

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

NAVANTIA, S.A.

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	6/8
2. Internal Controls	6	9/12
3. Support to Employees	7	6/14
4. Conflict of Interest	4	3/8
5. Customer Engagement	6	6/12
6. Supply Chain Management	5	7/10
7. Agents, Intermediaries and Joint Ventures	10	12/20
8. Offsets	4	1/8
9. High Risk Markets	4	6/8
10. State-Owned Enterprises	5	5/10
TOTAL		61 / 110
BAND		C

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
0
Comments
<p>There is no evidence that the company publishes a commitment to ethical or anti-bribery and corruption standards that is authorised and endorsed by the company's leadership. Although the company's Code of Business Conduct reflects a commitment to high business standards, this is not supported by a public statement from the company's leadership and therefore the company receives a score of '0'.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.44] Chapter 13 Approval</p> <p>The present Manual, as well as the Anti-Corruption Policy (Appendix IV), were approved by NAVANTIA's Board of Directors in the meeting held on June 20th, 2018, and may be modified in order to adequately monitor and control NAVANTIA's transactions at all times to minimize the probability of criminal risks related to corruption.</p> <p>[3] Code of Business Conduct (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf [p.2] What is the Navantia Corporate Code of Conduct?</p> <p>Navantia's Corporate Code of Conduct is a core that identifies the standards of conduct that Navantia wants to see followed throughout its business. This is a more demanding standard of conduct than that defined by applicable legislation in the various countries where Navantia operates.</p> <p>It represents an articulation of a set of principles/values in business behaviour. The Code of Business Conduct is also a written reflection of Navantia's public commitment to these principles/values.</p> <p>The code of conduct has been defined by the Board of Directors, the highest-level governing body of Navantia, and represents a highest-level commitment.</p>

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</p> <p>b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>There is evidence that the company publishes a clear anti-bribery and corruption policy, which specifically defines and prohibits bribery, payments to public officials, commercial bribery, and facilitation payments. This policy clearly applies to all employees and directors as listed in the question.</p>
Evidence
<p>[1] Corporate Social Responsibility (Webpage) Accessed 06/08/2019 https://www.navantia.es/en/people/csr/ethical-behavior/ Corporate Code of Conduct The Code of Conduct establishes the standard of conduct that Navantia wishes to observe throughout its business activity, and reflects in writing its commitment to its principles and values.</p> <p>The Code of Conduct represents a major step forward in the process of improving corporate governance at the Company, and is an ideal instrument for the people comprising Navantia, and third parties connected with the company, to be able easily to ascertain the reality of the firmness of Navantia's ethical commitment.</p> <p>The Code of Conduct is aimed at individuals and entities who are direct recipients (recipients) and also those who have to be or may be familiar with it (informed parties).</p> <p>In the first place, the Code of Conduct is intended for all individuals providing services at Navantia and acting in their capacity as directors, officers and workers, who must adjust their conduct to the standards established therein.</p> <p>Likewise, this code of conduct is intended for the representatives, proxies, agents and mediators acting in Navantia's interest, or in the name and on behalf of Navantia.</p> <p>The Code of Conduct is intended mainly for clients, suppliers, advisors and other individuals or entities that interact with Navantia for professional or business reasons.</p> <p>[...]</p> <p>Anti-Bribery System One of the fundamental principles of Navantia's community strategy is the condemnation of all practices connected with corruption, in accordance with the principles declared in the Code of Business Conduct and in all other internal ethical and business regulations.</p> <p>The Anti-Corruption Manual applies to all employees, directors and persons employed by or accountable to NAVANTIA and its subsidiaries, as well as their legal representatives and de facto or de jure directors.</p> <p>The Anti-Corruption Manual defines the procedures and guidelines to follow in relation to the prevention of corruption risks, thereby demonstrating the Company's willingness and intention to comply with all anti-corruption laws.</p> <p>This Manual includes:</p> <ul style="list-style-type: none"> • Control and monitoring bodies on anti-corruption. • Risk assessment process (identification, analysis, evaluation, processing). • Restrictions relating to the prevention of conflicts of interest. • Due diligence system (due diligence for employees and third parties). • Specific compliance monitoring activities for contractual engagements and marketing. • Policy on donations, promotion, gifts, travel and payments. • Corporate accounting and financial principles.

- Breach detection procedures on corruption.
- Communication and training activities

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.5] Purpose

NAVANTIA condemns any practices related to corruption, in accordance with the principles set forth in its Code of Business Conduct and other business-ethics regulations. NAVANTIA strives to comply with all anti-corruption laws, and strictly forbids any form of corruption — whether active or passive — within the company, regardless of its source, destination, amount, etc.

From an external point of view, NAVANTIA employees must comply with the Code of Business Conduct and approved company policies, which outline that these practices must not be carried out in order to obtain preferential treatment for the company. NAVANTIA therefore systematically rejects any kind of corruption, regardless of its source, causes, and effects, even if the company could indirectly benefit therefrom.

[p.12] 4.1. SCOPE

The present Manual applies to all persons who are employed by or dependent on NAVANTIA, S.A. or any of its subsidiary companies, provided the Manual has been previously approved by their Governing Bodies.

4.2. RECIPIENTS

The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.

[p.30] NAVANTIA forbids its employees and representatives from granting facilitation payments. Facilitation payments can have a negative effect on the company's reputation, giving rise to doubts and suspicions regarding the company's other transactions.

[p.64] Appendix IV: Anti-corruption Policy

All persons acting on behalf of NAVANTIA must not offer, promise, or grant, both in public (national and foreign public officials) and private (company) contexts, an undue financial benefit, nor receive or accept one under any circumstances and by no means. NAVANTIA employees must take care that company money or goods, as well as events and contracts entered into by the company, are not used for unlawful purposes or purposes which constitute a crime, such as bribery, business corruption, corruption in international business transactions, and money laundering.

Employees must pay attention at all times to any situation which may seem suspicious or unusual, and which could lead to any of the aforementioned crimes being committed. Employees must immediately report these situations to their boss or competent superior, or report it via the reporting channel.

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.2] The Navantia Code of Conduct will apply to all subsidiary companies in which Navantia holds a majority stake. It may also be applied to temporary joint ventures, consortia, joint ventures and other business development instruments in which Navantia holds a majority stake.

[p.3] Target audience

In the first place, Navantia's Corporate Code of Conduct is intended for all individuals providing services at Navantia and acting in their capacity as directors, officers and workers, who must adjust their conduct to the standards established therein.

[p.13] Rejection of corrupt practices and bribes

Navantia rejects any kind of corrupt practice, especially bribery. All recipients of the Navantia Code of Conduct shall refrain from promoting, facilitating, participating or covering up any form of corrupt practice, and shall in any event proceed to report any corrupt practice of which they are aware of.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the board is ultimately responsible for oversight of the company's anti-bribery and corruption programme. There is evidence that this includes reviewing reports from management on the programme's performance, including the results of internal audits, and that the board has the authority to require that changes are made.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.16] 7.1. CONTROL AND MONITORING BODIES The bodies which control and monitor the Anti-Corruption Manual in NAVANTIA are: the Board of Directors, the Compliance Committee, and the Chief Compliance Officer – assisted by the Compliance References and the persons in charge of anti-corruption controls.</p> <p>The purpose of the control and monitoring bodies is to (i) monitor the functioning of the Anti-Corruption Manual; (ii) monitor the measures implemented against corruption and their suitability; (iii) ensure that the present Manual is divulged within NAVANTIA; and (iv) analyze legislative amendments which may affect the Anti-Corruption Manual (among other functions).</p> <p>A. Board of Directors The NAVANTIA Board of Directors is responsible for carrying out general monitoring and control functions in matters of compliance and prevention of corruption, in addition to its daily tasks of managing, administrating, and representing the company. These functions imply that the Board of Directors is ultimately responsible for the present Anti-Corruption Manual and Anti-Corruption Policy attached hereto.</p> <p>The Board of Directors of NAVANTIA shall be informed at least once a year of the monitoring and further activities related to the present Anti-Corruption Manual.</p>
<p>[3] Code of Business Conduct (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf [p.2] The code of conduct has been defined by the Board of Directors, the highest-level governing body of Navantia, and represents a highest-level commitment.</p> <p>[p.29] Supervision and monitoring The Code of Conduct is subject to periodic verifications to check the validity of the conducts set out therein, in such a way that NAVANTIA has an overview at all times allowing it to take all actions required for its suitability and effectiveness.</p> <p>The Compliance Committee is entrusted with the supervision and monitoring of the Code of Conduct and accordingly shall:</p> <ul style="list-style-type: none"> • Reasonably ensure that the values system adopted in the Code of Corporate Conduct is up to date, proposing to the Board of Directors any updates and integrations that may be necessary. • Immediately and unequivocally notify the Board of Directors of any violations of the Manual which may arise in the performance of the reviews. • Report regularly to the Board of Directors on the review activities that are carried out. <p>In addition, Navantia has a Directorate for Internal Audit that defines and executes the annual audit plans under the supervision of SEPI. In the event that it detects any breach of the code of conduct in the performance of its internal control functions, it shall report this to the Compliance Committee or the Board of Directors.</p>

NAVANTIA's Board of Directors expressly delegates to the Compliance Committee the power to make any minor/inconsequential changes regarding this Code.

The Compliance Officer shall report any changes to the Board of Directors at the meeting immediately following the date of the decision to amend the Code of Conduct by the Compliance Committee. The changes shall not enter into force until the mandatory procedure for informing the Board of Directors has been fulfilled.

[1] Corporate Social Responsibility (Webpage)

Accessed 06/08/2019

<https://www.navantia.es/en/people/csr/ethical-behavior/>

Compliance Committee

This Committee is the self-governing body of initiative and control, entrusted by the Board of Directors with promoting and coordinating implementation, supervision, monitoring and control of the Code of Conduct and the Crime Prevention Compliance and Anti-Corruption Systems of Navantia.

The Committee is made up of the Chief Compliance Officer and the heads of Human Resources (HR), Legal Affairs (LA) and Finance (FD).

The Chief Compliance Officer takes on the chairmanship of the Committee, the coordination of its functioning, and the definition of the annual working plans regarding supervision, monitoring and control of Navantia's Code of Conduct and Crime Prevention Compliance and Anti-Corruption Systems.

The Compliance Committee, as a supervisory body, reports directly to the Board of Navantia.

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
2
Comments
<p>Based on publicly available information, there is evidence that a designated senior executive – the Chief Compliance Officer – has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme. It is clear that this person has a direct reporting line to the board, which provides oversight of the company's anti-bribery and corruption programme. There is also evidence of reporting and feedback activities between this person and the board as part of the company's reporting structure.</p>
Evidence
<p>[1] Corporate Social Responsibility (Webpage) Accessed 06/08/2019 https://www.navantia.es/en/people/csr/ethical-behavior/ This Committee is the self-governing body of initiative and control, entrusted by the Board of Directors with promoting and coordinating implementation, supervision, monitoring and control of the Code of Conduct and the Crime Prevention Compliance and Anti-Corruption Systems of Navantia.</p> <p>The Committee is made up of the Chief Compliance Officer and the heads of Human Resources (HR), Legal Affairs (LA) and Finance (FD).</p> <p>The Chief Compliance Officer takes on the chairmanship of the Committee, the coordination of its functioning, and the definition of the annual working plans regarding supervision, monitoring and control of Navantia's Code of Conduct and Crime Prevention Compliance and Anti-Corruption Systems.</p> <p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.16] 7.1. CONTROL AND MONITORING BODIES The bodies which control and monitor the Anti-Corruption Manual in NAVANTIA are: the Board of Directors, the Compliance Committee, and the Chief Compliance Officer – assisted by the Compliance References and the persons in charge of anti-corruption controls.</p> <p>The purpose of the control and monitoring bodies is to (i) monitor the functioning of the Anti-Corruption Manual; (ii) monitor the measures implemented against corruption and their suitability; (iii) ensure that the present Manual is divulged within NAVANTIA; and (iv) analyze legislative amendments which may affect the Anti-Corruption Manual (among other functions).</p> <p>[p.17] C. Chief Compliance Officer The NAVANTIA Code of Business Conduct establishes the specific rules which must be followed in such matters.</p> <p>D. Compliance References Compliance References provide support to the Chief Compliance Officer, who may delegate operative duties to the Compliance References as they see fit, to perform daily tasks related to the monitoring and control of the present Manual.</p> <p>E. Persons in charge of anti-corruption controls Any internal control system must be assessed regularly to ensure that it is being adequately implemented and is effective. The assessment can be performed by the managers of the departments affected by corruption risks (in a broad sense) using a dynamic self-assessment method, with information on compliance with policies, procedures, and existing controls related to corruption.</p> <p>This type of assessment makes the system trustworthy and analyze how it responds to deficiencies and external or internal changes, Furthermore, it is a key tool that helps the Compliance Committee assess the functioning of the Anti-Corruption Manual.</p>

The persons in charge must confirm whether:

- The policies/procedures/regulations/controls regarding the anti-corruption matters for which they are responsible are being followed.
- Changes have been made to control activities; only relevant changes must be indicated.
- All identified incidents have been resolved and the appropriate level of management informed, where applicable.

In this sense, the persons in charge of any area or Department within the Group must provide the Compliance Committee, the Chief Compliance Officer, and the Compliance References with any information requested about the activities being carried out in their area or Department that are related to potentially corrupt practices (in a broad sense).

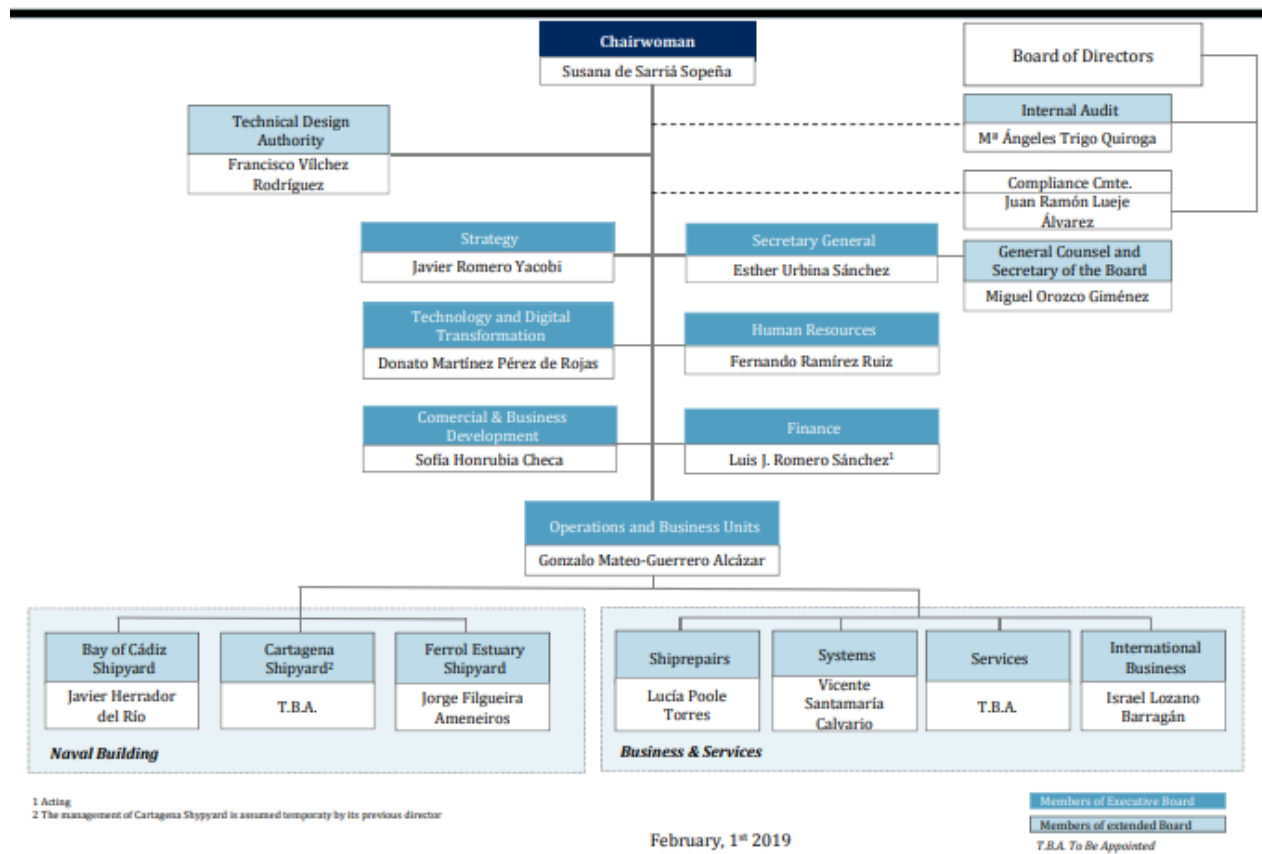
[4] Navantia Board of Directors (Document)

Accessed 06/08/2019

<https://www.navantia.es/wp-content/uploads/2019/02/ORGANIGRAMA-ingles-12022019.pdf>

[p.1]

Navantia Corporate Executive Board



[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.29] Supervision and monitoring

The Code of Conduct is subject to periodic verifications to check the validity of the conducts set out therein, in such a way that NAVANTIA has an overview at all times allowing it to take all actions required for its suitability and effectiveness.

The Compliance Committee is entrusted with the supervision and monitoring of the Code of Conduct and accordingly shall:

- Reasonably ensure that the values system adopted in the Code of Corporate Conduct is up to date, proposing to the Board of Directors any updates and integrations that may be necessary.

- Immediately and unequivocally notify the Board of Directors of any violations of the Manual which may arise in the performance of the reviews.
- Report regularly to the Board of Directors on the review activities that are carried out.

[...]

The Compliance Officer shall report any changes to the Board of Directors at the meeting immediately following the date of the decision to amend the Code of Conduct by the Compliance Committee. The changes shall not enter into force until the mandatory procedure for informing the Board of Directors has been fulfilled.

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
<p>There is evidence that the company has a formal bribery and corruption risk assessment procedure that informs the design of its anti-bribery and corruption programme. There is evidence that the company uses the results of risk assessments to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme. Although it is not explicitly clear that the board reviews the results of risk assessments, there is evidence that the Compliance Committee conducts reviews on at least an annual basis of medium and high risk operational areas, and that this committee submits an Annual Report to the board.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf</p> <p>[p.8] In order for the anti-corruption model developed by NAVANTIA to be effective, it is essential to identify and analyze the corruption risks the company may be exposed to, as well as any existing policies, procedures, and control mechanisms within the company that may help curb these hypothetical actions.</p> <p>In accordance with the provisions and requirements of the regulations listed as follows, the risk of corruption occurs where NAVANTIA employees or agents related to the company offer or accept a benefit, whether direct or indirect, to/from a third party, whether the latter be a public official (national or foreign), executive, director, or employee of another company, in order to obtain unlawful advantages. Furthermore, in the more specific field of influence peddling, this takes place when a private individual takes advantage of a situation resulting from their personal relationship with a public official or authority to obtain a resolution which may directly or indirectly result in financial gains for them or for a third party.</p> <p>Certain Departments within NAVANTIA are more exposed to this type of corruption, and these practices occur more commonly in Departments that (i) are involved in the hiring process; (ii) may have access to company funds; (iii) carry out corporate transactions in which agents and partners partake; (iv) establish business relationships with third parties that are not part of NAVANTIA; or (v) have a relationship with public officials, whether national or foreign.</p> <p>[p.10] Similarly, understanding that there are risks which are intrinsically linked to corruption, such as money laundering, failure to fulfil accounting obligations, tax or hiring practices, the practices must be included within the scope of this Manual, as well as the control mechanisms established in the NAVANTIA Criminal Compliance Manual associated with these crimes (money laundering, failure to fulfil accounting obligations, and tax crimes).</p> <p>[p.18] 7.3. RISK ASSESSMENT PROCESS (RISK MANAGEMENT: IDENTIFICATION, ANALYSIS, ASSESSMENT, PROCESSING). WARNINGS</p> <p>7.3.1. IDENTIFICATION AND ANALYSIS</p> <p>In order for the Anti-Corruption Model developed by NAVANTIA to be effective, it is essential to identify and analyze the corruption risks the company may be exposed to, as well as any existing policies, procedures, and control mechanisms within NAVANTIA that may help curb these hypothetical actions.</p> <p>In accordance with the previously mentioned provisions and requirements of the regulations, the risk of corruption occurs where NAVANTIA employees or agents related to the company offer or accept a benefit, whether direct or indirect, to/from a third party, whether the latter be a public official (national or foreign), executives, directors or employee of another company, in order to obtain unlawful advantages.</p>

As mentioned ut supra, certain areas within NAVANTIA are more exposed to this type of corruption, namely NAVANTIA areas that (i) are involved in the hiring process; (ii) have access to company funds; (iii) carry out corporate transactions in which agents and partners partake; (iv) establish business relationships with third parties that are not part of NAVANTIA; or (v) have a relationship with public officials, whether national or foreign.

