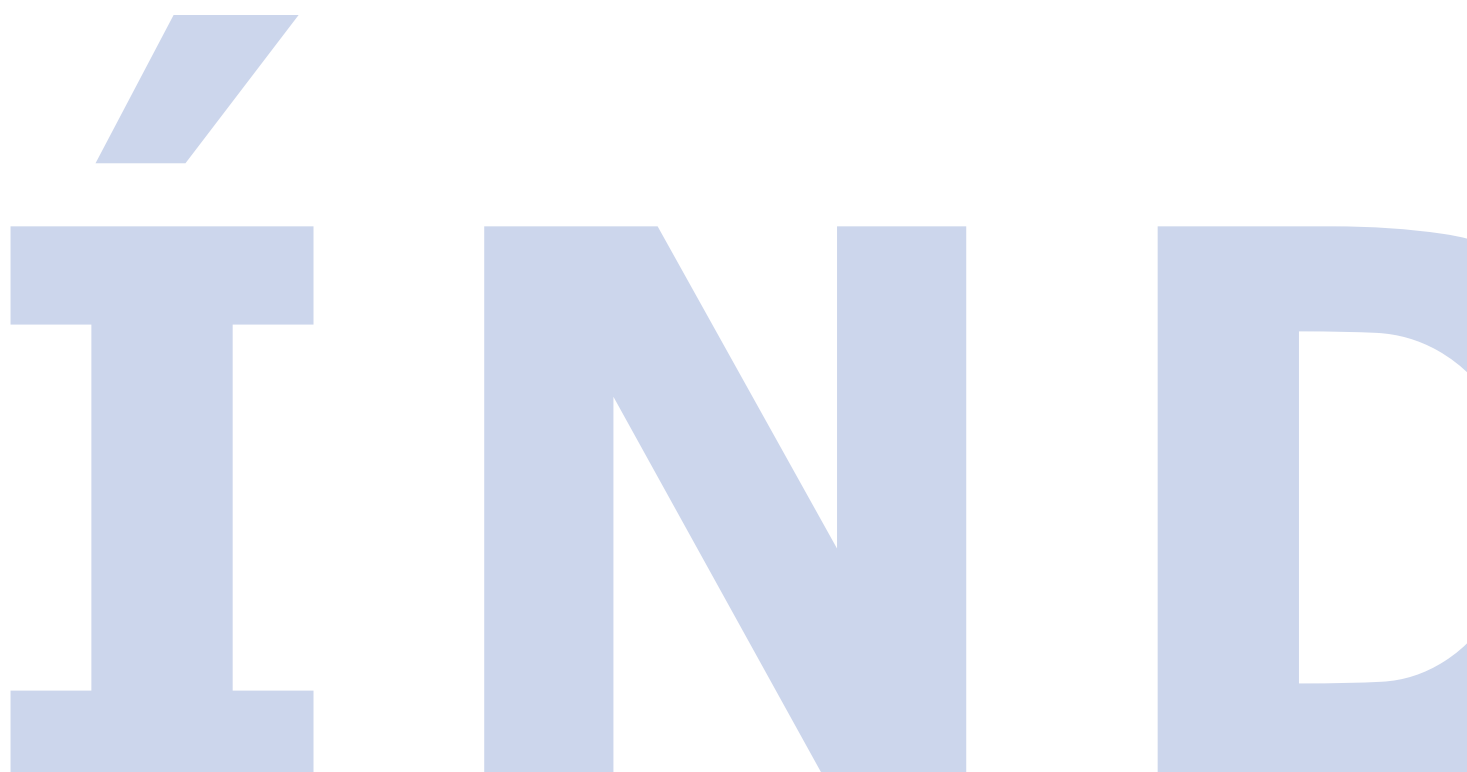




COMPLIANCE MANUAL

1. Introduction	4
2. Object of the Manual and risk analysis	6
2.1. Regulatory context: holding a legal person criminally liable	6
2.2. Object of the Manual	8
3. Scope of application	11
4. Liability	11
4.1. Control and follow-up bodies	12
4.2. Supervision and follow-up of the Compliance Management System	15
5. Components of the Compliance Management System	16
5.1. Navantia's policies, procedures and general preventive controls	16
5.2. Management of financial and material resources	18
5.2.1. Controls related to financial, budgetary and treasury management	18
5.2.2. Financial and material resources	19



6. Assessment of criminal risks, controls and mitigating measures	20
7. Good practices in the prevention of cross-border corruption	23
8. Infringements of the Compliance Management System. Notice of suspicious conduct and disciplinary procedure	24
8.1. Alerts and analysis of suspicious conduct	25
8.2. Sanctioning procedure	26
9. Dissemination and training	26
9.1. Dissemination	27
9.2. Training	27
10. Filing and documentation	28
11. Review frequency of the Compliance Management System	28
12. Approval of the Compliance Manual	29
13. References	30



1. INTRODUCTION

This Compliance Manual (hereinafter, the "Compliance Manual" or the "Manual", indistinctly) describes a model for anticorruption organisation, prevention, management and control, as well as to fight the commission of criminal offences, followed by Navantia, S.A., S.M.E. (hereinafter, "Navantia" or the "Company", indistinctly).

In light of the regulatory changes arising in criminal matters and in line with its culture of ethics and compliance, Navantia has developed a system to fight crime, and has brought together the procedures and controls that are currently in place in order to effectively prevent and mitigate these risks. Consequently, in order to draw up this Manual, it has thoroughly analysed the criminal risks that may hypothetically arise in Navantia's various fields of activity, taking already existing policies and controls into account, on the one hand, and exposure to criminal risks detected in specific processes, depending on the sector and Navantia's activities, on the other.

