



RIGHTS AND WELLBEING AT WORK

Company-Worker Relations

A GETTING STARTED GUIDE

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ABOUT THIS SERIES

This guide is part of our series of Getting Started Guides that supports your company to develop an [embedded sustainability strategy](#). Each guide tackles a specific sustainability sub-issue and explores what your company needs to do to support the resilience of the environmental and social systems around you.

In each guide, we address relevant trends, system thresholds, key concepts, key actors, and key resources. We also offer guidance on how to address the impacts of decisions and activities in your operations and value chains as well as developing credible goals and outlining key corporate actions and internal targets that can help to provide clarity on the work ahead.

We recommend you read the first guide in the series, [Getting Started Guides: An Introduction](#), which explains our overall approach and the value of setting a clear strategy anchored in your company's most material issues. It also explains how you can leverage process-based interim targets

to clearly outline and track the specific actions that your company needs to take to achieve its high-level goals.

A complete list of focus areas and sub-issues can be found in our guide [Scan: A Comprehensive List of Sustainability Issues for Companies](#).

This guidebook addresses **Company-Worker Relations**, which is part of the broader sustainability issue topic of Rights and Wellbeing at Work.

To address the broad topic of Rights and Wellbeing at Work, we have separated out sub-issues into separate guides, so that we can address them in depth. The table on the next page provides a brief overview of our guides related to Rights and Wellbeing at Work and the key topics each guide covers. For specific information and guidance related to any of the key topics, please refer to the appropriate guide.

GUIDE	KEY TOPICS COVERED
<u>Human Dignity and Integrity (Tackling Modern Slavery): A Getting Started Guide</u>	Freedom from torture, cruel, inhuman, or degrading treatment, or punishment; Freedom from violence or exploitation; Freedom from child labour, forced or compulsory labour, debt bondage, prison labour, or other forms of modern slavery; No human trafficking; No deceptive recruiting practices
<u>Safe and Healthy Working Conditions: A Getting Started Guide</u>	Right to safe and healthy conditions of work; Right to refuse unsafe work; Occupational hygiene; Occupational health and safety; Appropriate and safe work from home; Natural lighting and airflow; Climate-related health and safety impacts
<u>Fair Compensation: A Getting Started Guide</u>	Fair compensation; In-work poverty; Family living wage/income; Equal pay for equal work; Eliminating pay disparities; Predictable payment timing; Useable/regionally appropriate currencies; Fair compensation in piecework jobs
<u>Company-Worker Relations: A Getting Started Guide (you are here)</u>	Respectfully engaging with workers; Freedom of association; Right to collective bargaining; Avoiding protracted negotiations; Psychological safety; Effective social dialogue; Regular, timely, and transparent worker communications; Worker surveys and other input and feedback tools; Works councils; Accessible and transparent worker grievance mechanisms; Whistleblower channels
<u>Respectful, Equitable, and Inclusive Workplace: A Getting Started Guide</u>	Workplace culture; Freedom from bullying, harassment, humiliation, and intimidation; Diversity, equity, and inclusion (DEI/EDI); or inclusion, diversity, equity, and accessibility (IDEA); or justice, equity, diversity, and inclusion (JEDI); or diversity, equity, inclusion, and belonging (DEIB), and other acronyms; Freedom from discrimination; Freedom of opinion and expression; Freedom of thought, conscience, and religion; Right to privacy; Respect for group rights (such as the rights of Indigenous Peoples); Cultural leave; Respect for protections for persons with disabilities, children, women and girls, persons belonging to national or ethnic, religious, and linguistic minorities, migrant workers, LGTBQIA2S+, older workers, and other groups; Workforce representative of broader society
<u>Workforce Planning and Employee Development: A Getting Started Guide</u>	Workforce planning; Avoiding precarious employment; Responsible retrenchment; Employee lifecycle aligned with sustainability; Feedback and performance management; Career planning; Opportunities for capacity building and personal development; Upskilling and reskilling; Building sustainability-related competencies
<u>Worker Wellbeing: A Getting Started Guide</u>	Good health and wellbeing; Supporting work-life balance; Right to reasonable working hour limitations; Predictable work hours; Right to paid time off; Compassionate leave; Maternity and parental benefits; Elder or child care leave; Access to child care; Health promotion; Access to leisure and exercise; Accessible design; Healthy and culturally appropriate nutrition; Health and injury insurance and other health benefits; Reintegration support; Retirement benefits to support long term financial wellbeing

1

SETTING THE STAGE – ENSURING A RESPECTFUL RELATIONSHIP WITH WORKERS

Maintaining good company-worker relations provides clear business benefits. When your employees feel valued and respected, it improves morale and increases engagement, productivity, and innovation. Good worker relations also help your business to recruit and retain talent.

Company-worker relationships include a variety of activities. How your organisation values its relationship with workers, how it communicates with employees, the channels it uses, the messages it sends, and the opportunities it offers for employees to provide feedback all play a part in supporting strong company-worker relationships. Broadly, companies need to enable effective [social dialogue](#) within their operations and their value chain. This includes ensuring regular, timely, and transparent communications and information exchange with workers as well as creating opportunities for worker feedback to deepen your understanding of key issues and underlying worker needs. Supporting workers' freedom of association and right to collective bargaining and negotiating in good faith with workers underpins this relationship.

It is also important that employees feel safe to speak up about major issues or concerns. Companies will need to build psychological safety

in the workplace to empower workers to speak up and engage in social dialogue and feedback channels without fear. They will also need to develop accessible and transparent grievance mechanisms, aligned with the requirements in the UN Guiding Principles (UNGPs), and whistleblower channels that provide a clear and transparent process for receiving, evaluating, and addressing significant issues within the workplace.

