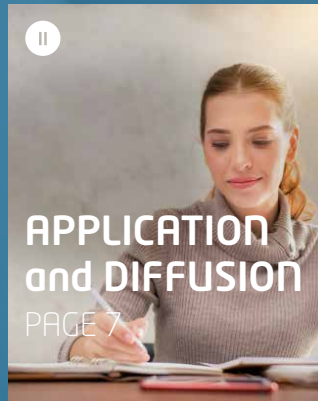


CODE OF ETHICS AND CONDUCT



Gonvarri
Industries

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CODE OF ETHICS AND CONDUCT

The Code of Ethics and Conduct of Gonvarri Industries (hereafter referred to as “The Code”) is a declaration of the **values, principles and behavioural guidelines** that all employees of the Group must adopt in the execution of their professional activity. The Code deals with issues such as the relationship with customers, service providers, employees, suppliers and the community; it will secure and strengthen the existing trust between the Group and third parties.

Our express desire is that the Group provides a **favourable environment** for our customers and their commercial transactions, as well as being a place where our employees enjoy working. We wish to be able to count on the respect and good will of the communities in which we carry out our activities and commercial operations.

Gonvarri Industries considers that its reputation and public image are its major assets due to the enormous importance of its relationship with customers, suppliers, service providers, employees, managers, share-holders, government bodies and the society as whole.

All of this is possible to achieve if we adhere to the Code of Ethics and Conduct and the laws that regulate our actions. All those who work for the Group should make this their objective. The Code of Ethics and Conduct will be communicated to all the directors, managers, employees and partners of the Group. Similarly, the Code will be shared with all suppliers, customers and third parties who may be affected by the Group’s activities, for their acceptance of the rules of conduct and values contained in the Code.

OUR VALUES AND PRINCIPLES

Gonvarri Industries understands Social Corporate Responsibility as a model of responsible management and a commitment to ethics, transparency, justice and collaboration with our Service Providers, independent of the field in which they operate.

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I. OUR VALUES AND PRINCIPLES

Our points of reference are our values: honesty, humility, tenacity and hard work, which have been transmitted by our founder since the very beginning of our activities. These values form the guide of conduct for all of our employees, directors, managers and service providers.

Our values and the Code of Ethics and Conduct are the pillars on which our Corporate Responsibility is founded. This guides the development of our corporate principles, as will be summarized forthwith.

Our customers are at the centre of our business. We are dedicated to designing the solutions that they require in collaboration with them and adapting our capabilities to their needs, based on terms of quality and variety of product and service. As a team, we seek out new opportunities that will consolidate their success because we consider that the success of our customers results in our success.

In our efforts to find solutions to the challenges our customers confront us with, we have directed our model of internationalization towards a matching of our resources to meet their operative requirements. This has led us to have operations in several countries in which we have insisted on the creation of local networks that ensure that our relationships with the communities in which we are integrated is of mutual benefit.

We encourage the advancement of our employees. Honesty, humility, tenacity and hard work have characterized our business since it started. These values allow us to establish trust with all those with whom we work with.

We are convinced that business in the 21st century is based on bolstering its employees initiative. For this reason, we promote the ideas of our employees and their capacity to carry them out. We also promote dialogue between our team and the members of all the communities involved by sharing our objectives, values and beliefs.

We lead the change. We are living in a moment of major change in the social and economic contexts that demands a re-thinking of processes and a new focus on our industry's value chain.

Innovation has formed a part of our DNA since our earliest beginnings and characterises our management philosophy. This has helped us to confront the different and always complex circumstances of the markets in which we operate.

This management philosophy, along with a strong commitment to the use of new information and communication technologies when working with our interest groups makes us active participants in the Third Industrial Revolution.

Economic, social and environmental. We know that the sustainability of our business depends on our capacity to offer positive economic, social and environmental results.

We have designed a development strategy that integrates environmental management into all our activities. We consider environmental management as a basic component of the upcoming industrial advances of the near future. Responsible progress will be the only possible permissible progress.

We believe that constant re-investment and innovation are the key to maintaining competitiveness in any business. For this reason, we dedicate our resources to the continuous improvement of our services, our range of solutions and our manner of supplying them, making our suppliers participants in our initiatives and principles, in a framework that guarantees respect for rules and legality.

II APPLICATION AND COMMUNICATION

The Code of Ethics and Conduct provides a framework for common conduct to be shared by all of the employees, regardless of their function, position within the Group or their geographic situation. Along with our Mission Statement and our values, the code represents an integral part of the Group's culture.

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II. APPLICATION AND DIFFUSION

The Code will be applicable to all the Companies of the Group, as well as to those Companies in which it has effective control. In those companies which are minority investments in which the Code is not applicable, the Group will promote principles and guidelines consistent with those established in this Code.

