

Quimikao's Business Conduct Guidelines

Quimikao S.A. de C.V. seeks to be an honest and exemplary company, guided with responsibility and justice, with a great adherence to ethics principles that go beyond mere compliance with laws and regulations and to earn the respect of society. We shall not obtain profits through the ethics principles showed here.

- I.- Fulfill Responsibilities to Customers.
- II.- Thoroughly Consider the Environment and Safety.
- III.- Maintain Fair and Honest Transactions.
- IV.- Respect Individual Personalities and Abilities.
- V.- Pursue Profitable Growth and Accommodate Shareholders' Expectations.
- VI.- Maintain a Fair, Open and Exemplary Corporate Position.
- VII.- Strictly Manage Information and Assets.
- VIII.- Contribute to the Enrichment of Society through Community Activities..
- IX.- Respect Cultures of Individual Countries and Observe all Laws.

- X.- Draw a Distinct Line between Business and Private Matters.
- XI.- Executives and Managers Shall Acknowledge Responsibilities.

Quimikao's Employees Ethics Behavior

- 1.- Actions based in ethics principles.
- 2.- Observe of the laws.
- 3.- Differentiate between Business and Private Matters
- 4.- Resolved attitude.
- 5.- Observe of the Internal Regulations.

Quimikao's Corporate Ethics Code

Quimikao S.A. de C.V. seeks to be an honest and exemplary company, guided with responsibility and justice, with a great adherence to ethics principles that go beyond mere compliance with laws and regulations and to earn the respect of society. We shall not obtain profits through the ethics principles showed here.

I.-Fulfill Responsibilities to Customers

- (1) We shall always strive to develop and provide high quality products that place emphasis on the health and safety of our customers.
 - We shall strive to improve the quality, safety and reliability of our products and services.
 - We shall strive to reduce costs to provide high quality and useful products at reasonable prices.
- (2) We shall provide consumers with appropriate information regarding the proper use of products.
 - To allow consumers to properly select and use our products safely and comfortably, we shall provide information that is appropriate from the consumer's point of view.
 - We shall provide our customers with an MSD (Material Safety Data Sheet) or other safety information that may be necessary or appropriate in regard to the delivery of chemicals products.

- If we find that an indication on products could reasonably cause a misunderstanding or is inappropriate, we shall promptly revise such
- indication on the principle of " consumer safety first"
- (3) We shall provide an honest and prompt response to customer inquiries and complaints.
 - We shall listen sincerely to customer opinions and demands concerning our products. We shall share their opinions and demands with the relevant divisions and departments for improvement of our products.

We shall earnestly attempt to understand complaints from the consumer's

 - standpoint and we shall accept the responsibility to resolve any valid complaints fairly.

- We shall strive to achieve customer satisfaction in terms of product quality and by quickly, accurately and considerately responding to customers inquires.
- We shall strictly control our customer's privacy information and shall not disclose it to third parties without the customer's prior consent.
- (4) We shall advertise honestly and sensibly.
- We shall be clear and explicit in our technical documents and brochures, in order to avoid the lose of the essential information within them.

II.-Thoroughly Consider the Environment and Safety

- (1) We shall contribute to the achievement of a sustainable society by giving thorough consideration to environmental conservation and human safety in every aspect of our operations, including product development, manufacture, distribution, consumption and waste disposal.
- In our business activities, we shall follow Kao's Policies Regarding the Environment, Safety and Health
- We shall implement positive measures concerning the environment, safety and health at all stages, from product development, manufacture and distribution to the disposal of chemicals substances, and we shall promote our Responsible Care Activities to improve upon these measures.
- By following environmentally sound processes, we shall develop, produce and distribute products in a way that minimize environmental impact.
- We shall provide accurate information about product safety to customers in a timely manner. In the event of an accident, we shall investigate the cause, and, when needed, set preventive measures and provide precise information to medical and/ or other relevant institutions.
- (2) We shall develop and produce products with a minimum impact on the environment, and wherever practicable, in a manner that efficiently uses and recycles natural resources and energy.
- Keeping in mind conservation of the global environment, its natural resources and recycling, we shall develop and produce products and technology with a minimum impact on the environment. We shall strive to utilize and recycle natural resources and energy efficiently. When disposing of waste, we shall carefully select a method of disposal. We shall comply with relevant laws and take responsibility up to and including the completion of the disposal process.

