

# The COFFEE Project

Cooperation On Fair, Free, Equitable Employment

Guidance On  
Stakeholder  
Engagement



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# Guidance on Stakeholder Engagement

## Introduction

This tool is one of 12 tools comprising the Socially Sustainable Sourcing Toolkit (S3T), which was developed as part of Verité's Cooperation on Fair, Free, Equitable Employment (COFFEE) Project through generous funding from the US Department of Labor's Bureau of International Labor Affairs (USDOL-ILAB). The S3T was developed in alignment with USDOL's *Comply Chain* model, with at least one tool created for each of the eight steps of *Comply Chain* (see graphic below). The tools can be used *a la carte*, but it is important that companies have systems and tools in place for each step of *Comply Chain*.

### STEPS OF COMPLY CHAIN AND CORRESPONDING TOOLS

#### **STEP 1. Engage stakeholders and partners**

Tool 1. Guidance on stakeholder engagement

#### **STEP 2. Assess risk and impacts**

Tool 2. Coffee sector Risk Map

Tool 3. Root cause analysis of labor violations in the coffee sector

#### **STEP 3. Develop a code of conduct**

Tool 4. Sample code of conduct clauses

Tool 5. Sample social responsibility agreement

Tool 6. Guidance on recruitment-related risks

#### **STEP 4. Communicate and train across supply chain**

Tool 7. Guidance on communicating objectives and standards across the supply chain

#### **STEP 5. Monitor compliance**

Tool 8. Guidelines on monitoring for certifiers and monitors

Tool 9. Self-assessment questionnaires for traders, producers, and labor brokers

#### **STEP 6. Remediate violations**

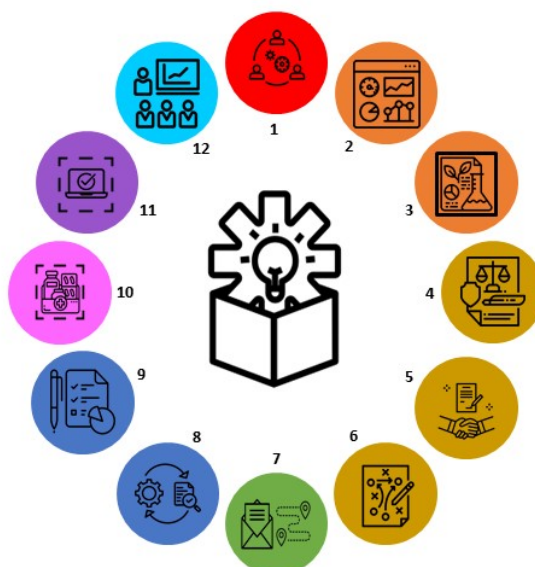
Tool 10. Framework on preventing and remediating labor violations

#### **STEP 7. Independent review**

Tool 11. Framework for independent verification

#### **STEP 8. Report on performance**

Tool 12. Guide on public reporting for private sector stakeholders



## Introduction to the Tool

The purpose of this guide is helping in clarify the landscape of people and/or organizations connected to business activities and to provide coffee companies with actionable recommendations and best practices on the design and implementation of *stakeholder*

<sup>1</sup> *engagement strategies* that will allow for the creation of constructive relationships that maximize the creation of shared value in coffee supply. This will help to facilitate the wider adoption of socially sustainable sourcing practices within company supply chains, increasing the scale and impact of social sustainability efforts that promote better working conditions for farmworkers in the coffee sector.

## Background

In the current global economy, with complex supply chains and dynamic market systems, stakeholder engagement should be considered critical for coffee companies and their sustainability efforts. Engagement strategies need to be tailored based on the specific stakeholder group and context, and properly linked to the social sustainability agenda concerns and business priorities of the company.

For the purpose of this guide, we define an **engagement strategy** as *the process used by an organization (i.e. coffee industry organizations/companies) to engage with relevant stakeholders for a clear purpose and oriented to achieve specific social impacts*. Linked with social sustainability efforts of the companies, trust building is a bedrock for solving challenges to sustainably and profitably. A net positive social commitment will strengthen company values and decision-making processes. Engagement is also a fundamental accountability mechanism that, when well-implemented, will empower coffee companies to anticipate social and ethical issues in their supply chains, opening innovation opportunities that will benefit the overall business operation.

