

Introductory remark:

The following concept of the cross-company grievance mechanism (Spanish: Mecanismo de Reclamación de Derechos Humanos – MRDH) was developed in a multi-stakeholder approach in the framework of the German Sector Dialogue Automotive Industry and adopted by its members in June 2022.

It outlines the principles of the MRDH and was the basis for the development of the mechanism. In the course of operationalizing the concept, adaptations were made and approved by the multi-stakeholder steering structure of the mechanism. For valid information on the mode of operation of the MRDH, please refer to the Rules of Procedure and supporting documents.

Concept of the Mecanismo de Reclamación de Derechos Humanos (MRDH)

1 Building Block 1: Vision and Mission

1.1 Background

This cross-company grievance mechanism (MRDH) of the Sector Dialogue with the Automotive Industry (BD) was designed against the following background:

1. In 2016, the German government adopted the National Action Plan for Business and Human Rights (NAP). For the first time, it enshrines the responsibility of German companies to respect human rights - in Germany and worldwide. The NAP implements the United Nations Guiding Principles on Business and Human Rights (UNGPs) in Germany. The aim is to improve the human rights situation along global value chains.
2. To support the implementation of the NAP, the German government promotes sector dialogues (multi-stakeholder processes) in sectors with particular human rights risks.
3. The members of the Sector Dialogue Automotive Industry have decided to jointly develop a cross-company grievance mechanism using Mexico as an example. Mexico is an important location for the German automotive industry. The human rights risks here were classified as high. The procedure should be transferable to other contexts.
4. A sector-wide grievance mechanism should help close human rights protection and accountability gaps and increase the influence of sector dialogue members in preventing potentially negative human rights impacts, as well as improve access to remedy in case of human rights (due diligence) violations in the value chain. In doing so, the grievance mechanism should complement existing judicial and other mechanisms and help close gaps.
5. Human rights risks in the Mexican context extend across all stages of the value chain - from raw material extraction to recycling.
6. Of course, environmental damage and corruption can also lead to or contribute to negative human rights impacts. Relevant aspects in this area are at least indirectly covered by human rights standards (e.g., rights to food, health, and water). With regard to the prevention objective described above, the MRDH therefore also includes complaints regarding environmental damage and corruption that can potentially have a negative impact on human rights, for example because they may over time or cumulatively escalate into human rights violations (see also Building Block 2).
7. Particular risks that could potentially impact on human rights ("salient human rights issues") were also identified across all stages of the value chain - back to the extraction of raw materials.

8. The MRDH should at least meet the requirements of the UNGP and the NAP.

1.2 Purpose of the MRDH

The MRDH shall fulfil the following purposes:

1. The MRDH supports the members of the sector dialogue in the areas of early warning systems, risk management, feedback with rights holders and accountability - also in the prevention of potential negative impacts on human rights - as part of the ongoing exercise of human rights due diligence.
2. The MRDH serves as an early warning system for companies to identify and address indications of (potential) negative human rights impacts at an early stage. By analysing trends and patterns recorded in complaints, companies represented in the MRDH¹ are also empowered to identify systemic problems and adjust their practices accordingly to prevent future causes of grievances and harm. The MRDH also empowers its members to address identified grievances and redress adverse impacts early and immediately, thus preventing harm from worsening and complaints from escalating.
3. MRDH members will remediate adverse human rights impacts caused by them.
4. For potentially adverse human rights impacts to which MRDH members contribute (including through omission or when directly benefiting from said impacts), they will use their leverage to contribute to remediation.
5. "Where a company has not contributed to an adverse human rights impact, but that impact is nevertheless directly linked to its operations, products or services by its business relationship with another entity"², MRDH companies will use, develop, and increase opportunities for leverage, including where appropriate in collaboration with other members of the MRDH or sector initiatives, to support remedial action. The MRDH thus enables members to act together and increase their influence - especially, but not exclusively, where their individual influence is low.
6. The MRDH does not replace state judicial or non-judicial grievance mechanisms and will ensure that access to these existing mechanisms is not impeded.

¹ Insofar as the application of human rights due diligence is concerned, the term "MRDH members" refers exclusively to the companies participating in the MRDH, not, for example, to the members of civil society.

² UN Guiding Principles on Business and Human Rights, p. 21.

³ UN Guiding Principles on Business and Human Rights, p. 14.

1.3 Reference framework

In principle, the MRDH is designed and implemented according to the requirements of the following documents:

- United Nations Guiding Principles on Business and Human Rights (UNGP)
- National Action Plan on Business and Human Rights (NAP).

The UNGP address internationally recognised human rights, which include at least the human rights contained in the International Bill of Human Rights – “consisting of the Universal Declaration of Human Rights and the main instruments through which it was codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights”³.

Also included are the human rights referred to in the eight core conventions as set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.³

The MRDH also includes complaints regarding environmental damage and corruption, which can potentially have a negative impact on human rights, for example if they may over time or cumulatively escalate into human rights violations.

In addition, there are other standards that are significant in the context of corporate practices and business activities that respect human rights, and thus also for the MRDH. Particularly noteworthy in this regard are the implementation guidelines developed by the Sector Dialogue. They are a practical implementation aid for generally recognised requirements of the NAP and the UNGP and set a concrete framework, for example on due diligence requirements in the value chain. The Sector Dialogue's guidelines may also be enriched in the future with experiences from the MRDH, if necessary. In addition, the guidelines define how operational-level grievance mechanisms should be developed and expanded in line with the requirements of the NAP and the UNGP.

Nevertheless, this chosen reference framework will be reviewed to see if it is adequate and effective to fulfil the purposes of the MRDH as defined in 1.2. For this reason, among other things, all complaints received (regardless of their admissibility) will be collected, documented, and evaluated.

A suitable timeframe for this evaluation will be defined in Building Block 4 “Quality and Effectiveness Review”. The review will involve local stakeholders.