III.-Maintain Fair and Honest Transactions.

- (1) We shall observe both the letter and spirit of all applicable laws and regulations including antitrust laws.
 - We shall comply with all laws and regulations to ensure the continued trust of our customers and society, and we shall improve our corporate reputation and brand image through fair competition.
 - We shall not engage in anticompetitive, dumping, the improper disturbance of competitor's transactions, false labeling or the excessive given or receiving of free gifts.
 - We shall have sufficient knowledge about these laws and understand that violations of antitrust or other related laws may result in criminal liability to both the company and any individual involved in such violation
- (2) We shall implement strict internal controls to prevent unlawful or unethical transactions.
 - We shall implement lawful and ethical business transactions with other companies and strictly refrain from any conduct or improper interest that may promote misunderstandings or criticism of our company.
 - When selecting a supplier, we shall make rational judgments on product quality, service quality and prices.
 - We shall maintain fair and transparent relationships with suppliers with the normal practice being to compare and consider quotations from several suppliers.
 - We shall maintain the integrity of all transactions for the procurement of products, raw materials and services by providing fair transactional opportunities to our suppliers and by conducting regular competitive reviews of purchase terms and conditions.
 - In business transactions with other companies, we shall observe designated rules and standards and follow strict internal checking procedures to maintain a transparent decision-making process. When selecting a supplier , we shall not exert or attempt to exert undue influence on any particular supplier regardless of the degree of our relationship with them.
- (3) We shall keep the receiving and giving of business gifts and entertainment within bounds that are recognized as acceptable business practice in order to avoid undue influence on business transactions.
 - We may accept or provide business entertainment only as an opportunity to exchange information, and we may accept or provide gifts only in relations to celebrations or condolences as an expression of

appreciation or as a courtesy to our suppliers or customers. All gifts given or received, should be of moderate value and suitable for the occasion under which it is given or received and, in order to maintain transparency, should be disclosed to the company in accordance with internal rules.

- We shall not receive or give personal kickbacks in relation to business transactions.

- We shall strive to manage the costs of internal meetings whose purpose does not go beyond the interdivisional or cross-divisional exchange of information. We shall not use company funds to purchase souvenirs for group companies. We shall endeavor to abolish unnecessary obligations such as reciprocal gift given between individual company members.

IV.-Respect Individual Personalities and Abilities.

- (1) We will make the selection, recruitment and our personnel's assignment, in a professional and fair way; and we will look for to develop and to maximize their individual abilities

- We shall promote human capital measures to properly assign personal according to their capabilities and performance regardless of gender or nationality.
- We shall respect each individual's dignity and value develop "Equal Partnership" as a team members.
- We shall respect each individual's privacy, and we shall handle our employee's private information in a confidential manner.

- (2) We will treat all our personnel in a fair way, according to their acting and abilities.

- We shall further improve the organization and our various employment system so that we can promptly respond to changes

- We will support career development system that encourage the efforts and enthusiasm of each individual. We shall develop a system and corporate culture in which everyone can realize their own progress and involvement.

- We shall clarify each individual's role, duty and responsibility, and we shall promote and provide compensation according to a fair evaluation of their abilities and performance, corporate performance and market value.

- (3) We shall strive to maintain a safe, clean and healthy workplace to achieve an environment that is comfortable to work in and without illegal

discriminations.

- We shall prioritize the maintenance of operational safety and hygiene in the work place to ensure that everyone can work comfortably .

We shall minimize potential risks across all business activities. If we should become aware of a potential risk, we shall take proper actions as outlined in the policy and operational procedures regarding risk management.

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V.-Pursue Profitable Growth and Accommodate Shareholders' Expectations

- (1) We shall strive to deliver appropriate returns to shareholders through profitable growth that is based on lawful and ethical business activities.

- We shall strive to improve our business results from a long-term viewpoint, maintain stable management in compliance with rules in business society, and enhance corporate value. We shall endeavor to maintain an adequate standard of return on investment to our shareholders by considering profit per share and ratio of earnings to dividends from a long-term standpoint.

- (2) We shall strive to disclose material corporate information to our shareholders and investors accurately and in a timely fashion.