Within the mentioned areas, the Managers or Executives will be responsible for keeping an updated list of identified policies, procedures, and controls related to corruption within their area, as well as identifying possible new activities which may potentially constitute a corruption risk. As an additional control, they will certify the validity of these on an annual basis, notifying the Compliance Committee thereof. An updated file of these notifications will be kept.

7.3.2 PROCESSING

As part of the active management of potential risks affecting NAVANTIA, with regards to corrupt practices which may be criminal offenses, it is essential to establish a protocol on how to deal with risks that are considered financially significant.

[p.19] As is to be expected, special control measures will be implemented in operational areas where the company could, potentially, be the most exposed to corruption-related practices.

The risk affecting each and every one of the areas will be systematically classified, in accordance with the assessment criteria established by NAVANTIA.

- Low risk: annual monitoring of the status by the manager of each area, which does not require additional specific measures.
- Medium risk: annual monitoring by the manager of each area. Additionally, the Compliance Committee will check the situation, drawing up the duly signed minutes together with the manager of each area.
- High risk: six-monthly monitoring by the manager of each area. The Compliance Committee will draw up the minutes together with the manager of each area, certifying that no situations which may compromise the present Anti-Corruption Manual exist.

[p.39] 8.3. SURVEILLANCE, MONITORING, AND UPDATING

In order to ensure the efficacy and effectiveness of the NAVANTIA Anti-Corruption Manual, regular revisions must be performed on the correct application and development of the Manual.

These revisions must be particularly thorough in cases where the company undergoes changes to the company organization, the activities it performs, or the corporate structure, and well as changes to company organization, the activities it performs, or the corporate structure, and well as changes to regulations which affect existing control mechanism or their efficacy. In these cases, the Manual must be updated in order to adapt it to the changing corporate or regulatory situation.

The existing reports, audits, inquiries received, and deficiencies identified must be taken into consideration when performing the revisions.

For this purpose, the Compliance Committee is responsible for all surveillance and monitoring functions regarding the Anti-Corruption Manual; the Compliance Committee will draft and submit to the Board of Directors an Annual Report with conclusions on its regular monitoring of the Manual.

To better perform its duties, the Compliance Committee will perform all tests and reviews it deems necessary on contracts, procedures, control mechanisms, and general anti-corruption systems in order to detect any possible deficiencies in the system, regularly drawing up reports with their findings.

Said reports shall be made available to all members of the Compliance Committee and, where applicable, submitted to the Board of Directors.

Every year a plan of action to implement improvement suggestions will be set in place

Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
2
Comments
<p>There is evidence that the company's anti-bribery and corruption programme is subject to a regular review process to ensure the programme is consistent with best practice and the business risks facing the company. There is evidence that this includes provisions for continuous improvement, supplemented by audit procedures. There is also evidence that high-level audit findings are presented to the board, with clear ownership for any updates and improvements to the anti-bribery and corruption programme. Although it is not explicitly clear that such audits or reviews are conducted at least every two years, the company refers to 'annual audit plans' and so the evidence is deemed sufficient for a score of '2'.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.39] 8.3. SURVEILLANCE, MONITORING, AND UPDATING In order to ensure the efficacy and effectiveness of the NAVANTIA Anti-Corruption Manual, regular revisions must be performed on the correct application and development of the Manual.</p> <p>These revisions must be particularly thorough in cases where the company undergoes changes to the company organization, the activities it performs, or the corporate structure, and well as changes to regulations which affect existing control mechanism of their efficacy. In these cases, the Manual must be updated in order to adapt it to the changing corporate or regulatory situation.</p> <p>The existing reports, audits, inquiries received, and deficiencies identified must be taken into consideration when performing the revisions.</p> <p>For this purpose, the Compliance Committee is responsible for all surveillance and monitoring functions regarding the Anti-Corruption Manual; the Compliance Committee will draft and submit to the Board of Directors an Annual Report with conclusions on its regular monitoring of the Manual.</p> <p>To better perform its duties, the Compliance Committee will perform all tests and reviews it deems necessary on contracts, procedures, control mechanisms, and general anti-corruption systems in order to detect any possible deficiencies in the system, regularly drawing up reports with their findings.</p> <p>Said reports shall be made available to all members of the Compliance Committee and, where applicable, submitted to the Board of Directors.</p> <p>Every year a plan of action to implement improvement suggestions will be set in place.</p>
<p>[3] Code of Business Conduct (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf [p.29] Supervision and Monitoring</p> <p>The Code of Conduct is subject to periodic verifications to check the validity of the conducts set out therein, in such a way that NAVANTIA has an overview at all times allowing it to take all actions required for its suitability and effectiveness.</p> <p>In addition, Navantia has a Directorate for Internal Audit that defines and executes the annual audit plans under the supervision of SEPI. In the event that it detects any breach of the code of conduct in the performance of its internal control functions, it shall report this to the Compliance Committee or the Board of Directors.</p>

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
2
Comments
<p>There is evidence that the company commits to investigating allegations and incidents of bribery and corruption objectively and independently. There is evidence that the company has a specific procedure in place to deal with whistleblowing cases, which includes informing whistleblowers of the outcome of the investigation, and stipulates documentation and actions to be taken at each step. A senior central body of the company – the Compliance Committee – receives and reviews summary information of all incidents and their status in the organisation on a quarterly basis.</p>
Evidence
<p>[10] Norma de Actuación y Decisión – Sistema de Cumplimiento Normativo / Compliance System Procedures and Standards (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-043-Incumplimiento-Normativo-1.pdf [p.5] 5.1.1. Recepción de denuncias</p> <p>Navantia tiene habilitados los siguientes canales específicos para la recepción de denuncias en relación con su Código de Conducta:</p> <ul style="list-style-type: none"> • Correo electrónico • Dirección postal • Aplicación en la intranet de Navantia • Enlace desde la página web de Navantia <p>[p.6] El Comité de Compliance y los demás órganos de la Compañía que intervengan en las investigaciones de las denuncias asegurarán la máxima confidencialidad acerca de la identidad de la persona que haya notificado la denuncia, sin perjuicio de las obligaciones legales y de la protección de los derechos correspondientes a las empresas y personas acusadas injustamente o de mala fe.</p> <p>Todos los canales de recepción definidos serán gestionados por el Comité de Compliance, obligados al secreto profesional respecto de los mismos, obligación que subsistirá aún después de finalizar su membresía en el Comité Compliance. Todas las denuncias remitidas serán recibidas por el Chief Compliance Officer y el Secretario del Comité de Compliance, quienes informaran de las denuncias recibidas al Comité Compliance.</p> <p>5.1.2. Admisión a trámite</p> <p>Una vez recibida la denuncia, se analizará el objeto de la misma para poder determinar la competencia del Comité de Compliance y se valorará de forma indiciaria la existencia de indicios de infracción. En esta fase, se podrá requerir al denunciante que complete o aclare la información remitida, aportando la documentación que sea necesaria para acreditar la existencia de una conducta irregular.</p> <p>Esta fase finalizará con un informe que será elevado ante el Comité de Compliance al objeto de determinar:</p> <ul style="list-style-type: none"> • La desestimación de la denuncia cuando los hechos denunciados no constituyan incumplimiento del Código de Conducta, de los manuales de compliance penal o anticorrupción, de las políticas, normas y valores de la compañía, ni implique irregularidad o acto contrario a la legalidad. • Estimar la denuncia al entender que pueden existir indicios de incumplimiento del Código de Conducta, de los manuales de compliance penal o anticorrupción, de las políticas, normas y valores de la compañía o un acto contrario a la legalidad. <p>5.1.3. Investigación de hechos conocidos a través del canal</p> <p>Una vez determinada la competencia y comprobada la veracidad indicial de la denuncia, el Chief Compliance officer o el Comité de Compliance encargarán la comprobación de los hechos denunciados a algún órgano de</p>

Navantia o encomendará directamente el expediente de investigación a personal interno o externo, capacitado y con en experiencia en la materia que se trate.

[p.12] 6.4. SEGUIMIENTO Y MEDICIÓN DEL PROCESO

El Comité de Compliance efectuará un seguimiento trimestral de las acciones emanadas de la aplicación del presente procedimiento, para la cual emitirá con dicha periodicidad un informe que figuren al menos los campos siguientes:

- N.º Acción
- Descripción de la Acción
- Responsable de la implantación
- Plazo
- Fecha de cierre (en caso de que se haya producido).
- Estado, pudiéndose distinguir entre: – Abierta: Implantación no finalizada. – Cerrada: Implantada. – Pendiente de definición: En proceso de análisis de causas y establecimiento de acciones. – En suspenso: Implantación detenida por una causa justificada(especificar). – Cancelada: Sustituida por otra acción (indicar referencia) o anulada por no proceder

Translation:

[p.5] 5.1.1. Receipt of complaints

[Complaints here refer to reports of infractions of the company's Code of Conduct, and include reports of bribery and corruption]

Navantia has the following specific channels for receiving complaints regarding its Code of Conduct:

- Email
- Postal address
- Application on the Navantia intranet
- Link from the Navantia website

[p. 6] the Compliance Committee and the other bodies of the company involved in the investigation of complaints shall ensure maximum confidentiality regarding the identity of the person who notified the complaint, without prejudice to legal obligations and the protection of the rights of companies and persons accused unjustly or in bad faith.

All defined reception channels will be managed by the Compliance Committee, bound by professional secrecy, an obligation that will remain even after the end of membership of the Compliance Committee. All complaints submitted will be received by the Chief Compliance Officer and the Secretary of the Compliance Committee, who will report the complaints received to the Compliance Committee.

5.1.2. Admission to proceedings

Once the complaint is received, the object of the complaint will be analysed in order to determine the competition of the Compliance Committee and the existence of signs of infringement will be assessed. In this way the complainant may be required to complete or clarify the information submitted, providing such documentation as is necessary to prove the existence of irregular conduct.

This phase will conclude with a report to be submitted to the Compliance Committee for the purpose of determining:

- The dismissal of the complaint when the facts complained of do not constitute a breach of the Code of Conduct, criminal or anti-corruption compliance manuals, policies, standards and values of the company, nor imply irregularity or act contrary to the law.
- Evaluate the complaint by understanding that there may be evidence of non-compliance with the Code of Conduct, criminal or anti-corruption compliance manuals, policies, standards and values of the company or an act contrary to the law.

5.1.3. Investigation of known facts through the channel

Once the jurisdiction has been determined and the indicia of the complaint verified, the Chief Compliance Officer or the Compliance Committee will Commission the verification of the facts complained of to some of Navantia or entrust the investigation file directly to internal staff or external, trained and experienced in the subject matter.

[Document goes on to describe the investigative process]

[p. 12] 6.4. MONITORING AND MEASUREMENT

The Compliance Committee shall carry out a quarterly monitoring of the actions resulting from the application of this procedure, for which it shall issue at that time a report containing at least the following fields:

- Numbers of actions
- Description of the actions
- Organs tasked with implementation
- Term
- Closing date (if any).
- State of the action:

- open: Implementation not completed.
- Closed: Implanted. - Pending definition: in the process of analysis of causes and establishment of actions.
- In suspense: implementation stopped for a justified cause (specify).
- Cancelled: replaced by another action (indicate reference) or cancelled by no action

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.38] The Chief Compliance Officer and the Secretary of the Compliance Committee will be in charge of receiving all reports, and the Compliance Committee will assign — based on the contents of the reports — the areas and/or competent superiors to perform the analysis and investigation of the facts.

The Chief Compliance Officer and the Secretary of the Compliance Committee will ensure that maximum confidentiality is guaranteed for the persons reporting incidents, without prejudice to any legal obligations and the rights of companies or persons who have been wrongfully accused or accused in bad faith.

It is strictly forbidden to adopt measures against an employee which constitute a reprisal or retaliation for having reported a situation, in addition to any other type of negative consequences resulting from his/her actions. Reports must be based on principles of truthfulness and proportionality.

[p.39] 8.2. INVESTIGATIONS

Supposed criminal conduct related to corruption shall be reported via the Reporting Channel when any person subject to or familiar with the NAVANTIA Code of Business Conduct becomes aware of a criminal act within the company, given that NAVANTIA has established a zero-tolerance policy towards these practices and the obligation all employees have of reporting them.

Once the report has been received, the corresponding procedure shall be followed, both in the Policy on Actions and Decision-making in case of breaches of the Regulatory Compliance System (N043) and the Compliance Committee Regulation, where applicable.

[p.40] [...] In line with the provisions of the NAVANTIA Criminal Compliance Manual and the contents of the present Anti-Corruption Manual, if incorrect conduct related to any type of corruption is detected — whether public or private — an investigation will be conducted which could lead to the company imposing a sanction.

NAVANTIA employees should be aware that they may be internally investigated upon any indication or report of a breach of the manuals. The policies and procedures outlined herein must be complied with and are added to the functions and responsibilities assigned to each employee. Therefore, a breach of the terms and conditions of the Manual could lead to sanctions which may range from verbal reprimands to termination of the employment contract, in accordance with enforceable Labor regulations / Spanish Statue of Worker's Rights / applicable Collective Agreement. In the case of third-part suppliers, any breach will lead to the termination of any agreements entered into with the supplier.

[p.41] NAVANTIA must keep a file on any documents referenced in the present Manual, and generated as a result thereof:

- Anti-corruption policies, procedures, and controls.
- Actions undertaken in matters of corruption.
- Documentation regarding inquiries and the reporting channel.
- All documents generated in relation to the anti-corruption model.

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.32] Investigation of possible infringements

Navantia's Compliance Committee will analyse the reported or filed events and will proceed to implement the procedure required to resolve them. In carrying out these actions, and when the subject matter of the charge so requires, other company departments may be requested to collaborate and will carry out verification within the scope of their powers and in accordance with the principles of confidentiality, objectivity and independence. The different bodies designated by the Compliance Unit for the analysis of the reports may in turn address any other Navantia department, which at all times will be obliged to provide any necessary information in order to have the complaint heard, provided that there is no legal prohibition to do so.

Unless the applicable laws establish that action must be taken in another way, when the investigation progresses, the Compliance Committee or the Navantia unit designated by it will inform the individuals concerned of the circumstances in order that they may provide additional information and, where applicable, argue or justify the reasons for their actions.

[1] Corporate Social Responsibility (Webpage)

Accessed 06/08/2019

<https://www.navantia.es/en/people/csr/ethical-behavior/>

Whistleblowing channel

Navantia has a whistleblowing channel where it is possible to report, after proper identification, any suspected unlawful conduct or violations of the Code of Conduct. Any wrongful events or irregularities that are contrary to Navantia's interests can also be reported.

- Whistleblowing Channel Mailbox: canaldenuncia@navantia.es

All reports reported via this channel are evaluated by the Chief Compliance Officer and the Head of Integrity and Crime Prevention Compliance.

Navantia assures the confidentiality and anonymity of complaints and the anonymity of good-faith complainants.

Investigations of the alleged events shall be conducted in accordance with the presumption of innocence and other procedural guarantees for the respondent.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
1
Comments
<p>There is some evidence that the company assures itself of the quality of its internal investigations. It states that staff tasked with conducting investigations are properly qualified and trained to perform the function.</p> <p>However, the company receives a score of '1' because the company does not provide any details about how it handles complaints about the handling of concerns and investigations. There is also no evidence that it reviews its investigations procedure at least every three years or in response to any changes in the regulatory environment.</p>
Evidence
<p>[10] Norma de Actuación y Decisión – Sistema de Cumplimiento Normativo / Compliance System Procedures and Standards (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-043-Incumplimiento-Normativo-1.pdf</p> <p>[p.6] 5.1.3. Investigación de hechos conocidos a través del canal Una vez determinada la competencia y comprobada la veracidad indicial de la denuncia, el Chief Compliance Officer o el Comité de Compliance encargarán la comprobación de los hechos denunciados a algún órgano de Navantia o encomendará directamente el expediente de investigación a personal interno o externo, capacitado y con en experiencia en la materia que se trate.</p> <p>[p.11] 6. EL ANÁLISIS DE RAÍZ DEL INCUMPLIMIENTO Y PROPUESTAS DE MEJORA</p> <p>El Comité de Compliance tiene en comendado por el Consejo de Administración de Navantia la supervisión seguimiento del modelo de Compliance, lo cual conlleva la modificación del mismo cuando se ponga de manifiesto infracciones relevantes de sus disposiciones.</p> <p>6.1. EVALUACIÓN DE LAS CAUSAS DEL INCUMPLIMIENTO/ ANÁLISIS DE RAÍZ</p> <p>En función de la naturaleza del incumplimiento, el Comité de Compliance asignará a un responsable de la Dirección o Función en la que se haya producido el incumplimiento para, en primera instancia, proceder al análisis de las causas que lo motivaron. A partir de ese momento, la persona designada liderará el proceso de análisis del incumplimiento, contando con la participación de las personas que en su opinión puedan contribuir a su resolución.</p> <p>Para facilitar esta tarea, se podrá emplear un método o herramientas de causa raíz estándar como, por ejemplo, el basado en la "espinas de pescado", "brainstorming", "5 porqués (5W)" o cualquier otro método alternativo que, partiendo de la recopilación de causas principales que con mayor probabilidad han dado origen o han facilitado la comisión de los hechos que han dado lugar al incumplimiento del modelo de Compliance.</p> <p>Con los datos resultantes de este análisis se podrá dar inicio al proceso de Acción Correctiva.</p> <p>Translation:</p> <p>[p.6] 5.1.3. Investigation of known facts through the channel Once the jurisdiction has been determined and the indicia of the complaint verified, the Chief Compliance Officer or the Compliance Committee will Commission the verification of the facts complained of to some of Navantia or entrust the investigation file directly to internal staff or external, trained and experienced in the subject matter.</p> <p>[p. 11] 6. ROOT ANALYSIS OF NON-COMPLIANCE AND PROPOSALS FOR IMPROVEMENT</p> <p>The Compliance Committee is commissioned by the Board of Directors of Navantia for the supervision of follow-up of the compliance model, which results in the modification of the compliance model when relevant violations of the model manifest themselves.</p>

6.1. ASSESSMENT OF THE CAUSES OF NON-COMPLIANCE / ROOT ANALYSIS

Depending on the nature of the breach, the Compliance Committee will assign a person responsible for addressing the function at which the breach occurred in order, in the first instance, to proceed to the analysis of the causes that motivated it. From then on, the designee will lead the non-compliance analysis process, with the participation of select people whose opinion should be considered for effective resolution.

To facilitate this task, a standard root cause method or tools such as, for example, the one based on "fishbone", "brainstorming", "5 Whys (5W)" or any other alternative method that, starting from the collection of main causes that most likely have or facilitated the commission of the facts giving rise to the breach of the model compliance.

With the data resulting from this analysis, the corrective action process can be initiated.

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.30] The Compliance Committee will receive the case, as well as the preliminary analysis and conclusions report, prepared by the legal advisor and will make a justified decision on the case. For these purposes it may agree to:

- Close and record the case.
- Determine there are indications of non-compliance with the Code of Conduct.

[p.32] Investigation of possible infringements

Navantia's Compliance Committee will analyse the reported or filed events and will proceed to implement the procedure required to resolve them. In carrying out these actions, and when the subject matter of the charge so requires, other company departments may be requested to collaborate and will carry out verification within the scope of their powers and in accordance with the principles of confidentiality, objectivity and independence. The different bodies designated by the Compliance Unit for the analysis of the reports may in turn address any other Navantia department, which at all times will be obliged to provide any necessary information in order to have the complaint heard, provided that there is no legal prohibition to do so.

Unless the applicable laws establish that action must be taken in another way, when the investigation progresses, the Compliance Committee or the Navantia unit designated by it will inform the individuals concerned of the circumstances in order that they may provide additional information and, where applicable, argue or justify the reasons for their actions.

[1] Corporate Social Responsibility (Webpage)

Accessed 06/08/2019

<https://www.navantia.es/en/people/csr/ethical-behavior/>

Whistleblowing channel

All reports reported via this channel are evaluated by the Chief Compliance Officer and the Head of Integrity and Crime Prevention Compliance.

