

Beyond the Pilot: Lessons for Building Resilient Cross-Company Grievance Systems

Learnings and recommendations from the *Mecanismo de Reclamación en Derechos Humanos* project for future multi-stakeholder-governed cross-company grievance systems from a civil society perspective.

Introduction

The *Mecanismo de Reclamación de Derechos Humanos* (MRDH) was created amid growing international momentum for mandatory human rights due diligence and expanding corporate responsibility beyond first-tier suppliers. Developed within the German Sector Dialogue Automotive Industry under Germany's National Action Plan for Business and Human Rights (NAP), it aimed to provide access to remedy across company boundaries and complex global value chains. The pilot brought together German automotive companies (BMW, Mercedes-Benz, ZF), civil society organisations from Mexico and Germany (ProDESC, Fundación Avina, Centro de Empresas y Derechos Humanos, INKOTA, Germanwatch and WEED), and a German trade union (IG Metall) among others to test whether a multi-stakeholder, cross-company grievance mechanism could complement corporate due diligence obligations and help address persistent remedy gaps for workers and communities.

The pilot ended on 31 December 2025 without agreement on its continuation, despite civil society's call for a reform-oriented expansion. Its termination does not reflect a failure of the underlying concept of a cross-company, multi-stakeholder grievance system. The evaluation study on the MRDH identifies a significant impact: "Through an active awareness campaign over 100,000 people in 15 Mexican states were informed about their fundamental rights at work. 17 complaints were accepted and grouped into ten cases, seven of which were brought to a conclusion. The concept of a cross-company grievance mechanism had proven effective in practice."¹

¹ Prof. Dr. Ulla Gläßer and Mareike Standow, researchers at the European University Viadrina in Frankfurt (Oder), evaluated the cross-company grievance mechanism MRDH from April to August 2025. The findings and recommendations can be found in the study "Cross-Company Grievance Mechanisms in Practice. Findings and Learnings from the Evaluation of the Mecanismo de Reclamación de Derechos Humanos"; <https://www.csr-in-deutschland.de/EN/Services/News/cross-company-grievance-mechanism-in-practice>.

Rather, the MRDH came to an end in a context of political roll-back and declining ambition regarding corporate accountability in Germany and Europe, compounded by insufficiently proactive engagement by corporate actors and by significant structural weaknesses in the mechanism's institutional design and governance. At the same time, the experience has yielded concrete and transferable lessons for the design of future grievance systems that seek to be rights-holder-centred, operationally effective, and resilient in adverse political environments.

This document reflects on the experience of civil society organisations involved in the design and implementation of the MRDH pilot and extracts lessons for future multi-stakeholder grievance systems.

A shifting political landscape in Europe

When the MRDH was initially discussed in 2020 and adopted in 2022, the political landscape in Europe appeared highly favourable for ambitious pilot projects that aimed to move beyond corporate social responsibility and basic compliance with due diligence laws. Germany's adoption of the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG) in June 2021, together with negotiations on the European Corporate Sustainability Due Diligence Directive (CSDDD), signalled a momentum for binding, EU-wide obligations on human rights and environmental due diligence. In this context, cross-company grievance mechanisms were seen as promising spaces for experimentation, offering an opportunity to develop and test practical models of access to remedy that could complement, inform, and strengthen emerging regulatory frameworks.

However, during the MRDH's implementation period, the political and regulatory environment evolved rapidly. As companies adapted to the formal requirements of new legislation, broader political debates influenced how different stakeholders perceived the strategic value of voluntary, forward-looking initiatives. Two out of five companies abandoned the MRDH before the pilot could be implemented. The adoption of the CSDDD in May 2024 was quickly followed by intense political and corporate lobbying aimed at reducing regulatory "burdens". By the end of 2024 and throughout 2025, debates around deregulation, competitiveness, and the so-called "Omnibus-1" revisions of sustainability legislation translated into a broader backlash against Environmental, Social, and Governance (ESG) standards.

For the MRDH, these shifts had concrete implications. Its first full year of operation, 2025, coincided with a noticeable reduction in the willingness of some corporate actors to engage in pilot initiatives that went beyond statutory obligations. Companies increasingly questioned the added value of investing in a multi-stakeholder-governed, cross-company grievance mechanism at a time when legal requirements were perceived as being weakened and enforcement was limited. The MRDH thus was influenced by external political dynamics largely beyond the control of the participating stakeholders. Especially in difficult contexts, companies retain a responsibility to move beyond mere legal compliance and engage in voluntary rightsholder-centred initiatives.