- We shall treat all shareholders and investors fairly and equitably and we shall adequately disclose our business results at an early date. We shall also disclose in a timely fashion material information that may affect the share price of the company.

VI.-Maintain a Fair, Open and Exemplary Corporate Position.

- (1) We shall conduct public relations activities that are factually based, and we shall be honest in disclosing necessary or appropriate information to the public. We shall strive to maintain openness. We shall also listen carefully to the voices of the public and be sensitive to opinions, criticisms and cautions that are sincerely expressed.

- We shall strive to gain the trust and support of society by further improving our corporate reputation as that of an "open company".

- (2) We shall not engage in any activities which are detrimental to society. Furthermore, we shall resolutely resist pressure by any individual, group or organization to accept or support such activities.

- We shall understand that activities which are unlawful or contrary to the public good will have a material and adverse effect upon the company .

Accordingly, we shall maintain a resolute attitude against such activities.

- We shall not participate in any activities that are illegal or contrary to the public welfare regardless of any competing pressure to do so. Any attempt to force or induce any employee to engage in such activities shall be rejected decisively, reported to the company, and be firmly addressed with adequate procedure.

- We shall reject any relationship with groups that act contrary to the public good, and shall not yield to any attempts to blackmail or to any other treats. We shall not involve ourselves in any activities or conduct which offend social norms or morality.

(3) We shall maintain legitimate and lawful relationships with political and governmental entities.

- We shall maintain a balanced and healthy relationship with the government and public administration, and shall refrain from any conduct that is regarded as collusive. We shall maintain conspicuous and transparent relationships with the public officials with whom we make contact in our duties.

- We shall understand and be reminded that in principle, the receipt and offer of business entertainment or gifts to or from government officials, except for those based on a truly personal relationship, are prohibited. However, a gift of minimal value that follows generally accepted business practice, and is otherwise lawful, maybe permitted after careful consideration of the relevance of the gift and the circumstances.

(4) We shall not make any contributions that are illegal or do not meet accepted social standards.

- As a member of society, the company shall make corporate contributions mainly for the purpose of encouraging art and cultural activities, and academic research and education, all the essential factors toward the enrichment of life for future generations. We shall also make contributions to the communities in which we carry on our business activities. If a disaster occurs, we shall proactively offer our products to help victims.

- We shall implement strict internal controls to prevent unlawful or unethical transactions.

VII.-Strictly Manage Information and Assets

(1) We shall maintain a correct file of all business records, including accounting records.

- We shall ensure the accuracy of accounting records in compliance with

the relevant accounting standards and related laws. We shall also keep other business records and data, and shall report correctly, based on facts.

- (2) We shall conscientiously implement internal control procedures.
- We shall perform accounting procedures strictly, following the appropriate internal checking system.
 - We shall earnestly facilitate and assist audits by our corporate auditors and accountants, tax examinations and others business audits and inspections so as to support accurate financial statements and a proper audit and inspection.
- (3) We shall carefully manage the company's confidential information, intellectual property, and tangible and intangible assets. We shall respect and shall not unlawfully or improperly obtain or use confidential information, privacy information or the intellectual property of other.

- We shall strive to protect the company's confidential information and intellectual property and further strengthen their internal management.

We shall secure and protect the results of our R&D and our technologies as intellectual property, and shall efficiently utilize and exercise these rights.

- All intellectual property and other rights for inventions, designs and literary works acquired through our duties, belong to the company. WE shall strive to prevent and ensure that such rights are not used unlawfully by others.

We shall prevent the leaking of confidential information and in particular we shall prevent such leaking due to careless management. To prevent viruses and hackers from getting into our computer system, we shall implement regular virus checks and manage passwords.

- Any employee who consider to reach confidential information from another, through a legal agreement, shall ask Human Resources to determine the access.

The entire financial information is confidential, and only the authorized persons could reach to it.

- Once the employee has left the company, its his obligation to protect confidential information during 2 years from his departure.

No one, employees or candidates, could leak confidential information from the company, during or after their contract.

- Any confidential information that belongs to others shall be obtained

- from its proper owners or from other proper sources in a lawful and appropriate way, and we shall maintain accurate and specific records of receipt. We shall use such confidential information in compliance with the agreement and usage conditions to protect confidentiality.
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We shall efficiently utilize the company's various assets both tangible and intangible, and we shall properly maintain and control such assets so that they can be utilized in business activities whenever necessary. We shall endeavor to prevent loss, theft, or illegal use of our assets.