The Code will apply as follows, whether to a natural person or a corporate entity:

- a) **Employees of the Group**, regardless of the contractual terms that determines their employment relationship, position within the company or the geographical location in which they work.
- b) **Senior managers of the Group**, regardless of the contractual terms that determines their employment relationship, position within the company or the geographical location in which they work. Senior managers shall be considered to be executive officers, defined as those who have direct dependence on the Board of Directors or the chief executive officer of the company, and all directors and department heads. All executive officers must know the content of Gonvarri Industries' Conduct Code and comply with it.
- c) **Managers of companies and other entities that make up the Group**, regardless of the composition, form and operations of the company.
- d) **Service providers of the Group**, not direct employees, regardless of the contractual terms determined by their employment relationship, position they occupy or the geographical location in which they work including self-employed or subcontracted workers.

The employees, directors, managers and service providers of the Group are obliged to know and respect the Code, to this regard they will receive mandatory training with regards to their knowledge and decision making.

The Group will adopt the necessary measures to activate the set of values, principles and rules that make up the present Code by communicating its content, answering and solving any doubts that its application can generate.

In order to effectively communicate the Code, the Group will make it available to all employees, directors, managers and service providers of the Group through its web and intranet, and through the necessary internal communication mechanisms, together with the training programs that will ensure the achievement of this objective.

For this purpose, the Group shall provide the necessary training to its employees, directors, managers and service providers. As far as possible, the Group shall attempt to commit the recipients of this Code to compliance so that those values, principles and standards, along with the specific applicable regulation, govern the performance of their activities within the Group.

No employee, director, manager and of the Group may justify any breach of the rules within this Code by alleging ignorance of the content of the Code. No one, regardless of their position in the Group, is authorized to request another person to contravene what is established therein.

In case of discrepancies between the law or local regulations and this Code, the more stringent regulation or law will apply, complying with the compulsory regulation in each jurisdiction always.

All employees, directors, managers and service providers are subject to compliance with the following obligations:

1. Obtaining the necessary training to understand the Code.
2. Knowing the Code and making their decisions according to the principles and the policies that come from the Code.
3. Communicating responsibly any incidence of the existence of processes and actions that contravene the provisions of this Code.

The present document does not intend to cover all possible situations that may arise in the professional environment, but instead seeks to establish basic rules that serve to guide all employees, directors, managers and collaborators on how they should act whilst carrying out their professional activities.

III STANDARDS OF CONDUCT

All directors, managers, employees and collaborators are responsible for knowing and complying with the applicable regulation according to their area of responsibility and workplace, having to accomplish their functions and obligations with full respect of established procedures.

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Drive
Gonvarri Industries
Road to success

III. STANDARDS OF CONDUCT

All directors, managers, employees and service providers are responsible for knowing and complying with all applicable laws and regulations covering their area of responsibility within the workplace, work activities should be completed in compliance with such laws and regulations.

In case of doubt, employees will be able to obtain help on how to comply with the content of this Code and the other rules that are applicable through the Compliance Committee via the Ethical Channel.

Breach of the rules described above may result in civil and or criminal liability, without prejudice to any disciplinary actions affecting them, which may include dismissal.

In addition to complying with this Code, the rules applicable in each case and the internal procedures of the Group, all directors, managers, employees and service providers must behave ethically in all their professional actions and avoid any conduct that, even without violating the law, may adversely affect the reputation of the Group and adversely affect its interests, reputation or public image.

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III. STANDARDS OF CONDUCT

1 Legality

The Group declares its promise to comply with all applicable regulations and laws. The executives of the Group and, in general, all the recipients of this Code will strictly comply with the laws and regulations taking into account the content, spirit and purpose of national and international laws applicable to the businesses of all the Companies of the Group. They will also respect the commitments and obligations assumed by the Group in its contractual relations with third parties, as well as the uses and good practices of the countries in which they operate.

The Group declares its promise to comply with fiscal and customs regulations, as well as with international trade sanctions and restrictions.

Any doubts about the application of certain legal provisions or about how to interpret them should be communicated to the Compliance Committee through the Ethical Channel. Although many of the Group's activities are subject to complex and constantly changing legislation, a lack of knowledge of the law will not be considered a valid defence in case of breach.

The Group actively collaborates with Government bodies, Unions and Local Authorities, any consultations with them must be managed in accordance with the Group's internal policies and procedures.

2 Our commercial integrity and competitiveness

Gonvarri Industries' passion to achieve success means that we compete fairly and efficiently in all of the markets in which we carry out our operations. For this reason we expect that all our personnel carry out their commercial activities with the aim of improving the Group's reputation.

