Grievance Mechanism Toolkit for Companies

A guide to implementation, best practices, and how to measure effectiveness through audits and other tools

Fair Labor

About FLA

The Fair Labor Association (FLA) promotes human rights at work. We are an international network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world's factories and farms are paid fairly and protected from risks to their health, safety, and well-being.

Acronyms in this report

CSO   Civil society organization

CSR   Corporate social responsibility

ESG   Environmental, social, and governance

FLA   Fair Labor Association

OECD   Organisation for Economic Co-operation and Development

SCI   Sustainable Compliance Initiative

TPC   Third Party Compliants

UN   United Nations

UNGPs   United Nations Guiding Principles on Business and Human Rights

Contents

1. Toolkit overview

Objective

This Grievance Mechanisms Toolkit is designed to support companies in creating and operating an effective grievance system that promotes worker voice and provides remedy for labor violations.

The toolkit is a detailed, actionable, step-by-step guide to assist with the development, implementation, and measurement of functioning, effective grievance mechanisms. It provides additional support through an Excel audit tool and troubleshooting checklist. The toolkit highlights key focus areas, common challenges, best practices, and the business case for effective grievance mechanisms. Case studies, examples from the field, and direct quotes are included to provide tangible examples for those applying the content.

Definitions

Grievance/complaint: Worker discontent or dissatisfaction regarding any situation that:

- Represents a violation of legal regulations, code of conduct, workplace rules and policies, employment contract, or collective bargaining agreement.
- The worker believes or feels is unfair, unjust, or inequitable.

Grievance mechanism: A formalized, internal dispute resolution process.

■ Consultation and contributions

To ensure the toolkit is realistic and practical, FLA staff consulted various external stakeholders, including FLA companies, FLA staff, external auditors, internal auditors, and civil society organizations (CSOs). We attribute any direct quotes from these consultations by type of organization and/or job title. We thank everyone who contributed to the development of the toolkit.

■ Toolkit items and usage

The toolkit is divided into two sections: 1) Informational and 2) Operational toolkit items. Since companies are in different stages of their grievance mechanisms development and implementation, the informational toolkit items are available to address the unique needs of each company. For companies that are ready to begin grievance mechanism implementation, we recommend that you begin with the operational toolkit items.

TABLE 1: DESCRIPTION OF TOOLKIT ITEMS

INFORMATIONAL ITEMS	
Types of grievance mechanisms	Descriptions and considerations of commonly used grievance mechanisms.
Common challenges and best practices	First-hand examples of frequent challenges and best practices from the field.
The business case for brands	Bottom line, profit-based reasons to gain top-level executive management buy-in.
OPERATIONAL ITEMS	
Grievance mechanisms guidance	Guidance on how to monitor and ensure functioning and effective grievance mechanisms (Principle 6).
Audit challenges and best practices	Explanation of the limitations of audits and best practices to more accurately evaluate the effectiveness of grievance mechanisms.
Audit tool	Excel audit tool to evaluate grievance mechanisms (can integrate directly into a larger social compliance audit or be used as a standalone add-on).
Tools beyond audits to measure effectiveness	Overview of additional tools that can assess grievance mechanisms' effectiveness.
Checklist for low or no grievances	A checklist to review when brand alternative grievance mechanisms are in place, but few or no grievances have been submitted.

◼ The FLA Supplier Toolkit

Another toolkit, FLA's Supplier Toolkit, contains a supplier guidance document and correlated interactive worksheets and checklists. If you work closely with your suppliers to improve their grievance mechanisms or are a company with owned facilities, we recommend that you familiarize yourself with the supplier toolkit (this members-only toolkit is available in the **MyFLA** resource library).

"It's all about giving people a voice. You can see the negative impacts that happen when you suppress people's voices. Part of being human is to have a voice. Grievance mechanisms are humanizing because they allow for workers' voices."

— FLA PARTICIPATING COMPANY, CSR MANAGER

Grievance mechanisms: Background and implementation challenges

Background

■ Importance of grievance mechanisms

A grievance mechanism is a formalized, internal dispute resolution process that individuals and CSOs, including unions, can use. For factories, grievance mechanisms are an important tool to identify, prevent, and remediate workers' issues and concerns, and ensure workers voices are heard in the workplace (see **3.1 Types of Grievance Mechanisms**).

Effective and functioning grievance mechanisms demonstrate to workers that their perspectives are valued, and that management will listen to and address their concerns. They strengthen worker voice, providing workers a platform to raise issues, confirm management's knowledge of their experiences and feelings, and seek remedy. When workers see their grievances resolved, morale and job satisfaction increase, and more workers remain in their jobs. When grievance mechanisms are not functioning, workers are unable to share their concerns with management and job dissatisfaction increases.

■ Standards relating to grievance mechanisms

FLA's **Principles of Fair Labor and Responsible Sourcing and Production for Manufacturing** (Principle 6) and **Workplace Code of Conduct and Compliance Benchmarks** (ER.17 Industrial Relations) both require functioning grievance mechanisms to uphold and protect workers' rights and provide guidance for brands and suppliers. They are rooted in international standards, including the UN **Guiding Principles on Business and Human Rights**, whose access to remedy pillar highlights the importance of legitimate and functioning grievance mechanisms. Strong and effective grievance mechanisms are also critical to the functioning of the FLA's own **Third Party Complaint (TPC) mechanism and Fair Labor Investigations**. The TPC process enables the submission of complaints to FLA for investigations in facilities used by any company committed to FLA labor standards, as a last resort for systemic and/or persistent non-compliance with FLA's code and benchmarks.

Industry trends and challenges

Industry surveys continue to find that both brands and suppliers struggle with grievance mechanisms. Fashion Revolution's **2023 Fashion Transparency Index** reviewed 250 of the largest global fashion brands and retailers. The report found that 61% of brands publish a confidential grievance channel for supply chain workers, up from 40% in 2020. The percentage of brands that inform workers that this grievance channel exists and how to use it has increased to 30%, up from 22% in 2020.

Only 26% of brands disclose data about the number of garment worker complaints and reported violations that are filed, addressed, and resolved, up from 16% in 2020.[1] According to **Know the Chain's 2023 Apparel and Footwear report**, out of the 180 companies that were benchmarked, only 60% disclosed the availability of grievance mechanisms for their suppliers' workers and representatives. In addition, out of these companies, only 23% provided data on the usage of these mechanisms in their supply chains.[2] These findings indicate that, generally, grievance mechanisms are not considered a top priority or focus area at either the factory or brand level.

"Having experience as both an internal and external auditor, I would estimate that 80-90% of factories have grievance mechanism issues. Trust will always be the number one issue. If workers report issues, actions need to be taken fast enough to give workers confidence that the mechanism is working."

— INTERNAL AUDITOR

■ Statistics from FLA's assessments regarding grievance mechanisms

Over the past six years, global data from FLA's Sustainable Compliance Initiative (SCI) Assessments shows that 76% of the assessments report Employment Relationship violations – under which grievance mechanisms are evaluated in benchmark ER.17 (former ER.25) – Industrial Relations.[3]

SCI ASSESSMENTS WITH ER.17 VIOLATIONS BY REGIONS 2017-2023
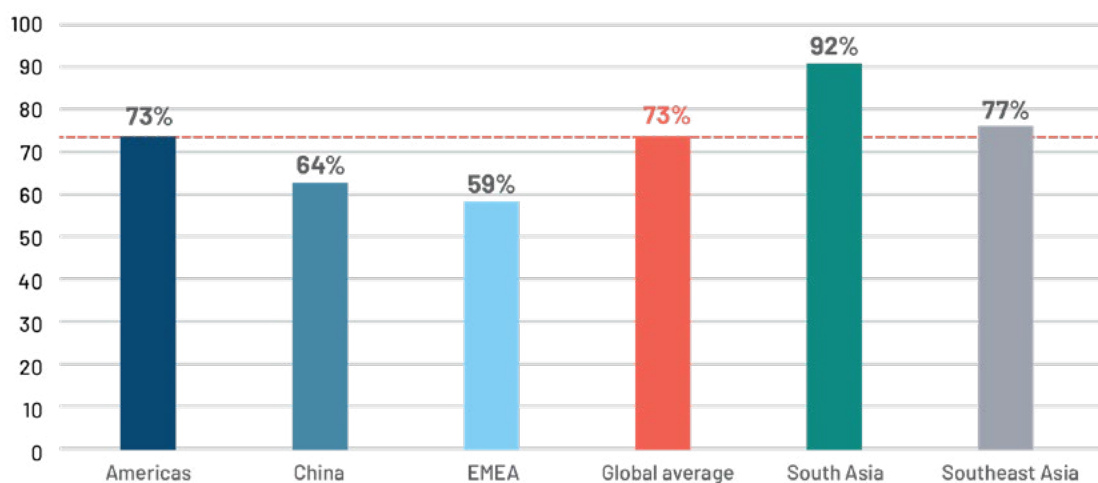
Note: No assessments have taken place in China between 2022-2023 and in 2020 there were no ER.17 violations reported.

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1   Fashion Revolution. (2023). **Fashion Transparency Index 2023: How transparent are 250 of the world's largest fashion brands?** Fashion Revolution.

2   KnowTheChain. (2023). 2022-2023 **Apparel & Footwear Benchmark**. KnowTheChain.org.

3   Based on 402 SCI Assessments from 2017 – 2023; ER.17 is in the **FLA Workplace Code of Conduct and Compliance Benchmarks for Manufacturing** and consists of six benchmarks that evaluate the factory's grievance mechanism. It includes the following: ER.17.1. A clear and transparent worker-management communication system, ER.17.2. The exitance of a confidential grievance mechanism, ER.17.3. Written settlement procedure, ER.17.4. Workers are aware and trained on all grievance procedures, ER.17.5. Employers track the resolution of grievances, ER.17.6. Employers have a system to ensure nonretaliation.

