

TOOL 2

Guide to Establish the Code of Conduct



Foreign, Commonwealth
& Development Office



**Business
Integrity
Initiative**

Iniciativa de Integridad en los Negocios






Copyright © 2020

United Nations Development Program (UNDP).

All rights reserved. Neither this publication nor parts of it can be reproduced, stored by any system or transmitted, in any form or by any means, be it electronic, mechanical, photocopied or otherwise, without prior authorization granted by UNDP.

This publication was made within the framework of the Project No. 00120129 “Strengthening the capacities of SMEs to identify and navigate corruption risks in Mexico” which is part of the Business Integrity Initiative (BII). The analysis and conclusions hereby expressed do not necessarily reflect the views of the Government of the United Kingdom of Great Britain and Northern Ireland nor that of the United Nations Development Program, its Board of Directors or its Member States.

This publication was made possible with the support of the Government of the United Kingdom through its Department for International Development (DFID), the Department for International Trade (DIT), the Foreign and Commonwealth Office (FCO) and the British Embassy in Mexico.



Mentions of Team Members of UNDP Mexico and the UK Government involved in the development of the Corporate Integrity Toolkit

Building Capacity of SMEs to Identify and Navigate Corruption Risks in Mexico

United Nations Development Programme, Mexico Country Office

Lorenzo Jiménez de Luis, Resident Representative

Sandra Sosa, Deputy Representative

Javier González, Effective Governance & Democracy Programme Officer

Sol Sánchez, Effective Governance & Democracy Program Associate

Moisés Rodríguez, Project Coordinator

Adán Corral Cossío, Open Institutions & Sustainable Development Specialist

Arlen Ramírez, Integrity, Transparency and Anti-corruption Specialist

Érika Álvarez, Citizen Participation and Social Comptrollership

Óscar Cárdenas, Project Administrative Coordinator

Belén Muñoz, Project Assistant

Wilmer Castañeda, Expert Consultant on Corporate Integrity

United Kingdom Government - Business Integrity Initiative

Brendan McGillen, Department for International Development (DFID), Anti-Corruption Policy Advisor

Corin Robertson, British Ambassador to Mexico, British Embassy in México

Helena Crowther, Deputy Director, Department for International Trade (DIT) / British Embassy in Mexico

Rodrigo Félix, Head of the Anti-Corruption, Rule of Law and Digitalisation Policy Unit, Foreign and Commonwealth Office (FCO) / British Embassy Mexico

Nubia Nieto, Project Manager, Business Integrity Initiative (BII) / British Embassy Mexico

PROLOGUE

The United Nations Development Program (UNDP) is the leading UN agency working in 170 countries and territories to eradicate poverty, reduce inequalities, and build resilience. In addition, it is the UN Programme that leads the efforts to achieve the Sustainable Development Goals (SDGs). UNDP articulates its mandate in Mexico, accompanying the implementation processes of the 2030 Agenda and its SDGs through the construction of multi-stakeholder bridges of collaboration between sub-national governments, civil society, the private sector, academia, citizens and key actors of the international development cooperation.

In order to improve corporate integrity practices in Mexico, in 2019 UNDP's Country Office in Mexico and the British Embassy in Mexico, in collaboration with the United Kingdom's Department for International Development (DFID), undertook a collaboration for the implementation of the project "Strengthening capacities of MSMEs to identify and combat corruption risks in Mexico", within the framework of the Business Integrity Initiative (BII). The main objective of this project is to support the efforts of the private sector in Mexico to strengthen compliance with current regulations on administrative responsibilities. In particular, providing support to micro, small, and medium-sized enterprises (MSMEs) in their efforts to strengthen their ethics and integrity practices through the implementation of tools that facilitate the identification, analysis, and management of corruption risks in their business strategies.

Looking ahead at the 2030 horizon, UNDP in Mexico seeks to transversally advance the three dimensions of sustainable development based on a contextualized approach focusing on the local level, addressing the challenges and priorities of Mexico. However, after five years from the adoption of the 2030 Agenda for Sustainable Development, the international community is facing a crucial moment on the route towards 2030.

