



# GRI 407: Freedom of Association and Collective Bargaining 2016

# 407

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TOPIC STANDARD

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## Topic Standard

### Effective Date

This Standard is effective for reports or other materials published on or after 1 July 2018

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# Content

<b>Introduction</b>	<b>4</b>
<b>1. Topic management disclosures</b>	<b>7</b>
<b>2. Topic disclosures</b>	<b>8</b>
Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<b>8</b>
<b>Glossary</b>	<b>9</b>
<b>Bibliography</b>	<b>12</b>

# Introduction

*GRI 407: Freedom of Association and Collective Bargaining 2016* contains disclosures for organizations to report information about their impacts related to freedom of association and collective bargaining, and how they manage these impacts.

The Standard is structured as follows:

- [Section 1](#) contains a requirement, which provides information about how the organization manages its impacts related to freedom of association and collective bargaining.
- [Section 2](#) contains one disclosure, which provides information about the organization's impacts related to freedom of association and collective bargaining.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses the topic of freedom of association and collective bargaining.

Freedom of association is a human right as defined by international declarations and conventions. In this context, freedom of association refers to the right of employers and workers to form, to join and to run their own organizations without prior authorization or interference by the state or any other entity.

The right of workers to collectively bargain the terms and conditions of work is also an internationally recognized human right. Collective bargaining refers to all negotiations that take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (e.g., trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers.<sup>1</sup>

These concepts are covered in key instruments of the International Labour Organization, the Organisation for Economic Co-operation and Development, and the United Nations: see the [Bibliography](#).

## System of GRI Standards

This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI Standards enable an organization to report information about its most significant impacts on the economy, environment, and people, including impacts on their human rights, and how it manages these impacts.

The GRI Standards are structured as a system of interrelated standards that are organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see [Figure 1](#) in this Standard).

### Universal Standards: GRI 1, GRI 2 and GRI 3

[GRI 1: Foundation 2021](#) specifies the requirements that the organization must comply with to report in accordance with the GRI Standards. The organization begins using the GRI Standards by consulting [GRI 1](#).

[GRI 2: General Disclosures 2021](#) contains disclosures that the organization uses to provide information about its reporting practices and other organizational details, such as its activities, governance, and policies.

[GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

### Sector Standards

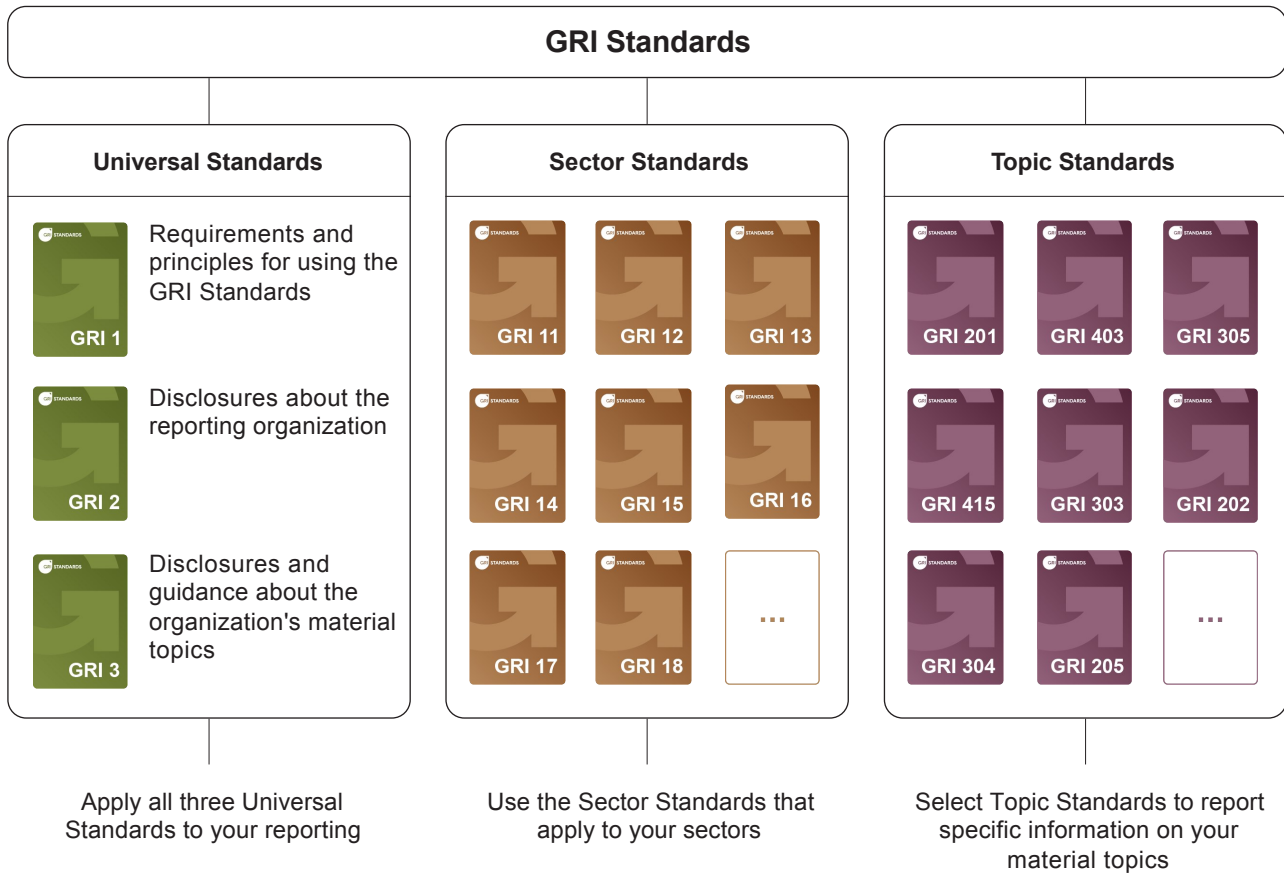
The Sector Standards provide information for organizations about their likely material topics. The organization uses the Sector Standards that apply to its sectors when determining its material topics and when determining what to report for each material topic.

### Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using [GRI 3](#).

<sup>1</sup> This definition is based on the International Labour Organization (ILO) Convention 154, 'Collective Bargaining Convention', 1981.

Figure 1. GRI Standards: Universal, Sector and Topic Standards



## Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its impacts related to freedom of association and collective bargaining. In addition to this Standard, [Disclosure 2-30 in GRI 2: General Disclosures 2021](#) requires reporting on the percentage of total employees covered by collective bargaining agreements.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined freedom of association and collective bargaining to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosure from this Topic Standard that is relevant to the organization's impacts related to freedom of association and collective bargaining (Disclosure 407-1).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

If the organization cannot comply with a disclosure or with a requirement in a disclosure (e.g., because the required information is confidential or subject to legal prohibitions), the organization is required to specify the disclosure or the requirement it cannot comply with, and provide a reason for omission together with an explanation in the GRI content index. See [Requirement 6 in GRI 1: Foundation 2021](#) for more information on reasons for omission.

If the organization cannot report the required information about an item specified in a disclosure because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the requirement by reporting this to be the case. The organization can explain the reasons for not having this item, or describe any plans to develop it. The disclosure does not require the organization to implement the item (e.g., developing a policy), but to report that the item does not exist.

If the organization intends to publish a standalone sustainability report, it does not need to repeat information that it has already reported publicly elsewhere, such as on web pages or in its annual report. In such a case, the organization can report a required disclosure by providing a reference in the GRI content index as to where this

information can be found (e.g., by providing a link to the web page or citing the page in the annual report where the information has been published).

**Requirements, guidance and defined terms**

The following apply throughout this Standard:

Requirements are presented in **bold font** and indicated by the word 'shall'. An organization must comply with requirements to report in accordance with the GRI Standards.

Requirements may be accompanied by guidance.

Guidance includes background information, explanations, and examples to help the organization better understand the requirements. The organization is not required to comply with guidance.

The Standards may also include recommendations. These are cases where a particular course of action is encouraged but not required.