FLA has selected a group of core Code of Conduct benchmarks that have been identified as the most egregious benchmark violations, or those which typically trigger other non-compliance findings as a root cause benchmark. In ranking core benchmark violation frequency, on average, ER.17 ranked #1 out of this core group in the five regions across the six-year period.

The six-year timeline indicates how difficult it is for companies and suppliers to establish effective grievance mechanisms, regardless of the sourcing country. A further breakdown at a country-specific level reveals that in 15 out of the 31 countries where SCI Assessments were performed from 2017–2023 (excluding 2020), 100% of the assessments reported ER.17 violations. This demonstrates the severity and persistence of problems with grievance mechanisms.

Anecdotal evidence from companies, suppliers, and CSOs revealed that having grievance mechanisms in place does not indicate that they are effective or performing well. Serious challenges regarding trust remain a top issue between workers and factory management as well as between suppliers and brands.

Two commonly observed characteristics of ineffective grievance mechanisms include a lack of communication with workers and inadequate implementation. This often stems from technical challenges and limited resources within factory management.

3. Informational items

3.1 Types of grievance mechanisms

Although grievance mechanisms can take many forms, the key to success is their implementation. Included below is a list of commonly used grievance mechanisms and considerations for effective implementation. Remember, grievance channels should be confidential. Factories must have at least one anonymous reporting channel and one union and/or worker representative structure channel.

■ **Examples of grievance mechanisms**

The **first set of grievance mechanisms** involves submitting a grievance through a non-interactive channel, where the complainant has no live interaction with another person during the submission process:

"A really good supplier will have multiple grievance mechanisms — a hotline, grievance box, roundtables…"

– FLA PARTICIPATING COMPANY, CSR MANAGER

"The reality is that with small-sized factories, they may only have a grievance box. We are flexible with that being the only grievance mechanism in place based on the headcount of the factory IF it is working properly and documented as working well in the auditor's report."

— MANUFACTURER, SOCIAL COMPLIANCE SENIOR MANAGER

PHYSICAL GRIEVANCE BOX	
DESCRIPTION	**CONSIDERATIONS**
A grievance box is a locked box with an opening at the top. Workers write grievances on paper and drop them into the box through the opening.	■ Grievance boxes are one of the most common mechanisms because of their low cost. ■ They must be checked and physically emptied and stocked with paper and pencil/pen supplies regularly. ■ Effectiveness is highly dependent on where they are placed and how they are monitored.

✎ Be careful not to refer to this channel as a "suggestion box" because it sends a message to workers that it is for operational suggestions only, instead of for grievances. FLA recommends using "grievance box." In the Toolkit for Member Suppliers, see Toolkit Item #05: Training Communication Worksheet.

✎ Be careful not to place the grievance box directly in front of a manager's office or in a public, visible place. This is intimidating to workers and threatens their confidentiality. Choose a more private location, such as a bathroom.

DIGITAL GRIEVANCE BOX

DESCRIPTION	CONSIDERATIONS
A digital grievance box is a modern approach to the traditional pen and paper box. Workers submit grievances directly via a digital device, such as an iPad or computer.	■ Management must ensure there are no technological barriers for workers and provide training on how to use the device. ■ Digital grievance boxes can also provide general company-wide information, such as factory updates and job postings.

✎ If your digital grievance device also provides workers with additional information, such as factory updates, job openings, etc., a private location is no longer as necessary, and the cafeteria can be a good, accessible location for the device.

"You can put a grievance mechanism in place, but if no one is following up on the grievances, then the tool is worthless."

— EXTERNAL AUDITOR

WEBSITE OR QR CODE

DESCRIPTION	CONSIDERATIONS
A website address or QR code can link to an online platform where workers can enter their grievances directly onto the page at any time.	■ Workers must have access to and knowledge of the internet. ■ The website service provider must be able to read and respond in any language. ■ IP addresses must remain secure to ensure worker anonymity.

✎ Though not a grievance mechanism itself, QR codes allow workers to easily access a website page or an instant messaging address. QR codes are only useful if all workers in a factory have phones with the capability to scan codes and the knowledge on how to do so.

EMAIL

DESCRIPTION	CONSIDERATIONS
An email address to which workers can send a grievance at any time.	▪ It allows workers to use personal devices they are comfortable with to submit grievances. ▪ Many workers are not familiar with email or may not have the technological devices or internet access required.

✎ Websites, email addresses, and telephone numbers are often listed at the bottom of code of conduct or health and safety posters located around the factory. Ensure they are posted in languages the workers understand.

✎ It can be difficult to maintain anonymity if a worker sends a grievance through an email, text, or instant message from their personal account. For this reason, these mechanisms are not recommended for an anonymous channel, and websites and phone numbers/hotlines are preferred.

SMS OR INSTANT MESSAGING
(E.G. WHATSAPP, WECHAT IN CHINA, OR ZALO IN VIETNAM)

DESCRIPTION	CONSIDERATIONS
A website address can link to an online platform where workers can enter their grievance directly onto the page at any time.	▪ It allows workers to use personal devices to submit grievances through a familiar platform.

✎ Select a means of communication that is organic and familiar to workers. They will be more comfortable with it and more likely to use it.

The **second set of grievance mechanisms** involves submitting a grievance through an **interactive** channel where the complainant interacts with another person during the submission process:

OPEN-DOOR POLICY

DESCRIPTION	CONSIDERATIONS
An open-door policy encourages workers to approach factory line managers, supervisors, or upper management directly with their grievances.	■ It requires face-to-face interaction and direct submission, which can be intimidating. ■ If management dismisses the grievance or doesn't have time to listen, workers will not trust the mechanism. ■ Companies often encourage workers to approach a higher manager if they are not satisfied with their immediate supervisor's response. However, this may be an unrealistic expectation for a worker who may already feel discouraged and intimidated by the channel.

Most grievances are reported through anonymous mechanisms, which is not possible with the open-door channel. If your company encourages an open-door policy, there must be a concerted effort by management to create a positive culture around reporting grievances.

"The open-door policy requires courage. Workers often hear, 'I can't handle your problem, go to someone else.' When they don't have confidence that they won't be retaliated against, no one with a serious problem uses the open-door policy."

— **EXTERNAL AUDITOR**

BEVERAGE OR SNACK WITH A MANAGER/INFORMAL FEEDBACK SESSION WITH MANAGEMENT

DESCRIPTION	CONSIDERATIONS
Workers are invited to have beverages and snacks at scheduled times with managers to informally discuss their experiences and grievances.	■ Create worker selection guidelines (i.e. random or rotating) to ensure you hear from a range of workers. ■ Require factory managers to attend and rotate their attendance. ■ Schedule during working hours.

ROUND TABLES/FORMAL CONVENINGS WITH MANAGEMENT

DESCRIPTION	CONSIDERATIONS
Factory managers facilitate formal, scheduled meetings where workers share information, ideas, and grievances. Roundtables can be open-door meetings that anyone can attend.	▪ Create worker selection guidelines (i.e. random or rotating) to ensure you hear from a range of workers. ▪ Require the plant manager to attend. ▪ Require factory managers to attend and rotate their attendance. ▪ Management must approach the roundtable with the open mindset that grievances are an opportunity for improvement instead of a poor reflection on management.

It can be helpful to frame round tables as an opportunity to discuss health and safety issues, which may be less intimidating, while also making clear that they are free to bring up any grievances.

UNION OR WORKER REPRESENTATIVE MEETING

DESCRIPTION	CONSIDERATIONS
A specific union leader or worker representative is available at set times to hear workers' grievances.	▪ Union influence in factories varies from country to country. If the union has a close relationship with factory management, workers may not trust the union leader. If the union has a negative relationship with the factory, the tension between the two may result in grievances not being addressed properly through the union channel. ▪ Collective bargaining agreements may require grievances be handled in a particular way. In some factories, workers are required to bring their grievances to union or worker representatives who then present grievances to management.

Unions can help build employee-employer relationships so that factories do not become dependent on the brand to assist in grievance remediation.

"Countries that have a strong union presence tend to have more effective grievance mechanisms. Unions help workers build their confidence when voicing their needs and help promote the kind of environment and culture of trust that the factory hasn't gained."

— INTERNAL AUDITOR

PHONE LINE/TELEPHONE NUMBER (I.E. HOTLINE)

DESCRIPTION	CONSIDERATIONS
A dedicated phone number that workers can call to report grievances at any time.	■ The service provider must be able to receive and respond to grievances in the worker's native language at all times. ■ Callers should receive an identification or case number in case they choose to remain anonymous, which allows them to call back for updates. ■ It's often the primary mechanism for a brand's alternative channel.

Auditors have discovered cases where the service provider did not have an operator available to speak the local language and instructed the worker to call back later. This is unacceptable. If you hire a service provider to manage your phone line, make sure to regularly test the mechanism in the native languages of the workers.

FROM THE FIELD: ALTERNATIVE GRIEVANCE CHANNEL – INTEGRITY LINE

"Our brand's alternative grievance channel is an integrity line. We call this an 'integrity line' or a 'resource line' as we don't like to use the name 'hotline,' because there are negative associations with that word in some countries. If workers want to make an anonymous complaint, they call this 1-800 (toll-free) phone number. The integrity line is handled by a service provider who sends all the grievances to our HQ office. They provide a code to workers so workers can track their complaint throughout the process while remaining anonymous.

Additionally, after all these years I have been working with factories, many workers have my cellphone number and can contact me directly. If workers contact me directly, informally, I determine if the grievance has been reported at the factory level and encourage the worker to funnel the grievance to a formal mechanism, like our integrity line."

— FLA PARTICIPATING COMPANY WITH OWNED FACILITIES, SOCIAL COMPLIANCE SENIOR MANAGER

3.2 Common challenges and best practices

■ Common challenges

There are common challenges in implementing effective grievance mechanisms that are observed at a global level. It is valuable to keep these in mind when you create, implement, and assess your own mechanisms and processes.