Overall, fostering a culture that prioritises regular, timely, transparent, and clear communication, open dialogue, and psychological safety is key to building trust. Workers should have access to a range of input and feedback mechanisms, including effective grievance mechanisms. Companies also need to ensure respect for workers' rights to freedom of association and collective bargaining, including respecting the rights of labour unions and other associations to elect representatives and organise. Workers should have the right to freely join or form unions, and worker representatives should not be discriminated against for their role. In countries where workers' right to organise is restricted or limited under law, companies should promote, and not hinder, alternative means of association for workers that ensures an environment free of violence, pressure, fear, and threats.

Note: Sustainability issues are generally systemic issues, because they are deeply interconnected and rooted in complex environmental, social, and economic systems. In these guides, a system threshold is defined as the point at which the resilience of an environmental, social, or economic system becomes compromised. This occurs when the total impacts imposed on the system exceed its capacity to assimilate those impacts.

SYSTEM THRESHOLD

Ineffective and poorly constructed communication erodes trust within the workplace. Companies need to foster a culture of open dialogue to build and maintain a positive relationship with workers. Furthermore, freedom of association and the right to collective bargaining are fundamental principles and rights at work. They are an integral part of protecting workers from human rights abuses and ensuring decent work. Employers should not prevent or interfere with workers' right to organise, and should not harass or intimidate individuals engaging with these rights. Companies cannot continue to violate or restrict workers' freedom of association and right to collective bargaining for organisational interests, and must ensure that policies and processes do not hinder the realisation of these rights.

KEY TOPICS ASSOCIATED WITH COMPANY-WORKER RELATIONS

- Respectfully engaging with workers
- Freedom of association
- Right to collective bargaining
- Avoiding protracted negotiations
- Effective social dialogue
- Regular, timely, and transparent worker communications
- Worker surveys and other input and feedback tools
- Works councils
- Accessible and transparent worker grievance mechanisms
- Whistleblower channels
- Psychological safety

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KEY CONCEPTS IN COMPANY-WORKER RELATIONS

UNDERSTANDING THE ROLE OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Workers can often face an imbalance of power in their individual negotiations with employers. Freedom of association supports the right of employees to meaningfully associate in the pursuit of collective workplace goals, which includes a right to collective bargaining. These rights are an integral part of protecting workers from human rights and labour rights abuses, ensuring decent work, promoting effective social dialogue, and building strong company-worker relationships.

Freedom of association and the right to collective bargaining are a part of the [International Labour Organization's \(ILO\) Declaration on Fundamental Principles and Rights at Work](#). They are critical enabling rights – they underpin the realisation of other fundamental principles and rights at work by empowering the voices of workers. For example, freedom of association is a key factor in addressing human rights abuses and supporting fair compensation as it enables workers to collectively defend themselves and bargain for better working conditions. As the [ILO states](#), freedom of association “is an integral part of a free and open society.”

As outlined in the [ILO's Freedom of Association and Protection of the Right to Organise Convention](#), freedom of association and the right to organise protects three types of activities:

1. Meeting and joining with others to form a group or association of their own choosing without prior authorisation and without interference
2. Joining with others to pursue rights or freedoms
3. Joining with others to bargain, negotiate, and match the strength of more powerful groups of people (such as workers joining together to engage in collective bargaining with employers, and unions forming or joining federations and confederations)

The right to [collective bargaining](#) is interconnected with, and an essential element of, the realisation of freedom of association. The UN Global Compact (UNGC) defines collective bargaining as “a voluntary process through which employers and workers discuss and negotiate their relations, in particular terms and conditions of work. It can involve employers directly (or as represented through their organizations) and trade unions or, in their absence, representatives freely designated by the workers.”

While these rights are enshrined in international law, respect for freedom of association and collective bargaining still faces challenges in many countries around the world. [The International Trade Union Confederation's \(ITUC\) Global Rights Index 2024](#) found that 8 out of 10 countries denied workers the right to collective bargaining, 49% of countries arrested or detained trade union members, and 74% of countries impeded the registration of trade unions.



Adapted from: [ITUC Global Rights Index 2024](#)

Certain groups of workers also face additional barriers to exercising their rights to organise in many jurisdictions. Countries that legally recognise freedom of association and collective bargaining as fundamental rights at work will often continue to impose [restrictions](#) on “certain categories of workers, such as migrant workers [...], domestic workers [...], workers in export processing zones (EPZs) [...], workers in the public service [...], agricultural workers [...], or workers in the informal economy.” As the [ILO notes](#), such limitations are “are not compatible with the realization of [the] principle and right.”

Regardless of the legal status of the right, many workers around the world continue to face barriers such as intimidation, informal restrictions, and union busting or union-avoidant business practices. The [Economic Policy Institute](#) estimates that, in the United States alone, employers spend more than \$400 million per year on ‘union avoidance’ consultants.

Beyond a lack of binding global protections, freedom of association and collective bargaining also faces [additional threats](#). Companies lack robust strategies to effectively address and tackle violations of these rights in their supply chains. Many companies rely on complex supply chains; therefore, they do not own their production locations and do not directly employ many of the workers most vulnerable to rights violations. This means they often cannot negotiate directly with workers and must

rely on supply chain partners to ensure effective social dialogue and respect for labour rights. In an increasingly global world where “[workers’ rights are viewed as barriers to trade and profitability](#),” suppliers are often disincentivised from committing to upholding labour rights.

Restricting freedom of association and the right to collective bargaining can [pose various risks to businesses](#). For companies that operate in regions where the right to organise is enshrined in law, violations pose legal and operational risks. As public awareness and engagement on workers’ freedom of association and right to collective bargaining increases, companies that fail to meet their obligations can also face significant reputational and financial risks as consumers and investors react to rising public scrutiny of company practices.

