

Mechanismo de Reclamación de Derechos Humanos México

Rules of Procedure

Preamble

The “Mechanismo de Reclamación de Derechos Humanos” (MRDH) Mexico is a cross-company grievance mechanism of the automotive industry providing access to remedy for rights holders affected by human rights violations in México.

The sector-wide grievance mechanism is intended to prevent and remediate human rights violations in the supply chains of member companies, close gaps in human rights protection and accountability, and thereby increase the influence of automotive industry member companies within their supply chains in Mexico.

It supports the need for reliable information channels and requires member companies to improve their processes to address and minimize potential risks of human rights violations in their supply chains.

The MRDH reflects the right to remedy and complements existing judicial and other mechanisms in line with the UN Guiding Principles on Business and Human Rights and the grievance mechanisms under the German Supply Chain Act.

The UNGPs emphasize the responsibility of state and non-state actors, including companies, to respect and ensure the right to remedy. They advocate for effective access to remedy through judicial, administrative, legislative and non-judicial processes, recognizing the importance of state and non-state grievance mechanisms.

In addition to the international framework, the right to reparation in Mexican law introduces the concept of collective remedy, as stipulated in Article 27 section VI of the General Victims Law. This provision recognizes the right to collective redress for groups, communities and social organizations affected by violations that affect the individual rights of their members or cause collective harm.

The objective of collective recourse in Mexican law is to recognize and dignify collective victims, rebuild the social and cultural fabric, promote the psychosocial recovery of affected groups and communities, and advocate for the human rights of these communities.

Part I: Definitions

Article 1: Case governance

The Coordination Unit Mexico, the Coordination Unit Germany and the Panel of Experts assigned to the case are responsible for resolving complaints filed with the MRDH.

Article 2: Violation of Human Rights

According to the MRDH, a human rights violation occurring in a member company's supply chain may consist of, *among other things*, labor rights violations, discrimination and harassment, , privacy and data protection violations, forced labor and human trafficking, violations of indigenous peoples' and other community rights, health and safety violations, freedom of association and collective bargaining rights, land, territory and natural resource rights, and forced displacement and negative impacts of corruption.

Article 3: Environmental damage

Environmental harm can cause or contribute to negative human rights impacts. The MRDH may receive cases involving environmental harm where there is plausible reason to believe that environmental contamination poses a significant risk to human rights, that the alleged victims have been exposed to the contamination, and that the company or companies are suspected to at least partly responsible for failing to comply with their duty to prevent this contamination.

Article 4: Corruption

Corruption can be one of the root causes of human rights violations. Acts of corruption that cause or contribute to a negative impact on human rights are admissible before the MRDH, being necessary to demonstrate the plausible human rights impact, as developed in Article 2 of the rules of procedure and the general admissibility criteria being applicable.

Article 5: Leverage

- 5.1. Where a company has not contributed to an adverse human rights impact, but such impact is nonetheless directly linked to its operations, products or services through its business relationship with another entity, MRDH member companies shall provide the Coordination Units and the Panel of Experts with necessary data for the resolution of the case as well as use, develop and increase opportunities to influence the behavior of that entity, including, where appropriate, in collaboration with other MRDH members or sector initiatives, to support remedial action.
- 5.2 The MRDH enables members to act together and increase their capacity to influence companies that violate human and environmental rights.

Part II: Complaint Procedure

Article 6: Filing a complaint

- 6.1. To file a complaint with the MRDH, complainants shall include a description of the subject matter of the complaint and the potential adverse effects and risks and, where appropriate, indicate how the complainant is personally affected. They should also provide a clear description of the company and location to which the complaint refers, and if possible, a reference to the plausible connection with one or more MRDH member companies. The Coordination Unit Mexico will assist complainants in providing any missing information.
- 6.2. The MRDH may receive complaints anonymously and in various formats. These include, but are not limited to, a web form, emails, courier services, or in-person submission to the Coordination Unit Mexico
- 6.3. The Coordination Units will reply to complaints within three working days after having received the complaint.