The COVID-19 pandemic presents challenges that jeopardizes socio-economic structures, challenging the stability of markets and the development of peoples. Therefore, UNDP in Mexico, recognizing its mandate to provide support to the country to respond urgently and effectively to the systemic shocks derived from the contingency, proposes the present Business Integrity Toolkit so that companies have instruments that allow them to shield their corporate practices against any risk of corruption and thus manage to absorb the impacts of the crisis, highlighting the creation of economic value based on ethical behaviour and strict adherence to the law.

It is in this context that UNDP, determined to make this pivotal year a turning point in the process of localizing the 2030 Agenda in Mexico, seeks to join efforts aimed at strengthening the corporate integrity of MSMEs. By the development of the Corporate Integrity Toolkit, made up of five thematic guides, an e-learning course, a digital application to identify and mitigate corruption risks and a set of editable templates to strengthen the capacities of MSMEs, UNDP Mexico aspires to be a key ally in the fight against bribery and corruption. Thus, the purpose of this Guide to establish the Code of Ethics or Code of Conduct is to contribute to eradicate business practices that represent obstacles to development and prevent closing the socioeconomic and equality gaps.

In order to effectively materialize the goals of SDG 16 and address the challenges of the private sector in Mexico, the Guide to Establish the Code of Conduct offers an ethical perspective to promote a business integrity culture and zero tolerance towards corruption and bribery acts. This tool highlights that corporate practices based on ethical values translate into elements and factors that enable and determine the commitment of companies to sustained social and economic development.

Lorenzo Jiménez de Luis

Resident Representative
UNDP México

805 years ago, the Magna Carta was signed in the UK; the first legal document to mention the concepts of bribery, anti-corruption and human rights. It established the foundations of our vision and commitment on accountability, of popular democracy, and even of the importance of engaged citizens. Its enduring significance lies in two themes – business fairness and justice.

Corruption is still a major barrier to international trade, affecting foreign investment, productivity, profitability, competitiveness, and basic human rights. According to the OECD (2017), Mexico loses between 5 and 10% of its GDP to corruption¹. At company level, evidence shows that bribery and corruption come at a commercial as well as a reputational cost, and that doing business with integrity is more sustainable in the long term².

The UK is as committed now as ever to fighting corruption at home and abroad, as demonstrated by our Bribery Act, which sets an internationally respected standard for business integrity, and the UK Anti-Corruption Strategy, published in 2017, that sets out a wide range of measures to ensure we keep operating to the highest standards.

It is in this context that the UK government launched its Business Integrity Initiative (BII) in 2018. The BII aims to help companies trade sustainably in emerging markets and provides companies with practical guidance to navigate issues such as bribery and corruption. As part of this initiative, three pilots were set up in Mexico, Kenya and Pakistan to test a new approach to business integrity support from British diplomatic missions.

The BII in Mexico aims to help companies put integrity front and centre of their strategies in order to attract long-term, sustainable investment, and help tackle corruption and human rights abuses.

In 2019, after consulting with a wide range of stakeholders from industry, government, NGOs and academia, BII Mexico designed four projects to improve transparency and support firms manage integrity risks. These are:

- ▶ User-friendly, **digital registers** of legal requirements for investors at the federal, state and municipal level, produced in collaboration with the federal government;

- ▶ **Capacity building for Small and Medium-Sized Enterprises (SMEs)** to broaden their knowledge of international integrity requirements (supported by this how-to toolkit);

- ▶ Support the creation of a **'government white list'** of companies considered reliable to do business with in Mexico for the reference of UK and international firms. Inclusion on the list follows the principles within the UK Bribery Act;

- ▶ **A Communications Campaign** to raise awareness of the advantages of doing business with integrity.

The relationship between the UK, Mexico and the United Nations Development Programme is based on our common objectives to achieve the Golden Thread of rule of law, strong institutions, accountable government, and sustainable trade. As such, I am pleased to release this toolkit, with the certainty that it will help companies and individuals to assess corruption risks and prepare accordingly to ensure integrity becomes the rule of sustainable local and international trade.

Corin Robertson

Her Majesty's Ambassador to Mexico

¹ Organisation for Economic Co-operation and Development (OECD) (2017) *Integrity Review of Mexico - Taking a Stronger Stance Against Corruption*, Paris, OECD.

