



Code of Conduct

20 / 12 / 2018



CONTENT

I.	INTRODUCTION	3
I.1.	WHAT IS THE GOAL OF THE CODE OF CONDUCT?	3
I.2.	HOW SHOULD THE GENERAL PRINCIPLES OF THE CODE OF CONDUCT BE INTERPRETED?.....	3
I.3.	WHAT IS THE SCOPE OF THE APPLICATION OF THE CODE OF CONDUCT? ONE CODE OF CONDUCT FOR EVERYONE	4
II.	PRINCIPLES AND PATTERNS OF BEHAVIOUR	4
II.1.	COMPLIANCE WITH THE LAW	4
II.2.	RESPECT FOR PEOPLE.....	5
II.2.1	Respect for fundamental rights and public freedom	5
II.2.2	Health and safety.....	6
II.3.	RELATIONS WITH THE AUTHORITIES AND OTHER THIRD PARTIES	6
II.3.1	Public Authorities and Regulating Bodies.....	6
II.3.2	Bribery and corruption	7
II.3.3	Personal gifts and benefits	8
II.3.4	Taking part in public tenders	8
II.3.5	Conflicts of interest	8
II.3.6	Our clients and suppliers	9
II.4.	COMMITMENT TO THE MARKET.....	10
II.4.1	Integrity and transparency in our services	10
II.5.	PREVENTION OF SMUGGLING	10
II.6.	COMMITMENT TO THE ENVIRONMENT	10
II.7.	PROTECTION OF INFORMATION	11
II.7.1	Protection of sensitive and confidential information	11



II.7.2	Protection of personal data.....	11
II.8.	FINANCIAL AND ACCOUNTING TRANSPARENCY	11
II.8.1	Good accounting practices	11
II.8.2	Prevention of money laundering and the financing of terrorism	13
II.9.	RESPONSIBLE USE OF RESOURCES AND ASSETS.....	13
II.9.1	Protection of Group assets	13
II.10.	USE OF FACILITIES.....	13
II.11.	PROTECTION OF THIRD-PARTY INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS.....	14
III.	COMPLIANCE WITH THE CODE OF CONDUCT	14
III.1.	THE BODY RESPONSIBLE FOR THE SUPERVISION, ENQUIRIES AND INTERPRETATION OF THE CODE: <i>THE COMPLIANCE COMMITTEE</i>	14
III.2.	NOTIFYING ENQUIRIES AND INFRACTIONS OF THE CODE: ETHICS LINE	14
III.3.	NON-FULFILMENT AND INFRACTIONS OF THE CODE OF CONDUCT	15
III.4.	NOTIFICATION AND DISSEMINATION OF THE CODE OF CONDUCT	15
III.5.	COMING INTO FORCE OF THE CODE OF CONDUCT	16

I. INTRODUCTION

- The approval of this **Code of Conduct** (hereinafter the “Code of Conduct” or the “Code”, indistinctly) of Duro Felguera, S.A. (hereinafter “DF”, the “Group” or the “Company”, indistinctly) formalizes **our model of ethical management and compliance**.
- This Code sets forth the **principles of corporate conduct** to guide our behaviour and take decisions as employees of DF.

I.1. **WHAT IS THE PURPOSE OF THE CODE OF CONDUCT?**

- Throughout its history the Group has had a **business commitment** to the different players making up the market in which DF operates and who interact with DF, its board members and employees. This commitment is based on the ethical principles which guide how DF works and which form part of its corporate culture.
- The purpose of this Code is to provide an **ethical guideline and principles for action for all the Group’s employees**, defining the behaviour which should govern their conduct therein.
- Likewise, the latest review of the Code aimed at assuming the **requirements of both our groups of interest and the markets in general**, and to continue deserving the trust they place in the Group.
- Providing an efficient response to said demands is one of the keys to our reputation in the market. Each person in the organization can contribute to this goal by means of his/her work and the relations he/she establishes in daily work with our groups of interest. It is therefore up to all DF’s employees to consolidate this reputation by acting with transparency, objectivity, integrity, responsibility, honesty and respect.
- The general application of the Code will ensure that **legal regulations are complied with and that the Group’s values are transmitted both internally and externally**. The Code is therefore **compulsory** for everyone who directly and indirectly acts in the name and on behalf of the Group.