1.4 Underlying principles

To ensure the effectiveness of the MRDH, its design, implementation and continuous development are subject to the criteria of the UNGP (GP 31). According to these, the MRDH should be legitimate, accessible, predictable, equitable,

³ UN Guiding Principles on Business and Human Rights, p. 14, comment on GP 12: “**Depending on circumstances**, business enterprises may need to consider **additional standards**. For instance, enterprises should respect the human rights of individuals belonging to specific groups or populations that require particular attention, where they may have adverse human rights impacts on them. In this connection, United Nations instruments have elaborated further on the **rights of indigenous peoples**; women; national or ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families.”

transparent, rights-compatible and a source of continuous learning, based on engagement and dialogue with relevant stakeholders. In addition, the MRDH should ensure confidentiality in dealing with complaints.

The MRDH should be a source of continuous learning in different dimensions (see also Building Block 4):

1. Empowering members to identify systemic problems and challenges in the implementation of human rights due diligence and to adapt their practices accordingly (prevention). In addition, the MRDH can and should also be a source of continuous learning for the individual grievance mechanisms (IGM) of MRDH members.
2. Continuous further development of the MRDH with the involvement of local stakeholders, in particular in relation to the functioning of its procedures and the achievement of its objectives; regular review of the chosen reference framework (1.3) and scope (2.) of the MRDH.
3. Engagement and dialogue with other cross-company grievance mechanisms and initiatives, dissemination of MRDH experiences as a source of learning for other mechanisms, learning from other mechanisms and jointly implementing and further developing good practice of cross-company grievance mechanisms.

2 Building Block 2: Scope

The scope of the MRDH includes potential or actual adverse human rights impacts that MRDH member companies have caused or contributed to or which are directly linked to its operations products or services by a business relationship.⁴

Following the UNGP, it is not intended to require that a complaint or grievance amount to an alleged human rights abuse before it can be raised. The MRDH specifically aims to identify any legitimate concerns of those who may be adversely impacted. If these concerns are not identified and addressed, they may over time escalate into more major disputes and human rights violations.⁵

⁴ UN Guiding Principles on Business and Human Rights, p. 21.

⁵ UN Guiding Principles on Business and Human Rights, p. 32.

2.1 Scope

In the first step, the focus of the MRDH should be on the MRDH members' **upstream value chains** (tier-n), i.e. on their suppliers in Mexico and all other upstream tiers of intermediate products and raw materials. Furthermore, **business activities/units of MRDH members** (OEM or supplier companies, including participations/joint ventures) are covered as well. The interplay between the MRDH and the operational grievance mechanisms of its members is defined in Building Block 3 "Procedural Steps and Governance".

Based on an initial review of the MRDH, including the perspective of those affected, it will be determined after a set period of time whether this scope covers most risks and violations of rights. If necessary, the MRDH may be opened up to **downstream stages of the value chain** at a later stage.

Due to the lack of transparency in value chains, it is not always easy to establish a link between a potential adverse impact and member companies. Complaints to the MRDH lead to a process in which complainants and companies try to establish whether there is a link between the possible rights violation/adverse impact and a MRDH member as defined by the UNGP. To establish such a link, MRDH companies have to provide information on their value chains to the MRDH and disclose it openly, if possible. To obtain and provide information, they should use their knowledge advantage and their possibility to exert influence in their value chains, if available, to balance out existing information asymmetries between companies and complainants. The MRDH accompanies the process and ensures that it is conducted seriously, and that MRDH companies actually provide the necessary information wherever possible. In addition, the MRDH ensures that those affected and other persons who contribute or transmit information are adequately protected (see Building Block 3). This process as well will be reviewed to ensure that it is appropriate and effective. An appropriate timeframe for this review will be defined in Building Block 4 "Quality and Effectiveness Review". Information will be kept confidential if this is the wish of one or more of the actors involved in the process. Ultimately, a connection must appear credible to the MRDH; there is no obligation to provide evidence, as in court, for example.⁶

2.2 Addressed users

1. The MRDH is open to all rights-holding individuals and groups, their representing or supporting organisations, and persons who suspect a potential or actual violation of rights or adverse effects within the scope of the MRDH.
2. Representative organisations in the above sense can be, for example, non-governmental organisations (NGOs), human rights defenders or trade unions.

⁶ Based on the procedural guidelines of the German National Contact Point for the OECD Guidelines for Multinational Enterprises at the Federal Ministry for Economic Affairs and Energy, as of 25 February 2019, p. 9.

3. The MRDH is also explicitly aimed at particularly marginalised/vulnerable groups or individuals. In the sector- and country-specific context of this MRDH, these may include:⁷
 - a. Workers in units/plants of MRDH-companies and their suppliers (tier-n):
Particularly vulnerable groups: Blue collar workers, women, workers in precarious situations (e.g., contract workers, agency workers, informal workers), migrants, children/youth (if relevant), people with disabilities, members of ethnic and religious minorities.
 - b. Surrounding communities that suspect (potential) negative impacts/human rights violations, including in the context of water, land, and environmental conflicts related to production sites and in the upstream value chain, for example related to industrial zones or energy projects that supply these industrial zones
Particularly vulnerable groups within affected communities: indigenous groups, Afro-descendants, members of poor communities, women/girls, children/adolescents
 - c. Particularly marginalised/vulnerable are persons affected by multiple discrimination (for example indigenous women)
 - d. Human Rights Defenders
4. In principle, all potential users should be addressed in the communication/ dissemination of the MRDH. A special focus should be placed on persons (groups) who are potentially affected by particularly significant risks ("salient human rights issues") or affected in particular by vulnerability/marginalisation.
5. As part of the dissemination potential users should also be informed about the rights, which are covered by the MRDH.