Whereas, supporting workers’ freedom of association and right to collective bargaining offers various benefits to businesses. An [ILO report](#) found that collective bargaining [makes](#) “an important contribution to the inclusive and effective governance of work, with positive effects on stability, equality, compliance and the resilience of enterprises and labour markets” around the world. Supporting respect for these rights can also [foster good relationships with workers](#) that can strengthen employee engagement, reduce turnover, and result in higher productivity and performance.

UNDERSTANDING PSYCHOLOGICAL SAFETY

Psychological safety underpins the relationships that exist within all companies, whether between team members or across the organisation. Broadly, it [refers to](#) the “belief that one can speak up without risk of punishment or humiliation” and [that workers](#) “feel confident that no one [... in the company] will embarrass or punish anyone else for admitting a mistake, asking a question, or offering a new idea.” It reduces interpersonal fears, encouraging employees to embrace the discomfort that often rises when speaking up in the workplace and share concerns or openly provide feedback without fear of being punished or perceived in a negative light.

Psychological safety is ultimately about open dialogue within an organisation. Workplaces with low psychological safety are less likely to utilise mechanisms for feedback, grievances, and social dialogue as workers hesitate or second-guess their ability to engage with them in candour.

Understanding the psychological contract between employees and your company can also be key to building out this idea of psychological safety. The [psychological contract is](#) “a mental model or system of beliefs regarding perceived obligations between employees and employers. For instance, a worker may believe that the organization is obligated to provide a safe working environment, support, and developmental opportunities in exchange for their hard work, commitment, and dedication to the organization. The psychological contract influences workers’ perceptions, attitudes, and behaviors in the employee-employer relationship, and therefore, offers a useful framework to study employment dynamics.”

Your company will need to build psychological safety as a foundational part of your organisation to ensure that your efforts to build relationships and solicit feedback are effective. Psychological safety is not something that is static - this will need to be a continuous process to ensure that different components and relationships continue to foster psychological safety for workers.

BUILDING EFFECTIVE GRIEVANCE MECHANISMS

Establishing a grievance mechanism is a key component of effective company-worker relationships by ensuring employees are able to, and empowered to, raise concerns about serious matters within the workplace.

A [grievance mechanism](#), as defined in the UNGPs, is “a process through which grievances concerning business-related human rights abuse can be raised and an effective remedy can be sought. In practice, it is a formalised process through which the institution deals with a grievance or complaint. It includes the procedures and systems for receiving complaints of any sort and facilitating their resolution. Resolution may include steps to enable complainants to seek remedy.”

Effective grievance mechanisms support the early identification of potential human rights impacts, providing companies with the opportunity to take proactive action before issues escalate or have lasting impacts. The UNGPs outline effectiveness criteria for grievance mechanisms. The table below, summarised from the [UN Environment Programme Finance Initiative](#), combines criteria presented within the work of the [Equator Principles Association](#) and the [UN Human Rights Office of the High Commissioner \(OHCHR\)](#).

GRIEVANCE MECHANISM EFFECTIVENESS CRITERIA

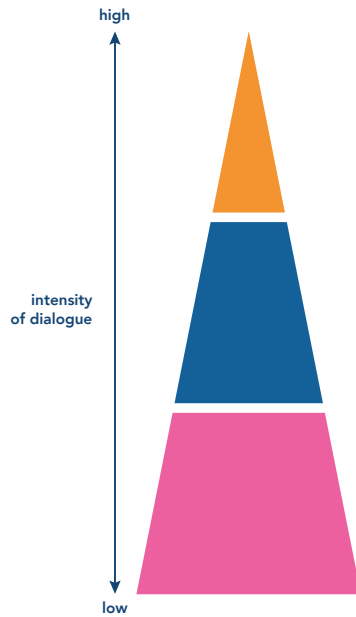
Legitimate	<ul style="list-style-type: none"> • Designed based on engagements with workers • Independent and objective • Tailored to the level and nature of risk • Adequately resourced and supported • Designed and equipped to enable remedy
Accessible	<ul style="list-style-type: none"> • Reduces barriers for use • Considers additional measures for vulnerable workers • Commits to non-retaliation and to the protection of complainants • Implements measures to raise awareness about the mechanism • Does not impede the exercise of any other human rights
Predictable	<ul style="list-style-type: none"> • Offers clear procedures and responsibilities • Provides clear expectations about the process and outcomes
Equitable	<ul style="list-style-type: none"> • Ensures users are able to access and provide relevant information • Establishes a clear escalation procedure • Provides advisory, technical, and financial support
Transparent	<ul style="list-style-type: none"> • Clearly defines eligibility criteria for submissions • Offers regular updates on the status of the complaint • Regularly reports the performance of the grievance mechanism
Rights compatible	<ul style="list-style-type: none"> • Protects and aligns with internationally recognised human rights • Remedies are adequate, effective, prompt, culturally appropriate, and gender-sensitive • Consults affected workers about the remedy and how it is delivered
Continuous improvement	<ul style="list-style-type: none"> • Reviews performance and updates processes to improve effectiveness where needed • Supports identifying patterns or issues to inform policies, procedures or practices in order to prevent future harm
Based on engagement and dialogue	<ul style="list-style-type: none"> • Benefits from engagement with workers • Dialogue is a key means of grievance resolution

Adapted from: [UNEP Finance Initiative](#)

SUPPORTING EFFECTIVE SOCIAL DIALOGUE

Social dialogue is a mechanism for participation and consensus building that supports respectful labour relations. As defined by the ILO, [social dialogue](#) includes “all types of negotiation, consultation or simply exchange of information between, or

among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.” It goes both ways; freedom of association and the right to collective bargaining underpin the process of social dialogue and effective social dialogue underpins the execution of these rights.