I.2. **HOW SHOULD THE GENERAL PRINCIPLES IN THE CODE OF CONDUCT BE INTERPRETED?**

- The general principles which govern DF’s business activity are based on the values of our Group.
- Likewise, in order to provide the lines, directives and rules which govern the Group’s employees’ activity, there is a series of patterns of conduct which attempt to cover all areas of activity.
- Nevertheless, depending on the circumstances of each specific matter in question, any doubts or explanations concerning the principles and patterns of conduct defined in this Code shall be consulted with the DF body competent for such purpose, as described in the section entitled ***Body responsible for the supervision, enquiries and interpretation of the Code: the Compliance Committee*** for this Code.

I.3. WHAT IS THE SCOPE OF APPLICATION OF THE CODE OF CONDUCT? ONE CODE OF CONDUCT FOR EVERYONE

- This Code is **compulsory for all the administrators and employees who form part of DF**, regardless of their position, work and geographical location, the kind of contract that binds them to the company, and the place where they work (hereinafter, the “Personnel Bound” or the “Employees”, jointly):
 - **Members of the Board of Directors**, to the extent that they carry out activities, functions and competences in the name, on behalf of, for and for the benefit of DF.
 - **DF Managers**, or any other person authorized to take decisions on behalf of DF or who hold power of organization and control within the Group.
 - **Employees of DF**, regardless of their professional position.
- Likewise, the rulings set forth in this Code shall be directly applicable to the entities which report to DF, understanding as such subsidiaries and companies DF holds a controlling stake in, unless they have their own Code of Conduct which has previously been approved by the Administration Bodies and which covers at least the requirements of this Code.

II. PRINCIPLES AND PATTERNS OF BEHAVIOUR

II.1. COMPLIANCE WITH THE LAW

- DF and all its employees undertake to comply with current legislation in all their activities, and to observe the practices of good corporate governance assumed by DF, promoting cooperation with the authorities and regulating bodies.
- The Personnel Bound should therefore be aware of the laws, policies and procedures affecting their work, requesting when necessary specific information from their hierarchical superior or from whoever can provide such information.
- Likewise, all Personnel Bound shall comply with the current laws in any country where they may be working, fulfilling the spirit and purpose thereof, and observing ethical behaviour in everything they do.
- Personnel Bound shall avoid any conduct which even if it does not break the law could damage the reputation of DF with the community, government of the country and any other body, and negatively affect its interests.
- For all these reasons, the Personnel Bound shall consciously collaborate with third parties in not breaking any law, and shall not take part in any action which could compromise their respect for the law.

II.2. RESPECT FOR PEOPLE

II.2.1 Respect for fundamental rights and public freedom

- **Matching professional and private life**

DF finds the global development of people important, and so provides the necessary balance between professional and personal life.

DF respects the personal and family life of its employees and promotes policies of conciliation for a better balance between this and their labour responsibilities.

- **Equal opportunities**

DF promotes the professional and personal development of all its personnel, ensuring equal opportunities in its policies.

Furthermore, DF supports and undertakes the application of public policies which promote more equal opportunities and to foster a corporate culture based on merit.

The recruitment and promotion of Personnel Bound at DF is based on professional competence and performance, and on criteria of merit and capacity as defined in the requirements for the position.

DF ensures the greatest possible objectivity in the processes for professional recruitment, selection and promotion.

- **No discrimination**

The Group shuns all kinds of discrimination in the labour and professional environment for age, race, colour, sex, religion, political opinion, national origin, social origin and disability, and respects the freedom of association and collective negotiation.

Likewise, DF rejects all manifestations of physical, psychological and moral harassment and the abuse of authority, and any other conduct which could generate an intimidating or offensive atmosphere for people's rights.

DF's employees should treat each other with respect, promoting cordial relationships and a pleasant, healthy and safe working environment.

- **Training**

All employees should actively participate in the training plans DF organizes for them, getting involved in their own development and undertaking to update their knowledge and the necessary competences, in order to progress in their professional field and provide value for clients, the Company's shareholders and society in general.

- **The Administration and Management Body**

People in **management positions** and members of the **Board of Directors** should help in the professional development of their employees, to promote their professional growth within the company.

