

WHAT “GOOD” LOOKS LIKE

Meaningful stakeholder engagement



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| What “good” looks like

Meaningful engagement with affected stakeholders

Insights from business practice

“Meaningful stakeholder engagement in human rights due diligence, especially with affected rightsholders, is not a tick-box exercise — it is a process of listening, learning, and acting with accountability. It requires creating spaces where rightsholders are heard, their concerns shape decisions, and their dignity is upheld in every step of the process. Meaningful engagement rewards companies with better information for better decisions. But meaningful engagement requires an investment of time, energy and resources, constant learning and adaptation. The implementation of business and human rights regulations should recognise and reward these good practices.”

Andrea Shemberg, Chair, GBI

Why this practice-based series?

In 2011, the States in the UN Human Rights Council unanimously endorsed the UN Guiding Principles on Business and Human Rights (UNGPs). The UNGPs have enjoyed broad support by companies, industry groups, sustainability and human rights experts, civil society, and affected stakeholders because the UNGPs were based on years of rigorous research and broad global engagement.

The Global Business Initiative on Human Rights (GBI) is the only business-led initiative solely focussed on supporting companies through peer learning to improve the implementation of their responsibility to respect human rights under the UNGPs and carry out human rights due diligence. That work has resulted in a substantial and detailed repository of practice-based insights and knowledge about what human rights due diligence means when facing real-world challenges, and what can reasonably be expected of companies in their pursuit of respecting human rights and the environment.

As regulations such as the European Union’s Corporate Sustainability Due Diligence Directive (CSDDD), the German Supply Chain Due Diligence Act and similar national laws establish binding obligations that largely codify and operationalise the core principles of the UNGPs, GBI is now sharing its experience and practice-based insights in a guidance series about “what good looks like.”

The aim of this series is to help further the development of mandatory due diligence legislation on sustainable business in the European Union and elsewhere in ways that are practical, realistic, and in line with the UNGPs. This guidance also aims to help companies to understand what “good” looks like when it comes to implementing mandatory human rights and environmental due diligence.

Why meaningful stakeholder engagement is essential

Meaningful stakeholder engagement is an essential component of human rights and environmental due diligence (HREDD). It ensures that due diligence processes are informed, effective, and aligned with international standards, ultimately helping businesses mitigate risks, uphold human rights, and enhance their long-term success. Done well, meaningful stakeholder engagement can help companies to:

1. Identify risks and impacts

Stakeholders — particularly affected rightsholders such as workers, local communities, and Indigenous Peoples — offer first-hand knowledge of how business operations, supply chains, and investments impact human rights. Their perspectives provide crucial, context-specific insights that cannot be captured through desk-based research or internal assessments alone. Without direct engagement, companies risk overlooking hidden or systemic human rights issues in their due diligence process.

2. Strengthen risk mitigation and prevention

Engaging stakeholders early and meaningfully enables businesses to co-develop effective risk-mitigation strategies. Those directly affected by business activities often have valuable ideas on how to prevent or address potential or actual negative impacts. Collaborative problem-solving leads to more sustainable and locally-accepted solutions, reducing the likelihood of future grievances or disruptions.

3. Enhance legitimacy and accountability

Stakeholder engagement reinforces the credibility and trustworthiness of a company's human rights efforts. When engagement is transparent, inclusive and responsive, it helps demonstrate that a company is taking its responsibility to respect human rights seriously, rather than treating due diligence as a box-ticking exercise.

4. Improve access to remedy

An essential component of HREDD is ensuring effective grievance mechanisms. Engaging with stakeholders helps businesses design and implement accessible, culturally appropriate, and effective remediation channels. Without meaningful engagement, grievance mechanisms risk being ineffective, under-used, or perceived as biased, failing to provide real access to justice.