⁷ Analysis of particularly vulnerable groups based on: The Danish Institute of Human Rights (2016): *Human Rights and Business Country Guide Mexico*.

3 Building Block 3: Procedural Steps and Governance

3.1 Filing of a complaint and admissibility check

1. A complaint can be submitted by phone, letter, email and/or via social media or messaging apps by the complainants. In principle, this can be done in any language. Thereafter, communication will be in Spanish (translation into English or German for the affected companies and, if necessary, other languages for complainants will be ensured). The processing of complaints that are not submitted in Spanish may take longer due to the need for translation. Complainants will be informed in due time in such a case.
2. Complainants are asked to provide the following information:
 - a. Description of the subject matter of the complaint and the (potential) adverse effects and risks; detailed information on these (potential) effects and how the complainant is personally affected (if applicable).
 - b. Optional/if desired: indication, what they hope to gain from the complaint, what solution or remedy they would like to obtain
 - c. If possible, an indication of which reference frames have been violated
 - d. A clear description of the company and the location to which the complaint relates and reference to the connection with one or more MRDH member companies
 - e. If submission is not to be anonymous: Name and full address, telephone number and, if possible, e-mail address.
 - f. "Authorisation to represent" if the complaint is filed by a representative
 - g. Indication whether anonymity is desired (see also 3.1.1.4)
3. If the information provided in the complaint is not complete, the Mexico Coordination Unit will assist complainants in providing the missing information.
4. Complainants or rights-holders who are being represented are again explicitly asked whether they wish to remain anonymous during the procedure. The MRDH guarantees, if requested, that the identity will be kept secret and only noted by the MRDH itself in order to ask questions, to enable monitoring and evaluation of the complaint and, if necessary, to find out whether retaliatory measures have been taken. If a complaint is filed anonymously or if the complainants remain anonymous during the procedure (before the company(ies) concerned) and also do not want to name representatives, it is difficult to carry out a mediation-based dispute resolution. If complainants/rights-holders also wish to remain anonymous before the MRDH, further difficulties arise due to the lack of possibilities to contact them for queries or the like. In this case, the MRDH will consider whether the complaint can still be addressed through further investigation, dialogue with MRDH members, recourse to existing audits or other sources of information.

5. The following specific criteria apply to the admissibility of complaints:
 - a. The complaint must be against one (or more) companies/projects that are within the scope of the MRDH (upstream value chains [tier-n] of MRDH members and/or business activities/entities of MRDH members [OEM or supplier companies, including participations/joint ventures]). Complaints deeper in the upstream value chain (tier-n) often cannot be directly attributed to a MRDH member. In the case of suspected links to MRDH members, there must be an indication of a connection between MRDH member companies and the subject of the complaint that justifies a longer investigation. If a connection appears possible, the complaint will be admitted, and the connection will be examined in the initial investigation (see 3.3.1).
 - b. The complaint should, if possible, include allegations of potential or actual negative human rights impacts. This may include allegations of potential or actual negative human rights impacts that may arise as a result of environmental damage (see Building Block 1 for details). If the complaint does not include allegations of human rights violations, the MRDH will assist in identifying any legitimate concerns of the complainants (see also Building Block 2).
 - c. The complainants i) are or may be affected by the negative impacts addressed and/or ii) are organisations explicitly authorised by the affected rights-holders to represent them and/or iii) are other persons who have knowledge of (potentially) negative human rights impacts within the scope of the MRDH. In the case of ii) and anonymous rights-holders who are represented by an organisation, the expert panel will examine in case of doubt whether the provided “authorisation to represent” appears credible.
6. Irrespective of the admissibility of complaints, it is examined whether direct protective measures are necessary or must be initiated to avert an immediate danger (for the complainants).
7. If member companies receive complaints through their own IGM, which at the same time fall within the scope of the MRDH, the member companies may refer the complainants to the MRDH. This is particularly the case if criteria as defined in 3.2 apply. In such a case, MRDH members should inform the complainants about the different competences and procedures of the MRDH and their own IGM and, if desired, support them in submitting their complaint to the MRDH.

Key points of the basic admissibility check

Maximum duration:	<ul style="list-style-type: none"> • Acknowledgement of receipt of a complaint via the Mexico/Germany Coordination Unit within five days. • Admissibility check completed within 15 days, in justified exceptional cases the admissibility check may take longer. • In the case of grievances/ allegations that indicate an imminent serious danger to the complainants/ an imminent risk to life/health/safety of the complainants, the admissibility check is carried out as quickly as possible and necessary steps are taken to expedite the procedure.⁸
Objective:	<ul style="list-style-type: none"> • Basic/technical examination of whether a complaint is admissible under the mechanism.
Result/next step:	<ul style="list-style-type: none"> • Letter from the coordination unit (Mexico/Germany) to the complainants about the basic admission or rejection of the complaint. In case of rejection, a statement of reasons is given. • If rejected: an attempt will be made to propose alternative mechanisms for resolving the complaint. • In the case of justified objections to the rejection of a complaint during the admissibility check conducted by the coordination unit, the complainants can request a review of the results by the expert panel. • If accepted: in case of suspected links or already attempted resolution through other mechanisms, an extended admissibility check is initiated; otherwise, decision on whether to process the complaint through the MRDH or a IGM

⁸ The MRDH does not replace state judicial or non-judicial grievance mechanisms and will ensure that access to these existing mechanisms is not impeded (see Building Block 1). Possible interaction with (law enforcement) authorities will be specified during implementation planning.