This Manual describes the management and crime prevention principles applied within the company, in accordance with the following laws (amongst others):

- Organic Law 10/1995, of 23 November, of the Spanish Criminal Code;
- The U.S. Foreign Corrupt Practices Act (FCPA);
- The UK Bribery Act;
- OECD legal text:
 - Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, dated 21 November 1997
 - Recommendation for Further Combating Bribery of Foreign Public Officials
 - Good Practice Guidance on Internal Controls, Ethics and Compliance.
- International law: UN Convention and Inter-American Convention Against Corruption.
- Anticorruption Ethics and Compliance Program aimed at companies, by the United Nations Office on Drugs and Crime;
- Main international and national normalisation standards, to include ISO 19600:2015, Compliance Management Systems; ISO 37001:2016, Anticorruption Management Systems, UNE 19601:2017; Criminal Compliance Management Systems; and BSI STANDARDS PUBLICATION: Specification for an Anti-bribery Management System (ABMS).
- Applicable regulations and/or best practices in Navantia's key countries.

As a result, this Manual systematises existing control devices and those which, further to the reviews conducted with the assistance of external advisors, Navantia has decided to implement, update, and reinforce in order to fulfil its purpose: to prevent and mitigate crime inside the Company. The current Compliance Manual also includes the structure and operation of the control and supervisory bodies in charge of the Management System.

In turn, when drawing up this Manual, we have taken Navantia's nature and characteristics into account, as a Spanish **state-owned corporation** belonging to Sociedad Estatal de Participaciones Industriales (SEPI), with a 100% shareholding, and which is also a global reference in its range of products:

- Design and construction of high-technology military and civil ships.
- Design and manufacturing of control and combat systems.
- Transfer of technology.
- Repair and transformation of military and civil ships.
- Assistance during the lifecycle of ships and systems.
- Manufacturing of diesel engines.
- Manufacturing of turbines.
- Marine wind energy.

Furthermore, Navantia is a cutting-edge technological enterprise where RDI constitutes one of the company's strategic areas, ultimately seeking to cover the market's present and future needs. It is also Spain's leading company in military naval technology.

Navantia's main national client is the Ministry of Defence (Spanish Navy) with which it has been working for more than 250 years. The Navy's high demands and huge operative capacity worldwide, with the latest marines, has allowed Navantia to offer high value-added products.

Navantia's culture is based on innovation, a client focus, quality solutions and services, the talent of its professionals and commitment both to the Company and towards the environment.

In turn, and given Navantia's huge commitment in relation to Sustainability, great effort has been made by launching actions addressing all priorities in the matter. Thus, its social strategy mainly seeks to assure quality, respect for the environment, training, employee wellbeing and improved industrial surroundings.

Anyone with a query on how to apply any of the points in this Manual, who has identified a new risk activity, or any weakness or defect in our anticorruption system, should consult or report to the Compliance Committee at the following e-mail address: comite_cumplimiento@navantia.es.

2. OBJECT OF THE MANUAL AND RISK ANALYSIS

2.1. REGULATORY CONTEXT: HOLDING A LEGAL PERSON CRIMINALLY LIABLE

On 23 December 2010, Organic Law 5/2010 entered into force, amending the Spanish Criminal Code. With respect to certain offences, it holds legal persons criminally accountable further to many different international legal instruments that had been demanding a clear criminal response to establish this particular liability, mainly in relation to crimes where their intervention was more likely.

Subsequently, with the coming into force on 1 July 2015 of Organic Law 1/2015, amending the Spanish Criminal Code (hereinafter, the "Criminal Code"), significant changes and improvements have been made to expand on a legal person's criminal accountability. Thus, Article 31 bis of the Criminal Code literally exempts a legal person from criminal liability if it encourages compliance behaviour amongst its employees through an effective organisation and management system.

Such Article 31.1 bis of the Criminal Code holds legal persons liable for:

- Any offences committed on behalf or on account of a legal person, to its direct or indirect benefit, by its legal representatives or by those who, acting individually or as members of a corporate body, are authorised to take decisions on behalf of the legal person or who enjoy powers to organise and control the latter. However, a legal person will be **criminally exempt** if the following conditions are met:
 - » its management body has adopted and effectively executed, prior to commission of the offence, organisation and management models that include suitable surveillance and control measures to prevent crimes of the same nature, or to significantly reduce their risk;
 - » supervision of the implemented prevention model's operation and fulfilment has been entrusted to a corporate body that may take the initiative and is independently able to exert control, or is legally entitled to supervise the efficacy of the legal person's internal controls;
 - » individual offenders have committed the crime by fraudulently evading its organisation and prevention models; and
 - » the authorised body has not omitted, or insufficiently exercised, its supervisory, surveillance and control duties.

In the event that the foregoing circumstances may only be partly ascertained, this will be appraised as a mitigating factor when determining criminal liability.

Furthermore, Article 31 bis, section 4 indicates that a legal person will be exempt from liability if, before committing the offence, it has adopted and effectively executed an organisation and management model that is able to prevent crime of the type committed, or to significantly reduce its risk.

In this regard, the organisation and management models referred to above must meet the following requirements:

- The management body has established an organisation and management model that includes suitable surveillance and control measures to prevent crime.
- Establishing a body able to take the initiative and able to independently exert control, to supervise the operation and fulfilment of the prevention model in place.
- Locating any company activities (criminal risk map) where crime may be committed that ought to be prevented.
- Implantation of protocols or procedures defining how the legal person expresses its will, its decision-making process and how decisions are executed in relation to the foregoing.
- The start-up of adequate management models for financial resources, to prevent the commission of crime that ought to be prevented.
- An obligation to report potential risks and infringements to the body in charge of supervising the operation and fulfilment of the prevention model (ethics channels).
- Establishing a disciplinary system to adequately sanction a breach of the measures foreseen in the model.
- Periodic verification of the model, to be accordingly adjusted if relevant infractions thereof are ascertained, or if changes take place in the organisation, control structure or its activity that make this necessary.

In addition to the requirements foreseen in Spanish law, Navantia's Compliance Management System meets the highest international standards in organisation and management matters, referred to in ISO 19600:2015, Compliance Management Systems; ISO 37001:2016, Anticorruption Management Systems; UNE 19601:2017, Criminal Compliance Management Systems; to include the following requirements:

- **Understanding the organisation and its context.** The organisation should determine which external and internal factors are relevant for its purposes, in order to achieve criminal compliance targets, specified and described elsewhere in the Compliance Management System.
- Involvement and leadership of the **Governance and Management Body** when implementing a compliance culture, materialising as a **visible, consistent and sustained commitment** over time with a common and publicly announced behavioural standard, expected of each and every one of the organisation's areas, to include its business partners.

