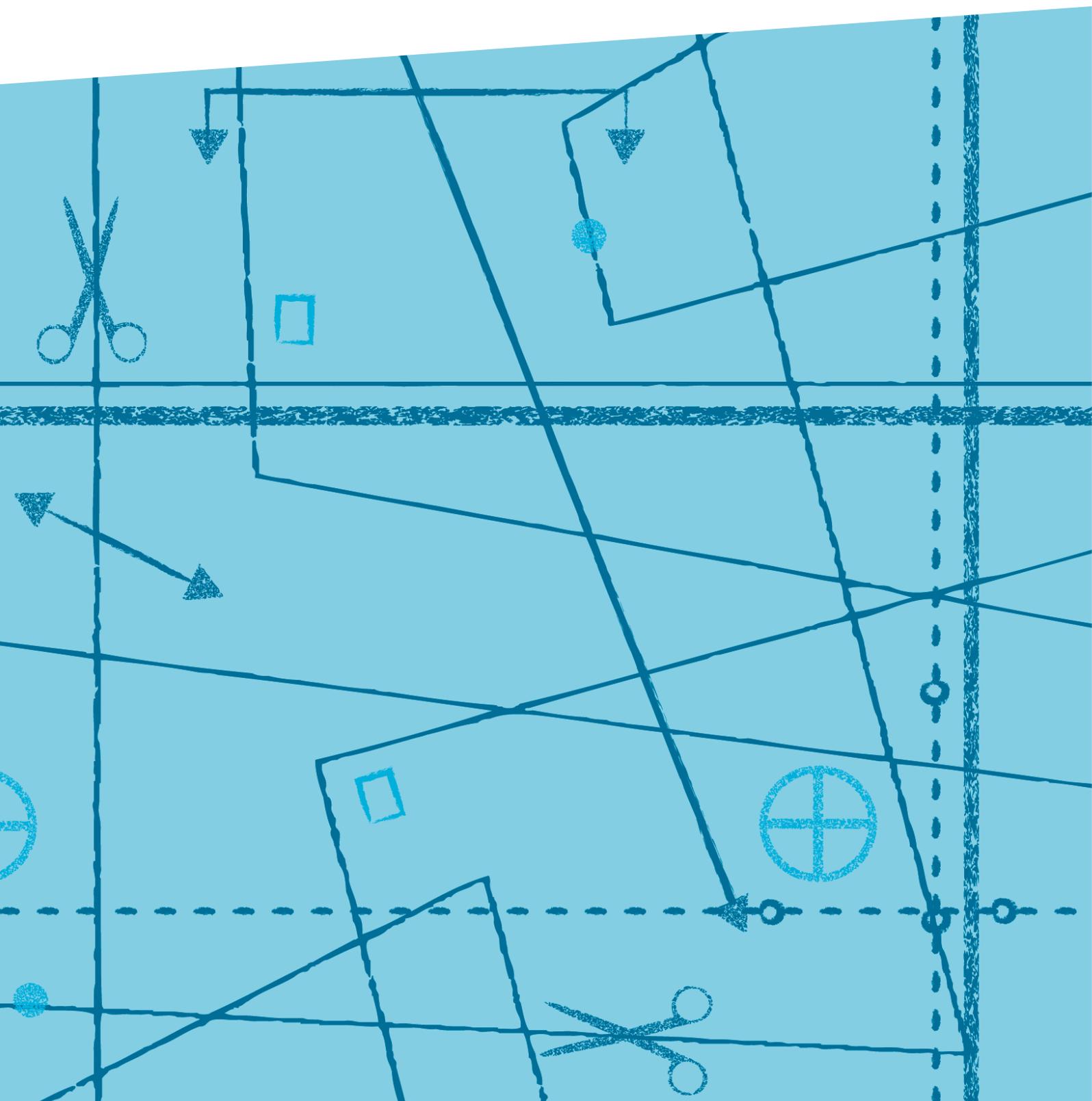


Ensure and support access to remedies and grievance mechanisms

Understanding and meeting due diligence obligations



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Preface

International Standards demand unanimously that companies offer effective grievance mechanisms for persons potentially affected by social and environmental impacts and provide access to remedy when necessary. This also applies for impacts on workers in the supply chain. This guideline provides information for the development, establishment and support of grievance mechanisms and remedial measures along your own supply chain. First, we show you several approaches for how you can gain an overview of existing mechanisms in your supply chain and possible room for improvement. If you have already carried out this step, you'll find further assistance in this document for how you can support your suppliers in dealing with and redressing specific adverse impacts.



1 Introduction

From 2019 on, all partnership members are called upon to take measures that improve **access** to grievance mechanisms **for workers** along the supply chain. Furthermore, it is recommended for brands, retail companies, producers and the German Federal Government to **implement effective grievance mechanisms**. This also includes the use of already existing grievance mechanisms.

The mentioned goals reflect key requirements of international relevant standards: Companies are called upon to ensure or support **access to grievance mechanisms** for persons (potentially) affected by adverse impacts along their supply chain (e.g. workers at suppliers or residents of local communities). This especially applies when companies caused the adverse impacts themselves, but also when they contributed to it via their suppliers or business and purchasing practices.