3.2 Deciding whether to process complaints via MRDH or companies' own IGM

1. Complaints in the upstream value chain (including tier-1) are processed by the MRDH.
2. In the case of complaints concerning potential adverse impacts emanating from MRDH members' own employees and/or own plants, it is generally pointed out that these can be dealt with through the members' internal complaints mechanisms, as a faster and more efficient solution can possibly be expected here. In the following cases, the MRDH may nevertheless deal with the complaint:
 - a. Complainants choose to use the MRDH, for example because they do not trust the company's IGM. If the complainant indicates a preference for the MRDH, the MRDH clarifies the reasons behind the complainant's preference. In case of lack of trust, the MRDH offers to forward the complaint anonymously and to act as an intermediary and link between the IGM and the complainant during case processing. The further role of the MRDH in such a case is described under 3.2 3. If this procedure is not desired by the complainant, the complaint can be handled by the MRDH in cooperation with the company concerned.
 - b. Complainants are not covered by the IGM - for example, when internal mechanisms are addressed to employees but not to (potentially) affected communities.
 - c. In principle, the MRDH can serve as the next instance if the grievance procedure at company level was not effective from the perspective of the affected parties. In this case, the expert panel first looks at the grievance procedure. Only if the expert panel is convinced that a MRDH procedure can add value by identifying gaps in the company's procedure, including in relation to the effectiveness criteria in UNGP 31, will such a complaint be allowed. In this case, the company's own grievance mechanism should also be part of the investigation and, where appropriate, the preventive and remedial action plan.

In principle, a complaint will not be referred to an IGM or another mechanism. The MRDH may, however, inform the complainant about other available mechanisms and support them in filing their complaints to these mechanisms.

3. If it is decided that a complaint will be processed through a company's IGM, the nature of the MRDH's involvement during complaint procedure must be clarified with the complainants and the companies (see 3.4).

Key points of the decision on complaint processing via MRDH or IGM	
Maximum duration:	<ul style="list-style-type: none"> • 15 days • In the case of grievances/ allegations that indicate an immediate serious danger to the complainants/ an immediate risk to the life/health/safety of the complainants, the decision is made as quickly as possible and other necessary steps are taken promptly.
Objective:	<ul style="list-style-type: none"> • Decision whether the complaint should be processed via the MRDH or via a company's IGM and how the MRDH should be further involved in the second case.
Result/next step:	<ul style="list-style-type: none"> • Letter from the MRDH to the complainant(s) and the company(ies) concerned, stating whether the complaint will be dealt with by the MRDH or by an IGM and how the MRDH should be further involved in the second case.

3.3 Processing by the MRDH

In principle, it is possible for complaints to be resolved during this initial investigation and a corrective action plan can be developed directly. In more complex cases, the MRDH offers two procedures, a mediation-based dispute resolution or a compliance review, in order to resolve grievances. These procedures can also be carried out flexibly one after the other (but cannot be mixed during a procedure).

In principle, complainants can contact the coordination units in Mexico and Germany at any time with questions and/or complaints regarding the process or the results of individual procedural steps. In cooperation with the complainants and, if necessary, the expert panel, the coordination units will try to answer or resolve them.

If the complainants have new information regarding their complaint, they can introduce it into the procedure or resubmit the complaint at any time.

3.3.1 Initial investigation

After a complaint has been declared admissible, the panel of experts conducts an initial investigation of the complaint. This initial investigation also tries to clarify the connection between a complaint and a MRDH member company if such a link seemed possible in the admissibility check but could not be definitively identified. In addition, the initial investigation determines whether an MRDH procedure makes sense in the case that the complainant already tried to resolve the complaint by other means. The result of the initial investigation can be the resolution of the complaint (by agreement of the parties involved) or a decision to initiate mediation-based dispute resolution or a compliance review.

If necessary: Clarification of the connection of a complaint to a MRDH member

1. Based on the initial indication, a joint process between the complainant and the company, coordinated by the expert panel, will investigate whether a connection to a member company can be established within the framework of a case-by-case examination. MRDH members are obliged to provide the relevant information to establish a possible connection. This information is treated as strictly confidential by the MRDH. The MRDH concludes a written agreement to this effect with the MRDH companies.
2. In complex cases and/or if the company and the complainant are unable to reach a result in a joint process to find information, the investigations can be supported by external experts, insofar as this is deemed necessary by the expert panel.
3. The information and experiences gathered are to be pooled in order to build up a database. This information will be kept strictly confidential by the MRDH.
4. If no plausible link can be established between the complaint and one or more MRDH members, the complaint will be rejected. Complainants will be informed of the reasons for the rejection of the complaint and, if possible, informed about alternative procedures.

If necessary: Clarification in case other mechanisms have already been used

In case other measures and consultations with the responsible persons have already been carried out in order to solve the complaint, the expert panel will examine whether an additional investigation by the MRDH makes sense. In any case, the MRDH should not hinder any judicial processes and the use of the MRDH should add value to the procedures already carried out.

Initial examination

1. For the initial investigation, the expert panel obtains as much information as possible from complainants and the company(ies) concerned. The company(ies) concerned will be asked to respond to the allegations. The companies provide data on the implementation of their human rights due diligence according to the NAP/UNGP. The expert panel can also initiate additional internal and external investigations.
2. The aim of this step is to identify those issues and corresponding remedies that can be easily settled and those that should be part of a mediation-based dispute solution.
3. Especially in the case of serious allegations (such as child labour, forced labour, lifethreatening working conditions), the expert panel can quickly decide to conduct an external investigation.
4. The expert panel also decides, based on transparent and clearly communicated policies, in which cases external bodies such as state authorities are involved and when/how the consent of the complainants is obtained.

5. Ideally, less complex cases can also be resolved at this stage. The expert panel has the possibility to react flexibly to the complaints and to point out possible solutions.

