



**ULMA Forja, S. Coop.
CRIMINAL COMPLIANCE POLICY**

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1. PURPOSE

The criminal compliance policy of ULMA Forja, S. Coop. (hereinafter, the “**Policy**”) seeks to establish the commitment made by ULMA Forja, S. Coop. (hereinafter, also the “**Governing Board**” and the “**Organisation**”), as the governing body, to the active management of criminal compliance within the Organisation, as well as the way in which this commitment is implemented.

2. SCOPE

2.1 Substantive Scope

ULMA Forja, S. Coop. is a cooperative mainly engaged in the manufacture and export of flanges and high-spec forged components, standing among the world leaders in this sector.

Our leadership position and the importance given by our main clients to the issue of compliance (especially in terms of those requirements that fall under criminal law within our legal system) have led the Organisation to draw up this Policy with a view to establishing the principles of legality, due diligence, risk management and transparency detailed below and requiring the Organisation to implement a specific management and organisation model to guarantee criminal compliance to the same extent as under the commitments made to the ULMA Group (the “**Compliance Model**” or “**Compliance System**”).

Hence, the Compliance Model encompasses the requirements applicable to the Organisation within the field of criminal law, including fraud prevention, the prevention of corruption and bribery, and the prevention of money laundering and terrorist financing, among others.

2.2 Corporate and Operational Scope

This policy will apply to all operations and activities undertaken by the Organisation, both internal and business-related.

Criminal non-compliance risks exist within the following activities by the Organisation:

- Economic and financial administration
- Administration of people and internal organisation
- Information systems
- Commercial activity

- Innovation, technical office
- Procurement
- Production, factory operations (three factories)
- Quality
- Maintenance

3. PRINCIPLES AND COMMITMENTS

The following principles are upheld by this Policy:

1. Legality, understood as respect for and compliance with applicable legislation. All irregular conduct is strictly prohibited and may not be imposed on in-house staff or third parties. Neither may the imposition thereof be adduced by another within a situation of influence or power.
2. Due diligence, understood as the need to obtain and analyse information for proper management and decision-making.
3. Risk management, strengthening prevention and control within those areas where there is greater exposure to non-compliance risk, which must be minimised.
4. Culture of prevention, creating a working environment that values and fosters legal compliance and business ethics in the development of corporate activity.
5. Transparency and collaboration, notifying the corresponding stakeholders (especially clients of the Organisation) of any irregularities detected and confirmed that may affect them and proposing corrective measures where necessary.

With these principles in mind and on behalf of the Organisation, the Governing Board undertakes to:

- ✓ Comply with this Policy and applicable criminal legislation, prevent and maintain zero tolerance regarding criminally irregular activity carried out in the name or on behalf of the Organisation (total ban), requiring the same commitment from all its members.
- ✓ Effectively enforce the commitment made via a compliance model management system as an assurance instrument operated under an ongoing improvement model and consisting of the following fundamental processes:

1. Compliance risks assessment, establishment of targets stemming from this Policy and planning the necessary improvement actions to achieve them.
 2. Integration of prevention into operations by the Organisation, through policies, protocols, procedures and instructions created or revised for the control and reduction of this risk.
 3. Integration of prevention into the culture at the Organisation, through the management of people, internal communication and training.
 4. Oversight and evaluation of performance by the compliance model and the targets.
 5. Ongoing improvement and management of non-conformities.
- ✓ Establish internal consultation and reporting mechanisms with confidentiality and non-reprisal guarantees. Anyone who witnesses or has reasonable grounds to suspect any illegal or criminal conduct, or conduct suspected of being illegal or criminal in nature, must report it.
 - ✓ Establish communication mechanisms and friendly corrective plans with stakeholders when the latter are affected by detected and confirmed irregularities.
 - ✓ Establish and maintain a body (the Compliance Committee) with autonomous powers of initiative and control responsible for overseeing the application and observance of the above, which is set up as the compliance model Oversight Body.
 - ✓ Provide the necessary resources for implementing all the above.

Any non-compliance with this Policy or the internal regulations stemming from this Policy will be penalised internally according to the disciplinary system applicable in each case (partners or workforce) or externally according to the corresponding contractual clauses (sales representatives and outsourced staff, as applicable).

4. ORGANISATIONAL STRUCTURE

Without prejudice to other duties and responsibilities established in the compliance model management system or in other policies, protocols, procedures or instructions tied to the compliance model, this policy establishes the following basic duties and responsibilities with regard to its implementation and oversight.

4.1 Governing Board

The Governing Board acts as the Governing Body of the Organisation, with the following basic duties in terms of the compliance model:

- To approve and revise this Policy and its scope.
- To approve the main documentation of the compliance model management system.
- To appoint, supervise, renew or remove the Compliance Committee and its members when proposed by the Manager, as well as to approve its operating regulations.
- To be informed and to exercise reasonable oversight regarding the implementation and effectiveness of the compliance model.
- To ensure that the budget and strategy of the Organisation, as well as other decisions, policies and regulations issued by the Governing Board, comply with this Policy.