Article 7: Admissibility

- 7.1. The complaint shall be considered admissible if it meets the following criteria:
 - a) the complaint is based on a violation of human rights, environment harm or corruption, as developed in Art. 2 to 4 of the internal rules of procedure,
 - b) an MRDH member company or in the supply chain of one of the MRDH member companies caused or contributed to human rights violation, environmental harm or corruption,
 - c) the human rights violation, environmental harm or corruption occurred in the territory of the Mexican Republic,
 - d) the matter occurred after the inauguration of the MRDH on May 7, 2024, or it is a matter of approved continuing effects.
- 7.2. In case of environmental harm, complaints against the industry as such shall not be admissible.
- 7.3. A company within a supply chain as referred to in Art. 7.1. b) refers to any company within the upstream supply chain of a member company without limitation as to the supplier level. If the connection to a member company is plausible, the complaint is admissible, and the linkage is subject to further examination during the initial investigation phase.
- 7.4. The Coordination Units shall assess the admissibility of a complaint within 15 working days from the submission of the complaint through a designated communication channel, as mentioned in Article 6.2. In justified exceptional

cases, the admissibility check may take longer.

- 7.5. In case the initial complaint does not contain sufficient information to assess whether it can be considered admissible, and the Coordination Units cannot obtain further information from the complainant through designated communication channels as mentioned in Art. 6.2 and tried at least three times to reach out to complainants, the case will be paused 40 days after the complaint was filed. This does not prevent any future reopening of the complaint.
- 7.6. For the purposes of these regulations, working days are those from Monday to Friday, except for those indicated in Article 74 of the Federal Labor Law.

Article 8: Eligibility information

- 8.1. After the admissibility check is finalized by the Coordination Units according to Art. 7, complainants will be informed within 3 working days about the decision of admissibility or rejection of their complaint. In case of rejection, complainants may appeal the decision before the Panel of Experts (Article 10).
- 8.2. In case a complaint is inadmissible because it addresses a violation out of scope of the mechanism's purpose, complainants must be contacted and should receive information about other avenues and institutions to handle the complaint.

Article 9: Interaction with the internal grievance mechanism of member companies

- 9.1. The MRDH shall inform the complainant about the possibility of filing a complaint with the internal grievance mechanism (IGM) of the member companies. In this case, the MRDH may also serve as an intermediary to anonymously submit a complaint to the IGM. It will be up to the complainant to decide how to handle the complaint. Documentation of the reasons for not opting for the IGM may be submitted to those responsible within the respective member company in an aggregated version only.
- 9.2. If member companies receive complaints through their own IGM, which at the same time fall within the scope of the MRDH, member companies should refer the complainants to the MRDH.
- 9.3. In addition, the MRDH shall act as an appeals body for decisions adopted by the IGM of the member companies under the terms established in the interaction document between the MRDH and IGM.

Article 10: Panel of Experts

After receiving a complaint, at least two expert persons within the MRDH group of experts will be contacted by the Coordination Units on a case-by-case basis to

investigate the matter and provide findings to the companies, the complainant and the Coordination Units to reach an agreement between the parties involved or adopt a decision to initiate conflict resolution based on mediation or compliance review. The panel will usually be established within a maximum of 21 working days after the admissibility decision.

Article 11: Investigation of cases

- 11.1. Within 30 working days after the establishment of the Panel of Experts, it investigates the case submitted to the MRDH. In justified exceptional cases, the investigation phase may be extended for another 30 working days by the Coordination Units. In emergency cases, the Panel of Experts should propose emergency and protective measures for the complainants as soon as possible (see also Anti Retaliation Policy).
- 11.2. The number of expert persons assigned to form the Panel of Experts to investigate a case may vary from two to three or up to five experts due to, for example, the thematic areas of focus of the human rights violations described in the admissibility criteria above, the accessibility of on-site inspections, as well as the complexity of the case as such.
- 11.3. At their discretion, the expert persons may, among other things, take the following investigative measures within 30 working days:
- a) Review the admissibility findings of the Coordination Units in case of doubt or when the parties appeal a case,
 - b) Investigation and determination of the links between the company that is the subject of the complaint and the supply chain of the member companies,
 - c) Initial review of the complaint to identify possible approaches in the areas of human rights or environmental, etc.
 - d) Investigation of the case and contact with the parties to learn their perspective and identify an appropriate approach to the case,
 - e) Information requests (e.g., to companies, local governments, human rights institutions, civil society organizations or the plaintiffs themselves) and document review to obtain a basic factual outline of the related cases.
 - f) Review of due diligence plans or codes of conduct of member companies
 - g) Optionally and if deemed necessary, carry out on-site observation missions at sites, facilities and communities,
 - h) Identification of appropriate avenues for case resolution: compliance review / mediation,
 - i) Interviews with companies, complainants, etc.
 - j) Drafting of terms of reference for other internal or external experts, depending on the approach to solving complaints together with the Coordination Units, for approval by the Executive Committee,