Key points of the initial investigation by the MRDH	
Maximum duration:	<ul style="list-style-type: none"> • 30 days • In the case of grievances/allegations that indicate an immediate serious danger to the complainants/ immediate risk to life/health/safety of the complainants, the initial investigation will be completed as soon as possible, and necessary next steps will be taken.
Objective:	<ul style="list-style-type: none"> • If link between complaint and MRDH company still needs to be investigated: Clarification of a link between complaint and MRDH member. • If other mechanisms have already been used: Clarification whether it makes sense to involve the MRDH. • Deepen the understanding of the facts/subject of the complaint, possible consequences, and the different points of view.
Result/next step:	<ul style="list-style-type: none"> • Clarification whether it is possible to process the complaint in more depth via the MRDH • Complaint resolved => initiation of the preparation of a prevention and remedial action plan 3.3.4) <i>or</i> • Initiation of mediation-based dispute resolution or a compliance review.

3.3.2 Mediation-based dispute resolution

1. If the parties involved are willing, a mediation-based dispute resolution can be initiated (voluntary participation is a basic requirement for a dialogue-based mediation process). If qualified, the procedure can be led by the expert panel and/or, if necessary, with external support. The parties involved must agree on external mediators/arbitrators who may be called in.
2. Dialogue-based mediation is a non-legal, cooperative, neutral forum.
3. The aim is to jointly resolve the issues underlying the complaint and find a solution, which is supported by both sides.
4. It is important to try to balance information and power asymmetries as much as possible and to enable rights holders to enter a dialogue on an equal footing. The conditions of the mediation-based dispute resolution procedure should adequately address the needs of those affected (e.g., geographical location, premises, etc.). If they wish, complainants can also

name representatives for the mediation-based dispute resolution or have support persons present.

5. Possible methods:
 - a. Dialogue, mediation, negotiation of proposed solutions by the persons conducting the proceedings;
 - b. Support through internal or external investigations such as research, investigations, audits, possibility of participatory methods such as joint fact-finding missions.
6. The expert panel/persons conducting the proceedings are also given some flexibility to make further suggestions for solution-oriented decision-making.

Key points of the mediation-based dispute resolution

Maximum duration:	<ul style="list-style-type: none"> • Nine months, ideally much shorter for less complex cases; more time may be needed for complex cases. • Commenting on the draft report by the parties: 15 days; finalisation of the report by the expert panel: 15 days.
Objective:	<ul style="list-style-type: none"> • Solution regarding the points of dispute that is supported by both sides.
Result/next step:	<ul style="list-style-type: none"> • The expert panel prepares a draft report on the outcome of the mediation process, which is sent to the involved parties for comment. The report is finalised by the expert panel at its own discretion. • A preventive and remedial action plan as described in 3.3.4 should be part of the report. • If no solution is found, if this is desired by the complainants and if it is deemed reasonable by the expert panel, a compliance review is initiated.

3.3.3 Compliance review

1. Alternatively, or if the mediation-based dispute resolution was not successful, an independent compliance review can be carried out by the Expert Panel and/or independent qualified third parties.
2. The aim is to verify MRDH member companies' compliance with human rights due diligence according to the reference framework. This may include direct auditing of suppliers, in any case insofar as they have been obliged to comply with certain standards by MRDH members. In the case of complaints in the upstream value chain (tier-n), it can also be investigated to which extent member companies can provide or support remediation. The expert panel examines whether it makes sense to involve affected persons/rights holders in the compliance review.
3. Recommendations can also be made for the specific case and/or for the MRDH company concerned on how to improve existing practices.

Key points of the compliance review	
Maximum duration:	<ul style="list-style-type: none"> • Three months • Commenting on the draft report by the parties: 15 days; finalisation of the report by the expert panel: 15 days
Target:	<ul style="list-style-type: none"> • Assessment of whether the affected MRDH member companies comply with their human rights due diligence obligation in accordance with the reference framework.
Result/next step:	<ul style="list-style-type: none"> • The expert panel prepares a draft report outlining the subject matter of the complaint and the findings and conclusions. The parties involved can comment on the facts (not the findings and conclusions). The report is finalised by the expert panel at its own discretion. • The next step, if necessary, would be to draw up a prevention and remedial action plan.

3.3.4 Prevention and Remedial Action Plan

1. The expert panel develops a prevention and remedial action plan with the affected persons and companies involved. Possible types of remedy include, but are not limited to, apologies, restitution, rehabilitation, financial or non-financial compensation, prevention of harm and non-repetition guarantees.
2. The prevention and remedial action plan usually includes agreements or a programme developed jointly by the parties involved, with timelines for implementation and roles and responsibilities for monitoring progress.
3. When drawing up the action plan, it is generally examined whether (additional) preventive measures should be developed that can support a feedback with the human rights management and due diligence processes

of the MRDH members. The expert panel will review the case with the MRDH member(s) concerned to see whether, and if so, which preventive measures can be developed (adaptation of the company's management and due diligence processes). These will also be recorded in the prevention and remedial action plan.

Key points of the development of a prevention and remedial action plan	
Maximum duration:	<ul style="list-style-type: none"> • 30 days • Commenting on the draft prevention and remedial action plan by the parties: 15 days; finalisation of the action plan by the expert panel: 15 days
Objective:	<ul style="list-style-type: none"> • To define concrete measures to provide or support remedy that are agreed upon by both sides. • Define concrete measures to prevent recurrence of a similar human rights impact/complaint.
Result/next step:	<ul style="list-style-type: none"> • The expert panel prepares a draft prevention and remedial action plan, which is sent to the parties involved for comment. <p>The plan is finalised by the expert panel at its own discretion.</p>

3.3.5 Implementation of prevention and remedial measures and closure of complaint

1. The expert panel or a mutually agreed party monitors compliance with the agreements made.
2. If complainants are not satisfied with the remedy provided, they can raise their concerns in this step, among others (see Building Block 4).
3. The company(ies) concerned shall report on the implementation of the prevention measures to the MRDH.
4. When the prevention and remedial action plan is fully implemented, the complaint is closed by the expert panel.