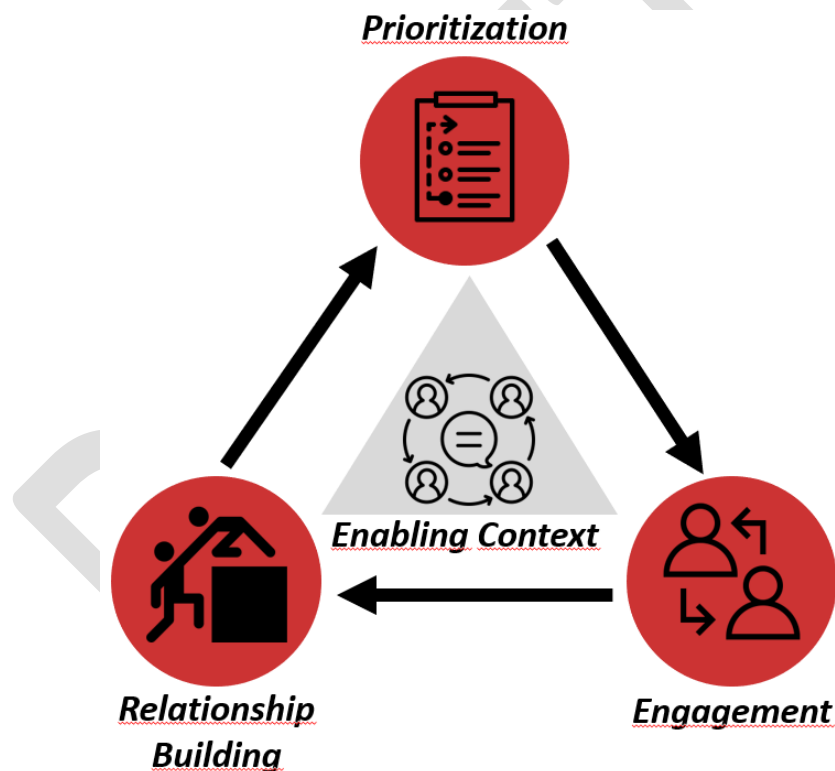
Complex problems faced by coffee companies in dynamic supply chains require complex competences, knowledge, and resources. Companies may be aware that in order to move the needle on social sustainability, they need to look beyond their *transactional stakeholders* (e.g. suppliers, customers, certifiers, etc.). Other *institutional stakeholders* (external) could create a positive stream of value and expand their capacity for dealing with ethical issues within their supply chains. By assembling an appropriate portfolio of partnerships, a company easily and effectively secures what it needs rather than searching, in a hit or miss way, for resources or intelligence. Business become appropriately beholden and (could) enter into reciprocal relationships with their partners<sup>2</sup>.

A best practice in stakeholder engagement is to recognize not only the quantity of stakeholders with whom your company engages, but the quality of those

relationships Establishing a framework for high quality stakeholder engagement is one of the goals of this tool.

## Guidance on Stakeholder Engagement

The proposed framework for stakeholder engagement looks for the creation of a sound and reliable business environment, that help companies achieve financial success while addressing and minimizing labor risk in their sourcing operations. As a process, the structure relies on the creation of an enabling context that facilitates the prioritization of your key stakeholder group, creating targeted channels for communication and engagement, and leveraging dialogue for feedback and influence.



### Enabling Context: connecting the dots

With increasing focus on labor exploitation among the press and law enforcement agencies in countries that produce and import coffee, companies sourcing coffee need to better understand the labor risks in their supply chains linked to workers exploitation and the steps that they must take to prevent and remediate labor violations and their root causes. The more input companies have from directly affected groups (local communities, smallholder farmers, workers' organizations, labor unions, NGOs, etc.), the greater the chances of successfully implementing

feasible, successful solutions to this labor challenge. Furthermore, labor risks are complex and systemic, which creates a natural need to collaborate with a diverse set of stakeholders at the sectoral level, including other coffee companies and institutional stakeholders. Complex problems require complex and long-term solutions, and as in the funnel metaphor, small but sustained steps can create bigger impacts if you work in collaboration.