² For example, an OECD study reports that bribes average 10.9% of the value of a given transaction and a staggering 34.5% of profits. OECD (2014). *Foreign Bribery Report. An Analysis of the Crime of Bribery of Foreign Public Officials*, Paris, OECD, p. 8.

CONTENT

Prologue	3
List of acronyms	6
Preamble	7
1. What is a code of ethics or conduct for?	7
2. Implementation of the Code of Conduct	9
a) Mission, vision and values	10
b) Work environment with zero tolerance for corruption	11
c) MSMEs Laws and Regulations	13
d) Internal communication and training	16
e) Financial statements and accounting	17
f) Whistleblowing channel	18
g) Consultations and clarifications	20
h) Evaluation and updating of the code of conduct	20
i) Message from the General Management	21
References	23

LIST OF ACRONYMS

LGRA	General Law of Administrative Responsibilities
MSMEs	Micro, Small and Medium Enterprises
UNDP	United Nations Development Programme
SFP	Ministry of the Civil Service
UNCAC	United Nations Convention against Corruption

PREAMBLE

The Guide to Establish the Code of Conduct has been developed to enable MSMEs to implement a statement of principles and values on corporate integrity and anti-corruption, so its application will help guide the actions of the company, its partners and its value chain. This Code was built up from the UK Anti-Bribery Act, the General Law of Administrative Responsibilities (LGRA) and with the guide of the Model Code of Conduct and the Implementation Manual of the Code of Conduct developed by the United Nations Development Programme (UNDP), the United Nations Office on Drugs and Crime (UNODC) and the Ministry of the Civil Service (SFP).

The guide is divided into two main sections that will help you understand and implement a Code of Conduct for MSMEs, 1. What is a Code of Conduct for? and 2. Implementation of the Code of Conduct.



1 WHAT IS A CODE OF CONDUCT FOR?

The LGRA, in its article 25, stipulates the minimum guidelines to create a business integrity policy, among which the implementation of codes of conduct duly published and socialized among all the members of the organization, with systems and mechanisms of real application are highlighted.

In this sense, for the companies it becomes necessary to count on it, nevertheless its value lies in being a guide of how to treat collaborators, suppliers, the clients, the management, and all the people related to the operation of a company in an appropriate way and adjusting to its objectives³. Also, the implementation of the Code of Conduct is a useful tool to promote a culture of business integrity and zero tolerance for corruption and bribery.

FOR ITS EFFECTIVE FULFILLMENT,
THE COMMITMENT OF EACH AND
EVERY ONE OF THE MEMBERS
OF THE ORGANIZATION IS
REQUIRED.

³ United Nations Development Programme, United Nations Office on Drugs and Crime and Ministry of the Civil Service, Code of Conduct Implementation Manual for SMEs, Mexico 2018, p. 11 in <https://anticorruccionmx.org/integridad-corporativa>

INTEGRITY

Furthermore, the Code of Conduct for MSMEs, in accordance with the provisions of the UK Anti-Bribery Act, will help to avoid risks of corruption, through the prevention of bribery, payments to intermediaries, fraud, money laundering and conflict of interest contained in the different sections of the document. In addition, it will explain how to incorporate hospitality and gift policies, as well as complaints mechanisms that facilitate the anonymous reporting of any illegal or inappropriate behavior that is contrary to the Company's Code.

This Code of Conduct is a call from the company to all its employees, suppliers, customers and partners to understand that small bribes⁴ paid to facilitate the work of the government - also called 'facilitation payments' - could lead to crime⁵. The company's commitment to Zero Tolerance for Corruption and Bribery extends to third parties by having a strong Code of Conduct prohibiting any serious administrative offences under the General Law of Administrative Responsibilities (LGRA) and the UK Anti-Bribery Act.



CORRUPTION CAUSES A LOSS IN BUSINESS, IN MARKETING, SALES AND MOREOVER IT PUTS PERSONAL INTEGRITY UNDER THREAT.

Adriana Greaves y Estefania Medina,
Co-founders of TOJIL.



⁴ The organization must establish a prohibition on bribery: "a new offence may be committed by commercial organizations which do not prevent persons associated with them from committing bribery on their behalf. It is a defense for an organization to show that, despite a particular case of bribery, it has adequate procedures in place to prevent people associated with it from committing bribery". United Kingdom, Anti-Bribery Act 2010 p. 6.