Key points of prevention and remedial measures and closure of complaint

Maximum duration:	<ul style="list-style-type: none"> • Duration of the implementation of the measures is defined in the prevention and remedial action plan. • Commenting on the draft report by the parties: 15 days; finalisation of the report by the expert panel: 15 days
Objective:	<ul style="list-style-type: none"> • Review the implementation of the prevention and remedial action plan and close the complaint.
Result/next step:	<ul style="list-style-type: none"> • The expert panel prepares a draft report describing the implementation of the prevention and remedial action plan and sends it to the parties involved for comments. The report, and thus the complaint, is finalised by the expert panel at its own discretion. • Further monitoring/follow-up is described in Building Block 4.

3.4 Processing by companies' IGM

1. The way in which complaints are processed through IGM is defined by the internal provisions of the respective company's mechanism.
2. According to the decision to what extent the MRDH should be involved during the complaint handling (see 3.2 3), the MRDH will either:
 - a. be informed about the outcome of the procedure, the corrective action plan, and its implementation (reporting obligations) or
 - b. in agreement with the affected persons and the company, be further involved on a case-specific basis (for example in the case of anonymous complaints or in monitoring the completion of a prevention and remedial action plan and its implementation).

Key points

Maximum duration:	<ul style="list-style-type: none"> • Depending on the company's IGM
Objective:	<ul style="list-style-type: none"> • Resolution of the complaint
Result/next step:	<ul style="list-style-type: none"> • Reporting obligations of the companies to the MRDH • If the complainants are not satisfied with the procedure or its outcome, they can contact the MRDH (MRDH as next instance, see also 3.2.2 c).

3.5 Governance/Roles

In principle, the MRDH's complaint handling should guarantee the highest possible degree of independence. Therefore, the following provisions apply to the expert panel:

- The experts must not have been employed by or worked directly for individual stakeholders of the Sectoral Dialogue and the MRDH Multi-Stakeholder Board for at least two years. They shall also not be directly employed by or directly engaged in activities for these organisations within two years of the end of their term of office. This does not include participation in consultations or similar activities.
- In addition, experts may be appointed to the expert panel for a maximum of two periods.

Applies to all posts:

- The contracts of the respective staff must contain a confidentiality clause, or a corresponding agreement must be concluded.

3.5.1 Mexico Coordination Unit

The coordination unit in Mexico assumes the following responsibilities:

- Complaint acceptance (including provision of information and advice)
- Admissibility check in coordination with the coordination unit in Germany
- Advise complainants on the competences and differences of processing a complaint through the MRDH or the companies' IGM.
- Decision on complaint handling by the MRDH or the company's IGM in cooperation with the Coordination Unit Germany
- Involvement of the expert panel in cooperation with the Coordination Unit Germany
- Supporting the expert panel in dealing with complaints, for example in terms of establishing contacts, collecting information, communication (for example with rights-holders), etc.
- Database maintenance
- Supporting the Coordination Unit Germany, for example, with reports, cross-cutting analyses, etc.
- Stakeholder management/exchange with Mexican organisations (civil society, institutes, associations, etc.)
- Publicising the mechanism/coordination and execution of outreach activities
- Coordinate and, where appropriate, implement capacity-building activities for rights-holders and other stakeholders (for example, information/training on their (human) rights, functioning of the MRDH, etc.).
- Monitoring regulatory developments at national and international level

The UNGP emphasise in Guiding Principle 31 that a grievance mechanism can only fulfil its purpose “if the people it is intended to serve know about it, trust it and are

able to use it". Particularly due to the wide scope of the MRDH (see Building Block 2), special importance is given to publicising the MRDH.

The coordination unit must be provided with a secure office to which only it or other MRDH officials have access. Where appropriate, other measures to protect human rights defenders should be considered.

3.5.2 Coordination Unit Germany

The coordination Unit in Germany assumes the following responsibilities:

- If necessary, complaint acceptance, for example in the case of complaints in German (including provision of information and advice)
- Support of the Mexico Coordination Unit in the admissibility check
- Decision on complaint handling by the MRDH or the companies' IGM in cooperation with the Mexico Coordination Unit
- Involvement of the expert panel in cooperation with the Mexico Coordination Unit
- Support of the expert panel in dealing with complaints, for example in terms of establishing contacts, collecting information, communication (e.g. with companies), etc.
- Database maintenance
- Preparation of reports to the Multi-Stakeholder Board and for publication
- Budget management
- Acceptance of reports on complaints handled by IGM
- Analysis of complaints regarding trends and patterns, regular report to multi-stakeholder board and communication of findings to companies at least of the Sector Dialogue to adjust their practices accordingly (prevention)
- Preparation/amendment of core documents of the MRDH (e.g. procedural steps) under proposal and approval of the Multi-Stakeholder Board
- Coordination and implementation of quality and effectiveness control measures
- Communication and exchange with Multi-Stakeholder Board, Sector Dialogue, other sectorrelevant initiatives/actors/sector dialogues, other MRDH (exchange of lessons learned etc.) • Monitoring regulatory developments at national and international level

3.5.3 Expert Panel

The expert panel consists of a pool of initially four experts. The following expertise should be covered:

- Technical expertise (human rights, labour standards, environmental impacts, impacts on indigenous people, impacts on local communities, discrimination, etc.)

- Methodological expertise (implementation of mediation-based dispute resolution procedures and compliance reviews according to UNGP and, if necessary, differentiated substantive standards to check that human rights documents referenced by UNGP are complied with).
- Local expertise regarding Mexico (language, culture, legal framework, contextual risks)

These experts are commissioned on a fee basis to deal with complaints on a case-by-case basis.

