



**Navantia**

# **ANTI-CORRUPTIÓN MANUAL**

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# 1

CHAPTER

## INTRODUCCIÓN

NAVANTIA, S.A. (Hereinafter, “NAVANTIA” or “the Company”) is a Spanish state-owned enterprise belonging to the Spanish State-Owned Industrial Holding Company (SEPI), which owns 100% of its shares. Navantia is a leading company worldwide in the products it offers:

- Design and construction of high-tech civil ships and military ships.
- Design and manufacture of control and combat systems.
- Transfer of technology.
- Repair and refurbishment of military and civilian ships.
- Life cycle support for ships and systems.
- Diesel engine manufacture.
- Manufacture of turbines.

Moreover, NAVANTIA is a company that has state-of-the-art technology, and R&D plays an essential role within the company in order to adapt to present and future market needs. Navantia is also the first Spanish company dedicated to naval military technology.

The Spanish Navy is NAVANTIA’s main national client, having collaborated with the Navy for more than 250 years. Given the Spanish Army’s excellence and its great operational capacities throughout the world thanks to its modern resources, NAVANTIA can create products with great added value.

NAVANTIA’s approach is to focus on integrating innovation, the client’s needs, quality solutions and services, human talent, commitment to society and the environment, and the fight against corruption.

# 2

## CHAPTER

### PURPOSE

NAVANTIA condemns any practices related to corruption, in accordance with the principles set forth in its Code of Business Conduct and other business-ethics regulations. NAVANTIA strives to comply with all anti-corruption laws, and strictly forbids any form of corruption — whether active or passive — within the company, regardless of its source, destination, amount, etc.

From an external point of view, NAVANTIA employees must comply with the Code of Business Conduct and approved company policies, which outline that these practices must not be carried out in order to obtain personal benefits or preferential treatment for the company. NAVANTIA therefore systematically rejects any kind of corruption, regardless of its source, causes, and effects, even if the company could indirectly benefit therefrom.

The present document describes the essential elements that form the base of the company's anti-corruption model, very closely linked to the criminal compliance model developed by NAVANTIA in Spain.

NAVANTIA is committed to collaborating with other companies, governments, corporate groups, NGOs, etc. in the fight against corruption, providing the necessary information for this purpose (remaining respectful of a person's honor and privacy, where applicable). NAVANTIA also supports professional codes and regulations for accountants, auditors, public officials, etc. where they contribute to curbing corruption.

# 3

## CHAPTER

## PURPOSE

In order for the anti-corruption model developed by NAVANTIA to be effective, it is essential to identify and analyze the corruption risks the company may be exposed to, as well as any existing policies, procedures, and control mechanisms within the company that may help curb these hypothetical actions.

In accordance with the provisions and requirements of the regulations listed as follows, the risk of corruption occurs where NAVANTIA employees or agents related to the company offer or accept a benefit, whether direct or indirect, to/from a third party, whether the latter be a public official (national or foreign), executive, director, or employee of another company, in order to obtain unlawful advantages. Furthermore, in the more specific field of influence peddling, this takes place when a private individual takes advantage of a situation resulting from their personal relationship with a public official or authority to obtain a resolution which may directly or indirectly result in financial gains for them or for a third party.

Certain Departments within NAVANTIA are more exposed to this type of corruption, and these practices occur more commonly in Departments that (i) are involved in the hiring process; (ii) may have access to company funds; (iii) carry out corporate transactions in which agents and partners partake; (iv) establish business relationships with third parties that are not part of NAVANTIA; or (v) have a relationship with public officials, whether national or foreign.

The object of corruption includes all conducts that are construed as bribery of a national or foreign public official, as well as bribes between companies; it therefore comprises both public and private corruption.

Practices which constitute corrupt conduct, both public and private, and which are expressly forbidden for NAVANTIA employees are established in the Spanish Criminal Code, and defined as follows:

### **Bribery (article 424 Spanish Criminal Code)**

Where a private individual offers or delivers a handout or remuneration of any kind to an authority, civil servant or person who participates in the exercise of public duties in order for the latter to perpetrate an act that is against the duties inherent to his office, or an act inherent to his office, in order for him not to carry out or to delay what he



should carry out.

This also applies to public officials of the European Union or nationals of another EU Member state. (Article 427 Spanish Criminal Code)

### **Influence peddling (article 429 Spanish Criminal Code)**

Private person who influences a civil servant or authority taking advantage of any situation arising from his personal relationship with him or with another public officer or authority to obtain a resolution that may directly or indirectly generate a financial benefit for him or for a third party.

### **Corruption in business (article 286 bis Spanish Criminal Code)**

Active: Whoever offers or grants executives, directors, employees or collaborators of a trading company or any other firm, partnership, foundation or organization an unfair benefit or advantage of any nature, in order to favor him or a third party against others, breaching their obligations in acquisition or sale of goods or in hiring any professional services.

Passive: Executives, directors, employees or collaborators of trading companies or firms, associations, foundations or organizations who, personally or through an intermediary, receive, request or accept a benefit or advantage of any unjustified nature, in order to favor whoever grants it, or whoever expects the profit or advantage over third parties, breaching their obligations in the acquisition or the sale of goods or in the hiring of professional services.

### **Corruption in international business transactions (article 286 ter Spanish Criminal Code).**

The Spanish Criminal Code was amended by Organic Law 5/2010, of 22 June, which modified the crime of bribery of a foreign public official in international business transactions, adjusting it to the terms and conditions of the OECD Convention; the modification also regulated in detail the criminal liability of legal entities which participate in these types of acts. This new crime sanctions those that aim to corrupt or corrupt, directly or indirectly, any foreign public official or an official of a public international organization, by promising, offering, or granting an undue advantage, for the official or another person or entity, or accept the requests said public officials make to them, in order that the official acts or refrains from acting in the exercise of his or her official duties, with a view to obtaining

or retaining business or another undue advantage in relation to the conduct of international business. Regarding the specific control mechanisms in place in NAVANTIA to mitigate corruption risks, and given the similarities between the present NAVANTIA Anti-Corruption Manual and the Criminal Compliance model, the specific control mechanisms identified by the company to mitigate the risks of these types of crimes are of particular interest to curb both public and private corruption.

In this sense, we point to the control mechanisms summarized in the Specific Part of the NAVANTIA Criminal Compliance Manual on crimes of bribery, influence peddling, corruption international business transactions, and corruption in business.

Similarly, understanding that there are risks which are intrinsically linked to corruption, such as money laundering, failure to fulfill accounting obligations, tax or hiring practices, the practices must be included within the scope of this Manual, as well as the control mechanisms established in the NAVANTIA Criminal Compliance Manual associated with these crimes (money laundering, failure to fulfill accounting obligations, and tax crimes).

- Currently — for legal purposes and as per article 1.2 of the Spanish Law 10/2010, of 28 April, on prevention of money laundering (hereinafter, “LPBC”, after its Spanish acronym) and financing of terrorism — money laundering is construed to mean one of the following practices:
- Converting or transferring property, knowing that such property is derived from criminal activity or as a result of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such activity to evade the legal consequences of his or her actions.



- Concealing or disguising the true nature, source, location, disposition, movement, beneficial ownership of property or rights, knowing that such property is derived from criminal activity or involvement in criminal activity.
- Acquiring, possessing, or using property, knowing at the time of receipt that such property is derived from criminal activity or as a result of participation in criminal activity.
- Participating in any of the aforementioned activities; being associated with any of these actions; attempting to commit these crimes; or aiding, abetting, facilitating, and counseling any person to carry out the actions mentioned in the foregoing points.

**Failure to fulfill accounting obligations** (“disguised” or fraudulent accounting) includes activities where (i) different accounts are kept that conceal or simulate the true situation of the business, (ii) fictitious accounting entries have been recorded in the obligatory books; and (iii) a person fails to enter businesses, acts, operations or financial transactions in the obligatory books, or records them with figures different to the true ones (article 310 of the Spanish Criminal Code).

**Tax crimes** (article 305 of the Spanish Criminal Code) are defined as defrauding the state, regional, or local treasury, avoiding the payment of taxes or deductions, or amounts that should have been deducted, or payments on account, wrongfully obtaining rebates or likewise enjoying fiscal benefits, provided that the amount of the defrauded payment, the unpaid amount of deductions or payment on account or the amount of the rebates or fiscal benefits wrongfully obtained or enjoyed exceeds one hundred and twenty thousand euros.

# 4

CHAPTER

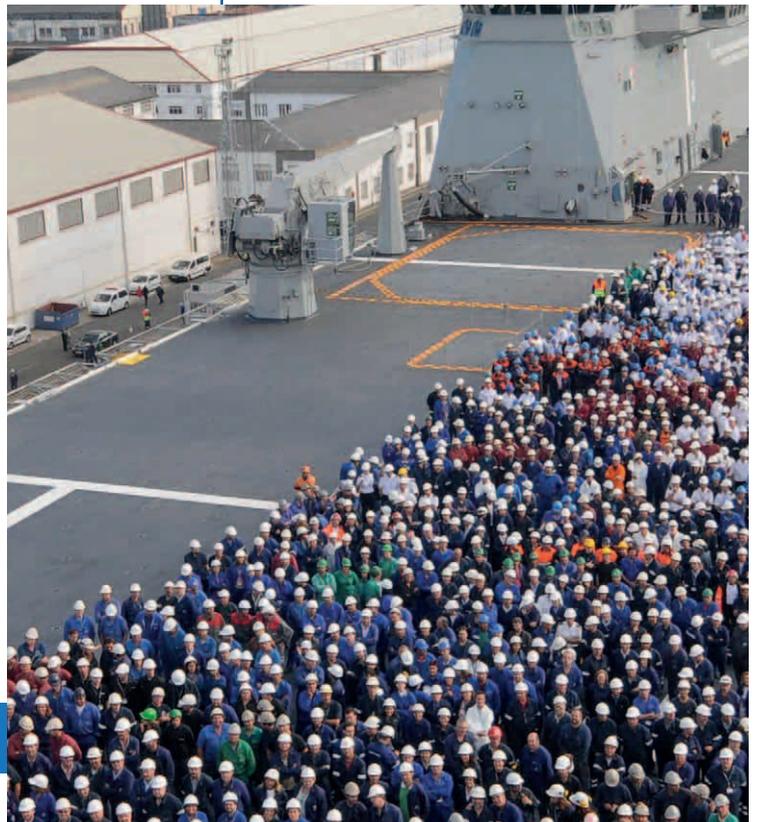
## SCOPE

### 4.1. SCOPE

The present Manual applies to all persons who are employed by or dependent on NAVANTIA, S.A. or any of its subsidiary companies, provided the Manual has been previously approved by their Governing Bodies.

### 4.2. RECIPIENTS

The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.



# 5

## CHAPTER

# APPLICABLE REGULATIONS

In order to fully apply the present Anti-Corruption Manual, the following must be taken into account:

- **Regulations applicable in Spain (Criminal Code)**
- **United States (FCPA)**
- **United Kingdom (Bribery Act)**
- On a European level (Italy: Anti-Corruption Act, France: French Criminal Code, and Germany: German Act on Combating Corruption, German standard "Compliance management systems").
- **OECD legal documents:** Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, of November 21, 1997; OECD Best Practices (Recommendation for Further Combating Bribery of Foreign Public Officials; Good Practice Guidance on Internal Controls, Ethics, and Compliance).
- On an international level (United Nations Convention and the Inter-American Convention Against Corruption).
- **Other international Best Practices:**
  - BSI STANDARDS PUBLICATION: SPECIFICATION FOR AN ANTI-BRIBERY MANAGEMENT SYSTEM (ABMS)
  - AS 8001-2008
- **Applicable regulations and/or best practices in countries which bear special relevance for NAVANTIA:** Brazil, India, Turkey, Australia, the United Kingdom, and Venezuela.

Among these regulations, the following were used as the main references:

- **Spanish legislation on corruption** (Spanish Criminal Code), given that NAVANTIA's headquarters are located in Spain and most of its activity is carried out in the same country. In this sense, articles from the Spanish Criminal Code that penalize both public and private corruption are applicable.

Given that successive amendments of the Spanish Criminal Code (Organic Law 5/2010, of 22 June, and Organic Law 1/2015, of 30 March) have established the criminal liability of legal entities, the duties and obligations in matters of compliance and preven-



tion which are applicable to Spanish companies such as NAVANTIA are, directly or indirectly, increasingly numerous.

- This is also true on an **international level** given that, following the approval of the amendment of the Spanish Organic Law on the Judicial System (OL 1/2014 of 13 March), it may now be possible to prosecute certain crimes in Spain that were perpetrated in foreign countries via Spanish legal entities.

Enforceable national regulations include the corruption-related criminal offenses which are described in the Spanish Criminal Code, and which have been listed in the previous paragraph relative to the “purpose”.

Two international regulations, which contain the most stringent provisions in matters of anti-corruption practices: Foreign Corrupt Practices Act, of the USA (hereinafter, FCPA), and the UK Bribery Act (hereinafter, UKBA).

**FCPA:** The FCPA is an act that forbids US-based companies or any of their subsidiaries, irrespective of where they operate and where their employees are located, from directly or indirectly instigating the bribery of foreign public officials in order to obtain a benefit, and bans the manipulation of accounting books and records.

Failure to comply with this act can lead to significant sanctions which range from monetary fines to judicial intervention, or the winding up of the company.

**UKBA:** The UKBA 2010 is an Act approved by the Parliament of the United Kingdom that forbids UK companies or any of their subsidiaries, irrespective of where they are incorporated (as long as they conduct business in the UK), from directly or indirectly instigating the bribery of public officials or other companies with the purpose of benefiting from said bribes; i.e. The UKBA sanctions both public and private corruption.

The Act gives a broad definition of bribery to capture the wide scope of practices utilized to offer or receive bribes.

Failure to comply with this act can lead to significant sanctions which range from monetary fines, to prison sentences for the perpetrators of such crimes.

# 6

CHAPTER

## ANTI-CORRUPTION POLICY<sup>1</sup>

This Policy contains several fundamental principles on which the Anti-Corruption Manual is based, summarizing the forbidden practices and how to act in each case. All employees and persons that act on behalf of NAVANTIA or represent the company must be familiar with the policy.