- To understand the needs and expectations of all **interested parties**, determining in the first place which ones are relevant both for compliance and anticorruption policy purposes, and the requirements to consider in relation to such interested parties.
- **Determining the scope of the compliance management system.** The organisation should determine the objective and subjective scope of the Compliance Management System. When determining this scope, the organisation should consider:
 - Any external factors
 - The outcome of any criminal risk assessment
- **To adopt, implement and continuously improve the Compliance Management System**, which includes the necessary policies, processes and procedures as well as any interactions. The compliance management system should include measures designed to evaluate, prevent, detect and promptly manage any criminal risk.
- The organisation should **determine and provide the necessary resources** to adopt, implement, maintain, and continuously improve the compliance management system. These will at least include financial, technological and human resources, as well as access to external advice (if necessary).

To that end, both Navantia and its Board of Directors, aware of the possibility of being held individually liable in criminal law, and **firmly seeking** to develop and adopt valid and effective **compliance surroundings**, have made a clear **commitment** towards **preventing the commission of any crime** within the Company, paying particular attention to those criminal risks identified in P-CU-003 "Crime prevention".

2.2. OBJECT OF THE MANUAL

Further to Navantia's Management's firm objective to promote, establish, develop, and maintain an adequate ethical business culture, expressly subject to any current laws and regulations at the time, a Compliance Management System has been executed, as the background to this Manual.

This Manual seeks to ensure (i) an effective **ethical and compliance culture** within the Company, as well as (ii) effective **rules and control procedures** to reduce the risk of illegal conduct by anyone providing services in Navantia as directors, executives and workers, as well as any representatives, attorneys, agents and brokers acting in the company's interest or for and on its behalf.

In this regard, in order for the Compliance Management System to fulfil its criminal risk prevention, detection, reaction and follow-up functions, to include its associated controls, the Company has applied the following **general principles**:

- Awareness and dissemination throughout the company of the principles assumed and behavioural rules reflected in all protocols, manuals and internal policies.
- Periodic review of any activities that could be potentially exposed to any risk.
- Establishing adequate controls, proportional to the operating risk, as well as supervisory measures.
- Segregation of functions and powers of attorney.
- Supervision and control of the Company's conduct, as well as operation of the Compliance Management System.
- Updating the Company's functions and behavioural rules following possible changes in current regulations.

In particular, Navantia considers that **employee awareness** is critical to its Compliance Management System, particularly as regards the prevention and detection of criminal risks. This is why it carries out the following control activities (in addition to the training regulated in section 9 below):

- Effective communication of the policies and procedures to be implemented, involving everyone at all Company levels.
- Including crime prevention matters in employee training programmes.

Article 31.1 bis, cited above, implicitly requires that all legal persons exert due control over their employees' conduct. Consequently, if the necessary standard of care is applied, the legal person in question should not be held accountable for any offences committed by its staff when carrying out corporate activities.

If the aforementioned consideration turns out not be applicable, Article 31.1 bis, section 4¹, allows a legal person's liability to be mitigated if it establishes, subsequent to commission of the criminal event, effective measures to prevent and discover any potential offences, using the legal person's own resources or coverage.

Consequently, this Manual ultimately seeks to act as a means to prevent the commission of criminal acts by Navantia's staff whilst in turn confirming that Navantia is exerting due control over their activities, consequently meeting the implicit requirement contemplated in the Criminal Code and in all other applicable regulations. The foregoing involves the following activities:

¹ Organic Law 1/2015, amending the Criminal Code, introduced relevant changes, to include new Article 31 bis of the Criminal Code, which literally exempts a legal person from criminal liability in the event of offences committed by its representatives and directors, if the latter have (i) adopted organisation and management models that include suitable surveillance and control measures to prevent crime, (ii) entrusted their supervision to a body that is able to take the initiative and to independently exert control, (iii) whenever the material offenders have committed the offence by fraudulently evading organisation and prevention models, and (iv) provided that the body in charge has not omitted or insufficiently exercised its supervisory, surveillance and control duties, and in the case of offences committed by employees or dependent persons if, before commission of the offence, they have adequate organisation and management models in place to prevent the committed offence, with the foregoing requirements being likewise applicable.

- To optimize and facilitate continuous improvement in Navantia's risk management system.
- To incorporate a structured and organic prevention and control system, focusing on reducing the risk of crime, specified as an effective organisation and management model.
- To inform all staff of the importance of fulfilling the Manual and adopting its action principles, in order to adequately practice their profession.
- To inform anyone acting for and on behalf of Navantia, or otherwise in its interests, that an infraction of the provisions of this Manual will entail disciplinary measures.
- To expressly and publicly state for the record that Navantia is totally against any type of illegal conduct which, in addition to contravening the law, is contrary to Navantia's ethical principles, as key values for the achievement of its objectives.
- To adjust existing control measures to its processes, thus allowing Navantia to rapidly intervene, both to prevent and to act if there is a risk of committing an offence.

This Manual has consequently been structured as follows:

- **General Content:** This includes the design and structure of: (i) the control and supervisory body (Compliance Committee), (ii) the supervisory and follow-up system, (iii) the management system for financial and material resources, (iv) control surroundings regarding policies, procedures, and general controls, (v) infringements of the Compliance Management System: report of suspicious activity and disciplinary procedure, (vi) prevention of corruption, and (vii) training.
- **Specific Content** (P-CU-003 "Crime Prevention"): This identifies any criminal risks² that could hypothetically arise in Navantia due to its activities.

Consequently, Navantia's Compliance Management System has been reinforced by adopting the necessary surveillance, supervisory and control measures, in order to prevent any criminal risks that may arise within the Company as a result of its activity. In this regard, the **Compliance Committee** has been designated, able to take the initiative and with sufficient control capacity, as **the party in charge of supervising and following up on** the compliance management system in Navantia.

² Criminal offences that are able to generate criminal liability for legal persons, under the current Criminal Code in Spain and applicable international regulations.