- **DF takes care of each and every one of its employees**

DF will not tolerate any action which places at risk the Group's commitment to equal opportunities and to the absence of discriminatory situations and action.

II.2.2 Health and safety

- DF expresses its firm commitment to compliance with regulations and internal protocols in the field of health and safety, ensuring the protection of anyone who could be affected by the Group's activity.
- DF submits its action to the best practices in the **responsible use** of any **hazardous substance** (e.g. *explosives, chemical products, etc.*) which it may use in its business activity.

II.3. RELATIONS WITH THE AUTHORITIES AND OTHER THIRD PARTIES

II.3.1 Public Authorities and Regulating Bodies

- **Collaboration with Public Authorities and Regulating Bodies**

The Group promotes maximum collaboration and diligence among all its personnel in any action related to the Public Authorities, and in any inspection, summons or intervention deemed necessary by said authorities and regulating bodies.

The relationship we maintain with any public or official body and with the representatives thereof should be governed by the principle of institutional respect, collaboration, integrity, standardization and ethical compliance, fulfilling any resolutions issued by the same.

- **Political contributions**

In order to ensure political neutrality DF prohibits any kind of contribution, in the name and on behalf of the Group, which implies or could imply any kind of **political affiliation or involvement**.

II.3.2 Bribery and corruption

- DF strictly prohibits corruption in all its forms. In particular, it is forbidden to offer, promise or deliver, either directly or indirectly, anything of value, with the purpose of exercising influence on the recipient to do or neglect to do anything for the benefit or advantage of the Company, other group companies and any third parties.
- DF avoids the use of non-ethical practices and those which could influence the actions of people outside the organization in order to obtain undue benefits, advantages or services.
- In this context, we pay special attention to:
 - Obtaining undue benefits or advantages by making the most of a position or influence.
 - Guaranteeing the appropriate booking of all payments and transactions in mercantile accounting.
 - Establishing an appropriate segregation of functions at all hierarchical levels in the Company.
- Not only is it forbidden to offer, promise or deliver anything of value but also to ask for it, accept it and receive it in exchange for doing or not doing something for the benefit or advantage of any third party.
- Within these crimes other conduct is also included, such as:
 - **“Concealed” payments**, i.e. when a third party receives something of value which in fact is for the civil servant and the third party is merely the instrument to transfer the article of value to the civil servant.
 - **Facilitation payments**, i.e. small payments for which civil servants speed up or guarantee compliance with their normal functions. These payments are common in some countries although they are strictly forbidden by DF, regardless of how insignificant the amount may be.

II.3.3 Gifts and personal benefits

- Under no circumstances may monetary gifts, gifts in kind, loans, individual benefits or actions by natural persons or legal entities related to the Group be accepted, which could lead to a **loss of independence and equanimity** in relations with the different groups of interest.
- **Gifts** are understood to be anything that implies **individual advantages in a relationship, such as non-institutional presents, commissions and professional promises.**

II.3.4 Participation in public tenders

- When taking part in contract tenders and awards, DF shall abstain from influencing, altering and trying to influence or alter the ordinary course of said processes in order to obtain a favourable result or more beneficial conditions for the future awardee or in order to substantially amend the requirements, conditions and criteria in the tender or award of the contract in question.

II.3.5 Conflicts of interest

- A conflict of interest is understood to be any situation which directly or indirectly opposes the interests of the Company or any of the Group companies or the interests of their employees, in such a way that their impartial action may be compromised because of family, professional, economic or any other kind of bond.
- In relation to any possible conflict of interest, Personnel Bound shall observe the following general principles of action:
 - **Independence:** acting at all times in a professional manner, loyal to the Group and its shareholders and independent of their own or third-party interests. Consequently, they shall at all times abstain from giving priority to their own interests over those of the Group.
 - **Abstention:** abstaining from intervening or influencing the taking of decisions which could affect Group entities with which there is a conflict of interest, from taking part in meetings in which said decisions are debated and from accessing confidential information which may affect said conflict.
 - **Communication:** informing about conflicts of interest you may be in. The Compliance Manager should be notified in writing of any conflicts of interest and should be consulted in case of doubt.
- Employees with family members or equivalent should not carry out their professional activity in a direct hierarchical or functional relationship. If this situation has to exist, exceptionally and for a limited period of time, while it lasts objectivity in evaluation processes, performance reports, promotion etc. shall be guaranteed.
- No operations or activities which might involve a conflict of interest in the Group may be carried out, unless they have previously been authorized by the Compliance Manager. If an employee

makes an enquiry in this regard, he/she shall abstain from doing anything until the corresponding answer is received.