STAKEHOLDER PERSPECTIVE

Worker mistrust: Workers do not use a grievance mechanism when they do not trust it. Worker mistrust is often due to:

- **No response from management**: Workers use the grievance mechanism but do not get a response about their grievance. They then lose trust in the system and stop using it, regardless of its effectiveness.

- **Fear of retaliation**: Workers fear retaliation (e.g., loss of preferred shifts, disciplinary action, or job loss) for using the grievance mechanism.

- **Insufficient communication and training**: Workers do not understand how the grievance mechanisms work, how to use them, or what types of grievances or complaints to file.

- **Cultural differences**: Cultural norms differ by country, as well as between workers and management. In many cultures, it is not considered appropriate to directly express concerns and discuss problems. In other cultures, confrontation with authority figures may typically be avoided.

> "Workers will complain to see what happens and to see if they are being heard. Once employees see no one is calling back or updating them on the grievance, they won't trust you anymore and will leave."
>
> — EXTERNAL AUDITOR

> "Why is it that workers don't come up to complain? They may be from rural areas, with limited schooling, or don't know where to go or how to do it."
>
> — CSO GENERAL SECRETARY

MANAGEMENT AND WORKER COUNTRY CULTURES

"One of the biggest pitfalls is if the management is from a different country than the workers. They need to be aware of the cultural differences and norms between the two that lead to unanticipated problems."

— EXTERNAL AUDITOR

FROM THE FIELD: WORKER CULTURE

"Workers often don't trust the system and are absolutely scared to raise their hands or have an opinion or say anything wrong. It's more of a cultural thing. No one wants to get into trouble, deal with problems, or be highlighted. Factory management hasn't invested enough to change that culture. And that starts with having trust."

— FLA STAFF, INVESTIGATIONS AND THIRD-PARTY COMPLAINTS

MANAGEMENT MINDSET

Brands and suppliers may not prioritize and invest in grievance mechanisms because of a narrow or negative perspective. This fixed mindset is often due to:

- **Company-centric risk management approaches**: Companies and suppliers focus on a company-centric approach rather than a worker-centric approach to address operational risk. This narrow approach deprioritizes workers' issues while a worker-centric approach would simultaneously include company priorities (see **The Business Case**).

- **Brand tick-the-box perspective**: Brands take a traditional CSR approach based on external priorities, duties, and obligations that results in a checklist that fails to identify and address gaps and their root causes.

- **Supplier fear**: Suppliers dissuade workers from reporting grievances due to the:

  - View of grievance mechanisms as a way to highlight problems instead of as an opportunity for improvement, and this fear extends to their perspective on audits;

  - Fear of the submission of false or exaggerated claims; and

  - Lack of trust, understanding, or familiarity with a new brand's reporting process and / or higher expectations (often occurs during company acquisitions).

POLICY AND PROCEDURE

- **Systems to maintain anonymity**: When grievances are submitted anonymously without a system in place to maintain anonymity (i.e. an identification number or a case number that allows workers to track the progress of their grievances), managers do not respond to the complainant and without a response, workers stop using a given mechanism.

- **Ineffective tracking**: Teams who do not analyze grievances fail to identify patterns that indicate recurring issues. Without historical tracking, individual grievances are resolved without addressing the root cause and the systemic problems continue.

IMPLEMENTATION

- **Lack of factory follow-up**: The most common challenge is that factory management is dismissive of workers' grievances and does not respond in a timely manner or at all. Both lead workers to mistrust and, thus, decreased use of the grievance mechanisms.

- **Lack of disciplinary action**: Some factories allow supervisors or managers with grievances filed against them to continue their behavior because they are productive and efficient. When the factory prioritizes productivity and profit over inappropriate, abusive behavior, it leads to worker dissatisfaction and longer-term disruptions and costs.

"You need to explain that it's about creating a new culture and that the grievances will benefit the company. It's not just about complaining."

—MANUFACTURER, SOCIAL COMPLIANCE SENIOR MANAGER

"Suppliers are afraid that any worker can talk to their biggest clients through the alternative brand grievance mechanism, so they'll hide stuff, fake the audit, collect the business cards auditors handed out to the workers, or take away the WeChat code after the brand has left."

— FLA PARTICIPATING COMPANY, CSR MANAGER

"For the grievance mechanisms to be effective, workers need to see action taken by the management team after it's reported."

— FLA COLLEGIATE LICENSEE AFFILIATE, INTERNAL AUDITOR

FROM THE FIELD: FACTORY CHALLENGES WITH ANONYMOUS COMPLAINANTS

"Some factories have reported that they try to follow up on grievances, but anonymous grievances are challenging because sometimes a worker will not respond after the initial submission, and the factory can't get any more details. It's important for factories to realize that sometimes workers will test a grievance mechanism to see if it's actually working. They may test it with a less serious issue, such as the type of food served in the cafeteria, to determine if their grievance is addressed. If they receive a response from management, they may not follow up because they've now confirmed that the mechanism works, and they can trust it. If they don't receive a response, that's an indicator that the mechanism doesn't work, and they can't trust it. This is why it is important factories follow up on all grievances submitted. In cases of more serious complaints where workers don't respond, it may have been the workers' last effort to voice their issue, and they may have since left the company."

— COMPANY, FORMER AUDITOR

LIMITATIONS OF CONTRACT VERSUS OWNED FACILITIES

Brands have less control, insight, and power to make changes in a contract facility than they do in their own facilities. To shift factory management's mindset and gain top level buy-in, additional time and effort must be invested.

■ Best practices

In addition to common challenges, there are also key best practices that brands and suppliers should keep in mind and implement to create effective and functioning grievance mechanisms.

POLICY AND PROCEDURE

- **Familiar channels**: Workers are more likely to use a grievance mechanism if they are already familiar with the channel, such as common messaging applications, resulting in a higher number of grievances reported.

- **Worker's native languages**: While this may seem obvious, workers must have access to grievance mechanisms, especially the direct-to-brand channel, in their native language. It is common for grievance mechanisms to be ineffective due to language barriers. If the company uses a telephone number, the line must always be staffed with responders who speak workers' native languages.

- **Roundtable meetings**: Implementing a system of regular dialogue between factory management and workers is a good way to provide workers with an opportunity to voice concerns and provide managers with insights about what happens on the factory floor. Roundtables can have assigned workers or can be open for anyone to attend. They should always occur during regular working hours.

"Keep it simple. It's got to work for the most humble, uneducated worker."

– FLA PARTICIPATING COMPANY, CSR MANAGER

RESPONSIBILITY AND ACCOUNTABILITY

- **Dedicated brand in-country staff**: Internal, local employees stationed in the supplier country benefits brands given their knowledge of local law and culture, and ability to interpret the situational context. These individuals visit factories, read complaints, track and record outcomes, are trained as investigators for the grievances filed in their region, and report to larger teams at the headquarter level. Some brands may hire an external consultant (either part-time or full-time) to fulfill this role.

- **Adaptability**: Brands that understand factories' experiences and are flexible with the needs of factories will most successfully support effective grievance mechanisms.

COMMUNICATION

- **Annual non-retaliation memorandum**: Paired with annual training for workers and middle management, a non-retaliation memorandum creates clear guidelines for workers, supervisors, and managers to reference.

- **Brand-supplier partnership**: To build their relationships, brands should provide support and capacity building to suppliers as they work to develop robust, effective grievance mechanisms. This direct engagement builds trust and collaboration in partnership together. A brand's senior leadership commitment to grievance mechanisms is particularly powerful in impressing the importance of these tools upon factory management.

FROM THE FIELD: COMMITMENT TO NON-RETALIATION

"We created a non-retaliation memorandum and sent it to all management on an annual basis. We also include it in annual trainings for workers and middle management as well. This creates clear guidelines for the human resources department to follow."

— MANUFACTURER, SOCIAL COMPLIANCE SENIOR MANAGER

"You as a brand should demand the factory does it the way you want, but then be open to the reality of the situation and understand what outcome would be a win-win, based on listening to the actual reality in the factory."

– FLA PARTICIPATING COMPANY, SOCIAL COMPLIANCE SENIOR MANAGER

"Hearing the Human Resources department tell them directly that they won't face retaliation makes a big difference."

– FLA PARTICIPATING COMPANY, CSR MANAGER

"We're not looking for perfection. It's the enemy of healthy improvement. We want transparency about what's not working and to have genuine trust and a relationship."

– FLA PARTICIPATING COMPANY, CSR MANAGER

IMPLEMENTATION

Gaining trust through transparency: When factory management gives workers updates on the progress of their grievances, workers have increased levels of trust in the system.

- **Publicly tracking the grievance process**: Factory management can post a simple, public bulletin board on the factory wall that details the grievances submitted, their progress, and the outcomes. Color coding can show the status of the grievance process. Only grievances that impact the larger workforce (e.g., general services, cafeteria, bathrooms, or the clinic) should be included — confidentiality and anonymity must be maintained.

- **Open communication**: Factory management may be unable to resolve every grievance the way workers would like, and the bulletin board provides the opportunity to explain the reason why to workers. Open communication that provides explanation and context for decisions is critical for gaining worker trust. This transparent feedback gives workers confidence that the grievance channel is working.

FROM THE FIELD: PUBLISHING GRIEVANCES

"Our factory divides grievances into published and unpublished categories. We post published grievances on the bulletin board so that workers can see the action plans for general issues that apply to the larger workforce. When workers are shown that the plant manager is addressing their issues, it's not necessary for them to go outside the company for help."

— MANUFACTURER, SOCIAL COMPLIANCE SENIOR MANAGER

POSTING GRIEVANCE STATUS

"Some factories color code the grievances that they post on the factory wall to let employees know the stage of the process of the complaint. This allows workers to know what's happening. Workers start to realize that whatever idea they bring up, they will see it on the bulletin board, and know it's being acted on. In cases where the grievance isn't resolved, workers can see why not. For example, they didn't have the capital expenditure at that moment. That feedback gave the workers confidence that they were not being ignored and that there was an understandable reason why it would not be resolved that year."

