

Meaningful stakeholder dialogue

SER

The added value of dialogue for your company





This tool is part of a collection of resources, including tools, knowledge documents, and training, designed to help companies prepare and conduct meaningful dialogues with their stakeholders. Meaningful stakeholder engagement is fundamental for (International) Responsible Business Conduct (IRBC) and is reflected in all steps of the due diligence process as included in the OECD guidelines.

Gaining internal support for meaningful dialogue with stakeholders

Sometimes, company management may not initially be enthusiastic about engaging stakeholders in dialogue. Convincing them of the benefits of this approach is crucial. This tool is designed to help you demonstrate to management – and possibly other internal stakeholders – the added value of stakeholder dialogue as a key form of stakeholder engagement.

Reasons to engage external stakeholders

Actively engaging stakeholders is important for (International) responsible business conduct (IRBC), because:

- Insight and expertise: engaging with stakeholders allows you to gather insights, knowledge, and expertise, which can help in formulating or refining impactful policies, strategies, goals, or actions. It also helps confirm assumptions or reveal blind spots.
- Early risk identification: by communicating with stakeholders early, you can identify and address risks proactively, preventing crises and legal conflicts such as strikes, lawsuits, and protests.
- Compliance with standards: engagement aligns your actions with international standards and legislation in the field of IRBC, including the <u>OECD due diligence</u> <u>quidelines</u> and the Corporate Sustainability Reporting Directive (<u>CSRD</u>).
- Legitimacy and license to operate: through stakeholder dialogue, you can better legitimise your IRBC actions to the external world, enhancing your license to operate.

The added value of dialogue in stakeholder engagement

Dialogue is a valuable way to engage your stakeholders in your business operations:

- Enhanced understanding: dialogue provides insight into stakeholders' priorities, concerns, needs, and expectations, helping you understand how they are affected by your company's actions. This information is vital for identifying risks, setting priorities, and initiating actions that mitigate negative impacts and enhance positive outcomes.
- Rich input: dialogues allow for deeper inquiries and the gathering of additional context, especially valuable in multi-stakeholder settings where participants can exchange views.

- Relationship building: engaging in dialogue helps build or deepen relationships with stakeholders, which is beneficial throughout the due diligence process.
 Personal interactions make information more tangible and decision-making more collaborative.
- Increased stakeholder commitment: when stakeholders feel heard, they are more likely to be committed to your organisation.
- Policy and strategy support: dialogue helps stakeholders understand and support your policy, strategy, goals, and actions, increasing compliance and reducing the risk of misunderstandings.

It is important to realise that not every dialogue will immediately lead to concrete results or impact. It can also provide you with other benefits, such as obtaining background information that you did not have before and developing a personal working relationship that lays the foundation for further exchange in the future. Engaging in dialogue can further lead to building and increasing mutual trust, allowing you to discuss increasingly complex matters and strengthening the depth of the relationship with your stakeholders. This also makes the meetings increasingly meaningful and increases the chance that the dialogue you conduct will lead to the desired impact.

It is important to recognise that dialogue is not always feasible or appropriate. For example, if a stakeholder prefers a different form of engagement or if safety during the dialogue cannot be guaranteed. For more situations and guidance, refer to the FAO.

Industry examples

Many companies already benefit from regular stakeholder dialogues, which have become a vital part of their sustainability practices. Some examples:

 Companies engage stakeholders when identifying IRBC risks, impacts, and opportunities to shape their IRBC policies and strategies.

- Companies initiate dialogue with local civil society organisations to assess
 working conditions before deciding to source or increase order volumes from a
 particular region. If they discover discrepancies between the actual conditions
 and those reported in inspections, internal discussions are conducted to
 determine whether the company can continue to purchase responsibly from
 that region or whether stricter criteria should be implemented in the supplier
 onboarding process.
- Companies have regular conversations with suppliers help align expectations on IRBC and develop improvement plans. This includes insights into local minimum wage laws to ensure compliance through collaborative efforts.
- Companies engage with stakeholders to gain insight into local minimum wage legislation and, together with suppliers, ensure that the minimum wage increases are met.
- Companies listen to the workers in their supply chain to know what their needs are or to verify information from audit reports.
- Companies conduct dialogue to detect specific human rights abuses, discuss complaints and associated root causes to identify and address these before they escalate and lead to a legal process and high costs.