Understanding this broader context is essential when reflecting on why the MRDH was discontinued after its pilot phase. Its termination was not merely the result of internal design or implementation challenges. Rather, it highlights how vulnerable ambitious multi-stakeholder initiatives are to

fluctuating political commitment to corporate accountability. At the same time, this experience offers valuable lessons for future mechanisms: it is essential to design structures capable of enduring changes in regulatory or political landscapes and to clearly communicate long-term value to all stakeholders.²

Implementation context in Mexico: opportunities and structural considerations

Mexico was selected as the pilot country due to the high level of human rights risks identified along automotive value chains and its strategic role as a major production hub for German car companies and their suppliers. At the same time, Mexico presents a complex environment for the implementation of grievance systems, one that offers both important entry points and structural challenges.

Mexico's diverse regional contexts, combined with exposure to violence and human rights violations, meant that the MRDH was operating within a landscape marked by very different realities depending on the geographical area. Early discussions were led largely by German stakeholders as participating companies sought to understand these dynamics. This experience underscored the importance of deep local engagement and context-sensitive approaches from the outset.

Local implementation also began during a period of political transition. The federal administration was replaced during the pilot phase, which meant that government participation was not consistent throughout the process. The timeframe was largely defined without taking these domestic political dynamics into account. This highlighted a broader lesson: multi-year mechanisms must be designed to remain stable and operational even in the event of changes in public administration.

Over the past decade, Mexico has undertaken ambitious labour law reforms aimed at dismantling employer protection contracts, strengthening freedom of association, and promoting democratic trade unionism. These reforms are closely linked to Mexico's commitments under the United States–Mexico–Canada Agreement (T-MEC/USMCA/CUSMA)³, which introduced tools such as the Rapid Response Labor Mechanism (RRM) allowing for trade-related actions including import bans on goods from a specific factory or punitive tariffs in cases involving violations of collective labour rights.

On the one hand, this context creates new entry points for better combatting labour rights violations and for aligning grievance mechanisms with emerging institutional frameworks. On the other hand, it also produces fragmented and contested labour relations. Independent and democratic unions exist alongside long-standing corporatist structures; workers may face retaliation and violence for organising; and trust in formal complaint channels remains limited in many sectors.

The MRDH entered this environment without being fully integrated into existing grievance and protection ecosystems from the outset. Moreover, the mechanism's added value compared to other

² United Nations. (2011). Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework. Office of the United Nations High Commissioner for Human Rights, Principle 11

³ <https://www.business-humanrights.org/en/latest-news/mexico-labour-rights-petitions-submitted-under-the-united-states-mexico-canada-agreement-usmca/>

available avenues, including union-based dispute resolution, and T-MEC-related processes, was not communicated convincingly. This was particularly relevant in the trade union sphere, where questions persisted about how the MRDH could meaningfully complement existing mechanisms rather than duplicating or competing with them.

These experiences point to a broader lesson: implementing a cross-company grievance mechanism in a landscape of complex industrial relations requires sustained investment in local anchoring, trust-building, and communication with existing institutions. Such work is resource-intensive and takes time. In the case of the MRDH, the operational timeline and funding structure were not fully aligned with these needs.

Looking ahead, these insights can help future initiatives design grievance systems that are more resilient, context-driven, and better integrated into local institutional frameworks, ultimately increasing their accessibility, relevance, and impact for rightsholders.

From ambition to vulnerability: design and implementation under pressure

From the outset, the MRDH was characterised by a high level of ambition. It aimed to operate down to tier-n, all the way to the raw material extraction, integrate multiple stakeholder groups, and function across national and institutional boundaries. This ambition was one of the mechanism's strengths, while also increasing the importance of a robust institutional design.

At the governance level, decision-making models allowed multi-stakeholder bodies to exert considerable influence over day-to-day operational matters. Meanwhile the coordination unit⁴ had very limited discretionary capacity. Although the intention was to ensure participatory oversight, this arrangement resulted in highly detailed management expectations and made the mechanism more vulnerable to delays when differing viewpoints emerged within the Executive Committee.

This pressure was further intensified by decreasing corporate engagement. Companies did not systematically activate their supply chains as operational components of the mechanism, failed to ensure that suppliers were informed about the MRDH, and resisted the publication of research findings that revealed systemic risks. The cumulative effect was increasing institutional paralysis: stalled case handling, weakened organisational continuity, and erosion of confidence among civil society actors and rightsholders.