Navantia assures the confidentiality and anonymity of complaints and the anonymity of good-faith complainants. Investigations of the alleged events shall be conducted in accordance with the presumption of innocence and other procedural guarantees for the respondent.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
1
Comments
<p>There is evidence that the company's Compliance Committee is responsible for ensuring that the disclosure of criminal offences to the relevant authorities is evaluated and acted upon if found necessary.</p> <p>The company receives a score of '1' because while there is evidence that material findings of bribery and corruption from investigations are reported to the Compliance Committee, there is no clear evidence that the company commits to report material findings to the board.</p>
Evidence
<p>[10] Norma de Actuación y Decisión – Sistema de Cumplimiento Normativo / Compliance System Procedures and Standards (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-043-Incumplimiento-Normativo-1.pdf [p.4] corresponde al Comité de Compliance:</p> <ul style="list-style-type: none"> • Levantar acta en cada reunión del Comité de Compliance de las eventuales denuncias recibidas a través del canal, y reportadas por el Chief Compliance Officer. <p>[p.7] 5.1.5. Resolución del expediente</p> <p>El Comité de Compliance recibirá tanto el expediente como el informe de análisis, conclusiones y recomendaciones elaborado por el instructor y, si lo considera necesario tras haber recabado asesoramiento interno o externo, el Comité de Compliance resolverá justificadamente lo que proceda sobre el mismo.</p> <p>A estos efectos podrá acordar:</p> <ul style="list-style-type: none"> • La devolución del expediente correspondiente con el objeto de que se realicen nuevas investigaciones complementarias. • El archivo de la denuncia, dejando constancia de la causa. • Determinar que existen indicios de comportamiento presumiblemente delictivo y remitir la causa a la autoridad competente. <p><u>Translation:</u></p> <p>[p.4] corresponding responsibilities of the Compliance Committee:</p> <ul style="list-style-type: none"> • Record at each meeting of the Compliance Committee any complaints received to and reported by the Chief Compliance Officer. <p>[p.7] 5.1.5. Resolution of the case</p> <p>The Compliance Committee shall receive both the dossier and the report of analysis, conclusions and recommendations prepared by the instructor and, if deemed necessary after obtaining internal or external advice, the Compliance Committee shall justifiably decide on the matter.</p> <p>To this end, it may agree:</p> <ul style="list-style-type: none"> • The return of the relevant file for the purpose of further investigations. • The filing of the complaint, leaving a record of the case. • Identify evidence of suspected criminal behaviour and refer the case to the competent authority.

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.9] Navantia's commitment to corporate conduct is to always comply with the applicable law in all the countries in which it operates, with particular emphasis on the commitment to pursue infringements and to cooperate with legal authorities in the event of possible violations of the law which could give rise to direct criminal liability for the company in accordance with the terms of Article 31 of the Spanish Criminal Code in force or any other provision in this regard which may in the future replace and/or supplement it. Navantia has implemented a regulatory compliance management and organisation model, which includes monitoring and control measures to prevent the commission of offences, the supervision and monitoring of which has been entrusted by the Board of Directors to the Compliance Committee.

Relations with public authorities and representatives

In all its relations with Spanish and third country public authorities and representatives, Navantia shall at all times act in a respectful manner and in accordance with the applicable law in order to promote and defend its legitimate business interests. The recipients of this Code of Conduct shall at all times collaborate with the public authorities and representatives when they perform the duties legally incumbent upon them.

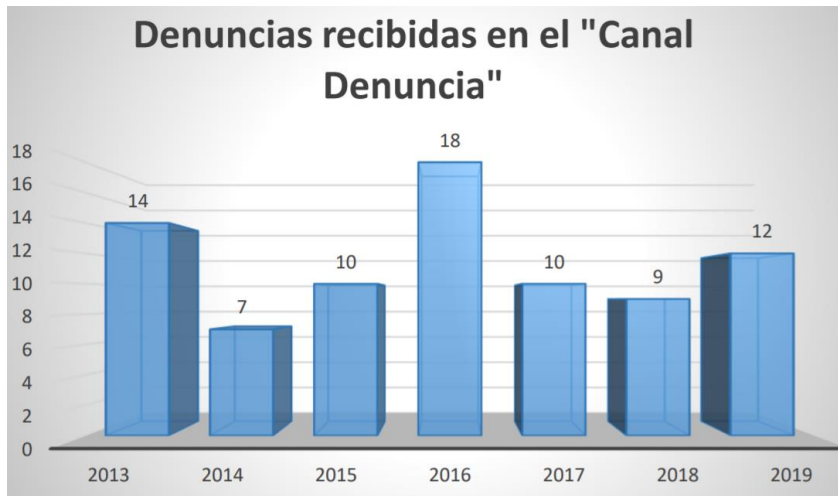
[p.33] Reaction to non-compliance with the Code of Conduct

Where there are indications of a violation of the Code of Conduct that can be punishable by law, Navantia will proceed to inform the competent authorities thereof.

If a violation of the Code of Conduct legitimately allows the company to take disciplinary action against its officers, employees or workers, including termination, the company will take appropriate steps in order to carry out such actions.

Question												
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?												
Score												
1												
Comments												
<p>The company publishes some high-level data on its compliance-related incidents and investigations involving company employees. The data includes the number of reports received through its complaints channel, and the number of disciplinary actions as a result of investigation findings. There is evidence that this information is published on an annual basis covering cases from the past 12 months.</p> <p>However, the company receives a score of '1' because the data provided does not include information on the number of investigations launched. Furthermore, the data is not disaggregated to specifically show the number anti-bribery and corruption-related incidents and investigations.</p>												
Evidence												
<p>[11] Información Compliance Para Partes Interesadas Año 2019 / Compliance Report 2019 (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf [p.17] 6. GESTIÓN DEL CANAL DE DENUNCIAS</p> <p>Los destinatarios y concedores del Código de Conducta tienen la obligación de informar a Navantia, tan pronto como tuvieran conocimiento, sobre cualquier incumplimiento o vulneración que pudieran observar en el desempeño de sus actividades profesionales. Navantia cuenta con un “Canal de denuncia”, al que se podrá acceder a través de las siguientes vías:</p> <ul style="list-style-type: none"> • Código de Conducta. • La aplicación “Canal de denuncia” habilitada en la Intranet de Navantia “Periscopio”. • Web de Navantia accediendo al directorio de transparencia. • Correo electrónico dirigido a: canaldenuncia@navantia.es • Correo ordinario dirigido a: NAVANTIA, S.A., S.M.E, (Canal de denuncias) Velázquez, 132 <p>Durante el ejercicio 2019, se han recibido 12 denuncias. Se adjuntan gráficos de la distribución de las denuncias recibidas en el Canal de Denuncia en el 2019 atendiendo a la pauta de comportamiento afectada y a los centros de trabajo implicados.</p>												
<table border="1"> <caption>Denuncias por materias recibidas 2019</caption> <thead> <tr> <th>Materia</th> <th>Porcentaje</th> </tr> </thead> <tbody> <tr> <td>Rechazo de la arbitrariedad/ Igualdad y no discriminación</td> <td>41%</td> </tr> <tr> <td>Acoso/ Trato respetuoso</td> <td>17%</td> </tr> <tr> <td>Conflicto de Intereses</td> <td>17%</td> </tr> <tr> <td>Cumplimiento con la legalidad</td> <td>17%</td> </tr> <tr> <td>Información clasificada</td> <td>8%</td> </tr> </tbody> </table>	Materia	Porcentaje	Rechazo de la arbitrariedad/ Igualdad y no discriminación	41%	Acoso/ Trato respetuoso	17%	Conflicto de Intereses	17%	Cumplimiento con la legalidad	17%	Información clasificada	8%
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Conflicto de Intereses	17%											
Cumplimiento con la legalidad	17%											
Información clasificada	8%											

[p.18] Se acompaña también un gráfico de la evolución del número de denuncias recibidas por el Canal Denuncia de Navantia desde su puesta en funcionamiento en el año 2013.



[p.19] 6.1. Infracciones al Código de Conducta Empresarial.

Como consecuencia de los expedientes gestionados a través del "Canal Denuncia" se han impuesto las siguientes sanciones a empleados de Navantia:

- 3 Sanción de suspensión de empleo y sueldo por la comisión de falta grave o muy grave.
- 4 Apercibimientos por escrito por la comisión de falta grave.

Por el contrario, y de las investigaciones practicadas, no se ha determinado responsabilidad alguna para agentes, proveedores o socios de Navantia.

Translation:

[p.17] 6. MANAGEMENT OF THE COMPLAINTS CHANNEL

The recipients and connoisseurs of the Code of Conduct are required to inform Navantia, as soon as they became aware, of any breach or violation that they may observe in the performance of their professional activities. Navantia has a "complaint channel", which can be accessed through the following routes:

- Code of Conduct.
- The application "denunciation channel" enabled in the Intranet of Navantia "Periscope".
- Navantia website accessing the transparency directory.
- E-mail addressed to: canaldenuncia@navantia.es
- Regular mail addressed to:
NAVANTIA, S. A., S. M. E, (complaints Channel)
Velázquez, 132

During 2019, 12 complaints were received.

Attached are graphs of the distribution of complaints received in the reporting channel in 2019 taking into account the pattern of behaviour affected and the workplaces involved.

Reports received by subject 2019

- 17% Conflicts of Interest
- 17% Bullying/Harrassment
- 17% Illegal Activity
- 8% Release of Classified Information
- 41% Complaints regarding disciplinary action

[p.18] Also attached is a graph of the evolution of the number of complaints received by the Navantia Reporting Channel since it came into operation in 2013.

Reports received via the "Reporting Channel"

2013	14
2014	7
2015	10
2016	18
2017	10
2018	9
2019	12

[p.19] 6.1. Violations of the Code of Business Conduct.

As a consequence of the files managed through the "Reporting Channel" the following sanctions have been imposed on Navantia employees:

- 3 Penalties of suspension of employment and salary for the commission of serious or very serious misconduct.
- 4 Written warnings for commissioning a serious offense.

Furthermore, and from the investigations carried out, no liability has been determined for agents, suppliers or partners of Navantia.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
1
Comments
<p>There is evidence that the company provides training to its employees that outlines the principles of its anti-bribery and corruption policy, and that it covers the procedure for reporting unusual or suspicious transactions.</p> <p>The company scores '1' because although there is evidence that corruption training takes place once a year, it is not specified whether all employees are required to attend this training, and therefore it is unclear how frequently employees are required to undertake or refresh their training on anti-bribery and corruption. It is also not clear from the available evidence that training is provided to all employees across all divisions, in all countries/regions of operation or in all appropriate languages.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf <p>[p.43] Training</p> <p>To ensure the effective development of the Anti-Corruption Manual, employees must be provided with adequate training in the Manual's contents and its related protocols. The appropriate training actions must be implemented in matters of corruption, with a special focus on the departments and employees which, given their functions, are more exposed to corruption risks. The Compliance Committee will manage the training program, and will coordinate their efforts with the Department of Human Resources.</p> <p>Regarding corruption risks, introducing changes towards a new corporate culture will only be possible if employees are adequately trained and have been made aware of the issues surrounding corruption. Corruption training will take place once a year, with regular reminders of the contents of the present documents, in addition to any possible modifications thereof. Attendance to these training sessions will be recorded via employee signatures. The possibility of collaborating with academic institutions or external companies specialized in this matter should be looked into in order to provide more specialized and adequate training.</p> <p>These training programs should cover, at least, the following aspects:</p> <ul style="list-style-type: none"> - Definition of corruption-related risks (see purpose) - Company policies related to the present Manual. - Brief summary of the contents of the present Manual. - Explanation of warnings. - Examples of risk situations. - Procedure for reporting unusual or suspicious transactions. - Disciplinary consequences and the responsibilities of each employee. <p>It is also necessary to keep a formal record or file of the training activities received by the employees. In this sense, every employee that attends a training course established by the Training Program will be required to sign an attendance sheet.</p> <p>The corruption Training Program will be evaluated annually to verify that it is up-to-date and incorporates any legal modifications which may have been introduced.</p> </p>

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.28] Training activities

Navantia will carry out training activities required in order for all its employees to be sufficiently familiar with this Code of Conduct and its contents. Training will include criteria and guidance for resolving any doubts according to level of experience.

Alongside general training, Navantia will provide specialist training to those groups of its officers or workers who, as a result of their tasks, must have a more precise and detailed knowledge of the rules of conduct applicable to their area of activity.

Question
<p>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</p> <p>a) Employees in high risk positions, b) Middle management, c) Board members.</p>
Score
1
Comments
<p>There is evidence that the company provides different or tailored anti-bribery and corruption training to senior and middle managers.</p> <p>However, the company receives a score of '1' because there is no evidence that it provides tailored training to all the different categories of employees listed in the question, including board members or other employees in high-risk roles. Moreover, there is no clear evidence that employees in high-risk positions are required to undertake and refresh their training on at least an annual basis.</p>
Evidence
<p>[11] Información Compliance Para Partes Interesadas Año 2019 / Compliance Report 2019 (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf [p.13] El plan de formación de Navantia contempla distintas tipologías de contenido y enfoque, en función del público al que se dirige. Para facilitar la comprensión de los documentos que componen el Compliance en materia de fraude y corrupción, lo deseable es elaborar materiales didácticos que expliquen de forma clara los principios y normas que guían la actividad de la compañía y ejemplos aplicados a la compañía en concreto. Las acciones de formación deben tener en cuenta al público al que van dirigidas:</p> <ul style="list-style-type: none"> • Personal directivo o puestos con personal a su cargo debe realizar cursos cuyo discurso provoque la expansión exponencial de la cultura de cumplimiento. • Personal cuya competencia o función tenga una relación más estrecha con la gestión de riesgos o con la asunción de responsabilidad, como representantes, deben ser objeto formación más incisiva en aquellos aspectos considerados clave para la buena marcha del modelo. <p>Siguiendo lo anterior, el Comité de Compliance definió y ejecutó, en colaboración con la Dirección de RR.HH. un plan de formación diferenciado para la alta dirección de la compañía y para el personal dependiente de cada una de las direcciones.</p> <ul style="list-style-type: none"> • Formación en compliance a la alta dirección de Navantia La formación impartida a la alta dirección de la compañía fue impartida por Alain Casanovas Ysla responsable de Legal Compliance en KPMG en España y director de KPMG Compliance Think Tank, foro de alto nivel sobre tendencias de Compliance y se celebraron dos jornadas una para el Consejo de Administración, en fecha 27 de noviembre de 2019, y otra dirigida al Comité de Dirección, en fecha 17 de septiembre. • Formación en compliance al segundo nivel de la organización. La formación en materia de compliance para el personal de 2º nivel de reporte de la organización fue impartida por personal de la Dirección de Cumplimiento. El contenido de cada una de estas acciones fue desarrollado a medida e individualizado con el objeto de adecuarse a los empleados a los que iban dirigidas y a los riesgos concretos de cada dirección/ negocio. Se han llevado a cabo 17 acciones formativas con el objeto de llegar a todas las direcciones/negocios y áreas geográficas y convocando a 299 alumnos. <p><u>Translation:</u></p> <p>[p.13] the Navantia training plan provides for different types of content and approach, depending on the target audience. In order to facilitate the understanding of the documents that make up compliance in the field of fraud and corruption, it is desirable to develop educational materials that clearly explain the principles and rules that guide the</p>

company's activity and examples applied to the company in particular. Training measures must take account of the target audience:

* Managers or positions with reporting staff should conduct courses whose discourse causes the exponential expansion of the culture of compliance.

* Personnel whose competence or function is more closely related to risk management or to the assumption of responsibility, as representatives, should be trained more incisively in those aspects considered key to the smooth running of the model.

Following the above, the Compliance Committee defined and implemented, in collaboration with the management of RR.HH. a differentiated training plan for the senior management of the company and for the staff dependent on each of the directorates.

* Training in compliance to the senior management of Navantia

The training given to the company's senior management was given by Alain Casanovas Ysla head of Legal Compliance at KPMG in Spain and director of KPMG compliance Think Tank, a high-level forum on compliance trends. two days were held, one for the Board of Directors, on November 27, 2019, and another addressed to the Management Committee, on September 17.

* Training in compliance at the second level of the organization. Compliance training for the organization's 2nd reporting level staff was provided by compliance directorate staff. The content of each of these actions was developed to measure and individualized in order to adapt the specific risks of each management/ business. 17 training actions have been carried out with the aim of reaching all departments/businesses and geographical areas and inviting 299 students.

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.43] Training

To ensure the effective development of the Anti-Corruption Manual, employees must be provided with adequate training in the Manual's contents and its related protocols. The appropriate training actions must be implemented in matters of corruption, with a special focus on the departments and employees which, given their functions, are more exposed to corruption risks. The Compliance Committee will manage the training program, and will coordinate their efforts with the Department of Human Resources.

Regarding corruption risks, introducing changes towards a new corporate culture will only be possible if employees are adequately trained and have been made aware of the issues surrounding corruption. Corruption training will take place once a year, with regular reminders of the contents of the present documents, in addition to any possible modifications thereof. Attendance to these training sessions will be recorded via employee signatures. The possibility of collaborating with academic institutions or external companies specialized in this matter should be looked into in order to provide more specialized and adequate training.

[3] Code of Business Conduct (Document)

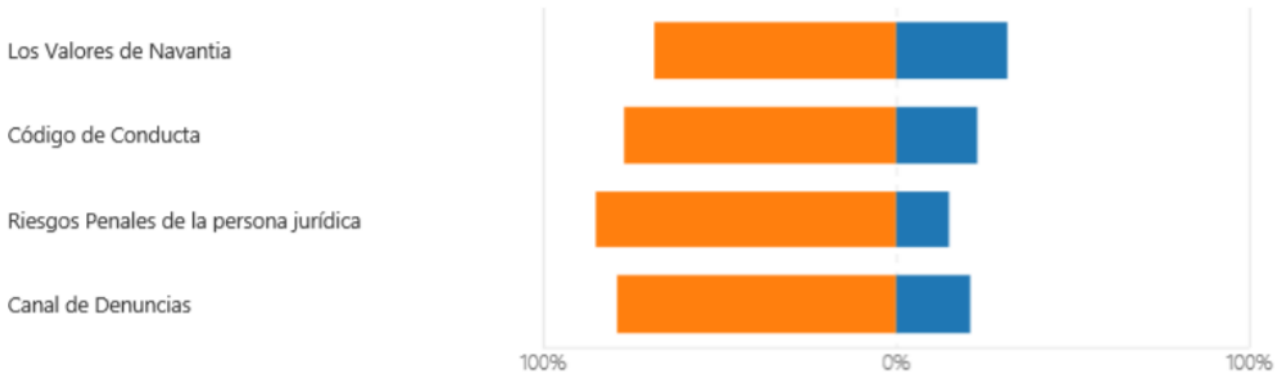
Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.28] Training activities

Navantia will carry out training activities required in order for all its employees to be sufficiently familiar with this Code of Conduct and its contents. Training will include criteria and guidance for resolving any doubts according to level of experience.

Alongside general training, Navantia will provide specialist training to those groups of its officers or workers who, as a result of their tasks, must have a more precise and detailed knowledge of the rules of conduct applicable to their area of activity.

Question															
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?															
Score															
1															
Comments															
<p>There is some evidence that the company reviews the effectiveness of its anti-bribery and corruption training programme. There is evidence that the anti-bribery and corruption training programme is evaluated annually to ensure it is kept up-to-date with legal changes, and that the company conducts employee surveys to measure the effectiveness of its training to some extent.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that it uses the results of these surveys to update specific parts of its anti-bribery and corruption training and communications programme. It is also not clear how frequently these surveys take place, and therefore whether the company assures itself of the effectiveness of its communications and training programme on at least an annual basis.</p>															
Evidence															
<p>[11] Información Compliance Para Partes Interesadas Año 2019 / Compliance Report 2019 (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf [p.14] Con el objeto de valorar la eficiencia de estas acciones formativas ser realizaron encuestas a los asistentes con los siguientes resultados:</p> <p>¿ Mejoró la sesión de presentación su conocimiento sobre los siguientes aspectos ?</p> <p>Más detalles</p> <p>■ SI ■ NO</p>  <table border="1"> <thead> <tr> <th>Area</th> <th>SI (%)</th> <th>NO (%)</th> </tr> </thead> <tbody> <tr> <td>Los Valores de Navantia</td> <td>75</td> <td>15</td> </tr> <tr> <td>Código de Conducta</td> <td>80</td> <td>20</td> </tr> <tr> <td>Riesgos Penales de la persona jurídica</td> <td>90</td> <td>10</td> </tr> <tr> <td>Canal de Denuncias</td> <td>75</td> <td>15</td> </tr> </tbody> </table>	Area	SI (%)	NO (%)	Los Valores de Navantia	75	15	Código de Conducta	80	20	Riesgos Penales de la persona jurídica	90	10	Canal de Denuncias	75	15
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Translation :															
<p>[p.14] In order to assess the efficiency of these training actions, surveys were carried out to attendees with the following results:</p> <p>Did the training session improve your awareness in the following areas?</p> <p>Company values Yes 75% No 15% Code of Conduct Yes 80% No 20% Regulatory and Criminal Risks Yes 90% No 10%</p>															

Reporting Channels Yes 85% No 15%

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorruccion_julio-2019_ingles_baja.pdf

[p.42] Communication

To ensure the proper development of the NAVANTIA Anti-Corruption Manual, its contents must be divulged among company employees.

