring tool, MyVox.
- CDI's We Check App tool designed for workers, especially workers in the electronics and garment, textile industries, to proactively assess and track their working conditions and occupational health status over time; send their complaints to stakeholders and request legal aid, social dialogue, monitor companies' compliance to legal requirements.
- Mondiaal FNV and WageIndicator Foundation's WorkersPriorityPoll gives space for workers' concerns. Data is collected with the help of trade unions, thereby increasing the legitimacy of the data.

Step 3: Cease, prevent, and mitigate adverse impacts

Once adverse impacts have been identified and prioritised, companies must take action to cease, prevent, and mitigate them, starting with those that are most significant. After addressing the most significant adverse risks and impacts, companies should then progressively move on to address less significant ones in a proportionate and reasonable manner.

Why is stakeholder engagement important?

Companies are expected to meaningfully engage with rights-holders and their representatives to develop and implement appropriate CAPs and grievance mechanisms, as mentioned in the 'Tailored mitigation and remediation' section of this Guidance. Engagement in this step enables companies to understand the lived experiences of those affected, ensuring that responses are context-sensitive, rights-based, and more likely to succeed in practice.

In cases where adverse impacts cannot be effectively addressed despite sustained efforts, companies may need to reassess their business relationship and explore all alternatives before considering disengagement. This is notably the case with companies operating in or sourcing from CAHRAs.

Co-designing mitigation and corrective action plans, ensuring context-sensitive, realistic, and sustainable approaches.
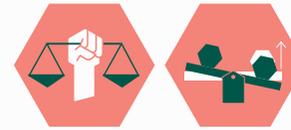
Who to engage?

Local unions, rights-holders representatives, and CSOs representing the interests of affected rights-holders; suppliers, site-level managers, and compliance staff; other buyers sourcing from the same supplier, local governments and labour ministries, when necessary.

Tools

- See "Corrective action plans (global, country, regional and site level)" for and overview of what CAPs are.
- See "Step-by-step Checklist: What makes for a good CAP?" for an informative checklist for good CAPs.

Guidance

- All CAPs and relevant materials should be translated into local languages and validated by the participating stakeholders. CAPs should also include clear timelines and accountability mechanisms to ensure that actions are implemented effectively, and progress can be monitored.

- During this process, ensure unintended harm is not created, particularly for vulnerable or marginalised groups.

Addressing potential and actual harms with stakeholders.
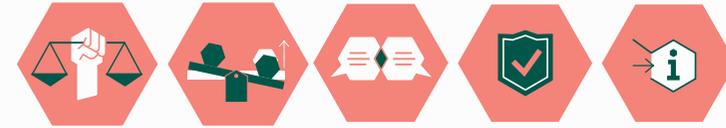
Who to engage?

Rights-holders (affected workers and community members) representatives, local unions, suppliers, local CSOs, local government, if necessary.

Tools

- See "Corrective action plans (global, country, regional and site level)" for and overview of what CAPs are.
- See "Step-by-step Checklist: What makes for a good CAP?" for an informative checklist for good CAPs.

Guidance

- At this stage, companies should engage with stakeholders to co-design how to mitigate the identified risks, clarify what actions need to be taken, and determine who is responsible for implementing them. This collaborative process helps ensure that mitigative actions are realistic, context-specific, and rights-holder informed.

- Companies should also work closely with suppliers to implement these measures and consider using existing structures, such as social dialogue mechanisms and local multi-stakeholder platforms, to support alignment, trust-building, and efficiency.

Ensuring a responsible exit when disengagement, as a last resort, becomes necessary.
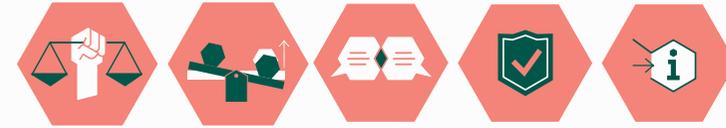
🤝 Who to engage?

Rights-holders (affected workers and community members) representatives, local unions, suppliers, local CSOs, local government, if necessary.

⚙️ Tools

- See <u>Responsible Contracting Project</u> which presents an overview of a victim-centred remediation and responsible exit approach.
- See "Termination of business relationship as last resort" above for more information on MSE to underpin the disengagement process.
- Fair Wear's <u>Responsible Exit Strategy Guide</u> outlines the steps companies should take to assess and mitigate potential negative impacts on workers when exiting.
- OHCHR's Guidance on <u>Business and Human Rights in Challenging Contexts Considerations for Remaining and Exiting</u>.

🧭 Guidance

- Companies should prioritise consultations with the stakeholders and rights-holders most vulnerable to adverse impacts of disengagement, either directly or through their legitimate representatives.

- If a buyer makes up a significant sourcing percentage of the supplier's total business and there is risk of consequent layoffs or even factory closure, care must be taken to understand legal and contractual obligations in regard to severance and other worker protections, as well as to follow up on the distribution of burden with the supplier.

Step 4: Track implementation and results

Companies are expected to monitor the implementation and assess the effectiveness of their human rights and environmental due diligence measures. This includes tracking whether adverse impacts are being prevented or mitigated, and whether remediation is taking place when harm occurs.

Tracking should be part of an ongoing process integrated into all key stages of the due diligence cycle. Companies should use the insights gathered to improve systems, policies, and practices, and report back to stakeholders on progress and challenges.

Why is stakeholder engagement important?

Companies should work alongside stakeholders, particularly rights-holders, to gather relevant, contextualised information and feedback that may not be otherwise accessible. Stakeholder engagement is also instrumental in validating findings, identifying blind spots, and ensuring that affected individuals have a voice in assessing whether measures are effective.