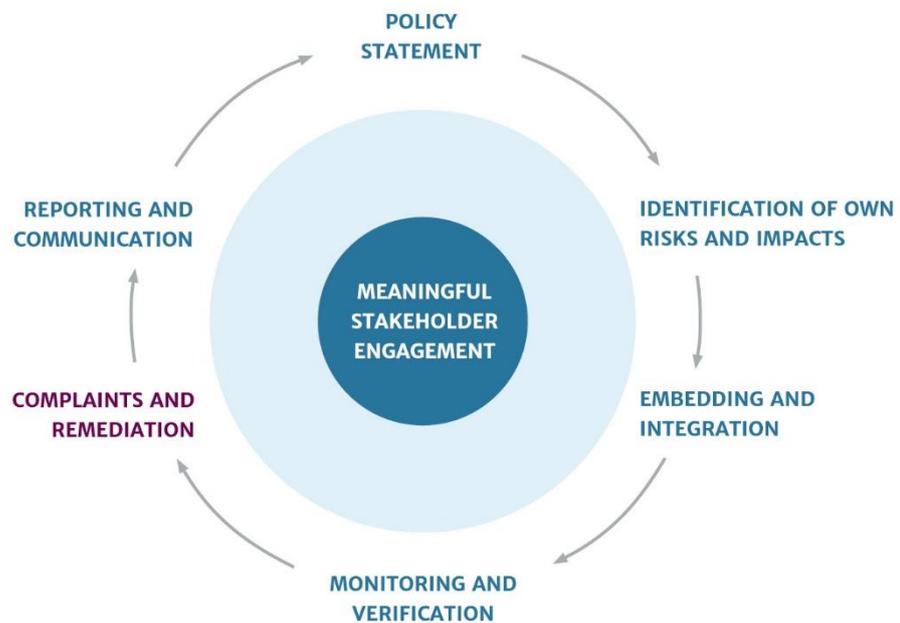


FIGURE 1: ELEMENTS OF THE DUE-DILIGENCE-PROCESS

In the event of justified complaints or actual adverse impacts companies have to enable **access to remedy** or – depending on the context – ensure it themselves. In case of adverse human rights impacts that have already occurred, it is expected from companies that they work against these impacts or compensate for it.

Remedy by companies can take several different forms and include for example apologies, repayment, elimination of consequences, financial or non-financial compensation.

Irrespective of these requirements effective public legal systems and legitimate trade unions (or other forms of worker participation) are prior contact points for access to grievance mechanisms and remedy. Therefore, measures initiated by companies should in no way undermine such functioning structures (for more information [see Section 2.2](#))

1.1 Why are grievance mechanisms important?

In the textile supply chain all those affected by social and environmental impacts of textile production need access to functioning grievance mechanisms. This is the only way how workers, for example, can get help and access to remedy in case of problems or – at worst – serious violations of human rights like child labour or forced labour.

From a business perspective, effective grievance mechanisms are an essential part of implementing human rights due diligence. In practice they also have an important **preventive function**: They help identify problems and conflicts before they escalate. Thus, operative costs and damage to the company's reputation can be avoided. Effective grievance mechanisms therefore also act as **early warning systems**. Furthermore, via good grievance mechanisms companies can receive feedback on the effectiveness of their own processes, because subjects are considered that often are not detected by common monitoring tools like audits. They are an important element of good risk management.

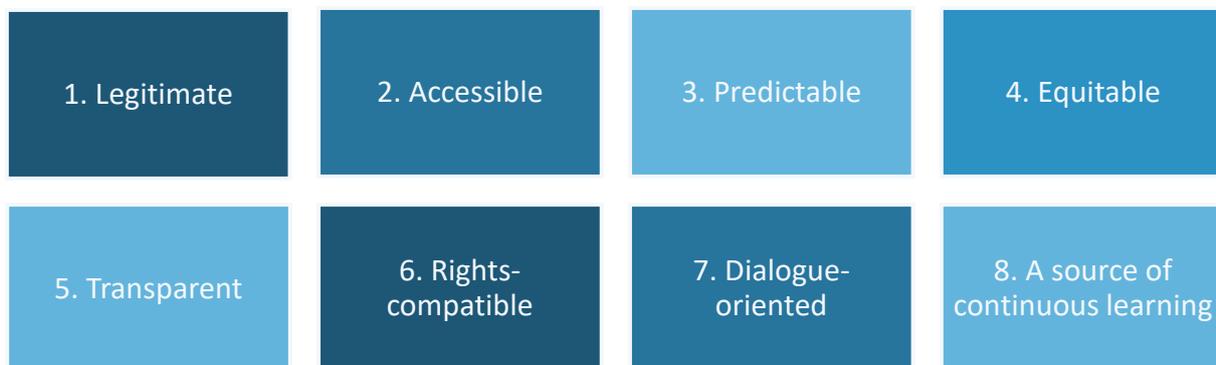
1.2 What is a grievance mechanism?

A grievance mechanism is a process that offers individuals or groups formalised channels for raising concerns with regard to social and environmental impacts that are relevant to human rights, as well as for providing information on suspected instances of corruption. If required, a mechanism of this kind offers access to state-based and non-state-based remedial action or the possibility of receiving compensation.

Grievance mechanisms can take various forms – from international courts up to local trade union participation (see [Section 1.4](#)). At best, the people concerned can turn to **local mechanisms**, such as worker representations or local courts. In practice though, these complaints channels are often not effective. Potential users fear reprisals or dread high costs. Therefore, so-called **back-up mechanisms**, that take effect if local mechanisms are malfunction or non-existent, play an important role (see [Section 2.2](#)).