⁵ Ibid. p. 11

Therefore, the guide you have in your hands will help you build your own Code of Conduct which should include at least the following sections:

MISSION, VISION Y VALUES

Work environment with zero tolerance for corruption

Laws and regulations

Communication and training

Financial statements and accounting

Whistleblowing Channel

Consultations and clarifications

Evaluation and updating of the code of conduct

Source: Self made

2

IMPLEMENTATION OF THE CODE OF CONDUCT

For the **implementation of a Code of Conduct in MSMEs**, we recommend creating a work team (Company Ethics and Integrity Committee) to help adopt each of the sections. If it is not possible to have an exclusive team for this activity, it can be carried out by the general management or the owner.

*Next, you will find the minimum sections that the Code of Conduct of your MSMEs must contain, and examples of how to write them*⁶.



⁶ The model Code of Conduct and the drafting of the sections come from the proposal made by UNDP, UNODC and SFP in the Implementation of the Code of Conduct and the Model Code of Conduct Manual for SMEs created in 2018, available at <https://anticorruptcionmx.org/integridad-corporativa>, reviewed on April 20, 2020.

a) Mission, vision and values

Building a mission, vision and values in the Code of Conduct will define the standards that all members of the company must know and apply in their daily actions, which must be disseminated on an ongoing basis.

Mission

The mission defines “who we are”, that is to say, the company’s activity in the market.

Example you can use:

To provide the best service/product, be recognized as the best option in the market, and promote our growth based on correct decisions when doing business.

Vision

The vision responds to “how we see ourselves in the future”. The expectations that the company has in a certain period of time, which must be in accordance with the mission of the company.

Example you can use:

To become the leading company in our sector, creating the most innovative products/ services.

Values

Values are “the principles that identify and rule us”. They define the beliefs that are held in the company and serve as guidance in the actions of the company’s personnel.

Example you can use:

Integrity, respect, passion, diversity, commitment to the customer, quality, innovation, teamwork, fairness, responsibility, openness, creating social value, making money by doing the right thing, equality, non-discrimination, etc.

b) Work environment based on zero tolerance for corruption

Making employees aware of the work environment policy, where a harmonious space and respect between collaborators and third parties is promoted, will favour productivity and also help to strengthen the zero tolerance to corruption and the integrity policy of the company.

An example you can use for this section is:

Those of us who work on **place the name of the company** have the same opportunities for development, while working in a harmonious and respectful environment that reaches out to our customers and suppliers.

All the people who collaborate in the company understand that our roles and responsibilities are submitted to the professional and ethical requirements defined by the company; where there is zero tolerance to corruption.



THE RESPONSIBILITY AND INTEGRITY OF COMPANIES IS THE BEST WAY TO GAIN AND MAINTAIN THE TRUST OF CLIENTS, SUPPLIERS AND EMPLOYEES.

Max Kaiser, Founder of the Centre for Business Integrity and Ethics (CIEN)



TRUST

IN ADDITION, WE SUGGEST THAT YOU INCLUDE THE FOLLOWING ELEMENTS:

Add a **statement on diversity, inclusion, harassment and discrimination**:

We are inclusive and respectful, we watch our words and actions, we do not harass or bully and we make our differences our strength.

We support and welcome all people of different ages, with different religious and ethnic beliefs and sexual preferences without distinction. We provide equal opportunities to all our employees.



Add a **human resources statement**:

In **name of the company** we have a human resources area that follows pre-established and specific procedures to evaluate and verify that the professional and ethical profile of the collaborators is in line with the position they will be holding, as well as the values and objectives that our company pursues. Likewise, we carry out periodic evaluations to ensure that our collaborators comply with the Code of Conduct and that their actions are in accordance with our values.



UNIVERSAL GROWTH IS BUILT ON INTEGRITY.

Laura Atkinson, British Chamber of Commerce in Mexico.

GROWTH

c) Laws and regulations

In order to implement an integrity policy in your company, it will be essential to comply with the applicable regulations, especially those related to the LGRA. Therefore, we suggest that you write down in your company's Code of Conduct the sections on: anti-corruption, conflict of interest, third parties, facilitation payments, prevention of money laundering and confidentiality of information; this will help employees as a guide in their actions, especially when facing possible risks of corruption.

