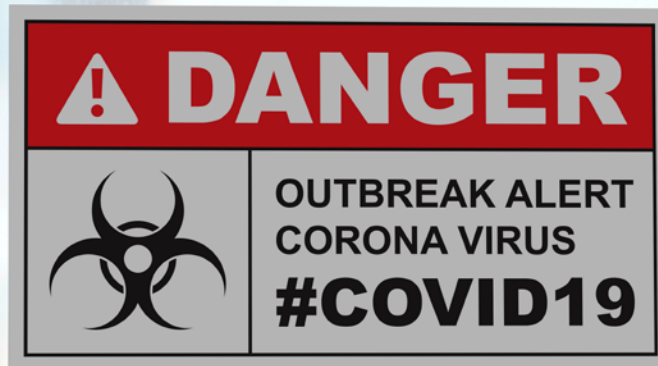


March 10th, 2020

Coronavirus (COVID-19) – Relevant Considerations for Businesses



As per latest report by Director General of the World Health Organization ("WHO") on March 5, 2020 there is now a total of 95,265 reported cases of COVID-19 globally, and 3281 deaths. Just like governments are educating the public, so that people know what the symptoms are and know how to protect themselves and others, we consider it essential to provide a set of guidelines and relevant considerations to our clients so that, just like people are more consistently aware throughout the globe of the symptoms and relevant measures to prevent and/or act when appropriate, our clients also have the tools to respond to the different impacts COVID-19 can have on their business and commercial relations.

Employment

- » To this date the Health Ministry has not declared a health emergency in Mexico.
- » Regardless, any business with employees should collaborate with global education efforts regarding symptoms and prevention tools.
- » The WHO and the Mexican government have issued several documents¹ that can serve as guidelines for internal communications in your company.
- » Workplaces should be kept as clean and hygienic as possible.
- » Regular hand-washing by all employees should be promoted.
- » Home-office schemes should be considered when case is confirmed within the workforce.
- » Any potential case detected in the workplace must be immediately referred to the appropriate medical facility for detection purposes. If the case is confirmed all relevant employees that have been in contact shall be monitored (period of 14 days) and if possible also sent to a medical facility for detection purposes.
- » Employees that are confirmed to have COVID-19 will be quarantined and the corresponding certificate of incapacity before the Mexican Social Security Institute Opportunities must be processed.
- » Please consider that if a health emergency is declared, pregnant women or currently breastfeeding, as well as employees under 18 years, will have no obligation to appear and their salaries must still be paid in full. If a health emergency with suspension of labor is declared, labor relation with employees will be considered suspended with a right to employees to receive a 30-day compensation of the minimum wage that corresponds.

¹ "Getting your workplace ready for COVID-19" <https://www.who.int/docs/default-source/coronaviruse/getting-workplace-ready-for-covid-19.pdf?sfvrsn=359a81e7_6> / Gobierno de México <<https://www.gob.mx/salud/documentos/nuevo-coronavirus-poblacion>>

Meetings and Events

- » While there is an obvious responsibility over employees, we urge our clients that deal with third-parties, hold general meetings with customers or clients and/or organize events to have the same precautions than towards employees.
- » If meetings can be avoided, do so. If they can be scaled down, do so. There are multiple videoconferencing tools available, even through your mobile phone provider or apps.
- » Always keep names and contact details of all participants in case there is a need to contact participants upon confirmation of a COVID-19 case (see Personal Data).

Personal Data - Privacy

- » Any information which is related to health situation is considered sensible information as per the Federal Personal Data in Possession of Individuals Protection Act and its regulation.
- » Consequently, any company that collects information from its employees and or visitors regarding their health situation or symptoms must ensure that they have express consent from the data subject and that use of said information is limited in scope permitted by applicable law and regulations.

Travel

- » National and International Travel advice should be consulted before going on business trips².
- » Travel plans to countries with a high number of COVID-19 reported cases should be rescheduled whenever possible (i.e. China, Japan, South Korea, Italy, Iran, Singapore).