1.3 What characterises an effective grievance mechanism?

Irrespective of the type of mechanism complaints procedures should be **as uncomplicated as possible so that complaints can be addressed as quickly as possible** in the interests of the people concerned. Companies are advised to document all complaints and how each of them was dealt with so that they can be assessed inside the company, enabling the company to examine the effectiveness of its own mechanisms (see [Section 2.5](#)). The UN Guiding Principles formulated **eight specific effectiveness criteria for grievance mechanisms**:



The UN Guiding Principles state that the following aspects should be considered with regard to **access to effective remedy**:¹

- Every procedure for the provision of remedy should be impartial, protected from corruption and free from political or other attempts to influence the outcome
- Remedial measures should as far as possible be designed such that they are proportionate to the severity and scale of the adverse impacts and on the other hand compensate the people concerned, as far as possible, so as to restore them to the situation they would have been in had the impact not occurred.
- Remedial measures should comply with national legislation and international guidelines; if no such norms are in place, the remedy should be guided by similar cases.
- When determining the type of remedy to be made, companies should work together with the stakeholders concerned.
- Companies should follow up and examine how satisfied the people concerned are with the remedy process and its outcome.

1.4 What forms of grievance mechanisms do already exist?

In the textiles and clothing sector various forms of grievance mechanisms do already exist, which differ significantly in regards to their scope, their target group or other factors: Some mechanisms are only effective in specific regions, others have global reach. Some mechanisms extend only to certain stages of the supply chain, others to the entire supply chain. In addition, some complaint channels can only be used by workers in a facility while others are open for additional stakeholders, for example also for residents and other people concerned.

The following table depicts the levels that may be used to classify existing grievance mechanisms in the textile sector. This classification will help you to assess the differences between the existing grievance mechanisms and identify how and where your company can best support access to complaints and remediation. Experience shows that the different mechanisms are most effective when they are used in a complementary manner.

Level	Example
At factory level	<ul style="list-style-type: none"> ■ Fixed contact person, hotlines or complaints boxes ■ Service of third-party provider/provider of technological applications
At level of contractor/buyer	<ul style="list-style-type: none"> ■ Hotlines, ombudspersons ■ Service of third-party provider/provider of technological applications
At industry/industry sector level	<ul style="list-style-type: none"> ■ Coalitions and multi-stakeholder initiatives of actors from the textiles and clothing sector, e.g. amfori External Grievance Mechanism, FWF Grievance mechanism, Bangladesh Accord Safety Grievance mechanism, Amader Kotha Helpline of the Alliance ■ Other actors in the industry sector such as standard-setting or certification organisations
At the level of different industries/industry sectors (multiple industries/multiple industry sectors level)	<ul style="list-style-type: none"> ■ Multi-stakeholder initiatives of actors from different industry sectors, e.g. FLA's Third Party Complaint Process , ETI's Alleged Code of Violation Procedure ■ Actors such as standard-setting and certification organisations, e.g. SAAS's Complaints Escalation and Reporting Process
National	<ul style="list-style-type: none"> ■ Trade unions, NGOs ■ Public Initiatives, e.g. Arbitration councils, National human rights institutions
Regional	<i>For the textile sector no regional grievance mechanisms are known.</i>
International	<ul style="list-style-type: none"> ■ Trade unions, NGOs, ■ international political organisations, e.g. OECD National Contact Points ■ Global Framework Agreements

2 Guidance for companies

Companies can approach the implementation of the stated requirements in different ways, depending on their own risk profile and knowledge status. Here are two possible approaches:

- **Getting started:** If you are new to this subject, you can start by gaining an overview of existing mechanisms in your supply chain and possible room for improvement. In this context you can enter into a dialogue with your suppliers in order to understand which channels they provide to their workers for making complaints (see [Section 2.1](#)).
- **Effectiveness and monitoring:** You can already assess whether your suppliers have functioning trade-union participation and other local grievance mechanisms at factory level. Beyond this, you yourself take part in sector-wide mechanisms, for instance. In this case, you can ask yourself how effective these existing mechanisms are in practice and whether you can support your suppliers in dealing with and redressing specific adverse impacts (see [Sections 2.4](#) and [2.5](#)).

2.1 Mapping existing mechanisms

In order to systematically address the subject of grievance mechanisms – with a focus on your supply chain – you should start by **obtaining an overview** of the channels via which potentially affected groups (e.g. workers at your suppliers or local inhabitants) can currently voice complaints to your suppliers and possibly to your company. Here, you can use the findings of risk analysis processes² to identify key themes and (potentially) affected groups.

The objectives of this mapping should be:

- to create an awareness inside the company of the subject of remedies and complaints;
- to identify any gaps that are not covered by existing mechanisms;
- to determine possibilities for cooperation with existing initiatives and other actors.

The following questions may be useful for a first mapping:

- What **procedures/means** are currently in place for voicing complaints with regard to your potential impacts in the supply chain (e.g. at your suppliers, via company-own mechanisms or sector-wide mechanisms that are accessible to workers in your supply chain)?
- What **topics, potential target groups and/or regions** do these mechanisms cover?

- What do you know about the **effectiveness** of these mechanisms (e.g. from your own monitoring processes at the level of your own suppliers or user figures from a multi-stakeholder organisation of which you are a member)?

The overview of existing grievance mechanisms in section 1.4 can help you to identify grievance mechanisms in your supply chain, and to evaluate them in relation to your own company using the criteria explained in section 1.3. The mapping should aim to find out whether there are specific potentially affected groups, regions or relevant topics for which the existing systems do not yet offer any effective procedures.

Companies should ensure, for example, that all groups of workers, including those most at risk such as young people and migrant workers, have access to trustworthy and protected grievance mechanisms. In the following section you will find approaches for closing the identified gaps in access to grievance mechanisms.