In this sense, all employees must be notified of the existence of the Anti-Corruption Manual, as well as any related protocols when their duties expose them to elevated risks of corruption (affected Departments). All other company employees shall receive a copy of the Anti-corruption policy.

The Compliance Committee is responsible for divulging the Manual and its appendices to all recipients.

The employees must sign a document stating that they have received a copy of the Anti-Corruption Policy / Anti-Corruption Manual and accept that compliance is mandatory.

The Anti-Corruption Policy will be published on the company's intranet and web page.

[p.43] Training

To ensure the effective development of the Anti-Corruption Manual, employees must be provided with adequate training in the Manual's contents and its related protocols. The appropriate training actions must be implemented in matters of corruption, with a special focus on the departments and employees which, given their functions, are more exposed to corruption risks. The Compliance Committee will manage the training program, and will coordinate their efforts with the Department of Human Resources.

Regarding corruption risks, introducing changes towards a new corporate culture will only be possible if employees are adequately trained and have been made aware of the issues surrounding corruption. Corruption training will take place once a year, with regular reminders of the contents of the present documents, in addition to any possible modifications thereof. Attendance to these training sessions will be recorded via employee signatures. The possibility of collaborating with academic institutions or external companies specialized in this matter should be looked into in order to provide more specialized and adequate training.

[...]

It is also necessary to keep a formal record or file of the training activities received by the employees. In this sense, every employee that attends a training course established by the Training Program will be required to sign an attendance sheet.

The corruption Training Program will be evaluated annually to verify that it is up-to-date and incorporates any legal modifications which may have been introduced.

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>There is some evidence that the company’s incentive schemes incorporate ethical and anti-bribery and corruption principles.</p> <p>However, the company receives a score of ‘1’ because the publicly available evidence on this topic comes in the form of a short statement. It is not clear whether incentives are designed to reward behaviour in line with the company’s ethical values as identified through performance appraisals or conduct in the workplace and there is no evidence that the company acknowledges that financial rewards must be proportionate to the base salary in the case of high risk employees, such as sales roles.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.27] 7.6. PROCEDURES PERFORMED ON EMPLOYEES NAVANTIA</p> <p>[...]</p> <p>Salary incentives for employees (such as bonuses) must comply with the company’s anti-corruption policy and not breach the policy in any way.</p>

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
0
Comments
There is no evidence that the company publicly commits to support or protect employees who refuse to act unethically.
Evidence
No evidence found.

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>There is evidence that the company promotes a clear policy of non-retaliation against both whistleblowers and employees who report compliance-related allegations. There is evidence that this applies to all employees across the organisation, including those employed by the group as third parties.</p> <p>However, the company receives a score of '1' because whilst the company publishes some data indicating that it tests employees' belief in the company's general commitment to anti-corruption and compliance, there is no evidence that it specifically assures itself of its employees' confidence in the company's non-retaliation commitment, either through surveys, usage data, or other clearly stated means.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.12] 4.1. SCOPE The present Manual applies to all persons who are employed by or dependent on NAVANTIA, S.A. or any of its subsidiary companies, provided the Manual has been previously approved by their Governing Bodies.</p> <p>4.2. RECIPIENTS The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.</p> <p>[p.38] It is strictly forbidden to adopt measures against an employee which constitute a reprisal or retaliation for having reported a situation, in addition to any other type of negative consequences resulting from his/her actions. Reports must be based on principles of truthfulness and proportionality.</p> <p>[3] Code of Business Conduct (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf [p.31] No Retaliation Navantia guarantees that retaliation will never be taken against anyone who in good faith informs the company of a possible violation of its Code of Conduct, assists in its investigation or helps to resolve it.</p> <p>This guarantee does not extend to those acting in bad faith in order to disseminate false information or to harm individuals. Navantia will adopt appropriate legal or disciplinary measures against such unlawful conduct.</p> <p>[11] Información Compliance Para Partes Interesadas Año 2019 / Compliance Report 2019 (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf [p.14] Con el objeto de valorar la eficiencia de estas acciones formativas se realizaron encuestas a los asistentes con los siguientes resultados:</p> <p>[...]</p> <p>En su opinión, como de arraigada está la culture de compliance en Navantia?</p> <p>139 Respuestas Clasificación media 3.25</p>
Translation:

[p.14] In order to assess the efficiency of these training actions, those attending training were surveyed for their opinions with the following results:

[...]

In your opinion, how deep-rooted is the culture of compliance in Navantia?

139 Answers - Average rating - 3.25

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
1
Comments
<p>There is evidence that the company has multiple whistleblowing and advice channels for employees to report instances of suspected corrupt activity or seek advice on the company's anti-bribery and corruption programme. The company states that it assures the confidentiality and anonymity of reports received through its whistleblowing channel, and there is evidence that the channels are available to all employees and third parties.</p> <p>However, the company receives a score of '1' because the evidence suggests that the company only offers internally operated channels and does not provide an option for reporting allegations to a hotline managed by an independent third party.</p>
Evidence
<p>[10] Norma de Actuación y Decisión – Sistema de Cumplimiento Normativo / Compliance System Procedures and Standards (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-043-Incumplimiento-Normativo-1.pdf [p.5] 5.1.1. Recepción de denuncias</p> <p>Navantia tiene habilitados los siguientes canales específicos para la recepción de denuncias en relación con su Código de Conducta:</p> <ul style="list-style-type: none"> • Correo electrónico • Dirección postal • Aplicación en la intranet de Navantia • Enlace desde la página web de Navantia <p>[p.6] Todos los canales de recepción definidos serán gestionados por el Comité de Compliance, obligados al secreto profesional respecto de los mismos, obligación que subsistirá aún después de finalizar su membresía en el Comité Compliance.</p> <p>Todas las denuncias remitidas serán recibidas por el Chief Compliance Officer y el Secretario del Comité de Compliance, quienes informaran de las denuncias recibidas al Comité Compliance.</p> <p>Translation:</p> <p>[p.5] 5.1.1. Receipt of complaints</p> <p>Navantia has enabled the following specific channels for receiving complaints regarding its Code of Conduct:</p> <ul style="list-style-type: none"> • Email • Postal address • Application on the Navantia intranet

- Link from the Navantia website

[p.6] All defined reception channels will be managed by the Compliance Committee, bound by professional secrecy regarding them, an obligation that will continue even after the end of their membership in the Compliance Committee.

All reports submitted will be received by the Chief Compliance Officer and the Secretary of the Compliance Committee, who will report the reports received to the Compliance Committee.

[1] Corporate Social Responsibility (Webpage)

Accessed 06/08/2019

<https://www.navantia.es/en/people/csr/ethical-behavior/>

Whistleblowing channel

Navantia has a whistleblowing channel where it is possible to report, after proper identification, any suspected unlawful conduct or violations of the Code of Conduct. Any wrongful events or irregularities that are contrary to Navantia's interests can also be reported.

- Whistleblowing Channel Mailbox: canaldenuncia@navantia.es

All reports reported via this channel are evaluated by the Chief Compliance Officer and the Head of Integrity and Crime Prevention Compliance.

Navantia assures the confidentiality and anonymity of complaints and the anonymity of good-faith complainants. Investigations of the alleged events shall be conducted in accordance with the presumption of innocence and other procedural guarantees for the respondent.

Compliance Channel

Navantia has in place a queries channel allowing Navantia employees and third parties connected with our Company (clients, suppliers, etc.) to have an open-door channel in place to express their doubts, concerns and, in short, to collaborate in the creation of an environment where good practice prevails.

These consultations are handled directly by Compliance Committee staff.

- Call (+34) 91 335 8689
- Email: comite_cumplimiento@navantia.es

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.12] 4.1. SCOPE

The present Manual applies to all persons who are employed by or dependent on NAVANTIA, S.A. or any of its subsidiary companies, provided the Manual has been previously approved by their Governing Bodies.

4.2. RECIPIENTS

The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.

[p.38] 8.1. REPORTING CHANNEL

At NAVANTIA, there is a Reporting Channel managed by the Compliance Committee, which is regulated in the "Policy on Actions and Decision-making in case of breaches of the Regulatory Compliance System" (N043). The Policy states that the practices which can be reported are those found in the Code of Business Conduct, and measures to ensure confidentiality are established.

Any employee who has seen signs of or harbors suspicions that a crime has been committed, or that any of the principles and values contained in the Code of Business Conduct or company policies have been breached, must notify the Compliance Committee thereof immediately. The channels available to report incidents are the email address (canaldenuncias@NAVANTIA.es) and a postal address: NAVANTIA, S.A. (Canal de quejas o denuncias) Velázquez, 132 28006 Madrid ESPAÑA.

The Chief Compliance Officer and the Secretary of the Compliance Committee will be in charge of receiving all reports, and the Compliance Committee will assign — based on the contents of the reports — the areas and/or competent superiors to perform the analysis and investigation of the facts.

The Chief Compliance Officer and the Secretary of the Compliance Committee will ensure that maximum confidentiality is guaranteed for the persons reporting incidents, without prejudice to any legal obligations and the rights of companies or persons who have been wrongfully accused or accused in bad faith.

It is strictly forbidden to adopt measures against an employee which constitute a reprisal or retaliation for having reported a situation, in addition to any other type of negative consequences resulting from his/her actions. Reports must be based on principles of truthfulness and proportionality.

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.30] Whistleblowing channel

The Code of Conduct recipients and informed parties must inform Navantia, as soon as they become aware, of any breach or infringement which they may observe during the carrying out of their professional activities.

For this purpose, Navantia has implemented a “Whistleblowing Channel”, which will be accessible via the following channels: Code of Conduct:

- The application “Whistleblowing Channel.” enabled on the Navantia Intranet “Periscope”.
- Navantia website by accessing the transparency directory.
- E-mail address addressed to: canaldenuncia@navantia.es
- Ordinary mail addressed to:
NAVANTIA, S.A., S.M.E, (Canal de denuncias)
C/ Velazquez, 132
28006 Madrid
SPAIN

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>There is evidence that the company has a policy that covers conflicts of interest, which refers to actual, potential and perceived conflicts arising from employee relationships, financial interests and other employment. There is evidence that this policy applies to all employees and board members.</p> <p>However, the company receives a score of ‘1’ because its policy does not clearly cover conflicts which arise from government relationships.</p>
Evidence
<p>[12] Norma Sobre Gestión De Conflictos De Intereses / Regulations on Conflict of Interest Management (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-29-Norma-gesti%C3%B3n-conflicto-de-intereses.pdf</p> <p>[p.4] Navantia define el conflicto de interés de una forma amplia: conflicto de interés real (el destinatario se enfrenta a un conflicto real y existente), potencial (el destinatario se encuentra o podría encontrarse en una situación que podría dar lugar a un conflicto de intereses) y percibido (el destinatario se encuentra o podría encontrarse en una situación que podría percibirse como conflictiva, aunque finalmente no sea así).</p> <p>[p.6] 6.4. IDENTIFICACIÓN DE CIRCUNSTANCIAS EN LAS QUE POTENCIALMENTE PUEDEN SURGIR CONFLICTOS DE INTERESES</p> <p>Con carácter enunciativo, se identifican a continuación diversas situaciones que pueden dar lugar a la concurrencia de un “conflicto de intereses” y que, deben ser en todo caso comunicadas de acuerdo con el procedimiento establecido en el punto 6.2 anterior, por las “Personas sometidas a reglas de conflicto de interés” a las que dichas situaciones puedan afectar:</p> <p>i. Intereses en otras empresas o sociedades. Todos los casos en los que la “Persona sometida a reglas de conflicto de intereses” o las “Personas Vinculadas” presten servicios como asalariados, posean acciones o participaciones que supongan más del 0.1% del capital social o tengan otro tipo de interés con cliente/s, proveedor/es o contratista/s que mantengan una relación contractual con Navantia o sus filiales o que estén ofertando o promocionando sus servicios, negocios etc. ante Navantia o sus filiales.</p> <p>ii. Realización de actividades externas a NAVANTIA. La prestación de servicios por parte de los empleados de Navantia se considera una ocupación a tiempo completo durante el horario establecido. No obstante, fuera de este horario, los empleados pueden participar en otros trabajos o actividades distintas a las que desarrollan para la Sociedad, siempre que se haya recabado la autorización prevista en la Ley 53/1984 de Diciembre de Incompatibilidades del Personal al servicio de las Administraciones Públicas, que lo admita la normativa interna y que no entren en colisión con el interés social de Navantia ni con sus responsabilidades o interfieran en su desempeño profesional como empleado de Navantia. Consecuentemente, los empleados de Navantia deberán actuar siempre en el cumplimiento de sus responsabilidades, con lealtad y en defensa de los intereses de Navantia, no pudiendo realizar tareas, trabajos o prestar servicios en beneficio de empresas del sector o que desarrollen actividades susceptibles de competir directa o indirectamente o puedan llegar a hacerlo con las de Navantia.</p>
Translation:

[p.4] Navantia defines conflicts of interest in a broad way: actual conflict of interest (there is an existing conflict), potential (the employee is or could be in a situation that could give rise to a conflict of interest) and perceived (the employee may be in a situation that could be perceived as representing a conflict, even if this is not the case).

[P. 6] 6.4. IDENTIFICATION OF CIRCUMSTANCES IN WHICH POTENTIAL CONFLICTS OF INTEREST MAY ARISE

By way of example, several situations which may give rise to a “conflict of interest” are identified below and which, in any case, must be communicated in accordance with the procedure set out in point 6.2 above, by the “persons subject to conflict of interest rules” to whom such situations may affect:

i. interests in other enterprises or corporations.

All cases in which the Person subject to conflict of interest rules or “Associated Persons” performing services as employees, hold shares or holdings that represent more than 0.1% of the share capital or have another type of interest with client/s, supplier/s or contractor/s who have a contractual relationship with Navantia or its affiliates or who are offering or promoting your services, business etc to Navantia or its affiliates.

ii. Carrying out activities outside NAVANTIA.

The provision of services by Navantia employees is considered a full-time occupation during the established hours. However, outside these hours, employees may participate in other jobs or activities other than those they carry out for the company, provided that the authorization provided for in law 53/1984 of December on incompatibilities of personnel serving the public administrations has been obtained, as permitted by internal regulations and that they do not collide with the social interest of Navantia or its responsibilities or interfere with its professional performance as an employee of Navantia, the employees of Navantia must always act in the performance of their responsibilities, with loyalty and in defense of the interests of Navantia, not being able to perform tasks, works or provide services for the benefit of companies in the sector or that develop activities likely to compete directly or indirectly or can do so with those of Navantia.

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.12] 4.1. SCOPE

The present Manual applies to all persons who are employed by or dependent on NAVANTIA, S.A. or any of its subsidiary companies, provided the Manual has been previously approved by their Governing Bodies.

4.2. RECIPIENTS

The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.

[p.21] 7.4. PREVENTING CONFLICTS OF INTEREST BY IMPLEMENTING SPECIFIC RESTRICTIONS

Business or management by executives or employees outside of the company are restricted when they could entail competition for the company; additionally, restrictions are imposed on contract awards to and business with family members, partners, on behalf of the company, etc.; restrictions on entering into contracts with family members, etc.

The NAVANTIA Code of Business Conduct establishes the specific rules which must be followed in such matters.: Conflict of interests arise when a person subject to the Code of Conduct must make a decision that affects both the interests of NAVANTIA and those of the person itself, their family members, or anyone with whom the person has a relationship of similar nature, and their close friendships in other companies, businesses, or entities in which the person subject to the Code of Conduct or any of the persons mentioned have an interest which could be affected by the decision.

For example, the following would constitute conflicts of interest:

- Deciding or recommending that a NAVANTIA contract be awarded to a company in which a family member works.
- Making a business decision that could directly benefit a close friend.

[1] Corporate Social Responsibility (Webpage)

Accessed 06/08/2019

<https://www.navantia.es/en/people/csr/ethical-behavior/>

The Anti-Corruption Manual applies to all employees, directors and persons employed by or accountable to NAVANTIA and its subsidiaries, as well as their legal representatives and de facto or de jure directors.

The Anti-Corruption Manual defines the procedures and guidelines to follow in relation to the prevention of corruption risks, thereby demonstrating the Company's willingness and intention to comply with all anti-corruption laws.

This Manual includes:

[...]

- Restrictions relating to the prevention of conflicts of interest.

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
2
Comments
<p>There is evidence that the company has procedures to identify, declare and manage conflicts of interest, actual, potential and perceived. There is evidence that declarations of conflicts of interest are recorded in a dedicated register and that they are reviewed and overseen by a designated body with ultimate accountability for the handling of individual cases. The company states that disciplinary actions will apply if its policy is breached and also gives examples of criteria for recusals.</p>
Evidence
<p>[12] Norma Sobre Gestión De Conflictos De Intereses / Regulations on Conflict of Interest Management (Document) Accessed 26/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-29-Norma-gesti%C3%B3n-conflicto-de-intereses.pdf [p.5] 6.DESARROLLO</p> <p>6.1. INTRODUCCIÓN Este apartado tiene como objeto: (i) determinar cómo se deben realizar las comunicaciones de los posibles conflictos de intereses por parte de las personas sometidas a reglas de conflicto de intereses; (ii) establecer los criterios y el procedimiento para determinar qué operaciones o decisiones de los empleados de Navantia podrían ser consideradas conflictos de intereses y (iii) gestionar las actuaciones de las personas que tienen declarado un conflicto de intereses con las personas o entidades con las que exista ese conflicto.</p> <p>6.2. COMUNICACIÓN DE LOS CONFLICTOS DE INTERESES En todos aquellos casos en que una “persona sometida a reglas de conflictos de intereses” tenga una duda razonable de poder incurrir en un conflicto de intereses, deberá de forma inmediata y, en todo caso, antes de la correspondiente toma de decisión o de la ejecución de la operación de que se trate- comunicar por escrito dicha situación, utilizando la aplicación creada al efecto en “el Periscopio”. En dicha comunicación deberá indicar si el conflicto le afecta personalmente o a través de una “Persona Vinculada” (en cuyo caso deberá identificarla), cuál es la situación que da lugar al conflicto y desde cuándo se encuentra en dicha situación.</p> <p>La “Persona sometida a reglas de conflictos de intereses” deberá abstenerse de realizar cualquier actuación hasta que se determine la existencia o no del conflicto de intereses. En el caso de que la Persona sometida a reglas de conflicto de intereses no tuviera acceso a la aplicación de conflictos de intereses del “Periscopio” deberá realizar su declaración por escrito y presentarla en la Oficina de la Dirección de Recursos Humanos y Servicios del centro al que estuviera adscrito.</p> <p>[p.6] 6.3. DETERMINACIÓN DE SI EXISTE O NO CONFLICTO DE INTERESES La declaración de “Conflicto de Intereses” por parte de la “persona sometida a conflicto de intereses” será remitida automáticamente a su “superior jerárquico competente” y al “responsable de conflicto de intereses del Comité de Compliance” quienes deberán determinar, de forma motivada y en un plazo no superior a 10 días, la existencia o no del conflicto de intereses.</p> <p>Si el conflicto afectara a un miembro del Comité de Dirección, la comunicación a que se refiere el apartado anterior será remitida automáticamente al presidente de Navantia y al “responsable de conflicto de intereses del Comité de Compliance”, quienes deberán determinar, de forma motivada y en un plazo no superior a 10 días hábiles, la existencia o no del conflicto de intereses.</p> <p>Si el conflicto afectara al presidente-a ejecutivo-a o al consejero/a delegado/a, éste/a se lo comunicará al Secretario/a del Consejo a fin de que éste lo incluya en el orden del día de la siguiente sesión del Consejo de</p>

Administración. En estos casos se actuará de acuerdo con lo dispuesto en la Ley de Sociedades de Capital y Reglamento del Consejo de Administración de Navantia.

En caso de duda sobre la existencia de un “conflicto de intereses el “superior jerárquico competente” y el “responsable de conflicto de intereses del Comité de Compliance” someterán la cuestión a la Dirección Secretaría del Consejo y Asesoría Jurídica

[...]

Los empleados de Navantia deberán actuar siempre en el cumplimiento de sus responsabilidades, con lealtad y en defensa de los intereses de Navantia, no pudiendo realizar tareas, trabajos o prestar servicios en beneficio de empresas del sector o que desarrollen actividades susceptibles de competir directa o indirectamente o puedan llegar a hacerlo con las de Navantia.

[p.7] Por ello, la realización de tales actividades externas y remuneradas por parte de los empleados de Navantia deberá ser comunicada expresamente y contar con la autorización previa y por escrito de la Empresa.

[...]