<sup>1</sup> See Appendix IV. "Anti-Corruption Policy"



# 7

## CHAPTER

# ORGANIZATIONAL MODEL

### 7.1. CONTROL AND MONITORING BODIES

The bodies which control and monitor the Anti-Corruption Manual in NAVANTIA are: the Board of Directors, the Compliance Committee, and the Chief Compliance Officer — assisted by the Compliance References and the persons in charge of anti-corruption controls. The purpose of the control and monitoring bodies is to (i) monitor the functioning of the Anti-Corruption Manual; (ii) monitor the measures implemented against corruption and their suitability; (iii) ensure that the present Manual is divulged within NAVANTIA; and (iv) analyze legislative amendments which may affect the Anti-Corruption Manual (among other functions).

#### **A. Board of Directors**

The NAVANTIA Board of Directors is responsible for carrying out general monitoring and control functions in matters of compliance and prevention of corruption, in addition to its daily tasks of managing, administrating, and representing the company. These functions imply that the Board of Directors is ultimately responsible for the present Anti-Corruption Manual and Anti-Corruption Policy attached hereto.

The Board of Directors of NAVANTIA shall be informed at least once a year of the monitoring and further activities related to the present Anti-Corruption Manual.

#### **B. Compliance Committee**

As a control body of the criminal compliance model and the present Manual, the main characteristics of a Compliance Committee must be its autonomy and independence, professionalism, commitment, and honesty.

All Committee members are bound to keep any data or information to which they have access when performing their duties as described herein strictly confidential.

### C. Chief Compliance Officer

The NAVANTIA Code of Business Conduct establishes the specific rules which must be followed in such matters.

### D. Compliance References

Compliance References provide support to the Chief Compliance Officer, who may delegate operative duties to the Compliance References as they see fit, to perform daily tasks related to the monitoring and control of the present Manual.

### E. Persons in charge of anti-corruption controls

Any internal control system must be assessed regularly to ensure that it is being adequately implemented and is effective. The assessment can be performed by the managers of the departments affected by corruption risks (in a broad sense) using a dynamic self-assessment method, with information on compliance with policies, procedures, and existing controls related to corruption.

This type of assessment makes the system trustworthy and analyze how it responds to deficiencies and external or internal changes. Furthermore, it is a key tool that helps the Compliance Committee assess the functioning of the Anti-Corruption Manual.

The persons in charge must confirm whether:

- The policies/procedures/regulations/controls regarding the anti-corruption matters for which they are responsible are being followed.
- Changes have been made to control activities; only relevant changes must be indicated.
- All identified incidents have been resolved and the appropriate level of management informed, where applicable.

In this sense, the persons in charge of any area or Department within the Group must provide the Compliance Committee, their Chief Compliance Officer, and the Compliance References with any information requested about the activities being carried out in their area or Department that are related to potentially corrupt practices (in a broad sense).



## **7.2. RESOURCES AND DEADLINE**

In order to perform their functions, the control bodies must have access to the required material, human, and technical resources.

## **7.3. RISK ASSESSMENT PROCESS (RISK MANAGEMENT: IDENTIFICATION, ANALYSIS, ASSESSMENT, PROCESSING). WARNINGS**

### **7.3.1. IDENTIFICATION AND ANALYSIS**

In order for the Anti-Corruption Model developed by NAVANTIA to be effective, it is essential to identify and analyze the corruption risks the company may be exposed to, as well as any existing policies, procedures, and control mechanisms within NAVANTIA that may help curb these hypothetical actions.

In accordance with the previously mentioned provisions and requirements of the regulations, the risk of corruption occurs where NAVANTIA employees or agents related to the company offer or accept a benefit, whether direct or indirect, to/from a third party, whether the latter be a public official (national or foreign), executives, directors, or employee of another company, in order to obtain unlawful advantages.

As mentioned ut supra, certain areas within NAVANTIA are more exposed to this type of corruption, namely NAVANTIA areas that (i) are involved in the hiring process; (ii) have access to company funds; (iii) carry out corporate transactions in which agents and partners partake; (iv) establish business relationships with third parties that are not part of NAVANTIA; or (v) have a relationship with public officials, whether national or foreign.

Within the mentioned areas, the Managers or Executives will be responsible for keeping an updated list of identified policies, procedures, and controls related to corruption within their area, as well as identifying possible new activities which may potentially constitute a corruption risk. As an additional control, they will certify the validity of these on an annual basis, notifying the Compliance Committee thereof. An updated file of these notifications will be kept.

### **7.3.2. PROCESSING**

As part of the active management of potential risks affecting NAVANTIA, with regards to corrupt practices which may be criminal offenses, it is essential to establish a protocol on how to deal with risks that are considered financially significant.

As is to be expected, special control measures will be implemented in operational areas where the company could, potentially, be most exposed to corruption-related practices.

The risks affecting each and every one of the areas will be systematically classified, in accordance with the assessment criteria established by NAVANTIA.

- Low risk: annual monitoring of the status by the manager of each area, which does not require additional specific measures.
- Medium risk: annual monitoring by the manager of each area. Additionally, the Compliance Committee will check the situation, drawing up the duly signed minutes together with the manager of each area.
- High risk: six-monthly monitoring by the manager of each area. The Compliance Committee will draw up the minutes together with the manager of each area, certifying that no situations which may compromise the present Anti-Corruption Manual exist.

### 7.3.3. WARNINGS

When determining whether corrupt practices exist within NAVANTIA, it is necessary to carry out a thorough study of the company's situation. Some of the most important questions are:

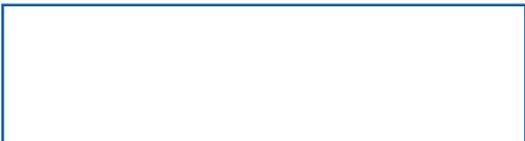
- a. Does it conduct business internationally?
- b. Does it have an effective body of anti-corruption regulations?
- c. Are its business or trade relations with government bodies documented (contracts, agreements, etc.)?
- d. Is an effective procedure in place to detect any corrupt actions?

Below are a few examples of warning signs which, if present, require special attention and scrutiny from the parties involved, and the circumstances of the transaction:

- a. If the company operates in countries with high levels of corruption.
- b. Whether intermediary agents which have influences or ties to the government are used, directly or indirectly.
- c. Whether bribes are considered "necessary" to conduct business.
- d. Whether the company is expected to pay extra fees required to "expedite" certain procedures or obtain certain services or significant commissions or advances.
- e. Whether the company has been asked to make payments to the personal accounts of intermediaries or agents of government bodies, or in third countries.
- f. If the other company refuses to provide information on the owners or partners, or uses shell companies for certain procedures.



- g. One of the parties requests that payments be made in other countries, transferred to the holder, or asks for political donations.
- h. The director, executive, or high-ranking employee of the hiring party is a public official, or holds shares in the hiring party's company.
- i. One of the parties has a close personal or business relationship with a public official, or is a close family member of one.
- j. One of the parties in the transaction has a reputation for exhibiting unlawful, unethical, or illegal conducts, or has been investigated due to their lack of integrity.
- k. One of the parties prefers to provide services without entering into a contract, or requests an unusually large sum of money as compensation therefor.
- l. One of the parties has no experience related to the product or the industry sector, or does not have qualified staff or adequate facilities.
- m. One of the parties refuses to provide information or sign FCPA certifications.
- n. One of the parties submits deceitful or inconsistent information during the assessment process, the due diligence process, or during the required disclosures.
- o. One of the parties requests an advance before the project is finished.
- p. One of the parties requests a raise while the project is ongoing.
- q. Third parties which are not necessary to the project are involved, or there are several intermediaries.



## 7.4. PREVENTING CONFLICTS OF INTEREST BY IMPLEMENTING SPECIFIC RESTRICTIONS

Business or management by executives or employees outside of the company are restricted when they could entail competition for the company; additionally, restrictions are imposed on contract awards to and business with family members, partners, on behalf of the company, etc.; restrictions on entering into contracts with family members, etc.

The NAVANTIA Code of Business Conduct establishes the specific rules which must be followed in such matters.:

Conflict of interests arise when a person subject to the Code of Conduct must make a decision that affects both the interests of NAVANTIA and those of the person itself, their family members, or anyone with whom the person has a relationship of similar nature, and their close friendships in other companies, businesses, or entities in which the person subject to the Code of Conduct or any of the persons mentioned have an interest which could be affected by the decision.

For example, the following would constitute conflicts of interest:

- Deciding or recommending that a NAVANTIA contract be awarded to a company in which a family member works.
- Making a business decision that could directly benefit a close friend.

In cases where a person bound by conflict of interest regulations harbors reasonable doubts that they may be experiencing a conflict of interest, they must submit a written notification thereof in the "Conflict of interest declaration". In case of uncertainty, the case will be submitted to the Department of Secretariat for Legal Counsel and Affairs. The person bound by conflict of interest regulations that has opened a case file shall refrain from intervening or influencing the persons in charge of resolving the conflict.

A record will be kept of all declarations, notifications, and resolutions of all "Conflict of interest" case files.

When deciding whether a NAVANTIA employee who is affected by a conflict of interests may make the decision, the superiors will take into account not only the integrity and objectivity of the person in charge of making the decision, but also whether the image of the company's objectivity may be affected.

When an employee who is affected by a conflict of interest is part of a group of people in charge of collectively reaching a decision, this person will inform the other group members when collective decisions need to be taken and shall refrain from participating in any votes.



## 7.5. DUE DILIGENCE<sup>2</sup>

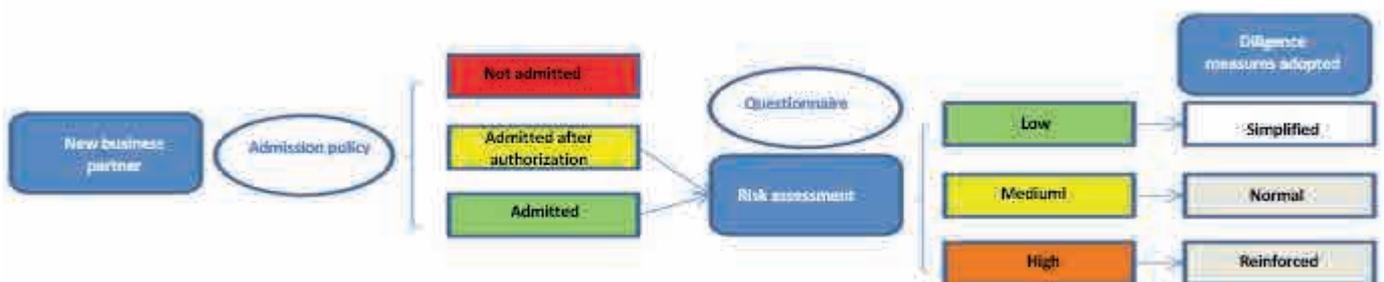
NAVANTIA must have a thorough knowledge of all the business partners with which it conducts business (whether representatives, agents, consultants, suppliers, partners in joint ventures, clients) in order to avoid being swept into corruption cases which could affect these business partners.

NAVANTIA has a Policy on the admission of business partners — Appendix VI — which describes a series of indicators to be taken into account when assessing the level of risk are set forth, as well as the different types of business partners, in accordance with the associated risk.

Given the existence of said documents, and without prejudice to any further developments of the Anti-Corruption Policy (N030), the Policy on the admission of business partners distinguishes between: (i) excluded business partners, with which no business can be conducted under any circumstances; (ii) business partners with an above-average level of risk, with which business can be conducted once the Compliance Committee has granted its approval; (iii) standard business partners, without any significant risk of corruption.

Once admitted, business partners must be assigned a level of risk based on the assessment criteria established by NAVANTIA and mentioned above: (i) low risk; (ii) medium risk; (iii) high risk. Depending on the level of risk assigned, a series of due diligence measures must be implemented which will vary throughout the business partnership; specific time intervals are set depending on the type of risk.

In conclusion, the business partner admission procedure and the implementation of due diligence measures is as follows:



<sup>2</sup> See Appendix VI, Policy on the admission of business partners

### 7.5.1. ASSIGNMENT OF RISK LEVEL

The business partners with which NAVANTIA conducts business shall be classified according to risk. Below, guidelines are established to classify each third party:

1. Low risk: the following type of business partners are considered to pose a low level of risk:
  - a. Public institutions and entities of the European Union or equivalent third countries.
  - b. Companies or other legal entities controlled by public institutions or entities in the European Union or equivalent third countries, or when the latter have majority ownership thereof.
  - c. Financial institutions, with the exception of payment institutions, that have their registered address in the European Union or in an equivalent third country which are subject to supervision to guarantee compliance with money-laundering and terrorism financing prevention obligations.
  - d. Branches or subsidiaries of financial institutions, with the exception of payment institutions, that have their registered address in the European Union or in an equivalent third country which are subject to money-laundering and terrorism financing prevention procedures by their parent undertaking.
  
2. High risk: the following type of business partners should be classified as high risk, without prejudice to any situations which may be identified as requiring additional due diligence measures after a risk analysis:
  - a. Private banking services.
  - b. Money sending operations where the total amount, both in single or several payments, exceeds 3,000 euros per calendar quarter.
  - c. Foreign currency exchange where the amount, both in single or several payments, exceeds 6,000 euros per calendar quarter.
  - d. Conducting business or operations with companies that have bearer shares, which are permitted as per article 4.4 of Law 10/2010, of 28 April.
  - e. Conducting business or operations with business partners in high risk countries or jurisdictions, or transactions which involve sending money to and from said countries or jurisdictions, including, all countries in which the Financial Action Task Force (FAFT) requires additional due diligence measures.
  - f. Transfer of shares or stakes in shelf corporations. For the purpose of this policy, shelf corporation are corporations with no real financial activity which are intended to be sold to third parties.
  
3. Medium risk: business partners that do not fit into any of the aforementioned types will be classified as medium risk.

## 7.5.2. DUE DILIGENCE MEASURES

The required due diligence level will vary depending on the third party with which the contractual/business/trade relations are conducted. We hereby refer to the due diligence form included in the Anti-Corruption Policy (N030), which outline the information which business partners wishing to conduct business with NAVANTIA must provide.

Below are the due diligence procedures which must be carried out by NAVANTIA prior to entering into any contract with each type of third party. These due diligence procedures may be conducted by an outside expert or independent entity, or with their assistance.

### **a. Business partners / third parties / joint ventures / agents:**

Performing due diligence on new and former business partners, third parties, joint ventures, and agents is a very important part of preventing reputational, operational, legal, and concentration risks which could entail significant costs.