The responsibilities of the expert panel are:

- Carrying out the extended admissibility checks for complaints where another mechanism has already been used
- Carrying out the extended admissibility checks for alleged links between complaints and MRDH member companies
- Carrying out the initial examination
- Conducting mediation-based dispute resolution
- Conducting compliance reviews
- Handling of complaints including adoption of action plans
- If necessary, monitoring/control function for complaints handled at company level
- Preparation of draft reports on the results of proceedings
- Commissioning of further experts as needed (for methodological or technical support) in cooperation with the Coordination Unit Germany

3.5.4 Multi-stakeholder Board

The Multi-Stakeholder Board consists of members of the sector dialogue (all stakeholder groups) and Mexican organisations.

The responsibilities of the Board are:

- Appointment of staff (coordination units Germany and Mexico)
- Selection of the members of the expert panel with the support of the coordination units in Germany and Mexico
- Proposals for the development/amendment of core documents of the MRDH and approval of these
- Right to propose overarching analyses of complaints regarding trends and patterns as well as measures for quality and effectiveness control
- Approval of the budget
- Acceptance of the regular reports
- Communication and exchange with sector dialogue and other sector-relevant initiatives/ actors/sector dialogues

3.5.5 Roles of the MRDH member companies

The companies represented in the Sector Dialogue Automotive Industry commit to implementing their human rights due diligence obligations in accordance with the UNGP and the NAP. The participating companies contribute to the MRDH's effectiveness in particular through the following responsibilities:

- Duty to provide information to investigate links between a complaint and MRDH member companies (information is to be treated confidentially by the MRDH).
- Support the expert panel in complaint handling, especially in the initial investigation
- (provision of information, audits, statements etc.) as well as the compliance review (provision of information, audits, possibility of on-site visits, support of local communication and networking).
- Participation in mediation-based dispute resolution; if necessary, involvement of supplier companies
- Implementation of the agreed action plans
- Support in publicising the MRDH (publication, communication, dissemination of information materials in the supply chain).
- Examine possibilities to facilitate the investigation of links between a complaint and MRDH member companies (contractual agreements with suppliers, "Supplier Code of Conduct", if applicable).
- Contributions to the financing of the MRDH

If a company does not comply with its obligations, the German Coordination Unit in consultation with the expert panel asks the company to comply with and implement its obligations. In the event of repeated non-compliance, the case is discussed in the multi-stakeholder board. The multistakeholder board can decide to suspend the company's membership and, after an appropriate period of time, to exclude the company from the MRDH.

4 Building Block 4: Quality and effectiveness control

Being built as a learning system, in addition to preventing harm and providing remedy in individual cases, the MRDH is to be continuously reviewed and adjusted. Members are to be empowered to identify systemic problems and adapt their practices accordingly in order to avoid negative human rights impacts. This is to be ensured through continuous and systematic quality and effectiveness control on two levels. On the one hand, the functioning of the MRDH, i.e. all processes and activities of the MRDH itself, are to be evaluated for their effectiveness. On the other hand, it is to be reviewed whether the MRDH is achieving its goals - that is, on the one hand, whether preventive and remedial measures are being implemented effectively and, on the other hand, whether member companies are using findings from the MRDH to further develop their due diligence processes and risk management systems.

4.1 Fundamental principles

- The basis for all processes of quality and effectiveness control are the effectiveness criteria of UNGP 31
- To establish the MRDH as a learning system, quality and effectiveness control is carried out with the continuous involvement of rights holders and other stakeholders as well as through
- continuous, systematic, and disaggregated data collection (quantitative and qualitative).

4.2 Review of the functioning of the MRDH

The verification of the functioning of the MRDH is also carried out on two levels:

- A) Are the agreed processes and activities adhered to?
- B) Are the agreed processes and activities working?

For this purpose, at least the following information must be collected continuously ("checkpoints" in the procedure):

- Outreach: Number, type and target group of outreach activities carried out
- Receipt: Complaints received, admitted, and rejected including reasons, complaint channels used, complaints submitted anonymously including reasons (optional information), reasons for using the MRDH for complaints originating from members' own employees and/or own plants as well as for complaints escalated to the MRDH, subject of complaint
- Procedure: Type of complaint handling procedure, duration (individual stages and procedure as a whole), aborted/withdrawn complaints including reasons, support measures used (for example, translation, accompaniment, counselling, etc.).
- Closure: Closed complaints, outcome (for example, agreed preventive and remedial measures).
- Overarching: number and frequency of trainings for staff and experts (in MRDH procedures, dealing appropriately with complainants); number and frequency of consultations with stakeholders; type of stakeholders consulted; number, type and target group of capacity building measures carried out.

This data will be disaggregated (for example, by gender, being part of a particularly marginalised/vulnerable group [indigenous community, women, children ...], tier of the value chain, product, sector, grievance subject, etc., to identify gaps and clusters) and the following data will also be collected through interviews/surveys:

- Users' assessments and satisfaction with the individual procedures in terms of publicity, accessibility, predictability, communication, support in the procedure, fairness, protection against retaliation, transparency, neutrality, duration
- Assessment of the experts involved in the procedure and inclusion of any recommendations to improve the procedure.
- For potential users: Collecting information on the level of awareness and information about the MRDH among "potential users" through feedback with local organisations and, if necessary, random surveys of the target groups of

outreach and capacity building activities. In addition, MRDH members could, for example, ask about awareness of the MRDH in supplier audits and share this information with the MRDH.

4.3 Review of the achievement of the MRDH's objectives

The review of the achievement of the MRDH's objectives is carried out on the following two levels:

- A) Effectiveness of prevention and remedial measures: Are prevention and remedial measures implemented (in the individual cases) and are the complainants satisfied with their implementation and impact? (Impact for the complainants)
- B) Effectiveness of MRDH as a learning system/early warning system: Do learnings from the MRDH lead to adjustments in operational management and due diligence processes?

For this, at least the following information must be collected continuously:

- Information from the participating companies on the status of implementation of the prevention and remedial action plans (for example, "not yet started", "in progress", "implemented")
- Information from companies on the use of information/learnings from the MRDH to adapt operational management and due diligence processes
- Satisfaction of users with the outcome of the complaint's procedure and the implementation of the prevention and remedial measures (central to the evaluation of effectiveness).