6.5. REGISTRO DE LOS CONFLICTOS DE INTERESES Y COMUNICACIÓN DE RESOLUCIONES

Se guardará registro de las declaraciones, comunicaciones y resoluciones de la totalidad de los expedientes de “conflicto de intereses” iniciados. Si de la investigación resultará la existencia del “conflicto de intereses”, la pertinente resolución será comunicada además a las Direcciones a las que afecte. A través de la aplicación de gestión de conflictos de intereses, los superiores jerárquicos de los empleados, que hayan declarado un conflicto de intereses, podrán conocer el status de los mismos.

6.6. OBLIGACIÓN DE ABSTENERSE DE PARTICIPAR EN LA TOMA DE DECISIÓN

La “persona sometida a reglas de conflicto de intereses” que haya iniciado o respecto a la que se haya iniciado un expediente de “conflicto de intereses” deberá abstenerse de intervenir o influir en la toma de decisiones, ya será directamente o formando parte de cualquier órgano, comité o dirección de la Empresa que participe en la operación o decisión, y renunciar a conocer información confidencial sobre el asunto. Dichas prohibiciones de intervención/influencia/decisión/acceso a información confidencial únicamente perderán vigencia, si fuera el caso, desde el momento en que se dicte resolución concluyendo con la no existencia de “conflicto de intereses.

[p.8] 8. SANCIONES

La vulneración o incumplimiento de esta Norma que constituya una falta de carácter laboral se sancionará con arreglo a lo establecido en el régimen disciplinario de Navantia y de acuerdo con la legislación vigente, sin perjuicio de otras responsabilidades en que el infractor hubiera podido incurrir.

Translation:

[p.5] 6.DEVELOPMENT

6.1. Introduction

The purpose of this section is to: (I) determine the procedures for communicating potential conflicts of interest by persons subject to conflict of interest rules; (ii) establish the criteria and procedure for determining which operations or decisions of Navantia employees could be considered conflicts of interest and (iii) manage the actions of individuals who have declared a conflict of interest with the persons or entities with whom that conflict exists.

6.2. COMMUNICATION OF CONFLICTS OF INTEREST

In all cases where a "person subject to conflict of interest rules" has a of a conflict of interest, the person must immediately and, in any event, before the corresponding decision - making or execution of the operation in question-communicate in writing such a situation, using the application created for this purpose in "the Periscope" application.

In the communication you must indicate whether the conflict affects you personally or a different person, the situation leading to the conflict and how long it has been in such a situation.

The "person subject to conflict of interest rules" shall refrain from any action until the conflict of interest is determined or not.

In the event that the person subject to conflict of interest rules did not have access to the application "the Periscope", which is used to resolve conflicts of interest cases, the individual must make a written statement and submit it to the Office of the Directorate of Human Resources and services of the Centre to which the individual was attached.

[p.6] 6.3. DETERMINATION OF WHETHER OR NOT A CONFLICT EXISTS

The Declaration of a conflict of interest shall be automatically referred to their "competent hierarchical superior" and to the "conflict of interest officer of the Compliance Committee" who must determine, in a reasoned manner and within a period not exceeding 10 days, the existence or not of the conflict of interest.

If the conflict affects a member of the Management Committee, the communication referred to in the previous paragraph will be sent automatically to the president of Navantia and to the responsible officer for conflict of interests of the Compliance Committee, who must determine, in a reasoned form and within a period not exceeding more than 10 working days, the existence or otherwise of the conflict of interest.

If the conflict affects the executive chairman or the managing director, he/she shall inform the Secretary of the Council for inclusion in the agenda of the next meeting of management. In these cases it will act in accordance with the provisions of the law of Companies of Capital and regulations of the Board of Directors of Navantia.

In case of doubt as to the existence of a 'conflict of interest', the 'competent hierarchical superior' and the "head of conflict of interest of the Compliance Committee" will refer the matter to the management Council Secretariat for legal opinion

[...]

The employees of Navantia must always act in the performance of their responsibilities, with loyalty and in defense of the interests of Navantia, not being able to perform tasks, works or provide services for the benefit of companies in the sector or that develop activities likely to compete directly or indirectly or can do so with those of Navantia.

[p.7] Therefore, the conduct of such external and remunerated activities by Navantia employees it must be communicated expressly and have the prior written authorization of the company.

[...]

6.5. REGISTRATION OF CONFLICTS OF INTEREST AND COMMUNICATION OF RESOLUTIONS

Statements, communications and resolutions of all "conflict of interest" files initiated shall be recorded.

If the investigation reveals the existence of a "conflict of interest", the relevant decision shall also be communicated to the addresses concerned.

Through the conflict of interest management application, the hierarchical superiors of employees, who have declared a conflict of interest, will be able to know the status of the same.

6.6. OBLIGATION TO REFRAIN FROM TAKING PART IN DECISION-MAKING

The "person subject to conflict of interest rules" initiated or in respect of which initiated a "conflict of interest" file should refrain from intervening or influencing the taking of decisions, whether directly or as part of any body, Committee or management of the company the transaction or decision, and waive knowledge of confidential information about the matter. Such prohibitions on intervention / influence / decision / access to confidential information only they shall cease to apply, if any, from the moment a decision is made concluding with no existence of "conflict of interest".

[P. 8] 8. PENALTIES

Violation or non-compliance with this rule that constitutes a lack of employee character shall be punished in accordance with the provisions of the disciplinary regime of Navantia and in accordance with relevant legislation, without prejudice to any other liability that the offender might have incurred.

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.21] 7.4. PREVENTING CONFLICTS OF INTEREST BY IMPLEMENTING SPECIFIC RESTRICTIONS

[...] In cases where a person bound by conflict of interest regulations harbors reasonable doubts that they may be experiencing a conflict of interest, they must submit a written notification thereof in the “Conflict of interest declaration”. In case of uncertainty, the case will be submitted to the Department of Secretariat for Legal Counsel and Affairs. The person bound by conflict of interest regulations that has opened a case file shall refrain from intervening or influencing the persons in charge of resolving the conflict.

A record will be kept of all declarations, notifications, and resolutions of all “Conflict of interest” case files.

When deciding whether a NAVANTIA employee who is affected by a conflict of interests may make the decision, the superiors will take into account not only the integrity and objectivity of the person in charge of making the decision, but also whether the image of the company’s objectivity may be affected. When an employee who is affected by a conflict of interest is part of a group of people in charge of collectively reaching a decision, this person will inform the other group members when collective decisions need to be taken and shall refrain from participating in any votes.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
There is no evidence that the company has a policy regulating the employment of current or former public officials.
Evidence
No evidence found.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company reports details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
2
Comments
<p>There is evidence that the company has a clear statement that it prohibits political contributions. There is evidence that corporate political contributions – whether made directly or indirectly, or whether made by the company itself or by any other entity or individual acting on the company's behalf – are prohibited under any circumstance.</p>
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf [p.25] The following criteria must be followed when making donations or sponsoring:</p> <ul style="list-style-type: none"> • Sponsorship and donations cannot be a cover to pursue or obtains aims which are unlawful for Navantia. • All sponsorship and donations must be conducted with transparency and be properly documented. • It is forbidden to make donations to political parties or affiliated organizations, to their representatives or candidates, whether in Spain or in foreign countries; political propaganda events cannot be sponsored. <p>[14] Informe Annual No Financiero / Annual Non-Financial Report (Document) https://www.navantia.es/wp-content/uploads/2019/12/informe-anual-no-financiero-2018-FORMULADO-Y-FIRMADO.pdf [p.145] Navantia apoya a organizaciones sin ánimo de lucro y eventos a través de la realización de donaciones y patrocinios, que evidencian su compromiso, responsabilidad social y se contribuye al fortalecimiento de la marca y el negocio de Navantia.</p> <p>[...]</p> <p>En la realización de patrocinios y donaciones se deberán seguir los siguientes criterios:</p> <p>[...]</p> <ul style="list-style-type: none"> • No está permitido hacer contribuciones a partidos políticos u organizaciones afiliadas, a sus representantes o candidatos, ni en España ni en el extranjero; ni patrocina ningún acontecimiento cuyo fin sea la propaganda política. <p>Translation:</p> <p>[p. 145] Navantia supports non-profit organizations and events through donations and sponsorships, which demonstrate their commitment and social responsibility, and will contribute to the strengthening of Navantia's brand and business.</p> <p>[...]</p> <p>In making sponsorships and donations the follow criteria must be met:</p> <p>[...]</p>

- It is not allowed to make contributions to political parties or affiliated organizations, their representatives or candidates, neither in Spain nor abroad; nor Sponsor any event for the purpose of political propaganda.

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.29] 7.8. POLICY ON DONATIONS, PROMOTIONS, GIFTS, TRIPS, AND PAYMENTS

[...]

Additionally, the following principles must be applied:

- NAVANTIA employees cannot offer, pay, or accept bribes, illegal rewards, or any other similar type of payment to or from another person, organization, or public officer which would result in an undue advantage; furthermore, indications are provided on how these bribes may manifest (presents, promises, authorization, offers, payments or gifts from a third party). A NAVANTIA employee will also not make a payment or transfer or offer funds which do not comply with company policies and enforceable legislation, and which have not received the corresponding authorization, have not been duly justified, and are not clearly and precisely recorded in the accounting books.

The term “reward” is very general and includes (but is not limited to):

[...]

- Political donations

[p.36] 7.12. BEST TRANSNATIONAL CORRUPTION PREVENTION PRACTICES

[...]

- Any action to bring about an offer, a payment, promise of payment, or payment authorization for any amount, offer, gift, promise to give, or authorization to give any item of value to:
 - Any foreign official with the aim of:
 - Influencing the actions or decisions of said foreign public official when acting in the exercise of their official duties, ii) induce said foreign public official to act or refrain from acting in a way which violates their official duties, or iii) obtain an undue advantage.
 - Induce the foreign public official to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, or to influence the government in order to help the person obtain or retain business for a certain person, for themselves, or to steer business towards a certain person.

[p.37]

- Any political party or a public official of this party, or any candidate for foreign public office with the aim of:
 - Influencing the actions or decisions of said political party, public official, or candidate when acting in the exercise of their official duties, ii) induce said political party, public official, or candidate to act or refrain from acting in a way which violates their official duties, or iii) obtain an undue advantage.
 - Induce a foreign public official, foreign political party or public official of or candidate to said party to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, or to influence the government in order to help the person obtain or retain business for a certain person, for themselves, or to steer business towards a certain person.
- Any person, knowing that a part or all the money or item of value will be offered, granted or promised, directly or indirectly, to any foreign public official, foreign political party or public official thereof, or any candidate for foreign public office, with the aim of:
 - Influencing the actions or decisions of foreign public official, foreign political party or public official or candidate when acting in the exercise of their official duties, ii) induce said political party, public official, or candidate to act or refrain from acting in a way which violates their official duties, or iii) obtain an undue advantage.

- Induce a foreign public official, foreign political party or public official or candidate to said party to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, or to influence the government in order to help the person obtain or retain business for a certain person, for themselves, or to steer business towards a certain person.

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
N/A
Comments
The company states that it makes no political contributions and is therefore exempt from scoring on this question.
Evidence
N/A

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>The company has a clear policy and set of procedures covering both charitable donations and sponsorships, whether made directly or through corporate foundations, to ensure that such donations are not used as vehicles for bribery and corruption. The policy stipulates measures to ensure this through procedures for senior sign-off, criteria for donations and due diligence on recipients. The company publishes details and a description of the non-profit and charitable organisations it has supported in the most recent reporting year, which is updated annually. This is accompanied by a sum total of donations made.</p> <p>The company receives a score of '1' because its published data on charitable donations does not include details such as a breakdown of individual sums donated to each of the organisations listed. The company also does not provide clear information on the country of each recipient organisation.</p>
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf [p.24] 14. DONATIONS AND SPONSORSHIP</p> <p>Navantia supports non-profit organizations and events by contributing with donations and sponsorship, thereby demonstrating its commitment and sense of social responsibility, while also helping boost Navantia's trademark and business.</p> <p>Sponsorship is support given to persons, companies, and non-profit organizations through financial or in kind contributions made with the aim of promoting and advertising Navantia; meanwhile, donations are voluntary and pro-bono contributions (money or in kind) to third parties, which generally grant tax benefits.</p> <p>[p.25] The following criteria must be followed when making donations or sponsoring:</p> <ul style="list-style-type: none"> • Sponsorship and donations cannot be a cover to pursue or obtains aims which are unlawful for Navantia. • All sponsorship and donations must be conducted with transparency and be properly documented. • It is forbidden to make donations to political parties or affiliated organizations, to their representatives or candidates, whether in Spain or in foreign countries; political propaganda events cannot be sponsored. • Payments cannot be deposited in accounts held by natural persons. • Sponsorship and donations cannot taint Navantia's image and must be aligned with company principles and values. • All sponsorship must support a defined business aim. • It must be ensured that the non-profit organization to which the donation is being made can legitimately accept these contributions, and that the organization is not involved in any type of corrupt, criminal, or fraudulent activities, and that there are no conditions attached to the donation related to receiving opportunities, business, or other benefits. • The non-profit organization's mission must be identified, as well as the end to which the organization plans to allocate the donation and the use it will make of any resources granted. • Prior to proceeding with a donation payment for amounts of over €3,000 — whether in a single payment or several payments spread out across the year — the Department in charge of the donation must first submit a proposal justifying the donation to the Navantia Management Committee for approval. In order for the Management Committee to properly assess the suitability of the donation, the Department with an interest in the donation must attach the following documents to its proposal: <ul style="list-style-type: none"> • Report on whether the due diligence process is sufficient prior to the donation, approved by the Compliance Committee • The Due Diligence form, duly filled out and signed by the non-profit organization receiving the donation. • A brief stating the aim pursued with the donation and a statement indicating that it carries no conditions related to receiving business opportunities and other benefits.

The due diligence form for non-profit organizations receiving donations is attached to this document as "APPENDIX VI".

[p.54] APPENDIX VI DUE DILIGENCE FORM FOR NON-PROFIT ORGANIZATIONS THAT RECEIVE DONATIONS

[Document lists questions regarding business operations, ownership information and also questions whether company affiliates have been investigated or convicted of corruption offenses]

[14] Informe Annual No Financiero / Annual Non-Financial Report (Document)

<https://www.navantia.es/wp-content/uploads/2019/12/informe-anual-no-financiero-2018-FORMULADO-Y-FIRMADO.pdf>

[p.145] Navantia apoya a organizaciones sin ánimo de lucro y eventos a través de la realización de donaciones y patrocinios, que evidencian su compromiso, responsabilidad social y se contribuye al fortalecimiento de la marca y el negocio de Navantia.

El patrocinio consiste en apoyar a personas, compañías y organizaciones sin ánimo de lucro a través de aportaciones económicas o en especie, con la finalidad de promocionar y publicitar a Navantia, mientras que las donaciones son entregas voluntarias y altruistas (dinerarias o en especie) realizadas a favor de terceros, por las que generalmente se obtienen beneficios fiscales.

En la realización de patrocinios y donaciones se deberán seguir los siguientes criterios:

- No está permitida la persecución y obtención de fines ilegítimos para Navantia a través de los patrocinios o de las donaciones.
- Los patrocinios y las donaciones deben llevarse a cabo de forma transparente y deben quedar debidamente documentados.
- No está permitido hacer contribuciones a partidos políticos u organizaciones afiliadas, a sus representantes o candidatos, ni en España ni en el extranjero; ni patrocina ningún acontecimiento cuyo fin sea la propaganda política.
- Los pagos no pueden realizarse a cuentas de personas físicas.
- Los patrocinios y las donaciones no pueden dañar la imagen de Navantia y deben cumplir con sus principios y valores.
- Todos los patrocinios deben perseguir una finalidad empresarial definida.
- Se deberá asegurar que la organización sin ánimo de lucro a la cual se destina la donación está legitimada para ello y no está envuelta en ningún tipo de corrupción u otro comportamiento delictivo o constitutivo de fraude y que tal donación no se encuentra condicionada a la recepción de oportunidades de negocios u otros beneficios.
- Se debe identificar la labor que cumple la organización sin ánimo de lucro destinataria de la donación, así como el objetivo y la utilización de los recursos donados.

Antes de proceder al pago de las donaciones cuyo importe sea superior a 3.000 Euros en un solo pago o en varios pagos acumulados a lo largo un año, la Dirección promotora de la donación deberá realizar una propuesta justificando la donación y someterlo a la aprobación del Comité de Dirección de Navantia.

Para que el Comité de Dirección pueda valorar la idoneidad de la donación, la Dirección interesada en la donación deberá acompañar a su propuesta de:

[p.146]

- Informe sobre la suficiencia del control debido previo a la donación aprobado por el responsable del Comité de Compliance.
- El cuestionario de Due Diligence de Navantia cumplimentado y firmado por la organización sin ánimo de lucro receptora de la donación.
- Nota informando sobre el propósito de la misma y que no se encuentra condicionada a la recepción de oportunidades de negocios u otros beneficios.

Presentamos a continuación cuadro de las aportaciones a fundaciones sin ánimo de lucro de Navantia durante 2018:

NOMBRE	DESCRIPCIÓN
FUNDACIÓN MUSEO NAVAL	Fundación cultural de titularidad estatal dedicada a conservar y exhibir conjuntos de valor histórico relacionados con la actividad naval
FUNDACIÓN CONSEJO ESPAÑA INDIA	Fundación para el fomento de las relaciones entre India y España
FUNDACIÓN CONSEJO ESPAÑA BRASIL	Fundación para el fomento de las relaciones entre Brasil y España
FUNDACIÓN CONSEJO ESPAÑA EE.UU.	Fundación para el fomento de las relaciones entre Estados Unidos y España
FUNDACIÓN CONSEJO ESPAÑA AUSTRALIA	Fundación para el fomento de las relaciones entre Australia y España
THE LEGACY	Fundación dedicada a destacar la trascendencia de la contribución histórica y cultural de España en los Estados Unidos de América
FUNDACIÓN EXPONAV	Fundación para el Fomento del Conocimiento de la Construcción Naval y de las Actividades Marítimas
FUNDACIÓN PRINCESA DE GIRONA (*)	Fundación privada dedicada al apoyo a los jóvenes en su desarrollo profesional y personal
FUNDACIÓN ISAAC PERAL	Fundación dedicada a contribuir al desarrollo del ecosistema industrial y tecnológico de la Región de Murcia.
CÁMARA DE COMERCIO HISPANO-NORUEGA	Asociación para el fomento de las relaciones comerciales, económicas y culturales entre España y Noruega
CÁMARA DE COMERCIO E INDUSTRIA HISPANO-TURCA	Asociación para el fomento de las relaciones comerciales, económicas y culturales entre España y Noruega

[p.147]

ASOCIACIÓN ATLÁNTICA ESPAÑOLA	Asociación dedicada a apoyar y aunar los esfuerzos de la Alianza del Atlántico Norte
REAL LIGA NAVAL ESPAÑOLA	Institución dedicada a la promoción y defensa de los intereses marítimos de España en su concepción más amplia
	TOTAL APORTACIONES 92.850 €

(*) Importe devengado

[p.152] Acciones de asociación o patrocinio

Navantia (incluye Navantia Australia)

Presentamos cuadro de las asociaciones a que pertenecemos en Navantia y de los patrocinios realizados a lo largo de 2018. La información del resto de las entidades del Grupo Navantia no es relevante, por lo que no se aporta información.

Asociaciones

[Document lists various industry associations which with which the company holds membership]

[p.153]

PATROCINIOS	
NOMBRE	PATROCINIO
ASD	Annual reception
ARMADA	Torneo Golf ARMADA
	Cena del Carmen
MINISTERIO DE DEFENSA	Torneo Golf MINISDEF
FUNDACIÓN CONSEJO ESPAÑA AUSTRALIA	Encuentro Delegación Australiana

[p.154]

ASBA Australia Spain Business Association	Encuentro "Meet the Members"
EACB European Australian Business Council	Visita Delegación australiana
Embajada de Australia en España	Patrocinio Australia Day
	TOTAL PATROCINIOS 28.077 €

Translation:

[p. 145] Navantia supports non-profit organizations and events through donations and sponsorships, which demonstrate their commitment and social responsibility, and will contribute to the strengthening of Navantia's brand and business.

Sponsorship consists of supporting individuals, companies and non-profit organizations through financial or in-kind contributions, in order to promote and advertise Navantia. Donations are voluntary and altruistic (cash or in-kind) deliveries made to third parties, for which tax benefits are generally obtained.