Negotiation is the most advanced type of social dialogue. Both parties have equal seats at the table and decide collectively on a policy or topic, ideally resulting in a collective bargaining agreement. Negotiation means that all parties' opinions and demands receive equal consideration in working towards a shared conclusion.

Consultation refers to the process of proactively seeking information from the other party/parties, requesting their input or position on a topic. An example of this would be management holding a meeting with worker representatives to receive feedback on a new workplace policy regarding health and safety in the workplace or engaging workers before making changes to work schedules or routines.

Exchange of information refers to the giving of information from one party to another; it can be formal or informal information sharing. This is seen as the simplest form of social dialogue, which, although not yet a two-way exchange, forms the basis of further dialogue.

Adapted from: [Fair Wear Foundation](#)

PAYING ATTENTION TO YOUR ORGANISATION'S NARRATIVE INFRASTRUCTURE

When people in organisations communicate, they often do it through stories. Stories reinforce and give life to an organisation's identity and values, and they are often invoked to justify decision-making. Stories are critical to building and reinforcing an organisation's identity, values, and relationships and can guide, or constrain, how an organisation sets its strategy and the culture it fosters.

An organisation's [narrative infrastructure](#) is "the collection of ideas, stories, and metaphors that shapes what is considered to be important in an organisation. The people working in your organisation draw on its narrative infrastructure to make judgments about routine decisions quickly and efficiently. While narrative infrastructure speeds up routine decision-making, it also constrains the range of organisational responses. An organisation's narrative infrastructure is made up of a handful of dominant organisational narratives. These can be thought of as the 'big stories' that express the identity, purpose, and/or strategy of the organisation."

This narrative infrastructure builds the underlying context that shapes relationships between the company and its employees. Understanding this infrastructure is a critical piece to support more reciprocal and robust relationships within your organisation. For further information on organisational storytelling, explore the Embedding Project's [Shaping Your Organisation's Narrative Infrastructure: A Guide](#).

Additional terms and definitions:

Trade unions / labour unions: "A workers' organization constituted for the purpose of furthering and defending the interests of workers." [ILO](#)

Workplace committees: 'Workplace committees' or [works councils](#) can also be a very important tool or mechanism for workers to express their concerns or influence workplace policy. These committees are legally mandated in some countries and are often viable and successful ways for workers to engage in workplace dialogue with management. However, they do not offer workers the opportunity to join as a member and be part of that organisation, and their decisions are (usually) not upheld by law." [Fair Wear](#)

3

KEY PLAYERS IN COMPANY-WORKER RELATIONS

[The International Labour Organization \(ILO\)](#) aims to promote social justice and internationally recognised human and labour rights. The ILO [Committee on Freedom of Association](#) is a governing body committee that examines complaints of violations of freedom of association, regardless of if the country where the complaint originates has ratified relevant conventions.

[The International Trade Union Confederation \(ITUC\)](#) aims to promote and defend workers' rights through cooperation as well as global advocacy with global institutions.

[IndustriALL Global Union](#) represents 50 million workers in 140 countries in a range of mining, energy, and manufacturing sectors for better working conditions and trade union rights.

4

COMMITTING TO TAKE ACTION – MID- AND LONG-TERM GOALS

Committing to take action on **Company-Worker Relations** can include addressing many of the key topics listed above. The mid- and long-term commitments that your organisation elects to make should be based on your identified priorities, areas of greatest impact, and your capacity to undertake the work required. It is important to note that this section does not provide all possible mid- and long-

term goals related to this issue, but rather a sample of the goals that were most frequently adopted by companies in our research.

Common mid- and long-term goals and/or commitments on **Company-Worker Relations** include variations of the following:

Long-term commitment: We will establish strong and effective communication channels and proactively engage with employees

- Implement effective grievance mechanisms for workers, aligned with the criteria in the UN Guiding Principles.
- All operational grievance mechanisms for workers address 100% of high-priority complaints within [X] days.
- Establish a whistleblower channel for workers that outlines a clear and transparent process for receiving, evaluating, and addressing issues.
- Establish formal and/or informal mechanisms for input and feedback from employees.
- Build psychological safety in the workplace.
- Build a culture of open communication.

Long-term commitment: We will respect workers' rights to organise, to freedom of association, and to collective bargaining in our operations

- We will respect employees' rights to form and join labour unions, work councils, or other bodies representing collective interests without fear of reprisal, intimidation, violence or harassment.
- We will facilitate, and will not hinder, the development of alternative means for independent and free association for workers in countries where the right to freedom of association and collective bargaining is restricted under law.
- We will strengthen our capacity to assess and prevent risks to freedom of association and collective bargaining.
- We will promote social dialogue to contribute to effective conflict prevention and conflict resolution within our operations.
- We will ensure a fair process for negotiations and avoid protracted negotiations.

Long-term commitment: We will promote respect for workers' rights to organise, to freedom of association, and to collective bargaining in our value chain

- We will require and/or support suppliers to facilitate the development of alternative means for independent and free association for workers in jurisdictions where the right to freedom of association and collective bargaining is restricted under law.
- We will build contractual agreements in ways that enable and, where possible, require key suppliers to respect freedom of association and collective bargaining.
- 100% of Tier 1 suppliers will have implemented a grievance mechanism by 20[XX].

Are you setting new goals or interested in benchmarking your goals against leading practice? To help advance progress in credible corporate sustainability goals, the Embedding Project maintains a public goals database containing leading sustainability goals and commitments set by large companies globally. Explore our [Sustainability Goals Database](#) for more mid- and long-term goals on Company-Worker Relations.