5. Reduce legal, reputational, and operational risks

Ignoring stakeholders can lead to conflicts, operational delays, reputational damage, and even legal action. Engagement helps companies proactively address concerns before they escalate into disruptions, lawsuits, or regulatory penalties. By integrating stakeholder voices into HREDD, businesses can demonstrate good faith efforts to prevent harm, which is increasingly relevant in jurisdictions with mandatory due diligence laws.

6. Strengthen long-term business sustainability

Stakeholder engagement is not just a compliance obligation; it is a strategic investment in long-term business resilience. Companies that listen to and act on stakeholder concerns are better positioned to adapt to emerging risks, evolving regulations, and shifting societal expectations. Meaningful engagement fosters trust, social license to operate, and stronger relationships with key actors in the company's value chain.

What makes stakeholder engagement “meaningful”?

Meaningful stakeholder engagement is not a superficial consultation or tick-box exercise — it is a genuine, inclusive and continuous process that ensures affected stakeholders actively shape business decisions, risk assessments and remediation efforts.

The terms stakeholders and rightsholders are often used interchangeably in business and human rights discussions, but they have distinct meanings and implications. All rightsholders are stakeholders, but not all stakeholders are rightsholders.

Businesses must prioritise engagement with rightsholders, as they are directly impacted by corporate activities. While broader stakeholder engagement is important, rightsholders, or their representatives must always be consulted to ensure their voices shape HREDD efforts. Additionally, actors who play a critical role in addressing human rights risks, including trade unions and human rights organisations, should be actively engaged, as they provide essential expertise, advocacy and representation for affected stakeholders.

The key elements of meaningful engagement include:

1. Inclusivity and accessibility

Engagement must be inclusive of all affected stakeholders, particularly workers, communities, Indigenous Peoples, human rights defenders, and vulnerable groups. It should be culturally appropriate, gender-sensitive, and accessible, considering language, literacy levels, and logistical barriers (e.g., rural locations, lack of internet access). Power imbalances must be recognised and addressed to ensure that all voices — especially marginalised groups — are heard and respected.

2. Two-way dialogue and responsiveness

Engagement should not be a one-way communication where companies merely inform stakeholders; it must facilitate genuine dialogue, allowing stakeholders to voice concerns, provide insights and influence decisions. Businesses should act on feedback, demonstrating that stakeholder inputs shape risk assessments, mitigation measures and remediation efforts.

3. Early and ongoing engagement

Stakeholder engagement should happen early in the due diligence process — before decisions are made — so that stakeholders can influence outcomes meaningfully. It must be continuous and iterative, not a one-off consultation, ensuring that companies remain responsive to evolving risks and stakeholder expectations.

4. Transparency and information sharing

Companies must provide clear, accurate and timely information about their operations, potential impacts and mitigation efforts in a way that stakeholders can understand. They should be transparent about decision-making processes, limitations, and how stakeholder input is being used. Confidentiality concerns must be respected, especially for vulnerable stakeholders, whistleblowers or human rights defenders.

5. Safe and non-retaliatory participation

Engagement should take place in an environment free from intimidation, retaliation or coercion. Stakeholders, particularly workers, community leaders and human rights defenders, must feel safe to voice concerns without fear of reprisal. Companies should establish clear safeguards to protect those engaging in the process.

6. Integration into business decision-making

Stakeholder engagement should inform and shape corporate policies, risk assessments, mitigation strategies and grievance mechanisms. If engagement is not linked to concrete actions or decisions, it risks becoming performative rather than meaningful. Mechanisms for tracking and reporting how stakeholder input has influenced corporate practices should be in place.

7. Accountability and follow-up

Companies should provide regular updates to stakeholders on how their concerns are being addressed. Independent verification or third-party assessments can help ensure that engagement efforts are credible. Grievance mechanisms should be in place for stakeholders to raise concerns if engagement is ineffective or if commitments are not honoured.