In making sponsorships and donations the follow criteria must be met:

- It is not allowed to pursue and obtain illegitimate ends for Navantia through sponsorships or donations.
- Sponsorships and donations should be transparent and properly documented.
- It is not allowed to make contributions to political parties or affiliated organizations, their representatives or candidates, neither in Spain nor abroad; nor Sponsor any event for the purpose of political propaganda.
- Payments cannot be made to accounts of individuals.
- Sponsorships and donations cannot damage the image of Navantia and must comply with its principles and values.
- All sponsorships must pursue a defined business purpose.
- It must be ensured that the non-profit organization to which the donation is intended is legitimate for this purpose and is not involved in any corruption or other criminal or fraudulent behaviour and that such a donation is not conditional on the receipt of business opportunities or other benefits.
- The work of the non-profit organization receiving the donation must be identified, as well as the purpose and use of the donated resources.

Before proceeding to the payment of donations exceeding 3,000 Euros in a single payment or in several payments accumulated over a year, the Promoter Directorate of the donation must make a proposal justifying the donation and submit it for the approval of the Management Committee of Navantia.

In order for the Management Committee to assess the suitability of the donation, the manager interested in the donation must also present the following:

[p. 146]

- A report on the due diligence undertaken prior to donation, approved by the head of the Compliance Committee.
- The Navantia Due Diligence questionnaire must be completed and signed by the non-profit organization receiving the donation.
- A note informing about the purpose of the donation and that it is not conditioned on the receipt of business opportunities or other benefits.

We present below a table of contributions to non-profit foundations of Navantia during 2018:

Name of Organization	Description
Naval Museum Foundation	State cultural foundation dedicates to preserving and exhibiting items of historical value related to the navy.
Spanish India Cultural Council	Foundation for promoting relations between Spain and India

[Document lists a further eleven organizations that the organization supports]

[p.147] Total Donations: 92.850 EUROS

[p.153] Partnerships and sponsorships

Navantia (includes Navantia Australia)

We present a table of the associations to which we belong and of the sponsorships carried out throughout 2018. The information of the other entities of the Navantia Group is not relevant, so no information is provided.

Associations

[Document lists various industry associations which the company pays to be a member of]

Sponsorships	
Name of organisation	Sponsorship
ASD	Annual Reception
Navy	Navy Golf Tournament, Gala Dinner
Ministry of Defence	Ministry of Defence Golf Tournament
Spanish Consulate in Australia Foundation	Australian Delegation Visit

[p.154]

ASBA Australia Spain Business Association	Meet the Members Event
EACB European Australian Business Council	Australian Delegation Visit
Australian Embassy in Spain	Sponsorship of Australia Day
Total Sponsorship Payments 28.077 EUROS	

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.29] 7.8. POLICY ON DONATIONS, PROMOTIONS, GIFTS, TRIPS, AND PAYMENTS

The NAVANTIA Code of Business Conduct states that it is forbidden to offer gifts or invitations when their monetary value exceeds amounts which are considered reasonable and moderate, depending on the subject-matter and geographical circumstances.

[p.32] 7.8.5. DONATIONS

For donations, the following information must be recorded: the purpose of the donation, that the donation complies with the company's internal regulations, that no public official is linked to the donation, and that no conditions linked to receiving business opportunities or other benefits are attached to the donation (donations must never be granted during negotiations of any kind). They must receive final approval from the Board of Directors.

It must be ensured that the organization to which the donation is being made can legitimately accept these contributions, and that the organization is not involved in any type of corrupt, criminal, or fraudulent activities. The institution's mission must be identified, as well as the end to which the organization plans to allocate the donation and use it will make of any resources granted.

[p.33] The frequency, both of entertainment expenses and donations, must be taken into consideration; these should not occur repeatedly, nor should an excessive amount of these expenses be incurred within the same period of time. Local regulations must also be taken into consideration when granting any type of donation.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
1
Comments
<p>There is some evidence that the company has a policy and procedures on lobbying. This includes evidence that the company requires that due diligence is conducted on external lobbyists before hiring them, as well as during the business relationship. The company's anti-corruption policy gives a brief description of lobbying, which emphasises the legitimacy of the activity, whilst also acknowledging the corruption risk it presents.</p> <p>However the company scores '1' because beyond stating that lobbying activities must adhere with laws and regulations, the policy doesn't mention certain standards of conduct or specific oversight mechanisms that apply to lobbying activities. Additionally, the company's policy only makes reference to external lobbyists and third parties, and does not mention internal lobbyists, or specify that the standards outlined apply to all employees and directors.</p>
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf [p.6] 5. Definitions</p> <p>[p.7] Lobby. Natural or legal entity with which Navantia collaborates or wishes to collaborate so that, legitimately and for the benefit of their own interests, they can help Navantia to be heard by the public administrations, identifying who to talk to, warning of the risks of a possible government decision, legislative modification or proposing improvements in the legal system.</p> <p>[p.19] 11.DUE DILIGENCE OF LOBBIES</p> <p>Navantia, with the purpose of following the standards and recommendations of Transparency International and, due to the lack of regulation of the figure of the "lobbies", promises to establish an evaluation and a due diligence over them because it understands that they can operate in the market and are exposed to certain criminal risks that could affect the company both directly and indirectly.</p> <p>11.1. DUE DILIGENCE PRIOR TO ENGAGING THE SERVICES OF LOBBIES</p> <p>Prior to entering into any contract and with the purpose of determining whether the candidates for lobbies are known for corrupt practices, even in the event that the candidate has not yet been convicted therefor or if any of the candidate's key persons have been investigated, prosecuted for, convicted of, or terminated from office due to corruption, the Department/s with an interest in establishing the business alliance can take the following steps, depending on whether the business transactions are low-, medium-or high-risk:</p> <p>[p.20] 11.1.1. Low-risk business transactions: In the case of low-risk business transactions, the Department with an interest in entering into a legal relationship with a lobby must first obtain and later analyze:</p> <ul style="list-style-type: none"> • Navantia's due diligence form, filled out and signed by the lobby candidate. • Risk analysis report regarding the lobby candidate carried out by a specialist company or professional. • Report on whether the due diligence process is sufficient, approved by the Compliance Committee. Additionally, and in light of the circumstances surrounding the individual case: <ul style="list-style-type: none"> • The risk analysis report, carried out by a specialist company or professional, may be replaced by an Anti-Corruption Certificate issued by a renowned international organization. • Other due diligence measures may be taken. <p>11.1.2. Medium-risk business transactions:</p>

In the case of medium-risk business transactions, the Department with an interest in entering into a legal relationship with a lobby must first obtain and later analyze:

- Navantia’s due diligence form, filled out and signed by the lobby candidate.
- A “thorough” risk analysis report regarding the lobby candidate carried out by a specialist company or professional.
- Report on whether the due diligence process is sufficient, approved by the Compliance Committee. Additionally, and in light of the circumstances surrounding the individual case:
- The risk analysis report, carried out by a specialist company or professional, may be replaced by an Anti-Corruption Certificate issued by a renowned international organization.
- Other due diligence measures may be taken.

11.1.3. High-risk business transactions:

In the case of high-risk business transactions, the Department with an interest in entering into a legal relationship with a lobby must analyze:

- Navantia’s due diligence form, filled out and signed by the lobby candidate.
- A “thorough” risk analysis report regarding the lobby candidate carried out by a specialist company or professional.
- Report on whether the due diligence process is sufficient, approved by the Compliance Committee. Additionally, and in light of the circumstances surrounding the individual case:
- Legal report drafted by a law firm determining the contract’s level of compliance with local legislation.
- The risk analysis report, carried out by a specialist company or professional, may be replaced by an Anti-Corruption Certificate issued by a renowned international organization.
- Other due diligence measures may be taken.

[p.21] The Navantia Due Diligence form to be filled out by the lobby candidate is attached to this document as “APPENDIX III”.

After assessing the required documents in accordance with the risk classification, the Department/s with an interest in establishing the business alliance will draft a brief/report on the suitability of the proposed agreement, considering the risk that Navantia may face criminal charges for actions undertaken on behalf and for the benefit of Navantia, and evaluating whether Navantia’s reputation may be smeared or tainted as a result of such an alliance. The report/brief shall be submitted to the Navantia Management Committee in order for its members to take the information contained therein into consideration before making a final decision regarding the contracted services.

The Department/s with an interest in contracting similar services must retain the records of each legal review for a minimum period of fifteen years.

11.2. ONGOING DUE DILIGENCE

Navantia engages an alert service from a specialist company to perform ongoing monitoring of Lobbies during the term of the legal relationship. The Compliance Committee will monitor the alerts and will keep a record of each alert for a minimum of fifteen years. Furthermore, at the request of the Department/s, the Compliance Committee shall draft a report on the ongoing due diligence of a Lobby for the requested period of time.

[p.39] APPENDIX III

DUE DILIGENCE FORM FOR LOBBIES

1. 1. BASIC INFORMATION OF THE LOBBY

1.1. Name or company name: _____

1.2. Tax ID number: _____

1.3. Lobby’s legal status:

[Document lists further questions]

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
<p>There is no evidence that the company publishes information on its lobbying aims, topics or activities.</p> <p>The company states that in the most recent reporting year it did not contract any lobbying services, however this suggests that it relates to externally contracted activities only. It is therefore not sufficiently clear that it did not conduct any lobbying activities at all, and so a score of '0' applies.</p>
Evidence
<p>[15] Información Compliance Para Partes Interesadas 2019 / Compliance Committee Report 2019 (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf</p> <p>[p.21] En el año 2019, el Comité de Compliance ha realizado:</p> <p>[...]</p> <p>✓ No se han realizado due diligence a LOBIES al no tener Navantia contratado este servicio.</p> <p>Translation:</p> <p>[p.21] During 2019 the Compliance Committee carried out the following:</p> <p>[...]</p> <p>✓ No due diligence was carried out in relation to lobbying activities because Navantia has not contracted related services.</p>

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
<p>There is no evidence that the company provides details about its global lobbying expenditure.</p> <p>Although the company states that in the most recent reporting year it did not contract out any lobbying services, it is not sufficiently clear that it did not conduct any lobbying activities at all, and so a score of '0' applies.</p>
Evidence
<p>[15] Información Compliance Para Partes Interesadas 2019 / Compliance Committee Report 2019 (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf [p.21] En el año 2019, el Comité de Compliance ha realizado:</p> <p>[...]</p> <p>✓ No se han realizado due diligence a LOBIES al no tener Navantia contratado este servicio.</p> <p>Translation:</p> <p>[p.21] During 2019 the Compliance Committee carried out the following:</p> <p>[...]</p> <p>✓ No due diligence was carried out in relation to lobbying activities because Navantia has not contracted related services.</p>

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
2
Comments
<p>There is evidence that the company has a policy on the giving and receipt of gifts and hospitality, with clear procedures designed to ensure that such promotional expenses are not used as vehicles for bribery and corruption. This policy establishes financial limits, along with an approval procedure, for the different types of promotional expense that employees may encounter. There is evidence that the company also addresses the risks associated with gifts given to and/or received from public officials. The company's policy includes a clear statement that all gifts and hospitality above certain thresholds are recorded in a dedicated register that is accessible to the Chief Compliance Officer and Compliance Committee, who are responsible for oversight of the process.</p>
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf [p.25] 15. GIFTS, PERKS, AND REPRESENTATION COSTS</p> <p>Business courtesy, such as the granting of gifts and displays of hospitality, which is offered or received by customers, suppliers, and other partners, are common practice in the business world to improve business relationships and acknowledge professional treatment; a series of similar customs exist both in terms of the type and the value of the gifts granted or invitations extended, as well as similar exchange protocols. However, in some countries it is forbidden to grant any kind of gifts or extend any kind of invitations, as these are seen as bribes. This is why no practices of business courtesy must be performed without</p> <p>[p.26] previously having reviewed the anti-corruption legislation of the country in question or without having a thorough knowledge of local customs. The Navantia Code of Business Conduct generally allows for corporate gifts and invitations to be extended, which are deemed merely as signs of business courtesy, when their value and the frequency with which they take place are reasonable. The code is flexible and can be adapted to the different circumstances present in other parts of the world. However, the concepts on which it is based: "Reasonable value" and "reasonable frequency" must be weighed against enforceable legislation in the countries where Navantia operates. Each concept constitutes, in fact, a limitation: corporate gifts must be infrequent gestures of appreciation — no gifts or invitations can be granted or extended that may be interpreted as excessive in comparison with standard business and courtesy practices, or which may be in any manner used to pursue preferential treatment for any activity which may be linked to Navantia.</p> <p>Navantia employees can therefore accept and grant gifts and special perks to suppliers, customers, or other business relationships, insofar as these gifts or invitations:</p> <ul style="list-style-type: none"> • Are not forbidden in local legislation or regional customs. • Do not give the impression (or create an implicit obligation) that the person granting them will receive preferential treatment by being awarded more contracts, better prices, and more favorable conditions. • Are not an embarrassment to Navantia or the company which employs the person who grants or receives the gifts, if their existence were made public. • Do not exceed the prices established herein or in other more stringent Navantia regulations.

- If they exceed the established value, they must have been accepted on Navantia's behalf and been handed over to the Compliance Committee.

On the other hand, the following shall never be deemed appropriate:

- Granting gifts of money in cash or an equivalent (such as gift cards).
- Gifts which are forbidden by local legislation.
- Gifts intended as bribes, unlawful payments, or commission (for example, to obtain or retain contracts or to obtain undue advantages, such as preferential tax treatment).
- Gifts which the recipient knows are forbidden by the organization of the person granting them.
- Gifts granted in the form of services or other benefits which are not in the form of cash (for example, promise of employment).
- Any gifts granted while contract negotiations or the tender process are ongoing.

15.1. GIFTS, PERKS, AND REPRESENTATION COSTS RECEIVED BY EMPLOYEES OF NAVANTIA

Any gifts and perks received by a Navantia employee must be communicated to their Competent immediate superior in writing, with the Compliance Committee in copy so that it may be entered into an invitation and gift log. The gift or invitation must be described, along with the approximate price, the name of the person, company, or organization which has extended the business courtesy, in addition to the business and relationship, unless it were:

[p.27] • A meal and/or beverage consumed during a corporate marketing event

- Corporate gifts with a value below 40 euros.

The total value of all the gifts and invitations received by a Navantia employee from the same person, company, or organization, or those granted by Navantia to the employee of another company or organization with which Navantia has or wishes to build a business relationship, cannot exceed the value of €200 per year. Were the €200 per year threshold exceeded, the Navantia employee must request authorization from their Competent immediate superior in order for the latter to determine whether the gifts and invitations should be declined. This authorization must be provided in justified writing and the Compliance Committee must be put in copy so that it can be logged.

Navantia considers any gifts or invitations received by the spouse/partner or family member of a person subject to this Policy as corporate gifts. Hence, these gifts are subject to this policy as are any other corporate gifts, and are therefore factored into the maximum annual amount of €200. Any official gifts, prizes, awards, diplomas, etc. accepted by any Navantia representatives from the Central Offices must be deposited with the Department of General Secretary (General Services); the Department will then add them to a log/inventory and give instructions at all times of where they should be exhibited and/or deposited. The person receiving the items regulated in the present paragraph must report their origin when they are deposited with the Department of General Secretary (General Services).

In the case of official gifts, prizes, awards, diplomas, etc. accepted by any Navantia representative from the Business Units, these will be placed in the custody of the Unit's Senior Management, which will in turn notify the Department of General Secretary (General Services) in order for the latter to enter them into the log/inventory. A photo shall be sent and indications will be provided as to where these elements have been deposited.

Lastly, all persons subject to the policy that, for any of the reasons described herein or in other more stringent Navantia policies, must decline a corporate gift will return said gift with a thank you note. The template for thank you notes and letters declining a corporate gift is attached to this document as

"APPENDIX VIII".

15.2. GIFTS, PERKS, AND REPRESENTATION COSTS OFFERED BY EMPLOYEES OF NAVANTIA

Expenses resulting from invitations and perks for the purpose of representing Navantia before clients (current and potential), institutions, entities, and suppliers or establishing or improving Navantia's image are grouped under this heading. These include restaurant expenses, protocol events, travel expenses, event attendance, gifts, etc. The expenses must be expressly authorized by the CC Manager, who must apply the most rigorous conditions when authorizing and paying expenses; these approvals and the process shall be subject to control by the authorized Departments and the DMF.

In the case of representation meals, the value cannot exceed €85 per person within Spain, and €120 per person in the case of meals held in a foreign country. If, given the nature of the situation, a greater expense were necessary, this must be previously authorized by the Presidency and include a prior estimation and/or justification thereof. Special attention must be paid to ensure an adequate balance is maintained between the number of attendees on Navantia's behalf and the total number of attendees to these events.

[p.28] Expenses resulting from representation and special attention to third parties must be requested, justified, and paid via the intranet application for this purpose. Tips may not be included under any circumstances, unless these were mandatory.

Navantia has a catalogue of promotional and institutional gifts managed by the Department of General Secretary (General Services). The promotional and/or institutional gifts, which the departments intend to give, shall be managed through the application "Periscopio" and specifically authorized by the director of the Compliance Committee. Navantia's promotional gifts must be purchased by the Operations and Business Department (Purchases), upon the request of the Department of General Secretary (General Services)

The Department of General Secretary (General Services) shall keep a record of the gifts made by Navantia and shall draw up an annual report at the end of the financial year which shall include the number of gift requests received, the percentage of requests approved/refused, the decision criteria in force for the resolution of requests, etc. In addition, special mention will be made of those requests which, either because of the characteristics of the gift, or because of the identity of the recipient or issuer of the gift or other circumstances, are of special interest. This report must be submitted to the Compliance Committee

No employee can pay for any gifts, promotional gifts, and/or trips for a third party with a Navantia credit card, unless the Compliance Committee has previously issued a favorable report and the Presidency has authorized said payment. Any exception to the conditions established herein due to extraordinary circumstances, and insofar as they do not violate enforceable regulations, shall require the express authorization of the Presidency and a prior favorable report issued by the Compliance Committee of NAVANTIA.

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.29] 7.8. POLICY ON DONATIONS, PROMOTIONS, GIFTS, TRIPS, AND PAYMENTS

The NAVANTIA Code of Business Conduct states that it is forbidden to offer gifts or invitations when their monetary value exceeds amounts which are considered reasonable and moderate, depending on the subject-matter and geographical circumstances.

Additionally, the following principles must be applied:

- NAVANTIA employees cannot offer, pay, or accept bribes, illegal rewards, or any other similar type of payment to or from another person, organization, or public officer which would result in an undue advantage; furthermore, indications are provided on how these bribes may manifest (presents, promises, authorization, offers, payments or gifts from a third party). A NAVANTIA employee will also not make a payment or transfer or offer funds which do not comply with company policies and enforceable legislation, and which have not received the corresponding authorization, have not been duly justified, and are not clearly and precisely recorded in the accounting books.

The term "reward" is very general and includes (but is not limited to):

- Money, gifts, or personal favors
- Meals and entertainment

- Discounts
 - Job offers for government officials or their next-of-kin
 - Political donations
 - Payments to third parties
 - Travel expenses
 - Assuming or writing off debts.
- All employees must notify the designated managers of any incidents where unlawful payments have been requested or any similar situations, and they must inform their superiors if they have knowledge of similar transactions.

The following are specifically forbidden:

- Cash, checks, loans, financial facilities, or any equivalent
- Any invitations, gifts, or acts of courtesy received which, given the frequency, characteristics, or context thereof, may be interpreted by an objective observer as an attempt to affect the receiver's impartiality.
- Any action which ultimately aims to grant/obtain favorable treatment to/from clients, suppliers, government bodies, or third parties.
- An exception are gifts with a symbolic value that have been previously approved by the Corporate Executives and Executives which, while not Corporate, sit on the Management Committee, or by persons to which the former have delegated their duties.

[p.30] This may include, but is not limited to, the following:

- Propaganda objects of little value.
 - Common invitations which do not exceed reasonable limits and conform to standard social practices.
 - Occasional acts of courtesy due to specific and exceptional circumstances (such as Christmas presents), as long as they do not consist of cash and are reasonable and modest.
 - Invitations to cultural events sponsored by the Group, as long as they are not extravagant or abnormally expensive. These include, for example, sporadic meals or invitations to musical, sport, theater events, etc.; acts of courtesy (trips, hotels, etc.) of little value; small gifts for anniversaries, parties, etc.; cheap promotional gifts (key chains, diaries, calendars, pens, etc.); gifts in recognition of special services, such as care services, civic duty, charity or educational services; payments for expenses incurred by the client (invitations), etc.
- Any gifts or acts of corporate courtesy that a NAVANTIA employee wishes to grant must be previously authorized in writing by a competent immediate superior.
 - Any gifts or special acts of corporate courtesy received by a NAVANTIA employee must be notified in writing to the competent immediate superior. The total value of gifts and invitations received by an employee cannot exceed €200 per annum.

If the employee is forced to accept these gifts, a receipt must always be made out to the company and they must be deposited with the designated person, who will give them the appropriate usage (drawing among employees, gift to a charity, etc.) which will, generally, exclude the use the gift was originally intended for.

