

Questions investors can ask portfolio companies to assess whether unethical labor recruitment and forced labor are being adequately addressed in grievance mechanisms

Investment firms should ensure that all workers employed by their portfolio companies and companies in their supply or value chains have access to effective grievance mechanisms.

These mechanisms should meet the effectiveness criteria listed in the UN Guiding Principles on Business and Human Rights: they must be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue. To ensure legitimacy and effectiveness, they must also be independent. A lack of filed grievances may indicate that workers do not find the grievance mechanism effective or accessible. Once grievances are reported, companies must be pair them with corrective action plans.

To assess whether portfolio companies are addressing unethical recruitment and forced labor through existing grievance mechanisms, investors can ask:

1. How can affected workers report unethical recruitment or indicators of forced labor?
2. How does your company ensure that the most vulnerable, such as migrant workers, are aware of, have access to, and know how to use a grievance mechanism?
3. How many grievances have been filed in the past six months, and in how many cases has remedy been provided?
4. Can you provide an example of a remedy provided in response to an unethical recruitment grievance?