3. SCOPE OF APPLICATION

This Manual is applicable to all employees and persons associated to Navantia, to include its legal representatives and de facto or de iure directors (hereinafter, jointly, the “Employees”³).

Within each applicable field of action, Navantia will promote the adoption of suitable preventive measures with any enterprises and professionals it may outsource.

4. LIABILITY

In line with the Company’s objective, and in order to (i) supervise operation of the Compliance Management System; (ii) follow up on any measures adopted in prevention matters, ascertaining their sufficiency; (iii) guarantee the dissemination of this Manual’s principles in Navantia; and (iv) analyse any legislative changes that could affect the Compliance Management System, the exerted control required by the Criminal Code demands that a controlling body be established, in charge of promoting and coordinating the implementation, supervision and control of the Compliance Management System.

In order to ensure effective operation of the Compliance Management System, its periodic verification is necessary and it must be accordingly adjusted if relevant infractions thereof come to light, or when changes take place in the organisation, control structure or company activity, which make this necessary. Specifically, the system’s supervision and operation must be entrusted to a body entitled to take the initiative and able to independently exert control.

³The term “**Employees**” is broadly used in this Manual to refer to the set of persons who may act under Navantia’s authority in the terms of Article 31 bis of the Criminal Code, whether in an employment and/or commercial relationship. The meaning of “**Employees**” may not be rendered equivalent to other matters beyond the scope of this Manual.

4.1. CONTROL AND FOLLOW-UP BODIES

The exercise of due control requires that the Company implement continuous control devices, and that it designates internal control bodies to follow up on any implemented controls and potential offences. Consequently, Navantia has the following bodies, whose specific functions in compliance matters are described in the Compliance Committee Regulations (N-CA-000.05):

BOARD OF DIRECTORS

The Board of Directors, as Navantia's **governance body**, must demonstrate its commitment towards the compliance management system. To that end, the governance body is in charge of the following:

- To establish and uphold, as one of the organisation's fundamental values, the principle that all employee conduct always follow the law in general, and criminal law in particular, promoting an adequate compliance culture within the organisation;
- To adopt, implement, maintain and continuously improve a suitable Compliance Management System in order to prevent and detect offences or to materially reduce their potential commission;
- To endow the Compliance management system and, specifically, the Compliance Committee, with adequate and sufficient financial, material and human resources for its effective operation;
- To approve the company's Anticorruption and Compliance Policy;
- To periodically check the efficacy of the Compliance Management System, changing it if necessary, if serious infringements are detected or changes take place in the organisation, control structure or company activity;
- To establish a **compliance body** entrusted with supervising the operation and execution of the Compliance Management System, granting it capacity to take the initiative and independent control powers in order to be able to effectively carry out its tasks;
- To ensure that procedures are in place to specify the process followed by the organisation to express its intent, its decision-making and execution process, promoting a Compliance culture that meets the highest ethical standards of conduct.

COMPLIANCE COMMITTEE

The Compliance Committee has been expressly designated by Navantia's Board of Directors to duly supervise and follow up on the Company's Compliance System.

The Compliance Committee, in conjunction with the Secretarial Management of the Board and Compliance, is entrusted with the following:

- To promote and continuously supervise the implementation and efficacy of the compliance management system in the organisation's various fields of activity;
- To ensure that continuous training is arranged for all organisation members, in order to guarantee that all relevant staff is regularly trained;
- To promote the inclusion of compliance responsibilities in all work post descriptions and in performance management processes for organisation members;
- To start up a criminal compliance information and documentation system;
- To adopt and implement processes for data management, to include claims and/or comments directly received, a ethics channel or other devices;
- To establish criminal compliance performance indicators and to measure criminal compliance performance in the organisation;
- To analyse performance in order to locate the need for corrective action;
- To identify and manage criminal risks, including those related to business partners;
- To ensure that the compliance management system is checked at scheduled intervals;
- To guarantee that all employees have access to compliance resources;
- To inform the governance body of the outcome of applying the compliance management system.

THE CORPORATE MANAGEMENT COMMITTEE

The Corporate Management Committee should demonstrate its leadership and commitment towards the organisation's compliance management system. Consequently, when exercising its executive functions, the senior management should:

- Guarantee that the Compliance Management System is adequately implemented in order to achieve the compliance objectives established in Compliance and Anticorruption Policies, allowing it to effectively face the organisation's criminal risks;
- Guarantee that all Compliance Management System requirements are included in the organisation's operative processes and procedures;
- Guarantee that adequate and sufficient resources exist to effectively execute the Compliance Management System;
- Fulfil, and ensure the fulfilment of, its Anticorruption and Compliance Policy, both internally and externally;
- Internally communicate why it is important to effectively manage criminal compliance, consistent with the objectives and requirements of the Anticorruption and Compliance Policy, as well as the Compliance Management system;

- Direct and back up the staff in order to ensure the observance of all requirements and the efficacy of the compliance management system, further to its role in the organisation;
- Promote continuous improvement and support various management roles, to demonstrate leadership in crime prevention and the detection of criminal risks within their areas of responsibility;
- Encourage the use of procedures that bring to light potentially criminal conducts, which could affect the organisation and its activities;
- Guarantee that no member of the organisation is the object of retaliation, discrimination or disciplinary sanctions, due to reporting in good faith any violations, or founded suspicions of violations, of the Anticorruption and Compliance Policy, or due to refusing to participate in criminal conduct, even if this results in a business loss for the organisation.

CHAIRPERSON OF THE COMPLIANCE COMMITTEE

The person in charge of chairing the Compliance Committee will hold the necessary powers to exercise their duties in accordance with what is established in the Compliance Committee Regulations, passed by Navantia's Board of Directors, and any others delegated by the Compliance Committee.

COMPLIANCE AREA

The Compliance Area will be structured as an area to back up and support the Compliance Committee and the chairman of the Compliance Committee- with support or external advice, if the circumstances make this advisable- when executing all activities associated to the day-to-day operations of Navantia's Compliance Management System.