- If the Compliance Manager is involved in a potential conflict of interest, he should inform the Compliance Commission, which in turn may take the matter to the Audit Commission, which shall be competent to solve any doubts or conflicts which may arise in this regard.
- Without prejudice to the above, the Company's administrators and significant shareholders shall be subject to the rules on conflicts of interest as set forth in the Board of Directors Regulations. Likewise, the administrators of other Group companies shall be subject to the specific rules, if any, which may exist in the field of conflicts of interest and the regime of exemption.

II.3.6 Our clients and suppliers

- All the Group's relationships with its clients and suppliers shall be based on objectivity and transparency.
- Below is a non-exhaustive list of the commitments that clients and suppliers shall make:
 - **To comply with all the applicable anti-corruption laws**, prohibiting each and every form of corruption, extortion and bribery, not taking part in any corrupt practice, and to establish control mechanisms which enable the struggle against any form of corruption and bribery when carrying out their business activities.
 - To accept and guarantee that in their relations with DF and any other Group company, **they have not offered, delivered or agreed on any hospitalities, payments, gifts, commission, presents, donations, advantages or any other service to any client, agent or representative of DF** which could induce favourable treatment in the award of a contract, or which could affect transparency in the procedures with DF for the acquisition of any kind of supply.
- Likewise, DF shall promote the appropriate polite and pleasant attitude in its relations with clients and suppliers, respecting their rights, sensitivities and diversities.
- Within the framework of our activity we will thus encourage suppliers to share and apply the spirit of this Code.

DF will not tolerate any action or behaviour which places at risk the principles of transparency, integrity and equal opportunities in our relations with third parties.

II.4. COMMITMENT TO THE MARKET

II.4.1 Integrity and transparency in our services

- DF and all its employees shall act in accordance with the highest patterns of **quality, honesty and transparency**.

- **Quality**

Employees shall comply with their obligations in a professional, responsible and zealous manner, striving after excellence in the performance of their functions and providing their products and services.

- **Competition**

DF undertakes to reach its business goals through ethical, legitimate and legally irreproachable means, and to apply **regime of fair and balanced competition**.

II.5. PREVENTION OF SMUGGLING

- At DF we undertake to respect current legislation and regulations in the field of **imports and exports**, promoting good practices among everyone bound by this Code.

II.6. COMMITMENT TO THE ENVIRONMENT

- DF undertakes to **promote and foster the protection and conservation of the environment** by involving its employees and the Group as a whole in environmental aspects by means of ongoing improvement.
- Likewise, DF undertakes to include the concept of **sustainability** when taking decisions, evaluating the impact of its activity in the areas where it operates.
- At DF we are committed to **sustainable order**. We undertake to carry out our activity in accordance with current legislation at all times.
- For all these reasons, the Personnel Bound by this Code should ensure that the activities and projects that may be carried out comply with regulations, both local or municipal and provincial, regional, national and international.
- Given that malfunctions can generate negative environmental impact, and under certain circumstances, irreparable damage, at DF we ensure that the **use of the technology that accompanies our business activity** and the delivery of our projects should be **implemented with efficiency and real awareness** of the action being carried out, thereby avoiding the possibility that a possible malfunction or the inappropriate use of the technology could generate a negative impact (*e.g. the possible use of ionizing radiation, nuclear energy, explosions, etc.*).

II.7. PROTECTION OF INFORMATION

II.7.1 Protection of sensitive and confidential information

- Personnel Bound shall guarantee confidentiality in Group matters and those of its clients and suppliers. Any information they may have access to should be used solely in the interest of the Group or whenever they are expressly authorized by the Group.
- For this purpose, Personnel Bound by this Code are obliged to maintain strict confidentiality in relation to any information obtained as a result of their professional activity.
- In this regard, all employees of DF have a special **duty to confidentiality and zeal in safeguarding** documents and information they may have access to in order to carry out their functions, especially in regard to those which may involve **sensitive and/or privileged information**.
- Even when said documents and information are managed internally by the Group, the general principle should be respected according to which confidential information should only be made available to the employees and/or third parties who need it in order to carry out their work (*need to know*).
- This confidentiality implies guaranteeing the **secrecy of information**, not disclosing or notifying third parties thereof, unless obliged by law. In no case shall said information be used inappropriately or for purposes other than the standard ones in our functions.
- The obligation to confidentiality shall remain in force even if the Personnel Bound leaves the Group.

