



**CORPORATE COMPLIANCE  
POLICY**

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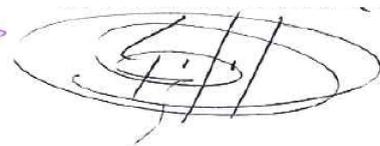
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## CORPORATE COMPLIANCE POLICY

### LEGAL SCOPE

23 December 2010 was the date of the entry into force of the far-reaching overhaul of the Criminal Code implemented by Organic Law 5/2010, whose amendments we should highlight, due to its undoubted impact on business organisation, acknowledgement of the criminal liability of legal persons in certain crimes. This liability has led companies, in order to avoid any criminal liability to which they might incur, to adopt internal mechanisms to prevent conduct that might entail criminal consequences for the entity.

Companies and other legal persons may be subject to real penalties in two situations corresponding to the so-called organisation indictment and guilt models. Firstly, when the crimes are committed in the name or on behalf of the legal person and for its benefit by its legal representatives or de facto or de jure administrators. Secondly, the collective organisation will be directly liable when its employees or subordinates have committed a crime and the business managers have not exercised due control over them.

The criminal liability of the legal persons will be independent of the liability that may be incurred by their administrators, managers or employees and the conviction or indictment of said natural persons will not be required if the liability cannot be individualised, if they are not involved or if there is an exculpatory element in them that might determine their lack of criminal liability.

Although a legal person may only be convicted of crimes for which such a possibility is expressly envisaged, the list of crimes that carry a potential penalty for the collective entity is extensive and includes almost all the unlawful acts which legal persons usually commit: embezzlement, tax or Social Security fraud, bribery, discovery and disclosure of secrets, crimes against intellectual and industrial property, confiscation of property, crimes against the environment and land planning, money laundering, the newly-constituted bribery between private individuals, etc.

With regard to the penalties, the Criminal Code envisages the penalty of a fine, which may be in the form of instalments (the usual daily rates) or in proportion to the benefit obtained or the damage caused, although, in the most serious cases, the judge may order the legal person's dissolution, the suspension of its activities, the closure of its premises and establishments, its ineligibility to obtain public subsidies and aid, to contract with the public sector and to obtain tax or Social Security benefits and incentives, judicial intervention or a ban on conducting activities in the exercise of which the crime has been committed, facilitated or concealed. These penalties must, of course, be combined with compensation for the damage caused by the crime.

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In essence, the inclusion of a criterion for the indictment of legal persons linked to the organisational guilt model as seen in the Criminal Code entails the introduction of the first general legislative requirement in Spain obliging companies to implement a regulatory compliance supervision and control system, which is often referred to as Corporate Compliance.

## LETTER TO EMPLOYEES

COGEN ENERGÍA ESPAÑA seeks to create value for its shareholders, employees and society as a whole. The increase in our company's value will only be long-lasting if we act within the law and in accordance with ethical principles.

All employees are responsible for ensuring that their conduct is lawful and ethically appropriate. The above applies to employees at all the levels and in all the areas and countries of the COGEN Group.

All our actions should be consistent with our good name and reputation. Our business partners, investors and the general public expect us to be competent, fair and reliable. My colleagues on the Management Committee and I are proud of the employees who behave in such a way.

Due to the increasing importance of good Corporate Governance and the greater number of legal risks, COGEN's Management Committee has decided to design a Corporate Compliance Policy.

## INTRODUCTION: WHY TO WORRY ABOUT COMPLIANCE?

Cogen Energía España is renowned as a company with obvious strengths. Although this reputation is the result of many years' work, the improper or careless actions of a single employee could damage our image in the blink of an eye. We must prevent the above.

This requires all employees to conduct their activities in keeping with the principles outlined in this Corporate Compliance Policy. Remember that the way in which each employee conducts the company's business may affect its image.

Corporate Compliance encompasses the legal behaviour of the company's employees. All employees are required to obey the applicable laws and the company guidelines in their work for Cogen Energía España.

The Corporate Compliance Policy serves as a basis for the above. However, it does not cover every imaginable situation, nor does it outline every particular rule to be followed.

