



**GRUPO ARMAS**  
INTERCAMBIADORES DE CALOR AUTOMOTRIZ

# ANTI-CORRUPTION POLICY

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## ANTI-CORRUPTION POLICY

In Motores y Aparatos Eléctricos de Durango, SA de CV (MAEDSA) we do not tolerate nor do we participate in corrupt practices, so in a responsible way, we make sure of:

- Avoid bribery and extortion practices
- Avoid Conflict of Interest
- Keep detailed accounting records of transactions
- Have adequate internal controls
- Know in essence the objective of the Convention for the Combat of Bribery of Foreign Public Servants in International Commercial Transactions of the Organization for Economic Cooperation and Development (The OECD convention).

### BRIBERY

Being bribe understood as the offer or reception of any gift, loan, fee, reward or other advantage for a person or company, as an incentive to do something dishonest, illegal or an abuse of trust, in the practice of business activity.

The Management of MAEDSA and all its collaborators have this clear and avoid bribery in any of their schemes:

- Bribery of government officials. When on behalf of the Company a representative grants an economic benefit or of value to any government official, candidate or political party, for the purpose of obtaining or retaining business opportunities.
- Commercial bribery and other corrupt activities taken for the benefit of MAEDSA.
- The company can gift as a "business courtesy" a souvenir or a regional product, without this representing an excessive cost.
- Our Customers and suppliers are not subject to donations or sponsorships, because of this, any disbursement of this nature will be considered a bribe.





- Entertainment expenses are considered a bribe, as it is not necessary to establish a business with customers or suppliers.
- Wrong presentation and concealment in the accounting records with respect to bribes and other improper acts.
- Bribery among individuals in the private sector, applies to all directors, officials and employees of MAEDSA when acting on behalf of the company, regardless of where the action takes place. It is prohibited to offer, receive, promise or authorize a financial or any other kind of advantage with the intention to cause inappropriate performance or reward inappropriate performance.
- Use of intermediaries in possible bribery schemes, such as agents or consultants, and commercial sales representatives.
- Facilitation payments, to expedite any transaction or process.

#### **MAEDSA's efforts to address the inherent risks in bribery include:**

1) Hiring clauses with anti-bribery guarantee with our clients and suppliers.

2) Procurement clauses for suppliers where the right of the company to terminate the contract and withhold the payment if the provider takes part in bribes.

3) Clear records of all company transactions

4) Internal audits of procedures and establishment of controls to prevent the concealment of bribes.

5) No hiring in MAEDSA of any government employee in office.

## **EXTORTION**

Extortion is strictly prohibited in MAEDSA, meaning: when coerced with another person to perform an act contrary to his will in order to obtain some benefit, usually of a lucrative kind.





## CONFLICT OF INTEREST

A collaborator incurs in a conflict of interest when instead of complying with their duty, they guide their decisions, judgment or act for their own benefit or that of a third party, being their inclination frequently of economic or personal type.

MAEDSA and its administrative team considers the conflict of interest to be unacceptable, which alters the good performance of its functions. Therefore, when in a situation there is a potential conflict of interest, our ethics recommends that we act with preventive discretion, and publicly acknowledge that it may present a conflict of interests, being appropriate to refrain from giving a trial, opinion or positioning in case of this situation.

We must always avoid situations in which we benefit personally or let others benefit from the decisions we make on behalf of MAEDSA. The premise that guides us to avoid or resolve a conflict of interest consists of ensuring the interests of MAEDSA over their own.

The following is a conflict of interest classification that includes but is not limited to:

### ✓ **Conflict of interests with suppliers**

The areas linked to suppliers will carry out acquisitions based on the established procedures; avoiding receiving gifts or benefits for the transaction made.

#### **EXAMPLE:**

- Purchase of supplies (direct and indirect), which do not comply with the specification, but that through a gift or personal benefit or for having a relationship of family type or friendship with the supplier, a contract is established for the supply.
- Purchase of high cost supplies in relation to other providers, receiving a personal benefit or for a third party (family), to establish business.



### ✓ **Conflict of interests with customers**

The areas involved will avoid unfair trade practices in the negotiations carried out on behalf of MAEDSA with our current and futures clients. Establishing similar business strategies in the country of origin and abroad.

- The commercial representatives are aware that receiving an honorarium, gift or something of value, for the establishment of a business represents an interest conflict. Also, accepting a negotiation that under a personal benefit or for a third party, demerits the profitability of MAEDSA.



### ✓ **Conflict of interests within the company**

Between collaborators, personal interests will be prevented from influencing decisions that affect the company.

Below are some examples of enunciative way, but not limited:

- The collaborator of MAEDSA can personally obtain a financial benefit or of any other type to favor the interests of customers and suppliers, towards the company's own Interests.
- Have an interest in the result of the service provided or the operation performed with the customer or supplier different from the company's interest.
- The collaborator of MAEDSA has its own business to supply some product to the company.
- There is familiarity with another collaborator, favoring him in the deal, transactions or hiding or diminishing errors or omissions.

### **MAEDSA's efforts to address the inherent risks in the conflict of interest include:**

- 1) The collaborators will have the obligation to inform immediately to our superior about situations of bribery or any suggestion of a similar illegal nature that implies a commitment or influence in decision making.



2) When a conflict arises that has to resort to the analysis of decision-making, and one of the collaborators has interest related to the subject or a direct third party, they must stop participating in this decisions, committing to accept the common interest of the organization.