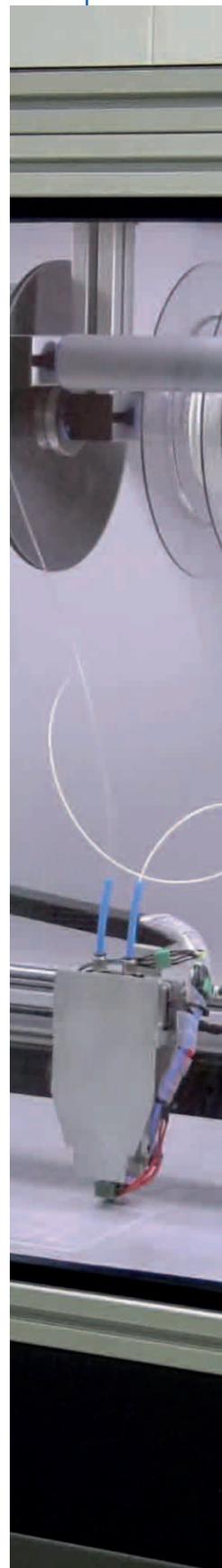
The aim is to allow NAVANTIA to predict with relative accuracy the types of transactions which the third parties may possibly carry out in order to help determine in which cases these transactions could be suspicious. NAVANTIA begins the due diligence process for new and former business partners, third parties, joint ventures, and agents with verification and identification, followed by the ensuing risk analysis.

With regards to business partners, the procedures must include enhanced due diligence for high-risk business partners. The due diligence criteria will be established depending on the risk level assigned to each group of business partners. Due diligence measures must be carried out when:

- a) Business relations are first initiated.
- b) Occasional transactions which exceed the applicable threshold are carried out.
- c) There are doubts regarding the truthfulness or congruence of the identification information obtained.

The following steps can be taken in the context of due diligence procedures:

- a) Identifying and verifying the identity of the third party using documents, data, and information from independent and reliable sources.
- b) Obtaining information on the purpose and nature of the business relationship.
- c) Carrying out ongoing due diligence on the business relationship, as well as performing a detailed examination of all the transactions performed during the course of said relationship.



Notwithstanding the foregoing provisions, simplified due diligence procedures will apply in the case of suppliers, third parties, joint ventures, and agents classified as low-risk. For this purpose:

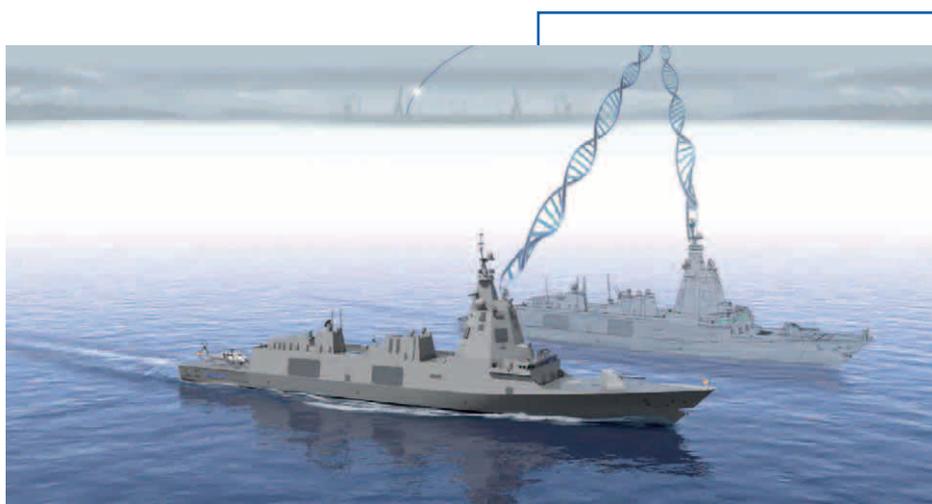
- a) It will only be necessary to verify the identity of third parties when a quantitative threshold has been exceeded.
- b) It shall not be necessary to obtain additional information on the business or professional activity of third parties.

Similarly, some of the following due diligence measures shall apply in the case of suppliers, third parties, joint ventures, and agents classified as high-risk:

- a) Updating the data obtained during the client approval process.
- b) Obtaining additional documents or information on the purpose or nature of the business relationship.
- c) Obtaining additional information on the source of the funds.
- d) Obtaining additional information on the source of the client's properties and assets.
- e) Obtaining additional information on the purpose of the transactions.
- f) Obtaining authorization from executives to establish or maintain a business relationship or carry out a transaction.
- g) Conducting enhanced monitoring of the business relationship, increasing the number and frequency of the control mechanisms applied and selecting operational guidelines which require examination.
- h) Examining and recording the consistency of the business relationship or transactions with the documents and information available on the client.
- i) Examining and recording the economic rationale of transactions.
- j) Requiring that payments be made to accounts held by the client in a credit institution with registered address in the European Union or an equivalent third country.
- k) Restricting the type and amount of transactions or the payment methods for employees.

## **b. Suppliers**

Performing due diligence on new and former supplier is a very important part of preventing reputational, operational, legal, and concentration risks which could entail significant costs.





The aim is to allow NAVANTIA to predict with relative accuracy the types of transactions which suppliers may possibly carry out in order to help determine in which cases these transactions could be suspicious. NAVANTIA begins the due diligence process by verifying and identifying the supplier, followed by the ensuing risk analysis.

Procedures must include an enhanced due diligence procedure for high risk suppliers, as well as ongoing due diligence for existing suppliers. The due diligence criteria will be established depending on the risk level assigned to each group of suppliers.

In line with the foregoing provisions for business partners, third parties, joint ventures, and agents, the due diligence procedures with respect to suppliers shall be adopted when:

- a) Business relations are first initiated.
- b) Occasional transactions which exceed the applicable threshold are carried out.
- c) There are doubts regarding the truthfulness or congruence of the identification information previously obtained about the supplier.

The following steps can be taken in the context of supplier due diligence procedures:

- a) Identifying the supplier and verifying their identity using documents, data, and information from independent and reliable sources.
- b) Identifying the supplier's suppliers, and taking reasonable steps to verify their identity to ensure no doubts remain for the institution in charge of identifying said supplier. In the case of legal entities or other legal persons, the institutions should make reasonable efforts to understand and know the supplier's ownership and control structure.
- c) Obtaining information on the purpose and nature of the business relationship.
- d) Carrying out ongoing due diligence on the business relationship, as well as performing a detailed examination of all the transactions performed during the course of said relationship.

The simplified or enhanced due diligence procedures established in the previous paragraph for each supplier — depending on the assigned level of risk — will also apply to business partners, third parties, joint ventures, or agents.

## 7.6. PROCEDURES PERFORMED ON EMPLOYEES

NAVANTIA must verify that, prior to hiring a new employee, the person has not been sentenced following a final ruling in any corruption proceedings or investigations, and that the person is committed to and willing to comply with the Anti-Corruption Policy. This can be achieved through a statement certifying that the anti-corruption policy was received and agreed to, which can be submitted when the person joins the company.

Furthermore, a clause must be included in the employment contract stating that, if the employee breaches said policy, their functions may be changed or their employment contract may even be terminated.

Salary incentives for employees (such as bonuses) must comply with the company's anti-corruption policy and not breach the policy in any way.

## 7.7. HIRING PROCEDURES. CONTROL MECHANISMS IN CONTRACTING AND MARKETING.

With regards to contracting procedures, it is important to highlight that NAVANTIA always follows its General Guiding Principles — these principles determine, among other aspects, that the services of external suppliers or suppliers must be engaged through transparent procedures that comply with the company's advertising criteria.

Additionally, NAVANTIA has also approved an Acquisition of Goods and Services Policy (N10) that determines the limits of Procurement approvals (per amount) by the Main Procurement Committee, the Corporate Management Committee, and the Board of Directors.

Likewise, the Policy on divulging internal instructions on hiring practices (N000) establishes that (i) the contracting process includes a division of the amounts and segregation of duties which must be taken into consideration when authorizing contracts; and that (ii) the preparation of the contract starts with a report, which is submitted to the contracting department. In turn, this department determines the nature and scope of the requirements that need to be covered, the cost, the proposed procedures, and whether the budget is sufficient, among others.

The Supplier Assessment Procedure (P-APR-CAL-002) establishes that (i) NAVANTIA must evaluate, among other information, the legal, financial, tax, and corporate information; (ii) the list of NAVANTIA's assessed and approved suppliers must be accessible, and all employees that partake in the procurement process must refer to it; and that (iii) no NAVANTIA employee, acting on behalf of or for the benefit of NAVANTIA, can engage the services of a supplier that has not passed the supplier assessment/approval procedures and which is not included in the list of approved suppliers.

- Except in justified and authorized cases, clauses must be included in third party (agents, consultants, representatives, distributors, and business partners) agreements, contracts, and extensions to avoid breaches of the anti-corruption policy:
  - Certification of compliance with FCPA and other anti-corruption laws.
  - Right to perform audits on the third party's accounting books.
  - Right to terminate the agreement or contract in the event of a breach of the anti-corruption policy (internal regulations, FCPA, Bribery Act).
  
- The following principles shall be taken into account when engaging the services of a third party:
  - The qualifications and reputation of these companies.
  - Establish the role the other company plays in the contract, expressly detailing the terms and conditions thereof and the services it will provide.
  - Update investigations carried out on other companies, performing due diligence and monitoring procedures, provide staff with regular training, and request verification that the anti-corruption policies are being complied with, in addition to not having been sentenced via final ruling in any corruption-related criminal proceedings. If the person was sentenced after a contract was entered into, NAVANTIA must be informed of this fact, and it may possibly lead to termination of the contract.
  - When corruption investigations or criminal proceedings are initiated on the other company, this fact may also lead to contract termination.
  - It must be verified that the other company has control mechanisms in place which are aligned with NAVANTIA's anti-corruption policies.



## 7.8. POLICY ON DONATIONS, PROMOTIONS, GIFTS, TRIPS, AND PAYMENTS

The NAVANTIA Code of Business Conduct states that it is forbidden to offer gifts or invitations when their monetary value exceeds amounts which are considered reasonable and moderate, depending on the subject-matter and geographical circumstances.

Additionally, the following principles must be applied:

- NAVANTIA employees cannot offer, pay, or accept bribes, illegal rewards, or any other similar type of payment to or from another person, organization, or public officer which would result in an undue advantage; furthermore, indications are provided on how these bribes may manifest (presents, promises, authorization, offers, payments or gifts from a third party). A NAVANTIA employee will also not make a payment or transfer or offer funds which do not comply with company policies and enforceable legislation, and which have not received the corresponding authorization, have not been duly justified, and are not clearly and precisely recorded in the accounting books.

The term “reward” is very general and includes (but is not limited to):

- Money, gifts, or personal favors
  - Meals and entertainment
  - Discounts
  - Job offers for government officials or their next-of-kin
  - Political donations
  - Payments to third parties
  - Travel expenses
  - Assuming or writing off debts.
- All employees must notify the designated managers of any incidents where unlawful payments have been requested or any similar situations, and they must inform their superiors if they have knowledge of similar transactions.

The following are specifically forbidden:

- Cash, checks, loans, financial facilities, or any equivalent.
- Any invitations, gifts, or acts of courtesy received which, given the frequency, characteristics, or context thereof, may be interpreted by an objective observer as an attempt to affect the receiver’s impartiality.
- Any action which ultimately aims to grant/obtain favorable treatment to/from clients, suppliers, government bodies, or third parties.
- An exception are gifts with a symbolic value that have been previously approved by the Corporate Executives and Executives which, while not Corporate, sit on the Management Committee, or by persons to which the former have delegated their duties.



This may include, but is not limited to, the following:

- Propaganda objects of little value.
- Common invitations which do not exceed reasonable limits and conform to standard social practices.
- Occasional acts of courtesy due to specific and exceptional circumstances (such as Christmas presents), as long as they do not consist of cash and are reasonable and modest.
- Invitations to cultural events sponsored by the Group, as long as they are not extravagant or abnormally expensive.  
These include, for example, sporadic meals or invitations to musical, sport, theater events, etc.; acts of courtesy (trips, hotels, etc.) of little value; small gifts for anniversaries, parties, etc.; cheap promotional gifts (key chains, diaries, calendars, pens, etc.); gifts in recognition of special services, such as care services, civic duty, charity or educational services; payments for expenses incurred by the client (invitations), etc.

- Any gifts or acts of corporate courtesy that a NAVANTIA employee wishes to grant must be previously authorized in writing by a competent immediate superior.
- Any gifts or special acts of corporate courtesy received by a NAVANTIA employee must be notified in writing to the competent immediate superior. The total value of gifts and invitations received by an employee cannot exceed €200 per annum.

If the employee is forced to accept these gifts, a receipt must always be made out to the company and they must be deposited with the designated person, who will give them the appropriate usage (drawing among employees, gift to a charity, etc.) which will, generally, exclude the use the gift was originally intended for.

Additionally, any gifts or acts of social courtesy given to public officials by NAVANTIA employees must be appropriate and comply with local norms and customs, as well as enforceable local legislations and NAVANTIA policies and procedures. A comparative list of the budgeted amount and the real figure is obtained, both for the month and the total value. The differences are justified, particularly in the investment area.

- NAVANTIA forbids its employees and representatives from granting facilitation payments. Facilitation payments can have a negative effect on the company's reputation, giving rise to doubts and suspicions regarding the company's other transactions.

### 7.8.1. RECORD OF GIFTS

The Chief Compliance Officer will keep a record of all gifts; the Compliance Committee will be informed thereof in all cases, and information on the gifts received/offered by NAVANTIA employees must also be kept. This information must be saved for at least 10 years.

Every year, the Department of Corporate Affairs shall draft a report including the number of requests received, the percentage of requests which were approved/denied, the decision-making criteria applied to said requests, etc. Likewise, special mention will be made of all requests that bear particular interest, whether it be due to the nature of the gift, the identity of the person receiving or offering it, or any other circumstance. This Report shall be submitted to the Compliance Committee.

### 7.8.2. PROMOTIONS

Acts of corporate courtesy: This chapter refers to all promotional items, gifts, meals of moderate value, or any other object of modest value, always in relation to the services provided and in exchange for promoting NAVANTIA operations or the signing of a contract.