The Compliance Area will have a Compliance Actions Manager, a Compliance Process Manager and assistants/back-up staff.

CONTROL MANAGERS

An adequate internal control system must be periodically assessed to test its implementation and efficacy. This assessment may be carried out through a dynamic self-assessment process, by the persons in charge of departments affected by corruption risks (in broad terms), with details on compliance with existing policies, rules, procedures and controls in anticorruption matters.

This assessment will allow trust to be placed in such system, analysing its performance both in the event of defects or external/internal changes in the company. It also constitutes a fundamental tool to help the Compliance Committee during its evaluation of the Anticorruption Manual's operation.

These managers must confirm whether:

- Anticorruption policies / procedures / rules / controls, entrusted to them, have been followed.
- Changes have taken place in control activities (applicable changes only should be pointed out).
- All identified incidents have been resolved and notified to the appropriate manager (if necessary).

Consequently, the persons in charge of any Group's area or directorate are required to provide the Compliance Committee, the chairperson of the Compliance Committee and the Compliance Area staff with any information, upon request, on area or department activities related to the possible commission of conduct related to corruption (in broad terms).

4.2. SUPERVISION AND FOLLOW-UP OF THE COMPLIANCE MANAGEMENT SYSTEM

Los sistemas de organización y gestión requieren una verificación periódica del mismo y de su eventual modificación cuando se pongan de manifiesto infracciones relevantes de sus disposiciones, o cuando se produzcan cambios en la organización, en la estructura de control o en la actividad desarrollada que los hagan necesarios.

Siguiendo tales indicaciones, el Sistema de Gestión de Compliance establecido en Navantia es objeto de verificaciones periódicas, a fin de comprobar la eficacia de los controles existentes, así como la evolución de los mismos, de forma que Navantia disponga en todo momento de una visión general que le permita tomar todas las acciones necesarias para su adecuación y eficacia.

Supervisión: El Sistema de Gestión de Compliance es evaluado periódicamente por los responsables de los controles existentes y supervisado por el Comité de Compliance al menos una vez al año, con la ayuda del personal del Área de Compliance.

Seguimiento: El seguimiento del Sistema de Gestión de Compliance comprende especialmente las modificaciones necesarias cuando se pongan de manifiesto infracciones relevantes de sus disposiciones, o cuando se produzcan cambios en la organización, en la estructura de control, en la actividad desarrollada, o incluso modificaciones legislativas que hagan necesarias adaptaciones en orden a asegurar su correcto funcionamiento. Para ello Navantia desarrolla revisiones periódicas específicas, detectando los posibles fallos y recomendando los correspondientes cambios y mejoras.

5. COMPONENTS OF THE COMPLIANCE MANAGEMENT SYSTEM

5.1. NAVANTIA'S POLICIES, PROCEDURES AND GENERAL PREVENTIVE CONTROLS

Navantia's Compliance Management System handles its criminal risks by means of the following:

- General Controls, on which risk control is based, effective to mitigate a generic risk of committed offences (hereinafter, the "General Controls").
- Specific Controls, consisting of specific measures that seek to mitigate a particular criminal risk or group of certain criminal risks (hereinafter, the "Specific Controls").

The controls around which the Manual pivots enable any crime prevention plan in Navantia to constitute a structured and organic prevention system and effective control to reduce the risk of committing offences related to its activities.

Consequently, Navantia's compliance management system is built upon the following main **rules, policies, procedures and general preventive controls**⁴:

- **Business Conduct Code:** Navantia's Business Conduct Code falls within established canons to implement Business Conduct Codes in SEPI Group companies. Specifically, it follows these values: legal compliance, integrity and objectivity in business action, respect for individuals, protection of health and physical integrity, environmental friendliness, efficient management, adequate trading on international markets, data use and protection, and quality.
- **Ethics channel:** Whenever an employee wishes to inform the company of conduct that is contrary to the Business Conduct Code, he/she will directly address the Compliance Committee through this channel.
- **Segregation of functions:** For each one of the processes conducted in the company, functions are segregated amongst the various directorates (proposal, supervision, award and decision-making actions are allocated amongst various persons/directorates, to ensure adequate decision-making and business management).

⁴These general policies, procedures and controls are open-ended concepts.

- **Specific audits:** Navantia has an Internal Audit Management that defines and executes Annual Auditing Plans, under SEPI's supervision, in order to periodically verify the company's internal control systems. In addition, the Company undergoes financial, quality, occupational health & environmental, and personal data protection audits, and any others foreseen by law or under the various certifications binding the Company.
- **Training and communication:** Each year, Navantia launches a training and communication programme, which includes the objectives to be covered during such period in all matters deemed appropriate.
- **SEPI regulations:** Navantia's shareholder exerts control over the Company and supervises its activities. This control pivots around the rules governing the authorisation and supervision system for SEPI Group's acts and operations, by virtue of the provisions established in Articles 10 and 11 of Act 5/1996 (creating certain public law entities).
- **Occupational health & environmental regulations:** These specify the steps to take in occupational health & safety matters, and environmental friendliness.
- **Management procedure for conflicts of interest (P-CU-001):** This rule seeks to implement what is regulated in Navantia's Business Conduct Code in relation to "conflicts of interest". It examines when such conflicts arise and determines how Navantia will act in these situations, with respect to operations or decisions where the individual interest of the executing party actually or potentially, directly or indirectly, conflicts with Navantia's interest.
- **Anticorruption procedure (P-CU-002):** amongst the foregoing rules, the anticorruption regulation should be particularly noted. It seeks to regulate Navantia's actions in relation to the commitment contained in its Business Conduct Code, to comply with current law in all those countries where it operates, to particularly include its commitment to comply with any anticorruption laws and regulations in its relations with other companies, Spain's Public Administration and authorities in other countries.
- **Crime prevention procedure (P-CU-003):** This seeks to regulate Navantia's actions in order to avoid its legal representatives, de facto or de iure directors or employees, under the authority of the foregoing and further to corporate activities, acting on behalf of Navantia and to its benefit, acting in such a way as to constitute an offence under Organic Law 10/1995, of 23 November, of the Criminal Code.
- **Ethics Channel Policy (N-CA-005):** aims to establishing the guarantees and information principles of the Ethics Channel, as well as setting references for the various communication paths to be used by employees and third parties.
- Likewise, it establishes the support and protection measures foreseen by Navantia in order to handle any detrimental conduct that may affect any person involved in the communication process.
- **Special Board's procedure for action and decision-making in the event of a regulatory breach (P-CU-004):** This rule establishes which guidelines to follow in those cases where it is eventually ascertained that Navantia's employees or related third parties have committed or are committing an illegality of any kind, or a presumably criminal activity.

