

# Code of Ethics

**Content**

<b>1. Ethical Principles.....</b>	<b>5</b>
<b>2. Compliance Procedure.....</b>	<b>5</b>
<b>3. Complaints Procedure.....</b>	<b>6</b>
<b>4. Protection against retaliation.....</b>	<b>7</b>
<b>5. Disciplinary Sanctions and other Consequences of Violations of this Code.....</b>	<b>7</b>
<b>6. Elementia Policies.....</b>	<b>8</b>
<b>7. Conflicts of Interest.....</b>	<b>9</b>
<b>8. Corporate Opportunities; Competition with Elementia.....</b>	<b>10</b>
<b>9. Acceptance of Gifts, Loans and Entertainment.....</b>	<b>10</b>
<b>10. Undue payments and Bribery.....</b>	<b>11</b>
<b>11. Contributions for Political Purposes and Activity.....</b>	<b>11</b>
<b>12. Export control laws.....</b>	<b>12</b>
<b>13. Government Inquiries and Legal Process.....</b>	<b>12</b>
<b>14. Privacy and Personal Information.....</b>	<b>12</b>
<b>15. Confidential Information, Information Security and Intellectual Property Rights.....</b>	<b>12</b>
<b>16. Trading of Elementia Securities; Abuse of Inside Information.....</b>	<b>13</b>
<b>17. Quality and Precision of Public Statements of Elementia.....</b>	<b>13</b>
<b>18. Public Relations and Disclosure of Information.....</b>	<b>13</b>
<b>19. Books and Records; Correct Settlement of Transactions.....</b>	<b>14</b>
<b>20. Protection and Correct Use of Company Property.....</b>	<b>14</b>
<b>21. Antitrust and Competition Laws .....</b>	<b>14</b>
<b>22. Recordkeeping.....</b>	<b>14</b>
<b>23. Elementia E-mail and Technological Resources .....</b>	<b>15</b>
<b>24. Equal Opportunities; Non-discrimination; Prohibition of Harassment.....</b>	<b>15</b>
<b>25. Safety and Health.....</b>	<b>15</b>
<b>26. Environment.....</b>	<b>15</b>
<b>27. Conclusion.....</b>	<b>16</b>
<b>28. Appendix.....</b>	<b>17</b>

**Version Control**

Date	Description of change (s) made	Version
01/jul/2015	This document substitutes the "Policy and Procedures Manual of Ethical Principles and Code of Conduct".	1
01/jan/2016	We have renovated our values and have acquired a philosophy.	2

Dear Elementia Associate

Since its beginnings, Elementia has established a strong commitment with a compliance policy and practice to the letter and spirit of the applicable laws and regulations of all countries in which we operate. Our company's three key values are Integrity, Respect and Commitment, and our philosophy is based on Results-Oriented, Innovation, Safety and Teamwork. As part of the commitment to our values and our philosophy, Elementia has always endeavored to maintain the highest standards of integrity and ethical conduct in our relationships with our Shareholders, Associates, Representatives, Suppliers and Competitors, and with the Government and General Public. Each of us is responsible for maintaining these high standards in all of our daily business activities.

This Code of Ethics (hereafter the "Code") has been adopted by the Elementia Management Committee and is applicable for each member of same as well as for each Associate from every country in which Elementia company's conduct in a document and, in turn, further promote the legal and ethical conduct of Elementia Associates, thus dissuading dishonest conduct.

The business environment has never been more challenging or complex, particularly for a company like Elementia that operates in many countries. Now more than ever, it is crucial that each of us comprehend our individual responsibility in regard to strict compliance with all legal requirements and the highest ethical standards, as well as adherence to the provisions of this Code. Solely through said conduct and a corporate culture that recognizes the need to comply with these standards, Elementia may hope to continue its success in the future. We recommend that you use this Code to assist in addressing problems as they arise and to notify us of any doubt you may have, via our hotline or another communication method described in the Code.

One of our guiding principles calls us to "comply fully with the obligations of corporate citizenship, thus contributing to the well-being of the society and the environment in which our company operates". Thank you for your commitment to participating together with us to maintain Elementia's tradition of ethical conduct and to continue strengthening our enviable reputation of honesty and integrity.

## 1. Ethical Principles

### Purpose

No code of ethics is able to replace the scrupulous behavior of Associates. Nevertheless, this Code is intended to focus our attention on areas of ethical risk and on the need for appropriate business conduct, in order to provide orientation on prohibited conduct and the procedures to be followed in order to report illegal or unethical conduct, and to contribute to promoting a culture that values and rewards honesty, integrity, open communication and responsibility.

The Code outlines the standards that must guide our actions. However, this Code cannot address each problem that may arise or anticipate every ethical decision to be made. Instead, it establishes guiding principles that represent the policies of Elementia as well as the procedures to be followed if doubts arise.