All employees, directors, managers and service providers, and in particular, those, whose functions are related with commercial activities, should always:

- Carry out all commercial activity in accordance with the laws, regulations and agreements pertaining to the countries in which they operate.
- Compete fairly in all markets and record every commercial transaction in the appropriate and correct manner.
- Oppose all forms of illicit trade and cooperate with the authorities against it.
- Bring value and offer quality and service to the markets in which the Group participates.
- Avoid collecting confidential information about markets, products or competition in an unlawful or unethical manner.
- Protect confidential information in its entirety and not use it for personal or third party benefit.
- Respect intellectual and industrial property rights.
- Corrupt practices are unacceptable and bribes or any other unjustified payments or benefits of any kind to third parties should not be received or suggested, nor gifts or entertainment accepted beyond the limits set forth in the "Rules of Behaviour in respect of Incentives, Gifts or Invitations" of the Group. In cases where doubts exist, these should be communicated for discussion with Compliance Committee through the Ethical Channel.
- Employees will not participate in activities that carry with them, or give the appearance of conflict between their personal interests and the interests of The Group, according to the limits established in this Code and in the applicable internal rules. In cases where doubts exist these should be communicated for discussion with Compliance Committee through the Ethical Channel.
- Our employees will always observe caution when exchanging information when dealing with our competitors, where doubts exist these should be communicated for discussion with Compliance Committee through the Ethical Channel.

III. STANDARDS OF CONDUCT

3 Honesty and Integrity

All employees, directors, managers and service providers of the Group must be honest and trustworthy in all negotiations in which there are interests of the Group and they will fulfil the commitments required.

In the same way, they will protect the confidentiality of the information, as well as the information that concerns customers, shareholders, employees, directors, managers, service providers or suppliers.

4 Our suppliers

Gonvarri Industries is a Group that will maintain a fair and honest relationship with suppliers and subcontractors, from their selection until payment.

The relationship with our suppliers is based on the quality of the product or service and their business and commercial practices including ethical behaviour, transparency, compliance with applicable legislation and respect for human rights in those countries in which they operate.

Our employees, directors and managers should place the interests of the Group above their own in any negotiation, and carry out such negotiations with complete transparency.

Our suppliers, contractors and service providers will always be selected and evaluated with impartiality, rigor and objectivity, avoiding any conflict of interest or favouritism in their selection when also considering environmental, health & safety and social issues.

This process will always be applied accordingly to the content of the Group's internal policies.

The prices and information given in the selection process by the suppliers must be treated in a confidential way, and not disclosed to third parties unless the supplier gives consent or as a regulatory legal obligation.

In regards to compliance, it is requested that they accept our guide of Conduct for Suppliers and share the present Code of Conduct. Whenever necessary any audits required in order to improve internal control will be carried out.

No employee, director, manager or service provider is permitted to receive gifts, commissions or any rewards including gifts of any description from our suppliers and contractors, subject to the limits established in the "Rules of Behaviour in respect of Incentives, Gifts or Invitations".

III. STANDARDS OF CONDUCT

5 Our customers

The relationship with our customers is based on service and the quality of the product, and common business interests and commercial practices, which include ethical behaviour, transparency, compliance and respect for human rights.

Our customers are an integral part of Gonvarri Industries and the way we operate the business, both in terms of our working relationships with all interested third parties and our commitment to comply with regulations and laws, because of this we share with our customers our values and our principles established in this code.

6 Our sector's competition

The Group declares its promise to compete in the markets in a fair and transparent manner, in strict compliance with country specific and International Competition Laws in which it operates, this being an inescapable and restrictive principle in its strategic and commercial activities.

The Group commits itself to promoting free competition for the benefit of consumers and users, complying with antitrust regulations, and avoiding any conduct that constitutes or may constitute a collusion, abuse or restriction of competition.

In addition, and in consideration of the fact that the contracts or agreements may be considered restrictive of competition or illegal regardless of whether or not they are formalized in writing, all personnel should avoid participating in any discussion, contract, project or agreement, both formal or informal, with competitors or potential competitors, whose objective is fixing of prices, sales terms or supply of products, distribution of market shares, allocation of customers or any other activity that restricts or could restrict free competition in the markets.

Administrative bodies, judges or courts may impose fines and, in some cases, long prison terms on persons involved in violations of competition laws, both individuals and companies.

Given the serious legal consequences, both civil and criminal, and that such violations could expose the Group, Gonvarri Industries will take all reasonable actions to ensure that employees, directors, managers and service providers commit to the aforementioned laws. In addition, the Group will take actions to prevent any conduct that may be considered illegal or contrary to such laws.

Ignorance of the Law, acting in good faith or the confirmation of the lack of time to query the Compliance Committee through the Ethical Channel will not be accepted as a justifiable circumstance of any conduct contrary to the principles contained in this document.

Any doubt regarding the application of the above principles should be presented to the Group's management before any action is taken.

In addition, in case of detection of any conduct that may be identified as contrary to the principles of free competition in the markets and related Laws, must be communicated through the Groups "Whistle-blower" procedure.

III. STANDARDS OF CONDUCT

7 Our personnel

The entrepreneurial spirit of our employees constitutes one of the greatest assets of our organization. All personnel should be treated fairly and justly and be fairly recompensed for their achievements.