Gathering insights and feedback through participatory channels to track site-level improvements over time.
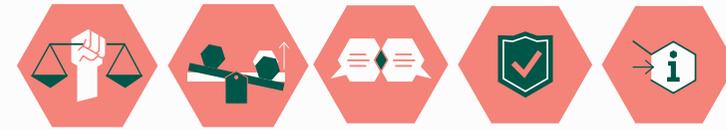
Who to engage?

Rights-holders (affected workers and community members), representatives, local unions, suppliers, local CSOs.

Guidance

- Participatory channels can include worker assessments, surveys, hotlines, and third-party grievance data, alongside regular social audits.

- Communication channels should be transparent, accessible, and enable a two-way exchange of information with the goal of ensuring accountability, trust building, and co-development of solutions with stakeholders.

- Prioritise obtaining feedback from rights-holders most vulnerable to the risk or harm at hand, especially marginalised and vulnerable groups.

- Tracking should be ongoing with regular consultation and follow-up.

Tools

- See UN Guiding Principles Assurance Guidance and aide-memoires for internal auditors and external assurers.
- CNV International's Fair Work Monitor that collects worker-reported data via mobile surveys, with support from trade unions. It covers key issues such as wages, working conditions, and the existence of collective bargaining agreements. The data can help unions advocate for improved labour standards, including higher wages.
- CDI's We Check App tool designed for workers, especially workers in the electronics and garment, textile industries, to proactively assess and track their working conditions and occupational health status over time; send their complaints to stakeholders and request legal aid, social dialogue, monitor companies' compliance to legal requirements.
- Mondiaal FNV and WageIndicator Foundation's WorkersPriorityPoll gives space for workers' concerns. Data is collected with the help of trade unions, thereby increasing the legitimacy of the data.

Using stakeholder feedback to inform time-bound CAPs and promote accountability.

Who to engage?

Rights-holders (affected workers and community members), representatives, local unions, suppliers, local CSOs.

Tools

- See CAP template for a reference.

Guidance

- CAPs should be continuously co-developed with stakeholders, where feedback loops enable an exchange of regular company updates on progress and stakeholder feedback.

- Feedback loops can be established in the form of regular consultation meetings, worker dialogue platforms, regular analysis of grievance mechanism data, satisfaction surveys, etc.

- Consulting stakeholders can ensure reasonable timelines that account for issue severity, feasibility, and the immediate needs of rights-holders.

Step 5: Communicate how impacts are addressed

Companies should proactively and transparently communicate how they identify, prevent, mitigate and address actual and potential adverse human rights impacts across their operations and value chains. Communication is not simply about disclosure; it is a critical component of accountability, trust-building, and continuous improvement.

This communication should enable stakeholders, especially affected rights-holders, to evaluate the effectiveness of the company's efforts. It must also be accessible, relevant, and timely, ensuring it does not expose stakeholders to harm or retaliation.

Why is stakeholder engagement important?

Engagement ensures communication is a two-way process, shaped by stakeholder input. It helps tailor messages to diverse needs and close the feedback loop. This builds trust, supports accountability, and strengthens the effectiveness of due diligence over time.

Communicating transparently and regularly with stakeholders and rights-holders about potential impacts, the measures taken to address them, and how their concerns have been meaningfully considered and acted upon.

Who to engage?

Rights-holders (affected workers and community members); community leaders, local unions, suppliers and site-level managers and compliance staff, local CSOs.

Tools

- See <u>UN Guiding Principles Reporting Framework with implementation guidance</u> for comprehensive guidance for companies to report on human rights issues.

- See SER's tool <u>Meaningful stakeholder dialogue - When and how to share information?</u> which informs about transparency in stakeholder dialogue.

Guidance

- Feedback loops enable an exchange on risk assessment findings, remediation progress and other stakeholder feedback.

- Inform stakeholders on how their inputs have or have not been addressed by tracking and reporting back on the progress within an appropriate period.

- Consult with stakeholders on their satisfaction and quality of their engagement.

- Communication channels should be transparent, accessible, and enable a two-way exchange of information with the goal of ensuring accountability and building trust with stakeholders.

Step 6: Provide for or cooperate in remediation when appropriate

If a company identifies that it has caused or contributed to an adverse impact, it should address the impact by providing for or cooperating in the remediation process. This includes engaging with legitimate remediation mechanisms that allow affected communities and rights-holders to raise complaints and seek remedy.

Remedy processes, whether state-based or company-based, must involve meaningful consultation with rights-holders, and ensure that they are appropriately engaged in determining what constitutes an adequate and appropriate remedy. The ultimate aim should be to restore rights-holders to the position they were in before the harm occurred.

The remediation process may mean developing an operational grievance mechanism (OGM) or participating in collective grievance mechanisms to further provide access to remedy. This entails identifying whether effective grievance mechanisms already exist and, if not, helping to strengthen or support them. Participation in existing effective collective mechanisms can help leverage existing trust and socialisation among rights holders.

In all cases, companies are required to engage with stakeholders in the development of OGMs, which must fulfil the criteria of being legitimate, accessible, predictable, equitable, transparent, and grounded in rights and dialogue. They must also be designed with effective remediation in mind.

Why is stakeholder engagement important?

MSE is critical to ensuring that grievance mechanisms are trusted and effective. Rights-holders and their representatives are best placed to identify barriers they may face in accessing remedy and to assess whether proposed mechanisms will meet their needs in practice. Their input helps shape OGMs that are context-appropriate, culturally sensitive, and responsive to power imbalances or other challenges. Further, engaging with relevant stakeholders from the outset helps ensuring that remedy provided is meaningful, appropriate and acceptable to the rights-holders.

Engaging with rights-holders and their representatives throughout the remediation process, including verification of remedy and satisfaction with outcomes.

Who to engage?