2.2 Improving access to grievance mechanisms

Once you have gained an overview of the different ways in which (potentially) affected groups in your supply chain can assess the mechanisms, you can take various measures and combine them to close any gaps or improve the options available. **It is advisable to take a risk-based approach** in this context: In regions or countries where there are effective national legal systems and trade-union participation mechanisms at local level, there is less need for additional measures than in regions or with suppliers where it is difficult or impossible for workers to access grievance mechanisms and remediation via state-based or trade union structures. Many companies therefore combine a series of the following measures to meet the challenges specific to their country or context.

It is always important to remember that a company-own grievance mechanism that is accessible to workers in the supply chain should complement effective local mechanisms at the production facilities; it should never replace them. The same applies to sector-wide mechanisms. They should take effect as **back-up-mechanisms** in case local structures don't work. What this means in specific terms is, that company-own structures should not undermine either state-based structures or the role of legitimate trade unions. On the other hand, workers should have the option of applying directly to a buyer's own mechanism, or to a sector-wide or even a state-based mechanism, in order to voice their complaints if they achieve nothing via a local grievance mechanism at their employer, or even have to fear reprisals.

2.2.1 Improving effective grievance mechanisms

The first and most important means of improving access to grievance mechanisms in the company's own supply chain is to support suppliers in developing their own mechanisms to promote local solutions. From the perspective of the people concerned, effective local mechanisms are the best option because they often make it possible to address the causes of complaints more promptly and effectively. First of all, it is important to clearly communicate the requirements to your own suppliers (see Section a). By means of incentives, suppliers can be supported in a targeted

manner in putting the requirements into practice, e.g. by means of training measures (b). The need for training can be determined by asking specific questions during audits or factory visits (c).

Tchibo – establishing internal and external grievance mechanisms

- The Tchibo Supplier Code of Conduct (SCoC), which is an integral element of all purchasing contracts, also contains the obligation for all producers to set up grievance procedures for employees or their representatives.
- In its dialogue-driven qualification programme WE (Worldwide Enhancement of Social Quality), Tchibo creates space for employees and the opportunity to address shortcomings and to work together with the management on improvements.
- Tchibo works with the IndustriALL Global Union, making particular efforts to promote freedom of association and the workers' right to form unions. Its strategic objective is for workers to be able to form local, independent and legitimate employee representations and exercise their right to resolve complaints directly and locally.³

There is a greater probability that such measures can be successfully carried out or accepted if the purchasing company declares its willingness to examine the possible impacts its own business practices may have on local working conditions at its own suppliers, and to create corresponding grievance mechanisms for suppliers itself (d).

a) Making the introduction of mechanisms a requirement for suppliers

Substantive requirements (e.g. related to trade-union rights) and procedural requirements to be met by grievance mechanisms can be integrated and communicated to suppliers via codes of conduct or other relevant directives (such as terms of contracts). Procedural requirements should bear in mind the effectiveness criteria of the UN Guiding Principles (see [Section 1.3](#)). It should also be ensured that the mechanisms that are ultimately created are also communicated to potential users (see [Section 2.3](#)).

The Textiles Partnership guidelines on policy⁴ provide further information on how grievance mechanisms can be integrated into suppliers' codes of conduct and how company policies should be designed, in order to comply with Partnership requirements.

b) Creating incentives – integrating complaints procedures into factory assessment systems

In addition to specific requirements, companies can create incentives for suppliers so that these adjust their management systems and regularly examine the effectiveness of existing mechanisms (see [Section 2.5](#) on the subject of monitoring). Possible incentives may be an agreement on the long-term use of the supplier's capacity or additional training courses for suppliers.⁵ Beyond this, companies can form alliances and jointly commit to making procurements only from factories that have specific mechanisms and/or comply with certain procedures.⁶

Boden – Ongoing cooperation with suppliers

Since Boden is a member of the Ethical Trading Initiative (ETI), factories producing Boden products are regularly monitored through independent ethical audits. Based on the findings, Boden works constantly with suppliers to help develop improvement plans that will provide long-term benefits for their employees. In addition, Boden cooperates with NGOs (including TAOS) in order to train suppliers on how to handle employee rights.⁷

c) Paying specific attention to grievance mechanisms during factory visits or in connection with audits

By asking specific questions during audits or factory visits, it can be established how much suppliers know about grievance mechanisms. Based on this type of analysis, suppliers can be specifically trained in how to handle complaints. Here are some sample questions that help to assess whether suppliers are familiar with grievance mechanisms and whether these are accessible to potentially affected people:

- 1. Do workers, trade union representatives, and managers understand what grievance mechanisms are and what value they can bring?**
 - Can workers, trade union representatives, and management identify reasons why an effective grievance mechanism might be important or what useful roles it could play for them?
- 2. Are workers and managers aware of the existence of formal channels for raising complaints or concerns?**
 - Do a majority of workers know that a grievance mechanism exists?
 - Do workers and managers know how to file a complaint or concern?
- 3. Do workers feel safe raising complaints or concerns?**
 - Are workers concerned about retaliation of some form if they file a complaint or concern?
 - Is there a non-retaliation policy in place, and is that policy followed?
 - Can workers raise complaints or concerns anonymously?
 - Do workers trust that sensitive information about a complaint, including their identity, will be kept confidential?

d) Pointing out the existence of grievance mechanisms related to irresponsible business practices by the buyer

Companies can point out to suppliers and make them aware that it is permissible and indeed desirable for them to raise complaints about the company's own business practices and/or the behaviour of its own buyers. This makes it possible to establish whether these practices are partly to blame for substantial deteriorations in local working conditions.