We shall not use the company's assets (i.e. equipment, facilities, vehicles, samples, products, computer systems, software, etc.) for any purpose other than for business related activities or such other activities as may be authorized by our superiors. We shall handle these assets in accordance with internal rules. In particular communication and correspondence via Internet or via other company communication system shall be limited, to proper business related purposes, and shall not be for personal use.

The company reserves the right to cancel the access to any technological source at any time with out previous advertisement.

VIII.-Contribute to the Enrichment of Society.

- (1) We shall seek to earn goodwill and trust by contributing to local communities as a responsible member of society.
 - While pursuing profitable growth, as corporate citizen we shall support the development of science and the arts to maintain a harmonious balance with society, and to contribute to cultural development.
- (2) We shall seek to earn goodwill and trust by contributing to local communities as a responsible member of society.
 - To establish a better society, we shall engage in activities that promote the development of the next generation.
 - We shall understand and proactively cooperate with and participate in the company's activities as good corporate citizens.
- (3) We shall respect the volunteer spirit of individuals who take initiative and responsibility to contribute to society.
 - We shall understand that individual members independently choose to participate in volunteer or community activities. We shall respect the volunteer spirit of individuals who through volunteer activities and social interaction broaden their understanding of the values, issues and

concerns within their communities.

IX.-Respect Cultures of Individual Countries and Observe Laws.

- (1) We shall contribute to the economy, standard of living and culture of our country through the development of our business activities.
- (2) We shall observe both the letter and the spirit of the laws of the countries in which we have dealings, and we shall respect their cultures, specially in all the dangerous goods and precursors chemical weapons.
- (3) We shall endeavor at Kao Group companies to employ, train and promote capable people in the countries where we conduct business.
 - We shall develop our business activities with a global and a local perspective so that we can contribute to the development of the economy and culture in each country. We shall also respect and seek to understand the feelings of nationals and local residents.
- (4) We shall observe the laws of Mexico and relevant countries when importing and exporting goods.
 - When engaging in the import or export of products technology, or services, we shall comply with the Foreign Exchange and Foreign Trade Law and other relevant laws, both in Mexico and overseas. We shall follow all designated procedures, including the obtaining of permission and the filing of required notifications and reports
- (5) We shall not fall into briberies or accept inappropriate or illegal gifts

X.-Draw a Distinct Line Between Business and Private Matters.

We shall always establish a clear line between business and private matters to prevent conflicts of interest. Personal profit or advantage shall not be pursued through the use of company assets or information, or through work-related authority and position.

- (1) We shall non engage in insider trading.
 - We shall not utilize internal confidential information about the company, suppliers, or customers in pursuit of private profit.
- (2) Political activities shall only be performed on a personal basis.
 - The company's policy prohibits the offering of political contributions, support to political parties and groups, and the provision of facilities on behalf of the company.
Therefore, when we support political campaigns or related activities, we shall do so independently on a personal basis, outside working hours, and not on company premises.

- (3) Involvement in ideological and religious activities shall be allowed only on a personal basis.
- Although each individual's freedom of ideology and religion shall be respected, we shall devote ourselves to our duties during working hours. We shall not engage in missionary work during working hours, and we shall not seek to persuade other employees to join ideological or religious activities but shall maintain a workplace atmosphere.
- (4) We shall strive to avoid conflicts of interest.
- Employees' personal lives basically belong to themselves. However, we shall understand that conflicts of interest may occur when any conduct in an employee's personal life goes against the company's interest and benefits his or her own personal interest. Therefore, we shall strive to avoid such acts and conflicts of interest as much as possible.
- We shall recognize that conflicts of interest are caused by the following conduct:
- 1) involvement in activities that compete with the company's business without the company's authorization, 2) becoming a supplier or customer of the company, 3) obtaining personal benefits and privileges in the course of one's duties, and 4) engaging in personal activities or religious activities, during working hours. When engaging in any of the above activities, employees shall obtain the company's permission, report to the company or take other appropriate actions as necessary.

XI.-Executives and Managers Shall Acknowledge Responsibilities.