Here is an example that you can use for the drafting of this section and sub-sections:

Members of our working community are committed to adhere to established policies and procedures and apply them in every action performed in the company or on its behalf. It is the duty and responsibility of each employee to know, understand, communicate and comply with the rules, and to report any violation of them. Therefore, **name of the company** has a position on the following issues:

Anti-corruption

No worker should get involved, pretend to get involved or promote behavior linked to corruption. Such actions are prohibited in any relationship, directly or through a third party, with government entities, public officials or private sector representatives.

Corruption will be considered when a person or group of persons by act or omission directly, or by influence of some other person or organization, promises, offers, receives or grants to public officials, directors, administrators, employees or advisors of a public or private company, association or foundation, a gift or any (undue) benefit not justified to favor him/her or a third party, generating a damage to the company.

Some behaviors related to corruption and prohibited in our company are established by the General Law of Administrative Responsibilities (LGRA)⁷, including:

- ▶ **Bribery (art. 66 LGRA);**
- ▶ **Unlawful participation in administrative procedures (art. 67 LGRA);**
- ▶ **Influence peddling to induce authority (art. 68 LGRA);**
- ▶ **Use of false information in administrative proceedings (section 69 LGRA);**
- ▶ **Obstruction of investigative capabilities (section 69 LGRA);**
- ▶ **Collusion with one or more private subjects, in matters of public contracts, that have the objective or effect of obtaining an undue benefit or advantage in public contracts (section 70 LGRA);**
- ▶ **Improper use of public resources (Article 71 LGRA); and**
- ▶ **Undue recruitment of former public servers (section 72 LGRA).**

⁷ Article 66 to 72 of the General Law of Administrative Responsibilities, Mexico, 2016, in http://www.diputados.gob.mx/LeyesBiblio/pdf/LGIPE_270117.pdf, reviewed on May 6, 2020.

Conflicts of interest

All decisions of our collaborators must be taken in an objective manner. Therefore, it is forbidden:

- a) To obtain a personal benefit, for him or herself or for a third party, by offering, granting, demanding or accepting gifts, loans or credits, rewards, commissions or any other incentive.
- b) That the personal interests of the organization's personnel interfere or seek to interfere with the interests of the company.
- c) Any external activity that interferes with and/or hinders the objective performance of the company's own activities.

In the event of a conflict of interest, the human resources area must be consulted in order to jointly seek a solution in accordance with the company's principles.

In addition, the following format can be implemented:

City of _____, month __ day _____ year _____

(Name of General Manager)

(Name of the company)

I, **(name of employee)**, declare that as an employee of the company _____ I am aware of my obligations to declare and avoid any conflict or apparent conflict of interest involving my activities.

Therefore, I declare that:

Yes () No () I have a second job Specify: _____

Yes () No () I have a family member within the company. Specify: _____

Yes () No () I have a family member who is a public official. Specify: _____

Yes () No () I have a business in the same branch as this company. Specify: _____

Yes () No () I have an interest in a corporation and/or trust. Specify: _____

Yes () No () there is any conflict that affects the objective performance of my duties. Specify: _____

I am stating the above under protest of telling the truth.

Date: _____ Name and signature: _____

Gifts and entertainment⁸

In **name of the company** it is prohibited to offer or give any kind of gift or entertainment to public officials (article 7 of the LGRA, section II). In the case of interactions with individual customers, partners and suppliers, it is also not allowed to give any gift or entertainment with the intention or apparent intent to influence their actions or decisions. In addition, it is strictly forbidden to give or receive sums of money in cash; if any activity related to this subject is suspected, an investigation will be initiated and those responsible will be sanctioned.

Actions of third parties

The actions of third parties (suppliers, intermediaries, consultants, agents, sales representatives and managers) may affect the reputation of our company, so we will verify that they comply with applicable laws and the guidelines established by **name of the company** to ensure the development of our business.