### To whom the code applies

The Code applies to all Associates in each country in which Elementia operates in some manner.

Elementia carries out activities in many countries and our Associates are citizens of different countries with laws and regulations that vary. We respect the cultures and customs of the countries in which we operate and we take precaution with the communities and environments of same. Notwithstanding, we believe that the policies of Elementia which refer to ethical business conduct transcend the borders between countries. Therefore, this code applies for all Associates, independently of the location or position they hold within the Company, including cases in which a certain aspect of the Code does not correspond with a requirement of local laws.

## Individual and management responsibility

Associates must comply with Elementia laws, regulations and policies that apply to their job, adhere to the specific provisions and the spirit of this Code and prevent dishonest conduct. They must raise any questions they may have, release the corresponding information and rapidly bring potential problems to the Company's attention.

If they receive an anonymous letter or other complaint from someone (an Associate or someone outside Elementia) affirming the knowledge of conduct that may violate this Code, they must communicate the letter or complaint directly to the Compliance Committee, as described below. They must not investigate this matter personally or tell anyone about the letter or complaint they have received, as this may hinder the Compliance Committee's investigation. The Compliance Committee must determine the investigation or other justified measure to be carried out.

## 2. Compliance Procedure

### Elementia Compliance Committee

Our Management Committee has established the Elementia Compliance Committee (hereafter the "Compliance Committee), whose members are:

- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Human Resources Director
- Internal Audit Director
- Legal Director

In virtue of its written bylaws, the Compliance Committee must, among other tasks, interpret the provisions of this Code, guarantee consistent application of the Code throughout Elementia, address actual or apparent conflicts of interest (including any transaction or relationship that may

be expected to create a conflict of interest or a transaction with a "related person" according to the applicable rules of the **National Banking and Securities Commission of Mexico and the Securities and Exchange Commission in the United States [hereafter, "SEC"]**), periodically review the Company's compliance program and report at least once a year to the Management Committee Audit Committee in regard to said program, and address all reports, complaints and other similar information received by the Compliance Committee. The Compliance Committee is also responsible for analyzing all requests for exceptions to the Code. See the "Exceptions" section below.

### 3. Complaints Procedure

#### **Questions**

It is possible that situations involving a violation of a law, regulation or provision of this Code are not always clear and may require complicated analysis. If you have doubts in regard to the best course of action in a particular situation or questions about the business ethics or compliance of this Code, Elementia recommends that you speak with your manager, supervisor or any member of the Compliance Committee. If your doubt is related to the interpretation or application of a law or regulation, we recommend that you contact the Legal Department. Questions regarding any question related with exceptions to this Code may be directed to a member of the Compliance Committee.

#### **Misconduct reports**

Elementia encourages the active participation of its Associates in the detection and prevention of misconduct. If you have reasons to believe that an Associate –including your manager or any member of management– has violated or is acting in a manner that appears to violate a law, regulation or provision of this Code (including its provisions related to conflicts of interest or matters related to financial reports, accounting or audits), we ask that you report this activity immediately to:

- Manager or supervisor<sup>1</sup>; or
- Any member of the Compliance Committee; or
- Any member of the Audit Committee of the Management Committee.

Keep in mind that if you receive an anonymous letter or other complaint from someone (an Associate or someone outside Elementia) affirming the knowledge of conducts that may violate this Code; you must communicate the letter or complaint directly to the Compliance Committee. You must not investigate this matter personally or tell anyone about the letter or complaint you have received, as this may hinder the Compliance Committee's investigation. The Compliance Committee must determine the investigation or other justified measure to be carried out.

#### **Presentation of reports to manager or supervisor**

If you wish, you may initially report a violation or potential violation of the Code to your manager or supervisor. However, this report does not exempt you from your personal responsibility within the framework of this Code. **After presenting any report to your manager or supervisor, you must ensure that any violation or potential violation of this Code is reported to a member of the Compliance Committee.**

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<sup>1</sup> Nonetheless, see below: "Reports to manager or supervisor". Also, see below: "Conflicts of interest: Procedures to follow", that require immediate reporting to the Compliance Committee regarding violations related to real, apparent or potential conflicts of interest.

### **Presentation of reports to Compliance Committee**

You may report violations or express any concern with compliance openly by contacting one of the previously identified Members of the Compliance Committee, or anonymously. If you wish to provide the information anonymously, you may do so as follows:

- **Login to the Complaints Box in the Elementia Intranet; or**
- **Send an email to the Elementia Compliance email:**  
“**compliance.committee@elementia.com**”; or
- **Send the information via postal service to the Compliance Committee, directed to Elementia, S.A.B. de C.V., Attn.: Elementia Compliance Committee, Poniente 134 No. 719 3er Piso, Colonia Industrial Vallejo, Delegacion Azcapotzalco, CP 02300, Mexico, D.F.**

***The Complaints Box and the Compliance E-mail, as well as the mailbox, are protected in a manner that only members of the Compliance Committee may access messages sent to same.***

An anonymous report must include sufficient information regarding the incident or situation in order to enable the Company to properly investigate; however, it must be taken into account that sending the information anonymously may limit the company's possibilities to deal with a possible violation or complaint.