Good practice for effective engagement with affected stakeholders



The following good practices and accompanying examples of company action are based on insights from GBI's work with companies. The lessons drawn are some examples of how companies have been working towards good practice. Companies should understand that engagement is context driven, so some of these lessons may be more relevant than others depending on the context.



GOOD PRACTICE

Establish strong engagement frameworks

Lessons drawn from company practice:

- Take concrete steps to secure senior executive support through internal awareness raising and sharing lessons learnt.
- Define clear objectives in your policies and processes and align them with international standards, such as the UNGPs, to future-proof your engagement activities against future regulatory development and expectations from other stakeholders. By referring to international standards, this approach can also assist in navigating complexities with competing legal requirements in different jurisdictions.
- Formalise parameters for stakeholder engagement processes to ensure consistency, yet flexibility, across the company.
- Be prepared to tailor the company's approach based on evolving human rights risks, the operational context and business environments.
- Treat stakeholder engagement as an essential investment and part of the company's regular cost of doing business, rather than an additional, optional activity. This includes allocating budget and including stakeholder engagement in timelines.
- Prioritise the engagement focus in areas with the most severe human rights risks, as outlined in the UNGPs. Be prepared to explain to stakeholders how initial prioritisation was accomplished and the process for addressing engagement that was not prioritised initially.



GOOD PRACTICE

Identify and map stakeholders and the engagement context

Lessons drawn from company practice:

- Conduct stakeholder mappings, ensuring inclusivity and equal representation of all groups, including specific attention to vulnerable and marginalised groups where impact risks may be higher. From this mapping, companies can prioritise affected stakeholders.
- Map the engagement context, including the value chain, physical location or business context. Mapping can help to define roles and seek collaboration and cooperation. Where the company is operating in a context where several actors may have similar affected stakeholders, clarifying relative roles and responsibilities with business partners will be a key step.
- Map ongoing and overlapping stakeholder engagement with the company's affected stakeholders. Consider ways to collaborate and coordinate engagement activities to avoid "over consultation" with stakeholders.
- For companies with complex supply chains where it is difficult to map stakeholders, adopt regional and multistakeholder processes, ensuring these remain relevant and deep. Avoid over-reliance on proxies that might not adequately represent affected communities.



Design meaningful engagement strategies that foster accessibility for stakeholders

Lessons drawn from company practice:

- Design engagement with clear objectives and appropriate methods to gather meaningful input to identify and avoid, or mitigate, potential adverse inputs.
- Adapt engagement styles and methodologies to the level of knowledge (for example, technical understanding of a project) of affected stakeholders and other parties involved in the engagement, and be prepared to meet them where they are at in discussions.
- Plan for accessibility and cultural appropriateness, considering power dynamics, language barriers, gender dynamics and other factors impacting participation.
- Create a flexible structure for discussions that frames inputs without stifling exchange.
- Communicate expectations, engagement formats, and progress clearly to all stakeholders.



Conduct meaningful engagement through open and flexible dialogue

Lessons drawn from company practice:

- Initiate engagement early and maintain ongoing engagement with a broad range of affected stakeholders or appropriate proxies.
- Foster open dialogue to encourage diverse perspectives and ensure clarity on the purpose of discussions.
- Be attentive to the design of the engagement process to address potential challenges.
- Consider whether impacted stakeholders would benefit from information, assistance or other help to address power and knowledge imbalances. Consider who or what organisation or which individuals may be best placed to do this impartially.



Engagement activities are built to foster trust and accountability

Lessons drawn from company practice:

- Provide transparent information to stakeholders and empower them to participate effectively.
- Follow up on stakeholder inputs and demonstrate how feedback is used.
- Build strong relationships within the business to ensure internal buy-in and across stakeholders to boost trust.
- Ensure stakeholders feel comfortable and safe providing candid feedback, and that they have confidence in assurances there will be no retribution if they engage openly and honestly.