Rights-holders (affected workers and community members), community leaders, local unions, suppliers and site-level managers and compliance staff, local CSOs, independent grievance redressal facilitators.

Guidance

- Create open feedback loops for keeping rights-holders and other stakeholders updated on risk findings, corrective action decisions, and remediation progress, allowing for feedback throughout these processes.

- Feedback loops can be established in the form of regular consultation meetings, worker dialogue platforms, regular analysis of grievance mechanism data, satisfaction surveys, etc.

Tools

- UNDP's <u>SES Guidance Note: Stakeholder Engagement</u> for operational guidance materials on stakeholder engagement.
- UN's <u>Access to Remedy in Cases of Business-Related Human Rights Abuse: An Interpretive Guide</u> for background explanation on the principles of the access to remedy pillar of the Guiding Principles on Business and Human Rights.
- ETI's <u>Access to remedy - practical guidance for companies,</u> intended to help businesses to better understand how to both prevent and respond to labour rights abuses.
- Fair Wear's <u>Access to Remedy Approach</u> outlines a position and strategy to ensure that rights-holders in garment supply chains have meaningful access to remedy when harm occurs.
- Fair Wear's <u>Access to Remedy Policy</u> which is a specification of the Fair Wear Human Rights Due Diligence (HRDD) Policy and details the requirements for Fair Wear member brands regarding the provision of access to remedy in their supply chains.
- Fair Wear's <u>Grievance Reports</u> which gathers all grievances and remediation steps taken by member brands that can serve as examples for companies.

Designing and operationalising an OGM through consultation with stakeholders and rights-holders to ensure it is accessible, fair, and safe, and reflects their needs in both design and ongoing improvement.

Who to engage?

Rights-holders (affected workers and community members), community leaders, local unions and worker committees, suppliers and site-level managers and compliance staff, local CSOs, independent grievance redressal facilitators.

Tools

- CAO's A Guide to Designing and Implementing Grievance Mechanisms for Development Projects which consolidates knowledge and lessons regarding grievance resolution.
- IFC's Good Practice Note: Addressing Grievances from Project-Affected Communities for a guide on creating a foundation for successful resolution of concerns and complaints.
- ETI's Access to remedy - practical guidance for companies, intended to help businesses to better understand how to both prevent and respond to labour rights abuses.
- ETI's Recommendations for effective operational grievance mechanisms which was drawn from ETI's Grievance mechanisms in agriculture initiative.
- CNV Internationaal's project on How trade unions use grievance mechanisms in the garment sector.

Guidance

- Engage with stakeholders to identify preferred reporting channels, co-developing OGMs around privacy needs and cultural barriers to participation.

- Use participatory design/engagement approaches, such as focus groups, interviews, surveys, workshops, and roundtables, potentially with assistance from CSOs, unions, and local worker committees to co-design and get feedback during pilot phases, before full launch.

- Different mechanisms may have to be developed for different rights-holders depending on their unique needs (e.g., women, migrant, informal workers). Facilitation must be inclusive and accommodate these vulnerable groups, ensuring translation for multiple languages, anonymity, non-tech channels for low-connectivity areas, and gender sensitivity.

- Include workers in monitoring processes through joint grievance mechanism committees to oversee setup and ongoing functioning of the OGM.

Annexes

Annex 1: Stakeholder engagement obligations under hard law		
Legislation	**Article/Section**	**Quote**
Europe		
[French Corporate Duty of Vigilance Law](#)	Art. L. 225-102-4 French Commercial Code	"**The plan shall be drafted in association with the company stakeholders involved, and where appropriate, within multiparty initiatives that exist in the subsidiaries or at territorial level**. It shall include the following measures: 1° A mapping that identifies, analyses and ranks risks; 2° Procedures to regularly assess, in accordance with the risk mapping, the situation of subsidiaries, subcontractors or suppliers with whom the company maintains an established commercial relationship; 3° Appropriate action to mitigate risks or prevent serious violations; 4° An alert mechanism that collects reporting of existing or actual risks, developed in working partnership with the trade union organizations representatives of the company concerned; 5° A monitoring scheme to follow up on the measures implemented and assess their efficiency."
[UK Modern Slavery Act &](#) [Transparency in supply chains: a practical guide](#)		**UK Modern Slavery Act:** While not explicitly mentioning "stakeholder engagement" in the legal text, it can be implicitly understood as a fundamental step to ensure that slavery and human trafficking is not taking place. **The Transparency in supply chains: a practical guide:** "[...] 3.2 Stakeholder engagement Modern slavery is a complex and evolving problem and collaboration is crucial to ensure an effective response. Organisations are encouraged to work with relevant stakeholders in all areas of their approach to tackling modern slavery. 3.2.1 Internal stakeholders Engaging with workers and those with lived experience of exploitation will help organisations to understand the risks posed to workers and conduct effective due diligence. There is increasing evidence that meaningful engagement of people with lived experience of modern slavery improves policies and programmes designed to tackle the problem and its causes. However, it is strongly advised that organisations consult with experts at non-governmental organisations (NGOs) before engaging individuals with lived experience. NGOs can advise how to engage in a trauma-sensitive manner and advise on other crucial ethical processes (including confidentiality, anonymity, safeguarding, and compensation).

3.2.2 External stakeholders

Engaging both direct and indirect suppliers is crucial for mapping of supply chains, assessing and mitigating risks. NGOs and trade unions can help organisations take a more victim-centred approach to due diligence and help organisations identify and mitigate modern slavery risks.

Many businesses have found risks in their industries to be systemic and that no single business alone can solve them. This has created an increase in industry collaboration in a pre-competitive environment across many sectors. Businesses are encouraged to work with other businesses and their trade associations to have a greater impact on tackling modern slavery. There are also several multi-stakeholder initiatives that have representatives from business, NGOs, trade unions and others which organisations may want to participate in. The Responsible and Ethical Private Sector Coalition against Trafficking initiative have created an interactive map of organisations that may be able to support with anti-slavery activity.