The word 'should' indicates a recommendation, and the word 'can' indicates a possibility or option.

Defined terms are underlined in the text of the GRI Standards and linked to their definitions in the [Glossary](#). The organization is required to apply the definitions in the Glossary.

# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined freedom of association and collective bargaining to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section).

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

<b>REQUIREMENTS</b>	<b>1.1</b>	<b>The reporting organization shall report how it manages <u>freedom of association</u> and <u>collective bargaining</u> using <a href="#">Disclosure 3-3 in GRI 3: Material Topics 2021</a>.</b>
<b>RECOMMENDATIONS</b>	<b>1.2</b>	The reporting organization should describe any policy or policies considered likely to affect <u>workers'</u> decisions to form or join a trade union, to bargain collectively or to engage in trade union activities.

## 2. Topic disclosures

### Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

#### REQUIREMENTS

The reporting organization shall report the following information:

- a. **Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:**
  - i. **type of operation (such as manufacturing plant) and supplier;**
  - ii. **countries or geographic areas with operations and suppliers considered at risk.**
- b. **Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.**

#### GUIDANCE

##### Guidance for Disclosure 407-1

The process for identifying operations and suppliers, as specified in Disclosure 407-1, can reflect the reporting organization's approach to risk assessment on this issue. It can also draw from recognized international data sources, such as the various outcomes of the ILO Supervisory bodies and the recommendations of the ILO Committee of Freedom of Association (see reference [4] in the [Bibliography](#)).

When reporting the measures taken, the organization can refer to the ILO 'Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy' and Organisation for Economic Co-operation and Development (OECD) *OECD Guidelines for Multinational Enterprises* for further guidance.

##### Background

This disclosure concerns an organization's due diligence with respect to any negative impacts its activities have had on the human rights of workers to form or join trade unions and to bargain collectively. This can include policies and processes with respect to the organization's business relationships, including its suppliers. It can also include the due diligence process to identify operations and suppliers where these rights are at risk.

It also aims to reveal actions that have been taken to support these rights across an organization's range of operations. This disclosure does not require the organization to express a specific opinion on the quality of national legal systems.

Collective agreements can be made at the level of the organization, at the level of a particular site, at the industry level, and at the national level in countries where this is the practice. Collective agreements can cover specific groups of workers, for example, those performing a specific activity or working at a specific location.

An organization is expected to respect the rights of workers to exercise freedom of association and collective bargaining. It is also expected to not benefit from or contribute to such violations through its business relationships (e.g., suppliers).



# Glossary

This glossary provides definitions for terms used in this Standard. The organization is required to apply these definitions when using the GRI Standards.

The definitions included in this glossary may contain terms that are further defined in the complete [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in the complete [GRI Standards Glossary](#), definitions that are commonly used and understood apply.

## **business partner**

entity with which the organization has some form of direct and formal engagement for the purpose of meeting its business objectives

Source: Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015; modified

Examples: affiliates, business-to-business customers, clients, first-tier suppliers, franchisees, joint venture partners, investee companies in which the organization has a shareholding position

Note: Business partners do not include subsidiaries and affiliates that the organization controls.

## **business relationships**

relationships that the organization has with business partners, with entities in its value chain including those beyond the first tier, and with any other entities directly linked to its operations, products, or services

Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

Note: Examples of other entities directly linked to the organization's operations, products, or services are a non-governmental organization with which the organization delivers support to a local community or state security forces that protect the organization's facilities.

## **collective bargaining**

all negotiations that take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (e.g., trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers

Source: International Labour Organization (ILO), *Collective Bargaining Convention*, 1981 (No. 154); modified

## **due diligence**

process to identify, prevent, mitigate, and account for how the organization addresses its actual and potential negative impacts

Source: Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011; modified  
United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

Note: See [section 2.3 in GRI 1: Foundation 2021](#) for more information on 'due diligence'.