The satisfaction of the users/affected persons is to be surveyed both within the framework of the survey concluding each complaint procedure and - as far as possible - at a later time agreed in the remedial action plan after the conclusion of the procedure (approx. 6-18 months).

This can be complemented by stakeholder workshops with local organisations on general awareness, accessibility and satisfaction with the functioning, results, and publication practices of the MRDH.

4.4 Evaluation

Based on the data collected, reviews are carried out by way of:

4.4.1 Effectiveness reviews

Effectiveness reviews are to take place in the following *time periods*:

- The mechanism is to be reviewed for its effectiveness for the first time in a structured manner two years after the start of implementation.
- Thereafter, a regular review is to take place at least every three years, as well as in the event of relevant changes to national or international laws, guidelines/reference frameworks or suggestions by the multi-stakeholder board.
- In addition, there is the possibility of an initial informal review of the MRDH after one year by the expert panel to identify and address any urgent need for adjustment.

The following *methods/principles* are to be applied:

- The reviews are carried out by independent experts.
- The reviews are based on the data listed above as well as additional interviews/surveys with users, other stakeholders, MRDH staff and experts involved. If desired, the responses can be given anonymously.
- Precise terms of reference for the effectiveness reviews are prepared for the respective review by the coordination unit Germany in consultation with the multi-stakeholder board¹⁰.
- Based on the results and recommendations of the reviews, the multi-stakeholder board can decide on adjustments to the functioning of the MRDH (learning system).

4.4.2 Overarching analysis of complaints

As an early warning system, the MRDH should enable its members to identify systemic problems and adapt their practices accordingly in order to prevent negative impacts and complaints. Therefore, the MRDH should analyse complaints for possible trends and patterns. To do this, there must first be a sufficient number of comparable complaints. Furthermore, attention must be paid to an adequate interpretation of possible trends.

Against this background, the MRDH will implement the following processes for the overarching analysis of complaints:

1. The coordination units will continuously analyse the complaints with regard to repeated grievances, thematic accumulations, systemic human rights violations, etc. If patterns/trends are identified, corresponding information will be passed on to the MRDH members in the sense of an early warning system. In addition, these are also taken up as part of the MRDH's reporting. The subjects of received complaints are compared with identified "salient human rights issues" in Mexico. The multi-stakeholder board is regularly informed.

2. If there are enough comparable cases and indications of relevant patterns, more detailed cross-cutting analyses can be initiated by the expert panel, the coordination units Germany/Mexico or the multi-stakeholder board. The scope, frequency and thematic focus depend on the actual use of the MRDH and the budget and are decided by the multistakeholder board.
3. If detailed overarching analyses are produced, these should ideally be published (anonymised), or at least distributed and discussed among Sector Dialogue members, especially with regard to possible prevention measures. Possible options would be, for example, thematic "lessons learned publications", participation in events, etc.
4. An attempt should be made to incorporate findings from the implementation of the MRDH in other activities of the Sector Dialogue (for example, in the development of joint projects). At the same time, cross-cutting analyses can trigger further joint measures (especially preventive measures). In addition, there should be an exchange on the experiences of the participating companies in dealing with complaints about potential human rights violations that do not fall within the scope of the MRDH.
5. If individual complaints indicate that there could be systemic problems, the expert panel, the coordination units Germany/Mexico or the multi-stakeholder board can propose systematic reviews or investigations on specific topics (prevention). The multistakeholder board decides on the execution.

¹⁰The following topics have already been identified for an initial effectiveness review:

- *Adequacy of the frame of reference*
- *Adequacy of the scope and coverage*
- *Interaction of MRDH and corporate IGM;*
- *Process, cooperation to and effectiveness of clarifying the link between a complaint and a MRDH member company*
- *Information asymmetries between companies and rights holders and how to deal with them*
- *Involvement of rights-holders*
- *Effectiveness of communication/ outreach activities*

5 Building Block 5: Reporting

The MRDH will implement at least the following reporting practices:

5.1.1 Complaints database (online):

- The publicly accessible complaints database will hold core information to be able to classify a complaint (for example, companies/MRDH members concerned, tier of the value chain/sector/product, subject of complaint, type of complaint handling procedure, status within the complaint procedure, date of receipt/closure).
- The results of the various procedural steps (see Building Block 3) are published.

5.1.2 Annual reports:

- The annual report will include an overview of all complaints and report on new grievances received, admitted or rejected and status updates of grievance cases in the reporting period.
- If trends and/or patterns were identified during the reporting period in the overarching analysis of complaints (see Building Block 4), these will be included in the annual report.
- Other activities (outreach activities etc.) during the reporting period are also reported.

5.1.3 Communication formats to be developed to reach *indigenous peoples*:

- Further communication formats will be needed to also reach indigenous peoples in recognition of their cultural identities and ways of life (e.g., indigenous languages, [collective] decision-making).
- The development and implementation of such measures will draw on the experience of local authorities and NGOs that have expertise in these areas.

Special attention is paid to the following:

- The MRDH's reporting should be oriented towards the needs of the target groups. This also includes the development of suitable formats (for example for illiterate people).
- Publications are informed by the surveys listed above in order to provide the interested public with a "high-level" effectiveness review.
- The protection of complainants is central. Publications must not allow conclusions to be drawn about the identity of complainants. The parties involved are informed about the MRDH's publication practice. If complainants express concerns that publications could reveal their identity, they can also choose not to have their case published (even if anonymously). In addition, the MRDH's publication practices will also safeguard the legitimate confidentiality interests of the companies and other parties involved in the proceedings.

- The reports and the database shall be available in Spanish and in English. Communication with indigenous peoples shall be in the respective indigenous language.