GOOD
PRACTICE

Create effective grievance mechanisms

Lessons drawn from company practice:

- Develop accessible grievance mechanisms and ensure affected people are aware of these processes and involved in their design.
- Continue to collaborate with experts and affected groups to strengthen grievance processes as an ongoing cycle of improvements to ensure effective feedback.
- Establish forums for ongoing dialogue with local communities such as Community Action Panels.
- Partner with human rights defenders to support grievance handling, ensuring their protection in their engagement with the process.



GOOD
PRACTICE

Strengthen internal collaboration to gain internal buy-in and awareness raising

Lessons drawn from company practice:

- Work with colleagues across the business to map risks and assess impacts.
- Build cross-departmental buy-in and train staff on effective stakeholder engagement.
- Engage with internal and external experts, government bodies, investors, civil society and others to align expectations and share progress.



GOOD
PRACTICE

Utilise various tools and resources to improve engagement

Lessons drawn from company practice:

- Establish stakeholder advisory panels to provide regular feedback on the potential or actual impact of the company's activities.
- Join industry or multistakeholder initiatives to help address complex challenges but do not over-rely on these as proxies to engagement with affected groups.
- Leverage digital tools and other relevant resources to facilitate engagement effectively. An example is worker voice tools.



GOOD
PRACTICE

Monitor, evaluate, and adapt the engagement plan

Lessons drawn from company practice:

- Monitor and evaluate the effectiveness of your stakeholder engagement efforts.
- Adapt practices as human rights risks, operational contexts and feedback evolve.
- Regularly benchmark practices against global standards to ensure alignment and improvement.



GOOD
PRACTICE

Anticipate and prepare for challenges

Lessons drawn from company practice:

- Prepare for difficult conversations and navigate power dynamics with sensitivity and creativity.
- Trust in positive outcomes while remaining flexible and pragmatic in the engagement.



GOOD
PRACTICE

Prepare for meaningful stakeholder engagement in conflict-affected areas

Lessons drawn from company practice:

- Carry out engagement in a conflict-sensitive way to ensure the safety of stakeholders and inclusivity. While keeping safety paramount, ensure that engagement methods adapt to the context and do not contribute to harm.¹



GOOD
PRACTICE

When engagement fails, prepare to be self-critical and try again

Lessons drawn from company practice:

- Ask critical questions about the effectiveness of the company's engagement plan and allow acknowledgment of failure internally so that different approaches can be attempted.
- Engage with external experts on how to modify the approach and carry out lessons learned exercises to help build engagement capacity internally.

¹ GBI's guidance briefing on heightened human rights due diligence will cover this in more detail.



Tackling recruitment fees and debt bondage through meaningful stakeholder engagement.

A multinational company operating in a labour-intensive industry identified a potential risk associated with recruitment fees charged to its workers. Recruitment fees can result in workers arriving at their job sites in serious debt, potentially leading to debt bondage — a form of modern slavery. The company was concerned about the vulnerability of its workers and their health and safety. Understanding the gravity of this issue, the company sought to investigate whether its workers had been subjected to such fees and, if so, to address the problem effectively.

Initial approach

The company initially conducted an internal survey and held discussions with workers to gather insights. These efforts aimed to identify whether workers had paid fees to secure their jobs. To the company's surprise, almost all respondents — approximately 99% — reported that they had not paid any fees. While this result could have been taken as an assurance of compliance, the human rights practitioners in the company recognised an issue with the approach. Rather than accepting the results, they questioned the accuracy of their methodology and the plausibility of the findings.

Recognising limitations

The company acknowledged potential flaws in its approach. The survey and discussions, conducted internally, may not have created an environment conducive to honest and open responses. Workers might have been reluctant to admit to paying fees due to fear of repercussions or mistrust in the confidentiality of the process. The human rights practitioners realised that without addressing these barriers, their efforts to uncover the true picture were unlikely to succeed and they were not getting accurate data from their engagement efforts.