In any case, these expenses must be reasonable, duly recorded, and directly paid to the suppliers which are supplying them.

In some reasonable and restricted circumstances, certain reasonable and bona fide promotional expenses may be paid, such as travel and accommodation expenses for a government official, as long as this is permitted by enforceable local regulations. These expenses must always be subject to an internal review procedure to identify potential problems, they must be precisely accounted for, and their corporate nature must be duly registered.

### 7.8.3. TRAVEL EXPENSES

Travel expenses must be authorized by the Corporate Executives and Executives which, while not Corporate, sit on the Management Committee, taking into account the following:

- All trips must have a business aim or purpose.
- Travel expenses for family members, friends, or other travel companions of public officials cannot be paid, as well as those of any third party when they are not directly related to the business matter at hand.



- Only expenses with a corresponding receipt shall be reimbursed.
- Only expenses and reimbursements directly related to the business activity will be covered (promotions, description or presentation of a product or service, or regarding the signing or performance of a contract).
- As with any expenses, travel expenses must be duly registered in NAVANTIA books and files, with sufficient detail to allow their true nature and quantity to be easily discerned.
- Meals must be reasonable and duly registered.
- Where possible, payments to cover costs must be paid directly to the suppliers (e.g. hotels, airlines, and car rental services).
- Ensure that payments are permitted in accordance with local regulations.

#### **7.8.4. ENTERTAINMENT EXPENSES**

Entertainment expenses must be authorized by the Corporate Executives and Executives which, while not Corporate, sit on the Management Committee, taking into account the following:

- Expenses must be reasonable.
- Their purpose must not be to influence any given person's impartiality during a decision making process in which NAVANTIA is involved.
- They must be precisely registered in NAVANTIA's books and records.

#### **7.8.5. DONATIONS**

For donations, the following information must be recorded: the purpose of the donation, that the donation complies with the company's internal regulations, that no public official is linked to the donation, and that no conditions linked to receiving business opportunities or other benefits are attached to the donation (donations must never be granted during negotiations of any kind). They must receive final approval from the Board of Directors.

It must be ensured that the organization to which the donation is being made can legitimately accept these contributions, and that the organization is not involved in any type of corrupt, criminal, or fraudulent activities. The institution's mission must be identified, as well



as the end to which the organization plans to allocate the donation and the use it will make of any resources granted.

The frequency, both of entertainment expenses and donations, must be taken into consideration; these should not occur repeatedly, nor should an excessive amount of these expenses be incurred within the same period of time.

Local regulations must also be taken into consideration when granting any type of donation.

#### **7.8.6. PAYMENTS**

NAVANTIA's internal structure divides the decision making functions regarding the approval/authorization of collections and payment.

Additionally, the departments which make payments must apply the following principles:

- Control of unusual operations.
- Ensure the company receiving the payments has undergone the due diligence process before proceeding with the payment.
- Payments must be recorded and approved (never issued without an invoice).
- All payments must be monitored, checking to determine whether suspicions arise regarding the legality of the payment, whether there is an unusual and excessive expense request, or whether an additional or higher than expected payment has been requested.
- Ensure that payments are permitted in accordance with local regulations.

All company transactions that require collection or payments must be recorded in the accounting or record files established for this purpose faithfully, orderly, and in due time. False, distorted, or incomplete, etc. entries are forbidden in all circumstances with no exceptions, and the obligation to carefully follow all official standards on accounting (legal, from accounting and audit organizations) and ensure that these entries remain confidential must be established.

It is recommended to establish criteria for the accounting practices of suspicious payments (for example, informing the interested party's superior).

Receipts for all transactions within a specified period of time must be kept (particularly if these transactions could possibly lead to law suits or conflicts related to corruption). All transactions must be recorded and filed.

Irrespective of the specific monetary limits, it is important to ensure that a system is in place to control, monitor, surveil, and audit expenses related to gifts, meals, entertainment, and trips.

These principles are mandatory for all NAVANTIA employees, particularly for those employees which, given the type of activities they perform for the Group, maintain or could maintain contact with clients, suppliers or government bodies. They shall be applied to all agents, intermediaries, or consultants that are in any way involved in dealings with clients, suppliers, or government bodies on behalf of NAVANTIA.

## **7.9. ACCOUNTING BOOKS AND RECORDS**

NAVANTIA's General Guiding Principles are a reflection of its efforts to minimize the risks of double or fictitious accounting, clearly stating that the persons with accounting duties undertake to ensure that the company's accounting is performed correctly and adequately, and that the records and files are a true reflection of the company's net worth and financial situation.

Similarly, the Policy on budgeting, financial monitoring and information (N017) establishes that, both when planning or with actual accounting, all expense budgets must be recorded in compliance with the obligation to accrue/defer expenses and revenue, applying the accrual principle. Deviations transferred to the income statement must be analyzed.

Furthermore, through the Instructions on the accounting of internal services (AE-011) NAVANTIA establishes that in auxiliary projects with a profit margin and milestone billing, the accounting of internal services must be expressly authorized by the Department of Management and Finance.

On the other hand, it is important to comply with tax obligations and follow the Best Tax Practices Code.

Compliance with the following principles is mandatory:

- Accounting and financial audits must be performed, and all payments and relationships with third parties must be monitored.
- Secret accounts, accounts outside of accounting books, falsified transactions, and wrongful recording of expenses are forbidden. The Department of Management

and Finance must ensure that transactions are carried out and that access to funds has been authorized by the Board of Directors.

- Transactions must be recorded in accordance with the accounting principles, and regular audits must be performed on existing assets.
- It is mandatory to keep reasonably detailed books, records, and accounts. There must also be an adequate internal accounting system to ensure that the books, records, and accounts truthfully represent and reflect the company's transactions and dispositions. "Reasonably detailed" must be construed as "the level of detail and security applied by a cautious and careful manager when managing his or her own affairs".
- The internal accounting system must control all payments, with no exceptions.
- No ambiguous or deceitful entries must be made which could indicate illegal payments made by the company. It is forbidden to perform off-balance sheet transactions or transactions which are not correctly identified, to keep a record of non-existent expenses, to create entries of liabilities without correctly identifying their object, and to use of false documents intended to corrupt a foreign public official or conceal said corruption.
- It is mandatory to adopt an internal accounting control system which ensures that all payments have been duly authorized and accounted for, and which ensures that said payments can be regularly audited.
- When warnings arise, no payments must be authorized or executed unless these situations have been properly examined and it has been determined that it is safe to proceed.
- Recorded assets must be regularly compared to existing assets in order to identify and correct disparities.

## 7.10. INQUIRY PROCESS

Any person who harbors doubts regarding how certain sections of the present Manual should be applied, who has identified a new risk activity and wishes to report it, or who has identified a weakness or deficiency within the anti-corruption system can submit an inquiry to the Compliance Committee by sending an email to the following address:  
comite\_cumplimiento@navantia.es





## 7.11. ANTI-CORRUPTION CLAUSES IN CONTRACTS<sup>3</sup>

An anti-corruption clause must be included in contracts with contractors and suppliers.

Moreover, these clauses must be included in contracts with other companies, ensuring that both companies have similar anti-corruption procedures and that they comply with the specific regulations on the matter. The right to terminate the contract in case of a breach of anti-corruption regulations must also be added. See section on “contracting process”.

## 7.12. BEST TRANSNATIONAL CORRUPTION PREVENTION PRACTICES

In this sense, NAVANTIA follows the provisions of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, of November 21, 1997, which establishes the responsibility all countries share in their attempts to efficiently fight against and coordinate their efforts to end bribery of foreign public officials in international financial transactions.

In accordance with the provisions of the Convention, in matters of transnational corruption, the following are considered forbidden practices by NAVANTIA:

- Any action to bring about an offer, a payment, promise of payment, or payment authorization for any amount, offer, gift, promise to give, or authorization to give any item of value to:
  - Any foreign public official with the aim of:
    - Influencing the actions or decisions of said foreign public official when acting in the exercise of their official duties, ii) induce said foreign public official to act or refrain from acting in a way which violates their official duties, or iii) obtain an undue advantage.
    - Induce the foreign public official to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, or to influence the government in order to help the person obtain or retain business for a certain person, for themselves, or to steer business towards a certain person.

<sup>3</sup> See the Anti-Corruption Policy (N030)

- Any political party or a public official of this party, or any candidate for foreign public office with the aim of:
  - Influencing the actions or decisions of said political party, public official, or candidate when acting in the exercise of their official duties, ii) induce said political party, public official or candidate to act or refrain from acting in a way which violates their official duties, or iii) obtain an undue advantage.
  - Induce a foreign public official, foreign political party or public official of or candidate to said party to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, in order to help the person obtain or retain business for a certain person, for themselves, or to steer business towards a certain person.
- Any person, knowing that a part or all the money or item of value will be offered, granted or promised, directly or indirectly, to any foreign public official, foreign political party or public official thereof, or any candidate for foreign public office, with the aim of:
  - Influencing the actions or decisions of said foreign public official, foreign political party, public official, or candidate when acting in the exercise of their official duties, ii) induce said foreign public official, foreign political party, public official thereof or candidate to act or refrain from acting in a way which violates the foreign public official's, foreign political party's, public official's or candidate's official duties, or iii) obtain an undue advantage.
  - Induce a foreign public official, foreign political party, or a public official or candidate of said party to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, in order to help the offerer to obtain or retain business for a certain person or, together with this person, steer business towards a certain person.

# 8

## CHAPTER

# DETECTION PROCEDURES

### 8.1. REPORTING CHANNEL

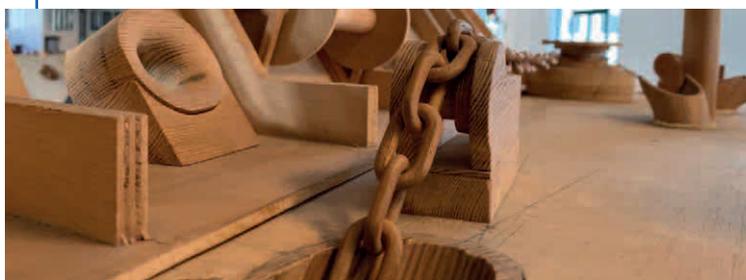
At NAVANTIA, there is a Reporting Channel managed by the Compliance Committee, which is regulated in the "Policy on Actions and Decision-making in case of breaches of the Regulatory Compliance System" (N043). The Policy states that the practices which can be reported are those found in the Code of Business Conduct, and measures to ensure confidentiality are established.

Any employee who has seen signs of or harbors suspicions that a crime has been committed, or that any of the principles and values contained in the Code of Business Conduct or company policies have been breached, must notify the Compliance Committee thereof immediately. The channels available to report incidents are the email address ([canaldenuncias@NAVANTIA.es](mailto:canaldenuncias@NAVANTIA.es)) and a postal address: NAVANTIA, S.A. (Canal de quejas o denuncias) Velázquez, 132 28006 Madrid ESPAÑA.

The Chief Compliance Officer and the Secretary of the Compliance Committee will be in charge of receiving all reports, and the Compliance Committee will assign — based on the contents of the reports — the areas and/or competent superiors to perform the analysis and investigation of the facts.

The Chief Compliance Officer and the Secretary of the Compliance Committee will ensure that maximum confidentiality is guaranteed for the persons reporting incidents, without prejudice to any legal obligations and the rights of companies or persons who have been wrongfully accused or accused in bad faith.

It is strictly forbidden to adopt measures against an employee which constitute a reprisal or retaliation for having reported a situation, in addition to any other type of negative consequences resulting from his/her actions. Reports must be based on principles of truthfulness and proportionality.



## 8.2. INVESTIGATIONS

Supposed criminal conduct related to corruption shall be reported via the Reporting Channel when any person subject to or familiar with the NAVANTIA Code of Business Conduct becomes aware of a criminal act within the company, given that NAVANTIA has established a zero-tolerance policy towards these practices and the obligation all employees have of reporting them.

Once the report has been received, the corresponding procedure shall be followed, both in the Policy on Actions and Decision-making in case of breaches of the Regulatory Compliance System (N043) and the Compliance Committee Regulation, where applicable.

## 8.3. SURVEILLANCE, MONITORING, AND UPDATING

In order to ensure the efficacy and effectiveness of the NAVANTIA Anti-Corruption Manual, regular revisions must be performed on the correct application and development of the Manual.

These revisions must be particularly thorough in cases where the company undergoes changes to the company organization, the activities it performs, or the corporate structure, and well as changes to regulations which affect existing control mechanism or their efficacy. In these cases, the Manual must be updated in order to adapt it to the changing corporate or regulatory situation.

The existing reports, audits, inquiries received, and deficiencies identified must be taken into consideration when performing the revisions.

For this purpose, the Compliance Committee is responsible for all surveillance and monitoring functions regarding the Anti-Corruption Manual; the Compliance Committee will draft and submit to the Board of Directors an Annual Report with conclusions on its regular monitoring of the Manual.

To better perform its duties, the Compliance Committee will perform all tests and reviews it deems necessary on contracts, procedures, control mechanisms, and general anti-corruption systems in order to detect any possible deficiencies in the system, regularly drawing up reports with their findings.

Said reports shall be made available to all members of the Compliance Committee and, where applicable, submitted to the Board of Directors.

Every year a plan of action to implement improvement suggestions will be set in place.

# 9

## CHAPTER

# SANCTIONS/ DISCIPLINARY PROCEDURE

All NAVANTIA employees must be familiar with the contents of the present Manual. Staff evaluations will be performed regularly to check compliance with this Manual.

In line with the provisions of the NAVANTIA Criminal Compliance Manual and the contents of the present Anti-Corruption Manual, if incorrect conduct related to any type of corruption is detected — whether public or private — an investigation will be conducted which could lead to the company imposing a sanction.

NAVANTIA employees should be aware that they may be internally investigated upon any indication or report of a breach of the manuals. The policies and procedures outlined herein must be complied with and are added to the functions and responsibilities assigned to each employee. Therefore, a breach of the terms and conditions of the Manual could lead to sanctions which may range from verbal reprimands to termination of the employment contract, in accordance with enforceable Labor regulations / Spanish Statue of Worker's Rights / applicable Collective Agreement. In the case of third-part suppliers, any breach will lead to the termination of any agreements entered into with the supplier.