## Why dialogue with Stakeholders?

### **Stakeholders are a good source of information**

- to understand risk and context of sourcing regions
- to validate and analyze processes, you have in place to identify, assess, and address risk
- for informing about the operations of your suppliers and sourcing partners
- on specific issues like gender, labor policies, recruitment, migration, and local communities
- for validating processes for providing remedies to victims and prevention of similar abuses

### **Early engagement helps anticipate impacts**

- of labor violations and inadequate practices being implemented by third-parties or potential business partners
- of business operations and decisions
- on quality of the product or logistic challenges and opportunities

### **Interaction with different actors nurtures innovation**

- by identifying unknown partners and potential best practices to improve your sourcing operation
- for testing new approaches that could have positive reputational visibility with consumers or shareholders

### **Stakeholder engagement provides better perspectives on business performance**

- by leveraging funds from other stakeholders aligned with social sustainability strategies of your company
- by improving brand recognition and leadership on ethical issues relevant to consumers

## Stakeholder Prioritization

Robust stakeholder engagement is the foundation for transparency and trust-building with your stakeholder base, ensuring that you *connect* and resonate. Usually, broad engagement with a wide range of stakeholders is recommended, moreover a more targeted approach is to identify the stakeholder groups that will provide the most leverage and the greatest influence. Once these stakeholder groups are identified, dialogue and relationship building strategies are suggested for longer-term impact. As mentioned before, labor challenges are complex, and patience is required to create lasting positive impacts on the most vulnerable groups in coffee supply chains.

For the purposes of this tool, **stakeholders** are defined as individuals, groups, or organizations that affect or are affected by an organization's operations. These include transactional (direct) stakeholders and institutional (indirect) stakeholders.

Institutional stakeholders can include several types of organizations:

### A. Regulatory & Coordination Functions:

- Standards & Guidelines Institutions: Coffee Quality Institute, Scientific Certification Services (SCS), customs authorities, certification, and verification initiatives (such as Rainforest Alliance, Fair Trade).
- Laws & Norms: ICO agreements, institutions enforcing government regulations and laws, relevant to the business operation (e.g. UK Modern Slavery Act, California Transparency in Supply Chain Act, Business Supply Chain Transparency on Trafficking and Slavery Act, Australia Modern Slavery Act).
- Sectoral Coordination:
  - Industry Associations and Guilds: Specialty Coffee Association (SCA), National Coffee Association (NCA).
  - Multi-Stakeholder Initiatives: Global Coffee Platform (GCP), Sustainable Coffee Challenge (SCC), World Coffee Producers Forum (WCPF), International Women's Coffee Alliance (IWCA).
- Advocacy:
  - Labor unions (or in their absence, any form of workers' association)
  - Locally affected communities or individuals, and their formal and informal representatives

### B. Supporting Functions:

- Labor brokers
- Inputs provider (e.g. fertilizers, agrochemicals)
- Infrastructure, and machinery providers (e.g. manufacturers of lab equipment, processing machinery, and roasting equipment)
- Banks and financing institutions
- Logistics and transport companies
- Technical assistance and research institutions

- Packaging companies
- Storage and logistics companies
- NGO's, special interest groups, or other civil society organizations
- National or local government authorities

Transactional stakeholders (core actors in the supply chain) include:

- Coffee estates
- Smallholders farmers
- Coffee cooperatives and farmers' associations
- Coffee brokers and other intermediaries
- Labor brokers
- Exporters
- Importers
- Roasters or coffee brands/companies
- Store owners or retail stores
- Coffee consumers

The goal is to identify relevant stakeholder groups for targeted engagement. Some factors to consider when identifying relevant stakeholders are:

- Responsibility: those linked legally, financially, or through regulations, contracts, and/or policies
- Influence: those that are able to influence how you achieve your social sustainability goals.
- Dependency: those most dependent on your company.
- Proximity: those your company most heavily depends on that work most closely with your company or supply chain partners.
- Representation: key institutions with whom your organization interacts or wishes to interact (e.g. trade unions, community leaders, government representatives, etc.)