The actions of representatives, whose functions within the Group will always be adjusted to the quantitative and qualitative limits established in their respective powers, regardless of each country's legislation, will always be inspired by the principles and values set forth in this Code.

The Group supports and backs up the principles incorporated into the World Statement on Human Rights, International Labour Organization Agreements (ILO) and the Organization for Economic Cooperation and Development. All workers should respect the following established principles.

I Management of personnel

We avoid any form of discrimination by following our procedures from the selection process to the definitions of profiles and job descriptions. We ensure that promotion is linked to merit, competence and individual capabilities. This section also covers the establishment of the conditions for payment, training, follow-up and evaluation of performance.

We are a Group that employs its personnel from a solid basis of respect, equality of opportunities and which is committed to developing a strong diverse labour force and providing a working environment in which everyone is treated with respect, independently of gender, race, sexual identity, age, disability, religion or ethnic origin.

In particular, the employment of minors or forced work will not be tolerated in our operations or in the operations of our suppliers, service providers or clients in any of the countries in which they operate.

II Absence of Discrimination and Harassment

Abuse of authority and any type of harassment, whether physical, psychological or moral, as well as any other conduct that may create an intimidating, offensive or hostile work environment for employees is prohibited.

All personnel should be cautious in their dealings with their work-colleagues in the workplace, in particular in regards to junior personnel in the company hierarchy. They should be alert to possible harassment in the workplace and to carefully manage any emerging problem.

All action that constitutes harassment is considered a serious conduct issue. For such matters we have developed a Harassment Prevention Guide and Protocol, applicable to all the Group, via which the principles and guidelines for action are outlined, these should serve to prevent, and in specific cases, correct this type of conduct.

III Freedom of association

The Group respects the right to people's freedom of association, syndication and collective bargaining, so we work with our personnel as individuals and also via Trade Union in accordance with legislation and local custom and practice.

IV Conciliation of working and professional life

The Group establishes initiatives and measures intended to achieve a balance between the professional and personal lives of its employees, directors, managers and service providers in its Corporate Social Responsibility Strategy.

These measures should be in accordance with the local regulations and customs of the countries in which we operate.

III. STANDARDS OF CONDUCT

V Health and safety

Gonvarri Industries considers Safety as a key aspect of management. The Group is committed to maintaining adequate and sufficient levels of preventive strategies for the health and safety of their workers, strategies that are restrictive and inescapable requirements in our production activities.

The Group understands that the prevention of risks associated with its activities is a priority and strategic objective in the management of their companies. The Group must maximize its efforts in developing and promoting safe behaviours, and in establishing a healthy workplace, with safe equipment and work conditions for all those who provide services in our plants.

All employees and service providers should take the Prevention of Workplace Risk into account and deliberately apply its principles in a responsible manner in any activity they carry out as with any decisions they make. It is to be considered an inseparable part of work activities and decision-making they are contracted to carry out. The stated Health and Safety policy should guide all actions.

VI Working Conditions

The plants should guarantee the best possible working conditions for their personnel, providing them with equipment, which has been developed with safety prevention principles forming part of its intrinsic design and conception. Safety should be preserved via the maintenance and updating of installations and equipment, and any remaining risks should be identified. Information about any remaining risks that cannot be eliminated and obligations to keep in mind, are to be detailed.

VII Management of the Prevention of Workplace Risks

The Group's workplaces have efficient and certified Systems of Management of the Prevention of Workplace Risk. Approval and implementation of the system is led by the respective management departments.

These systems follow integrative preventive principles. These are to be applied to every activity carried out, ordered or supervised and to any decisions adopted which will take the various systems defined in the Corporate Procedures established to this effect as reference.

VIII Qualification, Training and Communication

All personnel of the Group should have theoretical and practical training and qualification in safe work practices, knowledge that must form an indispensable part of their professional development. All personnel should understand workplace safety as an integral part of the responsibilities required of them.

Each workplace should maintain a communication, consultation and bi-directional participation system in the workplace and with the corporate management, keeping its personnel informed as to all aspects of interest related to workplace health and safety with the aim of continuous improvement and the sharing of experiences.

Health and safety procedures should never be compromised in order to give preference to operational objectives.

Unsafe behaviours that could have consequences for personal safety or for the safety of colleagues will not be tolerated in any way. Instructions given and established by the Company and the specific workplace must be scrupulously respected.

Employees, directors, managers and service providers are also required to obtain the necessary training to know the Code of Ethics and maintain ethical behaviour.

IX External workers

All external employees working in our installations must maintain and respect the same level of health and safety as in-house workers, both in terms of risks relative to our installations as to those derived from their respective activities. The necessary procedures for coordination, control and supervision must be established with the external companies responsible for the correct execution of the required work.

X Privileged Information

All employees, service providers, managers and administrators of the Group are forbidden to use privileged information to which they may have had access to in the performance of their duties or by their position, for own benefit or a third party.