Contracts and Commerce

- » In an international economy such as the one we live in today, it is difficult to ignore that an outbreak, such as the one we are experiencing will not impact international commerce.
- » We recommend our clients that have contracts or commercial relation with foreign companies from countries with a high number of reported cases (China, Japan, Korea, Italy, Iran, Singapore) to review their contracts or applicable terms and conditions to verify if a force majeure exception is considered in its text.
- » The implications of a force majeure exception generally imply that, in the event of default by any of the parties that can evidence default was a result of COVID-19 (i.e. closing of shipping ports, impact on workforce due to health emergency, amongst others) will not be liable for applicable damages or penalties.
- » Note that if the contract or the applicable terms

and conditions do not provide for a force majeure exception, but they do establish an applicable law, said law must be considered, as generally force majeure is considered in the applicable law. Also consider that in international contracts or commercial relations, when the parties have not excluded it, the United Nations Convention on Contract for the Sale of Goods ("CISG"), with its article 79, applies in regards to force majeure and hardship.

- » If you have concerns as to potential default by a supplier or provider that could impact your company, planning, communication, cooperation and potential amendment agreements should be considered to reduce adverse effects for both parties.

Bankruptcy

- » As short as this outbreak might seem to this date, it has already seen its first bankruptcy cases emerge. On March 5 a British regional airline fell into insolvency.
- » If COVID-19 outbreak can result in a considerable impact to your company, either due to services and goods provided, or considering default from key players in your industry (chain-reaction) we recommend making an internal analysis of existing liabilities and assets as there are very clear cut rules for declaring initiation of a bankruptcy proceeding under Mexican law; or at least consider an out-of-court restructuring plan with creditors.

2 WHO's situation reports <<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports>>

Sánchez Devanny is a leading Mexican law firm that provides **full-service legal advice** both to Mexican and international clients.

We build enduring client relationships because we make every effort to understand our clients' businesses and expectations, to serve as an ally, and to provide **complete, accessible and personalized advice**.

Contact

Alfonso López-Lajud
alopez@sanchezdevanny.com

Eduardo Sotelo-Cauduro
esotelo@sanchezdevanny.com

Rafael Villamar-Ramos
rvr@sanchezdevanny.com

Alfredo Kupfer-Domínguez
akupfer@sanchezdevanny.com

José Antonio Postigo-Uribe
japostigo@sanchezdevanny.com

Ricardo León-Santacruz
rls@sanchezdevanny.com

David Puente-Tostado
dpt@sanchezdevanny.com

Juan Luis Serrano-Leets
jlseerrano@sanchezdevanny.com

Mexico City:

Av. Paseo de las Palmas #525 Piso 6
Col. Lomas de Chapultepec, 11000
Ciudad de México
T. +52 (55) 5029 8500

Monterrey:

José Clemente Orozco #335 Piso 4
Despacho 401 Col. Valle Oriente, 66269
San Pedro Garza García N.L.
T. +52 (81) 8153 3900

Querétaro:

Blvd. Bernardo Quintana #7001
Torre 1 Oficina 1109 Col. Centro Sur, 76090
Querétaro, Qro.
T. +52 (442) 296 6400



Sánchez Devanny Eseverri S.C.



@SanchezDevanny



/sanchezdevannymx

www.sanchezdevanny.com

Sánchez Devanny refers to Sánchez-Devanny Eseverri, S.C., a leading Mexican law firm that provides full-service legal advice both to Mexican and international clients.

This publication contains general information only and is just for informative purposes. Sánchez Devanny is not rendering legal advice or services by means of this publication. To obtain legal advice or services and before making any decision or taking any action that may affect your business you should consult a qualified professional advisor.

Sánchez Devanny provides legal services in the areas of Corporate and M&A; Corporate and Project Finance; International Trade and Customs; Real Estate, Infrastructure and Hospitality; Tax; Labor, Social Security and Immigration; Corporate Governance and Regulatory Compliance; Energy, Natural Resources and Environmental; Life Sciences; Intellectual Property, Entertainment and Sports Law; Litigation and Alternative Dispute Resolution; Antitrust; Financial Institutions and Services; Private Wealth Management and Estate Planning and Data Privacy and Information Technology to both public and private clients, especially in the automotive, retail, pharmaceutical, manufacturing, real estate and energy industries.