

## Principles of Social Dimension for Mexican Business

**Times are changing all over the world.** Globalization has increased international flows of people, investments and products. It has opened borders and triggered technological development, creating societies that are more interconnected, with immediate availability to all sorts of information, both true and fake. Today, people have more access to events happening in every latitude, and to the global trends being developed in all corners of the world. In this context, the ever faster and constant evolution of society, as well as the way things are done in the hyper information age, forces everyone to either adapt and evolve or be left behind and, eventually, outdated.

As of the 2008 international crisis, a generalized social discontent has arisen due to the system's failures and bad practices. Grievances by the abuse of power, corruption, and concentration of benefits for the elites, among which the private sector is usually included, have become global. Since then, frustration has increased due to social inequality, lack of access to services and opportunities, income concentration and decreasing social mobility.

Outrage surged the following years with the reveal of corruption scandals involving government decision makers, and the evidence of illegal activities by global and national businesses and their leaders. Examples were seen in South Korea, Japan, Guatemala, Brazil, India or Egypt, involving cases such as Odebrecht and "the Panama Papers", among many others.

These cases, added to the lack of consequences, have increased the number and intensity of social protests in every region of the world. Society has taken on a more active role to demand better social, political and economic conditions, conscious that mobilizing can generate real changes. These demonstrations have even ousted governments and overthrown business leaders. Discontent no longer distinguishes ideologies, it is against left and right, and all of the system's players.

2019 was a year particularly plagued by protests, many of them quite intense. These protests have had different natures; for example, those motivated by independence wishes like Catalonia, Hong Kong or Brexit; or those driven by historically rooted problems, such as the ones happening in the Middle East.

In Latin America, the main triggers have been corruption, an ailing economy, insecurity and political crises. We can currently see this in Chile, the country with the highest development rankings in the region, Colombia, Peru, Bolivia, Ecuador or Haiti. It is not surprising, given that the region holds the highest international levels of violence and social inequality.

Mexico is not isolated from this unsettling global and regional reality. For a long time, we were able to stay away from our region's conflicts. Our country changed at its own pace, smoother and less disruptive. Today, in the age of immediacy, we can no longer escape the international reality.

Power abuses and corruption have become more and more evident during the last years, as well as the deeply rooted problems of poverty, inequality and insecurity. Protests grew during the previous government to levels never seen before; and they continue. 2018 was a buffer that allowed us to delay a social crisis. But the problems are still there. The levels of violence and insecurity are at an all-time high, poverty has not decreased, and polarization is still growing. Sooner than later, reality will catch up if we don't understand the need for urgent change.

In this context, it is evident that traditional roles of the various sectors of society are changing. The challenge for the private sector is clear: we must understand this new social reality –dynamic and disruptive as it is– and address it by adjusting the principles of the free market economy. Not only because for any business possibility we need to know and understand the universe of consumers, but mainly because this new reality demands more participation as well as the definition of new roles and actions from the private sector. We are interdependent, to the extent that societies prosper, businesses will thrive.

This is the time to show a commitment of solidarity given the current reality, and to participate in the construction of better conditions and quality of life for society. In the creation of investment, wealth and employment with a social vision, bringing more opportunities and higher levels of well-being. Businesses are a key sector of society, and as such we must assume our role in its development.

This is the time to re-think the social dimension and purpose of Mexican businesses; to reassess our relationship with society and work together in the consolidation of a country that is more just, inclusive, responsible and sustainable. Hence, we adopt the following principles:

1. **Build a relationship of trust and credibility between the private sector and society.** We must take urgent measures to better connect with society and our consumers, through concrete actions and not just communications strategies.
2. **Deepen our commitment with our collaborators.** While our economic activities as businesses allow us to offer formal employment, it is the efforts and work of our teams that let us consolidate and grow our companies. Our collaborators are our main asset. Productivity must improve and our collaborators must get fair retribution to have better lives, support their families and secure better conditions for the future generations. We must comply with all our obligations as employers, without simulation; and provide more opportunities for formal employment and for professional and personal growth. This is the only way to achieve their loyalty and commitment to propel our businesses' success. Our collaborators and their families are our community. The experiences they live in their workplaces have a direct impact on their own homes and communities.
3. **Be an example of integrity and ethics.** All actors of society must build the Rule of Law together. We must always respect and promote a culture of legality, always acting within the legal and regulatory frameworks. This also means complying with all our fiscal obligations, to help secure enough resources for the Mexican State to provide the services it is mandated to. Services that benefit both society and our own businesses. Given the latter, we will expand the dissemination of our Code of Business Integrity and Ethics, promoting its adoption by the highest possible number of companies of all sizes and business organizations.
4. **Modernize the Mexican business culture.** In such a dynamic era as the current one, it is crucial to know and understand the newest international business ways and trends, in order to forge companies of all sizes that are better organized, more modern and competitive. Companies that are truly close to society's demands, not just in terms of the services and products offered, but also regarding correct and avantgarde behavior. For this, our Code of Corporate Governance Principles and Best Practices is a key tool; we will continue to promote its adoption, acknowledging the challenges and possibilities companies according to their size.
5. **Ensure that bigger companies assume a real commitment with micro, small and medium enterprises, and with the creation of value chains.** Companies that have had more growth and development opportunities must help smaller ones benefit from their activities and thus boost

more industries. Timely payment to suppliers is crucial for this. Smaller companies have a higher need for financial liquidity; their contracts with larger ones are crucial for them. Delayed payments can bankrupt them, while paying in a timely manner does not imply additional costs to the bigger companies. It is also critical to facilitate the transfer of technology and knowledge from big companies to the micro, small and medium ones. This will help them modernize and consolidate to become more competitive and to be able to invest more.

6. **Show our moral obligation with society**, starting with our own communities. Our businesses can not only focus on economic gains. As the private sector, we must participate in the continuous improvement of the living conditions of Mexicans. It is thanks to our consumers that our businesses are viable. We must therefore contribute to the permanent development of our communities, particularly those with more pressing needs, or that have fallen in disgrace.
7. **Embrace and promote inclusion, diversity and strict respect to human rights**, fostering tolerance and critical thinking. We must condemn any type of violence and abuse in the workplace. This enriches companies and helps them grow; while also generating a positive environment in which our collaborators feel included and a true part of their companies.
8. **Prioritize sustainability in our economic activities**. Our businesses depend on it. We must move towards production models that are more harmonious with the environment and to a more conscious use of our natural resources. Models that minimize waste and that promote a culture of circular economy. Cleaner communities make healthier societies.
9. **Firmly insert our companies into the digital age**. Changes and disruptions have accelerated due to technology. We must promote Industry 4.0, and foster social and economic innovation ecosystems, in order to generate more benefits and efficiencies for all. We commit to responsibly incorporate technologies in our processes, and to facilitate their use to our collaborators and communities, while also creating more synergies with academic institutions to bolster training, innovation and development.
10. **Foster a responsible and proactive relationship with the authorities**, demanding clear rules as well as legal and economic certainty for investments. We must organize and act with audacity, but strategically. This in order to positively impact public policies for the benefit of the country, and to strengthen the free market economy. We must always be clear on diverging points, firmly highlighting actions that can negatively impact the business environment and the people's well-being.

This is the time for business, society and government to work together to eradicate extreme poverty, fight corruption and generate the investments that will allow us to increase growth.