[...]

4.1 Organisational structure, its business and its supply chains (section 54(5)(a) of the Act)

[...]

Step 1: embed responsible business conduct into policies and management systems Organisational structure, its business and its supply chains - what information could an organisation include in their statement?

[...]

Stakeholder engagement

Level 1

- List which external stakeholders the organisation has engaged with to map their supply chains. This includes but is not limited to:
    - technology companies
    - industry initiatives
    - NGOs
    - trade unions
    - government agencies

Level 2 (actions to be completed in addition to level 1)

- Demonstrate how the organisation engages with external stakeholders and bodies such as industry initiatives, NGOs, trade unions, or government agencies e.g. by providing case studies or examples of activities with external stakeholders

[...]

4.2 Organisational policies (section 54(5)(b) of the Act)

[...]

Stakeholder engagement

Level 1

List which stakeholders the organisation has engaged with to develop and implement their modern slavery policies. This includes but is not limited to:

- buying teams
- suppliers
- subcontractors
- trade unions
- NGOs
- industry initiatives

- government agencies

Level 2 (actions to be completed in addition to level 1)

Demonstrate how the organisation engages with relevant stakeholders such as, buying teams, suppliers, subcontractors, trade unions, NGOs, industry initiatives and government agencies to develop and implement policies. e.g. by providing case studies or examples of activities with stakeholders

Communication and enforcement

Level 1

- Provide a brief explanation on how the organisation communicates and enforces policies within the organisation and to suppliers/subcontractors.

Level 2 (actions to be completed in addition to level 1)

- Provide the organisation's communication strategy and evidence how all relevant policies are communicated and enforced. This should include how policies and changes to policies are communicated to relevant stakeholders such as workers and suppliers
- Where relevant, outline the number of languages the policies have been translated in to and how the organisation(s) ensure workers, business partners and local communities can access and understand them

[…]

4.2 Assessing and managing risk (section 54(5)(d) of the Act)

[…]

Stakeholder engagement

Level 1

Provide evidence of engagement with internal and external stakeholders to identify, understand and prioritise current and future risks e.g:

- workers
- local communities
- buying teams
- suppliers
- subcontractors
- trade unions
- NGOs
- industry initiatives
- government agencies

Level 2 (actions to be completed in addition to level 1)

- Provide evidence of continuous direct engagement with workers/worker representatives to help identify risk
- Provide evidence of continuous improvements in relation to supplier partnerships and purchasing practices

[…]

Step 4: Preventing and mitigating identified risks

Organisations should refer to the "due diligence in relation to modern slavery" section 4.4 for advice on steps businesses can take to prevent, mitigate and remediate identified risks. Mitigations will vary depending on the circumstances, but common examples include direct engagement with suppliers, using leverage where required to agree a course of corrective action, industry collaboration, improving purchasing and recruitment practices, supplier capacity building and worker voice initiatives.

		[…] 4.4 Due diligence in relation to modern slavery (Section 54(5)(c) of the Act) […] Supplier and worker engagement Level 1 • Provide evidence of supplier and worker engagement and collaboration to develop and implement actions, programmes and initiatives to prevent modern slavery and minimise specific risks, which goes beyond contractual compliance. This should include engagement with individuals and organisations with lived experience of modern slavery […] Stakeholder engagement Level 1 • Provide evidence of participation in peer-learning groups or other collaborative initiatives for sharing lessons learned and best practice and for taking forward specific programmes Continuous improvement Level 1 • Explain how the organisation's approach has changed from the previous statement and outline plans to improve due diligence in the future […] 4.6 Monitoring and evaluation: understanding and demonstrating effectiveness (section 54(5)(e) of the Act) […] Stakeholder engagement Level 1 • Detail how the organisation works with internal and external stakeholders to ensure effective monitoring and evaluation Level 2 (actions to be completed in addition to level 1) • Provide details of direct worker engagement to measure the impact of policies, programmes and initiatives […]"
Dutch Child Labour Due Diligence Law	While not explicitly mentioning "stakeholder engagement" in the legal text, it can be implicitly understood as a fundamental step to ensure that child labour is not taking place.	
Norway's Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions	While not explicitly mentioning "stakeholder engagement" in the legal text, it can be implicitly understood as a fundamental step to the in due diligence, since according to this law it should be carry out in accordance with the OECD Guidelines for Multinational Enterprises.	
German's Act on Corporate Due Diligence Obligations in Supply Chains	Section 4 (4)	"(4) In establishing and implementing its risk management system, **the enterprise must give due consideration to the interests of its employees, employees within its supply chains and those who may otherwise be directly affected in a protected legal position by the economic activities of the enterprise or by the economic activities of an enterprise in its supply chains**."