Infringements of the legislation and ethical principles may have serious and far-reaching consequences for the company, including:

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- Financial penalties
- Administrative fines
  
- Claims for damages
- Confiscation of profits
- Prohibition against contracting
- Termination of business relations
- Attempted extortion or blackmail
- Damage to our image

Employees who violate the principles of this Corporate Compliance Policy also face serious consequences, such as fines, imprisonment, claims for damages, employment penalties and potential dismissal. Employees who disobey the rules will not be able to claim they have acted in the company's interests, because any violation of the rules damages the company. In view of the potential consequences, any benefit that someone has apparently obtained in a specific situation will not be beneficial to the company as a whole, not even from an economic perspective.

Cogen Energía España seeks to succeed in the market by being innovative, with high quality standards, and to be reliable and fair. If the only way of closing a deal is to act unlawfully or immorally, we will refrain from doing so. An employee will never suffer reprisals for refusing to do business in such circumstances.

With the systematic implementation of this Corporate Compliance Policy we demonstrate to our investors, competitors and business partners and the authorities that compliance forms an integral part of our corporate culture.

This Corporate Compliance Policy is intended to give employees a point of reference in their daily work, in such a way that it helps them to prevent violations of these standards and principles.

By definition, it focuses on areas of particular practical importance. However, it also encourages employees to familiarise themselves with the laws affecting them and to seek advice in the event of any queries, as lack of knowledge of a standard will not exempt them from complying with it or from the potential consequences of failure to comply with it. Employees can rely on their superiors or the legal department for support. In particular, employees should use these resources when third parties may be harmed, when they themselves are at risk, when there is a high risk or when the legal situation is ambiguous or confusing.

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## **1 WE ARE COMMITTED TO MAINTAINING INTEGRITY IN BUSINESS; WE DO NOT ACCEPT CORRUPTION**

Corruption is contrary to fair competition and damages the company's economic stability and reputation. Moreover, many countries regard corruption as a crime, regardless of whether the act itself is carried out in their jurisdiction or in another country. It is therefore strictly forbidden for Cogen Energía España employees to attempt to unlawfully influence their business partners by means of favours, gifts or offering other benefits anywhere in the world.

Cogen Energía España will not do any business that entails a violation of the regulations or any infringement of the company's rules with regard to the offering or acceptance of favours, even though it is aware of the fact that some business may be lost. No amount of potential additional earnings or profits can justify unlawful business practices.

The above applies, without exception, to the entire Cogen Energía España Group. No employee is authorised to break the law or violate the company's standards.

Any gift, including those given indirectly (e.g. to friends, relatives or associations) is regarded as a benefit. Examples of the above include money, invitations to events, plane tickets, stays at hotels, employment for friends and relatives, special personal favours and the offering of expensive meals and drinks. Gifts should be offered and accepted in accordance with the law and the internal standards of Cogen Energía España.

Under no circumstances are Cogen Energía España employees allowed to solicit personal gifts. It is also prohibited to offer or give cash gifts or gifts equivalent to cash to any public official.

During dealings with business partners, employees should avoid offering and accepting any gifts related to the negotiation, awarding or implementation of a contract, and any gift offered or accepted should be proportionate, in such a way that it is legally justifiable to both the giver and the recipient. In the event of any queries, please contact the corresponding legal department.

## **2 WE ARE COMMITTED TO THE PRINCIPLE OF SUSTAINABILITY; WE DO NOT ACCEPT RISKS TO HUMAN HEALTH OR THE ENVIRONMENT**

Cogen Energía España acknowledges its duty to meet the economic, ecological and social needs of present and future generations. In other words, we are committed to sustainable development. All the laws and regulations related to the handling of hazardous materials should also be complied with. Prohibited materials may not be brought onto our premises

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## 2.1 Environmental protection

We believe that we can make a significant contribution to sustainable development by means of the efficient use of resources. Our commitment to reducing waste requires us to exhaust all reasonable possibilities to optimise our processes.

## 2.2 Safety on the premises

Industrial plants and facilities require careful planning and regular and systematic inspections and maintenance in order to prevent failures, accidents, emissions and significant risks. Employees who work at our plants should undergo thorough training, be given detailed work instructions and be appropriately supervised.

## 2.3 Occupational health and safety

Maintaining our employees' health benefits everyone, both the employees themselves and the company. The management is supported in its accident and illness prevention by occupational health and safety specialists who strive to maintain and improve these aspects. The occupational health and safety regulations help us to achieve the above. Our employees share the responsibility for maintaining occupational health in the workplace.

Special care should be taken when working with potential sources of hazards. All employees are required to strictly and consistently comply with the rules on safety in their respective workplaces, for their personal benefit and for the benefit of their colleagues and the company as a whole. When an incident occurs, the managers in charge should immediately inform the company units that are responsible (the Human Resources Department and the Maintenance Department).