- **Procedure to handle disclosure obligations- Act 19/2013 (P-CU-005):** This rule establishes the guidelines and requirements to be followed in order to ensure disclosure, in this Compliance Manual amongst other documents.

Along with the foregoing General Controls, Navantia has another set of Specific Controls that are suitable to mitigate particular offences. These Specific Controls are gathered in the Crime Prevention Procedure (P-CU-003), which covers the offences that could hypothetically arise in Navantia, based on its scope of activity. Each criminal offence is associated to the main controls that are in place to mitigate such crime.

5.2. MANAGEMENT OF FINANCIAL AND MATERIAL RESOURCES

5.2.1. Controls related to financial, budgetary and treasury management

Navantia has a series of policies, procedures and controls in place regarding financial reporting and expenditure, endowing its system with full transparency and complementing its general controls. Consequently, Navantia has a financial model with the following hallmarks:

- Navantia's management models for financial resources follow SEPI Regulations and budgetary control procedures to be forwarded to SEPI.
- The purpose of its Financial Directorate is to carry out economic-financial management tasks, as well as financial and accounting control, auditing the accounting tasks carried out by Navantia's bodies with assigned functions in this field.
- Navantia is legally obliged, under its Business Conduct Code, to draw up and keep books, entries and accounts with a reasonable amount of detail, in an accurate and fair manner, of all its commercial transactions. Furthermore, it forbids the use of false documents and invoices, or book entries that are inadequate, vague or deceitful, as well as any other accounting procedure, technique or instrument that could conceal or cover up illegal payments.

Furthermore, Navantia evaluates the following information (amongst others):

- Legal information: It ascertains whether reasonable signs exist or are evidenced indicating that a supplier has participated in criminal conduct related to corruption and money laundering. Furthermore, whenever deemed necessary, a formal statement, signed by the supplier's legal representative, will be requested in order to confirm that the company has not been involved in any criminal procedure involving such offences.
- Financial, tax and corporate information: All national suppliers are requested to certify that they are up to date in their tax obligations.

SEPI, Navantia's shareholder, controls and follows up on the Company's activities. This control pivots around the rules governing SEPI's company relations, by virtue of what is foreseen in Articles 10 and 11 of Act 5/1996 (creating certain public law entities).

The Company has granted powers of attorney to limit the capacity to draw down funds, enter into contracts and act on its behalf before public authorities and courts. These powers of attorney are described by size of amount and based on their joint and several, or joint, nature.

Specific audits are conducted in order to provide an opinion on Navantia's annual accounts, indicating whether they provide a true and fair view of its equity and financial position.

Such control and management systems are also useful to ensure an adequate management of financial resources, as required by the Criminal Code. The foregoing will apply to the extent that such resources guarantee that books, entries and accounts are accurately kept, as well as an adequate internal accounting and financial control system.

■ 5.2.2. Financial and material resources

Navantia has endowed the Compliance Committee with the necessary financial and human resources to adequately and effectively run the Compliance Management System, as described throughout this Manual.

In its annual budgets, Navantia makes a specific economic assignment towards adequate and effective enforcement of its Compliance Management System.

6. ASSESSMENT OF CRIMINAL RISKS, CONTROLS AND MITIGATING MEASURES

Navantia has identified its activities by department, in order to prevent the commission of potential criminal offences, pursuant to what is provided in Art. 31.4 bis of the Criminal Code.

Navantia's criminal risk analysis covers the whole range of offences which, under the Criminal Code, could make a legal person criminally liable if committed by its legal representatives or employees, to Navantia's benefit, in the absence of implemented control measures to prevent and identify such criminal risks.

This is why a detailed study has been conducted on Navantia's processes, its activity and specific offences, reaching the conclusion that the risk of certain offences being committed as part of the Company's business is unlikely.

As a result of this analysis, and given Navantia's business activity and corporate object, described in this Compliance Manual, the conclusion may be reached that **no material risk exists** of the Company committing the following offences:

- Trafficking in human organs.
- Human trafficking.
- Prostitution, sexual exploitation and corruption of minors.
- Changing the price of raw materials or essential goods.
- False invoicing.
- Price manipulation.
- Stock market crime.
- Hijacking broadcasting or interactive services.
- Falsification of credit/debit cards and traveller's cheques.
- Hate and exaltation crime and offences committed when upholding fundamental rights and public freedoms.

- Falsification of currency and state-issued paper.
- Hindrance of inspectorate activities.
- Organised crime.
- Terrorism, involvement in terrorist organisations and groups.
- Genetic manipulation.

Below is a list of the criminal risks detected in Navantia. This notwithstanding, the commission of specific offences has not been ascertained, as these merely refer to **risks inherent to the type of business activity** carried out by Navantia.

Further to the foregoing, the Crime Prevention procedure (P-CU-003) explains the main control devices that Navantia has in order to prevent the risk of committing the following specific offences:

- Bribery.
- Influence peddling.
- Corruption of civil servants or authorities in international economic activities.
- Illegal funding of political parties.
- Business corruption.
- Fraud.
- Misleading advertising.
- Discovery and disclosure of business secrets.
- Subsidy fraud.
- Fraud against EU General Budgets.
- Fraud against the Spanish Tax Authorities.
- Fraud against the Social Security system.
- Breach and falsehood of accounting obligations.
- Offences against natural resources and the environment.
- Punishable insolvency.