Another key issue was the lack of a shared language and common understanding among all stakeholders. While these differences were acknowledged during the design phase, parties did not agree upon clearly defined minimum standards or baseline assumptions that could guide practical implementation. As a result, actors often approached the mechanism from very different conceptual and operational starting points, which complicated coordination and decision-making.

⁴ The Mexican coordination unit had the lead role for managing the cases of the incoming complaints. Together with the German coordination unit, the Mexican coordination unit coordinated and implemented case handling with the experts, undertake an admissibility check and was responsible for data management, monitoring, local stakeholder engagement and reporting.

While challenging, these experiences offer valuable lessons for future initiatives. Designing grievance systems with clearer operational autonomy, balanced governance structures, and well-defined communication pathways can help ensure that ambitious objectives are accompanied by the institutional resilience needed to implement them effectively.

Recommendations

Based on our collective experience as civil society organisations participating in the MRDH pilot, we offer the following recommendations to support future initiatives seeking to design and implement multi-stakeholder grievance systems.⁵ These insights aim to encourage, guide, and inspire similar projects by highlighting ways to strengthen resilience, trust, and effectiveness.

The importance of cooperation

Build grievance systems, not just grievance mechanisms. An effective grievance system requires a joint effort and implementation by all relevant stakeholder groups. This means that shared decision-making and constructive conflict resolution must be built into the structure from the beginning so that the system can function smoothly when different viewpoints emerge.

The MRDH design focused on the mechanism and did not function as a grievance system⁶; there was no plan for a resolution-mechanism of intra-institutional conflicts between members of the governing organisation. A related problem was the heavy reliance on the representatives of different stakeholder groups when it came to the facilitation and preparation of the different meeting formats (especially the Executive Committee). It would have been advisable to appoint an independent actor for this task to avoid conflicts of interest in the chairing of meetings. In addition, there was a clear need for a mediation mechanism between the different actor groups, as disagreements regarding the steering of the MRDH were frequent.

Beyond technical coordination, grievance systems must explicitly acknowledge and address structural power asymmetries between stakeholder groups. Multi-stakeholder arrangements do not operate on a level playing field. Future systems should therefore integrate safeguards against strong corporate influence, including clear fallback procedures, escalation pathways, and decision-making rules that prevent single stakeholder groups from blocking core operational functions.

Treating power asymmetries as a design parameter, rather than an externality, would increase the resilience, predictability, and rightsholder orientation of grievance systems.

5 We organise these recommendations according to the design categories for effective grievance systems from the research of Prof. Ulla Gläser et al., Institutionalization, local implementation, procedural design and designing grievance mechanisms as learning systems; https://www.inkota.de/sites/default/files/2023-08/working_paper_grievances_and_remedy_shoes_and_leather_inkota.pdf.

6 A grievance mechanism contains the complaints procedure as well as the institutional or organisational framework of the procedure. In a grievance system many grievance mechanisms work together systematically under one roof.

Institutionalisation (design category)

Governance structure

Create a robust governing organisation. Make sure from the outset that the pilot phase of the implementation is sufficiently long and is bindingly agreed upon by all stakeholders. Trust needs to be built and knowledge needs to be shared continuously throughout the pilot phase.

Not enough time was allocated for the operational phase of the MRDH – especially in comparison to the lengthy design process. The operational phase should in our opinion have been financed for at least three years. Only one and a half years of the operational phase were financed as a pilot. Without creating a reliable prospect for the future, the funding decisions for the MRDH became vulnerable to external factors and pressure due to unrealistic expectations. Grievance mechanisms need time to become known, to be used and to produce initial results. Granting the MRDH merely one and a half years, with continued funding contingent upon results, created uncertainty and unnecessary pressure.

The pilot phase was characterised by minimal investment in trust-building activities among stakeholder groups. For multi-stakeholder mechanisms of this nature to function effectively, experience indicates the need for regular, at least annual, in-person meetings dedicated to substantive exchange, conflict management, and relationship building. Staff changes occur during a necessarily lengthy implementation process. A mechanism cannot rely on each stakeholder group internally passing on the knowledge necessary to participate in the project. There must be a centrally controlled onboarding process for each new person built into the grievance system itself.

A major flaw of the MRDH was the configuration of the operational and decision-making structures. With an Executive Committee that was excessively involved in day-to-day operational decisions and a coordination unit with almost no discretionary decision-making powers, the MRDH's implementation was prone to serious delays due to disagreements in the multi-stakeholder Executive Committee. Choosing a trusted implementation body and limiting the stakeholders' role to an oversight and advisory role would have significantly improved the operability and thus effectiveness of the MRDH.