The company can create a list of all the stakeholder groups and prioritize those that are most relevant to the company, followed by targeted messaging to inform them of the Social Reporting agenda, based on your knowledge of their preferences or the labor topics relevant to the stakeholder group. When communicating with specific stakeholder groups, you must consider specific data, information, and analysis (messaging) focused on the group (See Table 1. *Stakeholder Prioritization Scorecard* below).

## Stakeholder Engagement

Once the main stakeholder groups are defined, the company can use a variety of communication channels and engagement strategies. The Stakeholder Messaging Matrix can be used to quickly assess and identify communication channels and messaging strategies for each organization/stakeholder group.

To better understand the priorities and preferences of key stakeholders, you can implement a brief survey (using the corresponding channels of your communication strategy). An effective first step is gaining insight on stakeholders 'top five priorities for your social sustainability agenda. A sample survey below (Template 1. Stakeholder Consultation Survey), based on the Topics Table, can be adapted to your company's needs and used to collect feedback on stakeholder priorities for Social Reporting.

The company can create a brief report on stakeholder feedback and use it as a management and decision-making tool.

**Table 1. Stakeholder Prioritization Scorecard**

STAKEHOLDER (consultation method)	Does this group strongly influence your agenda on company's . . . performance?			Is this group strongly influenced by company's . . . performance?			Will this group strongly influence or be strongly influenced in the future?	TOTAL
	Social	Environ	Econ	Social	Environ	Econ		
Suppliers (meetings, training, audit, survey, emails, media events) Local Community (public meetings, media, procedures)	1	1	0	1	1	1	1	6

**Table 2. Stakeholder Messaging Matrix**

Top Stakeholders		Distribution Channel (where the message is heard)	Messaging (a rational, emotional, moral message delivered directly to the specific stakeholder group)
1			
2			
3			
4			
5			

## Template 1. Stakeholder Consultation Survey

Insert your company logo here

**Connect – Stakeholder Consultation**

*Insert company name* is serious about social sustainability and promoting better working conditions in coffee supply chains and is committed to working with our stakeholders to improve business value and to serve society as a whole.

*Insert company name and outline your organization's business model and supply chain social values.*

As part of our stakeholder dialogue and engagement process, we are asking key stakeholders about what they consider to be most important for our company to support, improve, and report on...(social topics are detailed in S3T-Guide on Public Reporting, Topics Table)

We are aware that our stakeholders play a key role in producing, transporting, and consuming the coffee we source and process. We want to take into account the issues that you consider most relevant to *Insert company name*.

Feel free to comment on how you came to your determination of each topic (e.g. Child labor because companies need to take into account the impacts of sourcing practices in vulnerable communities).

Tick the final box if you are happy for us to call and dialoguing on any responses:

**Topic 1:**  
Comment.....

**Topic 2:**  
Comment.....

**Topic 3:**  
Comment.....

**Topic 4:**  
Comment.....

**Topic 5:**  
Comment.....

**Any general comments or further Topics:**  
.....

Company/organizations.....

Print Name.....

Position.....

I would be grateful for your response. You may contact me at: *Insert and email contact and telephone/cellphone contact number.*

☐ Please check this box and provide your telephone number if you would like us to give you a call \_\_\_\_\_

## Stakeholder Relationships Building

First and foremost, the core purpose of this engagement is creating and nurturing dialogue on labor issues affecting the company's supply chain operations or that were identified as relevant in the sustainability agenda. The definition of priorities is one of the first steps that should be taken, and thereafter, an appropriate mechanism for ongoing external feedback on Social Reporting should be established. Further details on these mechanisms can be found in the *Guidance on public reporting for private sector actors*.