Facilitation Payments⁹

Facilitation payments are prohibited in our company, as they are classified as bribery under Article 222 of the Federal Criminal Code¹⁰ and as a serious administrative offence under Article 52 of the General Law on Administrative Responsibilities (LGRA)¹¹ and the United Kingdom Anti-Bribery Act.¹²

Prevention of money laundering

Any activity related to resources of illicit origin or linked to money laundering is prohibited. Employees must only engage in lawful business activities. Therefore, our company carefully verifies the identity of the people with whom we operate and sensitizes our staff to detect possible operations that contravene applicable regulations. If any activity related to this subject is suspected, an investigation will be initiated, those responsible will be sanctioned and the competent authority will be notified.

Confidentiality of information

Protecting and preserving company, customer and supplier information is the obligation of each of our employees and should never be provided to any third party, unless required by law or authorized by a superior. Additionally, all information must be handled responsibly for the company's own purposes and the necessary prevention measures must be taken to avoid unauthorized dissemination. All employees will sign a confidentiality agreement upon entering the company, which will be incorporated into each employee's file.

⁸ Entertainment will be understood as invitations to recreational activities such as meals, trips and events.

⁹ They are low, unofficial and improper payments made to public officials to obtain or expedite a routine procedure, definition taken from *The Global Compact, A Guide for Anti-Corruption Risk Assessment*, New York, 2013.

¹⁰ Article 222 of the Federal Criminal Code, 2020, in http://www.diputados.gob.mx/LeyesBiblio/pdf/9_240120.pdf, reviewed on May 7, 2020.

¹¹ General Law on Administrative Responsibilities, Mexico, 2016, in http://www.diputados.gob.mx/LeyesBiblio/pdf/LGIPE_270117.pdf, reviewed on May 6, 2020.

¹² United Kingdom, Anti-Bribery Act, 2010.

d) Internal communication and training

Internal communication and training are the most effective tools for promoting and strengthening your company's values and guiding employees towards a culture of integrity. Therefore, we recommend that you carry out training on the Code of Conduct and the importance of working with an integrity policy.

Some elements to build your internal communication and training policy may include:

- ▶ Design of continuous training programs that will allow you to learn about the company's values.
- ▶ Training all employees on the Code of Conduct at least once a year and new staff.
- ▶ Design of trainings courses, according to the roles and responsibilities of the employees, also making communication messages by roles.
- ▶ Development of interactive training, via web or through applications.
- ▶ Participation in industry training on business integrity.
- ▶ Development and implementation of training models for trainers (e.g. trainer of trainers). The integration of general management in this type of training can have a greater impact on staff.
- ▶ Development of action plans for the activities to be improved and communicate them to the members of the company.
- ▶ Design of material for internal communications with simple messages for employees to remember and apply in their activities.
- ▶ Clear lines of command so that collaborators can easily identify who to turn to in the event of doubts, comments, suggestions and conflict resolution.

An example you can use for this section is:

The internal communication in our company will be clear, continuous and directed to the different levels of collaborators. All employees must be trained in the Code of Conduct and those who require it due to the nature of their functions will receive additional training, more frequently and in greater detail, to ensure the proper performance of their functions.

e) Financial statements and accounting

The company's financial health, accounting and regulatory compliance are a reflection of its compliance with regulations and its actions consistent with the Code of Conduct. Therefore, both the financial statements and the accounting must reflect the reality of the company in a given period.

Some key elements to strengthen the books, financial statements and accounting are:

- ▶ **Reduction, as far as possible, of cash payments.**
- ▶ **Implementation of systems based on the segregation of functions, in particular for the authorization of payments or the registration of suppliers.**
- ▶ **Establishment of independent audit systems to evaluate the reliability of internal controls.**
- ▶ **Prohibition of purchase/sale of invoices or any illicit invoicing process.**
- ▶ **Conducting audits (at least once a year).**



AS PART OF A NEW BUSINESS MODEL, COMPANIES NEED TO ADOPT INTEGRITY PRACTICES AS IT IS PROFITABLE FOR THEIR CORPORATE STRATEGIES.

Silvia Dávalos, Business Coordinating Council (CCE)

An example you can use for this section is:

In **name of the company**, we comply with applicable regulations to ensure that financial statements and accounting are correct and transparent.