- Attempted enforcement.
- Intellectual property offences.
- Industrial property offences.
- IT crime.
- Territorial arrangement offences.
- Crime against a person's privacy and family.
- Offences related to nuclear energy and ionizing radiation.
- Risk caused by explosive material and other agents.
- Offences against foreign citizens' rights.
- Public health crime.
- Smuggling.
- Money laundering and the financing of terrorism.
- Embezzlement.
- Price alteration in tenders and public auctions.
- Employment offences.
- Moral integrity offences
- Sexual freedom offences
- Offences to animals

In addition, as part of Navantia's Compliance Management System, a specific criminal risk has been identified which, albeit not entailing any criminal liability for a legal person under the Criminal Code, is considered particularly relevant in line with the Company's corporate object:

- Disclosure of secrets related to National Defence.

7. GOOD PRACTICES IN THE PREVENTION OF CROSS-BORDER CORRUPTION

On the matter, Navantia follows the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, dated 21 November 1997, which commits all the signatory states to effectively combating, in a coordinated manner, the bribery of foreign public officials in international business transactions.

Further to the provisions of this Convention, in cross-border corruption matters Navantia treats as **forbidden practices** any act used to promote an offer, payment, promise to pay or payment authorisation for any sum, offer, gift, promise to give or authorisation to give anything of value to:

- a foreign public official, in order to:
 - » influence any act or decision on the part of such foreign public official further to ii) entice such foreign public official to carry out or fail to execute any act, in breach of his legitimate duties, or iii) to obtain any undue advantage; or
 - » induce such foreign public official to influence a foreign government, or an instrument thereof, to affect an act or decision on the part of such government or instrument, or to influence the same, in order to help such person to obtain or withhold any business for or with someone, or to channel a transaction towards someone;
- a foreign political party or civil servant pertaining to a political party or any candidate to foreign political office, in order to:
 - » influence any act or decision taken by such party, civil servant or candidate acting in public office; ii) induce such party, civil servant, or candidate to execute or fail to carry out an act in breach of the legitimate duty binding such party, civil servant, or candidate; iii) obtain any undue advantage; or
 - » induce such foreign civil servant, foreign political party, civil servant pertaining to that party, or candidate, to influence a foreign government or an instrument thereof, in order to affect an act or decision on the part of such government or instrument, seeking to help such person obtain or withhold business for or with someone, or channelling business towards someone.

- any person who, aware that all or part of the money involved or item of value will be offered, delivered or promised, directly or indirectly, to any foreign civil servant, to any foreign political party or civil servant pertaining to such party, or to any candidate to foreign political office, seeking to:
 - » influence any act or decision on the part of such foreign civil servant, foreign political party, civil servant pertaining to such party, or candidate acting in public office; ii) entice such foreign civil servant, foreign political party, civil servant pertaining to such party or candidate, to carry out or to fail to execute any act, in breach of the legitimate duties binding such foreign civil servant, foreign political party, civil servant pertaining to such party or candidate; or iii) obtain an undue advantage; or
 - » induce such foreign civil servant, foreign political party, civil servant pertaining to such party or candidate, to use his influence with a foreign government or instrument thereof, in order to affect an act or decision taken by such government or instrument, in order to help the issuer obtain or withhold business for or with someone, or to channel business towards someone.

8. INFRINGEMENTS OF THE COMPLIANCE MANAGEMENT SYSTEM. NOTICE OF SUSPICIOUS CONDUCT AND DISCIPLINARY PROCEDURE

In addition to supervision and periodic follow-up, organisation and management systems impose:

- An obligation to report potential risks and infringements to the body in charge of supervising the operation and observance of the compliance system.
- A disciplinary system to adequately sanction a breach of any control and organisation measures established in the compliance system.

To this purpose, Navantia has implemented a channel through which to report on potential risks and infringements of its prevention model. Current labour laws will apply when adequately sanctioning infringements of any control and organisation measures established in its Compliance Management System.

8.1. ALERTS AND ANALYSIS OF SUSPICIOUS CONDUCT

Navantia has a Ethics Channel in place, the operation of which is regulated in the standard "Special Board´s Procedure to act and take decisions in a breach of the regulatory compliance system" (P-CU-004). It specifies that the object of such complaints are conducts covered by the Business Conduct Code, and it establishes measures to assure confidentiality.

Any employee with evidence of or who suspects the commission of a crime, or an infringement of any of the principles and values enshrined in the Company's Business Conduct Code and policies, must duly report it to the Compliance Committee, this being the body designated by Navantia as responsible for the Ethics Channel. The channels provided for the receipt of incident reports are an e-mail address (canaletico@navantia.es), through Navantia´s intranet or web page, at a presential meeting with the Compliance Committee, or by regular mailing address: Navantia, S.A., S.M.E. (Ethics Channel), Velázquez 132, 28006 Madrid, SPAIN.

In turn, the Compliance Committee, as responsible for the Ethics Channel, will receive these complaints and will entrust the verification of the reported facts to any Navantia´s body, or will directly order commencement of investigation proceedings through internal or external staff, who is qualified and offers experience in the matter in question.

Once the case related to each complaint is processed and resolved, a report will be issued and treated pursuant to P-SE-005 Procedure to Protect Classified Information at Navantia.

It is strictly forbidden to adopt any measure against an employee as retaliation or to inflict any negative consequence whatsoever due to making a complaint. All complaints must follow veracity and proportionality criteria.

All members of the Compliance Committee, the persons in charge of Compliance Actions and Compliance Processes, and any other person who, due to their position, needs to access a complaint, will guarantee the utmost confidentiality as to the identity of the complainants or collaborating parties, without prejudice to their legal obligations and the need to protect the rights of any entities or persons wrongly accused, or accused in bad faith.

8.2. PROCEDIMIENTO SANCIONADOR

For any infringements related to the Business Conduct Code and Compliance Manual, Navantia refers to current labour laws / the Spanish Workers' Statute / the Company's Collective Bargaining Agreement. Furthermore, if infringements are disclosed through the Ethics Channel, Navantia will also follow the Special Board's Procedure to Act and take Decisions in a breach of the Regulatory Compliance System (P-CU-004).

A failure to fulfil the principles and values recognised in the Business Conduct Code and Compliance Manual may entail employment sanctions, without prejudice to any administrative or criminal sanctions that may apply as a consequence.