Any transaction, in which the use privileged information is suspected, must be communicated through the Ethical Channel in order to take appropriate action.

III. STANDARDS OF CONDUCT

8 Relationship with government bodies and political parties

Gonvarri Industries declares its political neutrality in all of the countries in which it operates and the non-financing of either political parties or their representatives.

All relationships with government bodies and local authorities will be carried out with complete transparency, collaborating with Public Bodies will be in an impartial fashion.

With regard to employees, managers, administrators and service providers, the Group respects the rights to exercise free speech and freedom of political beliefs in all cases when such rights do not interfere with the execution of their professional duties and when it is exercised outside of working hours.

In the supposed case that any employee, director, manager and service provider perform any public activity outside of work, they should consult with the Compliance Committee through Ethical Channel for their scrutiny and evaluation as to any possible conflict of interest.

All employees, directors, managers, as well as any external person who provides services to the Group, must behave in such a way that they do not induce public officials to breach their duties of impartiality or any legal precept in their relations with national public administrations, third countries and international organizations.

Members of Gonvarri Industries are prohibited from giving gifts to government or public employees, public officials or members of their families, as well as the financing of political parties or their representatives with whom they are related due to their work.

9 Relationship with the local community

Gonvarri Industries intends to be a responsible neighbour and to respect the human rights of the people in the local communities of the countries in which they operate, establishing adequate provisions that guarantee their compliance, especially in groups deemed most vulnerable.

Our activities will be carried out in very diverse locations and situations, where the local necessities and impacts are also highly variable.

The actions, investments, donations and community project developments in relation to social issues and support to local communities will be established by the individual production centres with the aim of providing help in accordance with the real necessities of each location.

In line with the principle of transparency, any foreseen collaborations and donations should always be communicated and approved given according to Group internal policies. They should be correctly recorded and carried out in association with appropriate entities or foundations with recognised prestige who do not represent any risk to the reputation of the Group.

In addition, any Group Company that makes a donation or sponsorship should follow, as far as possible, the contribution made, in order to know the destination and the use of it, ensuring the good end of the contribution and avoiding reputational risks for the Group.

III. STANDARDS OF CONDUCT

10 Absence of conflicts of interest

It will be considered that there is a conflict of interest in situations in which the personal interest of the professional and the interest of any of the Group's companies clashes directly or indirectly. There will be personal interest of the employee when the matter affects him or a person related him or her.

No decisions, operations or activities may be carried out if they involve or may involve conflict of interest, except through prior and written authorization from the Compliance Committee, which will be informed through the Ethical Channel. The interested party must abstain from taking any action in this regard until their query is answered.

The definition of the situations that will be considered as Conflicts of Interest, the identification and the management measures are analysed at length in the corporate regulations, whose knowledge is mandatory by all employees, directors, managers and service providers of the Group.

These measures must in accordance with local laws, regulations and customs in the countries in which it operates and customised for each employees role and responsibility.

11 Minimization and control of environmental impacts

Gonvarri Industries promotes the adoption by all of its employees, directors, managers and service providers of a careful and active attitude in the management, control and minimization of the environmental impacts of our activities.

The management of the Group considers respect for the environment in the course of our productive activities, throughout the life cycle of the product, to be strategic and promotes an active respect for the environment on the part of all of its employees.

Our installations are equipped with efficient management systems that assure compliance with legislation and continuous improvement in environmental management, permitting unification of environmental practices in all the companies of the Group. Likewise, our commitment is to adapt and to use the best available technologies in our installations and to include environmental concerns in the design and implementation of all of our operations.

We periodically develop training programs for all our employees, directors, managers and service providers to raise awareness of these issues. These courses are also especially directed towards those employees who are responsible for the management of installations and personnel who work with clients and suppliers.

Our work is oriented towards the optimization of the use of natural and energy resources, and the minimization of generated waste along with its recycling and re-use whilst reducing and controlling contaminated waste and pollutants.

The Group hopes that, in this manner, its employees actively work towards the reduction of environmental impact in the course of their activities, seeing it as a means to achieve the best-possible protection of our natural environment. Employees should be familiar with and comply with the legislation and environmental regulation applicable to their specific area of operation and with what has been established in the Environmental Policy.

III. STANDARDS OF CONDUCT

12 Care of assets, data protection and management of information

Gonvarri Industries places their assets at the disposition of their employees, directors, managers and service providers. These should be cared for and not used for other ends. Also, the policy of the Group is to maintain privacy of information and to protect data.

I Assets

All employees, directors, managers and service providers should make adequate and appropriate use of the equipment, installations and resources placed at their disposition for the realization of their activities and functions, not using them for any other end and protecting them against damage, loss or theft.

They may not misappropriate the assets of the Group or make any kind of disposal or mortgage without the proper authorization.

