

POLICY AGAINST CORRUPTION AND MONEY LAUNDERING



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Konecta





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This Policy Against Corruption and Money Laundering establishes the basic principles of Konecta Group (hereinafter Konecta, the Company or the Organisation) in the interest of contributing to corporate transparency, improving competitiveness, and promoting fair competition.

1.- PURPOSE

The purpose of this Policy Against Corruption and Money Laundering (hereinafter the “Policy”) is to establish and disseminate Konecta’s basic and general rules to avoid corrupt business practices and money laundering. These reasons, among others, led Konecta to sign the United Nations Global Compact in 2004.

International Transparency Principles define bribery as: “The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust”, while transparency in management is a basic principle for Konecta in its business activities. Konecta is aware of the importance of promoting measures against corruption and money laundering, as part of its internal mechanisms to accurately reflect its corporate sustainability, and protect its good reputation among stakeholders, built over the years.

All companies, large and small, are vulnerable to corruption, and the potential for damage is considerable. In accordance with the provisions of Principle 10 of the Global Compact, companies may face:

- **Legal risks:** not only are most forms of corruption illegal where they occur but it is also increasingly becoming illegal in a company’s home country to engage in corrupt practices in another country.
- **Reputational risks:** companies whose policies and practices fail to meet high ethical standards, or that take a relaxed attitude toward compliance with laws, are exposed to serious reputational risks. Often it is enough to be accused of malpractice for a company’s reputation to be damaged even if a court subsequently determines the contrary.
- **Financial costs:** there is clear evidence that many countries lose close to \$1 trillion due to fraud, corruption and shady business transactions and in certain cases, corruption can cost a country up to 17% of its GDP, according to the UN Development Programme in 2014. This undermines business performance and diverts public resources from legitimate sustainable development.

The internal control procedures, tools and resources to be used for prevention by Konecta must be adapted to the existing risks in the business, depending on its volume of activity, number of employees, areas of operation, means of payment to employees, etc.

2.- SCOPE OF APLICATION

This Policy is globally applicable to all Konecta entities and is endorsed by the General Management and the Board of Directors. Each member of the Company is responsible for promoting the principles and commitments contained in this Policy at Konecta.

Given that many of Konecta Group Companies have their headquarters outside the EU, they shall adjust their internal regulations to the requirements and regulations of each State, respecting and safeguarding the basic principles herein outlined, with a view to continuously improve to achieve the total eradication of corruption in business, and refine all control systems in management.

3.- BASIC ELEMENTS AND GENERAL PRINCIPLES OF ACTION

Transparency and integrity are reference words that make up Konecta's DNA. They inspire us to adopt the necessary domestic measures to enhance transparency in our management by communicating to our stakeholders that corruption is an unacceptable behaviour, which shall be persecuted by management, as well as by all members within our structure.

Moreover, we understand that this is the correct way to act and that it will ultimately improve the level of fair competition and Konecta's position in the market within a framework of equality. Corporate transparency is beneficial for the prevention of corruption, not only within the company itself, but also for the prevention of corruption in public administration and, ultimately, for the protection of consumers who would, otherwise, end up suffering the effects of unfair competition.

There are certain principles that, while not being *numerus clausus*, are an important starting point that Konecta embraced to prevent corruption from its business activity, thus contributing directly to the transparency and respect to fair competition while creating value:

- Compliance with the Principles of Good Corporate Governance.
- Implementation of a Code of Ethics in the Company.
- Deployment of Regulatory Compliance Programmes (Compliance Programmes).
- Implementation of communication channels (Ethics Channel) to communicate possible breaches of internal company rules and / or legal standards.
- Public Information on contracts with the public sector and information on the state-subsidised activities.
- Public information regarding corporate policies.
- Avoidance of favouritism and corruption in the private sector.
- Avoidance of bribery to foreign officials in international transactions.
- Fulfilment of tax obligations.

With this in mind, the Spanish legislation on the prevention of money laundering and financing of terrorism (PML / FT), in line with the international standards on this matter, has established the need for the appropriate procedures and prevention bodies for those liable to comply with said legal instruments.

In this case, Konecta, despite not being a regulated entity, has set itself the obligation to adopt and implement prevention policies and procedures.

Konecta followed the guideline provided by the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (SEPBLAC from its initials in Spanish) as the point of reference for embodying Konecta's **commitments and lines of action**.

This is the Konecta way, aimed at ensuring the effectiveness of the implemented security, with the following principles guide its action:

- 1.- The Company Management must know the risks of ML / FT and ensure that the necessary measures are taken to effectively mitigate these risks.
- 2.- Communication between Konecta's various departments must be permanent to identify any behaviour that may pose a risk and establish the necessary measures to mitigate it.
- 3.- These prevention protocols must be established following the principle of universality.
- 4.- The procedures implemented will be fully adapted to Konecta's business, and seek to identify the origin of the funds, as well as the consistency of the operation performed. They will be reviewed periodically.

4.- UPDATE AND REVIEW

This Policy Against Corruption and Money Laundering shall be reviewed and updated, where necessary, to adjust to the changes experienced by Konecta's business model, or to those which may be likely to occur in the company's field of action, or to those resulting from the adoption of rules of direct application, while ensuring its effectiveness and compliance.

This Policy Against Corruption was approved by the Company's Board of Directors on December 13, 2019.
This Policy has been reviewed, and its current wording was ratified by the aforementioned Board on June 22, 2021.