Lululemon – Pointing a finger at its own business practices

Lululemon recognises that practices such as short-term contracts, excessive price pressure and order volatility increase the risk of human right and labour violations. Lululemon therefore explicitly demands that its suppliers lodge complaints against business practices that may have adverse impacts.

In addition, Lululemon has implemented a process requiring vendors to request approval and provide a rationale for overtime.

Lululemon also requires subcontractors used in its supply chain to be approved by the company. Lululemon itself carries out audits of subcontractors that employ foreign migrant workers.

Beyond this, the company focuses on building long-term relationships with its suppliers and regularly exchanges information with them concerning medium-term and long-term capacities.⁸

2.2.2 Setting up and improving company-own mechanisms

If you would like to improve grievance mechanisms at your own company, you should refer to the **effectiveness criteria listed in the UN Guiding Principles** mentioned in Section 1.3. To ensure that existing procedures meet the effectiveness criteria, potential users can be actively involved in monitoring and designing internal grievance mechanisms.⁹ Feedback from people who have already made use of complaints procedures may prove especially useful when revising existing procedures.

When revising or designing mechanisms, the following aspects should be clearly defined:

- Who can lodge a complaint (target group)?
- What complaints are permissible (area of validity)?
- How can a complaint be lodged (channels)?
- How does the procedure work (procedure)?
- How can the effectiveness of the mechanism be monitored (monitoring)?

Marks & Spencer – Clear definition of mechanisms

On its website, Marks & Spencer breaks down its grievance mechanism into three target groups, which are “employees and direct suppliers”, “Supply chain”, and “External individuals and communities”. For each of these groups, it states what kind of complaints are accepted, via which channels they can be raised and what the procedure is in each individual case.¹⁰

If the company-own mechanism is also meant to be accessible to workers in the company’s own supply chain, it is important to bear in mind that this complements an existing effective mechanism at a production facility but never replaces it. The same applies to grievance mechanisms via which other buyers give local workers the right to raise complaints. The channels via which they can raise complaints should always be obvious for workers – the more procedures there are, the more difficult it is for those potentially affected to see which ones they should choose. Here, it is advisable to use synergies between buyers and not to swamp potentially concerned workers with different mechanisms.

2.2.3 Strengthening access to external mechanisms

As well as providing their own channels for complaints and promoting effective mechanisms at local level, companies can also strengthen access to external mechanisms that may complement those at factory level.

External mechanisms or stakeholders can be involved, in particular where companies themselves do not have the competence or capacities to accept and resolve complaints. External stakeholders can also act as mediators if tensions arise between damaged parties and the company. When it comes to actually using the mechanisms, it should be ensured that complaints structures are adjusted to the needs of the affected groups (in terms of language, online or face-to-face, time schedules, available remedial measures, etc.).¹¹ Some examples of how companies can strengthen access to external mechanisms are provided below.

(a) Supporting state-based grievance mechanisms

Regardless of providing internal grievance mechanisms, companies should not obstruct state-based complaints procedures. Companies should also point out that they do not expect affected persons to waive their right to use external mechanisms as a condition for participating in a company's internal mechanism.¹²

Marks & Spencer – Reference to OECD National Contact Points

Marks & Spencer offers an example of how to deal with state-based mechanisms. Apart from offering its own grievance channels and mechanisms, on its website Marks & Spencer points out that affected parties can at all times make use of the OECD's National Contact Points mechanism if individuals or communities feel they cannot or do not want to raise a concern with Marks & Spencer directly. In addition, the OECD procedure is explained in a separate point (non-M&S grievance mechanisms).¹³

(b) Strengthening trade unions

Since trade unions play a key role in ensuring effective complaints and remedy mechanisms, companies should enable workers to make use of their right to freedom of association and collective bargaining. If no representative trade union structures are in place, companies should give workers access to democratically elected representatives so that they can represent the interests of workers (for this also see the slides of the **Webinar on freedom of association and collective bargaining** – in German only).

To safeguard trade union rights, some companies have decided to reach an agreement with the responsible international federation of trade unions to achieve the company-wide implementation of labour and other social standards. Global Framework Agreements (GFAs) are negotiated at international level between trade unions and (usually) brands and retailers. Many of these agreements contain provisions related to the joint examination and settlement of complaints and disputes, and to regular dialogue with the workforce.

Inditex - Global Framework Agreement with IndustriALL

Together with the global trade union IndustriALL, Inditex signed such a framework agreement back in 2007 and renewed it ten years later in 2017. The agreement concerns more than one million workers at over 6,000 Inditex suppliers worldwide, and underlines the importance of freedom of association and collective bargaining. As part of the agreement, Inditex trains suppliers – with support from IndustriALL – in order to raise their awareness of the significance of employees’ rights and complaints channels. Beyond this, an annex to the framework agreement endorses the key role played by trade unions in monitoring the agreement both as a complaints channel and as a procedure that local trade unions can use to voice complaints against Inditex.¹⁴

(c) Participation in sector-wide mechanisms

If abuses and challenges exceed the capacity of a single company, joint efforts may provide a useful addition and efficiently pool resources. Multi-stakeholder initiatives often have their own grievance mechanisms. It should be examined in each case who has access to the mechanisms of sector-wide initiatives, since not all of them are open to third parties outside the initiative. Section 1.4 provides you with an overview with examples of the key initiatives in the textile sector.