Collaborative redesign

To enhance the trust, credibility and effectiveness of its inquiry, the company partnered with a reputable foundation specialising in labour rights and human rights issues. Together, they devised a new methodology for engaging with the workers. This approach incorporated several key improvements:

- **Third-party facilitation:** The involvement of an independent organisation helped to build trust among workers, including through reduced fears of reprisal or bias.
- **Contextualised engagement:** Questions were rephrased and presented in ways that were culturally and linguistically appropriate, ensuring better understanding and more open responses.
- **Alternative data collection methods:** The process included one-on-one interviews and anonymous feedback channels to provide workers with safer opportunities to share their experiences.

Revealing a clearer risk picture

The revamped methodology yielded dramatically different results. A significant number of workers admitted to having paid recruitment fees, often amounting to substantial debts that placed them at risk of debt bondage. This underscored the importance of using tailored, trust-building methods to uncover sensitive information.

Moving beyond compliance

The company's commitment to uncovering a clearer picture of impacts through its engagement efforts exemplified a shift from a compliance-driven mindset to a more proactive, rights-based approach. Instead of using the initial survey results to claim compliance with ethical labour standards, the company prioritised deepening its understanding to enable it to address the issue effectively in the interests of both the human rights of workers and the company.

Impact and lessons learned

Armed with accurate information, the company was able to take targeted actions to address the issue of recruitment fees. These actions included:

- Collaborating with recruitment agencies to eliminate fee-charging practices.
- Establishing grievance mechanisms to empower workers to report unethical recruitment practices.
- Strengthening due diligence processes to prevent recurrence of such issues in future.
- In some cases, moving to direct recruitment of workers without agencies.

The case highlights several critical lessons for businesses:

- 1. Humility and self-critique:** Companies must be willing to question their assumptions and methodologies, particularly when results seem overly optimistic.
- 2. Collaboration with experts:** Partnering with third-party organisations and experts can enhance the credibility and effectiveness of stakeholder engagement efforts.
- 3. Cultural sensitivity and trust:** Adopting methods that build trust and consider the cultural context of stakeholders is essential for obtaining honest and meaningful feedback.
- 4. Beyond compliance:** Respect for human rights requires going beyond compliance and focusing on uncovering and addressing underlying issues.

Key considerations for policymakers

To ensure the effective implementation of mandatory human rights due diligence legislation, policymakers should embed meaningful stakeholder engagement as a legally required, continuous process, ensuring that rightsholders and affected communities actively shape corporate due diligence efforts.

Strengthening access to remedy through stakeholder-inclusive grievance mechanisms is essential, alongside incentivising best practices and penalising non-compliance to drive meaningful corporate accountability.

Additionally, capacity building for both businesses and rightsholders is necessary to enable informed participation and ensure engagement is effective. Policymakers should provide clear guidance, monitoring and enforcement mechanisms to support companies in meeting due diligence obligations.

To uphold quality and accountability in stakeholder engagement, companies should implement indicators of effectiveness, such as regular and two-way communication, active grievance uptake, and transparent decision-making. It is critical to avoid tick-box approaches and instead foster trust based relationships, addressing power imbalances that may hinder meaningful participation.

Further Resources

[Engaging effectively with key people and organisations:](#) GBI's business practice portal

This evolving resource created by business for business is based on practice-based insights on a range of areas of business practice. It has a section on stakeholder engagement with company examples, audio and video resources and an overview of key expectations and insights on effective engagement.

[Why meaningful engagement with stakeholders is key to managing legal risk:](#) GBI podcast with Andrea Shemberg, 30 March 2024



In this podcast, Andrea emphasises the importance of listening to affected people and understanding their experiences, in alignment with the UNGPs. She provides examples of effective and ineffective stakeholder engagement practices, stressing the need for both humility and collaboration. Andrea also discusses the challenges companies face in integrating stakeholder engagement into their operations, especially in a rapidly changing legal landscape, and the importance of internal stakeholder engagement and continuous learning.

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