Corporate social responsibility (CSR) is a commitment adopted by corporations in order to increase their contribution to human, economic and social development of the place where they are located. For such purpose, CSR involves the development of initiatives and actions that, with prior compliance of law, are aimed at achieving a balance between production of income, on the one hand, and protection of social welfare, environment and human rights, on the other.

There are several reasons to be a socially responsible company, among which the following outstand:

- **Good Corporate Image**: Being socially responsible improves the image that both consumer and suppliers have of the company, directly benefiting the increase in credit, consumption, and thus, economic benefits.

- **Participation in society**: The community where the work takes place becomes an important part of the company. In turn, the company becomes part of the community. This produces an environment of cooperation, in benefit of both parties, and reduces operational risks of the company.

- **Improvements in productivity**: Improving the organizational culture increases commitment and adherence of the employees, as well as the ability to attract the best human capital.

It is important not to confuse CSR with an isolated philanthropic, ethic or environmental practice. Corporate social responsibility is a new form of business management, thus, its implementation implies launching mechanisms to measure and report of its impacts, and of the relationship of the latter with the organization’s performance.
What are OECD Guidelines for Multinational Enterprises and what is their relationship with Corporate Social Responsibility?

The Organisation for Economic Co-operation and Development (OECD) is a multilateral institution which aims at creating public policies that improve the economic and social well-being of its Member States.

In 1976, OECD’s Council issued a Declaration\(^1\) that aims at encouraging the contribution of multinational enterprises to economic and social progress. For that purpose, as part of the Declaration, a series of principles and recommendations were issued, which promote the adoption of socially responsible conducts among the enterprises that operate within any of the countries that adopted the Declaration.

In this way, the Guidelines for Multinational Enterprises (Guidelines) are the international instrument that consolidates the principles and recommendations that OECD members and countries that adopted the Declaration have committed to promote regarding CSR.

The Guidelines are constantly under revision so that they function as a real mechanism that supports enterprises in the different aspects they face every day, and guarantee that they adjust to the present international dynamics.

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\(^1\) Declaration on International Investment and Multinational Enterprises.
WHICH ARE THE TOPICS COVERED BY THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES?

The Guidelines urge enterprises to promote and exercise responsible conducts in topics such as human rights, employment, environment, corruption and taxation, with the purpose of guaranteeing that their activities are developed in harmony with public policies, that they strengthen the foundation of mutual trust between enterprises and societies in which they perform their activities, contribute to improving the environment for foreign investment, and advance the contribution that multinational enterprises make to sustainable development.

In this sense, the Guidelines comprise two parts:

a) A substantive part, made by eleven chapters that indicate the general principles on which the operation of the Guidelines themselves is based, as well as the particular recommendations about CSR; and,

b) An adjective part, which sets forth the obligations of countries adherent to the Declaration with regards to the Guidelines, as well as the mechanisms and procedures that must be implemented in order to favor their effectiveness.

Did you know that…?

- Mexico has been member of OECD since May 18th, 1994.
- The last update of the Guidelines was made on 2011.
A brief description of the content of each chapter’s content that make up the substantive part of the Guidelines is detailed hereafter:

**Concepts and Principles:** The first chapter sets out concepts and principles that provide the context for the Guidelines. This is the backbone of the Guidelines and underline the fundamental ideas behind them.

**General Policies:** Presents specific recommendations to enterprises, with the purpose of establishing the framework for the subsequent chapters. It includes important provisions such as implementing due diligence, addressing adverse impacts, and engaging stakeholders.

**Information disclosure.** This chapter calls on enterprises to be transparent in their operations and responsive to increasingly sophisticated public demands for information.

**Human rights.** Enterprises have a very important role on respecting and promoting human rights. Therefore, this chapter encourages the enterprises to meet such responsibility, on the basis of the activities performed by the United Nations in that regard.

**Employment and industrial relations.** This chapter focuses on the role the Guidelines have in promoting observance among multinational enterprises of the international labour standards developed by the International Labour Organization, and the way in which those enterprises apply them.
Which are the topics covered by the OECD Guidelines for Multinational Enterprises?

Environment. Provides a set of recommendations for multinational enterprises to maximize their contribution to environmental protection. In particular, it reflects the principles of the Rio Declaration on Environment and Development and Agenda 21.

Combating bribery, bribe solicitations and other forms of extortion. Enterprises have an important role to play in combating these practices that affect democratic institutions and government agencies. For such reason, the Guidelines follow on the efforts carried out by OECD in this matter.

Consumer interests. Calls on enterprises to apply fair business, marketing, and advertising practices and their activities in general, based on the work developed by OECD and several organizations such as the International Chamber of Commerce, and the UN.

Science and technology. Recognizes that multinational enterprises play an important role as conduits of technology transfer across borders. It encourages enterprises to contribute to technology transfer to host countries according to their innovative capacities.

Competition. This chapter focuses on promoting competition laws and regulations for enterprises, both on domestic and international legislation. It invites the enterprises to refrain from anti-competitive practices.

