



Closing the Remedy Gap in Mineral Supply Chains: a case study

Levin Sources



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The DiliCHANCE project

The Challenge

The European Union perceives due diligence as crucial to its economic and sustainability goals. It is needed to secure critical raw materials, support the green and digital transition, and promote sustainable practices that reduce societal and environmental harm.

for more details please visit
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Our Approach

DiliCHANCE improves due diligence in mineral value chains and responsible business conduct by (a) raising awareness and knowledge of human rights and environmental due diligence (HREDD) among corporate actors, (b) identifying gaps in HREDD implementation in policy and industry, (c) enhancing due diligence operations with better tools and new solutions, and (d) promoting multi-stakeholder engagement and capacity building.



Imprint

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Work package 1: Forming the DD One-Stop-Shop | Task 1.2 Deep Dive article

Dissemination level: public

1. Summary and key findings

IN RESPONSIBLE BUSINESS CONDUCT, REMEDY IS ABOUT MAKING THINGS RIGHT FOR PEOPLE WHOSE HUMAN RIGHTS HAVE BEEN ADVERSELY IMPACTED, OR FOR ENVIRONMENTS THAT HAVE BEEN SEVERELY HARMED. Remedy may include apologies, restitution, rehabilitation, financial and non-financial compensation, management level changes, punitive sanctions and measures to prevent future occurrence of harm (Business and Human Rights Centre, n.d.). Enabling access to remedy requires a business to take action so that people adversely impacted by business activity have a way to raise their concerns and have those concerns responded to.

One key mechanism by which to ensure that concerns can be raised and responded to is the use of grievance mechanisms. This case study examines how remedy and grievance mechanisms have been provided and can be adapted for better efficacy in the context of bauxite mining in Latin America.

The case of a vertically integrated aluminium producer shows how such a mechanism can work in practice. Below, we examine how the company manages grievances and remedy pathways for community members at its bauxite¹ mining and processing facilities in Latin America. The key operational lessons show that:

- **Effective grievance management starts before any complaint is raised:** proactive identification and mitigation of social and environmental impacts prevent many grievances from arising in the first place.
- **Grievance mechanisms work best when embedded in a wider responsible business ecosystem** that includes social and environmental impact assessment and management, and ongoing community dialogue, rather than operating as a stand-alone system.
- **Stakeholder mapping**, linking each stakeholder group to relevant impacts and themes of interest, allows companies to anticipate concerns rather than merely react to them.
- **Engagement and grievance handling are the responsibility of the entire business.** Everyone who interacts with communities, from operations staff to security and contractors, should know how to receive and escalate a concern.
- **Channels must match how people actually communicate**, whether by phone, in person, or at the porter's lodge of the local operation, and informal complaints should be recorded and tracked like any other.
- **A grievance mechanism requires continuous monitoring, learning and improvement**, following the UN Guiding Principles on Business and Human Rights (UNGPs) effectiveness criteria. This work is part of the mechanism itself.

The OECD Due Diligence Guidance distinguishes stakeholders generally from relevant stakeholders, i.e. those whose interests must be taken into account in relation to a specific activity, and from impacted and potentially impacted stakeholders and rightsholders, whose interests or rights are or could be affected (OECD, 2018). **This article is concerned principally with the latter group, referred to throughout as affected people.**

MINING COMPANIES SHOULD TREAT GRIEVANCE MECHANISMS AS PREVENTIVE AND TRUST-BUILDING TOOLS INTEGRATED INTO DAY-TO-DAY OPERATIONS TO IDENTIFY CONCERNS EARLY AND STRENGTHEN

¹ Bauxite is a key component in the manufacture of aluminium.

RELATIONSHIPS WITH AFFECTED PEOPLE (Shift Project, 2019). Downstream companies share responsibility for grievance handling in their supply chains and can use collaborative pilots to understand, support and monitor improvement at their suppliers.

2. Remedy in human rights and environmental due diligence

As part of human rights and environmental due diligence, companies are expected to identify, prevent and mitigate (potential) adverse impacts on human rights and the environment that arise in connection with their operations and value chains. Where adverse impacts have already occurred, the people who experience those impacts need a way to raise concerns and to have harms set to right. Grievance mechanisms and access to remedy are key structures to ensure that remedy is provided in cases where adverse impacts have already occurred.