### **Preserving the confidentiality of reports**

The Company makes an effort, as much as possible, to maintain the information you provide confidentially, in accordance with our commitment to investigate the information and our obligation to comply with applicable laws and regulations.

### **Preservation of the report file**

All reports of possible violations, doubts regarding compliance, complaints or other information related to a possible violation of this Code including, among others, financial, accounting and audit related matters, shall be conserved in written form by the Corporate Internal Audit Department for seven years after the date of reception.

### **4. Protection against retaliation**

Elementia **will not tolerate retaliation** of any nature by a manager, executive or other Associate, or by an outside supplier or contractor following a report that has been made in good faith

Likewise, Elementia will not tolerate retaliation or any other measures taken against any Associate who provides truthful information to a police officer related to the possible commission of a civil or criminal offense, or who participates in the investigation carried out by Elementia or government authorities of conduct that the Associate reasonably believes to constitute securities fraud in accordance with securities laws of Mexico, the United States and other countries in which Elementia operates.

### **General**

Knowledge of a violation of this Code and failure to take the corresponding measures in response constitutes an implicit exception to this Code and is strictly prohibited. Elementia and the involved Associate may be subject to serious legal consequences as a result of any implicit exception to this Code.

### **5. Disciplinary Sanctions and other Consequences of Violations of this Code**

All Associate are expected to comply with all provisions of this Code and with all other Elementia corporate policies.

Compliance with this Code and with all Elementia policies is a condition to continue working with Elementia.

Any violation of this Code or of Elementia policies, albeit with good intentions and believed to be fair, will be immediately addressed. Violations of this Code and of Elementia policies include, among others, failure to report a violation, condoning a violation on behalf of another, filing of a false report, failure to cooperate fully in the investigation of a violation or retaliate against another Associate who reports a violation in good faith.

Any Associates who violates this Code or Elementia policies, regardless of his or her position in the Company, **will be subject to disciplinary sanctions that include justified dismissal or removal from office. Elementia may also reduce or eliminate the severance pay or other benefit that under other circumstances the Company would have offered in connection with dismissal.**

If a violation of this Code causes the dismissal of an Associate covered by an employment contract, said violation, to the greatest extent possible, will be considered grounds for dismissal within the framework of this contract.

Any violation of the Code or of any policy that implies illegal conduct will be reported to corresponding government authorities and may be subject to civil or criminal liability.

## 6. Elementia Policies

### Honest and ethical conduct

Our policy consists of complying with the highest standards of business ethics and of being considered a good corporate citizen in all countries in which we operate. This imposes on each of us, as Associates, a standard of ethical conduct that goes beyond what is necessary for mere technical compliance with the law or with minimum standards of business conduct.

We must act in good faith, responsibly, with care, competence and due diligence, without distorting relevant data. In all business dealings, we must actively promote ethical conduct with all people with whom we interact, and adhere personally to the highest standards of honesty, integrity and responsibility.

### Compliance with laws

Elementia has made a strong commitment to operate in full compliance with all applicable laws, rules and regulations in all countries in which we operate. The quantity and complexity of the laws that affect our company's operations in each country has increased. Our Associates are expected to have practical knowledge of the permissible activities that their job implies. In case of doubts in regard to the legality of any action, the Associate must request orientation in advance from his or her manager, supervisor or the Legal Department in Mexico.

No Associate may, for any reason, act in an unethical, illegal manner, or directly or indirectly indicate or urge others to do so.

### Fair treatment

Each Associate must make an effort to establish fair treatment with our Representatives, Suppliers, competitors, the public or other Associates at all times, in accordance with ethical business practices. This means, for example, that we must treat our suppliers in an objective and fair manner, respect applicable third party intellectual property rights (for example, patents, copyrights, trademark rights, trade secrets or software licenses) and be truthful in our advertising. No individual may take advantage of another through manipulation, concealment, undue use of confidential information, distortion of relevant data or any other unfair business practice.

## 7. Conflicts of Interest

### **Prohibition of conflicts of interest**

All Associates are obliged to act on behalf of the Company's interests. Conflicts of interest are prohibited, that is, no Associate may place him or herself in a situation in which personal interests may enter into conflict or appear to enter into conflict with Company interests.

