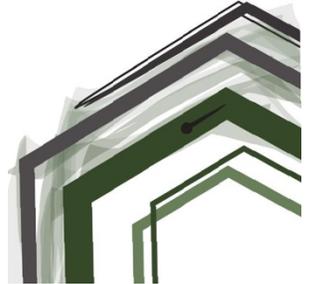
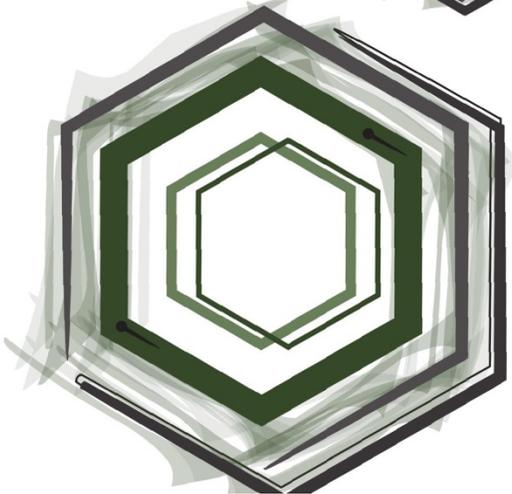
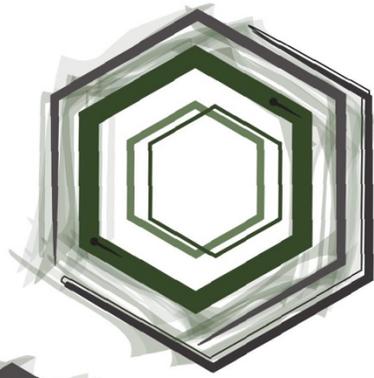
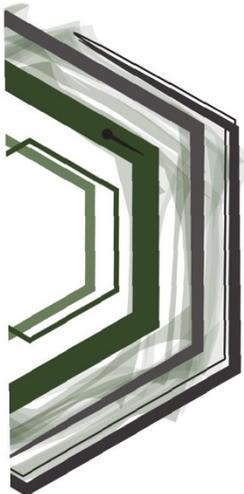
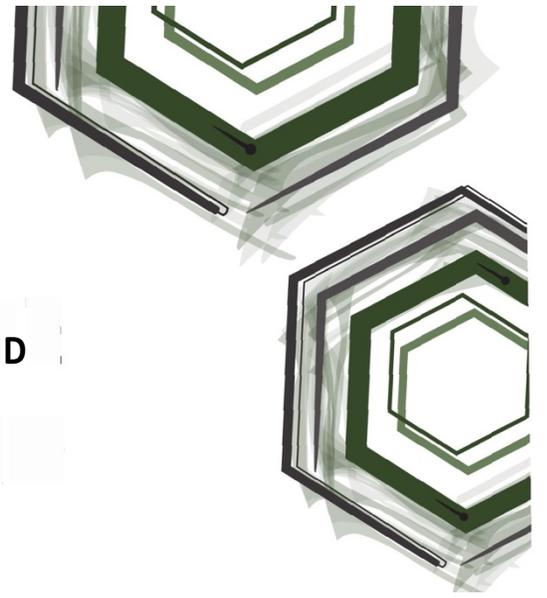


# CODE OF BUSINESS INTEGRITY AND ETHICS

Business Coordinating Council



business coordinators council



## **INDEX**

<b>INTRODUCTION</b>	<b>4</b>
<b>OBJECTIVE</b>	<b>4</b>
<b>PRINCIPLES OF BUSINESS INTEGRITY AND ETHICS</b>	
<b>First Principle. Prohibition against Corruption.</b>	<b>5</b>
<b>Second Principle. Transparency.</b>	<b>5</b>
<b>Third Principle. Integrity in Investments.</b>	<b>6</b>
<b>Fourth Principle. Integrity in Business Relationships</b>	<b>6</b>
<b>Fifth Principle. Transparency in the Prohibition on Politically Motivated Contributions.</b>	
<b>Sixth Principle. Freedom of Political Participation of Associates.</b>	<b>6</b>
<b>Seventh Principle. Existence of Verification Controls.</b>	<b>7</b>
<b>Eighth Principle. Responsibility in Politics for the Prevention of Corruption.</b>	<b>7</b>
<b>Ninth Principle. Commitment to the Culture of Integrity and Honesty in Business.</b>	<b>7</b>
<b>Tenth Principle. Development of Compliance Programs.</b>	<b>7</b>
<b>Eleventh Principle. Internal Communications and Reliability.</b>	<b>8</b>
<b>Twelfth Principle. Fostering a Culture of Integrity and Transparency in Business.</b>	<b>8</b>