North America	
Uyghur Forced Labour Prevention Act **Public Law No. 117-78**	While not explicitly mentioning "stakeholder engagement" in the legal text, it is considered that an effective due diligence system includes engagement with suppliers and other stakeholders to assess, and address forced labour risk.
Canada's Forced Labour Bill BILL S-211	While not explicitly mentioning "stakeholder engagement" in the legal text, it can be implicitly understood as a fundamental step to ensure that forced labour is not taking place.
Oceania	
Australian Modern Slavery Act	While not explicitly mentioning "stakeholder engagement" in the legal text, it can be implicitly understood as a fundamental step to ensure that slavery and human trafficking is not taking place.
European Union	
EU CSRD **Directive 2013/34/EU, as amended by Directive (EU) 2022/2464**	Article 19a	1. Large undertakings, and small and medium-sized undertakings, except micro undertakings, which are public-interest entities as defined in point (a) of point (1) of Article 2 shall include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position. The information referred to in the first subparagraph shall be clearly identifiable within the management report, through a dedicated section of the management report. 2. The information referred to in paragraph 1 shall contain: [...] (iv) **how the undertaking's business model and strategy take account of the interests of the undertaking's stakeholders and of the impacts of the undertaking on sustainability matters** [...]"
	Article 29a	"1. Parent undertakings of a large group as referred to in Article 3(7) shall include in the consolidated management report information necessary to understand the group's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the group's development, performance and position. The information referred to in the first subparagraph shall be clearly identifiable within the consolidated management report, through a dedicated section of the consolidated management report. 2. The information referred to in paragraph 1 shall contain: [...] (iv) **how the group's business model and strategy take account of the interests of the group's stakeholders and of the impacts of the group on sustainability matters** [...]"

EU CSDDD Directive (EU) 2024/1760	Recital 38	" (38) In order to conduct appropriate human rights and environmental due diligence with respect to their operations, the operations of their subsidiaries, and the operations of their business partners in the chains of activities of the companies, companies covered by this Directive should integrate due diligence into their policies and risk management systems, identify and assess, where necessary prioritise, prevent and mitigate as well as bring to an end and minimise the extent of actual and potential adverse human rights and environmental impacts, provide remediation in relation to actual adverse impacts, **carry out meaningful engagement with stakeholders**, establish and maintain a notification mechanism and complaints procedure, monitor the effectiveness of the measures taken in accordance with the requirements that are provided for in this Directive and communicate publicly on their due diligence. In order to ensure clarity for companies, in particular the steps of preventing and mitigating potential adverse impacts and of bringing to an end, or when this is not possible, minimising the extent of actual adverse impacts, should be clearly distinguished in this Directive."
	Recital 39	" (39) In order to ensure that due diligence forms part of companies' policies and risk management systems, and in line with the relevant international framework, companies should integrate due diligence into their relevant policies and risk management systems and at all relevant levels of operation, and have in place a due diligence policy. The **due diligence policy should be developed in prior consultation with the company's employees and their representatives** and should contain a description of the company's approach, including in the long term, to due diligence, a code of conduct describing the rules and principles to be followed throughout the company and its subsidiaries, and, where relevant, the company's direct or indirect business partners and a description of the processes put in place to integrate due diligence into the relevant policies and to carry out due diligence, including the measures taken to verify compliance with the code of conduct and to extend its application to business partners. The due diligence policy should ensure a risk-based due diligence. The code of conduct should apply in all relevant corporate functions and operations, including procurement, employment and purchasing decisions. [...]."

| | Recital 41 | "(41) Under the due diligence obligations provided for in this Directive, a company should identify and assess actual or potential adverse human rights and environmental impacts. In order to allow for a comprehensive identification and assessment of adverse impacts, such identification and assessment should be based on quantitative and qualitative information, including the relevant disaggregated data that can be reasonably obtained by a company. Companies should make use of appropriate methods and resources, including public reports. [...] Based on the results of such mapping, companies should carry out an in-depth assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe. When identifying, and assessing adverse impacts, the company should take into account, based on an overall assessment, possible relevant risk factors, including company-level risk factors, such as whether the business partner is not a company covered by this Directive; business operation risk factors; geographic and contextual risk factors, such as the level of law enforcement with respect to the type of adverse impacts; product and service risk factors; and sectoral risk factors. When identifying and assessing adverse impacts, companies should also identify and assess the impact of a business partner's business model and strategies, including trading, procurement and pricing practices. With a view to limiting the burden on smaller companies created by requests for information, where information necessary for the identification of adverse impacts can be obtained from business partners at different levels of their chains of activities, companies should exercise restraint with regard to business partners that do not themselves present risks of adverse impacts and favour reaching out, where reasonable, directly for more detailed information to business partners at levels in their chains of activities where, based on the mapping, actual or potential adverse impacts are most likely to occur. Identification of adverse impacts should include assessing the human rights and environmental context in a dynamic way and at regular intervals: without undue delay after a significant change occurs, but at least every 12 months, throughout the life cycle of an activity or relationship, and whenever there are reasonable grounds to believe that new risks may arise. A significant change should be understood as a change to the status quo of the company's own operations, operations of its subsidiaries or business partners, the legal or business environment or any other substantial shift from the situation of the company or its operating context. [...] **Reasonable grounds to believe that there are new risks may arise in different ways, including learning about the adverse impact from publicly available information, through stakeholder engagement, or through notifications.** If, despite having taken appropriate measures to identify adverse impacts, companies do not have all the necessary information regarding their chains of activities, they should be able to explain why that information could not be obtained and should take the necessary and reasonable steps to obtain it as soon as possible." |