## 3 WE ARE COMMITTED TO PROPER ACCOUNTING AND ISSUING TRANSPARENT FINANCIAL STATEMENTS; WE DO NOT ACCEPT FALSEHOOD, SIMULATION OR DECEPTION

Files should therefore be complete, tidy and easily understandable. All the documents and files should be kept in such a way that they can be delegated to a colleague at any time.

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Employees should retain the files throughout the period of time required by the laws and internal regulations and documents relevant to potential or ongoing administrative or judicial proceedings should never be destroyed.

Any kind of correspondence, whether it be a letter, a fax or an email (or even a verbal comment), should comply with simple educational standards and be clear and consistent in terms of its content, in such a way that it can be submitted or delivered to a third party (such as a court or tribunal, another governmental authority or an external audit). Comments attributable to the company that are inappropriate, confusing, incomplete or hasty may be extremely damaging because they may be misinterpreted, misused or taken out of context. Employees should be courteous and efficient when using email or other forms of online communication. The number of emails should be kept to a minimum.

The following guidelines are essential to ensure appropriate and timely financial statements:

- All accounting matters should be supported by comprehensive and proper documentation and duly recorded in the books. The accounting records and related documents should fully and accurately reflect all the business transactions and offer a true and accurate view of the company's assets.
- Each employee involved in the submission of information that is relevant to our financial statements is responsible for ensuring that said information is complete and correct.
- Cogen Energía España provides its shareholders with regular and timely reports on the company's situation and relevant changes in its business in order to maintain the greatest possible degree of transparency.
- The annual accounts are published no more than 90 days after the end of the corresponding financial year. The website of Cogen Energía España includes the publication of the annual accounts.

#### **4 WE ARE COMMITTED TO ENSURING THAT OUR WORKING CONDITIONS ARE FAIR AND BASED ON RESPECT; WE DO NOT ACCEPT DISCRIMINATION**

Everyone has the right to be protected against discrimination and harassment of any kind at Cogen Energía España and in their contact with external people. Cogen Energía España expects its employees to be friendly, objective, fair and respectful in their relationships with colleagues and

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third parties, including customers, suppliers and public officials. They thus make an active contribution to protecting the good reputation of Cogen Energía España.

The responsibility for maintaining these standards of conduct rests with each employee, not only their superiors. Non-compliance with these guidelines will not be tolerated. Any conflict should be reported to the employee's superior or the human resources department, which, in accordance with the established procedure 08/03 on COMPLAINTS AND THE REPORTING OF IRREGULARITIES, will proceed in keeping with the defined protocol.

## **5 WE ARE COMMITTED TO PROTECTING THE RESULTS OF OUR EFFORTS AND WE RESPECT THE LEGALLY ACKNOWLEDGED RIGHTS OF THIRD PARTIES; WE DO NOT ACCEPT VIOLATIONS OF OUR RIGHTS OR THOSE OF OTHERS**

Care should be taken to prevent the involuntary transfer of know-how by means of the negligent handling of company information in public, (e.g. working with laptops in a manner visible to third parties or making casual comments in public or during presentations). Business information should be protected from unauthorised access by third parties. No employee may make copies of business documents or information files unless required to do so for work purposes.

## **6 WE ARE COMMITTED TO KEEPING CORPORATE AND PERSONAL INTERESTS APART; WE PREVENT CONFLICTS OF INTEREST**

Particularly during working hours, the primary duty of employees is to promote the interests of Cogen Energía España. Conflicts of interest (even the mere semblance of such conflicts) should be avoided. A list of typical areas of conflict appears below. When a potential conflict of interest arises, employees should seek help from their superior:

Recruitment-related decisions: a person's individual interests and relationships should not influence recruitment-related decisions.

Business relationships with third parties: business relationships with third parties should be established upon the basis of objective criteria (e.g. price, quality, reliability, technological level, product appropriateness or the existence of a long-lasting and obstacle-free business relationship).

The execution of a contract or the continuation or termination of a business relationship with a third party should not be influenced by personal relationships or interests or tangible or intangible personal benefits. The supply of products and the provision of services to Cogen Energía España by

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companies owned or controlled by Cogen Energía España or their close relatives are subject to strict surveillance.