5

HOW TO GET THERE – PROCESS-BASED INTERIM TARGETS

Note: The following proposed timelines are only for guidance and are based on the pace outlined by other companies. The timeframe for actions and work for each step needs to be embedded in your organisational context, which may require different time allocations.

YEAR 1: UNDERSTAND THE RIGHT TO ORGANISE IN THE LOCAL CONTEXTS WHERE YOU OPERATE

Clarify the legal scope of the right to organise in the regions where you operate. If you operate in regions or areas where the right to freedom of association is restricted, aim to understand what alternative means of association are allowed under the fullest extent of the applicable laws. Ideally, much of this work will have already been completed as a part of your organisation's regulatory compliance processes.

YEAR 1: BENCHMARK CURRENT PRACTICES ON WORKERS' RIGHT TO ORGANISE

Review your current policies and processes regarding freedom of association, collective bargaining, and worker representation, including a focus on wording of policies and protections offered to workers. Aim to understand your current narrative and the culture that exists regarding worker representation, whether intentionally built or not, and how it impacts workers' ability to engage with their right to freedom of association and collective bargaining. Use these learnings to benchmark and analyse your organisation's current narrative around these rights against international labour standards and laws.

CASE STUDY: Nestlé's approach to understanding freedom of association and collective bargaining in their operations

To gain a better understanding of the possible risks to freedom of association and collective bargaining within their operations and

employees experiences within the workplace in regards to mechanisms that uphold these rights, [Nestlé – a Swiss multinational food and drink company - has a process-based target to](#) "incorporate questions on social dialogue, benefits of worker organisations/committees and access to grievance mechanisms in [their] employee surveys" by 2025.

YEAR 1: UNDERSTAND YOUR EFFORTS TOWARDS RESPECTFUL ENGAGEMENT WITH WORKERS

Begin by understanding the current perception of psychological safety in your company. Is management aware of, and trained on, the key components of how to build psychological safety in their teams? Is it prioritised within your communications and embedded as a foundational piece of the employee experience? Understanding the current role of psychological safety will look different for each company – use this time to measure where it already interacts within your organisational culture and where there may be room for improvement.

Then, reflect on how you communicate and engage with workers to foster effective information exchange and respectful consultation and negotiation. Ensure that your company's communications with workers are regular, timely, and transparent to foster a good baseline relationship. Seek to understand how you can better design your communications for accessibility

so individuals with a range of abilities can access it without barriers – this should include visual, physical, and audio elements, among others.

Also, build an understanding of your internal narrative and the stories your organisation tells. Use this to explore how relationships between employees and the company are structured, the current culture around open communication, and how it is reinforced by these narratives. This may require building a deeper understanding of employee experiences – further information on listening to employees is outlined in the steps below. You should also assess the effectiveness of current feedback mechanisms, open door policies, works councils, and other means of engaging with workers to better understand how they are perceived by employees as well as their effectiveness and usage.

YEAR 1: ESTABLISH OR STRENGTHEN GRIEVANCE MECHANISMS AND PROTECT THOSE WHO SPEAK UP

Employees should feel safe to speak up about significant issues and concerns. Grievance mechanisms need to build trust by providing predictability and transparency in the complaint process to ensure workers can raise concerns safely and issues are identified as soon as possible. It is important to involve workers in designing the mechanism to ensure it is accessible, equitable, transparent, predictable, and timely. Operational grievance mechanisms should be embedded within the local context, be available in local languages, and align with the processes outlined within the UNGPs. Grievance mechanisms should outline a clear and transparent process for how the company will receive, evaluate, and address issues brought

forward by workers, and there should be a process for employees to provide feedback or share concerns anonymously, if desired, without fear of retaliation or reprisals. Aim to reduce any procedural hurdles that complainants may need to navigate and be sure to implement clear and credible protections against retaliation. Communicate the grievance mechanism and its process in a variety of ways to ensure it reaches all employees.

Create whistleblower channels as a part of your company's feedback process and include a hotline, website, and/or email for employees to use. Whistleblower channels should be routinely communicated to employees, and they should be able to directly contact the senior leader responsible for your whistleblower program, if preferred. To help build trust in the process, take all concerns seriously and address them promptly and fairly. Ensure all whistleblower channels and other mechanisms have non-retaliation measures in place to protect workers.

CASE STUDY: Ontario Securities Commission's Whistleblower Program

The Ontario Securities Commission (OSC) implemented a [whistleblower program](#) to encourage individuals to report concerns regarding serious misconduct. The program policy outlines anonymity and confidentiality for whistleblowers alongside protections from reprisal regardless of whether the information results in action. It also includes a financial incentive depending on eligibility of the information provided, to encourage feedback that can help the organisation uncover critical issues.

Examples of process-based targets for Year 1:

- By 20[XX], we will understand local and international legislation and associated commitments for employers on freedom of association and the right to organise.
- By 20[XX], we will benchmark our current practices, narrative, and culture around workers' ability to exercise their right to organise.
- By 20[XX], we will work to better understand the current state of psychological safety in our workplace.
- By 20[XX], we will benchmark our current communications on [relevant attributes such as accessibility and timeliness].
- By 20[XX], we will work to better understand our culture, including the stories that guide our decision-making and how these factors shape employee experiences.
- By 20[XX], we will co-design and implement an effective operational grievance mechanism for workers at all our operations and/or projects.
- By 20[XX], we will update pre-existing operational grievance mechanisms for workers to improve their effectiveness, where applicable.
- By 20[XX], we will create a whistleblower channel.
- By 20[XX], we will ensure all grievance processes and whistleblower channels have non-retaliation measures in place to protect workers.