## **INTRODUCTION**

Corruption is a disease that seriously damages social values such as respect, transparency, veracity, integrity and honesty, shattering the rules on peaceful and respectful coexistence and simultaneously causing economic losses of unimaginable and incalculable dimensions, either as a result of bribery, illicit enrichment or fraud. The impact ventures beyond purely economic matters. For example, the sale of expired drugs may not only result in these not being effective against disease, it can also result in the death of thousands of people.

Corruption affects shareholders, investors, workers, employees and all those people who rely on sound business practices; it also affects competition, development and diminishes social welfare and wellbeing. Therefore, the fight against corruption is crucial to both the Mexican economy and society, as well as for other economies.

To the extent that companies adopt principles that lead to a coherent strategy of integrity and ethics and a commitment toward fighting against corruption permeates society, citizens will begin to trust institutions again, leading to more robust, transparent and equitable economic growth.

## **OBJECTIVE**

In alignment with the initiatives that led the Business Coordination Council to issue and recommend that companies adopt the principles and better practices contained in the Code of Corporate Governance Principles and Better Practices and any update thereto during different stages, the purpose of the principles included in the Code of Business Integrity and Ethics is to provide Mexican companies in all fields and regions, regardless of their area of business and of whether they are listed, or not, in a stock market, a framework of better practices and risk management for anti-corruption matters. This code applies to companies and any person related thereto. Corruption can be found both in the public sector and in the private sector; and, therefore, it is of utmost importance to delve into a culture of integrity and ethics in order for the Rule of Law to be respected. We are all obligated to foster respect for the law.

The goal of the principles contained in this Code is to help companies and related persons to prevent and, thus eliminate corruption by demonstrating a zero tolerance towards acts of bribery, kickbacks and corruption and, in a positive manner, contribute to the furthering of truthfulness, integrity, ethics and honesty standards in all business relationships.

The work group that participated in the drafting of these principles took into consideration several of the guidelines and initiatives on matters of integrity and anti-corruption of international organizations and institutions, including the World Bank, the OECD, the Global Forum on Corporate Governance, the Caux Roundtable, the World Economic Forum, Transparency International, the Basel Institute of Corporate Governance and the Asia-Pacific Economic Cooperation Forum, among others.

These principles, included in the Code of Business Integrity and Ethics, are of special importance for Mexican multinational companies and for issuers in the Stock Market because of the existing legal framework in Mexico and because of the legislations of Mexico's main trading partners and countries members of the OECD. This includes the conventions signed by Mexico on this topic, including the most important: the United Nations Convention against Corruption and the OECD Anti-Bribery Convention.

This is how the Business Coordinating Council came to propose Code of Business Integrity and Ethics that contains twelve principles aimed at establishing the best corporate practices in the field of public and private anti-corruption. It encourages all companies in the country as well as society in general, to adhere to the principles in this Code.

## PRINCIPLES OF BUSINESS INTEGRITY AND ETHICS

### First Principle. Prohibition against Corruption.

All companies shall have a policy that includes, at least, the principles established in this Code. First and foremost, its objectives include prohibiting the execution, concealment or other activity directed at carrying out acts of bribery, corruption, collusion or kickbacks. In general, it includes any activity such as payments in cash or in kind, advantages, privileges, provision of services, assumption of debts or obligations or excessive gifts, directly or through third parties to a public official, to any entity that manages public resources and has powers of authority against individuals, an executive of a private company to avoid compliance with a legal, administrative or judicial provision, of some code of conduct, declaration of principles ethics of any company, or any other analogous or additional declaration, or, that has the purpose of obtaining a business advantage or decision that would not have corresponded, save for the payment made.

