Mexico’s reforms spur new codes of conduct

BY CARLOS ANTONIO FLORES AND BRUNO VERA STEPHENS

With accountability and compliance reforms now in place, ethical conduct has become the cornerstone of Mexico’s national strategy. Following the momentum set in motion by Mexico’s General Administrative Responsibilities Law—which entered into full force on July 2017—many state and privately-owned companies have taken steps to create or adapt their existing ethical codes in order to comply with the new law.

As the energy market in Mexico continues to expand, Petróleos Mexicanos (Pemex) has been focused on enhancing its efficiency and competitiveness. In August 2017, Pemex published its own Conduct Code, Código de Conducta de Petróleos Mexicanos, sus Empresas Productivas Subsidiarias y en su caso, Empresas Filiales. This Code aims to create a culture of compliance among all personnel, including employees, legal representatives, subsidiaries and affiliates. The policies are designed to gradually reduce and eventually eradicate actions that could have a potentially detrimental impact on the company, such as internal harassment, resource misuse, information leaks and corruption.

Adopting Core Values

The Pemex Conduct Code is built on the company’s core values of respect, equality, non-discrimination, efficiency, honesty, loyalty, responsibility, legality, impartiality and integrity. These values take influence from the American Foreign Corrupt Practices Act, while also adapting itself to Mexican legislation. All Pemex employees and its legal representatives are expected to adapt the core values into their day-to-day lives.

In light of the company’s focus on becoming increasingly more competitive, resource efficiency and conservation are of the utmost importance. The Code provides employees with ways in which to achieve this objective in the areas of information management and maintaining confidentiality, as well as ensuring the accuracy of all financial records. Pemex strictly forbids any abuse or malpractice within the company that results in gaining a personal benefit. Any such practices are to be actively prevented, investigated and prosecuted. With a strong anti-corruption policy, employees are expected to report any possible act of corruption.

Preventing potential conflict of interests is a priority that most companies share, and Pemex is no exception. The company has strict policies that require the company to cover all transportation, accommodation and related expenses. Invitations to events may be accepted when there is a clear and legitimate business link to the company, however proper authorization is required. Receiving gifts or invitations is not necessarily prohibited, but special caution must be exercised when doing so as it may pose a potential conflict of interest. This caution extends to any type of benefit, be it personal or in favor of someone else, from an outside party that has or professes to have a commercial relationship with Pemex. Benefits are defined as events, trips, use of vehicles, stock, gift certificates, property and money. For example, if a potential business partner invites a Pemex employee to dinner, pays for that dinner and then signs a deal with Pemex, the employee’s actions and motives may be questioned and lead to a formal internal investigation. Even those outside the company may anonymously report an infraction to the Conduct Code, and it’s forbidden to retaliate against the complainant. The sanctions imposed by the Conduct Code are in addition to those that may be incurred under the General Law of Administrative Responsibilities and other applicable civil, administrative and criminal laws.

Implementing the Pemex Conduct Code is an important step that demonstrates the company’s commitment to accountability and compliance reforms. This aligns closely with Mexico’s progress in fighting corruption in the country and elevating ethics to a higher level.

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