— EXTERNAL AUDITOR

COLLABORATION

Collaboration between brands and suppliers: Although brands with shared suppliers may have privacy concerns and competing priorities, brand collaboration can create more effective grievance mechanisms with shared resources. Additionally, brands can share information regarding grievance mechanisms amongst their suppliers to learn from one another.

- **Collective brand remediation**: When one brand receives a grievance about a shared facility, all brands that use that supplier can collectively remediate the problem and share the costs. Brands must come to an agreement to ensure that confidentiality and the requirements of every brand are met.

- **Supplier knowledge sharing**: Brands can also support collaboration among their suppliers by sharing factory-level knowledge, lessons learned, best practices, and additional guidance on their expectations. Some brands use an online platform to report grievances and resolutions and share the outcomes with all suppliers to promote peer learning. Supplier summits are another platform for peers to share experiences.

Brands have different tools, requirements, report demands, and approaches on how to proceed with non-compliances. However, when addressing non-compliances together in a shared supplier, they must compromise on expectations and make decisions together.

Civil society organization support: CSOs are an underutilized resource for factories with grievance mechanism challenges. CSOs have workers' trust because they work closely with them at a community-level and support them. Factories who struggle to gain workers' trust can collaborate with CSOs who are able to relate and connect to workers in a way that they cannot.

- **Capacity building**: Factories can work with CSOs on a variety of projects and programs that address key elements of effective grievance mechanisms and worker well-being. CSOs can be valuable partners in worker trainings because, as a trusted source of information, they can help factory management communicate and explain the available grievance mechanisms to the workers. CSOs can also be a resource in the design and development of grievance channels and provide input on what types of channels workers are most likely to trust and use.

- **Remediation support**: CSOs can collaborate with factories throughout remediation, especially in a communication role as a go-between for management and workers, worker groups or unions. As independent groups with knowledge of local languages, cultures, and contexts, CSOs can often assist both managers and workers to navigate the grievance process and better understand one another.

> It is helpful for factories to have a clear set of engagement principles or rules of engagement so there is a shared understanding of how factories and CSOs or unions will collaborate. This is especially important in factories with multiple, and sometimes competing, unions.

> CSOs play an important role with worker communication and representation. They can explain in words that workers understand how to use the grievance mechanisms, and what to expect throughout the process of investigation and remediation.

Strong union/worker representative relations: Factories with good union/worker representative relationships more accurately understand worker needs on an ongoing basis and can more quickly resolve issues, saving time and money.

TRAINING

- **Factory training**: It is essential to establish a comprehensive and regular training program with refresher trainings to reinforce the importance of grievance mechanisms. Trainings should be tailored appropriately for each audience (i.e. managers, supervisors, and workers).

- **Company training**: A company must clearly communicate its expectations to factory management through ongoing forms of engagement beyond audits, such as training, capacity building, and dialogue.

- **Separating training from auditing**: While it may be convenient to combine trainings with audits in a joint visit, they should be conducted separately. This ensures that the evaluative nature of the audit, which can be perceived negatively, does not impact the perspective on training and capacity building, which requires a receptive and open mentality.

"If there's a lot of turnover and not enough ongoing training, the new workers may not know how the system works."

– FLA STAFF, INVESTIGATIONS AND THIRD PARTY COMPLAINTS

FROM THE FIELD: BUILDING AND NURTURING FACTORY-UNION RELATIONSHIPS

"In one factory, relationships with the industrial union were poor. The factory hired a new human resources manager, who worked to build up the union's relationship with factory management. Both the HR manager and the factory owner became involved in addressing all concerns and engaged directly with the union. The union felt that the company had begun to take their concerns seriously. They had the opportunity to reach out and make direct agreements with the owner. That process began to build trust. This direct line of communication, and the ability for workers to have their voice heard through union representatives, created trust in the factory."

— FLA STAFF, CSO ENGAGEMENT

Brands should share grievance-related case studies at supplier summits with questions that suppliers must answer and solve. This will indicate which factories struggle to implement grievance mechanisms and may need more capacity-building efforts.

REVIEW PROCESS

External evaluation: An external review of grievance mechanisms by a third party provides insightful, unbiased feedback for improvement. The review should examine the audit tool, grievance channels, and how grievances are tracked.

"We get external help to revise our processes. We hired a third party to benchmark and do substantial revisions to our program. Also, every trimester we have a roundtable with a group of peers where we share our tools and audits."

– MANUFACTURER, VP OF CSR

FROM THE FIELD: TRAINING AS A FRIENDLY SPACE

"We host annual trainings in factories on specific topics, including how to document the grievance process. It is important that the training is separate from the audit. A small factory will always feel that you are auditing them. You have to change that relationship. Brands should emphasize training as a friendly space to talk and to show that brands aren't solely evaluating factories all the time. We want factories to understand that we don't expect perfection. We want to make steps towards improving the conditions together."

— MANUFACTURER, SOCIAL COMPLIANCE SENIOR MANAGER

3.3 The business case for brands

■ Reputation

Grievance mechanisms provide workers with the opportunity to be heard and share their concerns with factory management and brands. While brands' involvement in factory-level grievance mechanisms may be limited, brands should have direct-to-brand alternative grievance channels available to factory workers. Ineffective, non-functioning mechanisms or inadequate grievance policies/procedures silence workers' voices and have negative impacts on factory operations. The ultimate result can be damaging to brands.

Non-existent or ineffective direct-to-brand grievance mechanisms in owned or contracted facilities can contribute to the following:

BRANDS WITH OWNED FACILITIES	BRANDS WITH CONTRACT FACILITIES
Employee dissatisfaction	CSO/advocacy campaign target
Absenteeism	Negative reputation
Employee turnover	Legal and regulatory penalties
Decreased productivity	Poor environmental, social, and governance (ESG) ratings
Quality issues/increased defects	Loss of consumers
Reduced orders	Employee dissatisfaction and recruiting challenges
Loss of clients	Loss of investors

THESE IMPACTS CAN LEAD TO INCREASED OPERATING COSTS AND/OR LOSS OF REVENUE, WHICH NEGATIVELY AFFECT THE BOTTOM LINE.

Brands may find themselves the target of a negative campaign initiated by an advocacy group or CSOs. These campaigns typically focus on issues that the workers are aware of, are unhappy with, and that have remained unresolved – issues that likely could have been resolved through grievance mechanisms. As these campaigns are shared via various media channels and reported in local and international press, a company's reputation can be negatively impacted. A damaged brand reputation can result in:

■ **Loss of customers**: Consumers who do not trust a brand or

"In the traditional business model, profit is the bottom line. For our business case now, we have a dual bottom line, people and profit. Many companies invest in people as a means to profit, but instead, people have to be seen as an end in itself."

– FLA PARTICIPATING COMPANY, CSR MANAGER

feel that the brand is not aligned with their values may switch to a new brand.

- ■ **Dissatisfied employees**: Employees typically want to work for a brand they admire and that shares their values; they may leave the company when this alignment no longer exists.
- ■ **Recruitment challenges**: Studies show that millennials, who make up the largest portion of the workforce, value working for socially responsible companies more than ever before; brands that do not demonstrate social responsibility may find their labor pool options diminished.

IMPACTS ON BRANDS WITH CONTRACT FACILITIES

As factory issues become more visible through negative campaigns and reputational damage, there is increased risk of legal and regulatory penalties and fines for human rights violations. Issues such as overtime hours beyond legal limits or sexual harassment, which may have been identified and resolved through grievance mechanisms, can result in a time-consuming judicial process with large financial and reputational costs to the company. On the other hand, in the event of a judicial proceeding, a company with functioning, effective grievance mechanisms can support its case by demonstrating how it has provided remedy for workers.

Additionally, public companies and their suppliers now experience an increased focus on environmental, social, and governance (ESG) performance in shareholder and stakeholder financial evaluations. Grievance mechanisms are a component examined under ESG valuations and human rights benchmarking assessments that factor ESG performance into their questionnaires. Attention to ESG analysis represents a broader shift toward a focus on human rights and ESG factors in business operations. For example, this shift is illustrated both in BlackRock's ESG Integration Statement and the Corporate Human Rights Benchmark (CHRB) methodology that analyzes "Response to Serious Allegations" in its ESG risk metrics.[4] Ineffective grievance mechanisms may lead to poor ESG ratings, which may result in a loss of investors.

Studies have found that Gen Z and millennials, the largest segment of the workforce, want to make an impact on the world and are prepared to make personal sacrifices for the issues they care about:

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4   BlackRock. (2023). *ESG integration statement*. BlackRock.
     RepRisk. (2018, November 15). *RepRisk data used in 2018 Corporate Human Rights Benchmark (CHRB)*. Business Wire.

- 80% of millennials say that sustainability is a driving force behind their purchasing decisions.[5]
- 83% of Gen Zs want brands to take a stance on social issues.[6]
- 65% of Gen Zs say the aim to learn where, from what, and how the products they buy are made.[7]
- Six in 10 Gen Zs and millennials are willing to pay more for sustainable products and services.[8]
- 89% of millennials say having a sense of purpose is important to their overall job satisfaction.[9]

■ Worker retention and satisfaction

Workers want to work for a company where they feel valued, safe, and fairly treated. **When workers are dissatisfied** with their working conditions and unable to express their concerns to have them resolved, direct results can include:

- **Absenteeism**: Unhappy workers are not as committed to their work and are more likely to not show up for their shifts.
- **Turnover**: Disgruntled workers often leave their job in search of another employer with better working conditions.
- **Decreased productivity**: Discontented workers are less productive because they are less focused on their work.

There are several indirect risks and costs associated with employee dissatisfaction. Absenteeism and turnover can contribute to decreased productivity because:

> Effective grievance mechanisms, among other ESG measures, help create a more financially stable business with improved overall performance in the long run.