2.3 Providing information to potentially affected people

To comply with the criterion of accessibility, grievance mechanisms must be communicated to the affected groups. The relevant mechanisms can only be truly effective if the affected people know when and how they can raise complaints. For this purpose, references to existing mechanisms can be made in company guidelines, training courses, business cards or on the back page of relevant documents, as well as wage slips.

(a) Information on anonymous hotline for reporting complaints and clarifying questions

In their human rights guidelines or codes of conduct, some companies explain how workers at their company and sometimes workers in the supply chain can use grievance mechanisms if they come across practices that may contravene the company’s guidelines. Apart from pointing out that the company’s local management and the HR or legal affairs department can be contacted, companies frequently use whistleblower hotlines for anonymous complaints.

C&A – Fairness Channel

To ensure fairness and transparency in its own working practices and with suppliers, C&A implemented a confidential whistleblowing system for reporting abuses, the so-called “Fairness Channel”. It is open to all stakeholder groups, including suppliers, workers and C&A employees. They can use it to anonymously report unethical conduct and violations of C&A’s code of conduct to top management. All complaints are taken seriously and are pursued. In 2015, one case of corruption was revealed via the Fairness Channel, and cooperation with a business partner was terminated after this was examined.¹⁵

(b) Information on the commitment to non-retaliation in the event of complaints

In order for complaints to be presented in the first case, it is important for workers to feel safe from reprisals or punishment if they report a complaint. Potential users should therefore receive clear information on how the safety of a complainant is ensured in practice (e.g. through anonymity). It should also be made clear that complainants have no need to fear retaliation (e.g. defamation or termination of contract).

PVH – The commitment to non-retaliation

In its code of conduct, PVH explicitly states that workers who voice complaints need not fear retaliation. The supplier guidelines developed by PVH also state any kind of retaliation by suppliers towards workers who provide PVH with information is strictly forbidden. If any such measures become known, suppliers will be met with sanctions.¹⁶

Adidas – Translation of the Group Code of conduct into simple language

Adidas, for instance, has translated its Code of Conduct into simple language to make sure that people at its factories are clear about the requirements and grievance mechanisms that are in place. The CoC also includes the request to actively seek dialogue with Adidas if anything is unclear.¹⁷

(c) Adapting communication to the needs of affected parties

Companies can also contact workers directly to inform them about ways of raising complaints. Creative solutions may help in this context: On the one hand, this helps to raise awareness of grievance mechanisms, and on the other, to prevent technical and linguistic barriers that obstruct access to grievance mechanisms. For example, information on grievance mechanisms can be printed on workers' payslips, or requirements can be communicated in simple language or in comics. The materials used by the Fair Wear Foundation (FWF)¹⁸, for instance, contain a reference to "worker information sheets" that can be displayed at suppliers. Local training measures have also proved to be an effective means of communicating grievance mechanisms to workers at suppliers' premises. As part of FWF's "Workplace Education Programme"¹⁹, training is carried out at factory level to inform workers about their rights and outline options for making complaints

(d) Use of technologies in communication/interaction with affected parties

To enable and collect complaints, companies can also make use of state-of-the-art technologies such as apps. Some external providers offer support for companies that may extend to complete technical solutions, e.g. whistleblower hotlines or apps for grievance mechanisms.

Filippa K – using technology to give workers a voice

As well as traditional 'worker hotlines', in China Filippa K has experimented with technology in a pilot project and used the games-based digital training tool QuizRR to educate workers about their rights and explain that they can report infringements either to the factory or directly to the company itself.²⁰

2.4 Remedies and compensation

If specific activities or practices at your company have negative human-rights impacts on workers in the supply chain or contribute to such impacts, you should take action to provide remedy and compensation, or ensure that your suppliers take the corresponding measures. It is important to bear in mind that this document cannot address in detail the legal dimension of corporate responsibility for abuses at your suppliers. Rather, it is intended to help you identify entry points for how you can take non-judicial action in this area, depending on the severity of the incident, in order to improve the situation of affected parties in a targeted and rapid manner.

If, for example, you learn through grievance mechanisms or channels (including audit interviews) of a justified complaint made by a worker at one of your suppliers, you can support your supplier in remedying abuses or demand that the supplier does so. You can either make efforts as an individual buyer or in cooperation with other buyers to ensure that supplier activities that have adverse impacts on workers or local stakeholder groups are stopped and that the affected persons are provided with remedies. If the local impacts are proved to be related to your business and purchasing practices (as may be the case with overtime or wages), you should also adjust your own processes with regard to potential local impacts.

(a) Taking immediate action to mitigate human rights infringements

Particularly in the event of serious impacts such as cases of child labour or forced labour in the supply chain, immediate remedial action should be taken or demanded by the supplier to prevent further damage to the victims.²¹ After this, it should be examined whether this is a one-off or whether there are underlying structural reasons. The latter may include local circumstances or business practices such as unethical recruitment, work with private recruitment agencies or remuneration systems.