Consider that a higher-level goal is to encourage long-term relationships that provide a diversity of perspectives on the company's business operation and increased insights on impacts and innovation to improve the social impacts of your sourcing footprint and more effectively address labor challenges in your supply chain. Some benefits of stakeholder engagement are:

- More diverse perspectives on the company's strengths and weakness.
- Ability to anticipate unexpected criticisms.
- Makes your Social Reporting agenda proactive vs. reactive.
- Facilitates the company's commitment to prioritizing labor risks.
- Helps to build a positive reputation of the company and your efforts to address labor issues.
- Builds knowledge and capacity (a competitive advantage) for the company/brand.

Group or bilateral meetings are the conventional and most effective manner of stakeholder engagement. A structured approach for this dialogue will greatly improve the effectiveness and impact. Two relevant methodologies are briefly described below (with additional details in the hyperlinks included):

1. The World Café™: "Café conversations" are designed on the assumption that people already have within them the wisdom and creativity to confront even the most difficult challenges. The innovative The World Café guidance on dialogue enables groups to participate in rounds of connected conversations. The key factor in this dialogue is the use of the seven principles of dialogue (set the context, create hospitable space, explore questions that matter, encourage everyone's contribution, cross pollinate and connect diverse perspectives, listen together for patterns/insights/deeper questions, harvest and share collective discoveries), based on targeted questions to create "conversations that matter," creating dialogue and knowledge on the specific areas of interest (See more information on [The World Café](#)).
2. Appreciative Inquiry: Appreciative Inquiry (AI) is a model of change management. In a nutshell AI can be defined as a method for positive conversations in which problems are "transformed" into possibilities, leading dialogue into positive solutions (alternative pathways) and facilitating action to address pressing challenges. When properly implemented, AI will generate positive environments for action-oriented collaboration instead of the conventional "problem to fix" paradigm that makes it harder to identify and implement viable solutions due to the excessive focus on the problem, a common burden when business needs are confronted within complex supply chains, coupled with diverging stakeholder priorities (See more information on [Appreciative Inquiry](#)).

## Next Steps

The process described for an engagement strategy is summarized below:

1. Stakeholder prioritization: map your influence sphere and prioritize engagement with specific stakeholders to maximize social and operational impact.
2. Stakeholder engagement: identify channels for engagement and communication, and engage in dialogue on topics aligned with your sourcing needs and sustainability agenda.
3. Stakeholder Relationships Building: identify opportunities for gathering feedback and nurturing relationships with stakeholders for future engagement.

It is ideal that before starting to engage with stakeholders, your company creates a reference document outlining the vision and purpose of the strategic engagement. It will require going beyond public relations and reputational risk management and increasing awareness and openness throughout the company of the benefits of stakeholder engagement, as well as an openness to new approaches to managing labor risks through stakeholder dialogue and long-term and proactive approaches to addressing labor issues and their root causes. The more embedded this awareness is in your company, the easier it will be to implement sound partnerships that will benefit the business overall. Look for champions to take the lead on this task and provide them with senior management support for implementation.

The process described in the *Guidance on Stakeholder Engagement* tool can be used to inform your sustainability agenda by incorporating high-quality feedback from key stakeholders and improving trust and transparency in the company's relationships. To maximize impacts of engagement efforts, it is essential to foment good communication throughout your stakeholder base (see *Guide on public reporting for private sector stakeholders*).

Finally, for companies or organizations interested in exploring engagement principles and strategies in more detail, we are including some references that informed this document and that will provide further details and perspectives on the subject:

- Gbangola, Kye; Lawler, Nicole. *How to produce a sustainability report*. Routledge, T&F. 2014.
- Jeffery, Neil. *Stakeholder Engagement: A road map to meaningful engagement*. Doughty Centre, Cranfield School of Management. 2009.
- Taylor, Allison; Bancelhon, Charlotte. *Five-Step Approach to Stakeholder Engagement*. BSR. 2019.
- Sanford, Carol. "The Responsible Business: Reimagining sustainability & success." InterOctave, 2020.

## Endnotes

<sup>1</sup> For the purposes of this tool, *stakeholders* are defined as individuals, groups, or organizations that affect or are affected by an organization's operations and that thereby are, directly or indirectly, connected to business endeavors and value creation activities.

<sup>2</sup> Sanford, Carol. "The Responsible Business: Reimagining sustainability & success." InterOctave, 2020.

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