# 10

## CHAPTER

# DOCUMENTACIÓN DEL MANUAL SOBRE EL MODELO ANTICORRUPCIÓN

NAVANTIA must keep a file on any documents referenced in the present Manual, and generated as a result thereof:

- Anti-corruption policies, procedures, and controls.
- Actions undertaken in matters of corruption.
- Documentation regarding inquiries and the reporting channel.
- All documents generated in relation to the anti-corruption model.



# 11

## CHAPTER

# COMMUNICATION

To ensure the proper development of the NAVANTIA Anti-Corruption Manual, its contents must be divulged among company employees.

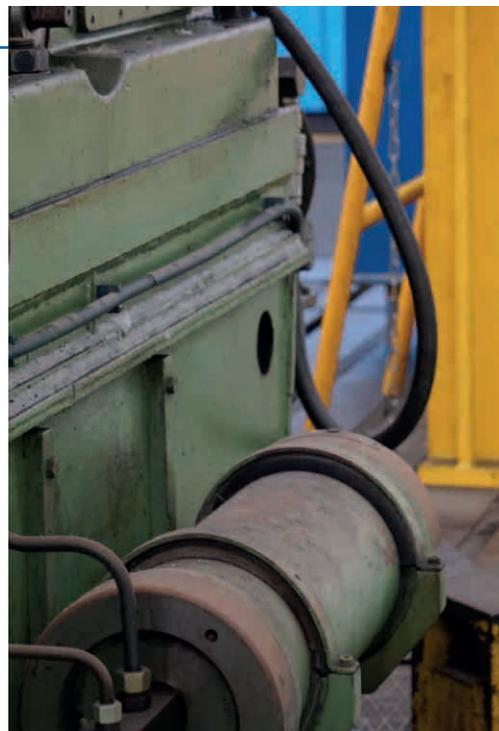
In this sense, all employees must be notified of the existence of the Anti-Corruption Manual, as well as any related protocols when their duties expose them to elevated risks of corruption (affected Departments). All other company employees shall receive a copy of the Anti-corruption policy.

The Compliance Committee is responsible for divulging the Manual and its appendices to all recipients.

The employees must sign a document stating that they have received a copy of the Anti-Corruption Policy / Anti-Corruption Manual and accept that compliance is mandatory .

The Anti-Corruption Policy will be published on the company's intranet and web page<sup>4</sup>.

<sup>4</sup> See Appendix VII. "Statement indicating receipt of and conformity with the Anti-Corruption Manual / Anti-Corruption Policy"



# 12

## CHAPTER

# TRAINING

To ensure the effective development of the Anti-Corruption Manual, employees must be provided with adequate training in the Manual's contents and its related protocols. The appropriate training actions must be implemented in matters of corruption, with a special focus on the departments and employees which, given their functions, are more exposed to corruption risks. The Compliance Committee will manage the training program, and will coordinate their efforts with the Department of Human Resources.

Regarding corruption risks, introducing changes towards a new corporate culture will only be possible if employees are adequately trained and have been made aware of the issues surrounding corruption. Corruption training will take place once a year, with regular reminders of the contents of the present documents, in addition to any possible modifications thereof. Attendance to these training sessions will be recorded via employee signatures. The possibility of collaborating with academic institutions or external companies specialized in this matter should be looked into in order to provide more specialized and adequate training.

These training programs should cover, at least, the following aspects:

- Definition of corruption-related risks (see purpose).
- Company policies related to the present Manual.
- Brief summary of the contents of the present Manual.
- Explanation of warnings.
- Examples of risk situations.
- Procedure for reporting unusual or suspicious transactions.
- Disciplinary consequences and the responsibilities of each employee.

It is also necessary to keep a formal record or file of the training activities received by the employees. In this sense, every employee that attends a training course established by the Training Program will be required to sign an attendance sheet.

The corruption Training Program will be evaluated annually to verify that it is up-to-date and incorporates any legal modifications which may have been introduced.

# 13

## CHAPTER

# APPROVAL

The present Manual, as well as the Anti-Corruption Policy (Appendix IV), were approved by NAVANTIA's Board of Directors in the meeting held on June 20th, 2018, and may be modified in order to adequately monitor and control NAVANTIA's transactions at all times to minimize the probability of criminal risks related to corruption.

NAVANTIA's Board of Directors expressly delegates to the Compliance Committee the power to perform any minor changes without significant consequences<sup>5</sup> to the present Manual, as well as to the Anti-Corruption Policy (Appendix IV).

The Compliance manager will notify the Board of Directors of any changes in the first meeting after the decision to modify the Anti-Corruption Manual has been reached by the Compliance Committee.

The changes shall not become effective until the Board of Directors has been notified.

<sup>5</sup> For the purpose of the present Manual, "minor changes without significant consequences" shall be construed to mean all changes that do not modify essential elements of the Regulatory Compliance System and/or the Criminal Compliance System, in the terms set forth in article 31 bis of the Spanish Criminal Code.

## APPENDIX I: DEFINITIONS

- **Agent:** Any person who professionally manages sales or other transactions, either as an employee of another company or on commission.
- **Consultant:** An expert on a subject matter that provides professional advice.
- **Representative:** Any person who promotes and arranges the sales of products for a business, duly authorized by the latter.
- **Distributor:** Company dedicated to distributing commercial products.
- **Business partner:** Person who works in association with others for a particular aim. The partner may be an equity partner, meaning a person who provides funds to a company and assumes the risk of possible profits or losses, an industrial partner, meaning a person who does not provide the company with funds but rather their services or personal skills to obtain a share of the profits.
- **Donations:** A person who freely transfers their property to another, without expecting consideration therefor, and which the other person accepts.
- **Facilitation payments:** These are small amounts paid to government officials with the purpose of expediting the performance of routine or necessary government actions.
- **Conflict of interest:** Conflict of interests arise when a person subject to the Code of Conduct must make a decision that affects both the interests of NAVANTIA and those of the person itself, their family members, or anyone with whom the person has a relationship of similar nature, and their close friendships in other companies, businesses, or entities in which the person subject to the Code of Conduct or any of the persons mentioned have an interest which could be affected by the decision.
- **FCPA:** An act that forbids US-based companies or any of their subsidiaries, irrespective of where they operate and where their employees are located, from directly or indirectly instigating the bribery of foreign public officials in order to obtain a benefit, and bans the manipulation of accounting books and records. Failure to comply with this act can lead to significant sanctions which range from monetary fines to judicial intervention, or the winding up of the company.
- **UKBA:** An Act approved by the Parliament of the United Kingdom that forbids UK companies or any of their subsidiaries, irrespective of where they are incorporated (as long as they conduct business in the UK), from directly or indirectly instigating the bribery of public officials or other companies with the purpose of benefiting from said bribes; i.e. The UKBA sanctions both public and private corruption. The Act gives a broad definition of bribery to capture the wide scope of practices utilized to offer or receive bribes.
- **Acts of corporate courtesy:** This chapter refers to all promotional items, gifts, meals of moderate value, or any other object of

modest value, always in relation to the services provided and in exchange for promoting NAVANTIA operations or the signing of a contract.

- **Due Diligence:** The process of analyzing a company with the purpose of evaluating the risk of corruption before conducting business with this company. The required due diligence level will vary depending on the third party with which the contractual/business/trade relations are conducted. Therefore, a series of risk factors must be previously identified.
- **Reporting channel:** The company's point

of contact with employees, allowing them to internally report wrongdoings and legal or regulatory infractions committed within the company or in its undertakings.

- **Foreign public official:** A foreign public official is:
  - a) Any person holding legislative, executive, administrative, or judicial office in a foreign country, whether appointed or elected.
  - b) any person exercising a public function for a foreign country, including for a public agency or public enterprise.
  - c) any public official or agent in a public international organization.

## APPENDIX II: BRIBERY, INFLUENCE PEDDLING, BRIBERY IN BUSINESS, AND BRIBERY IN INTERNATIONAL BUSINESS TRANSACTIONS CONTROLS

### BRIBERY / INFLUENCE PEDDLING

With regard to **bribery** felonies, **article 424** of the Spanish Criminal Code states the following:

"The private individual who offers or delivers a handout or remuneration of any kind to an authority, civil servant or person who participates in the exercise of public duties in order for the latter to perpetrate an act that is against the

duties inherent to his office, or an act inherent to his office, in order for him not to carry out or to delay what he should carry out, or in consideration of his office or duty, shall be punished in the respective cases with the same prison sentences and fine as the corrupt authority, officer or person.

Should a private individual deliver the handout

or remuneration following solicitation by the authority, civil servant or person who participates in exercise of public duties, the same prison sentences and fine shall be imposed on him as on the former.

Should the action achieved or intended by the authority or officer be related to contracting proceedings, subsidies or auctions called by public administrations or entities, penalties shall be handed down to the natural persons and, where appropriate, to the company, partnership or organization concerned, of barring to obtain public subsidies and aid, to enter into contracts with public sector institutions, entities or bodies and to enjoy tax and Social Security benefits or incentives for a term from five to ten years."

**Article 426**, however, establishes an exception thereto:

"Should a natural person who has coincidentally obtained a handout or other remuneration made by an authority of public officer report the fact to the authority whose duty is of proceeding to investigate the matter, before proceedings commence, as long as no more than two months have elapsed from the date of the events, he shall be exempt of the punishment for the felony of corruption".

The Spanish Criminal Code also includes a reference to said felony at a European level, as **article 427** states:

"The terms set forth in the preceding articles shall also apply when charges are brought against, or the acts concerned affect:

a) Any person holding a legislative, executive, administrative or judicial office or job of a European Union member state or any foreign country, whether appointed or elected.

b) Any person who exercises public duties for a European Union member state or from any other foreign country, including public organizations or public enterprises, for the European Union or for other public international organizations.

c) any public official or agent in the European Union or in a public international organization."

On the other hand, regarding the crime of influence peddling, **article 429** of the Spanish Criminal Code establishes that:

"Whoever influences a civil servant or authority taking advantage of a situation arising from his personal relationship with him or with another public officer or authority to obtain a resolution which may directly or indirectly generate a financial benefit for him or for a third party, shall be punished with imprisonment of six months to two years and a fine of two times the benefit intended or obtained; and shall be barred from entering into contracts with public sector institutions, of obtaining public subsidies or aid, and the right to enjoy tax and Social Security benefits for a term of six to ten years. If the intended benefit were obtained, the penalties shall be imposed in the upper half."

Influence peddling is also applicable in cases where it is the actual public official or authority that either requests hand outs, gifts, or any other remuneration, or accepts the offering or promise thereof, with the aim of obtaining a resolution which could result in a financial gain for said person. This particular case of influence peddling is stated in the first paragraph of **article 430**, of the Spanish Criminal Code:

"Those who, offering to behave in the manner described in the preceding articles, requests handouts, presents or any other remuneration from third parties, or accepts offers or promi-

ses, shall be punished with a sentence of imprisonment of six months to one year.

If the crime were perpetrated by an authority of public official, this person will also be barred from holding public office or employment, and exercising their right to stand for election for between one and four years.

Finally, bribery in international business transactions is listed as a criminal offense in **article 286 ter** of the Spanish Criminal Code:

"1: Those who aim to corrupt or corrupt, directly or indirectly, any authority or public official by promising, offering, or giving an undue advantage, for their benefit or that of a third party, or accept their requests in this regard, in order for them to act or refrain from acting in the exercise of their official duties to obtain or retain a contract, business or any other competitive advantage during international financial transactions, shall be punished with, unless a harsher punishment is imposed in other provisions of this Code, prison sentences of three to six years, fine of twelve to twenty-four months — unless the benefit obtained were greater than the resulting amount. In that case, the fine shall be three times the amount of said benefit.

In addition to the aforementioned sentences, the liable person shall be barred from entering into contracts with public sector institutions, obtaining public subsidies or aid, and participating in business transactions in the public sphere, and will not have the right to enjoy tax and Social Security, for a term of seven to twelve years.

2. For the purposes of the present article, public officials shall have the meaning set forth in articles 24 and 427.

In all the criminal offenses mentioned, the Spanish Criminal Code extends criminal liability to legal persons:

"In such cases, when pursuant to the terms established in article 31 bis, a legal person is responsible, it shall have the following penalties imposed thereon:

a) Fines from two to five years, or three to five times the benefit obtained if said quantity were greater, if the offense committed by a natural person has a punishment of imprisonment foreseen exceeding five years.

b) Fines from one to three years, or two to four times the benefit obtained if said quantity were greater, if the offense committed by a natural person has a punishment of imprisonment foreseen exceeding two years custodial sentence and is not included in the previous paragraph.

c) Fines from six months to two years, or two to three times the benefit obtained if said quantity were greater, in the remaining cases. Pursuant to the rules established in Article 66 bis, the Judges and Courts of Law can also impose the penalties established in Sub-sections b) to g) of Section 7 of Article 33."

In order to prevent and mitigate the risks pertaining to NAVANTIA's professional activities, **the company has implemented specific control mechanisms, in addition to the more general control mechanisms listed in the General Part of the Criminal Compliance Manual.**

Below is a concise and brief list of the specific control mechanisms aimed at mitigating liability risks resulting from the crimes of bribery, influence peddling, and corruption of public

officials or public authorities in international financial activities:

**1. Policy on travel expenses and representation costs (N003):** NAVANTIA has approved a policy to regulate business trips and expenses resulting from company representation with the following provisions:

- Trips, both in domestic and foreign territories, must be expressly authorized by the corresponding member of the Corporate Management Committee for the persons reporting to him or her.
- The Corporate Management Committee can delegate the power to authorize trips and expenses for both Employees subject to Collective Agreements and Advanced Technicians to the Functional Manager, Production Unit Manager or the Project Manager. In order for this delegation of duties to become effective, the "Trip Authorization Delegation Request" must be filled out and signed by the Director of NAVANTIA's Corporate Management Committee.
- International trips and the related expenses, as well as any external trips, must be approved by the corresponding member of NAVANTIA's Corporate Management Committee.
- Requests for trips and advances, as well as travel authorizations, must be filed through the travel application found on the NAVANTIA intranet.
- No expense advances shall be granted without the duly signed authorization form; in the event that the entire advance is not used within three months, NAVANTIA may deduct the difference from the person's payslip.
- Payment for the trip will be made through the travel application on the NAVANTIA intranet, and must be authorized by the same member of the Corporate Management Committee who authorized the trip, or the Executive to which said duties were delegated.
- The authorized expense will be submitted for payment to the corresponding Departments of the Department of Management and Finance, which shall verify that the payment meets NAVANTIA's current requirements.
- If this is not the case, these must be submitted to the Department of Human Resources in order to recover unjustified amounts.
- The expenses of members of the Management Committee must be sent to the Department of Management and Finance to be validated, and the expenses of the latter are validated by the Corporate Director.
- Representation costs and those related to third-party acts of courtesy must be authorized by a member of the Corporate Management Committee, within the established limits; if a higher amount were necessary, this must be justified and authorized by the President. Moreover, in the case of worker representatives, travel authorizations must be granted by the Department of Human Resources.
- In the case of third-party trips at NAVANTIA's expense, these must be processed separately via a specific application which is available on the intranet, and always after having received the express authorization of a member of the Management Committee.