| | Recital 59 | "(59) **Companies should provide the possibility for persons and organisations to submit complaints directly to them in case of legitimate concerns regarding actual or potential human rights and environmental adverse impacts.** Persons and organisations who could submit such complaints should include persons who are affected or have reasonable grounds to believe that they might be affected and the legitimate representatives of such persons on behalf of them, such as civil society organisations and human rights defenders; trade unions and other workers' representatives representing individuals working in the chain of activities concerned; and civil society organisations active and experienced in the areas related to the environmental adverse impact that is the subject matter of the complaint. **Companies should establish a fair, publicly available, accessible, predictable and transparent procedure for dealing with those complaints and inform the relevant workers, trade unions and other workers' representatives about such procedures.** Companies should also establish an accessible mechanism for the submission of notifications by persons and organisations where they have information or concerns regarding actual or potential adverse impacts. In order to reduce the burden on companies, they should be able to participate in collaborative complaints procedures and notification mechanisms, such as those established jointly by companies, for example, by a group of companies, through industry associations, multi-stakeholder initiatives or global framework agreements. [...] In accordance with international standards, persons submitting complaints, where they do not submit them anonymously, should be entitled to request from the company timely and appropriate follow-up and to meet with the company's representatives at an appropriate level to discuss actual or potential severe adverse impacts that are the subject matter of the complaint and potential remediation, to be provided with the reasoning as to why a complaint has been considered founded or unfounded and, where considered founded, to be provided with information on the steps and actions taken or to be taken by the company. **Companies should also take reasonably available measures to prevent any form of retaliation by ensuring the confidentiality of the identity of the person or organisation submitting the complaint or notification, in accordance with national law.** The terms 'fair, publicly available, accessible, predictable and transparent' should be understood in line with principle 31 of the UN Guiding Principles requiring procedures to be legitimate, accessible, predictable, equitable, transparent, rights-compatible and a source of continuous learning, as also referred to in the UN Committee on the Rights of the Child General Comment No 16. **Workers and their representatives should also be properly protected, and any non-judicial remediation efforts should be without prejudice to encouraging collective bargaining and recognition of trade unions, and should by no means undermine the role of legitimate trade unions or workers' representatives in addressing labour-related disputes.** Companies should ensure accessibility of the notification mechanisms and complaint procedures for stakeholders, taking due account of relevant barriers." |

| | Recital 65 | "(65) **In order to conduct meaningful human rights and environmental due diligence, companies should take appropriate measures to carry out effective engagement with stakeholders, for the process of carrying out the due diligence actions. Without prejudice to Directive (EU) 2016/943, effective engagement should cover providing consulted stakeholders with relevant and comprehensive information, as well as ongoing consultation that allows for genuine interaction and dialogue at the appropriate level, such as project or site level, and with appropriate periodicity. Meaningful engagement with consulted stakeholders should take due account of barriers to engagement, ensure that stakeholders are free from retaliation and retribution, including by maintaining confidentiality and anonymity, and particular attention should be paid to the needs of vulnerable stakeholders, and to overlapping vulnerabilities and intersecting factors, including by taking into account potentially affected groupings or communities**, for example those protected under the UN Declaration on the Rights of Indigenous People and those covered in the UN Declaration on Human Rights Defenders. **There are situations in which it will not be possible to carry out meaningful engagement with consulted stakeholders, or where engagement with additional expert perspectives is useful to allow the company to comply fully with the requirements of this Directive. In such cases, companies should additionally consult with experts, such as civil society organisations or natural or legal persons defending human rights or the environment in order to gain credible insights into actual or potential adverse impacts.** The consultation of employees and their representatives should be conducted in accordance with relevant Union law, and where applicable, national law and collective agreements, and without prejudice to their applicable rights to information, consultation and participation, and in particular those covered by relevant Union legislation in the field of employment and social rights, including Council Directive 2001/86/EC (20) and Directives 2002/14/EC (21) and 2009/38/EC (22) of the European Parliament and of the Council. [...] When carrying out consultations, it should be possible for companies to rely on industry initiatives to the extent that they are appropriate to support effective engagement. **The use of industry or multi-stakeholder initiatives is not in itself sufficient to fulfil the obligation to consult workers and their representatives**." |
| | Article 3 | "(n) '**stakeholders**' means the company's employees, the employees of its subsidiaries, trade unions and workers' representatives, consumers and other individuals, groupings, communities or entities whose rights or interests are or could be affected by the products, services and operations of the company, its subsidiaries and its business partners, including the employees of the company's business partners and their trade unions and workers' representatives, national human rights and environmental institutions, civil society organisations whose purposes include the protection of the environment, and the legitimate representatives of those individuals, groupings, communities or entities." |

	Article 13	"1. Member States shall ensure that companies take appropriate measures to carry out effective engagement with stakeholders, in accordance with this Article.
		2. Without prejudice to Directive (EU) 2016/943, when consulting with stakeholders, companies shall, as appropriate, provide them with relevant and comprehensive information, in order to carry out effective and transparent consultations. Without prejudice to Directive (EU) 2016/943, consulted stakeholders shall be allowed to make a reasoned request for relevant additional information, which shall be provided by the company within a reasonable period of time and in an appropriate and comprehensible format. If the company refuses a request for additional information, the consulted stakeholders shall be entitled to a written justification for that refusal.
		3. Consultation of stakeholders shall take place at the following stages of the due diligence process:
		(a) when gathering the necessary information on actual or potential adverse impacts, in order to identify, assess and prioritise adverse impacts pursuant to Articles 8 and 9;
		(b) when developing prevention and corrective action plans pursuant to Article 10(2) and Article 11(3), and developing enhanced prevention and corrective action plans pursuant to Article 10(6) and Article 11(7);
		(c) when deciding to terminate or suspend a business relationship pursuant to Article 10(6) and Article 11(7);
		(d) when adopting appropriate measures to remediate adverse impacts pursuant to Article 12;
		(e) as appropriate, when developing qualitative and quantitative indicators for the monitoring required under Article 15.
		4. Where it is not reasonably possible to carry out effective engagement with stakeholders to the extent necessary to comply with the requirements of this Directive, companies shall consult additionally with experts who can provide credible insights into actual or potential adverse impacts.
		5. In consulting stakeholders, companies shall identify and address barriers to engagement and shall ensure that participants are not the subject of retaliation or retribution, including by maintaining confidentiality or anonymity.
		6. Member States shall ensure that companies are allowed to fulfil the obligations laid down in this Article through industry or multi-stakeholder initiatives, as appropriate, provided that the consultation procedures meet the requirements set out in this Article. The use of industry and multi-stakeholder initiatives shall not be sufficient to fulfil the obligation to consult the company's own employees and their representatives.
		7. Engagement with employees and their representatives shall be without prejudice to relevant Union and national law in the field of employment and social rights as well as to the applicable collective agreements."
EU Omnibus I Proposal Proposal 2025/0045 (COD) amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760	Detailed explanation of the specific provisions of the proposal	"Article 4 amends Directive (EU) 2024/1760 (Corporate Sustainability Due Diligence Directive 'CSDDD') on the following main points: extending the scope of maximum harmonisation, targeting due diligence, as a general rule, to direct business partners, removing the duty to terminate the business relationship as a measure of last resort, **limiting the notion of 'stakeholder' and further restricting the stages of the due diligence process that require stakeholder engagement**, extending the intervals in which companies need to regularly monitor the adequacy and effectiveness of due diligence measures, clarifying the principles regarding pecuniary penalties and removing the 'minimum cap' for fines, removing aspects of the civil liability clause and the rules regarding representative actions, changing the provisions on the implementation of the climate transition plans, deleting the review clause regarding financial services, and bringing forward the adoption of the first set of (general) implementing guidelines by the Commission. In particular: […]"