II Privacy and Management of Information

The Group has established the necessary mechanisms for the maintenance of the privacy of information and the protection of their employee's, provider's, client's, public institutions, business partner's and service providers data as well as their right to privacy and the management and appropriate care of documentation in accordance with its level of relevance.

All employees, directors, managers and service providers should follow the instructions established for the generation, treatment, archiving and destruction of documentation related to their work activity.

Likewise, they should not reveal and should maintain all information acquired in the course of their employment in a confidential manner. If, due to their function within the organization, they are required to share information with third parties they should make sure to have an agreement of confidentiality signed. In case of doubt, the necessary clarification should be sought by the Ethical Channel.

III Use of the electronic devices

The employees will carry out proper business use of the electronic devices (computers, mobiles, smartphones, tablets, etc.) that the Group provides to them. The electronic devices could be examined, if considered necessary, always in compliance with the local laws and regulations regarding this subject.

Only use of a working character is permitted in relation to the internet. It should not be used for personal ends. The use of the internet with illegal, inappropriate or obscene intentions is expressly prohibited. In addition, special care should be taken with the use of any information obtained from the internet if it is restricted by laws that protect intellectual or industrial property rights and in particular in cases concerning computer programs downloaded from the internet. In the case in which any incident related to security matters is detected an incident report will be opened using the Help Desk application.

The Group establish and places normative security procedures for information at the disposal of all its employees, directors, managers and service providers that are independent of the format and platform of the information (printed, written, electronic, video, audio etc.). The applicable policies relating to categorization and treatment of information, as well as procedures and norms for security applicable are accessible via the corporate intranet.

III. STANDARDS OF CONDUCT

13 External Communication

The Group considers its image and reputation as one of its most valuable assets to preserve the trust of its shareholders, customers, professional advisors, suppliers, authorities and its own staff.

All employees, directors, managers and service providers should take great care when transmitting information about the Group outside the company, independently of the means used (press releases, interviews with media, comments on social networking site etc.).

Messages or statements that may damage the image or reputation of the Group cannot be emitted (for example in notes written on manuscripts or in emails), nor are personnel allowed to express personal opinions on behalf of the Group that may be contrary to the Group's Values established in the Code of Ethics and Conduct

When any of the companies that form a part of The Group is involved in an external intervention of some kind whose publication could have important repercussions in the media, either because of its content or due to the sensitivity of the matter it deals with, it should be communicated through the Ethical Channel before its publication for revision and approval.

14 Truthfulness of the financial information

The financial information of the Group accurately reflects the reality of its economic, financial and equity situation, following both national and international accounting principles and standards, as well as the following specific principles:

- **Truthfulness:** it must be a faithful reflection of the reality of each company and the Group.
- **Integrity:** it must reflect the economic situation in its entirety, that is, it must be embedded, complete and without exclusions that could generate vitiated or partial financial information.
- **Uniformity:** it must be elaborated, prepared and transmitted following the same criteria in every one of the companies of the Group.
- **Authorization:** must be previously authorized and formed in the Group's financial policies and principles.

No one is authorized to conceal or distribute records or accounting reports of the Group; All communication of economic, financial and patrimonial information must be made by the competent bodies of the Group and with the modalities established by them.

III. STANDARDS OF CONDUCT

15 Prevention of money laundering

In order to prevent money laundering or terrorist financing, employees, directors, managers and service providers of the Group should pay special attention to cash payments that are unusual because of the nature of the transaction, payments made by bearer checks or those made in other currencies than those previously agreed upon.

In those operations or activities in which there is a risk of money laundering, the Group has the obligation to adopt compliance measures based on the identification of the client and to collaborate with the competent authorities.

In any case, the internal regulations of the Group must be followed and it is expressly prohibited to make or receive payments of more than two thousands, five hundreds euros (2,500 €) in cash under any circumstances

If there is any suspicious operation and there may be a risk of money laundering, it must be communicated through the Ethical Channel in order to take appropriate action.

16 Anti bribery and corruption struggle

Bribery or corruption are not tolerated. Corrupt practices are unacceptable, and bribes or other unjustified payments to third parties should not be received or made.

Neither the request nor the acceptance of gifts or entertainment activities beyond the limits set forth in the "Rules of Behavior in respect of incentives, gifts or invitations" of the Group.

In case of doubt, they should transfer the query through the Ethics Channel to the Compliance Committee.

If there is any suspicious operation and there may be a risk of corruption or bribery, it must be communicated through the Ethical Channel in order to take appropriate action.

IV MONITORING AND CONTROL

- 1 Disclosure, communication and monitoring.
- 2 Compliance committee.
- 3 Ethical channel (communication and reporting).
- 4 The Disciplinary System.

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IV MONITORING AND CONTROL

1 Disclosure, communication and monitoring

Employees, directors, managers and service providers of the Group must know and expressly accept the entire content of the Code and, in particular, the principles and rules of conduct established therein. Compulsory training will also be provided to ensure the complete knowledge of the Code.