- (1) Executives and Managers shall firmly acknowledge that compliance with "Quimikao's Business Conduct Guidelines" is their responsibility and obligation. They shall to promote the values and qualify to be an example to follow for all the members of the company.

Quimikao's Employees Ethics Behavior

1.-Actions based in Ethics Principles.

All the Quimikao's personnel must fulfill with QuimiKao Business Conduct Guidelines, and must act with conscience and honestly as a responsible society member.

2.-Observe of the laws.

All the Quimikao's personnel must fulfill with all the laws, rules and applicable regulations, during their work performance. Not to make this way because it suits to the company, it won't be able to be justified

3.-Differentiate Between Business and Private Matters.

All the Quimikao's Personnel must establish a clear line between business and private matters in their daily activities to prevent conflicts of interest. Personal profit or advantage shall not be pursued through the use of company assets or information, or through work-related authority and position.

4.-Resolved Attitude

All the Quimikao's Personnel must abstain from participate individually or through groups or associations, in any activity in against of our society. More even their must resist resolutely any pressure to accept or support this facts or actions.

5.-Observe of the Internal Regulations.

All the Quimikao's personnel must observe all the regulations and internal norms and must not get involved in actions in against honor and confidence, inside or outside the company.

CODE VIOLATION EXAMPLES

- 1.-To realize operations in personal or familiar benefit and against the company.
- 2.- To distort account records in an intentional way.
- 3.-To falsify documents.
- 4.- Do not inform promptly above every irregularity (financial, ethic, operative, etc)
- 5.- To misinform about the real credits in market.
- 6.- To do fictitious operations like purchases or expenditures

- 7.- To take out materials from the warehouse with out a reasonable justification.
- 8.- To invoice in advance pretending sales.
- 9.- To involve to the company in endorsements and letters of guarantee with out authorization
- 10.- To have at one´s disposal confidential information with personal or familiar proposals
- 11.- To divulge process secrets, methods, strategies, plans, projects, technical data and confidential information putting the company in an awkward position.
- 12.- To hire or compensate to any person with out previous authorization
- 13.- To fulfill the security rules putting in danger the personal life and the company patrimony
- 14.- To omit tributary commitments which generate economic sanctions, or future eventualities.
- 15.- To arrive to job under the influence of alcohol.

SANCTIONS

The sanctions to this conduct guidelines apply for everyone who participate in the infractions here expressed.

The severity of the sanctions will be in accordance with the fault done, and goes from a verbal warning to the end of the employment relationship. They should be imposed by the chef in charge.

The ethic committee is in charge of evaluate weather a fault is damaging this conduct guidelines or not.

Will be penalized who:

- Any employee who has participated or omitted a fault to this conduct guidelines
- Any employee who takes revenge, direct or not, against the informant.
- Any director or manager who did not inform about a fault done by the employees under his charge

Designed Committee:

Quimikao, SA de CV, has created an ethic committee who evaluates the severity of the faults and have full and total confidence in the decisions here taken.

Quimikao, SA de CV encourages the employees to consult with the ethic committee any matter, in relation with ones behavior. For this reason, and for every one who works in Quimikao, has been created the “**Anonymous Tips Mechanism**”, through it, the committee receives the reports and give his verdict.

The committee work over the next fundamental goals:

- 1.- Evaluate the balance between values, ethic principles and persons involved.
- 2.- Complement the ethic principles in accordance with the environment needs.
- 3.- Evaluate and watch the correct performance of the values and principles.
- 4.- Identify and suggest actions for a fulfillment
- 5.- To be support and guide on the resolutions for a employee doubt.
- 6.- Inform periodically about the performance on the present code.

Anonymous Tips Mechanism

Is administrated by Deloitte, a professional services firm, they have 5 methods for receive the reports, here they are:

Free telephone line:01-800-36-08-477

Mail: quimikao@tipsanonimos.com

Web page: <https://www.tipsanonimos.com/quimikao>

Fax: 05-55-52-55-13-22

POBOX: CON-080

Quimikao, SA de CV maintains an open mind attitude to receive all the sugests, complaints, problems and denounces from employees, always in an anonymous and respectfull way.

Situations not expressed in this code will be resolved according with the rest of the company politics and ethic committee criteions.