		paragraph (2) replaces Article 3(1), point (n) of the CSDDD on the definition of 'stakeholders' to **reduce the scope of the 'stakeholder' notion** by simplifying the definition and limiting it to workers and their representatives, and to individuals and communities whose rights or interests are (in case of actual adverse impacts) or could be (in case of potential adverse impacts) "directly" affected by the products, services and operations of the company, its subsidiaries and its business partners. This includes, for instance, individuals or communities in the neighbourhood of plants operated by business partners when they are directly affected by pollution (e.g., an oil spill or harmful emissions), or indigenous people whose right to lands or resources are directly affected by how a business partner acquires, develops or otherwise uses land, forests or waters [...]. paragraph (7) amends Article 13 on meaningful engagement with stakeholders, by amending paragraph (3), point (a), and deleting points (c) and (e), to clarify that companies are only required to engage with "relevant" stakeholders, thereby **underlining that companies do not have to consult every possible stakeholder group but may limit themselves to those stakeholders that have a link to the specific stage of the due diligence process being carried out** (e.g., affected individuals when designing a remediation measure). In addition, the proposed amendments further limit the stages of the due diligence process at which companies are required to engage with stakeholders [...]".
	Article 4(2), amendments to Directive (EU) 2024/1760	"in Article 3(1), point (n) is replaced by the following: '(n) '**stakeholders**' means the company's employees, the employees of its subsidiaries and of its business partners, and their trade unions and workers' representatives, and individuals or communities whose rights or interests are or could be directly affected by the products, services and operations of the company, its subsidiaries and its business partners and the legitimate representatives of those individuals or communities"
	Article 4(7), amendments to Directive (EU) 2024/1760	"in Article 13, paragraph 3 is amended as follows: (a) the introductory wording is replaced by the following: '**Consultation of relevant stakeholders shall take place at the following stages of the due diligence process**:'; (b) points (c) and (e) are deleted"
EU Textile Strategy	No specific provision on companies' engagement with stakeholders, but creation of the European Circular Economy Stakeholder Platform to promote and foster cooperation between industry, public authorities, social partners and other stakeholders.	
EU Deforestation Regulation **Regulation (EU) 2023/1115**	No specific provision on companies' engagement with stakeholders, could be read as part of broader HRDD efforts.	
EU Forced Labour Regulation **Regulation (EU) 2024/3015**	No specific provision on companies' engagement with stakeholders.	

Annex 2: CAP template	
Factory / Supplier	
Location	
Date of CAP Initiation	
Stakeholders Involved	
Non-compliance / Risk	Brief description of the finding
Potential or actual adverse impact identified	
Stakeholders affected	Specify rights-holders

Action	Objective	Responsible party	Timeline	Resources needed	Stakeholders involved	Indicators of progress
Ensure that each action is: • Developed in consultation with affected workers and/or representatives • Gender-sensitive and does not create additional risks • Feasible and aligned with local context						

How will the CAP be communicated to rights-holders and other stakeholders?	
Feedback channels available to stakeholders:	

Monitoring and Evaluation			
Monitoring tools	**Responsible party party**	**Frequency**	**Stakeholders involved**
Site visits, surveys, interviews, third-party verification, etc.			
Challenges of each action		**Opportunities of each action**	

Impact Assessment	
Have conditions improved for affected rights-holders?	
Have other problems or adverse impacts been identified during this process?	
Adjustments to Company Policy / Practices	
Next steps	Indicate for example the date for the next review

ACT Initiative	Action, Collaboration, Transformation Initiative		**EU**	European Union
APBGATI	Aliansi Serikat Pekerja Buruh Garmen		**FLR**	Forced Labour Regulation
API	Indonesian Textile Association		**FPIC**	Free, Prior, and Informed Consent
APINDO	Indonesian Employers' Association		**Framework**	STITCH Framework on Meaningful Stakeholder Engagement
CAHRAs	Conflict-Affected and High-Risk Areas		**FSP-TSK KSPSI**	Federasi Serikat Pekerja Tekstil, Sandang, dan Kulit
CAP	Corrective Action Plan		**Garteks**	Federasi Serikat Buruh Garment dan Tekstil
CBAs	Collective Bargaining Agreements		**GBVH**	Gender-Based Violence and Harassment
CBOs	Community-Based Organisations		**GFAs**	Global Framework Agreements
CSDDD	Corporate Sustainability Due Diligence Directive		**GSBI**	Gabungan Serikat Buruh Independen
CSOs	Civil Society Organisations		**Guidance**	STITCH Technical Guidance on Meaningful Stakeholder Engagement in Garment and Textile Sector
CSRD	Corporate Sustainability Reporting Directive			
ESRS	European Sustainability Reporting Standards			

hHRDD	Heightened Human Rights Due Diligence
HRDD	Human Rights Due Diligence
HRW	Human Rights Watch
IGOs	Intergovernmental Organisations
ILO	International Labour Organisation
ILO MNE Declaration	ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy
International Soft Law Framework on RBC	UNGPs, the OECD Guidelines, the OECD Due Diligence Guidance, And the ILO MNE Declaration
ITUC	International Trade Union Confederation
KASBI	Kongres Aliansi Serikat Buruh Indonesia
KPIs	Key Performance Indicators
KSPN	Federasi Konfederasi Serikat Pekerja Nasional