- k) Identification of the information and conditions (e.g. translation, confidentiality, transport, independent notice, legal notice, etc.) to be provided to complainants and experts during the process,
- l) Identification and recommendation of emergency measures and protection for plaintiffs as described in the document "Anti-Retaliation Policy",
- m) Map out possible avenues for resolving complaints outside the MRDH,
- n) Review of companies' compliance with the commitments made or conclusions reached regarding their human rights obligations.

Article 12: Conflict resolution based on mediation

- 12.1. Mediation-based dispute resolution may be initiated by the parties upon mutual approval. The procedure may be conducted by the Panel of Experts assigned to the case and/or if necessary, with external support and should not exceed nine months.
- 12.2. Throughout the process, the MRDH shall support complainants and other affected persons to balance information and power asymmetries and facilitate dialogue.
- 12.3. In cases of mediation, the Panel of Experts shall prepare a draft report on the outcome of the process in an appropriate format which shall be sent to the parties involved for their comments within 15 working days.
- 12.4. The Panel of Experts shall finalize the report within another 15 working days.

Article 13: Compliance review

- 13.1. If mediation-based dispute resolution was unsuccessful, the Panel of Experts or independent qualified third parties may conduct an independent compliance review of member companies within three months.
- 13.2. The parties involved may comment on the facts within 15 working days and the Panel of Experts finalizes the report within another 15 working days.

Article 14: Prevention plan and corrective measures

- 14.1. Based on mediation-based conflict resolution, the Panel of Experts draws up a prevention and corrective action plan with complainants and persons affected and the companies involved. In the event of a review of due diligence plans or codes of conduct, the Panel of Experts will make recommendations for improving practices. In the event that an infringement is probable but has not yet materialized, the Panel of Experts may propose precautionary measures.
- 14.2. The Panel of Experts shall choose the possible remedial measures that it considers appropriate to the setting or case. Examples for possible types of

remediation may include, but are not limited to:

- a) In case of violation of labor rights, reinstatement of unfairly dismissed employees, reinstatement to original or equivalent jobs, compensation for pecuniary and non-pecuniary losses, including back pay, payment of lost benefits such as health insurance and pension contributions, and compensation for moral damages such as anguish and damage to reputation arising from unfair labor practices, rehabilitation, satisfaction such as public apologies, measures to ensure non-repetition,
- b) In case of discrimination and harassment, restitution through measures to restore dignity, respect and equal opportunity in the workplace, compensation, financial remuneration for emotional distress or career setbacks, rehabilitation through psychological or medical treatment if necessary, as well as formal apologies, disciplinary action against perpetrators and a clear public stance against discrimination and harassment, as well as measures to ensure non-repetition, such as reviewing HR policies, providing training on sexual harassment and establishing clear reporting and response mechanisms.
- c) In cases of environmental damage, restoration of damaged environments to their original state wherever possible, as well as compensation in the form of financial remediation to communities or individuals affected by environmental degradation or contamination, rehabilitation through health services and support to communities affected by environmental damage, and public admission of responsibility, commitment to environmental sustainability, any form of assurance of non-repetition, such as the implementation of stricter environmental controls and monitoring, changes in operating practices to reduce environmental impact.
- d) In case of violation of community rights, restoration of access to land, resources or other rights lost due to the company's activities, as well as compensation in the form of financial compensation for loss of livelihoods, cultural disruption or other damages, support for the reconstruction of community structures or services disrupted by the company's activities, satisfaction, such as recognition of adverse effects, formal apologies and community participation in decision-making, and guarantees of non-repetition such as the development of community participation policies, impact assessments and ongoing dialogue mechanisms.
- e) In the event of a privacy and data protection breach, measures to restore privacy and security of personal data, compensation in the form of financial redress for any damage caused by the breach, remediation such as support services for identity protection and management of the consequences of the data breach, satisfaction such as public acknowledgement of the breach and measures taken to rectify it, guarantees of non-repetition such as reinforcement of data protection policies, staff training on data security and regular audits of data protection measures.