FROM THE FIELD: INTERNAL PRESSURE ON ESG PERFORMANCE

"It's the right thing to do, but it's also a must. We are a public company, so part of our stock evaluation is our complete ethics and compliance program. I don't want to say there is internal pressure, but that is the way it is looked at now. We must do the right thing as a public company that is being analyzed."

– FLA PARTICIPATING COMPANY, VP OF CSR

- It can be difficult to fill the spot of a last-minute absence;
- It takes time and money to recruit new hires to replace those who permanently leave; and
- It takes time for new hires to gain the necessary skills and reach maximum production levels.

Additionally, turnover and absenteeism lead to increased product defects. When line workers are missing, the remaining workers may rush to achieve the same production targets, and new hires may be more

5   Statista. (2023). Gen Z & Millennials driven by sustainability in purchasing decisions U.S. 2023. Statista.
6   Maersk. (2022, November 3). **Gen Z buyers: The future is ethical consumption**. Maersk.
7   Maersk. (2022, November 3). **Gen Z buyers: The future is ethical consumption**. Maersk.
8   Deloitte. (n.d.). **Recruiting Gen Z and Millennials**. Deloitte.
9   Deloitte. (n.d.). **Gen Z and millennial survey**. Deloitte.

likely to make mistakes. Grievance mechanisms help identify and address problems before they impact worker productivity and factory efficiency.

IMPACTS ON BRANDS WITH OWNED FACILITIES

It is much less expensive to keep a current employee than it is to recruit, hire, and train a new employee. Many companies fail to calculate turnover costs or do not calculate them accurately because indirect
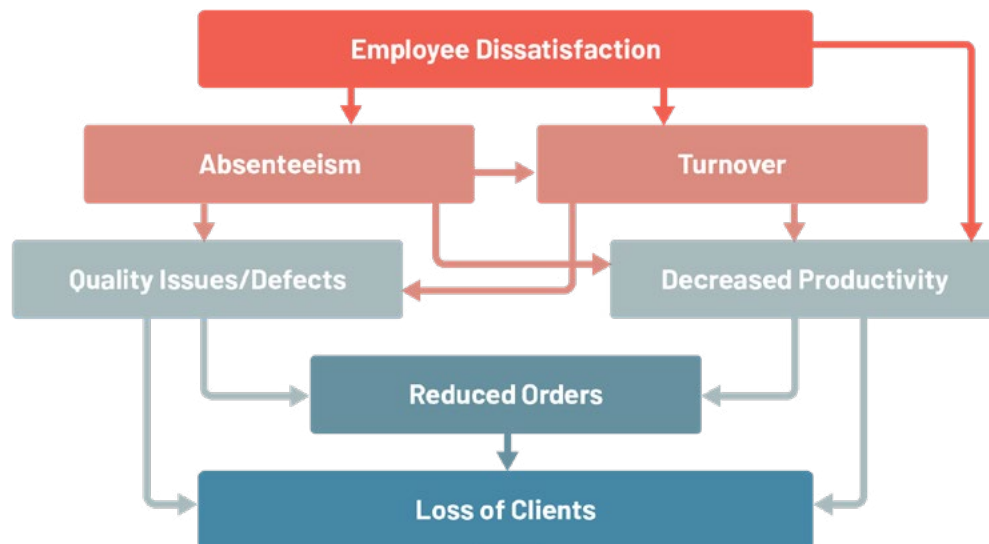
costs can be difficult to identify and quantify. Research shows that indirect turnover costs may be two to five times higher than direct costs.

Decreased productivity often results in partial or late deliveries and quality issues that need to be corrected, which delays deliveries further. As a result, a brand may reduce orders as it notices that its supplier is unable to deliver on time and provide consistent products. This may lead to the supplier losing a client if the brand ultimately switches suppliers because of these problems.

"There is a business case to reduce worker turnover rates and increase worker satisfaction through effective grievance mechanisms."

– INTERNAL AUDITOR

CALCULATING THE TRUE COST OF WORKER TURNOVER

It is important to consider the following costs (both direct and indirect) of losing a worker.

Termination costs include:

- Separation/severance pay;
- Training invested in the worker; and
- Administrative time on termination tasks (e.g., handling and processing paperwork, and exit interviews).

Vacancy costs include:

- Additional overtime;
- Temporary workers; and
- Loss of departmental productivity and quality until post is filled.
- * (Benefit: savings on wages and benefits due to vacancy.)

Hiring costs include:

- Administrative time (e.g., handling and processing paperwork); and
- Worker materials (e.g. ID Card, uniform, utensils, job aids, and dormitory expenses).

Training costs include:

- Formal training and onboarding (e.g., regulations, health and safety, and skills);
- Printing of written documentation (e.g., regulations, manuals, and training materials);
- Informal training (e.g. socialization and on-the-job training);
- Lost production during training (i.e., when time is paid for, but no work is accomplished);
- Additional supervision time (e.g., assigning, explaining, and reviewing work, which represents the supervisor's lost productivity);
- Loss of productivity during the learning curve; and
- Defect rate increase.

Intangible/indirect costs include:

- Uncompensated increased workload of other workers due to vacancies;
- Stress and tension in the workforce (i.e. psychological instability);
- Declined employee morale;
- Decreased productivity due to loss of work group synergy;
- Disruption in organization;
- Impact on client confidence; and
- Lost knowledge, skills, and contacts.

"For suppliers, the benefit of effective grievance mechanisms is a stable workforce. The impact of ineffective grievance mechanisms is that the violations continue."

– CSO, GENERAL SECRETARY

4. Operational items

4.1 Grievance mechanisms guidance

■ FLA standards

FLA PRINCIPLE 6 (RESPONSIBLE SOURCING): FUNCTIONING GRIEVANCE MECHANISMS

Commitment to provide workers access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.

Each FLA Participating Company must ensure that there are functioning and effective grievance mechanisms at all manufacturing facilities. Principle 6 of the Principles of Fair Labor and Responsible Sourcing includes the following standards for contract facilities:

1. **Ensure there are functioning grievance mechanisms** at the facilities.

    - ■ **Provide evidence** of grievance mechanisms.
    - ■ **Evaluate**:
        - ✔ Effectiveness;
        - ✔ Lack of penalty for their use; and
        - ✔ Existence of at least one confidential reporting channel.

2. **Provide alternative channels** for workers to contact the brand directly and confidentially for cases where the local grievance mechanisms are not functioning properly.

    - ■ Provide evidence of alternative grievance channels and a documented system to follow-up on the grievances submitted.

3. **Ensure training and communication** about the grievance mechanisms are provided to all workers, supervisors, and managers.

For companies manufacturing in **owned facilities**, Principle 6 includes the following standards:

1. **Provide functioning grievance mechanisms** that contain:

    - ■ **Grievance policies and procedures** that include multiple grievance channels and policies on non-retaliation and confidentiality.
    - ■ **Demonstrated capacity of managers and supervisors** to manage and address grievances submitted by workers.
    - ■ **A record** of the number, types, timing, and resolution of grievances.
    - ■ **Resolution of any reported incidences** of confidentiality breach or penalty against workers who use the grievance mechanisms.

- **Evidence of at least one confidential and anonymous reporting channel** and one that includes a union and/or worker representative structure.

2. **Provide alternative grievance channels** for workers to contact the company head office directly and confidentially.

3. **Provide training and communication** to all workers, supervisors and managers about all available grievance mechanisms, policies, and procedures, including on:

  - **Grievance policies and procedures** that include multiple grievance channels and policies on non-retaliation and confidentiality.

  - **Demonstrated capacity of managers and supervisors** to manage and address grievances submitted by workers.

  - **A record** of the number, types, timing, and resolution of grievances.

  - **Resolution of any reported incidences** of confidentiality breach or penalty against workers who use the grievance mechanisms.

  - **Evidence of at least one confidential and anonymous reporting channel** and one that includes a union and/or worker representative structure.

> "We have success when workers know that we make changes based on their complaints and suggestions. It makes the work environment better."
>
> — FLA PARTICIPATING COMPANY, SOCIAL COMPLIANCE SENIOR MANAGER

■ The importance of grievance mechanisms

FOR SUPPLIERS:

Grievance mechanisms can be an important source of information to factory management. Issues raised by workers through grievance mechanisms can help a supplier identify, remediate, and prevent misconduct or code violations before they escalate.

Some factory management may not appreciate that functioning and effective grievance mechanisms are an indicator of a healthy and productive factory. Factory management often has misconceptions that functioning grievance mechanisms will slow down production or harm the factory's reputation. In reality, the issues and grievances exist regardless, and the unwillingness to acknowledge and address them is what negatively impacts production and future business. When workers cannot share issues, those issues remain unresolved and lead to worker unrest and dissatisfaction. Ultimately, worker engagement and morale decrease, leading to increased absenteeism and employee turnover and lowered productivity, which may result in lost orders and clients (see **The Business Case**).

> "It allows us to understand what employees are feeling. You get more commitment from them when you make the changes, and they feel empowered that the change came as a result of their direct input."
>
> — FLA PARTICIPATING COMPANY, SOCIAL COMPLIANCE SENIOR MANAGER

FOR COMPANIES:

Grievance mechanisms provide companies with valuable data on the working conditions in their global supply chains. For companies committed to sourcing and producing responsibly in alignment with not only FLA standards, but also international standards such as the UN Guiding Principles (UNGPs), grievance mechanisms are a critical component of their operations.

Effective grievance mechanisms give companies an opportunity to resolve workers' issues in their early stages before they become larger, more visible problems that may be publicized by advocacy groups or the press. Ineffective grievance mechanisms lead to unaddressed issues, which can escalate into legal action taken by the affected worker(s) or a third-party complaint system.

"It's important for brands to be open because what works for one factory might not work for another. It depends on the factory and the country. You need to be flexible, know the situations the factory is facing, and what is happening on the production lines."