THE UNGPs PROVIDE THE FOUNDATIONAL FRAMEWORK FOR HUMAN RIGHTS DUE DILIGENCE AND THE EFFECTIVENESS CRITERIA FOR GRIEVANCE MECHANISMS. Access to remedy for individuals and communities affected by business-related human rights abuses is one of their three pillars (United Nations, 2011). **The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct are aligned to the UNGPs on the topic of remedy and grievance mechanisms.** While grievance mechanisms and remedy in the UNGPs are discussed solely through a human rights lens, they can be applied to environmental impacts.

To read more about the nexus between human rights and environmental impacts and remedy, see "[Practical Tool for Business on Human Rights Due Diligence and the Environment](#)," published by the UN Development Programme in 2024.

Remedy is provided through a process that counteracts or redresses human rights or environmental harms that have occurred. It can take many forms: apologies, restitution, rehabilitation, financial or non-financial compensation, and punitive sanctions such as criminal or administrative fines, as well as the prevention of harm through injunctions or guarantees of non-repetition. Procedures for remedy should be impartial, protected from corruption and free from political or other attempts to influence the outcome (Shift, n.d.). **Remedy involves both restoration for the affected people and mitigation plans that strengthen prevention going forward** (United Nations, 2011).

Through grievance mechanisms, individuals and communities can raise concerns about business-related human rights abuses and environmental harms, and seek redress. **This case study focuses on non-state-based non-judicial mechanisms (NSBNJ GMs) and within it, on operational-level grievance mechanisms (OLGMs)** established by companies. These are the mechanisms most directly within a company's control and the most prominent grievance channels available to affected people in major mining jurisdictions (BMZ, 2024). In addition to normative requirements for remedy, adequate provision of remedy, including through effective grievance mechanisms, is increasingly embedded in regulations affecting the minerals sector, such as the EU Batteries Regulation.

3. Current limits to OLGMs

PEOPLE ADVERSELY AFFECTED BY BUSINESS ACTIVITY OFTEN HAVE ACCESS TO A LIMITED SELECTION OF NON-STATE-BASED NON-JUDICIAL MECHANISMS. At the international level, development banks, state offices, multi-stakeholder initiatives, and standard-setting bodies frequently operate grievance mechanisms with varying designs. For example, voluntary sustainability standards such as the Initiative for Responsible Mining Assurance (IRMA) and the Aluminium Stewardship Initiative (ASI) maintain complaint mechanisms, and National Contact Points under the OECD Guidelines receive complaints about alleged breaches of the Guidelines (Initiative for Responsible Mining Assurance, n.d.; Aluminium Stewardship Initiative, n.d.; Organisation for Economic Co-operation and Development, n.d.).

However, **the number of mining sector cases reaching these mechanisms is small as they are often not well known, may be difficult to access, and are often seen as ineffective in delivering remedy** (BMZ, 2024; Business and Human Rights Centre, 2024). People affected by mining operations may need expert support to prepare and present a case, although effective grievance mechanisms should have low barriers to use.

AT THE NATIONAL LEVEL, THE LANDSCAPE OF NON-STATE-BASED NON-JUDICIAL MECHANISM IS DOMINATED BY COMPANY OLGMS. However, this doesn't mean affected people only have OLGMs to turn to. There are state-based non-judicial mechanisms alongside them, and national human rights institutions, such as the Ombudsman's Offices in Peru and Colombia, or the South African Human Rights Commission, play an important role in receiving and handling grievances arising from corporate actions.

In practice, however, judicial mechanisms, state-based non-judicial mechanisms, company OLGMs and international mechanisms are rarely interlinked and do not act in a complementary way (Götzmann & Lorion, 2020). Binding regulations are changing this for companies within their scope. For instance, the EU Corporate Sustainability Due Diligence Directive requires transnational companies to establish OLGMs, while the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG), the EU Conflict Minerals Regulation and the EU Batteries Regulation require grievance mechanisms in the supply chain. This may be one reason that transnational companies tend to have more advanced and robust OLGMs compared to smaller national miners (BMZ, 2024).

OLGMs can provide compensation for damages and tangible harms, address low-complexity issues, and handle labour issues and supplier complaints. In one assessment of minerals sectors in Colombia, Indonesia, Peru and South Africa, affected people tended to use OLGMs for matters that could be resolved bilaterally with the mining company. However, in these cases, **affected people did not regard OLGMs as adequate for addressing more complex issues**, such as human rights harms affecting communities at scale. Where the landscape of mechanisms beyond OLGMs is limited and access to judicial mechanisms for remedy can be a major hurdle -- as it was in the four countries of the assessment -- affected people can fail to obtain adequate remedy precisely where their human rights are harmed (BMZ, 2024).