## **employee**

individual who is in an employment relationship with the organization according to national law or practice

## **freedom of association**

right of employers and workers to form, to join and to run their own organizations without prior

authorization or interference by the state or any other entity

### human rights

rights inherent to all human beings, which include, at a minimum, the rights set out in the *United Nations (UN) International Bill of Human Rights* and the principles concerning fundamental rights set out in the *International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work*

Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011; modified

Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on ‘human rights’.

### impact

effect the organization has or could have on the economy, environment, and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See [section 2.1 in GRI 1: Foundation 2021](#) for more information on ‘impact’.

### material topics

topics that represent the organization’s most significant impacts on the economy, environment, and people, including impacts on their human rights

Note: See [section 2.2 in GRI 1: Foundation 2021](#) and [section 1 in GRI 3: Material Topics 2021](#) for more information on ‘material topics’.

### mitigation

action(s) taken to reduce the extent of a negative impact

Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

Note: The mitigation of an actual negative impact refers to actions taken to reduce the severity of the negative impact that has occurred, with any residual impact needing remediation. The mitigation of a potential negative impact refers to actions taken to reduce the likelihood of the negative impact occurring.

### remedy / remediation

means to counteract or make good a negative impact or provision of remedy

Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

Examples: apologies, financial or non-financial compensation, prevention of harm through injunctions or guarantees of non-repetition, punitive sanctions (whether criminal or administrative, such as fines), restitution, restoration, rehabilitation

### severity (of an impact)

The severity of an actual or potential negative impact is determined by its scale (i.e., how grave the impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to counteract or make good the resulting harm).

Source: Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018; modified  
United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

Note: See [section 1 in GRI 3: Material Topics 2021](#) for more information on ‘severity’.

### supplier

entity upstream from the organization (i.e., in the organization's supply chain), which provides a product or service that is used in the development of the organization's own products or services

Examples: brokers, consultants, contractors, distributors, franchisees, home workers, independent contractors, licensees, manufacturers, primary producers, sub-contractors, wholesalers

Note: A supplier can have a direct business relationship with the organization (often referred to as a first-tier supplier) or an indirect business relationship.

**supply chain**

range of activities carried out by entities upstream from the organization, which provide products or services that are used in the development of the organization's own products or services

**sustainable development / sustainability**

development that meets the needs of the present without compromising the ability of future generations to meet their own needs

Source: World Commission on Environment and Development, *Our Common Future*, 1987

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

**value chain**

range of activities carried out by the organization, and by entities upstream and downstream from the organization, to bring the organization's products or services from their conception to their end use

Note 1: Entities upstream from the organization (e.g., suppliers) provide products or services that are used in the development of the organization's own products or services. Entities downstream from the organization (e.g., distributors, customers) receive products or services from the organization.

Note 2: The value chain includes the supply chain.

**worker**

person that performs work for the organization

Examples: employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for suppliers

Note: In the GRI Standards, in some cases, it is specified whether a particular subset of workers is required to be used.

# Bibliography

This section lists authoritative intergovernmental instruments used in developing this Standard.

## Authoritative instruments:

1. International Labour Organization (ILO) Convention 87, 'Freedom of Association and Protection of the Right to Organise Convention', 1948.
2. International Labour Organization (ILO) Convention 98, 'Right to Organise and Collective Bargaining Convention', 1949.
3. International Labour Organization (ILO) Convention 154, 'Collective Bargaining Convention', 1981.
4. International Labour Organization (ILO), *NORMLEX, Freedom of association cases*, <http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:20060:0::NO:::>, accessed on 1 September 2016.
5. International Labour Organization (ILO) Recommendation 163, 'Collective Bargaining Recommendation', 1981.
6. International Labour Organization (ILO), 'Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy', 2006.
7. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
8. United Nations (UN), 'Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework', 2011.
9. United Nations (UN) International Bill of Rights:
  - 9.1 United Nations (UN) Declaration, 'Universal Declaration of Human Rights', 1948.
  - 9.2 United Nations (UN) Convention, 'International Covenant on Civil and Political Rights', 1966.
  - 9.3 United Nations (UN) Convention, 'International Covenant on Economic, Social, and Cultural Rights', 1966.
10. United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human Rights*, 2008.
11. United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises*, John Ruggie, 2011.



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