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# Fast-track Dispute Resolution Mechanism on Respect of Workers Rights<sup>1</sup>

31 March 2021

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## STEP 1. ENGAGE WITH FACTORY

- 1.1. IWFM sends the case to the ACT secretariat. The secretariat checks whether the factory is an ACT brand supplier. The secretariat sends the case including the evidence and the proposed remedy to the respective ACT brand(s), IndustriALL, copy IWFM.<sup>2</sup> The secretariat arranges translation of case documents as needed.

**Timeline:** 1 working days.

- 1.2. The brand(s) acknowledge receipt of the case, whether they still have business in the factory and if so, confirm engagement with the factory on the case.

**Timeline:** 2 working days.

- 1.3. The brand(s) engage with the factory/supplier to clarify the facts and work with the supplier and use their leverage to try to facilitate the dialogue between the parties and a resolution for the case.

**Timeline:** 5 working days<sup>3</sup> unless agreed otherwise between the IWFM and the factory/supplier.

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## STEP 2. MEDIATION

- 2.1. If the case is not resolved, the ACT secretariat will arrange external mediation. The external expert mediator<sup>4</sup> engages with the supplier, the IWFM and as needed with the brand(s) try to settle the case through mediation.

**Timeline:** 14 days<sup>5</sup> unless agreed otherwise between the IWFM and the supplier/factory.

- 2.2. If an agreement cannot be achieved through mediation, the external mediator issues a mediator expert opinion.

**Timeline:** 1 working day.

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1. Scope: respect of workers' rights, including but not limited to Freedom of Association.

2. Where a complaint is raised concerning a factory that produces for a brand that has a GFA with IndustriALL and also produces for other ACT brands, as first step, the respective GFA channel regarding complaint mechanism will be activated between GFA Brand and IndustriALL Global Union (as per its respective GFA) and as a second step, the involvement in the discussions of ACT Brands with no GFA will be also taken.

3. Brands will do their best to meet the expected timeline and will have the opportunity to explain to the IWFM if they feel an extension will be needed and helpful to achieve an efficient resolution of the case. The decision on the extension of timeline remains in the hands of the IWFM and factory/supplier.

4. The selection of the mediator should be from a pool of mediators mutually agreed by IWFM/IndustriALL and the Brands.

5. Brands will have the opportunity to explain to the IWFM if they feel that an extension of the timeline of mediation will be needed and helpful to achieve an efficient resolution of the case. The decision on extension of timeline remains in the hands of the IWFM and factory/supplier.



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## STEP 3. IMPLEMENTATION OF DRM OUTCOMES

3.1. IndustriALL will require on the basis of its Memorandum of Understanding with ACT member brands that the brands require employer engagement in the dispute resolution mechanism and compliance with the outcomes<sup>6</sup> of the dispute resolution mechanism. Non-compliance by an employer will ultimately<sup>7</sup> result in termination of the business relationship between the employer and the ACT member brands.<sup>8</sup>

3.2. In the case of a mediator expert opinion the brand will require the supplier to implement the mediator expert opinion and IWFM will implement the mediator expert opinion unless the brand and/or IndustriALL/IWFM have a serious concern with the expert opinion. In this case, either IndustriALL/IWFM or the brand can request a meeting with the other side within two working days of receiving the expert opinion to discuss on the next step.

**Timeline:** 2 working days.<sup>9</sup>

3.3 The brands will require the supplier to implement the outcome of the DRM and will report to IndustriALL, IWFM and the secretariat on the implementation. The mediator expert opinion will include a recommendation of remedy that is based on the principle of “making whole”.

**Timeline:** 5 working days<sup>10</sup> unless agreed otherwise between the IWFM and supplier/factory or recommended otherwise by the mediator expert opinion.

**Public transparency:** IWFM and IndustriALL will jointly report publicly about the implementation of the DRM outcome.

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6. In the context of this DRM, the term outcome refers to either an agreement between the IWFM and supplier/factory or a mediator expert opinion.

7. The definition of “ultimately” including the timeline and escalation steps will be agreed between ACT member brands and IndustriALL. Language will be included in the definition of “ultimately” that clarifies that disengagement is intended as a last resort drawing from language included in OECD Due Diligence Guidance.

8. If the DRM outcome is not implemented within 30 calendar days, paragraph 3:1 will be applied.

9. Brands will do their best to meet the expected timeline and will have the opportunity to explain to IndustriALL/IWFM if they feel that an extension of this timeline will be needed and helpful to achieve an efficient resolution of the case.

10. 5 days should be the standard. Up to maximum 30 calendar days for implementation are acceptable; in that case the supplier needs to pay the workers compensation for 30 days in addition to the DRM outcome.