THE UNGPS SET THE BENCHMARK AGAINST WHICH ANY NON-JUDICIAL GRIEVANCE MECHANISM, INCLUDING OLGMS, SHOULD BE ASSESSED (United Nations, 2011). In the assessment of the OLGMs of large-scale mining companies in Colombia, Indonesia, Peru and South Africa, it found that several complied with a number of criteria set by the UNGPs, but none complied with all of them (BMZ, 2024). Many fell short in the following ways:

- **Indigenous and traditional communities** often struggle with company OLGMs in the minerals sector because of language and cultural barriers, as well as gender disparities which limit effective use, since the specific needs and perspectives of women are frequently overlooked.
- Legitimacy is hard to achieve where the relationship between affected people and the company is already characterised by **mistrust and rejection**.
- Equitability is limited where **third parties** (independent advisory committees, civil society organisations, trade unions or multi-stakeholder initiatives) are excluded from the grievance process.
- **Dialogue and engagement are weakened** when affected people experience limited, if any, involvement in designing and implementing mechanisms, and are not treated as equal interlocutors.

Transparency is lacking, making it difficult to examine specific grievance processes or assess whether the remedies provided are adequate.

THE REMEDIES COMPANIES COMMONLY PROVIDE ARE OFTEN LIMITED TO FINANCIAL OR NON-FINANCIAL COMPENSATION, ALTHOUGH EFFECTIVE REMEDY SHOULD ALSO INCLUDE APOLOGIES, REHABILITATION AND GUARANTEES OF NON-REPETITION (United Nations, 2011). Power imbalances frequently enable influential actors to impose limited remedy on communities and workers, who accept them for fear of receiving nothing at all. Governments do not always provide oversight of mining sector grievances or intervene in complex cases; the absence of any obligation on companies to disclose grievance information obscures transparency and makes it impossible to evaluate the adequacy of remedies (BMZ, 2024; World Resources Institute, 2004). Where formal routes fail, communities often take direct action: in Peru and South Africa, for example, affected people frequently resort to demonstrations, road blockades, and other forms of direct action (BMZ, 2024). The high number of social conflicts in some mining regions indicates that many communities still consider this more effective than formal complaint mechanisms (BMZ, 2024). These direct actions risk escalating grievances into violence against protestors and operational cessations, bringing significant and sometimes irreparable harms to affected people and the business (Davis & Franks, 2014).

4. Case study: Strengthening an OLG in Latin America

THE FOLLOWING CASE STUDY IS BASED ON AN ASSESSMENT OF AN OLG OPERATED BY A VERTICALLY INTEGRATED BAUXITE MINER AND ALUMINIUM PRODUCER IN LATIN AMERICA (Kleinaityte, Schindall & Tufo, 2026). It examines a company-level grievance mechanism in relation to the UNGP effectiveness criteria, identifying both established strengths and areas the assessment flagged for improvement..

The producer collaborated with one of its buyers who, in the course of its supply chain due diligence identified community impacts in its aluminium foil supply chain. By looking more closely at the particular case with the aluminium producer in Latin America, the buyer wanted to **draw practical lessons applicable and adaptable to other companies in its supply chain and other geographic and materials contexts**.

The assessment commissioned by the buyer, with full participation by the aluminium producer supplier, focused on the supplier's operations in an area of hilly terrain where bauxite is often found near the surface. Bauxite extraction takes place at various locations within the area and typically involves removing part of the soil to

extract the bauxite. Although the company holds mining rights in the area, the land itself is owned by local communities, with whom the company contracts to lease it. The supplier's work therefore depends on functional relationships with communities.

Two features of the operating model shape the company's relationships with communities. The supplier operates few mines at the same time, and each bauxite operation lasts no more than six months. The contracts with landowners, however, run much longer to allow for the rehabilitation of the land so that it can be returned with the same or better physical and chemical properties, restoring its original use, whether as a coffee plantation, eucalyptus production, or pasture. The company's relationship with each landowner therefore extends far beyond the brief period of active mining, and the condition in which land is returned is central to that relationship.