Additionally, any gifts or acts of social courtesy given to public officials by NAVANTIA employees must be appropriate and comply with local norms and customs, as well as enforceable local legislations and NAVANTIA policies and procedures. A comparative list of the budgeted amount and the real figure is obtained, both for the month and the total value. The differences are justified, particularly in the investment area.

- NAVANTIA forbids its employees and representatives from granting facilitation payments. Facilitation payments can have a negative effect on the company's reputation, giving rise to doubts and suspicions regarding the company's other transactions.

[p.31] 7.8.1. RECORD OF GIFTS

The Chief Compliance Officer will keep a record of all gifts; the Compliance Committee will be informed thereof in all cases, and information on the gifts received/ offered by NAVANTIA employees must also be kept. This information must be saved for at least 10 years.

Every year, the Department of Corporate Affairs shall draft a report including the number of requests received, the percentage of requests which were approved/ denied, the decision-making criteria applied to said requests, etc.

Likewise, special mention will be made of all requests that bear particular interest, whether it be due to the nature of the gift, the identity of the person receiving or offering it, or any other circumstance. This Report shall be submitted to the Compliance Committee.

7.8.2. PROMOTIONS

Acts of corporate courtesy: This chapter refers to all promotional items, gifts, meals of moderate value, or any other object of modest value, always in relation to the services provided and in exchange for promoting NAVANTIA operations or the signing of a contract.

In any case, these expenses must be reasonable, duly recorded, and directly paid to the suppliers which are supplying them.

In some reasonable and restricted circumstances, certain reasonable and bona fide promotional expenses may be paid, such as travel and accommodation expenses for a government official, as long as this is permitted by enforceable local regulations. These expenses must always be subject to an internal review procedure to identify potential problems, they must be precisely accounted for, and their corporate nature must be duly registered.

7.8.3. TRAVEL EXPENSES

Travel expenses must be authorized by the Corporate Executives and Executives which, while not Corporate, sit on the Management Committee, taking into account the following:

- All trips must have a business aim or purpose.
- Travel expenses for family members, friends, or other travel companions of public officials cannot be paid, as well as those of any third party when they are not directly related to the business matter at hand.

[p.32]

- Only expenses with a corresponding receipt shall be reimbursed.
- Only expenses and reimbursements directly related to the business activity will be covered (promotions, description or presentation of a product or service, or regarding the signing or performance of a contract).
- As with any expenses, travel expenses must be duly registered in NAVANTIA books and files, with sufficient detail to allow their true nature and quantity to be easily discerned.
- Meals must be reasonable and duly registered.
- Where possible, payments to cover costs must be paid directly to the suppliers (e.g. hotels, airlines, and car rental services).
- Ensure that payments are permitted in accordance with local regulations.

7.8.4. ENTERTAINMENT EXPENSES

Entertainment expenses must be authorized by the Corporate Executives and Executives which, while not Corporate, sit on the Management Committee, taking into account the following:

- Expenses must be reasonable.
- Their purpose must not influence any given persons impartiality during a decision making process in which NAVANTIA is involved.
- They must be precisely registered in NAVANTIA's books and records.

[p.36] 7.12. BEST TRANSNATIONAL CORRUPTION PREVENTION PRACTICES

In this sense, NAVANTIA follows the provisions of the Convention on Combating Bribery of Foreign Officials in International Business Transactions, of November 21, 1997, which establishes the responsibility all countries share in their attempts to efficiently fight against and coordinate their efforts to end bribery of foreign public officials in international financial transactions.

In accordance with the provisions of the Convention, in matters of transnational corruption, the following are considered forbidden practices by NAVANTIA:

- Any action to bring about an offer, a payment, promise of payment, or payment authorization for any amount, offer, gift, promise to give, or authorization to give any item of value to:
 - Any foreign official with the aim of:

- Influencing the actions or decisions of said foreign public official when acting in the exercise of their official duties, ii) induce said foreign public official to act or refrain from acting in a way which violates their official duties, or iii) obtain an undue advantage.
- Induce the foreign public official to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, or to influence the government in order to help the person obtain or retain business for a certain person, for themselves, or to steer business towards a certain person.

[p.37]

- Any political party or a public official of this party, or any candidate for foreign public office with the aim of:
 - Influencing the actions or decisions of said political party, public official, or candidate when acting in the exercise of their official duties, ii) induce said political party, public official, or candidate to act or refrain from acting in a way which violates their official duties, or iii) obtain an undue advantage.
 - Induce a foreign public official, foreign political party or public official of or candidate to said party to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, or to influence the government in order to help the person obtain or retain business for a certain person, for themselves, or to steer business towards a certain person.
- Any person, knowing that a part or all the money or item of value will be offered, granted or promised, directly or indirectly, to any foreign public official, foreign political party or public official thereof, or any candidate for foreign public office, with the aim of:
 - Influencing the actions or decisions of foreign public official, foreign political party or public official or candidate when acting in the exercise of their official duties, ii) induce said political party, public official, or candidate to act or refrain from acting in a way which violates their official duties, or iii) obtain an undue advantage.
 - Induce a foreign public official, foreign political party or public official of or candidate to said party to exert their influence on a foreign government or a body thereof in order to influence an action or decision made by the government or body thereof, or to influence the government in order to help the person obtain or retain business for a certain person, for themselves, or to steer business towards a certain person.

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

Gifts and Hospitality

In relations with third parties and companies, recipients of this Code of Conduct shall never give gifts or entertainment whose economic value exceeds what may be considered reasonable and moderate in the circumstances of the case and of the country concerned.

Where the rules of conduct applicable to third parties or companies prohibit or limit gifts or entertainment below the reasonable and moderate threshold, recipients of this Code of Conduct shall refrain from making any invitation or offering any gift that violates the rules of conduct applicable to potential recipients.

In line with the above, in relations with third parties and companies, the recipients of this code will reject any invitation whose economic value exceeds what may be considered reasonable and moderate in the circumstances of the case and the country concerned. Rejection will always be done politely, and by explaining that the terms of Navantia's Code of Corporate Conduct are being followed.

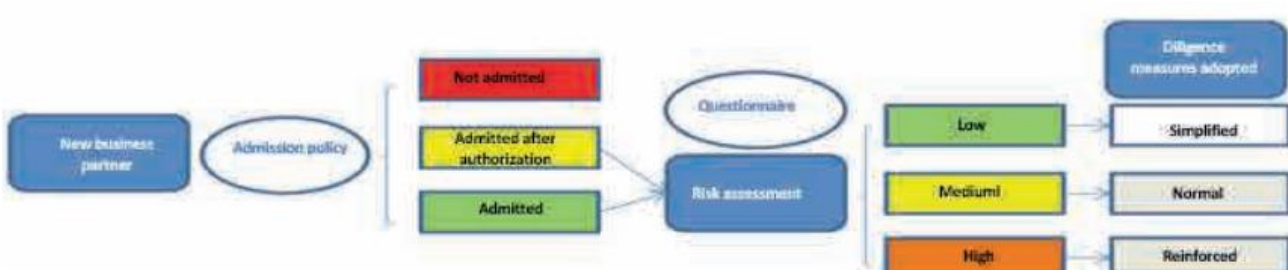
In those exceptional cases in which, in accordance with the business practices of a foreign country, it is necessary to accept gifts exceeding the value deemed moderate or reasonable in Spain, the gift will always be accepted on behalf of the company, which will be its sole owner.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
2
Comments
<p>There is evidence that the company's Procurement Committee is the main body that is involved in, and responsible for, oversight of supplier relationships. The company states that this committee is responsible for verifying and approving proposals to establish new suppliers, and stipulates procedures to escalate the matter if the committee cannot reach a decision. Moreover, there is evidence that the company assures itself that proper procedures regarding the onboarding of suppliers are followed through regular internal audit and quality assurance checks.</p> <p>Although the company does not explicitly state that it conducts this type of assurance every three years, a score of '2' has been awarded based on supporting evidence.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.27] 7.7. HIRING PROCEDURES. CONTROL MECHANISMS IN CONTRACTING AND MARKETING.</p> <p>With regards to contracting procedures, it is important to highlight that NAVANTIA always follows its General Guiding Principles — these principles determine, among other aspects, that the services of external suppliers or suppliers must be engaged through transparent procedures that comply with the company's advertising criteria.</p> <p>Additionally, NAVANTIA has also approved an Acquisition of Goods and Services Policy (N10) that determines the limits of Procurement approvals (per amount) by the Main Procurement Committee, the Corporate Management Committee, and the Board of Directors.</p> <p>Likewise, the Policy on divulging internal instructions on hiring practices (N000) establishes that (i) the contracting process includes a division of the amounts and segregation of duties which must be taken into consideration when authorizing contracts; and that (ii) the preparation of the contract starts with a report, which is submitted to the contracting department. In turn, this department determines the nature and scope of the requirements that need to be covered, the cost, the proposed procedures, and whether the budget is sufficient, among others.</p> <p>The Supplier Assessment Procedure (P-APR-CAL-002) establishes that (i) NAVANTIA must evaluate, among other information, the legal, financial, tax, and corporate information; (ii) the list of NAVANTIA's assessed and approved suppliers must be accessible, and all employees that partake in the procurement process must refer to it; and that (iii) no NAVANTIA employee, acting on behalf of or for the benefit of NAVANTIA, can engage the services of a supplier that has not passed the supplier assessment/approval procedures and which is not included in the list of approved suppliers.</p> <p>[p.50] 3. Acquisition of Goods and Services Policy (N010):</p> <p>NAVANTIA has special regulations regarding the purchase of goods and services, where the following points are set forth:</p> <ul style="list-style-type: none"> - The Procurement Committee is in charge of ensuring that NAVANTIA's decisions in matters of procurement are made observing the principles of objectivity, confidentiality, concurrence, transparency, publicity, equality, and non-discrimination. - The correct operation of the Procurement Committee shall be regularly verified through Quality Programs and Actions, Internal Audits, or any other manner deemed pertinent as per the Internal Regulations of NAVANTIA.

- Any proposal to initiate the Procurement and Orders Procedure to purchase goods, services, or works requested by the Corporate Departments and/or NAVANTIA companies in foreign countries must be approved by the Procurement Committee, previously ensuring that there is sufficient budget available.
- Furthermore, all Offer proposals must be approved by the Procurement Committee, previously ensuring that there is sufficient budget available.
- The Procurement Committee reviews and verifies the cases submitted to the Offer Review Subcommittee, the Corporate Management Committee, or the Board of Directors to ensure that they comply with the technical requirements, and the technical assessment of the offers.
- Should the Procurement Committee not be able to reach a consensus, the matter will be submitted to the Management Committee/President.

[p.52] 5. Contracting Policy (N010): The NAVANTIA Contracting Policy sets forth the limits imposed on Procurement approvals (per amount) by the Main Procurement Committee, the Corporate Management Committee, and the Board of Directors.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
2
Comments
<p>There is evidence that the company has formal procedures to conduct risk-based due diligence when engaging and re-engaging with its suppliers. The due diligence process explicitly includes establishing the ultimate beneficial ownership of the supplying company, and there is evidence that highest risk suppliers are subject to enhanced due diligence. There is evidence that this process is conducted on an ongoing basis, and when there is a significant change in the business relationship. There is also evidence that suggests that the company is willing to review and terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.22] 7.5. DUE DILIGENCE NAVANTIA must have a thorough knowledge of all the business partners with which it conducts business (whether representatives, agents, consultants, suppliers, partners in joint ventures, clients) in order to avoid being swept into corruption cases which could affect these business partners.</p> <p>NAVANTIA has a Policy on the admission of business partners — Appendix VI — which describes a series of indicators to be taken into account when assessing the level of risk are set forth, as well as the different types of business partners, in accordance with the associated risk.</p> <p>Given the existence of said documents, and without prejudice to any further developments of the Anti-Corruption Policy (N030), the Policy on the admission of business partners distinguishes between: (i) excluded business partners, with which no business can be conducted under any circumstances; (ii) business partners with an above-average level of risk, with which business can be conducted once the Compliance Committee has granted its approval; (iii) standard business partners, without any significant risk of corruption.</p> <p>Once admitted, business partners must be assigned a level of risk based on the assessment criteria established by NAVANTIA and mentioned above: (i) low risk; (ii) medium risk; (iii) high risk. Depending on the level of risk assigned, a series of due diligence measures must be implemented which will vary throughout the business partnership; specific time intervals are set depending on the type of risk.</p> <p>In conclusion, the business partner admission procedure and the implementation of due diligence measures is as follows:</p> 
<p>[p.24] 7.5.2. DUE DILIGENCE MEASURES The required due diligence level will vary depending on the third party with which the contractual/business/trade relations are conducted. We hereby refer to the due diligence form included in the Anti-Corruption Policy (N030), which outline the information which business partners wishing to conduct business with NAVANTIA must provide.</p> <p>Below are the due diligence procedures which must be carried out by NAVANTIA prior to entering into any contract with each type of third party. These due diligence procedures may be conducted by an outside expert or independent entity, or with their assistance.</p>

[p.25] b. Suppliers

Performing due diligence on new and former supplier is a very important part of preventing reputational, operational, legal, and concentration risks which could entail significant costs.

[p.26] The aim is to allow NAVANTIA to predict with relative accuracy the types of transactions which suppliers may possibly carry out in order to help determine in which cases these transactions could be suspicious. NAVANTIA begins the due diligence process by verifying and identifying the supplier, followed by the ensuing risk analysis.

Procedures must include an enhanced due diligence procedure for high risk suppliers, as well as ongoing due diligence for existing suppliers. The due diligence criteria will be established depending on the risk level assigned to each group of suppliers.

In line with the foregoing provisions for business partners, third parties, joint ventures, and agents, the due diligence procedures with respect to suppliers shall be adopted when:

- a) Business relations are first initiated
- b) Occasional transactions which exceed the applicable threshold are carried out.
- c) There are doubts regarding the truthfulness or congruence of the identification information previously obtained about the supplier.

The following steps can be taken in the context of supplier due diligence procedures:

- a) Identifying the supplier and verifying their identity using documents, data, and information from independent and reliable sources.
- b) Identifying the supplier's suppliers, and taking reasonable steps to verify their identity to ensure no doubts remain for the institution in charge of identifying said supplier. In the case of legal entities or other legal persons, the institutions should make reasonable efforts to understand and know the supplier's ownership and control structure.
- c) Obtaining information on the purpose and nature of the business relationship.
- d) Carrying out ongoing due diligence on the business relationship, as well as performing a detailed examination of all the transactions performed during the course of said relationship.

The simplified or enhanced due diligence procedures established in the previous paragraph for each supplier — depending on the assigned level of risk — will also apply to business partners, third parties, joint ventures, or agents.

[p.27] The Supplier Assessment Procedure (P-APR-CAL-002) establishes that

[...] (iii) no NAVANTIA employee acting on behalf of or for the benefit of NAVANTIA, can engage the services of a supplier that has not passed the supplier assessment/approval procedures and which is not included in the list of approved suppliers.

[p.28]

- The following principles shall be taken into account when engaging the services of a third party:
 - The qualification and reputation of these companies.
 - Establish the role the other company plays in the contract, expressly detailing the terms and conditions thereof and the services it will provide.
 - Update investigations carried out on other companies, performing due diligence and monitoring procedures, provide staff with regular training, and request verification that the anti-corruption policies are being complied with, in addition to not having been sentenced via final ruling in any corruption-related criminal proceedings. If the person was sentenced after a contract was entered into, NAVANTIA must be informed of this fact, and it may possibly lead to termination of the contract.
 - When corruption investigations or criminal proceedings are initiated on the other company, this fact may also lead to contract termination.
 - It must be verified that the other company has control mechanisms in place which are aligned with NAVANTIA's anti-corruption policies.

[p.52]

- By means of the due diligence forms, attached to this document as Appendix I, NAVANTIA performs a legal review of its business partners (irrespective of whether they are representatives, agents, consultants,

suppliers, other intermediaries, partners, contractors or sub-contractors, distributors, etc.) in order to assess the risk of corruption before conducting business with them.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
2
Comments
<p>There is evidence that the company requires that its suppliers have adequate anti-bribery and corruption policies and procedures in place. The company states that all of its business partners (which is understood to include suppliers) must comply with the standards outlined in its anti-corruption manual, which prohibits bribery, facilitation payments and specify procedures on conflicts of interest, gifts and whistleblowing. There is evidence that the company assures itself of this when onboarding new suppliers, by introducing anti-corruption clauses in their contracts, and on an ongoing basis, by having monitoring rights on its suppliers to ensure their continued compliance with these policies.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf</p> <p>[p.12] 4.2. RECIPIENTS The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.</p> <p>[p.22] 7.5. DUE DILIGENCE NAVANTIA must have a thorough knowledge of all the business partners with which it conducts business (whether representatives, agents, consultants, suppliers, partners in joint ventures, clients) in order to avoid being swept into corruption cases which could affect these business partners.</p> <p>[p.28]</p> <ul style="list-style-type: none"> • Except in justified and authorized cases, clauses must be included in third party (agents, consultants, representatives, distributors, and business partners) agreements, contracts, and extensions to avoid breaches of the anti-corruption policy: <ul style="list-style-type: none"> - Certification of compliance with FCPA and other anti-corruption laws. - Right to perform audits on the third party's accounting books. - Right to terminate the agreement or contract in the event of a breach of the anti-corruption policy (internal regulations, FCPA, Bribery Act). • The following principles shall be taken into account when engaging the services of a third party: <ul style="list-style-type: none"> - [...] Update investigations carried out on other companies, performing due diligence and monitoring procedures, provide staff with regular training, and request verification that the anti-corruption policies are being complied with, in addition to not having been sentenced via final ruling in any corruption-related criminal proceedings. If the person was sentenced after a contract was entered into, NAVANTIA must be informed of this fact, and it may possibly lead to termination of the contract. - When corruption investigations or criminal proceedings are initiated on the other company, this fact may also lead to contract termination. - It must be verified that the other company has control mechanisms in place which are aligned with NAVANTIA's anti-corruption policies. <p>[p.36] 7.11. ANTI-CORRUPTION CLAUSES IN CONTRACTS An anti-corruption clause must be included in contracts with contractors and suppliers. Moreover, these clauses must be included in contracts with other companies, ensuring that both companies have similar anti-corruption procedures and that they comply with the specific regulations on the matter. The right to terminate the contract in case of a breach of anti-corruption regulations must also be added. See section on "contracting process".</p>

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.33] Lastly, if the breach has been committed by the representatives, proxies, agents and mediators of Navantia, suppliers or partners, the company will act in accordance with the terms established in its respective contracts, and may terminate the relationship.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
Although the company states that it conducts legal reviews on sub-contractors, there is no clear evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required throughout the supply chain.
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf [p.10] 7. GENERAL DUE DILIGENCE FOR LEGAL RELATIONSHIPS WITH THIRD PARTIES</p> <p>Navantia subject all third parties with which it wishes to conduct or already conducts business (irrespective of whether they are representatives, agents, consultants, suppliers, other intermediaries, partners, contractors or subcontractors, distributors, etc.) to a legal review in order to assess the corruption risk prior to conducting business with said parties, and for the term in which any business agreements remain valid.</p> <p>The due diligence process with respect to any parties affiliated with Navantia constitutes an important part of the prevention measures which companies can take in order to prevent reputational, operational, or legal risks.</p> <p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.28]</p> <ul style="list-style-type: none"> The following principles shall be taken into account when engaging the services of a third party: <p>[...]</p> <ul style="list-style-type: none"> - It must be verified that the other company has control mechanisms in place which are aligned with NAVANTIA's anti-corruption policies. <p>[p.52]</p> <ul style="list-style-type: none"> - By means of the due diligence forms, attached to this document as Appendix I, NAVANTIA performs a legal review of its business partners (irrespective of whether they are representatives, agents, consultants, suppliers, other intermediaries, partners, contractors or sub-contractors, distributors, etc.) in order to assess the risk of corruption before conducting business with them.