### Second Principle. Transparency.

All companies shall have an explicit, clear and transparent policy on various concepts that are usually legitimate but that could be used to propitiate bribery, corruption, pay-offs or, in general, any type of activity that could imply, including, but no limited to, a payment in money or in kind, advantages, privileges, provision of services, assumption of debts or obligations or excessive gifts, directly or indirectly or through third parties, as is the case with giving and/or receiving: (i) gifts; (ii) meals outside the ordinary place of residence; (iii) entertainment; (iv) trips; (v) donations; and (vi) any others comparable to the aforementioned.

### Third Principle. Investment Integrity.

All companies shall have a policy that prevents the execution, concealment or any other activity that enables bribery, corruption, collusion, pay-offs or, in general, any of the activities mentioned in the previous principles. It shall establish the procedure to execute investments or business activities with individuals or corporations, whether from the public or private sector, including guidelines and mechanisms to regulate commercial activities that are owned or controlled, directly or indirectly, by public officials, as well as guidelines for hiring family members of parties with interests in the business of the company or of important suppliers or clients, whether from the public or private sector.

### Fourth Principle. Integrity in Business Relationships.

All companies shall provide the mechanisms necessary for ensuring that their agents, representatives, clients, service providers, associates and business partners comply with the policies of the companies focused on preventing corruption, either in Mexico or, as the case may be, any jurisdiction where they operate. Likewise, companies shall abstain from participating directly or indirectly, in any tender or

bidding process wherein there is any hint of corruption and go so far as to notify the authorities and other contestants or bidders about any irregularities observed.

**Fifth Principle. Transparency in the Prohibition on Politically Motivated Contributions.**

All companies shall avoid, pursuant to what is established in the law, making any contributions or donations, directly or indirectly, to political parties, election campaigns and any other corporation or individual, association, organization, union or any other type of public or private entity related to political activities, either in Mexico or in any other jurisdiction where companies operate.

**Sixth Principle. Freedom for the Political Participation of Associates.**

All companies shall respect the preferences and even the political militancy of their associates, within the framework established by the laws on the matter, without influencing, interfering or restricting the individual participation that any of their associates may engage in with regard to political matters, either at a federal, state or municipal level.

**Seventh Principle. Existence of Verification Controls.**

All companies shall have policies, procedures and verifiable controls that permit them to establish the sanctions or other consequences for policy violations with respect to bribery, corruption, collusion, pay-offs or, in general, including, but not limited to payments in cash or in kind, advantages, privileges, provision of services, assumption of debts or obligations or excessive gifts.

**Eighth Principle. Responsibility in Politics for the Prevention of Corruption.**

All companies shall have a governance body or person responsible for the establishment, implementation and monitoring of compliance with established policies. It will aim at preventing bribery, corruption, collusion, pay-offs or, in general, any analogous activity, as well as the controls necessary for ensuring an effective compliance with the policies adopted thereby. Likewise, they shall establish efficient means of communications with the company's board of directors or senior management to provide said entities with notification on any violation of this code, so the corrective measures may be adopted.

**Ninth Principle. Commitment to the Culture of Integrity and Honesty in Business.**

All companies shall have a basic permanent communications and training program for all internal and external personnel to teach them the contents of the policies and for them to adhere to said policies in order to prevent bribery, corruption, collusion, pay-offs or similar.

**Tenth Principle. Development of Compliance Programs.**

The internal audit committee of all the companies shall include, within their audit plan, the program to supervise policies on prevention of bribery, corruption, collusion, pay-offs or, in general, any analogous activity. In the case of small and medium enterprises, it is recommended for the manager to periodically review compliance with the company's policies on integrity.

**Eleventh Principle. Internal Communications and Reliability.**

All companies shall have a free and anonymous hotline to receive complaints or information related to a violation of the policies on prevention of bribery, corruption, collusion, pay-offs or, in general, any type of analogous activity.

**Twelfth Principle. Fostering the Culture of integrity and transparency in business.**

Each company must be familiar with and seek to inform itself periodically on the federal and state legal framework applicable to prevent corruption, restrict political donations or contributions; or, as the case may be, on the laws applicable to business transactions in general and, to those related to the public sector and to international trade. Likewise, every company must seek advice that is within its own possibilities, or that it can obtain, either through public or private entities, regarding strategies that aim to prevent bribery, corruption, collusion, pay-offs or other analogous activity in business.

Mexico, January, 2015.