A governance structure with a multi-stakeholder board for general decisions should be set up, while the day-to-day-operations should be left to more independent coordination or implementation units. Despite governance challenges, the inclusion of diverse actors (companies, civil society, and trade unions) created a space for dialogue on human rights issues. This demonstrates the potential of multi-stakeholder approaches when roles and responsibilities are clearly defined. But the day-to-day operational decisions should not be taken by multi-stakeholder-bodies.

Funding

Ensure the grievance system has sufficient funding in the design and operational phase of the pilot. Funding needs to be allocated to the most relevant tasks. Securing participation and (limited) funding from major automotive companies (BMW, Mercedes-Benz, ZF) was possible in the MRDH case. This demonstrates that corporate actors are willing to invest in human rights initiatives when they see strategic value. This commitment can be leveraged in future projects if benefits are stated more clearly.

Due to inadequate financial resources⁷, especially for contracting experienced service providers, the development of guidelines, policies, and operational procedures had to be undertaken by small multi-stakeholder working groups, some of which had only limited relevant experience. This led to processes that were overly formalised (e.g. the governance structure), difficult to operationalise (e.g. the grievance handling process), or largely unnecessary (e.g. the policy for complaints previously submitted through companies' internal grievance mechanisms).

It would have been more effective to allocate sufficient time and funding after the contracting of the coordination unit in order to design practical procedures aligned with the MRDH's objectives, with the multi-stakeholder body in a more advisory capacity.

The design of the outreach strategy relied heavily on activating networks of different actors, most notably of civil society and rightsholder representatives in Mexico. However, insufficient resources were made available to effectively engage these multipliers through targeted campaigns, workshops, and other activities.

Although some funds were made available to the coordination unit for the development of communication materials and the implementation of public relations work, these were far from adequate. While the plan was to utilise existing connections of civil society and MRDH trade union members, these people received no compensation for efforts in that regard. This underscores the lesson that grievance mechanisms must involve local actors and compensate them appropriately for their contributions.

Incentive schemes for member companies

Make sure member companies communicate very clearly from the outset why they are members of the grievance system and how they want to keep up their commitment during the implementation. Implement a system of positive and negative incentives for member companies right from the beginning.

Incentive schemes should be complemented by clearly articulated obligations to participate. Membership in a grievance system should entail minimum enforceable duties (such as timely provision of supply-chain information, proactive disclosure of the mechanism to suppliers, cooperation with case handling, and a substantive funding commitment) relating to international business and human rights standards. This helps avoid an over-reliance on voluntarism and frames corporate engagement as a responsibility rather than a discretionary contribution.

⁷ <https://www.business-humanrights.org/es/latest-news/m%C3%A9xico-mecanismo-de-reclamaci%C3%B3n-de-la-industria-automotriz-alemana-un-paso-para-el-respeto-a-derechos-humanos-en-las-cadenas-de-suministro/>

While company commitment to the project was quite high during the design phase, it eroded during the operational phase. Company representatives should communicate within their organisations how an effective grievance system benefits the company in general.⁸

Local Implementation (design category)

Reach those affected locally

Set up a robust and complex coordination structure in the implementation country right from the beginning.

The operational phase showed that the coordination structure in the implementing country must meet various requirements of all stakeholder groups. While companies emphasised the need for robust administrative, procedural, and compliance-oriented systems, civil society organisations gave greater weight to territorial proximity, accessibility for rightsholders, and trust-based engagement. Unions expressed the need for a coordination unit capable of carrying out public relations work and integrating the mechanism with existing grievance structures within and for unions, especially regarding dispute resolution for collective worker rights.

The operational phase demonstrated that combining these functions within a single organisation was not feasible. The implementation role was assigned to existing NGOs that already had their own ongoing activities. During the consultancy phase, a coordination unit was never fully envisioned as a new, standalone structure. If long-term sustainability had truly been the objective, the creation of a dedicated coordination unit, either immediately or at least after the pilot phase, should have been proposed during the consultation process.

Transparency of the supply chain

Make sure that sufficiently detailed supply chain information is provided by the participating companies.

A further major constraint was the very limited and largely reactive provision of information by companies, particularly regarding supply chain structures. The pilot confirms that a grievance mechanism designed and intended to operate beyond tier-one suppliers cannot function without access to supply chain information. Moreover, accessibility requires more than information sharing: companies must proactively communicate the mechanism's existence as part of their own grievance systems, both within their facilities and throughout supplier facilities. The absence of such proactive disclosure severely undermined the MRDH's visibility, reach, and legitimacy.