- Protocol for travel with public employees.
- Any exception to the Policy on travel expenses and representation costs must be authorized by the President.

**2. Supplier Assessment Procedure (P-APR-CAL-002):** The procedure to assess suppliers includes the following measures:

- The creation of a Supplier Assessment Committee which evaluates:
  - Legal information: The Committee verifies whether there are any indications that the supplier has partaken in criminal activities such as reception, concealment, corruption, tax fraud, crimes against the environment, or money laundering. Furthermore, where necessary, a formal statement signed by the supplier's legal representative indicating that the company has not been involved in any criminal proceedings regarding the aforementioned crimes may be requested.
  - Financial, tax, and corporate information: National suppliers are required to submit a tax clearance certificate.
- A list of suppliers that have been assessed and approved to enter into contracts with NAVANTIA must be available, and all employees that partake in the procurement process must refer to it.
- No NAVANTIA employee acting on NAVANTIA's behalf can commit to entering into a contract with a supplier that has

not successfully been cleared in the assessment/approval procedure, and is therefore not on the list of approved suppliers.

- Travel authorizations for worker's representatives, as well as the related expenses, must be granted by the Department of Human Resources.
- The Supplier Assessment Procedure also establishes the necessary requirements for supplier approval (financial, tax, etc. information), which shall be reviewed by the Supplier Assessment Committee. No orders can be placed with suppliers that have not previously been approved.

**3. Acquisition of Goods and Services Policy (N010):** NAVANTIA has special regulations regarding the purchase of goods and services, where the following points are set forth:

- The Procurement Committee is in charge of ensuring that NAVANTIA's decisions in matters of procurement are made observing the principles of objectivity, confidentiality, concurrence, transparency, publicity, equality, and non-discrimination.
- The correct operation of the Procurement Committee shall be regularly verified through Quality Programs and Actions, Internal Audits, or any other manner deemed pertinent as per the Internal Regulations of NAVANTIA.
- Any proposal to initiate the Procurement and Orders Procedure to purchase goods, services, or works requested by

the Corporate Departments and/or NAVANTIA companies in foreign countries must be approved by the Procurement Committee, previously ensuring that there is sufficient budget available.

- Furthermore, all Offer proposals must be approved by the Procurement Committee, previously ensuring that there is sufficient budget available.
- The Procurement Committee reviews and verifies the cases submitted to the Offer Review Subcommittee, the Corporate Management Committee, or the Board of Directors to ensure that they comply with the technical requirements, and the technical assessment of the offers.
- Should the Procurement Committee not be able to reach a consensus, the matter will be submitted to the Management Committee/President.

**4. Anti-corruption Policy (N030):** NAVANTIA has implemented an Anti-Corruption Policy within the company, which regulated the following matters, among others:

- Navantia's actions regarding the commitment undertaken by the company in the Code of Conduct to comply with the enforceable regulations in all countries where the company operates, and with anti-corruption and anti-bribery laws and regulations in its dealings with other companies and the government bodies and institutions of Spain, as well as those of third countries.
- NAVANTIA employees cannot offer, pay, or accept bribes, illegal rewards or any

other similar type of payment to or from another person, organization or public officer which would result in an undue advantage; furthermore, indications are provided on how these bribes may manifest (presents, promises, authorization, offers, payments or gifts from a third party). NAVANTIA employees will also not make a payment or transfer or offer funds which do not comply with company policies and enforceable legislation, and which have not received the corresponding authorization, have not been duly justified, and are not clearly and precisely recorded in the accounting books.

- All employees must notify the designated managers of any incidents where unlawful payments have been requested or any similar situations, and they must inform their superiors if they have knowledge of similar transactions.
- Any gifts or acts of corporate courtesy that a NAVANTIA employee wishes to grant must be previously authorized in writing by a competent immediate superior.
- The competent immediate superior must be notified in writing of any gifts or special acts of corporate courtesy received by a NAVANTIA employee, sending a copy to the business conduct manager in the Center. The total value of gifts and invitations received by an employee cannot exceed €200 per annum.
- Additionally, any gifts or acts of social courtesy given to public officials by NAVANTIA employees must be appropriate and comply with local norms and cus-

toms, as well as enforceable local legislations and NAVANTIA policies and procedures.

- NAVANTIA shall in no case accept:
  1. Cash, loans, visas, etc.
  2. Gifts or entertainment in exchange for reciprocal actions.
  3. Indecent items with conflicts of interest.
  4. Items which are exchanged during negotiations.
  5. Benefits for the family members or partner of a public official.
- An anti-corruption clause exists, which is to be included in contracts with contractors and suppliers.
- The Department of IR. keeps a record of all gifts granted by NAVANTIA and draws up a report for approval by the Compliance Unit stating the number of gift requests received, the percentage of requests which were approved/denied, the decision-making criteria applied to said requests, etc.
- By means of the due diligence forms, attached to this document as Appendix I, NAVANTIA performs a legal review of its business partners (irrespective of whether they are representatives, agents, consultants, suppliers, other intermediaries, partners, contractors or subcontractors, distributors, etc.) in order to assess the risk of corruption before conducting business with them.

- Both the DCO and the DLA collaborate in the due diligence process.

**5. Contracting Policy (N010):** The NAVANTIA Contracting Policy sets forth the limits imposed on Procurement approvals (per amount) by the Main Procurement Committee, the Corporate Management Committee, and the Board of Directors.

**6. Policy on Approval and Control of Expenditures to be Justified (N025):** A procedure for justifying and approving expenses that have not undergone a prior authorization procedure is established, by virtue of which an expense justification and receipt are required. Furthermore, it also establishes the person responsible for authorizing the expense, depending on the amount thereof.

**7. Policy on the Management of Conflicts of Interest (N029):** This Policy regulates:

- The circumstances which can give rise to a conflict of interest. In addition, its provisions foresee the creation of a record including the declarations, communications, and resolutions of all the "Conflict of interest" case files.
- In cases where a person bound by conflict of interest regulations harbors reasonable doubts that they may be experiencing a conflict of interest, they must submit a written notification thereof in the "Conflict of interest declaration". In case of uncertainty, the case will be submitted to the Department of Legal Affairs. The person bound by conflict of interest regulations that has opened a case file shall refrain from intervening or influencing the persons in charge of resolving the conflict.

- Employees who have dealings with Spanish government bodies and public officials must sign a statement indicating their impartiality and that no conflicts of interest exist. The HR and Services Department is responsible for this procedure.

**8. Policy on the Authorization and Control of Investments (N002):** NAVANTIA classifies investments according to amounts:

- Investments of €30,000 or less shall be authorized by the Investment Control Area.
- Investments of between 30,000 and €600,000 shall be authorized by the Investment Committee.
- Investments of between 600,000 and €2,000,000 shall be authorized by the Corporate Management Committee.
- Investments of over €2,000,000 shall be authorized by the Management Committee of SEPI.

**9. Restriction through powers of attorney:** Within the company, there are powers of attorney that restrict access to funds, contracting, or representation of the company before public bodies or courts. These powers of attorney are detailed according to a scale of amounts and can be joint and several or joint.

Requests regarding the granting of powers of attorney are processed and approved by the Management Committee, and are ultimately granted by the Board of Directors. These transactions are all previously approved by SEPI.

On the other hand, if powers of attorney must be revoked, the Department of Human Resources is in charge of notifying the DLA of this matter.

SEPI determines the power of attorney templates used by NAVANTIA (contracting, HR, etc.).

The DLA of NAVANTIA also has an updated list of all powers of attorney granted within the company, which is regularly monitored.

**10. Segregation of duties:** Functions are divided as follows within the company's daily operation:

- Departments that are directly in contact with an authority or public official are not authorized to perform payments; the Department of Management and Finance is responsible for said authorization.
- Departments that conduct negotiations with third parties are not authorized to perform payments; the Department of Management and Finance is responsible for said authorization.
- At least two persons from the company (from different Departments) must attend and manage inspections. This may prevent the crime from being committed in relations with public officials due to ignorance by both parties.

**11. Review of bank statements:** Bank statements are reviewed on a daily basis to ensure that all payments conform to expected cash flows, and that there have been no unusual payments.

**12. Code of Business Conduct:** The Code of Conduct regulates situations where conflicts of interest arise and determines the steps which must be followed in these cases: Furthermore, it establishes:

- Rejection of all types of corrupt practices, in particular bribes. All persons subject to the Code of Business Conduct will refrain from promoting, enabling, participating, or concealing any type of corrupt practices, and will report any corrupt practice they are privy to. When conducting international business, NAVANTIA will observe and use the recommendations and guidelines issued by the business associations of the Organization for Economic Co-operation and Development.
- Prohibition on the offering of gifts or invitation when their monetary value exceeds amounts which are considered reasonable and moderate, depending on the subject-matter and geographical circumstances.

**13. List of payments to the State, Autonomous Communities, and Municipalities:** The company keeps a list of payments made out to government bodies, created from the general ledgers in the ERP, detailing the reason for the transaction and the payment method (bank wire/check). This makes it possible to monitor each individual operation's traceability with these entities.

**14. Regulatory benchmarking:** NAVANTIA performs regular regulatory benchmarking studies in matters of corruption prevention in countries where it operates, regarding the FCPA and the BRIBERY ACT.

**15. Special anti-corruption courses** detailed in the company's annual Training Program.

**16. Possible ISO 37001 certification:** NAVANTIA has implemented the necessary requirements to gain the ISO 37001 certification, once it becomes effective.

**17. Procedure for contracting commercial agents (P DCO-001):** The procedure for contracting commercial agents establishes that agents must obtain NAVANTIA's authorization prior to contracting with sub-agents, and that the control mechanisms set forth in N-030 will be implemented. Furthermore, it regulates the life cycle of contracts with agencies and of the different partnerships (joint ventures, international economic associations, etc.) set up from the moment they are formed to the moment they are broken up.

**18. Instruction on Registry for S4 Transit Customs Procedure (AF002):** NAVANTIA has a procedure which regulates and harmonizes the tasks, functions, and responsibilities of Customs Clearance offices for imports, exports, transit, deposits, and a series of operations that the Spanish Treasury has authorized the company to perform.

**19. Instruction for Customs Procedures (I-AF-003):** NAVANTIA has approved an instruction for Customs Management that regulates and establishes the following points, among other matters: (i) overview of all applicable customs regulations; (ii) simplified customs procedures; (iii) customs arrangements; (iv) dealings with public officials; and (v) customs-related tax procedures.

**20. Instruction for the Operation Control Model (CO-002):** The Procurement Committee analyzes award proposals when:

- 1.- A budget deviation of +10% exists.

2. The decision to award is not duly justified by economic criteria or by the delivery deadlines according to schedules or quality, or a conflict of interest exists in those three areas.
- 3.- The supplier has an associated risk.

### **21. General Terms and Conditions for the Acquisition of Goods and Services:**

The Supplier cannot wholly or partially assign the order to a third party without prior written consent from NAVANTIA. Furthermore, the Supplier cannot wholly or partially subcontract the services engaged in the purchase order to third parties without prior

written agreement from NAVANTIA.

### **22. Disciplinary Code for the Collective Agreement:**

NAVANTIA has established a disciplinary code for possible infractions committed by Senior Management in contract templates within this professional category. NAVANTIA also implements the disciplinary code foreseen in Organic Law 2015 for SEPI company executives.

For the remaining company employees that are not considered Senior Management, the applicable disciplinary code is established in the relevant Collective Agreement.

## **CORRUPTION IN BUSINESS**

"1. Whoever, personally or through an intermediary, promises, offers or grants executives, directors, employees or collaborators of a trading company or any other firm, partnership, foundation or organization an unfair benefit or advantage of any nature, in order for the person to favor him or a third party against others, breaching their obligations in acquisition or sale of goods or in hiring of professional services, shall be punished with a sentence of imprisonment of six months to four years, special barring from practice of industry or commerce for a term of one to six years and a fine of up to three times the value of the value of the profit or advantage obtained.

2. The same penalties shall be imposed on executives, directors, employees or collaborators of trading companies, or firms, associations, foundations or organizations who, personally or through an intermediary, receive, request or accept a benefit or advantage of an unjustified nature, in order to favor whoever grants, or whoever expects the profit or

advantage over third parties, breaching their obligations in acquisition or sale of goods or in the hiring of professional services.

3. The Judges and Courts of Law may impose a lower degree of punishment and reduce the fine, at their prudent criteria, in view of the amount of profit obtained or value of the advantage and the importance of the duties of the offender.

4. The terms set forth in this Article shall be applicable, in the respective cases, to executives, directors, employees or collaborators of a sporting company, whatever its legal status, as well as sportsmen, referees or judges, regarding conduct aimed at deliberately or fraudulently predetermining or altering the result of a professional sports match, game or competition of great economic or sporting relevance.

For these purposes, a sports competition of great economic relevance shall be considered a sports competition where the majority of its

participants receive some sort of remuneration, compensation or monetary income for their participation in the activity; sports competitions of great sporting relevance shall be included in the annual sports calendar, approved by the corresponding sports federation as an official competition of the highest level within its category, specialty or discipline.

5. For the purpose of the present article, the dispositions of article 297 are applicable.

Currently, the crime of bribery in business may be aggravated in certain circumstances, added by the sole article 158 of the Organic Law 1/2015, of 30 March, and now specified in article 286 quater of the Spanish Criminal Code which, moreover, determines when penalties shall be imposed in the upper degrees.

“Should the circumstances referenced in the Articles of this Section be particularly serious, punishments shall be imposed in their upper half, with the possibility of imposing harsher punishments.