YEAR 2: UNDERSTAND ROOT CAUSES AND PRIORITISE AREAS FOR ACTION IN YOUR VALUE CHAIN

For many companies, the majority of their potential impacts on freedom of association and right to collective bargaining will reside within their value chain. Begin by mapping the risks to freedom of association in all countries where you source from, including requirements under national laws in sourcing countries and where these rights may be restricted. Conduct a root cause analysis to understand why and how these risks may manifest within your supply chain. If your company has a robust supply chain grievance mechanism in place, it may also be helpful to track grievances received by direct suppliers related to freedom of association and collective bargaining to understand hotspots and concerns. Prioritise suppliers that your company will engage and support in improving practices, tackling concerns, or addressing risks.

YEAR 2: BUILD PSYCHOLOGICAL SAFETY

The actions taken to build psychological safety will be different for every workplace. Provide

leadership with an understanding of psychological safety and its importance in fostering healthy relationships within your company. Leverage your current understanding of how psychological safety manifests within teams across your organisation to determine best practices and share insights with other functional teams. As Learner Lab notes, “[i]dentifying things people do when they feel safe and then finding ways of encouraging those types of actions is a backdoor way of building psychological safety.” Invite your leadership to model psychological safety – encourage them to be open about asking for feedback or collaboration to help other employees feel more comfortable with engaging in related activities.

YEAR 2: LISTEN TO EMPLOYEES

Create more opportunities for employee voices to be heard such as through formal feedback mechanisms like surveys, committees, or working groups. Where unions, work councils, or joint consultation committees already exist, they can be helpful partners to detect, highlight, and voice workers challenges as they emerge. Informal

options can include townhalls, social networks, and informal feedback, at the water cooler or through open-door policies. Ensure that all opportunities for input are inclusive, accessible, and align with how your employees communicate.

YEAR 2: DEVELOP A POLICY COMMITMENT TO RESPECT THE RIGHT TO ORGANISE

Develop a clear, worker-centred policy on the right to organise. The [Ethical Trading Initiative](#) offers the following example for writing a clear policy statement on freedom of association: “Workers are free to join associations of their own choosing. Managers shall not interfere with workers who wish to lawfully and peacefully associate, organise or bargain collectively. The decision of whether or not to do so should be made solely by the workers.”

Clearly define the scope of the policy, how it will be managed, and who is accountable. Ensure that the policy is communicated to workers and easily accessible. Explore how freedom of association and the right to collective bargaining can influence and be integrated into a range of workplace policies [here](#).

CASE STUDY: Microsoft establishes principles for employee organising and engagement with labour organisations

Recognising changing public expectations for tech companies to engage with workers’ right to organise, [Microsoft](#) – an American multinational technology company – developed and adopted four principles to guide their approach to labour organising in 2022. The principles include:

- We believe in the importance of listening to our employees’ concerns.
- We recognize that employees have a legal right to choose whether to form or join a union.
- We are committed to creative and collaborative approaches with unions when employees wish to exercise their rights and Microsoft is presented with a specific unionization proposal.
- Building on our global labour experiences, we are dedicated to maintaining a close relationship and shared partnership with all our employees, including those represented by a union.

Examples of process-based targets for Year 2:

- By 20[XX], we will map the risks to freedom of association and collective bargaining in the regions and countries we source from.
- By 20[XX], we will seek to understand the root causes of risks to freedom of association and collective bargaining in our supply chain.
- By 20[XX], we will prioritise suppliers for engagement on freedom of association and collective bargaining.
- By 20[XX], we will provide [X] employees with resources and/or training to support psychological safety.
- By 20[XX], we will create formal and informal employee feedback mechanisms.
- By 20[XX], we will develop and implement an annual employee engagement survey to better understand employee experiences.
- By 20[XX], we will develop a clear policy commitment to respect freedom of association and the right to collective bargaining.
- By 20[XX], we will create an engagement plan to communicate our policy to workers.

YEAR 3: DEVELOP A STRATEGY FOR FOSTERING POSITIVE COMPANY-WORKER RELATIONSHIPS

Leverage your learnings to develop a strategy for effective social dialogue. Consider whether there is room for improvement on established feedback mechanisms and processes for responding to worker concerns. Encourage leaders to participate in workforce engagement events to provide opportunities for them to hear and understand employee concerns and sentiments.

Communication strategies and relationships with employees are often highly dependent on your local and organisational context. For organisations working across regions, practices of good communication may be vastly different between worker groups based on differences in culture and styles of communication. Consider whether communication and cultural training could help to bridge gaps and ensure everyone is included within your strategy. Based on your understanding of your internal narratives, explore how you might shift and replace stories that hinder progress on effective social dialogue or employee relations.

CASE STUDY: Teck's approach to communicating across cultures

At Teck's Red Dog Operations in Alaska, cultural differences between the local Iñupiat workers and Western management styles created the potential for miscommunication and other intercultural challenges. In response,

Teck – a Canadian natural resources company – established the “[Communicating Across Cultures](#)” program to support cross-cultural understanding and foster career opportunities and retention of Iñupiat employees. Facilitated by a local community leader and expert, the program educates on local Iñupiat culture and creates space for different cultural expressions. This helps Teck to better understand the challenges its Iñupiat workers face and create a more inclusive operation.

YEAR 3: DEVELOP AN ACTION PLAN TO RESPECT WORKERS' RIGHT TO ORGANISE IN YOUR OPERATIONS

Develop and implement additional non-discrimination practices and/or procedures for individuals engaged in unions and/or union activities. In jurisdictions where freedom of association is restricted or prohibited, companies should consider the promotion of alternative means of association to respect workers' rights to the full extent permitted under the relevant law. Offer workplace training to build an understanding of rights and the skills needed for effective dialogue. If policies and action plans already exist, set timelines to review them to ensure alignment with leading best practices. Take measures to encourage social dialogue within your company to support all types of discussions, consultations, and negotiations between management and workers.