Any employee, director, manager and service providers of the Group, any customer, supplier, or any person in general, may report the supposed breaches of the Code detected in any of the companies of the Group or in the group as a whole.

In this sense, the Group will make available the necessary procedures and mechanisms through the Ethical Channel, which will allow notifying any breach of the principles contained in this Code anonymously and without fear of reprisals.

The Whistleblower Channel included in the Ethical Channel is configured as a mechanism for receiving and managing complaints through PC application, telephone, email or ordinary mail, which will be managed by the Compliance Committee, responsible for the primary management of reports or complaints received.

The complaints management procedure will ensure anonymity in all of its phases and non-retaliation.



IV MONITORING AND CONTROL

2 Compliance committee

The Compliance Committee is an internal consultative body responsible for promoting the Group's values and rules of conduct, as well as for monitoring, communicating, disclosing and supervising the Code.

The Compliance Committee is also responsible for handling the Ethical Channel, managing and solving doubts, queries and complaints received through the Channel.

As part of its commitment to transparency, the Committee maintains a statistical register of its activities and provides answers to internal and external information requests. A yearly report detailing the level of usage of the Channel by employees, directors, managers and collaborators is issued, although this will not incorporate sensitive or confidential information.

Regarding the resolution of conflicts, the Compliance Committee acts in an objective and impartial manner, guided by the principle of presumption of innocence, so the Group can undertake the necessary steps. Likewise, it acts in order to guarantee that those employees or third parties who have communicated in good faith any presumed behaviour not compliant with the principles contained in the Code will be protected from any type of retaliation.

The "Compliance Committee Statute" defines and governs the functions and standards of the Compliance Committee.

The **main responsibilities** of the Compliance Committee are:

- Updating, improving and modifying the Code of Ethics and Conduct.
- Managing the Risks found out in the the Compliance Model.
- Carrying out an annual plan for the control, supervision and evaluation of the Model, monitoring the effectiveness of the control measures implemented.
- Supervising, controlling and assessing the overall functioning of the Regulatory Compliance Model.
- Ensuring the proper management and operation of the mechanisms for reporting breaches, compliants and queries in the Gonvarri Industries Group (Ethics Channel).
- Supporting the Governing Bodies and Management in the decision-making process in the event of potential non-compliance operations.
- Ensuring that all the Company's personnel are properly notified of the controls implemented in the Group and making part of the Compliance Model that is applicable to them, as well as of any amendment or update to these ones, and to guarantee that all control owners are notified of the list of controls that are under their responsibility.
- Ensuring adequate training and disclosure to the organisation as a whole with respect to the relevance and importance of the compliance strategy and the Compliance Model of Gonvarri Industries within the Group's corporate culture.
- Promoting regulatory compliance training activities in coordination with the other areas involved.
- Managing and maintaining the reporting mechanisms set up between the different areas involved in the Model.
- Correcting deviations detected in the accomplishment of the Code, to lead by example and to promote consistency in the interpretation and application of the Code worldwide within the Group.
- Regularly (or extraordinarily) inform the Chief Executive of the risk areas that could affect the Group, of the results of the Model's assessment and of the controls and actions plans that have been carried out.
- Informing the President, the Board of Directors and the Board's Executives Committees of the main compliance issues through regular (or extraordinary) reports.

THE ADMINISTRATIVE STRUCTURE OF THE CODE OF CONDUCT

The Compliance Committee is an independent body attributed of powers of initiative and control, legally commissioned for monitoring the effectiveness of the Group's internal control compliance system.

The Committee will be provided with sufficient resources to perform its functions independently, supported by the Internal Audit and Compliance Department.

The Board of Directors is responsible for the configuration of the Compliance Committee seeking in all cases to ensure the most suitable arrangement to guarantee the proper representativeness and the effective operations of the Committee.

The Compliance Committee will be comprised of a minimum of four members.

The Compliance Committee will be formed by one member from the Internal Audit and Compliance Department, one member from the Finance Department, one member from the HR Department and one member from the Legal Department, all of whom are directly appointed by the Board of Directors of Gonvarri Industries.

Depending on the specific cases, the Committee may be provided with additional resources, or may request technical or legal support or collaboration from other department or, when necessary, external assessors.

IV MONITORING AND CONTROL

3 Ethical channel (communication and reporting)

The best manner of preserving trustiness is that in any situation in which personnel have legitimate suspicions that non-compliance conducts have occurred, they are aware that they have a safe, confidential and favourable environment in which they can express their concerns without fear of reprisals.

Users of the Ethical Channel should approach the Compliance Committee through the Ethical Channel to inform it of any inappropriate situation or bad practice, query or doubt that should be brought to its attention.