II.7.2 Protection of personal data

- Personnel Bound are obliged to respect and fulfil data protection regulations and to actively contribute to guaranteeing that personal data is not accessible to third parties.
- Personal data should only be taken, processed and used to the extent permitted by the Data Protection Law, other applicable laws, and the pertinent professional agreements.

II.8. FINANCIAL AND ACCOUNTING TRANSPARENCY

II.8.1 Good accounting practices

- As a listed company, the Company shall make a special effort to ensure that the information sent to the markets is **truthful**, and to protect the interests of current and future shareholders.

- In particular, the Company shall ensure the reliability and accuracy of the financial data which is publicly sent to the market in accordance with the **applicable legal regulations**. More specifically, the accounting policies, control systems and supervision mechanisms defined by the Group shall be applied, so that significant information is identified, prepared and reported in the appropriate time and form.
- DF and its employees undertake to take all the necessary measures to make the accounting of the operations carried out by the Company and other Group companies faithful. For this purpose employees have to be aware of and assume the responsibility for their own business transactions in the accounting information and should act with transparency, informing those responsible for drawing up said information of any circumstance which could affect it in time and form.
- Likewise, the Board of Directors of DF and other administration bodies of the Group companies shall regularly ensure the efficacy of the internal control system for the preparation of the financial information sent to the market.

- **Compliance with tax laws**

DF shall ensure full **compliance with the tax laws applicable to the operations and transactions carried out**, fulfilling tax payment and the legitimate collection of any tax return or benefit that may be derived therefrom.

- **Social Security benefits and payments**

Likewise, the fiscal principles related to **deductions and payments to be made to the Social Security** shall be respected.

- **The transparent collection of public subsidies and aid**

When DF applies for subsidies of any kind, whether Spanish or European, **ethical principles and rules of transparency** shall be applied in regard to the characteristics, requirements and use thereof.

- **Advance and sufficient information for shareholders**

DF informs shareholders in detail about each subject to be discussed in the next annual general meeting and sufficiently in advance so that they can analyse it in order to cast an informed vote.

- **Privileged information**

Personnel Bound by this Code shall not make inappropriate use of privileged information, and shall not use it for their own benefit or that of any third parties.

In particular, until it is published, information about DF's financial results, its activities and operations, its contacts, presentations, the operations it plans to carry out, and information related to judicial or extrajudicial procedures it is involved in, among others, is privileged information which belongs to the company and is confidential.

- Only authorized persons may enjoy contact with analysts and the press on behalf of the company. Any financial information which is delivered to the mass media and information which could influence the opinion of the addressees concerning the value of the company should be previously approved by an authorized person.

II.8.2 Prevention of money laundering and the financing of terrorism

- DF hereby manifests its firm commitment not to carry out any practices which could be considered irregular in its relations with the Public Authorities and Regulating Bodies, market operators, suppliers, and other groups of interest, including practices related to the **laundering of money** from illicit or criminal activities.

II.9. RESPONSIBLE USE OF RESOURCES AND ASSETS

II.9.1 Protection of the Group's assets

- All DF personnel are responsible for **protecting the Group's assets from damage, loss, theft and incorrect use.**
- Employees shall protect the Group's property by using it only for business processes and ensuring the efficient use thereof.
- Assets which DF places at the disposal of its employees should be looked after and safeguarded, and used only for business purposes. They shall not be used for any purpose which is not for the benefit of the Group.
- It is compulsory to comply with the internal directives and other company regulations for the use of operational resources (including telephones, computers, Internet and other information technologies).