A "conflict of interest" is created when personal, private or family interests of an Associate interfere or appear to interfere in any manner with Company interests. A conflict of interest may arise when an Associate performs an action or has an interest that makes it difficult for him or her to carry out the job objectively and effectively.

A conflict of interest may also arise when an Associate (or a relative) receives undue personal benefits, including loans, as a result of the position he or she holds in the Company.

### **Examples of conflicts of interest**

Even though it is impossible to present all possible situations in which interests may be considered to enter into conflict with those of the Company, the following are some examples of situations that Associates and their relatives must avoid:

#### **• Outside employment and affiliations**

- ▶ Have outside employment or participate in outside activities that interfere with compliance of the Associate's job requirements.
- ▶ Provide services in any role, as manager, executive, Associate, consultant or independent contractor, to any person or company that competes with Elementia.
- ▶ Accept a position as corporate director of another company (other than a charity or non-profit organization) without the approval of the Compliance Committee.

#### **• Company property**

- ▶ Use a position in the Company for personal benefit, such as to request or accept business opportunities for personal benefit that on the contrary would be for the benefit of Elementia, or compete with the Company in the purchase or sale of property, services, goods or other interests.

#### **• Acceptance of gifts**

- ▶ Accepting gifts of a nominal value greater than \$100 dollars or its equivalent amount in the currency of the country concerned, or receive discounts or other benefits as a result of the position in the Company, be it Representative, competitor, provider or other supplier. See below "Acceptance of gifts, loans and entertainment".

#### **• Confidential information**

- ▶ Use confidential or exclusive information regarding Elementia or its operations for personal benefit, or disclose said information to unauthorized persons.

#### **• Trading of Elementia securities**

- ▶ Buy or sell or notify others to buy or sell Elementia securities if the individual possesses relevant information that has not yet been publicly disclosed, or buy or sell Elementia securities if said individual for some reason is not authorized to trade Elementia securities at that time, within the framework of Elementia company policy. See below "Trading of Elementia securities; Abuse of inside information".

#### **• Employment of relatives**

- ▶ Employment of a relative<sup>2</sup> or "partner" by an Associate or the transfer of any such individual to the same department or location as the Associate or to any other position in the Company that may present or appear to present a conflict of interest or may undermine or appear to undermine the integrity of the internal controls of the Company is strictly prohibited.

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<sup>2</sup> This includes a spouse or any member of the Collaborator or spouse's immediate family, for example, children, parents, siblings and any of their spouse's.

Employment of relatives of members of management or the transfer or any of these individuals to a position on the same chain of command as said Associate is prohibited. All Associates who hold a management position must notify the Company if they have a relative who is employed by the Company at any time.

• **Outside business interests**

- ▶ Give business to a firm that does or seeks to do business with Elementia, is the firm is property of, administered by or employs a close relative of the Associate.
- ▶ Has hidden financial interest in a firm that does or seeks to do business with Elementia or is a competitor of Elementia. However, ownership of less than one percent of the securities of a company that is listed on the Stock Exchange is not considered contrary to this policy.
- ▶ Find out that the Company may enter into a business agreement with a firm that does or seeks to do business with the Company and that it is totally or partially owned by the Associate or employs the Associate or his or her current or previous spouse, or the spouse of a child, parent or sibling of same, and fail to notify the Compliance Committee before the Company enters into this agreement. (If a business agreement of this nature currently exists, the Associate must immediately notify the Compliance Committee).
- ▶ Receive a loan or guarantee of an obligation from individuals or firms (other than credit institutions acting in their usual manner) who do or seek to do business with the Company or as a result of his or her position in the Company.

**Procedures to follow**

Situations that imply a conflict of interest are not always obvious or easy to resolve. If you find out about the existence of a real or apparent conflict of interest that involves yourself, another Associate or a member of Elementia's Management Committee, you must immediately notify the Compliance Committee of the situation.

Failure to notify the Compliance Committee in a timely manner regarding any situation you are aware of, and that involves an apparent or potential conflict of interest, will be subject to all types of possible consequences for violation of this Code, which include justified dismissal or removal from office.

## 8. Corporate Opportunities; Competition with Elementia

All Associates are prohibited from accepting, for personal benefit, any business opportunity that arises or that they discover through the use of Elementia property or information or the position they hold at Elementia. All Associates are prohibited from using corporate property or information or their position in the Company for personal benefit. Associates are also prohibited from competing with the Company; this may imply that they do not get involved in one of the same business lines as the Company or any situation in which the Associate takes opportunities to buy and sell products or services from Elementia.