Circumstances shall be considered particularly serious, in all cases, when:

- a) the benefit or advantage is of a particularly high value.
- b) the perpetrator carried out the actions on repeated occasions.
- c) the actions have been committed as part of a criminal organization or group.
- d) the business purpose is related to humanitarian goods or services or any other essential goods.

In the case of section 4 of article 286 bis, circumstances shall be considered to be particularly serious when:

- a) their aim is to influence the development of games of chance or bets.
- b) the actions are committed during an official national sporting competition classed as professional, or in an international sporting competition.”

In this sense, similarly to the aforementioned crimes and in line with the dispositions of article 31 bis of the Spanish Criminal Code, criminal liability for these types of criminal offenses can be extended to legal entities insofar as they are responsible therefor. Article 288 determines the punishments to be imposed:

- a) Fines of two to five years, or three to five times the benefit obtained or which could have been obtained if said quantity were greater, if the offense committed by a natural person has a punishment of imprisonment foreseen exceeding two years.
- b) Fines of six months to two years, or two times the benefit obtained or which could have been obtained if said quantity were greater, in the remaining cases.”

This crime can only be perpetrated with **willful misconduct**.

In order to prevent and mitigate the risks pertaining to NAVANTIA's professional activities, **the company has implemented specific control mechanisms, in addition to the more general control mechanisms listed in the General Part of the Criminal Compliance Manual.**

Below is a brief and concise list of the specific control mechanisms aimed at mitigating liability risks resulting from corruption in business:

**1. Policy on travel expenses and representation costs (N003):** NAVANTIA has approved a policy to regulate business trips and expenses resulting from company representation with the following provisions:

- Trips, both in domestic and foreign territories, must be expressly authorized by the corresponding member of the Corporate Management Committee for the persons reporting to him or her.
- The Corporate Management Committee can delegate the power to authorize trips and expenses for both Employees subject to Collective Agreements and Advanced Technicians to the Functional Manager, Production Unit Manager or the Project Manager. In order for this delegation of duties to become effective, the "Trip Authorization Delegation Request" must be filled out and signed by the Director of NAVANTIA's Corporate Management Committee.
- International trips and the related expenses, as well as any external trips, must be approved by the corresponding member of NAVANTIA's Corporate Management Committee.
- Requests for trips and advances, as well as travel authorizations, must be filed through the travel application found on the NAVANTIA intranet.
- No expense advances shall be granted without the duly signed authorization form;

in the event that the entire advance is not used within three months, NAVANTIA may deduct the difference from the person's payslip.

- Payment for the trip will be made through the travel application on the NAVANTIA intranet, and must be authorized by the same member of the Corporate Management Committee who authorized the trip, or the Executive to which said duties were delegated.
  - The authorized expense will be submitted for payment to the corresponding Departments of the Department of Management and Finance, which shall verify that the payment meets NAVANTIA's current requirements.
- If this is not the case, these must be submitted to the Department of Human Resources in order to recover unjustified amounts.
- The trips and expenses of a member of the CMC will require the President's approval or that of the CMC Chairman.
  - Representation costs and those related to third-party acts of courtesy must be authorized by a member of the Corporate Management Committee, within the established limits; if a higher amount were necessary, this must be justified and authorized by the President. Moreover, in the case of worker representatives, travel authorizations must be granted by the Department of Human Resources.
  - In the case of third-party trips at NAVANTIA's expense, these must be processed separately via a specific application which

is available on the intranet, and always after having received the express authorization of a member of the Management Committee.

- Any exception to the Policy on travel expenses and representation costs must be authorized by the President.

## **2. Supplier Assessment Procedure (P-APR-CAL-002):** The procedure to assess suppliers includes the following measures:

- The creation of a Supplier Assessment Committee which evaluates:
  - Legal information: The Committee verifies whether there are any indications that the supplier has partaken in criminal activities such as reception, concealment, corruption, tax fraud, crimes against the environment, or money laundering. Furthermore, where necessary, a formal statement signed by the supplier's legal representative indicating that the company has not been involved in any criminal proceedings regarding the aforementioned crimes may be requested.
  - Financial, tax, and corporate information: National suppliers are required to submit a tax clearance certificate.
- A list of suppliers that have been assessed and approved to enter into contracts with NAVANTIA must be available, and all employees that partake in the procurement process must refer to it.
- No NAVANTIA employee acting on NAVANTIA's behalf can commit to entering into a contract with a supplier that has not successfully been cleared in the assessment/

approval procedure, and is therefore not on the list of approved suppliers.

- Travel authorizations for worker's representatives, as well as the related expenses, must be granted by the Department of Human Resources.
- The Supplier Assessment Procedure also establishes the necessary requirements for supplier approval (financial, tax, etc. information), which shall be reviewed by the Supplier Assessment Committee. No orders can be placed with suppliers that have not previously been approved.
- A supplier assessment questionnaire is attached. The fields to be filled in by the supplier and the documentation requested by NAVANTIA from said supplier are determined, in accordance with the company's anti-corruption regulations.

## **3. Acquisition of Goods and Services Policy (N010):** NAVANTIA has special regulations regarding the purchase of goods and services, where the following points are set forth:

- The Procurement Committee is in charge of ensuring that NAVANTIA's decisions in matters of procurement are made observing the principles of objectivity, confidentiality, concurrence, transparency, publicity, equality, and non-discrimination.
- The correct operation of the Procurement Committee shall be regularly verified through Quality Programs and Actions, Internal Audits, or any other manner deemed pertinent as per the Internal Regulations of NAVANTIA.

- The Procurement Committee approves and monitors the procurement quality management system.
  - Any proposal to initiate the Procurement and Orders Procedure to purchase goods, services, or works requested by the Corporate Departments and/or NAVANTIA companies in foreign countries must be approved by the Procurement Committee, previously ensuring that there is sufficient budget available.
  - Furthermore, all Offer proposals must be approved by the Procurement Committee, previously ensuring that there is sufficient budget available.
  - The Procurement Committee reviews and verifies the cases submitted to the Offer Review Subcommittee, the Corporate Management Committee, or the Board of Directors to ensure that they comply with the technical requirements, and the technical assessment of the offers.
  - Should the Procurement Committee not be able to reach a consensus, the matter will be submitted to the Management Committee/President.
- companies and the government bodies and institutions of Spain, as well as those of third countries.
- NAVANTIA employees cannot offer, pay, or accept bribes, illegal rewards or any other similar type of payment to or from another person, organization or public officer which would result in an undue advantage; furthermore, indications are provided on how these bribes may manifest (presents, promises, authorization, offers, payments or gifts from a third party). NAVANTIA employees will also not make a payment or transfer or offer funds which do not comply with company policies and enforceable legislation, and which have not received the corresponding authorization, have not been duly justified, and are not clearly and precisely recorded in the accounting books.

All employees must notify the designated managers of any incidents where unlawful payments have been requested or any similar situations, and they must inform their superiors if they have knowledge of similar transactions.

4. Anti-corruption Policy (N030): NAVANTIA has implemented an Anti-Corruption Policy within the company, which regulated the following matters, among others:

- Navantia's actions regarding the commitment undertaken by the company in the Code of Conduct to comply with the enforceable regulations in all countries where the company operates, and with anti-corruption and anti-bribery laws and regulations in its dealings with other
- Any gifts or acts of corporate courtesy that a NAVANTIA employee wishes to grant must be previously authorized in writing by a competent immediate superior.
- The competent immediate superior must be notified in writing of any gifts or special acts of corporate courtesy received by a NAVANTIA employee, sending a copy to the business conduct manager in the Center. The total value of gifts and invitations received by an employee cannot exceed €200 per annum.

Additionally, any gifts or acts of social courtesy given to public officials by NAVANTIA employees must be appropriate and comply with local norms and customs, as well as enforceable local legislations and NAVANTIA policies and procedures.

- NAVANTIA shall in no case accept:
  1. Cash, loans, visas, etc.
  2. Gifts or entertainment in exchange for reciprocal actions.
  3. Indecent items with conflicts of interest.
  4. Items which are exchanged during negotiations.
  5. Benefits for the family members or partner of a public official.
- An anti-corruption clause exists, which is to be included in contracts with contractors and suppliers.
- The Department of IR. keeps a record of all gifts granted by NAVANTIA and draws up a report for approval by the Compliance Unit stating the number of gift requests received, the percentage of requests which were approved/denied, the decision-making criteria applied to said requests, etc.
- By means of the due diligence forms, attached to this document as Appendix I, NAVANTIA performs a legal review of its business partners (irrespective of whether they are representatives, agents, consultants, suppliers, other intermediaries, partners, contractors or subcontractors, distributors, etc.) in order to assess the risk of corruption before conducting business with them.

Both the DCO and the DLA collaborate in the due diligence process.

5. General Procedure on Legal Affairs (AJ-001): Needs for technical assistance from external lawyers shall be formalized through the Agreement with AGE-DSIE, or with professionals whose services have been engaged at a fixed price.

**6. Instruction for the Operation Control Model (CO-002):** The Procurement Committee analyzes award proposals when:

- 1.- A budget deviation of +10% exists.
2. The decision to award is not duly justified by economic criteria or by the delivery deadlines according to schedules or quality, or a conflict of interest exists in those three areas.
- 3.- The supplier has an associated risk.

**7. Policy on Approval and Control of Expenditures in to be Justified (N025):** A procedure for justifying and approving expenses that have not undergone a prior authorization procedure is established, by virtue of which an expense justification and receipt are required. Furthermore, it also establishes the person responsible for authorizing the expense, depending on the amount thereof.

**8. Policy on divulging the internal contracting instructions (N000):** In order to authorize contracts, the contracting procedure determines a division by amounts and segregation of duties.

Contract preparation is initiated with a report, which is submitted to the contracting department. This department then determines the nature and scope of the requirements which need to be addressed, the cost, the type of procedure proposed, and whether the budget is sufficient, among other matters.

**9. Policy on the Authorization and Control of Investments (N002):** NAVANTIA classifies investments according to amounts:

- Investments of €30,000 or less shall be authorized by the Investment Control Area.
- Investments of between 30,000 and €600,000 shall be authorized by the Investment Committee.
- Investments of between 600,000 and €2,000,000 shall be authorized by the Corporate Management Committee.
- Investments of over €2,000,000 shall be authorized by the Management Committee of SEPI.

**10. Restriction through powers of attorney:** Within the company, there are powers of attorney that restrict access to funds, contracting, or representation of the company before public bodies or courts. These powers of attorney are detailed according to a scale of amounts and can be joint and several or joint.

Requests regarding the granting of powers of attorney are processed and approved by the Management Committee, and are ultimately granted by the Board of Directors. These transactions are all previously approved by SEPI.

On the other hand, if powers of attorney must be revoked, the Department of Human Resources is in charge of notifying the DLA of this matter.

SEPI determines the power of attorney templates used by NAVANTIA (contracting, HR, etc.).

The DLA of NAVANTIA also has an updated list of all powers of attorney granted within the company, which is regularly monitored.

**11. Segregation of duties:** Within the company, departments that conduct negotiations with third parties are not authorized to make payments; the Department of Management and Finance is responsible for said authorization.

**12. Review of bank statements:** Bank statements are reviewed on a daily basis to ensure that all payments conform to expected cash flows, and that there have been no unusual payments.

**13. Procurement Procedure (P-APR-CAL-001):** NAVANTIA has established a Procurement Procedure (P-APR-CAL-001) that governs the urgent procedure to be followed when it is not possible to observe the regular procurement procedure.

**14. General Terms and Conditions for the Acquisition of Goods and Services:** The Supplier cannot wholly or partially assign the order to a third party without prior written consent from NAVANTIA. Furthermore, the Supplier cannot wholly or partially subcontract the services engaged in the purchase order to third parties without prior written agreement from NAVANTIA.

Where applicable, the Supplier must notify NAVANTIA in its offer of possible conflicts of interest with NAVANTIA Executives or employees which will partake in the company selection process or in the contract management process.

**15. Policy on Preparing Commercial Proposals (N024):** This policy establishes

the procedure for creating commercial proposals in NAVANTIA, in addition to the procedure for approving each offer.

**16. Commercial operation budgets:**

The final price of each business transaction must be approved by the Proposal Committee following the Director of Sales and Marketing's proposal regarding the sales price for the transaction, the cost margin, or margins.

**17. Revised Works and Services Contracts Framework Agreement:**

All purchase orders must bear reference to a contract and shall under no circumstances replace said contract. Every purchase order is subject to the same sales terms and conditions as those stipulated in the contract; that notwithstanding, these terms may be modified for a given order upon agreement between the Supplier and NAVANTIA.

**18. Template on Program Reports:**

Existence of a program report where, among other matters, details of costs and any subcontractors are provided for the specific programs. All programs are monitored.

**19. Code of Business Conduct:**

The Code of Business Conduct states that it is forbidden to offer gifts or invitations when their monetary value exceeds amounts which are considered reasonable and moderate, depending on the subject-matter and geographical circumstances.

20. Special anti-corruption courses detailed in the company's annual Training Program.

**21. ERP system configuration:**

The company's ERP system is configured to detect when payments are recorded in the accounting books to be made out to Tax havens, and blocks said operations. These payments must be previously authorized by the Management Committee.

**22. Rule of relation:**

In third-party contract templates, a clause (Rule of relation) is included which sets forth the obligations of both parties regarding the NAVANTIA Code of Business Conduct.

**23. Regulatory benchmarking:**

NAVANTIA performs regular regulatory benchmarking studies in matters of corruption prevention in countries where it operates, regarding the FCPA and the BRIBERY ACT.

**24. Procedure for contracting commercial agents (P DCO-001):**

The procedure for contracting commercial agents establishes that agents must obtain NAVANTIA's authorization prior to contracting with subagents, and that the control mechanisms set forth in N-030 will be implemented. Furthermore, it regulates the life cycle of contracts with agencies and of the different partnerships (joint ventures, international economic associations, etc.) set up from the moment they are formed to the moment they are broken up.