LIPS	Lembaga Informasi Perburuhan Sedane
LROs	Labour Rights Organisations
MC-CBA	Multi-Company Collective Bargaining Agreement
MoLVT	Ministry of Labour and Vocational Training
MSE	Meaningful Stakeholder Engagement
MSIs	Multistakeholder Initiatives
MSPs	Multistakeholder Platforms
NGOs	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
OECD Due Diligence Guidance	OECD Due Diligence Guidance for Responsible Business Conduct
OECD Garment and Footwear Guidance	OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

OECD Guidelines	OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
OGMs	Operational Grievance Mechanisms
OHS	Occupational Health and Safety
RBC	Responsible Business Conduct
RTMM K-SARBUMUSI	Federation of Indonesian Muslim Workers in the Tobacco, Food, Beverage, Garment, Textile, and Leather Industries
SBSI92	Serikat Buruh Sejahtera Indonesia 92
SER	Social and Economic Council of the Netherlands
SMEs	Small and Medium-Sized Enterprises
SOGIESC	Sexual Orientation, Gender Identity and Expression, and Sex Characteristics

SPN	Serikat Pekerja Nasional
TURC	Trade Union Rights Centre
UN	United Nations
UNGPs	United Guiding Principles on Businesss and Human Rights

Endnotes

Endnotes

i. United Nations University, 2024, Garments and apparel, https://unu.edu/cpr/article/garments-and-apparel.

ii. Niebank, J. C., 2018, Bringing Human Rights into Fashion: issues, challenges and underused potentials in the transnational garment industry.

iii. Lusti, S. M., 2024, Protection of Human Rights in the Global Garment Industry, Juridica Int'l, 33, p. 41.

iv. OECD, 2023, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct Q.8, p.48.

v. See OECD, 2017, OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector, which provides additional clarity on this point for the extractives sector, but which is relevant to all sectors. "All people have human rights and thus all stakeholders as individuals are "rights-holders". However, not all stakeholders will have their human rights put at risk or impacted by an extractive project or its associated activities. It is important to identify human rights risks related to extractive activities among stakeholders and recognise such stakeholders as "rights-holders" in the context of engagement activities. For example, individuals living in a community whose only local water source may be polluted by an extractive operation may be rights-holders."; OECD, 2017, OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector, p.20.

vi. Global Compact Network Germany and twentyfifty Ltd., 2014, Stakeholder Engagement in Human Rights Due Diligence: A Business Guide, p. 12.

vii. ILO, 2011, Forms of Precarious Work.

viii. Human Rights Watch, 2022, Obsessed with Audit Tools, Missing the Goal: Why Social Audits Can't Fix Labour Rights Abuses, https://www.hrw.org/report/2022/11/15/obsessed-audit-tools-missing-goal/why-social-audits-cant-fix-labour-rights-abuses.

ix. See OECD, 2023, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, pp. 27-28.

x. As well as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and OECD Due Diligence Guidance for Responsible Business Conduct.

xi. Social and Economic Council of the Netherlands (SER), Meaningful stakeholder dialogue - Towards a meaningful dialogue in 9 steps.

Endnotes

xii. This tool has been developed by expert consultants based on global patterns of sourcing in the sector. Some illustrative data points: In 2004, <u>total exports of a prominent sportswear brand's</u> products (footwear and apparel) accounted for nearly USD 782 million, or 3 percent of Vietnam's exports; In 2011, <u>75% of India's market share for</u> sportswear was controlled by two companies; In 2011, 75% of India's market share for sportswear was controlled by <u>two companie</u>s ; One of these companies (Reebok) was estimated to have a 53% share in <u>2012 for India's sportswear segment</u>; In 2011, another sportswear competitor (Nike) held approximately 15% to 20% of India's market <u>share for sportswe</u>ar; One global buyer produced 50% of its footwear and 28% of its <u>apparel in Vietnam in its 2024 financial year</u>; A competitor produced 39% of its footwear and <u>18% of its apparel in Vietnam</u>. ; A prominent global apparel company (H&M) sources garments from about <u>1,000 factories</u> in Bangladesh, approximately 17% of its total suppliers according to the company's <u>supplier list</u>, while being one of the country's largest production markets for clothing; In 2005, over 130,000 <u>Vietnamese citizens were employed by factories</u> making product for a prominent global sportswear company.

xiii. Global Compact Network Germany and twentyfifty Ltd., 2014, Stakeholder Engagement in Human Rights Due Diligence: A Business Guide, p. 12.

xxiv. OECD, 2018, OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, Characteristics of Due Diligence, p. 16; OECD Stakeholder Engagement Guidance, p.26.

xv. OECD, 2018, OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, Chapter II, Commentary, Paragraph 28, p.20; OECD Stakeholder Engagement Guidance, Step 4, p.61.

xvi. OECD, 2018, OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, Section 4.2, p.87; See also OECD, 2018, OECD Due Diligence Guidance for Responsible Business Conduct, Section 4.1, p.32

xvii. OECD, 2018, OECD Due Diligence Guidance for Responsible Business Conduct, Section 1, pp. 22-24.