Taxation. The Guidelines are the first international corporate responsibility instrument to cover taxation. This chapter covers fundamental taxation recommendations.
WHO SHOULD IMPLEMENT THE GUIDELINES?

Although the Guidelines were designed for multinational enterprises, there is no obstacle whatsoever –and it would even be desirable– that any enterprise, regardless of its size, activities or country of origin, would apply them to improve its processes, performance and, in general, its relation with society.

HOW CAN I PUT THEM INTO PRACTICE?

Enterprises are completely free to set up the mechanisms they deem as more adequate to be part of the Guidelines’ content within their policies, programs, and processes. What is important is that enterprises adopt the Guidelines as an intrinsic part of the enterprise operations.

DO THE GUIDELINES SUBSTITUTE THE LEGAL FRAMEWORK IN FORCE?

No. The Guidelines do not substitute any domestic law or regulation, nor do they prevail over them. On the contrary, the first obligation of enterprises is to comply with domestic laws.

IS IT MANDATORY TO APPLY THEM?

No. The Guidelines are recommendations that enterprises may voluntarily implement. It is convenient, however, for enterprises to adopt them due to the benefits they can produce.
WHAT IS THE NATIONAL CONTACT POINT OF MEXICO?

For the purpose of promoting the Guidelines and supporting their implementation, adhering countries to the Declaration must set up National Contact Points (NCPs). In Mexico, the NCP is located in the Directorate-General for Foreign Investment of the Secretariat of Economy.

WHAT SERVICES DOES THE NATIONAL CONTACT POINT OF MEXICO OFFER?

- **Information and Promotion**: Promotes the knowledge and adoption of the Guidelines. For that purpose, the NCP participates in all kinds of forums and events that have the objective of promoting CSR’s benefits.

- **Handling Inquiries**: Provides advisory and responds to inquiries related to the Guidelines application.

- **Mediation**: Provides its good offices in order to solve conflicts that may arise from the existence of a conduct that allegedly do not observe or is against the principles and standards contained in the Guidelines.
What happens if I believe that a multinational enterprise’s behavior does not observe or is against the principles and standards of the Guidelines?

Any person, organization or enterprise that considers that they have been affected by the action of a multinational enterprise may present the case before the National Contact Point of Mexico, with the purpose of finding an amicable solution to the complaint. This procedure is called “specific instance”.

What is the purpose of a specific instance?

To facilitate, by means of mediation, a constructive dialogue among the Parties in order to adjust, to the best extent possible, the conduct of the multinational enterprise to the principles and standards of the Guidelines.

Is the procedure expensive?

The specific instance procedure is completely free (of charges) and does not require the participation of legal representatives. It is only necessary that all parties involved in the procedure behave in good faith.

Can I obtain indemnity or compensation through the procedure?

No. The specific instance has the purpose of facilitating and guaranteeing the adequate implementation of the Guidelines. In any case, the parties are free to appear before administrative or judicial authorities they deem as appropriate in order to demand the compliance or compensation of any right.
WHAT ARE THE ADVANTAGES OF A SPECIFIC INSTANCE?

Since a specific instance is based on mediation, it becomes a friendly, fast and efficient procedure which promotes the exchange of opinions and ideas, as well as understanding and reconciliation of parties for everybody’s benefit.

WHAT ARE THE STAGES OF A SPECIFIC INSTANCE?

1st Stage. Initial assessment

The purpose of this stage is to determine if the issue raised is substantiated, if it merits further examination and if the parties involved are acting in good faith.

2nd Stage. Facilitation of dialogue

The purpose of this stage is that, once the case has been admitted, the NCP of Mexico offers its good offices and provides the parties with a neutral discussion forum to find a solution to the issue raised.

3rd Stage. Final statement

The purpose of this stage is to inform on the most relevant aspects of the mediation process and its results. If parties haven’t reached an agreement up to this phase, the NCP may issue recommendations that the enterprise should implement so as to adopt the Guidelines.

IDEAL TIMELINE OF THE PROCEDURE

1st Stage

Three months counted since the receipt of the application.

2nd Stage

As general rule, six months counted since the end of the first stage.

3rd Stage

Three months counted since the end of the second stage.
Could the procedure jeopardize my enterprise’s prestige or dissemination of sensitive information?

No. When following on a specific instance, the National Contact Point of Mexico is obliged to safeguard sensitive commercial information and personal data pursuant to the Federal Law of Transparency and Access to Government Public Information.

Is it mandatory that my enterprise participates in the procedure?

No. The procedure before the National Contact Point of Mexico consists on good faith and, thus, requires the willingness of both parties to participate. Notwithstanding, the National Contact Point of Mexico cannot oblige any of the parties to join in the procedure, their voluntary involvement is recommendable so as to demonstrate the commitment of the enterprise with CSR’s principles.

Did you know that…?

- Mexico’s NCP is located in the Directorate-General for Foreign Investment of the Secretariat of Economy.

- Mexico’s NCP is available for you in order to handle any inquiries related to the Guidelines, our structure and operation, or the way to initiate a specific instance before us.
NATIONAL CONTACT POINT OF MEXICO

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