If necessary, the Compliance Committee will propose the adoption of disciplinary measures in a potential breach. The Human Resources Directorate will be in charge of determining and executing such measures, in accordance with its sanctioning procedure and applicable employment regulations.

In any case, the Human Resources Directorate will liaise with the Compliance Committee in order to ensure that any disciplinary measures eventually ordered are in line with Navantia's Regulatory Compliance System and/or Compliance Management System.

9. DISSEMINATION AND TRAINING

Finally, in order to guarantee devices that ensure that there are effective measures to prevent the commission of criminal offences by Navantia's employees and executives, the company will circulate the Compliance Manual amongst all its Employees, and will arrange adequate training in criminal risk prevention matters.

9.1. DISSEMINATION

To ensure an adequate implementation of Navantia's Compliance Manual, it is essential that it be circulated amongst its employees.

The Manual, as well as its related protocols, must be notified to any Navantia Employees who are carrying out activities that may be exposed to a greater risk of corruption (affected directorates). All other company employees will be provided with the Anticorruption Policy.

The Compliance Committee is in charge of disseminating this Manual and its Annexes. Such Committee will ensure that it is circulated amongst all addressees.

All employees should be aware of and accept such Manual, and will be bound by the same.

The Anticorruption and Compliance Policies will be posted on the Company's intranet and web page.

9.2. TRAINING

An effective implementation of this Compliance Manual requires that employees be adequately trained and well-versed on the Manual and its related protocols. For this, the necessary formative action will be arranged in relation to this Manual, with a special emphasis on those departments and employees who, due to their tasks, are more exposed to the possible commission of offences. Such training plan will be taught each year and managed by the Compliance Committee, in conjunction with the Human Resources Directorate.

Navantia is aware that, by adequately training its staff and company members, awareness will be generated about any risks it may be exposed to, moving towards a new and better business culture. This is why the company seeks to ensure that all employees are aware of its rules of conduct by circulating the same.

Annual courses will be taught on the matter, with periodic reminders of this Manual, including any possible changes. Course attendance will be registered with a signed participant list. The possibility of establishing a partnership with an academic institution or external company, specialised in the matter, should be considered in order to ensure that the training taught is more specific and accurate.

Such training will contain at least the following:

- Definition of risks associated to corruption.
- Company policies related to this Manual.
- Brief description of Manual content.
- Explanation of red flags.
- Examples of risk situations.
- Procedure to report unusual or suspicious operations.
- Disciplinary consequences and individual employee liability.

Likewise, it will be necessary to formally register all employee training activities. Consequently, each Training Plan course attendant must sign to certify their attendance.

This Training Plan will be assessed each year, in order to confirm that it is updated in the event of future legislative changes.

10. FILING AND DOCUMENTATION

The Compliance Management System generates evidence for implementation, follow-up and supervision purposes. It also serves to confirm that the system is running and subject to ongoing improvement.

As a consequence, Navantia identifies, standardises and guarantees the safekeeping of any key evidence, proving the effective application of its controls. All documentation generated thereof is kept for a maximum of 15 years.

11. REVIEW FREQUENCY OF THE COMPLIANCE MANAGEMENT SYSTEM

Further to the requirements derived from Article 31 bis, section 5, 6th paragraph of the Criminal Code, the Compliance Management System will be audited. The outcome of this audit will be recorded in a report, consisting of (i) a description of any existing internal control measures; (ii) an appraisal of its operative efficiency; and (iii) any suggested rectifications or improvements.

Navantia expects such audit to be conducted on an annual basis.

This report is submitted to Navantia's Board of Directors within three months maximum since its issue date, in order to promptly adopt the necessary measures to resolve any defects identified.

In the case of defects that are not immediately remediable, the Compliance Committee will adopt and expressly submit to Navantia's Board of Directors a corrective action plan, to be included in the Annual Work Plan, with an exact implementation schedule. Such schedule may in no case exceed one calendar year.

Nevertheless, if decided by the Compliance Committee, during the two years following the issue date of this report, it may be replaced with a follow-up report. In this case, the report will just examine the suitability of the measures adopted to resolve any defects brought to light in the earlier report.

12. APPROVAL OF THE COMPLIANCE MANUAL

This Manual will come into force on the day following its publication within Navantia's Management System, once it is approved by the Board of Directors.

Navantia's Board of Directors has expressly empowered the Compliance Committee to make any minor and/or immaterial changes⁵ in the General Content of this Manual, as well as any amendments deemed appropriate in its Special Content.

The chairperson of the Compliance Committee will inform the Board of Directors of such changes at the meeting that immediately takes place after the Compliance Committee has decided to amend the Compliance Manual.

Changes will only come into force after the Board of Directors has been necessarily informed.

⁵For the purposes of this Manual, "minor and/or immaterial changes" will refer to those that do not alter the essential content of the Compliance Management System, in the terms foreseen in Article 31 bis of the Criminal Code.

13. REFERENCES

EXTERNAL RULES

Organic Law 10/1995, of 23 November, on the Criminal Code

Act 2/2023, of February 20th, regulating the protection of persons informing on regulatory infringements and the fight against corruption.

DOCUMENTS IN NAVANTIA'S MANAGEMENT SYSTEM

	Anticorruption and Compliance Policy
N-CA-000	Corporate Governance Code
N-CA-000.01	Navantia's Business Conduct Code
N-CA-000.05	Compliance Committee Regulations
N-CA-006	Ethics Channel Policy
N-001	Navantia's Management System Regulations
P-CU-001	Management of conflicts of interest
P-CU-002	Anticorruption
P-CU-003	Crime prevention
	Special Board's Procedure for acting and decision-making in the event of a breach of the Compliance Management System
P-CU-004	

OTHER DOCUMENTS OF REFERENCE

	Foreign Corrupt Practices Act (FCPA)
	The UK Bribery Act
	ISO 37002:2021 Management system for the reporting of irregularities
	ISO 37001:2016 Antibribery management system
	ISO 19600:2015 Compliance management system
	UNE 19601:2017 Compliance Management System



Navantia