ASOS – measures in the event of child labour

- In its Child Labour Remediation and Young Worker Policy, ASOS describes the measures that suppliers and factories must take to prevent child labour.
- The policy also specifies which immediate steps must be taken when cases of child labour are detected at suppliers.
- In this case, ASOS undertakes to continue its business activity with the supplier and to provide support measures with the aim of developing responsible solutions that are in the child's interest.
- ASOS states, for instance, that the company contacts local NGOs to give children access to education and make monthly compensation payments for the child.²²

(b) Mediation

Mediation, also by a third party, may be an effective means of **settling disputes at an early stage**, especially when they concern reproaches that involve a specific interest group such as trade union members. Mediation may help to reduce tensions between the affected parties and place a greater **focus on reciprocal benefits**.²³ Usually, a mediator plays an active but neutral role and supports both parties in identifying and assessing possible measures to address and resolve conflict. Such mediation may take place ad hoc, e.g. if both parties apply for mediation. In general, mediation is designed to deescalate the conflict. It may be useful, for example, if the parties concerned cannot reach a consensual agreement or if the complainants are not satisfied with how their complaints have been resolved. It should be ensured that the mediator is perceived by both parties as acceptable, legitimate, independent, impartial and trustworthy.²⁴

(c) Cooperation

In cases where several parties have jointly contributed to adverse impacts, companies should try to work with the other parties to arrange compensation. Cooperation with others does not release the company from its individual responsibility, though. Companies should therefore make an active contribution to compensation that reflects their individual contribution to the impacts, even if they work with other companies.²⁵

Cooperation to provide remedy may arise from:²⁶

- Cooperation with other companies that obtain goods from the same supplier/producer.
- Cooperation with trade unions, governments and civil society organisations to ensure long-term prevention and control

Jack Wolfskin – cooperation with other buyers

- Jack Wolfskin received a complaint from workers in Indonesia who claimed they had been sacked because they belonged to a trade union.
- Since Jack Wolfskin only used 2% of the factory's capacity, the company contacted other companies who also buy products from this factory.
- Together with the other companies, dialogue was sought with the factory management to clarify the causes of the complaint.
- In a joint letter, a demand was made for the workers to be reinstated and a fund was set up to compensate workers for losses in earnings.²⁷

d) Forms of compensation

Compensation may take different forms and be provided in different ways. The most typical forms include examination, direct negotiations, mediation and arbitration through to arbitration proceedings and court rulings. It must be borne in mind that different types of complaints call for their own specific remedial and compensation measures (or a mix of measures).²⁶ Examples of remedial measures resulting from Fair Labor Association processes include:

- Recognition of trade unions
- Reemployment of workers who have been wrongfully dismissed, with wage repayments
- Training programmes for managers and workers

Rana Plaza arrangement – remedy through compensation payments

The Rana Plaza Donors Trust Fund was established in January 2014 in order to collect contributions and to hold them in trust. The payments to Rana Plaza victims foreseen under the Arrangement are to be financed by a combination of funds, including contributions from buyers and other private donors who wish to give to the victims in a spirit of solidarity and compassion.²⁹

2.5 Monitoring and communicating the effectiveness of mechanisms

Setting up a grievance mechanism does not on its own guarantee the effective protection from adverse human-rights impacts or the provision of remedy. Both grievance mechanisms and the entire due diligence process of a company should therefore be regularly examined with regard to their effectiveness.

(a) Monitoring trends and developing KPIs

Both existing grievance mechanisms and the complaints received from workers should be regularly examined. The aim of such an examination should be to understand how well mechanisms are accepted and how satisfied workers are with the available channels for making complaints. It can be analysed, for example, whether complaints are made for similar reasons or how long a complaints procedure takes. Key performance indicators (KPIs) can help to monitor and gauge how well complaints procedures work (see below).³⁰ If there are signs that existing grievance mechanisms are not used in practice, the reasons should be identified and the mechanisms adjusted accordingly. Specific questions asked during factory visits can help to obtain feedback in order to monitor trends and establish how satisfied workers are with existing mechanisms.

Below you will find examples of KPIs related to grievance mechanisms and remedies, which may provide inspiration for compiling your own indicators:³¹

KPI	Interpretation
Number of complaints raised via the internal mechanism within a specified period	Provides information about addressees' knowledge of the existence of the mechanism and their trust that the mechanism presents a credible means of raising concerns. Rising numbers of complaints should be seen as a positive sign.
Number of complaints managed via external procedures within a specified period	Provides information about addressees' knowledge of the existence of the in-company mechanism and their trust that the mechanism presents a credible means of raising concerns. Rising numbers of complaints should be seen as a positive sign.
Type of complaints within a specified period	If the same type of complaint recurs within a specified period, this may point to systematic problems or structural causes that must be addressed.
Duration/time taken to find a solution to complaints raised	Provides information on whether complaints are promptly resolved, and may help to make the procedures for handling complaints more effective.
Proportion of complaints clarified within a specified period	Also provides information on whether complaints are promptly resolved, and may help to make the procedures for handling complaints more effective.
Absenteeism, staff turnover, productivity indicators	Provides basic indications of the satisfaction of workers at a given site
Number of adjusted practices and "standard operating procedures" (SOPs) based on complaints or analyses of root causes	Shows that the stakeholders learn from previous mistakes and procedures, and that the lessons learned are integrated into management systems.

(b) Reporting on complaints and remedies

To ensure transparency with regard to complaints and remedies, companies are called on to issue regular reports, both internally and externally, on actual adverse impacts and the remedial measures taken. To do this, companies can either publish statistics or provide detailed information on specific cases. If no agreement about the type of reporting was reached with the affected parties, confidentiality must be ensured, however.

Regarding external reporting, the Global Reporting Initiative (GRI), for example, states in the GRI 4 standard that companies can report on the following criteria in their external reports:³²

- G4-LA16: Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms
 - A. Report the total number of grievances about labour practices filed through formal grievance mechanisms during the reporting period
 - B. Of the identified grievances, report how many were:
 - » Addressed during the reporting period,
 - » Resolved during the reporting period.
 - C. Report the total number of grievances about labour practices filed prior to the reporting period that were resolved during the reporting period.