4.2 Management

Management acts as Senior Management of the Organisation for the purposes of the compliance model, with the following basic duties in this regard:

- To guarantee adequate and appropriate distribution and management of resources for effective implementation of the compliance model.
- To act according to this Policy and to foster a culture of compliance, as well as training and awareness regarding this topic.
- To explicitly support and collaborate with the Compliance Committee.
- To be informed of and review any compliance risks, as well as application of the model in terms of activities by the Organisation.
- To adopt the necessary organisational and operational tools and decisions to ensure and guarantee that the compliance model is effectively implemented (procedures, protocols, instructions, action plans, training plans, etc.).
- To propose the appointment and removal of members of the Compliance Committee.

4.3 Directors and Supervisors

These have the following basic duties with regard to the Compliance Model:

- To be familiar with the Compliance Model in full, both overall and specifically with regard to those terms that apply to them because of their duties and responsibilities within the Organisation.
- To apply the utmost diligence in implementing the compliance model, performing or ensuring that the procedures, protocols, instructions, plans, etc. related to the Compliance Model are ultimately performed, ensuring the available and correct use of resources within their area of activity.
- To set an example with regard to this Policy and the Compliance Model, explicitly supporting and collaborating with the Compliance Committee.
- To raise awareness, guide and supervise the people they oversee, including agents and outsourced staff where applicable, regarding compliance issues.
- To inform the Compliance Committee of any news within their field of responsibility that could affect the Compliance Model.
- To collaborate whenever required on the creation of risk maps, as well as the creation and implementation of procedures, protocols, actions, etc. related to compliance within their scope of responsibility.
- To be familiar with the specific job positions that lead to compliance risk exposure within their scope of responsibility, and ensure that the corresponding people are aware of the risks and the applicable policies and procedures, and that they know how to report indicia of non-compliance or possible risk situations.

4.4 Compliance Committee

The Compliance Committee exists as an Oversight Body for the compliance model of the Organisation and, under this Policy, is afforded independence, authority and autonomy of initiative and control to exercise oversight of the compliance model in accordance with the provisions of the compliance model management system approved by the Governing Board.

Similarly, the Compliance Committee will coordinate and manage the compliance model management system on a day-to-day basis, either directly through one of its members or indirectly through members of staff appointed for this purpose.

The members of the Compliance Committee will perform the assigned duties independently of all other activities, relations and hierarchy levels within the Organisation.

The Compliance Committee has the following basic duties, which must always be performed according to the Framework Compliance Document of the ULMA Group that the Organisation has accepted:

- To propose a management system based on ongoing improvement to the Governing Board for the purpose of ensuring the effectiveness of the compliance model.
- To promote compliance with this Policy and the compliance model of the Organisation.
- To objectively advise and guide the Organisation on matters related to compliance. External advice may be received for this purpose.
- To assist the Manager and the Directors and Supervisors with operational implementation of the compliance model.
- To respond to queries from employees and answer questions about the compliance model.
- To manage a specific channel for receiving irregularity reports with regard to this Policy and the compliance model.
- To establish and analyse compliance model performance indicators, track said indicators and oversee and regularly verify the suitability and validity of the compliance model.
- To draft compliance model oversight reports for the Manager and the Governing Board.

The list of duties, the functioning and specific composition of the Compliance Committee will be governed by specific internal regulations.

5. COMMUNICATION AND TRAINING

This policy and its updates will be delivered or be made easily available to all members of the Organisation.

Similarly, it will be passed to any stakeholders, whenever necessary, for compliance with the principles and commitments contained herein.

Implementation of the Compliance Model will be strengthened by communication to all those affected, including business partners that may pose criminal risks for the Organisation.

The Policy and its developing documents will be translated into the languages necessary for compliance with this commitment.

6. OVERSIGHT, CONTROL AND DISCIPLINE

Non-compliance with criminal requirements may lead to consequences of a civil nature (compensation for victims) and criminal nature (fines, deprivation of liberty, legal proceedings, suspension of activities, ban on activities, exclusion from eligibility for grants and public financial aid, for contracting with the public sector and for enjoying tax or Social Security breaks and incentives, dissolution of the company as a last resort), whether on a personal level (individuals), collective level (legal entity), commercial level (loss of clients) or reputational level.

Hence the utmost importance of the duty incumbent on the Compliance Committee to oversee the prevention actions, for which it will oversee the functioning and observance of the compliance model and report to both Management and the Governing Board. Any non-compliance with internal regulations related to the Compliance Model will be subject to disciplinary action in accordance with the corporate and employment regulations applicable to the Organisation.

7. UPDATES

The Compliance Committee will revise the compliance model management system to ensure it remains valid and up-to-date, as well as effective with regard to this Policy. This action will include the organisation of audits on the compliance model management system.

Once reported by the Compliance Committee, Management will take the necessary executive decisions to ensure ongoing implementation of the commitments made.

The Governing Board will oversee the effectiveness of this Policy and will update the same whenever deemed necessary based on the context of the Organisation, the risk assessments and the results from the oversight and control activities carried out. Similarly, a commitment is made to the ongoing improvement of the compliance model under the terms established in the compliance model management system.

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In Oñati, 25 March 2022.

THE GOVERNING BOARD OF ULMA Forja, S. Coop.