## APPENDIX III: ANTI-CORRUPCIÓN REGULATIONS<sup>6</sup>

- |                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>(i) Regulations applicable in Spain</b> (valid Spanish Criminal Code)</p>                                                                                                                                                                                                | <p>Guidance on Internal Controls, Ethics, and Compliance).</p>                                                                                                                                                            |
| <p><b>(ii) United States of America</b> (Foreign Corrupt Practice Act)</p>                                                                                                                                                                                                     | <p><b>(vi) On an international level</b> (United Nations Convention and the Inter-American Convention Against Corruption).</p>                                                                                            |
| <p><b>(iii) United Kingdom</b> (Bribery Act)</p>                                                                                                                                                                                                                               | <p><b>(vii) Other international Best Practices:</b></p> <ul style="list-style-type: none"> <li>- BSI STANDARDS PUBLICATION: SPECIFICATION FOR AN ANTI-BRIBERY MANAGEMENT SYSTEM (ABMS)</li> <li>- AS 8001-2008</li> </ul> |
| <p><b>(iv) On a European level</b> (Italy: Anti-Corruption Act, France: French Criminal Code, and Germany: German Act on Combating Corruption, German standard "Compliance management systems")</p>                                                                            | <p><b>(viii) Applicable regulations and/or best practices in countries which bear special relevance for NAVANTIA:</b> Brazil, India, Turkey, Australia, the United Kingdom, and Venezuela.</p>                            |
| <p><b>(v) OECD legal documents:</b> Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, of November 21, 1997; OECD Best Practices (Recommendation for Further Combating Bribery of Foreign Public Officials; Good Practice</p> |                                                                                                                                                                                                                           |

## APPENDIX IV: ANTI-CORRUPTION POLICY

All persons acting on behalf of NAVANTIA must not offer, promise, or grant, both in public (national and foreign public officials) and private (company) contexts, an undue financial benefit, nor receive or accept one under any circumstances and by no means. NAVANTIA employees must take care that company money or goods, as well as events and contracts entered into by the company, are not used for unlawful purposes or purposes which constitute a crime, such as bribery, business corruption, corruption in international business transactions, and money laundering.

Employees must pay attention at all times to any situation which may seem suspicious or unusual, and which could lead to any of the aforementioned crimes being committed. Employees must immediately report these situations to their boss or competent superior, or report it via the reporting channel.

Every NAVANTIA employee, irrespective of their status, who believes that they find themselves in a conflict of interest in their dealings with public officials or authorities, whether national or foreign, is obliged to report the conflict of interest identified.

In some cases, NAVANTIA will be obliged to establish a specific plan to prevent and fight against corruption (for example, in their dealings with some emerging markets or countries deemed to pose a risk, or with partners, joint ventures, etc., or when

financial transactions are carried out with tax havens, etc.)

The present Manual will revoke any local or regional policy or practice which is not consistent with its terms and conditions, unless this were contrary to local regulations.

## APPENDIX V: ASSESSMENT OF CRIMINAL RISKS RELATED TO CORRUPTION

### A) Inventory of identified Criminal Risks associated with corruption

All corruption-related criminal risks which might affect the company and could arise during the course of business have been identified. Hence, the following risks have been identified:

- **R.A. - Bribery / Influence peddling:** Offering a gift to a public official to obtain preferential treatment when a license is being obtained, an inspection carried out, an administrative proceeding performed, etc. Additionally, taking advantage of family ties to or friendship with a public official to obtain similar treatment.
- **R.B. - Corruption in business:** Accepting consideration from a third party in exchange for entering into a contract with them, to the disadvantage of the third party's competitors. Also, offering consideration to a third party in order to obtain more advantageous conditions than the competition during negotiations or when negotiating a contract for a product or service.
- **R.C. - Corruption in international business transactions:** Offering any type of gift or benefit, monetary or otherwise, during international financial operations to a foreign public official or international organization with the aim of being awarded a contract, concession, preferential treatment, or any other unlawful advantage.
- **R.D. - Fraud against the Treasury - Failure to fulfill accounting obligations:** Fraud against the Treasury - Failure to fulfill accounting obligations: committing fraud against the Treasury for amounts exceeding 120,000 euros by means of tax evasion, failure to pay withheld amounts or amounts which should have been withheld, avoiding payment of deposits to the in kind account, unlawfully obtaining repayments or unlawfully profiting from fiscal benefits, failure to fulfill accounting obligations, submitting fictional accounting, keeping additional accounting books to the true ones.
- **R.E. - Failure to fulfill accounting obligations:** Falsifying, concealing, or simulating data or accounting entries, keeping separate accounts, invoices, etc. with the aim of avoiding payments or obtaining unlawful benefits.
- **R.F. - Preventing money laundering and the financing of terrorism:** Breaching the legal obligations set forth in the Money Laundering Act by accepting donations, investments, or deposits which could lead to crimes being committed, without performing the necessary checks on the source of the funds. Breaching the legal obligations set forth in the Money Laundering Act by not warning or notifying the competent authorities of the existence of financial transactions which serve to fund terrorist organizations or groups.

## B) Evaluation criteria:

The categories for assessing criminal risks are as follows:

- **Impact:** Damage caused if the risks were to materialize in a true and real situation, should the Anti-Corruption Model not be applied correctly. The impact refers to the inherent risk, i.e. the possible impact without factoring in the quality of management (control mechanisms). Assessed on a scale of 0 to 10.

Impact	
Catastrophic	9.0 - 10
Serious	7.0 - 8.9
High	5.0 - 6.9
Low	3.0 - 4.9
Minor	1.0 - 2.9
Insignificant	0 - 0.9

- **Probability of occurrence:** Probability that the risks materializes into a true and real situation before the implemented control mechanisms to mitigate the inherent risk are factored in. Assessed on a scale of 0 to 10.

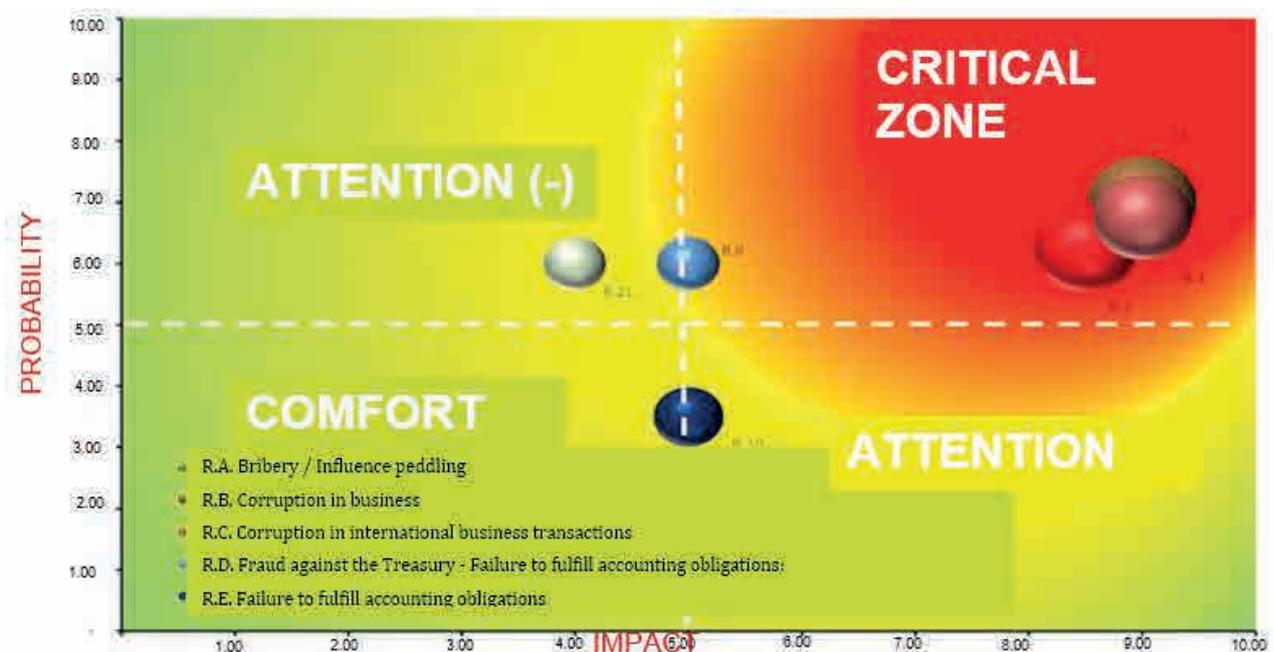
Probability of occurrence	
True (Prob. 70-100%)	7.0 - 10
Highly probable (50-69%)	5.0 - 6.9
Probable (30-49%)	3.0 - 4.9
Possible (10-29%)	1.0 - 2.9
Remote (5-9%)	0.5 - 0.9
Improbable (0-4%)	0 - 0.4

In this sense, the map associated with these risks will show all risks from the most significant (great impact and probability) to the least significant, in accordance with the following table:

PROBABILITY	TRUE	ATTENTION (-)	CRITICAL ZONE				
	HIGHLY PROB. PROBABLE						
	POSSIBLE	COMFORT	ATTENTION (+)				
	REMOTE						
	IMPROBABLE						
		INSIGNIFICANT	MINOR	LOW	HIGH	SERIOUS	CATASTROPHIC
		IMPACT					

Based on the preliminary analysis, corrective adjustments have been made by analyzing the existing control levels in NAVANTIA to cover each of the risks identified and taking into account expert criteria (see Dossier on NAVANTIA Criminal Risks), and the following final results have been reached in the impact and probability assessment:

The size of the spheres identified on the Map regarding each Criminal risk identified will be determined by the number of Department/Areas affected by said risk.



# APPENDIX VI: POLICY ON THE ADMISSION OF BUSINESS PARTNERS

Within the preventive measure adopted as a result of the Anti-Corruption Model, objective business partner risk assessment criteria must be established based on the existence of certain risk factors and indicators.

NAVANTIA will therefore have to implement the following measures regarding the admission of business partners:

- Installing specific and automatized systems and programs.
- Implementing a specific compliance function.
- Regular revision and update of the risk systems and parameters.

## I.- Risk level indicators

In this section, we indicate certain types of operations or indicators that present a potential risk of being linked to corrupt practices (in a broad sense).

In any case, the transaction or practice observed must be aligned with:

- (i) The client's profile, as per the information NAVANTIA has been provided; or
- (ii) The usual business or activities to be expected of the client, as per the client's operational background.

In any case, risks must be monitored, paying special attention to discrepancies between the client's attitude and the conduct which is to be expected thereof as per NAVANTIA characteristics and the information NAVANTIA has previously gathered on the client.

Below is a series of factors which must be taken into account when implementing an effective and transparent anti-corruption policy:

- (i) Geographic risk.

The business partners' country of origin can be indicative of a higher risk level. This is why NAVANTIA requests business partners to provide their country of origin and residence, in order to determine whether an operation will be an international transaction.

- (ii) Risk associated to a client category.

The following client categories perform activities which could be indicative of a higher than usual risk level:

- Clients that are legal entities with public liability.
- Clients with high expenses. The client's purchasing power must be taken into consideration together with other fac-

tors, such as country of origin, businesses, or known activities.

- Clients with disproportionate expenses.

(iii) Risks resulting from transactions  
 NAVANTIA takes additional operational aspects into account which could lead to corrupt practices. In this sense, the following potential risks related to transactions are indicated:

- Source of the funds when this is possible.
- Use of web domains, email accounts, or similar which could make it difficult to identify the client.

- Fraud when identifying the client.

**II. Classification of business partner categories and operations according to the risk level**

Below is a series of potential business partner categories, differentiated by a series of objective risk assessment guidelines:

**1.- Excluded business partners:**

Under no circumstances may business be conducted with natural persons when any of the following circumstances are present, since these pose a greater than normal risk and are therefore closely linked to corruption:

<b>CIRCUMSTANCES</b>
<p>Persons with a criminal record or linked to persons that have been suspended or banned from trading, or persons regarding whom information has been gathered that strongly indicates they may be tied to criminal activity, especially activities related to corruption, drug trafficking, terrorism, and organized crime.</p>
<p>Persons included in the official lists published by the European Union as suspected of engaging in money laundering or terrorist activities, or of being affiliated with terrorist groups.</p>
<p>Persons who refuse to or are hesitant to provide the information required herein.</p>

**2. Business partners with an above-average risk level:**

approval has been requested and obtained from the Compliance Committee.

Business may be conducted with third parties with an above-average risk level when

The following circumstances are an indicator that a certain transaction poses a risk related to corruption (in a broad sense):

<b>CIRCUMSTANCES</b>
Persons who have submitted false or inaccurate data which employees have difficulty verifying at the start of the business relationship.
Persons who have been entrusted with a political function or are affiliated therewith (PEPs), especially if they hold or have held public office in non-democratic countries.
Persons who indicate the same registered address and telephone number as another with whom they have no apparent connection.
Persons who are residents in tax havens, in non-cooperative jurisdictions in terms of money laundering and terrorism, or in States where it is known that criminal organizations are particularly active (for example, drug trafficking, terrorist activities, organized crime, and human trafficking).

**3. Standard business partners, with no significant risk level:**

to adopt certain precautions by means of special examination.

All business partners where none of the specific risk factors or circumstances indicated in the two preceding paragraphs are initially perceived are considered to be standard business partners, with no significant risk. Risk levels do not automatically imply the existence of conclusive indicators or the certainty that a corruption case exists, however it is a necessary classification in order

In operations classified as above average risk, the professional or business activities declared by the client will be reasonably verified by the control body. To this end, additional information will be requested that makes it possible to determine whether indicators of a risky operation exist or not. Verification can be carried out by requesting, among others, the following documents:

payslips, tax clearance certificates, income tax forms and other fiscal information, information regarding association membership in the case of liberal professions, etc.

### III.- Additional measures

Moreover, the following control measures

for the admission of business partners are to be gradually implemented:

- Regularly check the list of defaulting debtors, and double-check it against NAVANTIA's business partners database.
- Check public access databases.

## APPENDIX VII: STATEMENT CONFIRMING RECEIPT OF THE ANTI-CORRUPTION MANUAL / ANTI-CORRUPTION POLICY AND CONFORMITY THEREWITH

Mr. / Ms [employee or collaborator] with ID no.: [\*] hereby declares that he / she has received a copy of the NAVANTIA Anti-Corruption Manual / NAVANTIA Anti-Corruption Policy, and undertakes to implement, where it is applicable to him / her as a result of his / her specific participation in NAVANTIA business operations, the internal procedures adopted by the company in these matters, in the terms and conditions

set forth in the mentioned Manual/Policy.

In this sense, he / she further undertakes to keep any information accessed in the performance of his / her duties strictly secret, and to solely provide said information to persons authorized by NAVANTIA, in accordance with the internally established procedures.



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