If a person sincerely believes that one of the situations outlined in the Code has occurred or could occur, they are asked to put such information in black and white and provide all the evidences in the case. Given that, it is much more difficult, and sometimes impossible, to investigate suspicions communicated in an anonymous manner, all persons are asked, in good faith, to identify themselves in order to begin the investigation of the complaint that will be then anonymized, guaranteeing confidentiality throughout the process.

It is possible, however, that the person may be asked to provide lately further information although it will not be required to participate directly in the investigative process.

The process will ensure the anonymity of the user, security and confidentiality during all phases of the investigation of the complaint as well as non-retaliation.

Nonetheless, no guarantee of total anonymity can be given, as it may be possible that testimony will be required in any resulting internal or external procedures.

The person who has expressed their concerns will not be made responsible for their expression nor for not having expressed them earlier whenever it is the case that the person has a legitimate conviction that an inappropriate situation of the type previously mentioned exists. Nonetheless, any accusations expressed maliciously or that lacks foundation will be considered a serious or a very serious infraction of conduct, which could lead to disciplinary action.

The Compliance Committee receives through the Ethical Channel communications about:

- Behaviors not compliant with the Code of Ethics and Conduct;
- Queries on any issue related to the values of the Code and the Group's ethics.
- Incidents that need to be informed and requests for approval regarding them when necessary.
- Failure to comply with any internal or external regulations.
- Failure to comply with the policies, procedures and protocols of the Compliance Model of Gonvarri Industries.
- Detection of possible criminal or fraudulent activities.

The Ethical Channel has different ways of communication accessible to employees at all levels and to third parties. Through these channels, it will be possible to report any query, complaint or incident. These channels are: PC application, email (ethicschannel@gonvarri.com), ordinary mail or telephone.

These channels will be available to any employee or third party, and will be disclosed and made known to them in an effective and permanent way to ensure that are accessible and transparent to anyone who wants to use them.

The details regarding the use and operation of the Ethical Channel, minimum content of the complaints and treatment of the information communicated or any other relevant information will be developed by the Internal Regulations of the Ethical Channel in order to ensure its correct disclosure, accessibility and knowledge for any potential user.

It is expected that those people who subscribe to using these channels of communication have previously and carefully assessed the importance of the matters they wish to raise.

IV MONITORING AND CONTROL

4 The Disciplinary System

The Group may apply the legal or disciplinary measures considered appropriate under the current legislation, which will be imposed in case of breach of this Code or of any of the policies and protocols included in the Compliance Model of Gonvarri Industries.

Will be considered inappropriate behaviour, and therefore subject to the disciplinary system, not only the act of the person who directly violates the Code, but also the behaviour of those who collaborate in such conduct by actions or omission.

No person will be penalized without first giving him the opportunity to present any defence they deems appropriate.

A violation or breach of this Code that constitutes a violation of the labour regulation will be sanctioned in accordance with current regulations.



V COMPLIANCE WITH THE CODE

The Group will carry out periodic audits in work centres with the aim of monitoring and measuring the communication, roll out and adherence to the code.

Annually the auditing team and the auditing plan will be updated and defined with the aim of verifying the following aspects:

- The levels of awareness and sensitivity regarding the importance of the Code of Ethics and Conduct.
- Communication records to ALL employees, directors and managers regardless of level or category.
- The presentation of the Code and the related training to new joiners.
- The availability of the Code, in the corresponding language, in areas accessible to all employees in the productive centres.
- The availability of the Code via intranet and the web of the company in the corresponding language.
- The ease of access to the Ethics Channel.

The results of these audits, jointly with the records corresponding to complaints receive and the Follow-up reports of complaints received by the Compliance Committee, will demonstrate the level of implantation of and compliance with the present Code of Ethics and Conduct.

VI APPROVAL AND VALIDITY

APPROVAL AND AMENDMENT

The present Code of Ethics and Conduct comes into force on the 25th of September 2017 and it is valid until the Board of Directors approves an update, a revision or withdrawal thereof.

This Code will be reviewed and updated with the periodicity defined by the Compliance Committee.

APPROVAL AND EFFECTIVE DATE

This Code was approved by the Gonvarri Industries Group's Board of Directors on 25 September 2017 and came into force on the same date. As from the effective date, previous provisions on the same content are repealed.

ONLINE COURSE

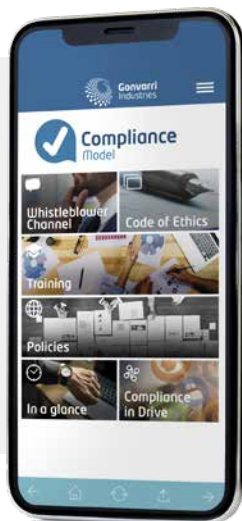
Learn about the Code of Ethics and Conduct through the online course found on the Gonvarri App.



CODE OF ETHICS AND CONDUCT

ONLINE COURSE

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DRIVE INTRANET 4.0

Learn about the Code of Ethics and Conduct on Drive.



Download the Code of Ethics and Conduct in **PDF FORMAT**
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