## 9. Acceptance of Gifts, Loans and Entertainment

Associates must select and deal with individuals or firms who do business or seek to do business with the Company in a totally impartial manner with no consideration other than the Company's interests. They are expected to avoid any participation or situation that may interfere or appear to interfere with the impartial compliance with their obligations. This means that they or any relative may not request or accept from a Representative, supplier or other individual who does or seeks to do business with Elementia any loan, gift or form of entertainment with a nominal value over \$100 dollars or its equivalent amount in the local currency or that in some manner exceeds in dimensions or cost the common services that are coherent with ethical business practices and usual local business practices<sup>3</sup>.

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<sup>3</sup> Acceptance of the following items **are generally permitted**:

- Occasional meals of nominal value
- Sporting or other cultural events, if and when the admission fee is not unusually high for the specific event (Generally high profile events are not permitted, such as the World Cup, Super Bowl, World Series or similar events).
- Promotional items (i.e. pens, calendars, golf balls).
- Holiday gift baskets or flowers shared with their department.
- Training workshops offered by third parties and approved by a manager.

The acceptance of the following items **is prohibited**:

- Cash or its equivalent amount (i.e. store gift certificates, shares, loans).
- Luxury accessories, electronic equipment or sporting equipment.
- Sponsored travel, vacations or transportation.

Certain business units of Elementia or local markets may adopt stricter policies in regard to gifts, loans or entertainment. In case of doubt, consult with your supervisor prior to accepting a gift.

In general, any Associate who is offered or receives a gift of high nominal value must kindly refuse or returns it to the person who offered it, explaining Elementia's policy against accepting gifts. Keep in mind that the frequency with gifts are offered and accepted - including those of low nominal value - must be considered in the moment of making the decision if it is appropriate to accept or reject a particular gift. Any sign of possible omission must be avoided.

## 10. Undue payments and Bribery

### ***Undue payments in general***

The payment of bribes and compensations to government officials, suppliers and others is strictly prohibited. Gifts, entertainment and occasional business favors for **non-governmental** employee in relation to negotiations or the development of business relationships is generally considered appropriate within the Company's business dealings if they (i) are legal, (ii) infrequent, (iii) not presented in the form of cash or its equivalent, (iv) of low nominal value, \$100 dollars or its equivalent amount in the corresponding local currency, (v) adhere to normal practices of the country in question and (vi) would not be a disgrace the Company if made public.

Gifts, entertainment and favors of any kind that would most likely cause a feeling or expectation of personal obligation may not be offered or accepted. In addition, Associates must be aware that some countries have laws that prohibit undue payment to private individuals. Prior to making any payment that may be questionable, consult the Legal Department.

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- Any gift that is part of an agreement to do something in exchange for the person who gives the gift, or the impression that this may be the case.
  - Any activity oriented toward sex or that goes against the values of Elementia in any manner or constitutes a violation of a law.

### ***Undue payments abroad***

Anti-bribery laws in many countries, including the United States Foreign Corrupt Practices Act (hereafter, "FCPA"), prohibit Elementia from directly or indirectly offering or giving money or other objects of value through a third party to any foreign government official for the purpose of obtaining or maintaining a business deal or obtaining an undue advantage. An "object of value" may include gifts or bonuses of any kind, travel and entertainment, employment offers or contributions to charity organizations. The term "government official" is very broad and includes any official or employee from the government or an entity controlled by the government (including companies controlled by the government) or from an international public organization or any political party, official of a political party or candidate for political office.

Due to the complexity of the FCPA and anti-corruption laws of other countries and the substantial civil and criminal sanctions in case of a violation, and must obtain prior approval by the Legal Department before (i) offering to pay travel and entertainment expenses for government officials or (ii) offering a "facilitating payment".

## 11. Contributions for Political Purposes and Activity

It is prohibited to make contributions for political purposes on behalf of the Company or in the name of Elementia, S.A.B. de C.V., without previous authorization by the Board of Directors. "Contributions for political purposes" are direct or indirect payments in support of political candidates, incumbents or political parties. In addition to cash payments, contributions for political purposes include work performed by Associates during working hours, the purchase of tickets to fundraising events, advertising costs, printing and other campaign expenses and product donations.

## 12. Export control laws

All Associates shall comply with applicable laws on the control of imports and exports. Under certain circumstances, laws against "trading with the enemy" prohibit US companies and their subsidiaries, including those located outside of the United States, from trading directly or indirectly with certain countries or companies located in said countries.

A list of these countries may be requested from the Legal Director in Mexico. Associates who participate in the processing of imports and exports must be familiar with these laws and the corresponding company procedures, particularly if their job is to process, pack, send or receive packages. In the event of doubts, consult a supervisor, manager or the Legal Department.

The exporting of products from any Elementia plant is permissible solely when sending to Elementia affiliates, license holders or distributors. Non-authorized exporting of Elementia products is strictly prohibited.

## 13. Government Inquiries and Legal Process

Associates may occasionally come into contact with government officials responsible for maintaining public order.