- **The grievance mechanism is part of the company's responsible business ecosystem**, which includes environmental management, social impact assessments, and ongoing dialogue and engagement with communities. This integration allows the company to understand grievances in the context of broader impacts, respond to specific concerns, and implement strategic programs and initiatives embedded in business operations to address identified impacts.
- **Rehabilitation and restoration operations help address concerns about landowners' ability to maintain the quality of their land and use it as they did before leasing it for bauxite production.** This is a critical issue because, for many of these communities, the land represents a key or main source of income. The company's commitment to restoring mined areas to productive use, combined with transparent communication about progress towards rehabilitation, has helped prevent misunderstandings and build credibility.
- **The supplier conducted a comprehensive mapping of key stakeholders** to identify the groups most affected by its operations, understand their key areas of interest, and anticipate and address potential concerns. By linking each stakeholder group to the relevant social and environmental impacts, the company ensured that issues raised through the grievance mechanism are not treated in isolation but as part of ongoing impact management.
- **The supplier treats stakeholder engagement and grievance management as part of how the entire business operates.** The company has trained employees and subcontractors across departments, including operations, technical teams and security, on how to engage with stakeholders and receive grievances. Community members might prefer to voice concerns directly to familiar company representatives rather than through online or official grievance channels. It is therefore important to ensure that all employees and subcontractors who interact with community members understand their role in receiving concerns and escalating them through the appropriate channels.
- **Community members can raise concerns through a variety of channels:** by phone, by speaking directly with employees, or by visiting the local operation's porter's lodge. Any communication channel can serve as a vehicle to record a grievance, which is then properly flagged internally and addressed. When a concern is received, the teams follow a clear internal process to categorise and address the issue, whether it relates to operations, environmental impacts, or code of conduct breaches, and involve the right departments until a resolution or remedy is achieved. This flexibility made the mechanism more approachable and has encouraged open communication. Importantly, the company also records and categorises informal complaints so that no concern goes untracked, no matter how it is raised.

- **While existing channels serve many stakeholders well, the supplier recognises that an effective grievance mechanism requires continuous monitoring, learning and improvement.** The company has shown a commitment to continuously aligning its practices with the effectiveness criteria for grievance mechanisms set out in the UNGPs. It monitors closely how issues are remediated. The collaboration with the buyer helped map existing strengths and identify concrete areas for improvement, such as ensuring accessibility and awareness of grievance channels for stakeholders who do not yet have established relationships with the company, and enabling people to raise concerns anonymously if they wish.
- **The assessment also identified concrete areas for improvement.** Awareness of the grievance channels is weaker among stakeholders who do not yet have established relationships with the company, and the mechanism does not yet allow people to raise concerns anonymously if they wish. Both were flagged as priorities for the next phase of the mechanism's development.

This experience shows that understanding a company's impacts is key to handling grievances and developing remedies. Taking concrete action to mitigate adverse impacts effectively can reduce both the number of grievances and community hostility. The project also demonstrates how a collaborative approach between upstream and downstream supply chain partners, in this case a mining company and a packaging manufacturer, helps build trust and allows the parties involved, at both local and corporate levels, to openly discuss challenges, provide support, and monitor continuous improvement. This case also shows how leverage can be used constructively.

5. Implications and recommendations for companies

- **Treat prevention and impact management as the beginning of grievance management.** The case study shows that by proactively identifying and mitigating impact, a business can prevent grievances from arising and build credibility. Companies should embed the grievance mechanism within their impact management system, rather than running it as a stand-alone channel.
- **Design the mechanism with and for its users.** Companies should consider affected people as active contributors and involve them in the design and operation of the mechanism to ensure it is appropriate and adequate. They should engage them in continuous dialogue from the very beginning of operations to foster trust and legitimacy and ensure accessibility for all affected people, including women and vulnerable groups (BMZ, 2024).
- **Remedy is not just compensation.** Remedy includes apologies, rehabilitation and guarantees of non-repetition, and grievance procedures should be impartial and protected from undue influence.
- **Be transparent and keep learning.** Companies should disclose information on the types of grievances received and the remedies provided, regularly evaluate the effectiveness of their mechanisms, involve third parties in those evaluations, or collaborate with NGOs, trade unions or multi-stakeholder initiatives, and openly share the results, with emphasis on the adequacy and fairness of remedies from affected peoples' perspectives (BMZ, 2024).
- **Use downstream leverage collaboratively.** Responsibility for grievance handling should involve the broader value chain when other value chain businesses are contributing to harms or are directly linked

to them. While businesses that are directly linked through the value chain to harms do not need to remedy those impacts on their own, they can play an important role in exercising their leverage (e.g., sharing know-how, contributing resources, convincing businesses causing impacts to provide remedy) which leads to remedy for people or environments that have experienced harms (United Nations, 2011).

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