⁸ The research of Prof. Ulla Gläßer shows the following incentives, which need to be clearly defined and monitored within the companies: Firstly, an effective grievance mechanism complements, facilitates, and refines a company's risk analysis. Regular reporting by the companies on the fulfilment of the material standards, directed at length to the stakeholders of the grievance system and published in consolidated, possibly anonymised, form is recommended. A positive effect on the company image is possible when the standards are implemented comprehensively. The implementation of material standards can also be linked to financial incentives; on the other hand, sanctions can be used as negative incentives. A system of financial incentives and sanctions was not set up within the MRDH, which made the project very susceptible to contextual factors such as the discussions around the CSDDD.

Territorial scope

Start with smaller regional coverage and grow from there.

Starting the pilot in two regions was appropriate from an implementation and learning perspective. However, this gradual approach was not communicated clearly enough at the outset. As a result, the Mexican coordination unit was pressured to expand beyond what was conceptually and operationally feasible. This experience underscores the importance of respecting the territorial concentration, sequencing, and expansion criteria established during the design phase, in order to align expectations with actual implementation capacities.

The piloting phase should have been more focused. It should have considered a specific geographic scope, a defined number of cases, and certain rights, and then processed the cases with all the necessary structures in place. This would have allowed for an evaluation phase during that period.

Raising awareness for the grievance mechanism and building trust amongst rightsholders

Use a network of existing civil society organisations as local anchor actors.

Rightsholders require sustained, holistic support in their daily lives, not only case-specific assistance. This underscores the necessity of CSOs that trust the mechanism and themselves enjoy the trust of communities, based on a chain of trust originating in the national coordination and governance structure. There is a need for improved protocols that balance protection, confidentiality, and active support.

Procedural design (design category)

The complaint procedure as the centrepiece of the grievance mechanism

Start with a set up for complaint procedures that is not too complex and can grow to become more complex if necessary.

The complaint handling process was designed to account for every single eventuality and thus ended up being very complex and prone to delays in the implementation. The selection and contracting of independent experts was – while a good idea in theory – a bottleneck that hampered quick complaint resolution in practice. Instead, it would have been advisable to set up a two-tiered structure, with complaint handling done by the coordination unit (which would require in-house research capacities), supported only in complex cases by an independent expert panel. The MRDH was headed in this direction and would probably have implemented such a structure if it hadn't been ended after the pilot phase.

Development of a learning system (design category)

Improving the grievance system itself and the context in which it is placed

Enable learning processes in all three relevant spheres right from the outset: (1) within the system, (2) in the spheres of the affected people, and (3) in the political and societal spheres of all involved countries.

One aspect which resulted in frequent discussions during the operational phase was the publication of research results and ongoing grievance processes. While in theory the publication of research on supply chains and aggregated data on ongoing complaint processes had been agreed upon at the start of the MRDH, transparent publication was prevented by corporate stakeholders when it came to concrete results that could have been used to inform other stakeholders. Clear guidelines on information management and confidentiality would have helped to avoid discussions throughout the implementation phase, especially in a project with such high public acclaim and great public interest. It would have been helpful to spread the results of the MRDH and the underlying research.

One of the major shortcomings of the mechanism was that, due to challenges related to trade unions, workers' voices were never meaningfully included. Conducting a survey with a significant number of workers in each area – both within the companies and across parts of their supply chains – could have provided valuable insights into real needs in terms of communication, reporting strategies, and the most pressing cases. Instead, the process became entangled in administrative matters, and the perspectives of workers were never truly taken into account.

A good set of outcome and impact evaluation indicators

Develop realistic expectations, not taking the number of incoming and/or resolved cases as the main impact indicator of progress.

A central lesson relates to the existence of excessively high expectations, particularly on the corporate side, regarding the speed and visibility of results. Companies expected complaints to be filed and cases to materialise very quickly, which led to disappointment and perceptions of underperformance, even though the MRDH's early track record was not, by comparative standards, weak for a pilot mechanism.

This gap highlights insufficient clarity and a lack of a shared understanding of the mechanism's theory of change. Experience shows that if rapid inflow of complaints is an explicit objective, it requires deliberate and sustained investment in case identification, territorial outreach, preparation of potential complainants, and early accompaniment. Without these inputs, expectations of fast results are unrealistic and risk triggering unnecessarily premature negative assessments of performance.

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