Contracting suppliers and other Cogen Energía España business partners for personal purposes: if an employee wishes to place a personal order or enter into another contract with a person or entity that has a pre-existing business relationship with Cogen Energía España and said employee is in a position to directly or indirectly influence Cogen Energía España's business relationship with the supplier or business partner in question, the employee should inform his/her manager in advance and receive the manager's approval before proceeding.

Use of Cogen Energía España's employee services for personal purposes: bosses and managers may not abuse their authority by taking advantage of Cogen Energía España's employee services for personal purposes.

Use of Cogen Energía España's property (e.g. equipment, vehicles, office supplies, documents, files and information storage media): Employees may not use items belonging to Cogen Energía España for their personal purposes or remove said items from the company's premises without their managers' express consent. In addition, no company information, program or document may be copied or removed from the company's premises without authorisation.

Use of Internet and the email system: Cogen Energía España provides access to Internet and electronic communication for business purposes. Occasional and insignificant use of the Internet connection may be made for personal purposes during individual breaks.

This authorisation may be revoked at any time. Use of the Internet for personal purposes should be strictly limited in terms of its duration and should not interfere with the employee's duties.

Use of the email address provided by Cogen Energía España is solely for business purposes. The email address should not be used for personal purposes.

External jobs: any employee who intends to accept employment with an external company (including as a consultant or advisor) or establishes his/her own business, must inform his/her superior of the above. The above applies in particular to positions within companies that do business with Cogen Energía España or compete or could compete with it.

Freedom of expression with regard to employees' personal opinions: when expressing their personal opinions in public, employees should not give the impression that said opinions represent those of the company.

## **7 WE ARE COMMITTED TO COOPERATING WITH THE AUTHORITIES; WE DO NOT ACCEPT THE TRANSMISSION OF PARTIAL OR INAPPROPRIATE INFORMATION**

All employees responsible for gathering company information for its submission to the regulatory authorities should report said information in a complete, clear, correct, timely and understandable manner.

When employees are contacted by an authority, such as the police or the public prosecutor's office, whose work involves investigating potential legal violations or initiating processes due to offences, the corresponding legal department should be immediately informed.

In particular, information or documents should only be delivered once the corresponding legal department has been contacted to provide assistance.

## **8 HOW DOES THIS POLICY AFFECT EACH INDIVIDUAL'S DAILY WORK ROUTINE?**

All Cogen Energía España employees must abide by this Corporate Compliance Policy.

This policy seeks to protect both the company and its employees. It also defines the framework within which Cogen Energía España employees can act with confidence and with which they can personally benefit, given that, among other advantages, it protects employees from discrimination and establishes rules on occupational safety. Compliance with it is therefore for the benefit of the employees, both as individuals and as important contributors to the success of Cogen Energía España, success from which the employees benefit.

All employees must undertake to review their own behaviour in the light of the guidelines set forth in this Corporate Compliance Policy and ensure that said guidelines are complied with. All the managers should organise their areas of responsibility to ensure adherence to the Corporate Compliance Policy. In particular, the managers should publicise the rules applicable to their areas of responsibility, assess the adherence thereto and enforce them.

Problems should be actively addressed and resolved. Each manager is expected to set an example in their area of responsibility, acting with integrity and thus ensuring that the Compliance is internalised as a fundamental part of the company's culture.

It is obligatory for all employees to immediately report any infringement of the Corporate Compliance Policy.

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Any non-compliance with the Corporate Compliance Policy should be reported by the employee to his/her superior or the legal department.

When employees suspect corruption or intentional misuse of the company's property or finances, such as embezzlement, fraud, abuse of trust or the offering or acceptance of bribes, they should promptly report the matter directly to the CEO, who, in turn, is responsible for reporting it to the Board of Directors. It lies within the scope of the latter to analyse the non-compliance and its extent and to take the corrective measures, given that its members, as the company's agents and administrators, are responsible before the law.

Immediate disclosure of this kind of information is also likely to prevent the company from being more seriously harmed or to at least enable it to mitigate said harm. Employees should therefore report this kind of information to the above-mentioned persons and departments, as said departments have the power to take the necessary legal action.

The company will ensure that no employee is harmed as a result of reporting a potential violation of the regulatory compliance, acting in good faith. If the employee who reports the non-compliance is involved in a violation of the Corporate Compliance Policy, the company, when deciding upon any action to be taken against said employee, will take into account the report made by the latter, as well as any timely collaboration that he/she provides in the investigation of the potential violation so as to prevent further harm to the company.