

## Grievance mechanisms drive stakeholder engagement in the auto sector



**Factory:** SK On Hungary Ltd., SK Battery Manufacturing, and SK On Hungary Ivánca

**Location:** Komárom and Ivánca, Hungary

**Brands:** Ford, Volkswagen and one other German car

**Products:** Batteries and battery cells for low emission vehicles (specific product models unknown)

Electronics Watch used corporate grievance mechanisms established under the 2023 German Supply Chain Due Diligence Act (LkSG) to address labour rights violations identified at SK On Hungary in Komárom. These allowed Electronics Watch to engage automotive companies in dialogue and enabled the meaningful engagement of the national union and global union federation, IndustriALL.

### Monitoring and findings

In 2023 and 2024, Electronics Watch monitoring partner Periféria surveyed and interviewed SK On workers. We triangulated their testimonies with information from online sources and insights from the local chapter of the Federation of Chemical Workers of Hungary (VDSZ).

Periféria's monitoring identified serious health and safety violations. Workers reported being exposed to hazardous chemicals but receiving little information about the long-term impact on their health. In one incident, the management refused to share details about chemicals with a doctor treating a worker injured in an accident, citing trade secrets. Workers reported other symptoms of exposure to hazards, like frequent nose bleeds. When triggered by several fires, the fire alarm was not audible over the noise of machinery in one department, and was switched off in others.

There was also evidence of wage-related violations, including subjective performance evaluations, which influence pay, and an opaque bonus system. Nearly all the workers interviewed said they did not understand the basis on which bonuses were awarded. Some indicated that taking sick leave could result in bonuses being forfeited.

Discrimination and threats against trade union members were also documented.

### Remediation

At the time<sup>1</sup>, Electronics Watch affiliates were linked to SK On in Komárom via three suppliers: Ford, Volkswagen and another German car manufacturer. Because all three operate large factories in Germany, they fall within the scope of the German Supply Chain Due Diligence Act and are required to operate a grievance mechanism. This should facilitate the investigation and assessment of complaints and, when harm occurs, remediation.

After consulting IndustriALL and VDSZ, Electronics Watch filed complaints via these grievance mechanisms. All three companies responded to the complaints, but demonstrated differing levels of transparency and approaches to engaging stakeholders.

Ford has been the most transparent so far. Upon receiving the Electronics Watch grievance, Ford shared a summary of the third-party audit conducted at SK On Komárom in October 2024 which found several major non-compliances in the same areas as Periféria's monitoring. In February 2025, Ford shared detailed audit findings and related documentation with Electronics Watch, Periféria, and VDSZ under a dedicated non-disclosure agreement specific to this grievance. While such sensitive information is rarely shared by companies, establishing this secure framework enabled Periféria and VDSZ to have a deeper look into the findings and provide input.

Importantly, Ford has been open both to receiving and acting on stakeholder input. Ahead of the transfer of production to the Ivánca site, Ford expressed appreciation for the factory union's

<sup>1</sup> In 2025, most of the battery cell production at SK On Hungary in Komárom was transferred to two other sites: SK On Hungary in Ivánca, which now supplies Ford, and SK Battery in Komárom, which supplies Volkswagen.

insights about working conditions there. Ford included Periféria and Electronics Watch in a preparatory meeting with auditors before the new site was assessed. All parties emphasised the value of the information exchange.

Volkswagen held preliminary talks with Electronics Watch in December 2024. Like Ford, it used Periféria's monitoring findings as risk indicators in its supplier audit of SK Battery. In December 2025, Volkswagen provided Electronics Watch with a high-level update on the process. It later shared a general non-specific verbal update on the further investigation.

Unlike Ford, Volkswagen has not communicated whether VDSZ, the Volkswagen works council or other stakeholders were involved in developing or implementing the corrective action plan (CAP).

The third manufacturer sourcing from SK On Komárom denied Periféria's monitoring findings, indicating that they were not supported by its own sustainability audits or by Hungarian government investigations. This company refused to share those audits to allow for a comparison of the underlying evidence. Since then, it has been non-responsive. However, its disengagement may be due to having phased out SK On Komárom as a supplier.

## Key takeaways

*The remediation processes at these sites are ongoing. While their outcomes are not yet known, several process-related impacts have already emerged.*

### Corporate grievance mechanisms in Germany provide a source of leverage for workers and public buyers

Companies covered by the LkSG have an obligation to respond to complaints reported through the formal grievance mechanisms and to engage with stakeholders. In this case, that provided an entry point for dialogue on remedy and corrective action. Electronics Watch will continue to make use of this leverage going forward, particularly for cases in automotive supply chains.

### Collaboration with trade unions is vital

Unions should play an important role in due diligence. Good communication with VDSZ enabled worker-driven monitoring at SK On in Komárom. Ongoing contact between the Hungarian union, affected companies, Periféria and Electronics Watch remains essential to addressing the identified issues. [Collaboration](#) with IndustriALL is helping Electronics Watch to build relationships with its affiliated unions in battery factories, and to strengthen workers' rights in the battery sector globally.

### Meaningful stakeholder engagement enhances risk identification and assessment

Ford's commitment to ongoing, two-way, responsive dialogue with Periféria, VDSZ and Electronics Watch ensured that auditors were aware of risks identified by the local workforce and informed about their concerns. The transparent information exchange enabled all parties to contribute meaningfully to the dialogue. Equally critical is the constructive engagement of SK On; Ford noted that sustainable improvements require open communication and a genuine willingness from SK On to collaborate on corrective actions.