- f) In case of forced labor and human trafficking, immediate cessation of forced labor conditions, freedom of movement for affected persons and restitution of documents or personal belongings, as well as compensation in the form of payment of all outstanding wages, possible recruitment fees and financial reparation for exploitation and abuse, rehabilitation in the form of psychological and medical treatment, as well as vocational training to help victims rebuild their lives, and public acknowledgement of the violation, official apologies to victims and transparent reporting of the incident, as well as guarantees of non-repetition in the form of enforcement of strict audits of suppliers, review of hiring practices and establishment of whistleblower protections.
- g) In case of violations of the rights of indigenous communities or their members, restoration of access to ancestral lands or resources, or provision of alternative lands or resources as agreed, compensation in the form of economic reparations for loss of income, cultural or environmental damage, rehabilitation, such as support for cultural recovery programs and community rebuilding efforts, and formal apologies, recognition of indigenous rights and participation in meaningful consultation processes, as well as guarantees of non-repetition, such as the establishment of free, prior and informed consent (FPIC) policies in line with ILO Convention No. 169, ongoing dialogue with indigenous communities and periodic impact assessments.
- h) In case of health and safety violations, immediate correction of unsafe conditions, provision of safe working environments, as well as financial compensation for medical expenses, disability or loss of life, rehabilitative access to medical treatment and psychological support services, as well as public acknowledgement of non-compliance with safety conditions, commitment to health and safety standards and guarantees of non-repetition, such as implementation of comprehensive health and safety management systems, regular audits and employee safety training.
- i) In case of violation of freedom of association and collective bargaining rights, reinstatement of employees dismissed for union activities, recognition of unions or elected workers' representatives, compensation in the form of back pay and benefits for workers affected by anti-union practices, rehabilitation in the form of the creation of platforms for dialogue, mutual understanding and consensual agreements between management and workers or workers' representatives, and public commitment to respect and promote freedom of association and collective bargaining, as well as guarantees of non-repetition, such as the development of a freedom of association policy, ongoing dialogue with workers' representatives, trade unions and training for management on labor rights.
- j) In case of violation of land rights and forced displacement, withdrawal from operations and a process of land remediation, provision of alternative land

or housing of equal or better quality, ensuring access to resources and livelihoods, compensation in the form of economic reparations for loss of property, income or access to resources, support for relocation efforts, including assistance with integration into new communities, recognition of the impact of displacement, engagement in transparent and fair negotiations with affected communities, as well as guarantees of non-repetition, such as the implementation of policies to prevent displacement, comprehensive impact assessments and inclusive planning processes.

- 14.3. Within 15 working days a draft plan of preventive and corrective measures shall be sent to the parties involved for their comments, and the Panel of Experts shall finalize it within another 15 working days.

Article 15: Implementation, monitoring and closure of the complaint

- 15.1. Together with the Coordination Units, the Panel of Experts or a mutually agreed party shall monitor compliance with the agreements reached, especially on the impacts for complainants.
- 15.2. Companies shall report on the implementation of prevention and corrective measures to the MRDH.
- 15.3. The Coordination Units together with the Panel of Experts shall close the case as soon as the preventive and corrective measures plan is fully implemented.

Article 16: Appeals procedure

Any party to the case may file an appeal to the MRDH to evaluate the manner in which the investigation and remediation process was conducted, as well as avail themselves of prior opportunities to present their concerns in their written or oral statements regarding the investigation report and remediation plan.