3) Review and approval by the Management and Administration of the negotiations made by the commercial area with clients.

## ACCOUNTING RECORDS

The accounting, financial and administrative team of MAEDSA, recognizes the importance of keeping clear and detailed records of all Their operations and transactions in order to prevent bribery or improper payments from being concealed or incurring in fraudulent accounting practices, among other things:



- Check the legality of the resources obtained by the company.
- Maintain records that reflect exactly every operation and disposition of cash in the company.
- That the operations conform to the accounting principles generally accepted and the financial information standards.
- Identify undue payments or any possible practice of bribery in their operations.
- Small box, you should have control around cash.
- Travel expenses for employees must monitor to avoid being seen as an irregularity and adjust to a tabulator.
- Out-of-program payments to suppliers, granting unjustified payments to suppliers or their representatives. Or in a similar way some payment



to representatives of our customers.

- Payments to agents, consultants and other intermediaries of the operation of the company. Verifying that the payments cover only what is established in the contract and that said contract has an anti-bribery clause.
- Registration of any merger or acquisition that implies corruption risk.

## ADEQUATE INTERNAL CONTROLS

Internal controls are basic for compliance with this anti-corruption policy, these controls allow the detection and avoidance of illicit payments to government officials, providers or any bribery activity.

It is essential to have financial controls in high-risk areas; this includes a greater review of approval transactions and procedures, control around bank accounts, petty cash, supplier approval processes and payments.

The administration must make periodic comparisons of registered assets against existing assets in order to identify and address disparities.

The areas of high risk of corruption are: Transactions with consultants, agents and other intermediaries, Gifts, meals and entertainment to government officials, candidates or political parties, payments to customs and border shipments, donations charitable, compensations.

Internal controls are validated through audits of procedures, and based on them, improvements to the established controls are made. Also, the Management may indicate audits of anti-corruption compliance by tests to ensure substantive compliance when seeking to identify possible violations or warning signs.





## THE OECD CONVENTION

Mexico is a member of the Convention for the Combat of Bribery of Foreign Public Servants in International Commercial Transactions of the Organization for Economic Cooperation and Development (The OECD convention).

Bribery of foreign public officials or servants to obtain advantages in international business transactions entails great moral and political considerations, undermining governance and development, economic growth and distorting competition. The OECD directs efforts to level the conditions of fair competition in International transactions fighting to eliminate bribery of public servants when competing for Investment contracts.

The board of directors of MAEDSA, as well as its senior officers, managers and representatives, in relation to international business, is clear that there is a fair competition to carry out transactions.

In MAEDSA bribery is prohibited, meaning, to pay, to offer to pay or to authorize to pay, directly or indirectly, anything of value, to government officials or foreign public servants, when competing for a business, contract and investment.

## ETHICAL SCALING

MAEDSA is aware of establishing mechanisms to monitor compliance with the anti-corruption policy.

The following are the guidelines for ethical scaling:

- Objective: Report, alert or disclose possible acts of corruption, of bribery, conflict of interest or violations to the code of conduct.
- Guarantees of non-retaliation: MAEDSA undertakes to keep absolute confidentiality in the process, which is intended to guarantee the absence of retaliatory behaviors, reprisals by their hierarchical superiors or any person related to the alleged facts, when the complainant, in which case the affected person (s) should not know the



identity. Likewise, MAEDSA will respect anonymity, where not even the agent responsible for the investigation knows the identity of the whistleblower.

- Who can make use of the ethical scaling: All the collaborators of MAEDSA, as well as its stakeholders - customers, suppliers, community, government and shareholders.
- Ethics or reporting channels: MAEDSA establishes the following complaint channels - telephone line exclusively for this purpose is: **(618) 137-88-80** where only a recording will be left, email [denuncia@armas.mx](mailto:denuncia@armas.mx), and ethics complaint section on the website of the company [www.armas.com.mx/denuncia](http://www.armas.com.mx/denuncia).
- Ethics Committee: The general director of MAEDSA designates the people who make up the committee, being able to be part of it.
- Responsibility of the ethics committee:
  - Collect information
  - Carry out the investigation and provide an answer to the complaint and/or complaint processed, as well as the resolution of it.
  - According to the seriousness of the infraction, it will have the power to sanction.
  - Render an annual report on the cases attended.
  - Make improvement proposals that allow detecting and managing, with the possible acts of corruption and behavioral deviations.
- Both the Code of Conduct and this Anti-Corruption Policy must be communicated to all the personnel of the company, starting in the course of Induction and once a year, it should be made known to employees along with the information of the complaint system, by any of the different ways: email, printed, classroom training, etc.



## SANCTIONS

The ethics committee will be responsible for evaluating and, where appropriate, sanctioning, using an impartial, mature and fair criterion. The sanction imposed will be proportional to the seriousness of the fault committed.

- In some cases, the MAE Directorate may consider the intervention of external lawyers or a legal firm.
- In case of infractions or serious crimes, the sanction may imply:
  - Removal of the job position
  - Dismissal from work
  - Criminal complaint
  - Compensation for damages and losses to the Company for the economic or moral damage.
- Anyone who does not report acts of corruption or violation to the code of conduct may be subject to sanctions when having knowledge of them.
- Anyone who in bad faith may denounce without a basis may be subject to sanctions.