Our accounts, books, records and financial statements must faithfully reflect all transactions made on behalf of the company and comply with the requirements set out in applicable regulations (Federal Tax Code, Income Tax Law, VAT Law, etc.). Expenses must be properly supported and distortion of the nature of any transaction or falsification of documentation is prohibited. In case of an audit, truthful, reliable and complete information must be provided.

f) Whistleblower channel

One of the most important components in the establishment of an integrity policy is the Whistleblower channel, since it will be the means by which communication and trust can be generated between employees and the company. In addition, on many occasions it is the manner in which the company collects information on possible acts of corruption or bribery and initiates the relevant investigations.

In order to implement a Whistleblower channel, it is recommended that the following elements be taken into account:

- ▶ Consolidate the mission, vision and values of the company, as this will be an element to be observed in possible complaints.
- ▶ Make trust the main element in promoting a culture of reporting.
- ▶ Establish written physical and/or electronic channels that guarantee the confidentiality of the denouncer.
- ▶ Before promoting the whistleblower channel, ensure the existence of a process for the reception, attention and follow-up of reported cases.
- ▶ Categorize the complaints according to their nature, not all.
- ▶ Guarantee the confidentiality of informants and request evidence to initiate an investigation.
- ▶ Analyze each case and dismiss those that are false or against any employee without justification.
- ▶ Apply disciplinary measures in confirmed cases, both for collaborators and third parties.
- ▶ To have, at the guild level, an Anti-Corruption Committee that receives complaints of unfair competition and conduct against business integrity. To guarantee its impartiality, it may be made up of citizens recognized for their experience in the field.
- ▶ Identify and report corruption related conducts involving public officials.
- ▶ Analyze indicators of the reporting channel and update protocols (based on the data collected, make a periodic analysis).
- ▶ Verify the correct functioning of the Whistleblower channels, constantly and periodically.
- ▶ Develop specific protocols for dealing with cases that may arise (from bribery, harassment, to sexual harassment).

An example you can use for this section is:

Our whistleblower channel is an open platform to hear complaints from our employees regarding violations of our Code of Conduct or possible acts of corruption and/or bribery. The principle of our channel is trust.



THE ESTABLISHMENT OF AN INTEGRITY PROGRAM IN MEXICO WILL CONTRIBUTE TO HAVE A LEGALLY ORIENTED BUSINESS GUIDE, AVOIDING “SHORTCUTS” TO CIRCUMVENT THE LAW.

Vania Pérez, International Consultant on Integrity and Rule of Law

The **contact lines** for establishing the Channel should offer possibilities for complainants to file a written, digital or telephone complaint.

An example you can use for this section is:

You can find an anonymous complaint box on our website _____, on the phone _____ or in the office _____ to receive and manage questions or possible violations of the Code of Conduct, policies or internal procedures. Cases that deserve it will be investigated and, if a fault is confirmed, disciplinary measures will be applied.



Regarding the confidentiality of the report, it is necessary that your company guarantees this principle to the parties involved, at the time the report is made and when the investigation is initiated, which must always be carried out by reliable people with the best reputation within the organization.

Each company must define whether it receives anonymous complaints and provide for issues such as whistleblower protection, the possibility of false reports and privacy of information. To manage a whistleblower channel, the company can rely on third parties (experts, guild chambers or whistleblowing managers).

An example you can use for this section is:

The company will guarantee the confidentiality of the report, the parties and the investigation.



THE LACK OF AN INTEGRITY POLICY MAKES OUR BUSINESSES MORE VULNERABLE TO FACE SITUATIONS THAT QUESTION OUR LEGITIMACY AS A BRAND.

Kennia Aguirre, Chief Executive Officer of bikeNcity

Regarding possible **retaliation**, it is important that the company considers the trust that its collaborators are placing in the report and in lending themselves to the corresponding investigations. For this reason, the informant's remuneration or development opportunities (if not responsible) may not be jeopardized during and after the investigation and each case may be thoroughly investigated, according to its particularities.

An example you can use for this section is:

We value the help of employees in identifying and reporting practices that are contrary to our Code of Conduct or violations of current regulations, so we will promptly address any such cases. Under no circumstances will we retaliate against those who report any of these practices.

g) Consultations and Clarifications

Once the Code of Conduct is in place, the company must ensure that it has a permanent communication plan to disseminate the expected behaviors among employees, and in case there are questions or clarifications, have the possibility to resolve any concerns.

