

FairVoice

Inter-Company Grievance Mechanism in India



Transparency is fundamental for the implementation of corporate due diligence. It makes the supply chain more sustainable, trusted, and thus more resilient in the long term. The process – due diligence management – should be risk-based, proactive and appropriate. Companies can only effectively address environmental, social and corruption risks in their supply chain if they know where, how, and by whom their products are manufactured. Formalised access to grievance mechanisms and redress for affected parties is an essential pillar in this regard.

The establishment of a grievance mechanism holds multiple benefits for employees, companies, and local communities alike:

Enhances a company's risk management,

- Early warning system - address concerns before they escalate,
- Gather critical information and identify patterns over time, supporting a continuous improvement process.



Ensures a 'Fair Voice' for stakeholders,

- Empowers workers by allowing them to directly communicate their grievances,
- Mitigates passive acceptance or resource-intensive legal action,
- Promotes job satisfaction and a good working environment.



Safeguards business interests,

- Reduces costly legal arbitration and reputational damage,
- Boosts employee satisfaction and productivity,
- Strengthens supply chain resilience through transparency.



The **German Supply Chain Due Diligence Act** requires German companies doing business with India, and Indian subsidiaries of German companies operating in local markets to comply with due diligence regulations. Section 9 of the law mandates that a complaints process is accessible across the supply chain to report human rights and environmental concerns. This affects both direct and indirect suppliers.





‘FairVoice’ across Supply Chains

FairVoice connects larger German and EU companies, their subsidiaries in India, as well as their Indian suppliers to **one unified complaints and whistleblowing system**. It aims to support the Indo-German Business Community in their compliance with the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG) and other regulations.

The pilot platform, handled by subject matter experts, enables companies to **identify and assess potential human rights, environmental, and business integrity issues** in the supply chain. The mechanism gives recommendations for remediation, allowing companies to address issues proactively, thereby efficiently and cost-effectively supporting risk management.



Our grievance mechanism was developed in line with international standards to ensure legitimacy while keeping in mind transparency and accessibility, to give stakeholders a ‘FairVoice’.

If your company is interested in trialling FairVoice this year, please write to sustainmarkets@indo-german.com participation is free of cost – **limited seats are available**

The Initiative is being carried out by IGCC SustainMarkets and Alliance for Integrity in collaboration with the Business Scout for Developments programme which is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ).