The expectations of external reporting usually extend beyond the mere provision of information on the number of grievances. Here, companies should also provide information on the content of grievances, the results achieved and the satisfaction of the complainants. Here too, though, external reporting must give consideration to what can appropriately be reported while protecting the personal rights of the people affected.³³

Mammut – publishing complaints received and measures taken

As a member of the Fair Wear Foundation (FWF), at the end of each year sporting goods manufacturer Mammut discloses on its website how many complaints related to infringements of labour or human rights were received in the given year, and provides information on the status of ongoing complaints and how they were remedied.³⁴

3 Footnotes

- 1 http://leitprinzipien_fuer_wirtschaft_und_menschenrechte.pdf
- 2 You will find information on the subject of risk analysis in a separate information paper on identifying social risks and impacts:
<https://portal.textilbuendnis.com/files/5c1373157a53d40640d61708>
- 3 <https://www.tchibo-nachhaltigkeit.de/servlet/content/1228542/-/home/wertschoepfungskette-gebrauchsartikel/nachhaltige-entwicklung/nachhaltige-und-transparente-lieferketten.html>
- 4 <https://portal.textilbuendnis.com/files/5a257e7e7a53d4de9b4435ca>
- 5 <http://corporateaccountabilityresearch.net/njm-report-xiii-sumangali>
- 6 A guideline drawn up by the Textile Partnership addresses questions related to the antitrust relevance of such activities (only in German):
<https://portal.textilbuendnis.com/files/58eba7937a53d4ec78000091>
- 7 <http://www.boden.co.uk/en-gb/help/our-ethical-programme#Footer>
- 8 https://knowthechain.org/wp-content/plugins/ktc-benchmark/app/public/images/benchmark_reports/KTC_A&F_ExternalReport_Final.pdf
- 9 http://www.globalcompact.de/wAssets/docs/Menschenrechte/stakeholder_engagement_in_humanrights_due_diligence.pdf
- 10 <https://corporate.marksandspencer.com/plan-a/our-approach/business-wide/human-rights#7bdc07f566e34cef8a3b4036dfee567c>
- 11 http://www.globalcompact.de/wAssets/docs/Menschenrechte/stakeholder_engagement_in_humanrights_due_diligence.pdf
- 12 <https://www.corporatebenchmark.org/sites/default/files/styles/thumbnail/public/2017-03/Key%20Findings%20Report/CHRB%20Key%20Findings%20report%20-%20May%202017.pdf>
- 13 <https://corporate.marksandspencer.com/plan-a/our-approach/business-wide/human-rights#7bdc07f566e34cef8a3b4036dfee567c7c>
- 14 <https://www.inditex.com/article?articleId=510831&title=Inditex+e+IndustriALL+celebration+el+X+Aniversario+de+su+Acuerdo+Marco+Global>
- 15 <http://materialimpacts.c-and-a.com/our-commitment/our-sustainability-approach/ethics/>
- 16 <https://www.pvh.com/investor-relations/governance/code-of-conduct>
https://www.pvh.com/~media/PVH/Files/corporate-responsibility/PVH_CSR_SupplierGuidelines.ashx?la=en
- 17 https://www.adidas-group.com/media/filer_public/f5/79/f5794aa8-514a-4463-8756-c1c496c124a0/coc_english_2016.pdf
- 18 <https://www.fairwear.org/wp-content/uploads/2016/06/Manualfactorymembersoctober2012.pdf>
- 19 <http://www.fairwear.org/featured/workplace-education-programme/>

- 20 <https://www.filippa-k.com/media/wysiwyg/filippa-k-world/sustainability/reports/Filippa-K-Sustainability-Report-2016.pdf>
- 21 https://www.ethicaltrade.org/sites/default/files/shared_resources/eti_human_rights_due_diligence_framework.pdf
- 22 <https://www.asosplc.com/~media/Files/A/Asos-V2/documents/corporate-responsibility/asos-young-worker-and-child-labour-policy.pdf>
- 23 <https://www.shiftproject.org/resources/publications/remediation-grievance-mechanisms-corporate-responsibility-respect-human-rights/>
- 24 <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-Garment-Footwear.pdf>
- 25 <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-Garment-Footwear.pdf>
- 26 <https://www.ethicaltrade.org/resources/human-rights-due-diligence-framework>
- 27 https://www.jack-wolfskin.com/on/demandware.static/-/Library-Sites-JackWolfskin_SharedContentLib/default/dw0dfe117a/Content_Ressources/CR/Social-Report-2015/JW-6784-16_Sozialbericht_2015_EN_web.pdf
- 28 <https://www.shiftproject.org/resources/publications/remediation-grievance-mechanisms-corporate-responsibility-respect-human-rights/>
- 29 <http://ranaplaza-arrangement.org/mou>
- 30 <https://cdn.sedexglobal.com/wp-jcontent/uploads/2016/09/Sedex-Supplier-Workbook-2014-version-Web.pdf>
- 31 <https://www.businessrespecthumanrights.org/en/page/349/remediation-and-grievance-mechanisms#fn78>
- 32 <https://www.globalreporting.org/resourcelibrary/German-G4-Part-Two.pdf>
- 33 https://www.csreurope.org/sites/default/files/uploads/Assessing%20the%20effectiveness%20of%20Company%20Grievance%20Mechanisms%20-%20CSR%20Europe%20%282013%29_0.pdf
- 34 https://de.mammut.com/assets/download/14_master/4053_Mammut_Social_Report_2016.pdf



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