Examples of process-based targets for Year 3:

- By 20[XX], we will develop a strategy for fostering positive company-worker relationships and social dialogue.
- By 20[XX], we will update our communication strategy to address any employees concerns and feedback.
- Annually, leadership will participate in [X] workforce engagement events.
- By 20[XX], we will offer management and leadership training on building a culture of open communication.
- By 20[XX], we will develop an action plan to respect the right to organise in our operations.
- By 20[XX], we will offer workplace training to support a better understanding of the components of the right to organise.
- By 20[XX], we will offer training to build the capacity of management and leadership staff to effectively and respectfully engage with social dialogue and workers' right to organise.
- By 20[XX], we will implement measures that support social dialogue, such as an open-door policy, employee resource groups, and/or other feedback mechanisms.

YEAR 4: EXTEND YOUR LEARNINGS TO YOUR VALUE CHAIN

Consider how your procurement practices and relationships with suppliers can help strengthen their capacity to build strong company-worker relationships and prevent risks related to workers' right to organise. This may include support for the development of their action plan by sharing your learnings from your own journey, capacity building opportunities, or co-funding projects that foster respect for freedom of association and collective bargaining. Build contractual agreements in ways that enable and encourage suppliers to respect freedom of association, and include respect for freedom of association and collective bargaining in your supplier selection criteria. Also consider requirements for suppliers to implement grievance mechanisms for their operations to ensure workers within your value chain have an opportunity to raise issues. Based on the risks in your value chain, you may also elect to put in place your own independent grievance mechanisms as a way for individuals and organisations in your supply chain to raise non-compliance issues. Offer detailed criteria for how suppliers must respect the rights of workers, including prohibiting interference, harassment, or retaliation for union activities or grievances.

CASE STUDY: Reckitt builds effective grievance mechanisms in its supply chain

Understanding that effective grievance mechanisms need to ensure that workers' voices are heard, Reckitt collaborated with the [Oxfam Business Advisory Service](#) to design and implement effective grievance mechanisms for workers within tier one facilities in its supply chain. The project piloted with six key suppliers, helping Reckitt "identify common challenges and pitfalls" present within current supply chain grievance mechanisms. The process also focused on building capacity within the companies' regional teams, ensuring they were equipped with "confidence and a better understanding of the process of engaging workers in developing grievance mechanisms" to support other suppliers moving forward.

The pilot also revealed various insights on effective grievance mechanisms in practice, [highlighting that](#) "worker participation throughout the process from design to implementation is key to building an effective grievance mechanism" and that it is "crucial to empower workers with the skills, knowledge and tools they need to fully participate in the grievance process."

CASE STUDY: Fair Wear Foundation's recommendation for contractual agreements that support freedom of association in the garment industry

Fair Wear's 'Freedom of Association and Collective Bargaining Policy' outlines the expectations of member companies to uphold these rights. To do so, [Fair Wear guides](#) members within the garment industry to "[d]evelop contractual agreements with suppliers in which 1) your brand commits to orders in the long-term (several years or more) to provide the financial stability/predictability needed for workplace dialogue and freedom of association to thrive; 2) suppliers contractually agree to offer all workers stable contracts; and 3) supplier and brand jointly distribute non-interference and non-retaliation letters to the workforce, underscoring workers' right to organise."

CASE STUDY: Acne Studios builds an understanding of risks to freedom of association in their value chain

According to [Fair Wear Foundation's Brand Performance Check](#), "Acne [Studios – a Swedish luxury fashion brand –] has mapped the risks to Freedom of Association in all its sourcing countries and can explain the main risks per country. Based on its risk scoping, the brand has conducted root causes analysis of the risks to freedom of association and social dialogue in China, Romania and Türkiye." Acne Studios has also taken steps to foster respect for freedom of association by organising training on social dialogue for key suppliers.

Examples of process-based targets for Year 4:

- By 20[XX], we will extend our strategy to enable suppliers to build strong company-worker relationships and foster respect for freedom of association and the right to collective bargaining in our value chain.
- By 20[XX], we will determine how to improve our procurement practices to further support suppliers' abilities to respect freedom of association and collective bargaining and foster strong relationships with workers.
- By 20[XX], we will build contractual agreements in ways that enable and, where possible, require tier 1 suppliers to respect freedom of association and collective bargaining.
- By 20[XX], we will create a Supplier Code of Conduct [or other similar standard] that outlines requirements for suppliers to respect workers' freedom of association and right to collective bargaining.
- By 20[XX], we will co-develop supplier action or improvement plans to address any restrictions and/or concerns raised about company-worker relationships, freedom of association, and collective bargaining.
- By 20[XX], we will offer [X] supplier training sessions to build a mutual understanding of freedom of association, collective bargaining, and the importance of social dialogue.
- By 20[XX], [XX]% of our tier-1 suppliers will have implemented an effective grievance mechanism.

GUIDANCE

UNDERSTANDING AND UPLIFTING WORKER VOICES

The [Guiding Principles for Business and Human Rights](#) by the Office of the High Commissioner for Human Rights provides direction for preventing and addressing human rights impacts from your organisation's activities, including how to design a feedback mechanism.

Drawing on extensive research, [Workplace Democracy for the 21st Century](#) discusses traditional and contemporary approaches to worker voice in Canada and beyond.

[This is a great TED Talk for improving your listening skills.](#) Celeste Headlee draws on years of experience in public radio to share ten useful rules for having better conversations.

[Closing the Voice Gap](#) summarises key takeaways and recommendations from the 2022 Ontario Assembly on Workplace Democracy, in which a randomly selected cross-section of Ontario residents learned and deliberated about their experiences voicing concerns at work. Section 32 covers recommendations for what employers can do to support the collective voice of workers.