At all times, Associates shall treat government officials with honesty and sincerity.

**No Associate may initiate or threaten to initiate legal claims in the name of Elementia without previous authorization from the Legal Department.**

## 14. Privacy and Personal Information

At Elementia we take the protection of personal information very seriously. We seek to protect the privacy and security of the personal information of Associates, clients, suppliers, contractors and temporary workers, as well as relatives and other individuals who supply their information to Elementia. For all Elementia employees, maintaining personal information secure and confidential and ensuring its appropriate use is a top priority. All Elementia Associates who have access to or handle personal information must guarantee compliance with this Code and any other corresponding policy or guideline occasionally issued by Elementia in connection with personal information.

Personal information must be maintained confidential and, in particular, any personal information in electronic or printed form must be maintained secure, protected against undue use and solely disclosed to those who have a legitimate business reason for accessing confidential information.

If personal information is discovered to have been used in violation of Elementia policies or accessed or acquired without authorization, notify a supervisor, manager or the Legal Department immediately.

## 15. Confidential Information, Information Security and Intellectual Property Rights

Confidential information generated in our company is a valuable asset to us. Confidential information includes, for example, all confidential information that may be useful to competitors or detrimental for the Company or for those we do business with if the information were made public. The protection of this information plays a fundamental role in Elementia's constant growth and competitive capacity, and all such information must be maintained strictly confidential except for when the Company authorizes its disclosure or it is required by law.

## **16. Trading of Elementia Securities; Abuse of Inside Information**

### ***Important confidential information***

On occasion, you may discover inside or confidential information on Elementia or other companies. In some cases this information will be important. In general, the information is important if there is any possibility that a reasonable investor consider it valuable in making an investment decision aimed toward buying or selling securities, or if it is probable that public disclosure of the information would affect the price of said securities. See Guidelines, policies and control mechanisms on: Transactions with securities issued by Elementia, S.A.B. de C.V.

### ***Restrictions on transactions***

Within the framework of federal and state laws of Mexico and laws of other countries, it is illegal to use important confidential information to obtain profits or avoid losses in public securities transactions, including Elementia securities and those of other companies that quote on the stock exchange. For the violation of these laws and regulations you, as an individual, may be subject to criminal fines, prison and significant economic sanctions.

Elementia strictly prohibits any Associate, member of the Management Committee or their immediate family members from trading Elementia securities in any moment they possess important confidential information.

### ***Providing of information***

Another example of illegal use of inside information is providing of information, which implies that an Associate, member of the Management Committee or immediate family member (an informant) provides important confidential information to someone who does not have inside information (a beneficiary) on Elementia or other companies with which Elementia does or may do business, that the receiver later uses to trade stocks of Elementia or another company in order to obtain profits or avoid losses. It is possible that the informant does not directly benefit economically from the beneficiary's acts and may have even provided the information unsuspectingly.

## **17. Quality and Precision of Public Statements of Elementia**

Elementia is responsible to guarantee that all financial and other types of reports and documents that it presents before the BMV and other public communications represent a complete, clear, precise timely and comprehensible statement regarding Elementia.

In order to enable Elementia to comply with this responsibility, each Associate must: (i) communicate precise and timely information as appropriate according to his or her area of responsibility, (ii) guarantee that the important information is disclosed to the corresponding members of management in a timely manner, even though it is not a specific requirement for standard communication reports and procedures and (iii) notify the corresponding members of management in a timely manner about any reasonable doubt it has in regard to the accuracy or completeness of Elementia's public declarations or any other financial, accounting or audit related matter.

## 18. Public Relations and Disclosure of Information

As a company whose shares are quoted publicly on the Mexican Stock Exchange-Mexico City, what, when and how Elementia communicates with its diverse audiences is governed by the CNBV and the rules of the Mexican Stock Exchange-Mexico City.

As a result, only specifically identified Elementia executives are authorized to speak with investors, equity analysts and the media. Violating this policy may have legal implications for Elementia as well as for you personally.

## 19. Books and Records; Correct Settlement of Transactions

It is crucial that the Company's financial statements and all books and records in which they are settled are complete and accurate, so that they reflect the true state of our business and account for the true nature of all disbursements and other transactions at all times. This is mandatory, independently of that said records reveal disappointing results or a failure in regard to the expected profit levels. ***It is a violation of the Code to do anything that compromises the integrity of Elementia's financial statements or other business records.***

No attempt to conceal the actual results by incorrectly reflecting income, expenses, assets or liabilities can or will be tolerated. Failure to comply with these standards may constitute a violation of civil and criminal laws.

## 20. Protection and Correct Use of Company Property

Each Associate is responsible for protecting Company property against loss, theft and undue use. Any loss, theft and undue use of Company property, has an impact on Elementia's profitability.