— MANUFACTURER, SOCIAL COMPLIANCE SENIOR MANAGER

■ Grievance mechanism effectiveness

FLA's Principle 6 consists of three components to ensure that effective grievance mechanisms are available to workers:

- ■ Monitor your facilities to ensure that there are functioning and effective grievance mechanisms at each facility;
- ■ Provide an alternative channel to ensure that there are functioning and effective grievance mechanisms at each facility; and
- ■ Ensure that workers, supervisors, and managers at the facilities receive training and communication about available grievance mechanisms.

A grievance mechanism can only serve its purpose if the people it intends to serve ➡

MEASURING GRIEVANCE MECHANISM EFFECTIVENESS

The effectiveness of grievance mechanisms is most commonly measured through audits. Typically, a factory audit includes an evaluation of grievance policy, procedures, training, and how well each mechanism functions. However, typical audits cover many topics and often do not comprehensively assess the grievance mechanisms (see **Audit Challenges and Best Practices**, section "Common Audit Challenges"). Common audit challenges are:

GET A RESPONSE FROM IT
ARE ABLE TO USE IT
TRUST IT
KNOW ABOUT IT
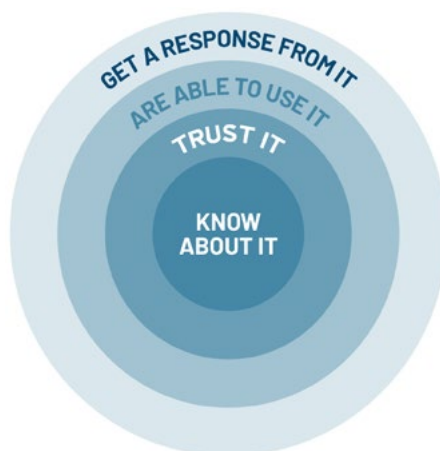
"The most common finding is that management didn't follow up on the grievances or deal with them in a timely manner. This has an impact on the effectiveness. There is a domino effect. Workers then keep issues to themselves, which leads to loss of workers and low morale."

— INTERNAL AUDITOR

"Employee knowledge is the best measure of the effectiveness of grievance mechanisms. If they receive trainings and refreshers, they should understand the process. The best way to find out is through separate interviews with management and employees and then to compare their answers."

— FLA PARTICIPATING COMPANY, VP OF CSR

- **An auditor's limited time spent** reviewing grievance mechanisms;
- **Audit quality differences** based on the audit tool and the expertise or skill of the auditor; and
- **Brand differences** in the amount of time dedicated to audit review, follow-up with the auditor, and remediation verification.

CASE STUDY: THE IMPACT OF BRAND MINDSET ON EFFECTIVENESS

When I joined the brand, we had a traditional CSR approach: protect the brand and business from risk. We had a grievance mechanism because we needed to tick the box of what good CSR entails. It was an externally imposed obligation. The mechanism was a message written in English at the bottom of our code of conduct and instructed workers to contact us by email. It was ineffective, and we never received any grievances, which made sense because the majority of workers do not use email and do not speak English. We were asking them to use an unfamiliar form of communication in a foreign language.

We had to change our mindset to protect those at risk — the workers, instead of the brand. And we discovered that by protecting the workers, that also protects the brand. We started in China with WeChat because 97% of people already use the messaging app. We chose a means of communication that was organic, familiar, and easy to use for workers. We changed the English email to a Chinese WeChat QR code so they could enter grievances directly into their phones in their own language. Once they enter a message, it goes directly to a phone on my desk. I send it to our local service provider to translate. The service provider, who works with our company full-time, is familiar with the cultural expectations, and they reach out to the worker to build trust and find out additional information.

By making a small change, we suddenly began getting grievances and now have an intuitive and effective grievance mechanism. But that small implementation change was based on a big mindset shift. If you do not change why you are doing it, it will be another box-ticking exercise. Our grievance mechanism was reflective of our mindset, and that has been the biggest change of all.

– FLA PARTICIPATING COMPANY, CSR MANAGER

To counter these challenges, companies should periodically conduct a stand-alone grievance mechanisms audit separate from the regular audit (see **Audit Tool**). Additionally, there are tools that can be used to supplement an audit to help measure effectiveness. These tools include worker surveys, data analysis based on the grievance management tool, supplemental worker interviews, and periodic tests of the grievance mechanisms (see **Audit Challenges and Best Practices**, section "**Tools Beyond Audits to Measure Effectiveness**").

EFFECTIVENESS CRITERIA TO MEASURE

A grievance mechanism will only work if its intended beneficiaries know about it, trust it, are able to use it, and get a response from it. The effectiveness of grievance mechanisms should be evaluated based on the following criteria:

- **Legitimate**: Ensure they are fair and trustworthy.
- **Accessible and confidential**: Ensure that workers are aware of the mechanisms and provide adequate assistance to those who may face barriers to access (e.g. language, literacy, technology).
- **Predictable**: Provide set timeframes for each procedural step and clarify the processes and how implementation will be monitored.

- **Equitable**: Ensure that all workers have full access to information, advice, and expertise to engage in a fair and informed manner.
- **Transparent**: Keep all parties informed about the process and progress.
- **Rights-compatible**: Ensure that outcomes and remedies agree with internationally recognized human rights.
- **Source of continuous learning**: Regularly review and improve the mechanisms.
- **Based on engagement and dialogue**: Consult the stakeholders who will use the mechanisms during their design. [10]

> **Provide an alternative, confidential, direct reporting channel**. In cases where a factory's internal grievance mechanisms have failed or are not functional, it is important that workers have an alternative channel to submit grievances directly to the company. Alternative mechanisms are often telephone hotlines, emails, or a messaging app.
>
> It is vital that workers can communicate their grievances in their local language. There may be situations where the grievance channels (and those responding) will need to be available in multiple languages.

Companies need to establish clear procedures for this grievance channel, which should include:

- How grievances will be received, handled, documented, categorized;
- How progress will be tracked once submitted (this includes analysis and identification of patterns);
- Who will be responsible for handling grievances;
- Clear timelines for each step in the process;
- How sustainable corrective actions will be taken to prevent repeat issues; and
- How the availability of this grievance mechanism will be communicated to the workers, supervisors, and managers.

> See **3.1 Types of Grievance Mechanisms** and **3.2 Common Challenges and Best Practices**.

A company may hire a third party to manage its reporting channel, and in this case, it is important to define the roles, responsibilities, and the reporting process. Ensure that both parties are clear on who will receive, respond, document, categorize, follow up, and investigate the grievances.

If your company's alternative brand grievance channel receives no or few grievances (see **No Grievances Checklist**).

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10   This effectiveness criteria is based on the **UN Guiding Principles on Business and Human Rights**, Principle 31. This criteria is explained further in a 2020 report from the UN High Commissioner for Human Rights: **Improving accountability and access to remedy** for victims of business-related human rights abuse through non-State-based grievance mechanisms.

■ Training and communication

Key components of effective grievance mechanisms are training and communication. Workers, supervisors, and managers must be informed and should receive regular training on these mechanisms at least once a year. Information can be communicated via:

- ■ Employee handbooks;
- ■ Orientation and onboarding;
- ■ In-person or online trainings;
- ■ Signage in the facility;
- ■ Awareness raising campaigns; and
- ■ Trust building activities.

CASE STUDY: DEDICATED GRIEVANCE MANAGER

"An effective alternative brand grievance mechanism involves transparency and collaboration at the local level. For our alternative mechanism, we have a local corporate social responsibility manager who manages the grievances. When factory workers use our mechanism, the notification goes to HQ and then we forward it to our local CSR manager. She then goes through the process of reaching out to the complainant, developing rapport and building trust, and determining if the complainant will provide ongoing information and corroboration. We work on these together on a case-by-case basis. Having that local expertise is essential because she understands the local context in a way that I don't, and I'm reliant on her cultural expertise. Additionally, she visits contract factories and assists them in creating more effective grievance mechanisms."

– FLA PARTICIPATING COMPANY, CSR MANAGER

A company's factory audit should assess if workers, supervisors, and managers receive grievance mechanisms trainings and refreshers, and measure their frequency. The audit should also evaluate the training effectiveness through interviews that assess worker and management knowledge of the mechanisms. Worker surveys can provide additional insights on workers' knowledge, understanding, and awareness levels (see **Audit Challenges and Best Practices** and **Audit Tool**).

Supplier summits are an ideal opportunity for companies to support suppliers on effective grievance mechanisms. Companies can communicate their expectations, deliver additional training, encourage peer sharing, and provide guidance, tools, and best practices. This is also an opportunity to test supplier knowledge through case studies, which help identify which suppliers have underdeveloped grievance mechanisms and require additional capacity building. In shared facilities, companies can split the cost of these meetings, tools, and trainings and work together on capacity building efforts (see **Common**

FROM THE FIELD: SEPARATE AUDITS FROM TRAINING

"I traveled with a colleague from Haiti to train our new Haitian contractors on grievance mechanisms while also doing an audit. This backfired because we didn't separate the training from the audit and they thought of us as policing them, which wasn't the right mindset for the training. We learned that we should have done a separate trip so it would have been a conducive training, and they would have had an open mind instead of their guard up."

— FLA PARTICIPATING COMPANY, VP OF CSR

Challenges and Best Practices, section "Best Practices", header "Collaboration").

4.2 Audit challenges and best practices

Audits are an essential part of a social compliance program, but they can fall short when measuring the effectiveness of grievance mechanisms. For many companies, audits are the primary method used to evaluate grievance mechanisms. To ensure that the effectiveness of grievance mechanisms is accurately measured, it is critical to understand:

- Common audit challenges;
- Audit best practices; and
- Additional tools to supplement or complement audits.