II.10. USE OF FACILITIES

- Use of the work facilities and environment should be appropriate and respectful. Employees should inform the competent organizational units and managers if the facilities, buildings or means are not clean or safe, work incorrectly, generate unnecessary expense, have problems, or imply a potential risk of accident or injury.
- In this year we help to maintain a **worthy, comfortable and safe workplace.**

II.11. PROTECTION OF THIRD PARTY INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS

- Personnel Bound shall at all times **respect third-party intellectual and industrial property rights**.
- Hence they shall at all times ensure respect for the ideas of others, among which are those related to technologies used, compositions, data, ideas, improvements, draughtsmanship, images, videos etc.
- This same obligation is applicable to all computer programmes and systems available or which may be available in the future.
- In this regard, any behaviour which may imply a breach of these rights is prohibited, and so the required licences and/or authorizations should be obtained from their legitimate holder.

III. COMPLIANCE WITH THE CODE OF CONDUCT

III.1. THE BODY RESPONSIBLE FOR THE SUPERVISION, CONSULTING AND INTERPRETATION OF THE CODE: **THE COMPLIANCE COMMITTEE**

- The **Compliance Committee**, consisting of the following departments: Human Resources, Counsel and Finance, together with the DF **Compliance Manager**, shall be the internal body responsible for the updating, supervision and control of compliance with the principles, values, directives and patterns of behaviour set forth in this Code, and with the internal regulations in the framework of the application of the Code of Conduct.
- More specifically, it will initially be the **Compliance Manager** who resolves incidents, non-fulfilment, reports, doubts and enquiries, which may derive from the application and interpretation of the Code, unless he is involved in the incident or report, in which case it shall be the Compliance Committee which appoints an investigator for the procedure.
- If the incident or report involves a member of the Board of Directors, the Compliance Manager shall inform the Secretary of the Board of Directors, who will act as an interlocutor, informing the Appointments and Compensation Commission, which shall make the proposal it deems necessary.

III.2. NOTIFYING ENQUIRIES AND INFRACTIONS OF THE CODE: **THE ETHICS LINE**

- The Group provides different channels for its employees to notify incidents and concerns and to consult doubts:
 - The hierarchical superior or the Human Resources Manager.
 - **The Ethics Line.**
- DF personnel are obliged to report any non-fulfilment or breach he/she may become aware of or suspect, through the devices implemented for this purpose.

- For this purpose, DF provides the Ethics Line for its employees: <https://lineaetica.durofelguera.com/> by means of which they can report potential non-fulfilment of the Code, ask about doubts and make enquiries about the application or interpretation of the Code.
- As has been established, any notifications or enquiries received through the Ethics Line will be managed and processed by the Compliance Manager.

III.3. NON-FULFILMENT AND INFRACTIONS OF THE CODE OF CONDUCT

- The non-fulfilment of this Code, without prejudice to any possible civil or criminal procedures, will be considered by the Group as a very serious labour infraction and may give rise to disciplinary measures and penalties in accordance with the applicable labour regulations (Workers' Statute, the applicable Collective Agreement and any other applicable regulations), including dismissal and/or claims for damages.
- If a member of an administration body of DF is guilty of non-fulfilment of this Code, what is set forth in the Board of Directors Regulations shall be applied, or any other applicable regulations, if any.

III.4. NOTIFICATION AND DISSEMINATION OF THE CODE OF CONDUCT

- DF will adopt the pertinent measures, if any, in order to notify and disseminate the content of this Code of Conduct to all its employees and its main groups of interest.
- **Compliance with what is set forth herein is the responsibility of each and every professional making up DF.**
- Nevertheless, both the Board Members and Directors of DF shall be responsible for making people aware of the Code content, and for supervising compliance therewith in their respective fields of action.
- All employees shall be notified of this Code and it shall be published on the Company's corporate website.
- Immediately upon detecting a situation which could be included under the Code of Conduct, the Compliance Manager shall review it in order to adjust the requirements thereof to the Group's situation, and its relations with its environment and groups of interest.
- All updates to the Code of Conduct shall be approved by the Board of Directors.



III.5. COMING INTO FORCE OF THE CODE OF CONDUCT

- The Board of Directors of the Group has agreed to the updating and approval of this Code of Conduct, **which will come into force on the date when it is published for all the Personnel Bound thereby**, and shall remain in force until a further updating is approved.
- This Code of Conduct may be updated and reviewed regularly on the request of the Committee, which for this purpose shall take into account any suggestion and proposals made by the Personnel Bound, and any commitments undertaken by the Group in the field of social responsibility and good governance.