Any theft (independently of the amount it represents in dollars) and any significant loss or undue use of Company property shall be reported to a manager or supervisor, to Security or to the Corporate Internal Audit Department or any member of the Compliance Committee. Consult "Confidential information and security of information" beforehand.

All Company property including equipment, vehicles, supplies and products must be used solely for legal purposes throughout the course of Elementia business.

## 21. Antitrust and Competition Laws

Antitrust and competition laws are designed to ensure fair competition. Many countries have adopted this type of laws in order to prohibit agreements between competitors in matters such as price, terms of sales to consumers, market or consumer allocation and suppliers and consumer boycotts, that is, any matter that tends to undermine competition. These laws also regulate the behavior of dominant companies and require prior review of mergers, acquisitions and several other transactions. Some of the laws may even be applied to conduct that occurs across country borders.

Antitrust and competition laws are very complex and a violation may entail criminal sanctions for Elementia and its Associates, including fines, prison and public liability.

## 22. Recordkeeping

All documents (in the form or media in which they are found) and other records created or received by an Associate in connection with his or her job must be preserved in accordance with applicable law and Elementia's recordkeeping policy. No Associate may alter or falsify information in any document or record. Said documents and records may be discarded or destroyed solely when permitted by applicable law (including local laws), Elementia's recordkeeping policy, the express needs of any other department in Elementia and any other special legal circumstance that may exist. If you have previous doubts that are in any way related to the destruction of a record or document, consult the Legal Department before destroying said records or documents.

### **23. Elementia E-mail and Technological Resources**

It is important to keep in mind that e-mail systems may be unsafe and e-mail messages could be intercepted. Unlike what occurs in a verbal conversation, e-mail generates a permanent record. Any e-mail that is sent may be printed by the receiver and resent to others and may remain in the database of a company for a long period of time. Therefore, Associates must take the same precaution in sending an e-mail message as they would in normal written business correspondence.

### **24. Equal Opportunities; Non-discrimination; Prohibition of Harassment**

Our Associates are our greatest asset. Elementia has made a strong commitment to offering equal opportunities for all Associates and applicants regardless of gender, race, color, religion, nationality, age, disability, pregnancy, marital or family status, sexual orientation or any other status protected by law in any location where Elementia contracts Associates.

Elementia has made the commitment to creating a diverse work force in which all Associates are given the opportunity to reach their maximum potential and in which everyone is treated and treats others in a fair, dignified and respectful manner.

Elementia will not tolerate any type of harassment, be it verbal or physical, for reasons of gender, race, color, religion, nationality, age, disability, pregnancy, marital or family status, sexual orientation or any other status protected by law. Harassment may occur inside or outside of the company's facilities and may be directed toward employees, clients, suppliers, contractors or others who visit the company.

### **25. Safety and Health**

Elementia has made a commitment to offer a safe and healthy work environment for Associates, contractors, suppliers and others who visit the Elementia facilities, and to comply with all applicable laws and regulations that govern health and safety in the workplace. In turn, it is expected that Associates and others follow our rules and procedures and avoid unsafe actions in order to help guarantee their own safety and that of others. If a situation is detected that endangers health, safety or the environment, it must be reported to a supervisor manager or the Human Resource Department in order for corrective measures to be taken.

Elementia reserves the right to take any necessary measure in regard to behaviors that suggest a propensity to violence. Domestic violence may also affect the workplace. If you are a victim of domestic violence, notify your supervisor and the Human Resource immediately so they may take appropriate measures to protect you as well as your coworkers. We also recommend that you take advantage of the resources we provide for our Associates, such as our Assistance Program and other similar programs.

### **26. Environment**

Environmental protection is deeply rooted in the Elementia values. Elementia also strives to continuously improve our environmental governance and management systems as catalysts for innovation and improved performance.

## 27. Conclusion

This Code is a declaration of general principles and standards that apply to all Associates and is designed to reflect Elementia's commitment to adherence to the highest standards of ethics and integrity in all aspects of its operations. If at any time you have concerns regarding the interpretation or application of this Code or as to whether a situation, relation or transaction is appropriate, you must speak with your manager, supervisor or any member of the Compliance Committee to request orientation. Associates must raise any questions they may have, release the corresponding information and rapidly bring potential problems to the Company's attention.

**Remember:** Compliance with all applicable laws, regulations and provisions of this Code is a condition to continue as an Associate at Elementia. Anyone who violates this Code will be subject to disciplinary sanctions that may include dismissal or removal from office.

**Limit of Liability:**

Nothing contained or implied in this Code creates or may be considered to create or constitute legal liability on the part of Elementia, S.A.B. de C.V.

The provisions of this Code are subject to occasional changes; these do not confer any obligation on the part of Elementia or create a right to employment.