This article titled '[Throw Out Your Assumptions About Whistleblowing](#)' breaks down assumptions about whistleblowing reports, explaining how companies can better understand and use their whistleblowing systems.

UNDERSTANDING THE RIGHT TO ORGANISE

[Freedom of Association and Development](#) by the ILO will help you to understand freedom of association and the pivotal role it plays in fostering and maintaining sustainable development. The document outlines how respect for freedom of association can contribute to development outcomes by looking at the benefits it provides in four key areas: inclusive economic growth and poverty reduction; a positive business environment; crisis response; and democracy and governance. It also includes case studies that demonstrate the positive effect that freedom of association can have when governments, trade unions, and employers work together.

Informed by decisions from over 3,200 cases related to freedom of association and the protection of trade union rights, this compilation from the [Committee on Freedom of Association](#) will help you to understand the rights and civil liberties of employers' organisations and unions; the rights of workers to establish and join organisations, without authorisation and of their own choosing; to draw up their own rules and elect their own representatives; to engage in collective bargaining and strikes; and more.

[Freedom of Association](#) by UN Global Compact offers an overview of the right, discusses emerging trends, and explores impacts on businesses restricting the realisation of the right. It also covers key definitions, legal instruments, contextual and industry-specific risk factors, due diligence considerations outlined through a 6-step cycle, and case studies.

BUILDING PSYCHOLOGICAL SAFETY

[Better Leadership & Learning: A Guide to Psychological Safety](#) by Learner Lab provides insights into what psychological safety is, why it matters, and how to build it.

[Follow these 4 steps to create psychological safety in your teams](#) offers quick insights on how to begin to build psychological safety in teams across your organisation.

UNDERSTANDING STORYTELLING

Combining research with stories from practitioners working to embed sustainability within their organisations, our [Storytelling for Sustainability](#) guidebook helps you understand what storytelling looks like in practice and reflect on this in the context of your organisation; develop a sense of why stories are important for embedding sustainability; and learn from other practitioners' experiences with storytelling to better plan your own efforts

[Language, Please](#) is a free, living resource that can help you reflect on the deeper meanings and implications of the language used in your business communications. It provides style guidance for six topic categories: borders and populations; class and social standing; disabilities, neurodiversity, and chronic illness; gender and sexuality; mental health, trauma, and substance use; and race and ethnicity.

This [Storytelling in Organizations](#) brief from the Harvard Learning Innovations Laboratory offers insight into how we learn from one another's stories. For practitioners working to embed sustainability, the most insightful part of the brief may be "The Traps of Knowledge Sharing Stories," which explains why stories sometimes fall short of their intended objectives.

IMPLEMENTING GRIEVANCE MECHANISMS FOR WORKERS

[Recommendations for effective operational grievance mechanisms](#) by the Ethical Trading Initiative outlines practical recommendations for buyers and employers on issues to consider when designing, implementing, and reviewing effective workplace grievance mechanisms.

[Worker grievance mechanisms](#) by Ipieca provides a series of practical guidance and tools to develop and implement effective worker grievance mechanisms in workplaces and project sites. It provides examples of good practices from Ipieca members and other industries, and aims to help practitioners more effectively identify, prevent, and mitigate labour rights risks and impacts within projects, operations, and supply chains. While focused on the oil and gas industry, the insights provided can be helpful to a range of industries.

[ITUC legal guide for setting up an operational-level grievance mechanism for the world of work in the context of business and human rights](#) by the ITUC provides an overview of the principles and measures to be considered by businesses and workers' organisations when setting up an operational-level grievance mechanism to provide access to justice and remedy for workers, including workers in supply chains.

SUPPORTING THE RIGHT TO ORGANISE IN OPERATIONS AND SUPPLY CHAINS

[FOA and Worker Representation: Company Guidance](#) by the Ethical Trading Initiative provides guidance to help you implement freedom of association, collective bargaining, and worker presentation. It covers five steps: review and refine policy, assess risk, develop strategy, communicate or remediate, and act to embed.

This collection of resources from the [International Center for Not-for-profit Law \(ICNL\)](#) shows how protecting civic space supports peoples' right to freedom of association. It features over 20 reports, articles, and guides that can help you understand the legal, regulatory, and financial supports needed to support freedom of association. It also provides a list of relevant legal instruments from the UN and regional bodies. Although the ICNL has a civil society focus, the resources provided will also be useful to those addressing human rights issues from within the private sector.

[Respecting Trade Union Rights in Global Value Chains](#) from the Shift Project and FNV Mondiaal provides practical ideas and tools for improving labour conditions in your value chain. It focuses on credibly addressing the fundamental rights of freedom of association and collective bargaining – jointly referred to as union rights. It includes a tool to identify trade union rights risk and includes recommended avenues to address specific risk factors. It also provides eight real world examples demonstrating how other companies have approached the issue. This guidance will be particularly useful to sustainability, procurement and supply chain management, and legal teams.

TOOLS

[ITUC's Global Rights Index 2024](#) can help you assess the risks to freedom of association globally and to identify the highest risk countries and regions. This report looks at specific themes in relation to workers' rights, such as the right to strike, collective bargaining and access to justice, which enables companies to identify which issues are most pertinent to their country of operation

[Fair Wear's Freedom of Association Guide](#) for Brands offers various sample tools that can be helpful to frame your journey and work. Tool 2: Supplier Questionnaire on Freedom of Association (pg. 88) provides a short list of questions to ask suppliers on freedom of association that can offer crucial data for further decision-making. Tool 3 (pg. 90) offers a sample non-relation letter, and Tool 4 explores possible violations of workers' right to organise, possible root causes, and examples of company actions to address the issue.

Explore more curated resources on Company-Worker Relations [here](#).

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