> "The audit tool is just a tool. A tool in the hands of someone who has the right mindset can be very effective. An audit tool used by a brand with a 'tick the box' mindset is not."
>
> **— FLA PARTICIPATING COMPANY, CSR MANAGER**

■ Common audit challenges

The most common audit challenges that can lead to inaccurate evaluations of grievance mechanisms are:

Limited time: Typically, only a small amount of the time (one-day or two-day factory audits) is devoted to grievance mechanisms due to the breadth of topics covered. Often, auditors may spend only 20 minutes on grievance mechanisms, which is insufficient to fully evaluate the performance and effectiveness of the various mechanisms.

Quality variance: Differences in audit quality can lead to some audits being more effective than others. Two key elements that lead to these differences are:

- **Audit tool components, which include**:
  - A focus on management systems (which are more likely to address root causes of labor standards issues);
  - The comprehensiveness of coverage;
  - The number of worker interviews; and
  - The design of worker interview questions.

- **The auditor's ability to**:
  - Develop rapport and gain worker trust rapidly for worker interviews;
  - Identify when management has coached workers;
  - Interpret answers in real-time during worker interviews and ask new questions based on workers' answers;
  - Review records and documentation thoroughly; and
  - Know the key indicators to focus on during the factory walkthrough.

Brand review and follow-through of audits: Differences in audit quality can lead to some audits being more effective than others. Two key elements that lead to these differences are:

- **The auditor** providing direct and additional feedback; and
- **The supplier** discussing and collaborating on remediation plans and updates to grievance policies, procedures and training.

FROM THE FIELD: AUDIT TIME CONSTRAINTS

"In a one- or two-day audit, you cannot have a good, full understanding of how the grievance mechanisms are working. Typically, only 20-30 minutes are spent on grievance mechanisms in audits. Auditors go through the documents and ask management a few questions. With worker interviews, you need to make sure they feel comfortable and build up their trust. It's really hard to build that in a short amount of time. It would make a huge difference to have a supplemental audit, or half-day focused only on grievance mechanisms. If I had a half-day focused on grievance mechanisms and a tool to guide me through it, then the report I could develop would be much better and more accurate than a typical audit."

— INTERNAL AUDITOR

FROM THE FIELD: UPDATING GRIEVANCE POLICY AND PROCEDURES

"I've seen companies that would track the grievances, but not adjust their policy, procedures, and training accordingly. Without doing this, the same issues are going to persist. Remember "PDCA" as a management system too: Plan. Do. Check. Act. How often do you go back and make changes, such as adjusting the job descriptions of those who have responsibilities in the grievance process? Ticking the box and taking pictures doesn't help. How did you get it to work? What did you find? How are you going to remedy it? Is there a symptom you're overlooking?"

– EXTERNAL AUDITOR

■ Audit best practices

Best practices for audits that effectively evaluate grievance mechanisms include:

- Conduct due diligence on an auditor's experience and background and choose auditors based on the outcome. Consider evaluating their:
  - Number of years in the field;
  - Number of audits conducted;
  - Types of audits conducted;
  - Regions where audits have been conducted;
  - Language abilities;
  - Familiarity with local and cultural context; and
  - Soft skills and communication style.
- Create a process that enables the brand to shadow auditors to ensure they correctly use the audit tool.
- Create a process to evaluate auditor performance.

- Review and update your audit tool, including:

  - Benchmarking your audit tool against others and share and discuss with peers; and

  - Conducting regular one-on-one meetings with your auditors/service providers to get feedback and insights on grievance patterns and trends as well as how to improve your tool.

- Ensure the audit methodology includes:

  - The ability to test grievance mechanisms during audits; and

  - A review mechanism to ensure that internal auditors are not biased (i.e. relationship-based factors).

The audit tool should contain components that will assess:

- The grievance policy and procedures, which includes multiple grievance channels and policies on non-retaliation and confidentiality, including:

  - If and how the policy and procedures are reviewed and updated, how often, and whether worker and union feedback is incorporated into this process; and

  - Whether it is functioning and effective, with:

    - ✔ At least one confidential and anonymous reporting channel;
    - ✔ At least one channel that includes a union and/or worker representative structure; and
    - ✔ Reporting channels available in the languages spoken by the workers;

- How grievances are tracked, documented, and managed, including an assessment of managers' and/or supervisors' capacity to manage and address worker grievances;

- How factory management establishes clear accountability for the person(s) responsible for handling grievances;

- If the grievance procedures have clearly defined timelines for the actions to be taken;

- How workers, supervisors, and managers are trained on the grievance mechanisms (with annual refresher training), and the effectiveness of this training;

- If and how resolutions are communicated to the general workforce;

- Workers' understanding of the available grievance mechanisms and examples of resolutions they have experienced or are aware of;

- If workers have grievances that they have not communicated to management;

- If workers are integrated in the evaluation and decision-making process; and

- How workers are safeguarded against retaliation.

Conduct periodic, supplemental audits focused solely on grievance mechanisms or, for companies that use a third-party auditor/service provider, add a more robust supplemental section that goes beyond the third-party auditor's standard tool (see **Audit Tool** for a detailed Excel grievance mechanism audit tool outline).

Brands should ask factories questions about their management systems, such as:

- How did you address the issue?

- How did you repair it?

- What resources did you use?
- Do you track grievances?
- What metrics do you measure? How often? Where?
- Do you conduct training?
- What did you teach during the training?
- Did you train the supervisor on how to react when they are approached with an issue?

4.3 Audit tool

This audit tool provides FLA companies with a list of questions that can be added to FLA's Sustainable Compliance (SCI) Methodology Questionnaire and support the verification process of Principle 6: Functioning Grievance Mechanisms. This tool can be used to strengthen and improve social compliance audits or to conduct a stand-alone grievance mechanisms audit.

FLA Grievance Mechanisms Audit Tool

This sample audit tool provides FLA affiliates with a list of questions that can be used to help implement Principle 6: Functioning Grievance Mechanisms. This tool, a more comprehensive version based on the FLA's Sustainable Compliance methodology (SCI) Questionnaire, can be used to strengthen and improve social compliance audits or to conduct a stand-alone grievance mechanisms audit. This robust version would require additional audit time. Please keep in mind that audit effectiveness depends on both the tool and the auditor; therefore, auditors should receive training on effective and functioning grievance mechanisms to ensure proper assessment and identification of grievance process violations. Using this tool does not guarantee full implementation of Principle 6, especially if auditors are not properly trained.

		FLA Compliance Benchmark Reference	FLA Principle Benchmark Reference
Topic	**Policies: General**		
Question	Does the factory have a written policy for its grievance mechanisms?		6.1
	Yes, there is a written policy.		
	There is no written policy. However, some documents or systems exist.	ER.17	
	No	ER.17	
Question	Does the written policy or relevant documents include the following?		6.1
	Factory's principles and rules in relation to the grievance mechanisms		
	Compliance with the local law (if any) / FLA standards		
	A statement that the policy applies to all levels and positions within the factory, including workers, supervisors, and managers		
	Commitment to transparency		
	Commitment to fair treatment and non-discrimination		
	Commitment to confidentiality when receiving and acting upon grievances or complaints		
	Commitment to non-retaliation when receiving and acting upon grievances or complaints		
Question	Is the grievance policy made available in all workers' native languages?		
	Yes		
	No		
Topic	**Procedures: General**		
Question	Select all grievance mechanisms that are available to workers.		6.1
	Open-door policy		
	Physical grievance box (often known as a suggestion box)		
	Digital grievance box		
	Phone / Hotline		
	Website / Email address		
	SMS text messaging or instant message		
	Face-to-face supervisor meetings / Informal convenings with management		
	Worker roundtables or formal convenings with management		
	Union or worker committee		
	Whistleblower hotline		
	Direct channel to HR top management		
	Direct channel to the general manager		
	Direct channel to the supplier group		
Question	Does the factory have written grievance procedures for all of the selected mechanisms?		6.1
	Yes, all mechanisms have written procedures.		
	Only some have written procedures.		
	No	ER.17	

FLA members and affiliates can download the Grievance Mechanisms Audit Tool on **MyFLA** in the Resource Library, under "Issue Areas > Grievance Mechanisms."

4.4 Tools beyond audits to measure effectiveness

There are additional tools beyond audits that can assess grievance mechanism effectiveness. Consider using the following tools in this section to complement your audit.

GRIEVANCE MECHANISM STANDARDS

Be aware that a worker satisfaction survey is neither a grievance mechanism nor an effective way to measure functioning grievance mechanisms.

Measuring only the number of grievances does not tell you the full story. It does not tell you what types of issues are occurring, the severity levels, the results, how many cases were resolved, or if they were resolved in a timely manner. Additionally, a decrease in the number of grievances filed does not necessarily mean that things at the factory have gotten better; it may mean that the workers have lost trust in the grievance mechanisms and no longer use them.

WORKER SURVEYS

Workers can be surveyed to evaluate their understanding and trust in the available grievance mechanisms, as well as the effectiveness of grievance mechanisms training. Surveys can collect feedback from a larger number of workers than an auditor is capable of interviewing during a standard audit and are particularly useful in cases where factory management may have interfered with workers' ability to speak freely during audit interviews. Surveys can be developed and conducted by the company, the supplier, or jointly. Whoever is responsible for the survey, it is crucial to ensure it is done anonymously to gain an authentic reflection of the facility's situation. Online surveys can be used, and we recommend they be completed outside of the workplace, if possible, away from any threats of retaliation. It is important that the survey is provided in workers' local languages and considers workers' literacy rates.

Worker anonymity: While worker surveys are best conducted anonymously to prevent risks of retaliation against workers, this is not always possible. When worker surveys are conducted online, surveyors should be aware that technology may not be secure, and anonymity may not be guaranteed. In some countries anonymity is not allowed. Worker survey technology often is not audited to ensure messages are encrypted. Surveyors should do their best to protect the privacy and safety of workers they are surveying, by taking actions like partnering with trusted local civil society organizations and unions, using secure data collection methods when possible (encrypted online platforms or paper surveys), and assigning pseudonyms or random codes to participants. Voluntary participation should be emphasized, and surveyors must comply with local legal and ethical standards.