It is recommended that the company's Ethics Committee or general management be in charge of sanctioning any conduct contrary to these guidelines and, in the case of a serious crime or administrative misconduct, to inform the competent authorities.

An example you can use for this section is:

If you have any doubts about the content of the Code of Conduct, especially when making a decision, contact the Ethics Committee or General Management for guidance and support.

h) Evaluation and updating of the Code of Conduct

It is important that, in addition to making the Code of Conduct known to the company's personnel, dates for updating or receiving suggestions are stipulated so that the Code of Conduct is a document that fits in with the daily actions of the company and its workers.

We recommend that at the end of the Code of Conduct the date of publication, last update, as well as the signature of those who participated in its evaluation and approval, be added.

An example you can use for this section is:

This Code of Conduct was drafted on date and approved by (names of approvers) at the (Board of Directors/ Integrity Committee) meeting held on date. It was last updated on date.

Name and signature of approver.

Add the name of the general manager and those who drafted the Code



Unfortunately, the harmful practice of “buying favours” still there, for example, a bribe to the auditors. However, we do not buy this idea of doing business. Even when we get a low rating, we prefer to be suspended for two months, make all the improvements to be audited again and get a better grade. As suppliers, our partners know that we are willing to continue working with our clients and address all the recommended improvements.

Marcela Medina Cruz, Dulces la Sureña, SA de CV

i) Message from the General Manager

Finally, according to Principle 2 of the UK Anti-Bribery Act, involving company authorities at the highest levels will help strengthen the acceptance of the Code of Conduct and establish the company's commitment to a culture with zero tolerance for corruption and bribery.

Below you will find a text to help you as a bulletin format for socializing the Code of Conduct by your company's directive management. You can use it in the body of an email or in the newsletter that is sent out to raise awareness of the Code.



An example that you can use for this section is:

Mexico City __ date __.

Message from the General Manager

Dear collaborators:

It is a pleasure for the general management to present this Code of Conduct which contains our declaration of principles and values, as well as its application, to guide the actions of our company, employees and its value chain in favour of a policy of integrity, against corruption and bribery.

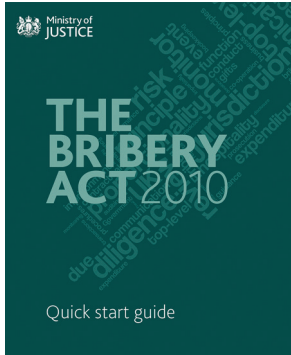
This code will help guide our day-to-day work, reaffirming our commitment to business with integrity in Mexico.

I ask for your support for the effective implementation of these principles and your help in communicating, through our Whistleblower Channel, in case of knowing or witnessing acts contrary to the provisions of our Code; which will always be reproached and sanctioned.

I am convinced that with everyone's commitment we will continue to make company's name a successful and corruption-free business.

Receive a cordial greeting and my gratitude

General Manager (name of the company)



There is no need for extensive written documentation or policies. [...] In micro-businesses it may be enough for simple oral reminders to key staff about the organisation's anti-bribery policies.

UK Government, The Bribery Act 2010 – Quick start guide

REFERENCES

Federal Criminal Code, Mexico, 2020.

Directors Southern Africa, Governance in SMEs. A guide to the application of corporate governance in small and medium enterprises.

General Law on Administrative Responsibilities, México, 2016.

Ministry of justice, The Bribery Act 2010, United Kingdom, 2010.

United Nations Office against Corruption, Anti-Corruption Guide for Business Bogotá, 2017.

United Nations Development Programme, United Nations Office against Corruption and the Ministry of Public Service, Implementation Manual of the Code of Conduct for SMEs, México, 2018, in <https://anticorruptionmx.org/integridad-corporativa>

United Nations Development Programme, United Nations Office against Corruption and the Ministry of Public Service, Model Code of Conduct for SMEs, Mexico, 2018, <https://anticorruptionmx.org/integridad-corporativa>

United Nations, The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events, New York, 2013.

The Global Compact, A Guide for Anti-Corruption Risk Assessment, New York, 2013.





CORPORATE INTEGRITY TOOLKIT



Use your mobile device's camera to scan the following codes and check the Corporate Integrity Toolkit online.



MAIN PLATFORM



**GUIDE TO ESTABLISH
THE CODE OF
CONDUCT**



