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## **Key Compliance Obligations for Companies under Mexico's General Law of Administrative Responsibilities**

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Mexico's General Law of Administrative Responsibilities ("LGRA" per its acronym in Spanish) regulates not only the conduct of public officials but also has direct implications for private companies that interact with such public officials. In particular, Articles 24 and 25 of the LGRA provide a legal framework for the adoption of robust internal controls and the promotion of a culture of corporate integrity.

Article 24 establishes that a legal entity may be held liable and sanctioned when its directors, employees, or representatives commit serious administrative offenses for the entity's benefit. This means that corporate liability is not limited to the actions of its leaders but also extends to the entire organization. Sanctions can include substantial fines and even disqualification from contracting with government entities, posing a considerable risk for any company operating in the public sector.

For its part, Article 25 introduces so-called integrity programs - a structured set of policies, practices, and controls designed to prevent and detect irregularities. The existence of such programs may serve as a mitigating factor if the company becomes subject to an investigation, making the policies both a preventive and defensive compliance tool.

An effective integrity program should include:

- An organizational and procedures manual, defining roles and responsibilities.
- A code of conduct known to all personnel.
- Clear internal policies on gifts and relationships with public officials.
- Confidential reporting channels, available to employees and third parties.
- Monitoring and oversight systems, including regular internal audits focused on at risk areas.
- Ongoing training on ethics, compliance, and integrity measures.
- Appointment of a compliance officer with adequate independence and authority.

Adopting these practices both supports regulatory compliance and strengthens corporate reputation and trust among clients, investors, and authorities. Companies that operate with transparency and well-structured control systems significantly reduce legal and financial risks.

Corporate integrity is both a legal obligation and an investment in the sustainability of the business. Companies that implement integrity programs and foster an ethical culture will be better equipped to navigate regulatory challenges and ensure long-term growth.