WORKER INTERVIEWS

Although workers are usually interviewed as part of a factory audit, it is useful to interview workers outside of the audit process to evaluate their understanding of grievance mechanisms and obtain their feedback on their effectiveness. It is essential to emphasize that the workers will not be retaliated against for what they say in the interviews. Following the interview, the interviewer should provide the worker with a way to contact either them or the company directly with any additional grievances. If

additional worker interviews are not feasible, schedule a debrief with the auditor to better understand audit findings with a particular focus on the worker interviews.

Ensure the interviewer has adequate training and experience. Consider hiring expert auditors as consultants to conduct additional interviews. Consider holding interviews outside the factory in an environment that workers are comfortable in and trust.

DATA ANALYSIS

It is important to spend time carefully and thoughtfully setting up your grievance management tool and to identify all the specific data categories that you want to collect for each grievance. Analyzing that data will provide insights into the effectiveness of the grievance mechanisms. Your grievance management tool should have useful data such as the number and types of grievances filed, frequency of submission, average response time, and types of resolution. When analyzed, that data can identify trends, patterns, and gaps. Examples include:

> "One of the best ways to evaluate effectiveness is to evaluate the knowledge of the employees. Ask the employee, 'What do you do if this happens to you?' and see if they know the answer."
>
> —FLA PARTICIPATING COMPANY, VP OF CSR

- **Trends**: A common grievance type that recurs every year and is submitted by multiple workers, indicating that the root cause has not been addressed.
- **Patterns**: The number of grievances submitted increases by X% over X amount of time after every training, indicating worker comprehension of the training; when the number of grievances submitted drops substantially, a refresher training may be needed.
- **Gaps**: X% of grievances are not resolved within the allotted timeline, potentially contributing to worker mistrust.

This information gives your company important insights about what needs to be addressed to improve the grievance mechanisms, policy, and procedures.

REGULAR TESTING OF GRIEVANCE MECHANISM CHANNELS

Schedule a regular test of your grievance mechanism channels to ensure they are all functioning. This testing is especially important for channels that are:

- Dependent on technology;
- Dependent on a third-party provider; and
- Available in multiple languages.

When the factory's grievance mechanism is dependent on technology, the testing should include ensuring that the factory is up to date with the latest technology.

4.5 Checklist for low or no grievances

Companies need a confidential and direct grievance mechanism that can be accessed by all workers from contracted supplier factories. This alternative brand grievance mechanism allows workers to have their grievances heard if a factory's internal grievance mechanisms do not work properly.

Many companies report no, or a low number, of grievances filed through this channel, which may lead the company to conclude that their contract factories have effective and functioning grievance mechanisms. However, this does not mean that the workers are not having issues. The most common reasons why there is a lack of grievances submitted to the brand include:

- ☐ Failure to adequately inform and train workers on when and how to use the alternative brand grievance mechanism and for what type of grievances.

- ☐ Improper handling of reported grievances, including a lack of responsiveness, improper disciplinary decisions, a lack of data and privacy protection, and retaliation that leads to workers' mistrust of the system.

If you are experiencing a low rate of or no grievances, use the checklists below to reflect on potential reasons why.

COMPANY PROCESSES

- ☐ Do you respond to all grievances submitted?
- ☐ Do you follow up on all submitted grievances in a timely manner?
- ☐ Do you have sufficient staff and resources to manage the mechanism (e.g., staff with the cultural knowledge and linguistic ability to manage all submissions, or a third party that assists with any part of receiving, sorting, and processing grievances)?
- ☐ Do you receive most of your grievances from certain regions or specific factories?
- ☐ Have you investigated why some regions or factories receive no or fewer grievances than others?
- ☐ Are grievances handled confidentially and are the workers' data and privacy being protected adequately?

> ✎ Brands should include non-retaliation in their supplier scorecard to incentivize factories to adopt a zero-tolerance policy on retaliation against workers who report grievances.

ORGANIZATIONAL CULTURE IN FACTORIES

- ☐ Have you evaluated if mid-level managers, supervisors, line leads, or informal leaders on the factory floor encourage workers to raise grievances?
- ☐ Have you evaluated if mid-level managers, supervisors, line leads, or informal leaders on the factory floor discourage workers to raise grievances?
- ☐ Are workers afraid that their grievances may not remain confidential when using the alternative brand grievance mechanism?
- ☐ Are workers afraid of retaliation from the factory for reporting grievances through the alternative brand grievance mechanism?
- ☐ Have there been instances of retaliation or penalties against workers who have submitted grievances?

USABILITY

- [ ] Have you created an alternative brand grievance mechanism that is usable from a worker perspective?
- [ ] Do the workers have the skills to use the alternative brand grievance mechanism? (e.g., literacy and technological know-how)?
- [ ] Is the mechanism available in the workers' local language(s)?
- [ ] Have you ensured that those who receive and respond to grievances speak the local language(s) and understand the general cultural context?
- [ ] Have you consulted workers to assess if the alternative brand grievance mechanism is reasonable and understandable to them?
- [ ] Do workers understand when to submit grievances through the alternative brand mechanism versus the factory mechanisms?
- [ ] Do workers know how and when they can expect a complaint filed through an alternative brand grievance mechanism to be resolved?
- [ ] Do you test the alternative brand grievance mechanism regularly to ensure it is functioning as expected? How do you test it?

> "Brands don't often say 'Use our grievance mechanism.' They say, 'Here's an email address you can send a message to,' which is really vague and unknown to a worker."
>
> **– EXTERNAL AUDITOR**

COMPANY ENGAGEMENT AT FACTORIES

- [ ] How often do you visit factories?
- [ ] Have workers seen brand representatives visit the factory? Do representatives interact with workers?
- [ ] Have you conducted any activities to build trust with workers?
- [ ] Do workers trust the brand to take their concerns seriously?
- [ ] Do union or other worker representative leaders have a relationship with your brand?
- [ ] Have you consulted with workers on their experiences with the alternative brand grievance mechanism?

COMMUNICATION, AWARENESS-RAISING, AND TRAINING

- [ ] Have you communicated, shared information, and trained factory workers on the alternative brand grievance mechanism, including when and how to use it? Was this communicated in their local language?
- [ ] Is information about the alternative mechanism shared in more than one way (e.g., codes of conduct, business cards, or trainings)?
- [ ] Do you provide tools for suppliers in vendor handbooks/manuals for worker guidance on how to use the alternative brand grievance mechanism?
- [ ] Are communication, information, and training customized by country or with the cultural context in mind (e.g., cultural norms and expectations such as: willingness to ask questions, challenge authority, voice concerns, and general learning style)?
- [ ] Have you measured the effectiveness of your communication to workers or behavioral changes after any trainings you may have conducted?
- [ ] Have you communicated with factory management about the alternative brand grievance mechanism?
- [ ] Do you include training and education on the alternative mechanism at production and planning meetings or supplier summits?

- [ ] Is your company transparent and in communication with factory management during your grievance process?
- [ ] Do you share information with both workers and factory management, when appropriate, about the grievances that impact the larger workforce?

AUDITING AND CONSULTATION

- [ ] Does your audit assess if workers are aware of the alternative brand grievance mechanism?
- [ ] Does your audit determine if workers understand how to use the alternative brand grievance mechanism, if they trust it, and if they know the difference between brand and factory mechanisms?
- [ ] Have you consulted with local CSOs to determine what challenges workers may have with the alternative brand grievance mechanism?

BRANDS WITH OWNED FACTORIES

- [ ] Do the brand headquarters evaluate the handling of factory-level grievance mechanisms and their effectiveness (e.g., annual surveys, worker interviews, or grievance mechanism focused audits)?

EXPECTED GRIEVANCE SUBMISSIONS

- [ ] Are you aware of the expected pattern and relationship between procedural action on the alternative grievance mechanism and the number of grievances submitted (see expected timeline pattern below)?
- [ ] Have you implemented all the training and actions shown on the graphic?
- [ ] Do you track the number of grievances submitted over time and correlate them to trainings on your company's alternative grievance mechanism?

Companies should expect the following trend of reported grievances in the alternative brand grievance mechanism once the workers have been trained:
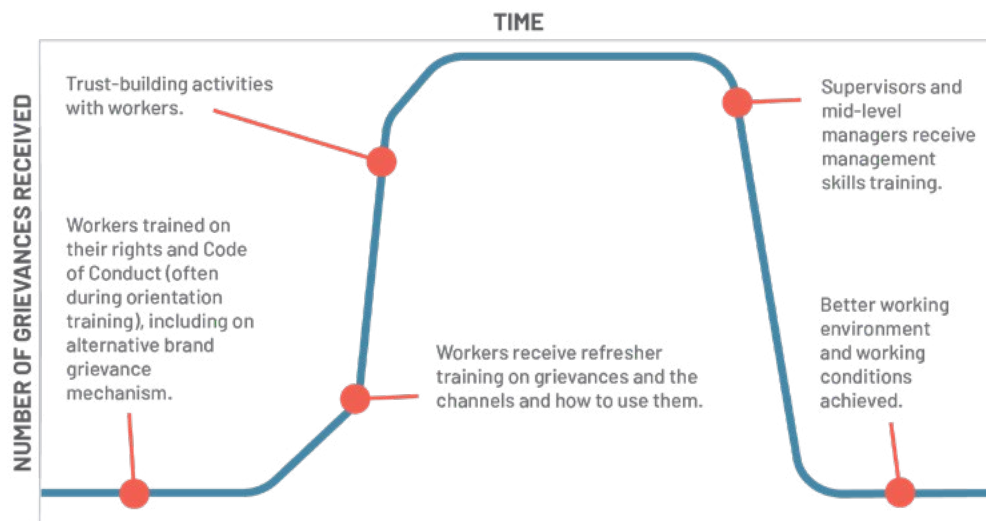
If you have owned factories that are not receiving grievances, see the **No Grievances Checklist**.