You can read more detailed industry examples these pilots and case studies.



Dionne Ewen, Sustainability & ESG manager at Royal Ahrend

"We gained experience in conducting stakeholder dialogue for our double materiality analysis. It turned out to be a very informative process that helped us shape the sustainable agenda for the coming years, taking into account the perspectives of a diverse group of stakeholders. By entering into dialogue, we received richer input than if we had done this in writing. This is because we were able to ask detailed questions and delve deeper into the topics, providing relevant context. By speaking to each other both online and in person, we were able to personally meet parties whom we had no previous relationship with and deepen our relationships in the ESG field. Stakeholders proved willing to think along with us about the challenges of our company and exchanged valuable information, both during individual discussions and a joint stakeholder meeting."

Femke Lotgerink, Sustainability Manager at O My Bag

"O My Bag's key stakeholders are our manufacturers in Kolkata, India. They produce our bags, but more importantly, together with them we fulfil our mission: making a positive change for people working in our supply chain. We do not want to impose projects, but rather involve producers in the positive impact we want to make, thus creating intrinsic motivation. Meaningful dialogue is fundamental to this process."

Christine van Dorp, CSR Specialist at Zeeman

"At Zeeman, we are working on a more sustainable Zeeman and clothing industry, in which we look after people and the environment. We can only do this by listening to our stakeholders, learning from them and working together with them. An important dialogue topic are wages. In many places where Zeeman products are made, the makers do not earn a living wage. At ten suppliers, we enable higher wages through a Zeeman premium for the manufacturers. We regularly enter into dialogue about living wages with other companies and with living wage experts. Both in the Netherlands with NGOs, and with the real experts, i.e. the people who receive the wages and the suppliers who paying the wages. These experts take a critical look at our approach and this provides us with important feedback and confirmation that we are on the right track."

Niels van den Beucken, CEO at Arte Groep B.V.

"Arte has been a leader in producing stone kitchen worktops for more than a quarter of a century. We recognise that positive impact in the chain is only possible with committed partners. The close collaboration and open and transparent dialogue with supply chain partners enable us to improve processes and produce fair and responsible worktops. Together we build a sustainable future."

Joost de Bont, Head of Sustainability at WE Fashion

"Collaboration with stakeholders is a fundamental aspect of our sustainability strategy at WE Fashion. We take pride in our stylish collections, yet we are also cognisant of the production risks associated with them. To effectively identify and address these risks, engaging in dialogue with stakeholders is crucial. Collaboration not only within our company but also with external entities such as trade unions, NGOs, and governments is vital for driving structural improvements in the textile industry. For instance, last year, we worked closely with local organisations on initiatives at supplier locations in India and Bangladesh to enhance social dialogue. This collaborative approach is key to making sustainable progress in our sector."



How to take the first steps towards a meaningful stakeholder dialogue?

To help you get started in having a meaningful dialogue, you can assess your own knowledge and skills through the <u>self-assessment</u> 'How to conduct a meaningful stakeholder dialogue?'. You can also get started right away by using the <u>tool</u> 'Towards a meaningful dialogue in 9 steps'. This allows you to gain targeted knowledge and skills in the various tools and knowledge documents. These will help you in the preparation, implementation and follow-up of the dialogue.

Understanding how to conduct meaningful dialogue comes with practice. As you gain experience, you will refine your approach and apply it more naturally in real-world interactions. Similarly, your stakeholders will also become more accustomed to this process, making meaningful dialogue a standard practice throughout the supply chain.



Information and support

This tool is part of a collection of tools, knowledge documents and training to help companies set up and implement a <u>meaningful dialogue</u> with their stakeholders. Meaningful stakeholder engagement is fundamental for (international) responsible business conduct and is reflected in <u>all steps of the due diligence</u> process according to OECD quidelines.

Click on a topic below for more information and support preparing and conducting a meaningful stakeholder dialogue.



Website



Self-assessment



<u>Tools</u>



Knowledge documents



<u>Training</u>



Guidelines & legislation



FAQs



Theory

Colophon

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