28. **Appendix**

**Letter for Associates**

**Business Name to which the Associate belongs within the Company  
Report on Compliance with the Elementia Code of Ethics**

I confirm that I received, read and understood the Elementia Code of Ethics, which I am committed to fulfill, and:

- I. To the best of my knowledge, information and beliefs, neither I nor any member of my family currently has or has had an interest, connection or participation in any activity during the past year that constitutes a conflict of interest, as described in the Elementia Code of Ethics.

The following are a few questions related with the Elementia Code of Ethics. Please respond to these questions.

A) Am I currently involved in a conflict of interest according to the provisions of the Elementia Code of Ethics? (Mark the response that corresponds with and "X").

YES \_\_\_\_\_ NO \_\_\_\_\_

B) If the answer to the previous question was "YES", describe the conflict of interest in detail.

Description of the conflict of interest or violation in which I am currently involved:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Full name: \_\_\_\_\_

Employee number: \_\_\_\_\_

Name of the Company you are currently working: \_\_\_\_\_

**Letter for Procurement area****BUSINESS NAME TO WHICH THE ASSOCIATE BELONGS WITHIN THE  
COMPANY  
PROCUREMENT AREA CODE OF ETHICS**

The Procurement area Code of Ethics is a code that applies to all Associates involved in the procurement process at Elementia. The Procurement area Code of Ethics is a support policy, integral to Elementia's Policy and Procedure Manual, due to which all collaborators involved in the procurement process must:

**1. Act honestly and ethically**

- Carry out functions in an honest and ethical manner, ensuring that the policies, procedures and practices of the business are aligned with its ethical principles.
- Maintain the confidentiality of inside information obtained in the course of their work, except when the disclosure of the information has been authorized or is a legal obligation.
- Always act in good faith, responsibly, taking the necessary precautions, with due competence and diligence and not allowing personal judgment to recur to subordination. Provide truthful information that is not intended to distort operations.
- Clearly communicate ethical expectations to coworkers and colleagues.
- Refrain from the use or the perceived use of confidential information obtained in the course of work for unethical or illegal purposes, be it for personal or third party benefit.
- Guarantee the integrity of records, including the documentation of discounts obtained in a proper manner.

**2. Avoid conflicts of interest**

- Avoid actual or apparent conflicts of interest, in personal and professional relationships.
- Do not take any action or assume interest in activities outside of Elementia that may cause conflicts in the performance of functions in an objective and efficient manner. It is not permitted to have direct or indirect financial interests with a supplier or competitor of the company.
- The service provided to Elementia must never be conditional on personal profit or benefit. No collaborator, spouse or relative may receive personal benefits as a result of the collaborator's position at Elementia.

**3. Compliance with applicable government laws, rules and regulations**

- Perform functions in accordance with applicable laws, rules and regulations.

**4. Follow a fair process in selecting suppliers and awarding a business deal to suppliers**

- Support the principle of fair competition as a basis in selecting providers and awarding a business deal to suppliers.
- In considering the benefits for Elementia in maintaining a relationship of continuity with a supplier, avoid any arrangement that may, on the long term, inhibit effective cooperation regarding fair competition.
- Comply fully with the internal process of elaborating procurement requests and purchase orders for suppliers. No purchase may be made without elaboration of its respective purchase order.

**5. Pay suppliers in accordance with Elementia guidelines**

- Any payment for a product or service to a legal person must be made to the supplier's company and not to a private individual. In the event that the supplier is a private individual, guarantee that the supplier is paid the corresponding amount.
- Cash payments are prohibited; all payments must be made to a bank account indicated in writing by the supplier.
- Make payments to suppliers solely for goods and services actually received.

**6. Select suppliers who comply with high ethical standards**

- Select suppliers and award business deals to suppliers who are committed to interact with integrity with shareholders and duly observe the applicability of the law of the countries in which they operate.
- Terminate the relationship with suppliers who do not adhere to Elementia's general policies for suppliers, such as employment of minors in operations and forced employment policies.

**7. Maintain an appropriate professional level of competitiveness**

- Guarantee that the professional skills and abilities of buyers are maintained at a level that is consistent with their job responsibilities.

**8. Oversee adherence to the Code of Ethics of the Procurement department**

- Guarantee that the rules of the Code of Ethics of the Procurement department are imposed on subordinates who carry out purchasing functions are that they are fully aware of its strict observance.
- Take the corresponding measures and actions if and when a possible violation of the code is presented inside the company.

**9. Report violations of the Code**

- Report to management regarding any conflict of interest that may be presented or observed derived from any transaction or personal relationship that may exist.
- Immediately report any non-compliance or violation of the Code of Ethics of the Procurement department to the corporate head of the Procurement department or the Internal Audit area.