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
1
Comments
<p>The company publishes a statement that no supplier wrongdoing was determined during the most recent reporting year relating to violations of its Code of Business Conduct, which covers bribery and corruption. The company's publicly available evidence indicates that this information is updated annually.</p> <p>However, the company receives a score of '1' because the data published does not include the number of reports received, nor investigations launched.</p>
Evidence
<p>[15] Información Compliance Para Partes Interesadas 2019 / Compliance Committee Report 2019 (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf</p> <p>[p.19] 6.1. Infracciones al Código de Conducta Empresarial. Como consecuencia de los expedientes gestionados a través del "Canal Denuncia" se han impuesto las siguientes sanciones a empleados de Navantia:</p> <ul style="list-style-type: none"> • 3 Sanción de suspensión de empleo y sueldo por la comisión de falta grave o muy grave. • 4 Apercibimientos por escrito por la comisión de falta grave. <p>Por el contrario, y de las investigaciones practicadas, no se ha determinado responsabilidad alguna para agentes, proveedores o socios de Navantia.</p> <p>Translation:</p> <p>[p.19] 6.1. Violations of the Code of Business Conduct. As a consequence of the files managed through the "Reporting Channel" the following sanctions have been imposed on Navantia employees:</p> <ul style="list-style-type: none"> • 3 Penalty of suspension of employment and salary for the commission of serious misconduct. • 4 Written warnings for the commission of serious offenses. <p>Furthermore; and from the investigations carried out, no wrongdoing has been determined related to agents, suppliers or partners of Navantia.</p>

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
1
Comments
<p>There is evidence that the company has a policy covering the use of agents which addresses the corruption risks associated with the use of agents and provides details of controls to mitigate these risks. There is evidence that this policy applies to all divisions within the organisation which might employ agents, including subsidiaries.</p> <p>However, while the company's policy indicates that it conducts an assessment of the economic rationale of working with high-risk entities, it is not clear from publicly available evidence that the company takes steps to establish and verify that the use of agents is necessary to perform a legitimate business function.</p>
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf [p.10] 7. GENERAL DUE DILIGENCE FOR LEGAL RELATIONSHIPS WITH THIRD PARTIES</p> <p>Navantia subject all third parties with which it wishes to conduct or already conducts business (irrespective of whether they are representatives, agents, consultants, suppliers, other intermediaries, partners, contractors or subcontractors, distributors, etc.) to a legal review in order to assess the corruption risk prior to conducting business with said parties, and for the term in which any business agreements remain valid.</p> <p>The due diligence process with respect to any parties affiliated with Navantia constitutes an important part of the prevention measures which companies can take in order to prevent reputational, operational, or legal risks.</p> <p>[p.13] 9.DUE DILIGENCE OF AGENTS</p> <p>9.1. DUE DILIGENCE PRIOR TO ENGAGING THE SERVICES OF AGENTS</p> <p>Prior to entering into any contract and with the purpose of determining whether the candidates for Agents are known for corrupt practices, even in the event that the candidate has not yet been convicted therefor or if any of the candidate's key persons have been investigated, prosecuted for, convicted of, or terminated from office due to corruption, the Department/s with an interest in engaging the Agent's services can take the following steps, depending on whether the business transactions are low-, medium-, or high-risk:</p> <p>[The document continues to describe the company's due diligence procedures regarding agents]</p>
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.12] 4.1. SCOPE</p> <p>The present Manual applies to all persons who are employed by or dependent on NAVANTIA, S.A. or any of its subsidiary companies, provided the Manual has been previously approved by their Governing Bodies.</p> <p>4.2. RECIPIENTS</p> <p>The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.</p>

[p.18] 7.3. RISK ASSESSMENT PROCESS (RISK MANAGEMENT: IDENTIFICATION, ANALYSIS, ASSESSMENT, PROCESSING). WARNINGS

7.3.1. IDENTIFICATION AND ANALYSIS

In order for the Anti-Corruption Model developed by NAVANTIA to be effective, it is essential to identify and analyze the corruption risks the company may be exposed to, as well as any existing policies, procedures, and control mechanisms within NAVANTIA that may help curb these hypothetical actions.

In accordance with the previously mentioned provisions and requirements of the regulations, the risk of corruption occurs where NAVANTIA employees or agents related to the company offer or accept a benefit, whether direct or indirect, to/from a third party, whether the latter be a public official (national or foreign), executives, directors or employee of another company, in order to obtain unlawful advantages.

As mentioned ut supra, certain areas within NAVANTIA are more exposed to this type of corruption, namely NAVANTIA areas that (i) are involved in the hiring process; (ii) have access to company funds; (iii) carry out corporate transactions in which agents and partners partake; (iv) establish business relationships with third parties that are not part of NAVANTIA; or (v) have a relationship with public officials, whether national or foreign.

[p.25] Notwithstanding the foregoing provisions, simplified due diligence procedures will apply in the case of suppliers, third parties, joint ventures, and agents classified as low-risk. For this purpose:

- a) It will only be necessary to verify the identity of third parties when a quantitative threshold has been exceeded
- b) It shall not be necessary to obtain additional information on the business or professional activity of third parties.

Similarly, some of the following due diligence measures shall apply in the case of suppliers, third parties, joint ventures, and agents classified as high-risk:

- a) Updating the data obtained during the client approval process.
- b) Obtaining additional documents or information on the purpose or nature of the business relationship.
- c) Obtaining additional information on the source of the funds.
- d) Obtaining additional information on the source of the client's properties and assets.
- e) Obtaining additional information on the purpose of the transactions.
- f) Obtaining authorization from executives to establish or maintain a business relationship or carry out a transaction.
- g) Conducting enhanced monitoring of the business relationship, increasing the number and frequency of the control mechanisms applied and selecting operational guidelines which require examination.
- h) Examining and recording the consistency of the business relationship or transactions with the documents and information available on the client.
- i) Examining and recording the economic rationale of transactions.
- j) Requiring that payments be made to accounts held by the client in a credit institution with registered address in the European Union or an equivalent third country.
- k) Restricting the type and amount of transactions or the payment methods for employees.

[p.34] These principles are mandatory for all NAVANTIA employees, particularly for those employees which, given the type of activities they perform for the Group, maintain or could maintain contact with clients, suppliers or government bodies. They shall be applied to all agents, intermediaries, or consultants that are in any way involved in dealings with clients, suppliers, or government bodies on behalf of NAVANTIA.

[p.54] 17. Procedure for contracting commercial agents (P DCO-001):

The procedure for contracting commercial agents establishes that agents must obtain NAVANTIA's authorization prior to contracting with subagents, and that the control mechanisms set forth in N-030 will be implemented.

Furthermore, it regulates the life cycle of contracts with agencies and of the different partnerships (joint ventures, international economic associations, etc.) set up from the moment they are formed to the moment they are broken up.

Question

7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?

Score

2

Comments

There is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging any agents and intermediaries, and when there is a significant change in the business relationship. There is evidence that highest risk intermediaries are subject to enhanced due diligence. There is evidence that suggests that the company will not engage or terminate its engagement with agents or intermediaries where the risks identified in the due diligence process cannot be mitigated.

Evidence

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.22] 7.5. DUE DILIGENCE

NAVANTIA must have a thorough knowledge of all the business partners with which it conducts business (whether representatives, agents, consultants, suppliers, partners in joint ventures, clients) in order to avoid being swept into corruption cases which could affect these business partners.

NAVANTIA has a Policy on the admission of business partners — Appendix VI — which describes a series of indicators to be taken into account when assessing the level of risk are set forth, as well as the different types of business partners, in accordance with the associated risk.

Given the existence of said documents, and without prejudice to any further developments of the Anti-Corruption Policy (N030), the Policy on the admission of business partners distinguishes between: (i) excluded business partners, with which no business can be conducted under any circumstances; (ii) business partners with an above-average level of risk, with which business can be conducted once the Compliance Committee has granted its approval; (iii) standard business partners, without any significant risk of corruption.

Once admitted, business partners must be assigned a level of risk based on the assessment criteria established by NAVANTIA and mentioned above: (i) low risk; (ii) medium risk; (iii) high risk. Depending on the level of risk assigned, a series of due diligence measures must be implemented which will vary throughout the business partnership; specific time intervals are set depending on the type of risk.

In conclusion, the business partner admission procedure and the implementation of due diligence measures is as follows:



[p.24] 7.5.2. DUE DILIGENCE MEASURES

The required due diligence level will vary depending on the third party with which the contractual/business/trade relations are conducted. We hereby refer to the due diligence form included in the Anti-Corruption Policy (N030), which outline the information which business partners wishing to conduct business with NAVANTIA must provide.

Below are the due diligence procedures which must be carried out by NAVANTIA prior to entering into any contract with each type of third party. These due diligence procedures may be conducted by an outside expert or independent entity, or with their assistance.

a. Business partners / third parties / joint ventures / agents:

Performing due diligence on new and former business partners, third parties, joint ventures, and agents is a very important part of preventing reputational, operational, legal, and concentration risks which could entail significant costs.

The aim is to allow NAVANTIA to predict with relative accuracy the types of transactions which the third parties may possibly carry out in order to help determine in which cases these transactions could be suspicious. NAVANTIA begins the due diligence process for new and former business partners, third parties, joint ventures, and agents with verification and identification, followed by the ensuing risk analysis.

With regards to business partners, the procedures must include enhanced due diligence for high-risk business partners. The due diligence criteria will be established depending on the risk level assigned to each group of business partners. Due diligence measures must be carried out when:

- a) Business relations are first initiated
- b) Occasional transactions which exceed the applicable threshold are carried out.
- c) There are doubts regarding the truthfulness or congruence of the identification information obtained.

The following steps can be taken in the context of due diligence procedures:

- a) Identifying and verifying the identity of the third party using documents, data, and information from independent and reliable sources.
- b) Obtaining information on the purpose and nature of the business relationship.
- c) Carrying out ongoing due diligence on the business relationship, as well as performing a detailed examination of all the transactions performed during the course of said relationship.

[p.25] Notwithstanding the foregoing provisions, simplified due diligence procedures will apply in the case of suppliers, third parties, joint ventures, and agents classified as low-risk. For this purpose:

- a) It will only be necessary to verify the identity of third parties when a quantitative threshold has been exceeded
- b) It shall not be necessary to obtain additional information on the business or professional activity of third parties.

Similarly, some of the following due diligence measures shall apply in the case of suppliers, third parties, joint ventures, and agents classified as high-risk:

- a) Updating the data obtained during the client approval process.
- b) Obtaining additional documents or information on the purpose or nature of the business relationship.
- c) Obtaining additional information on the source of the funds.
- d) Obtaining additional information on the source of the client's properties and assets.
- e) Obtaining additional information on the purpose of the transactions.
- f) Obtaining authorization from executives to establish or maintain a business relationship or carry out a transaction.
- g) Conducting enhanced monitoring of the business relationship, increasing the number and frequency of the control mechanisms applied and selecting operational guidelines which require examination.
- h) Examining and recording the consistency of the business relationship or transactions with the documents and information available on the client.
- i) Examining and recording the economic rationale of transactions.
- j) Requiring that payments be made to accounts held by the client in a credit institution with registered address in the European Union or an equivalent third country.
- k) Restricting the type and amount of transactions or the payment methods for employees.

[p.28]

- Except in justified and authorized cases, clauses must be included in third party (agents, consultants, representatives, distributors, and business partners) agreements, contracts, and extensions to avoid breaches of the anti-corruption policy:
 - Certification of compliance with FCPA and other anti-corruption laws.
 - Right to perform audits on the third party's accounting books.
 - Right to terminate the agreement or contract in the event of a breach of the anti-corruption policy (internal regulations, FCPA, Bribery Act).
- The following principles shall be taken into account when engaging the services of a third party:
 - The qualification and reputation of these companies.

- Establish the role the other company plays in the contract, expressly detailing the terms and conditions thereof and the services it will provide.
- Update investigations carried out on other companies, performing due diligence and monitoring procedures, provide staff with regular training, and request verification that the anti-corruption policies are being complied with, in addition to not having been sentenced via final ruling in any corruption-related criminal proceedings. If the person was sentenced after a contract was entered into, NAVANTIA must be informed of this fact, and it may possibly lead to termination of the contract.
- When corruption investigations or criminal proceedings are initiated on the other company, this fact may also lead to contract termination.
- It must be verified that the other company has control mechanisms in place which are aligned with NAVANTIA's anti-corruption policies.

[3] Code of Business Conduct (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf

[p.33] Lastly, if the breach has been committed by the representatives, proxies, agents and mediators of Navantia, suppliers or partners, the company will act in accordance with the terms established in its respective contracts, and may terminate the relationship.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
<p>There is evidence that the company aims to establish the beneficial ownership of its agents. However, there is no publicly available evidence that the company commits to not engaging or terminating its engagement with agents or intermediaries if beneficial ownership cannot be established.</p>
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf [p.13] 9.DUE DILIGENCE OF AGENTS</p> <p>9.1. DUE DILIGENCE PRIOR TO ENGAGING THE SERVICES OF AGENTS</p> <p>Prior to entering into any contract and with the purpose of determining whether the candidates for Agents are known for corrupt practices, even in the event that the candidate has not yet been convicted therefor or if any of the candidate's key persons have been investigated, prosecuted for, convicted of, or terminated from office due to corruption, the Department/s with an interest in engaging the Agent's services can take the following steps, depending on whether the business transactions are low-, medium-, or high-risk:</p> <p>[p.14] 9.2. DUE DILIGENCE OF AGENTS PRIOR TO THE MODIFICATION/ RENEWAL/EXTENSION OF A VALID CONTRACT</p> <p>Prior to renewing the Agency Contracts and with the aim of complying with the obligation to monitor the Agent's conduct, the Department/s with an interest in renewing an individual contract must take the following steps in the due diligence process, depending on whether the business transaction is low-, medium-, or high-risk:</p> <p>[p.34] APPENDIX II</p> <p>DUE DILIGENCE FORM FOR AGENTS</p> <p>[...]</p> <p>1.7. Has the agent been continuously active for at least three years? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>1.8. Is the agent a subsidiary of another company? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide details (name, address, and country) of the parent undertaking:</p> <p>1.9. If the agent is a legal entity, please state:</p> <p>a) Total number of shareholders:</p> <p>b) Total number of shares issued:</p> <p>c) Total number of shares (as a percentage) collectively held by the directors and executives of the agent (both directly or indirectly):</p> <p>d) Total number of shares (as a percentage) held by the institutional investors:</p> <p>e) Name of the agent's shareholders that own more than 10% of shares, stating the percentage of shares they hold. If the agent is a subsidiary of another legal entity, indicate the number of intermediate and ultimate beneficial owners. Please state the shareholders' nationality:</p> <p>f) Full name of the members on the agent's management body:</p> <p>g) Full name and position of key employees (directors, executives) that are authorized to act on behalf of the agent:</p> <p>1.10. Is the agent a member of any trade association or any other relevant? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, indicate the name(s) of the association(s):</p> <p>1.11. As any owner, shareholder, director, executive, or partner previously been or is currently:</p> <p>a) A public official or public employee, including managers, public officials or public employees, or positions of trust, as well as elected or honorary positions in any national, regional, or</p>

municipal government.

- b) Public official employed by any Department, organism, or body of any government, including, but not limited to, any company controlled by a national, regional or municipal government.
- c) The leader of a political party or holder/candidate for political office.

[p.35] d) Executive or employee of an international organization.

e) Executive of NAVANTIA or SEPI? Yes No

If yes, please explain:

1.12. Are any owners, shareholders, directors, executives, or individual partners family members (e.g. spouse/legal partner, father/mother, son/daughter, brother/sister of the spouse) or close friends of:

- a) A public official or public employee, including managers, public officials or public employees, or positions of trust, as well as elected or honorary positions in any national, regional, or municipal government.
- b) Public official employed by any Department, organism, or body of any government, including, but not limited to, any business entity controlled by a national, regional or municipal government.
- c) The leader of a political party or holder/candidate for political office.
- d) Executive or employee of an international organization.

e) Executive of NAVANTIA or SEPI? Yes No

If yes, please explain:

1.13. Do any owners, shareholders, directors, executives, or individual partners exercise official or unofficial functions or responsibilities in any national, regional, or municipal government or political party, or are they candidates for political office? Yes No

If yes, please explain:

1.14. Does a national, regional, or municipal government; a government department; or an organization owned by a government or any other organization that is exercising government duties have any shares or ownership, or exercise some form of control over the business? Yes No

If yes, please explain:

[2] Anti-corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.24] The aim is to allow NAVANTIA to predict with relative accuracy the types of transactions which the third parties may possibly carry out in order to help determine in which cases these transactions could be suspicious. NAVANTIA begins the due diligence process for new and former business partners, third parties, joint ventures, and agents with verification and identification, followed by the ensuing risk analysis.

The following steps can be taken in the context of due diligence procedures:

- a) Identifying and verifying the identity of the third party using documents, data, and information from independent and reliable sources.
- b) Obtaining information on the purpose and nature of the business relationship.
- c) Carrying out ongoing due diligence on the business relationship, as well as performing a detailed examination of all the transactions performed during the course of said relationship.

[p.25] Notwithstanding the foregoing provisions, simplified due diligence procedures will apply in the case of suppliers, third parties, joint ventures, and agents classified as low-risk. For this purpose:

- a) It will only be necessary to verify the identity of third parties when a quantitative threshold has been exceeded
- b) It shall not be necessary to obtain additional information on the business or professional activity of third parties.

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
2
Comments
Based on publicly available information, there is evidence that the company's anti-bribery and corruption policy applies to all agents and intermediaries acting for or on behalf of the company. The company states that all agents and third parties are subject to anti-bribery and corruption clauses in their contracts, which include clear audit and termination rights to detect, control and prevent breaches.
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.12] 4.2. RECIPIENTS The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.</p> <p>[p.28]</p> <ul style="list-style-type: none"> • Except in justified and authorized cases, clauses must be included in third party (agents, consultants, representatives, distributors, and business partners) agreements, contracts, and extensions to avoid breaches of the anti-corruption policy: <ul style="list-style-type: none"> - Certification of compliance with FCPA and other anti-corruption laws. - Right to perform audits on the third party's accounting books. - Right to terminate the agreement or contract in the event of a breach of the anti-corruption policy (internal regulations, FCPA, Bribery Act). • The following principles shall be taken into account when engaging the services of a third party: <ul style="list-style-type: none"> - The qualification and reputation of these companies. - Establish the role the other company plays in the contract, expressly detailing the terms and conditions thereof and the services it will provide. - Update investigations carried out on other companies, performing due diligence and monitoring procedures, provide staff with regular training, and request verification that the anti-corruption policies are being complied with, in addition to not having been sentenced via final ruling in any corruption-related criminal proceedings. If the person was sentenced after a contract was entered into, NAVANTIA must be informed of this fact, and it may possibly lead to termination of the contract. - When corruption investigations or criminal proceedings are initiated on the other company, this fact may also lead to contract termination. - It must be verified that the other company has control mechanisms in place which are aligned with NAVANTIA's anti-corruption policies. <p>[3] Code of Business Conduct (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf [p.33] Lastly, if the breach has been committed by the representatives, proxies, agents and mediators of Navantia, suppliers or partners, the company will act in accordance with the terms established in its respective contracts, and may terminate the relationship.</p>

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>There is some evidence that the company addresses incentive structures for agents as a factor in bribery and corruption risk. The company states that specific measures are in place to manage this risk, such as requiring that payments to agents be made into EU-registered banks and restricting the type and quantity of transactions. The company also states that due diligence is carried out to check for signs of possible corruption prior to awarding agents “success fees”.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that agents receive remuneration in staged payments over the course of their contract, based on clear milestones. There is also no mention of proportionality as a factor in determining agent remuneration.</p>
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorruccion_eng_v2_2020.pdf [p.15] 9.3. DUE DILIGENCE PRIOR TO SUCCESS FEE PAYMENTS</p> <p>Prior to the payment of any success fees, and in order to ensure compliance with the obligation to monitor the Agent’s conduct in each given case, the following steps must be taken in the due diligence process, depending on whether the business transaction is low-, medium-, or high-risk:</p> <p>[p.16] In cases where the amount of the success fee exceeds €300,000, the Department/s (or Business managers, where applicable) in charge of managing the Agency Contract will draft a brief/report which must be submitted to Navantia’s Management Committee, stating the absence of actions which may indicate corruption or money laundering practices by the Agent in question.</p> <p>If any indicators are uncovered that the Agent is undertaking in corrupt or money laundering practices, the Compliance Committee will be informed of this fact and report it to Navantia’s Management Committee, or whoever it deems appropriate.</p> <p>The Department/s (or Business manager, where applicable) in charge of the business transaction must retain the records of each legal review for a minimum period of fifteen years.</p> <p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorruccion_julio-2019_ingles_baja.pdf [p.24] 7.5.2. DUE DILIGENCE MEASURES</p> <p>[...]</p> <p>With regards to business partners, the procedures must include enhanced due diligence for high-risk business partners. The due diligence criteria will be established depending on the risk level assigned to each group of business partners. Due diligence measures must be carried out when:</p> <ol style="list-style-type: none"> Business relations are first initiated Occasional transactions which exceed the applicable threshold are carried out. There are doubts regarding the truthfulness or congruence of the identification information obtained. <p>The following steps can be taken in the context of due diligence procedures:</p> <ol style="list-style-type: none"> Identifying and verifying the identity of the third party using documents, data, and information from independent and reliable sources. Obtaining information on the purpose and nature of the business relationship. Carrying out ongoing due diligence on the business relationship, as well as performing a detailed examination of all the transactions performed during the course of said relationship.

[p.25] Notwithstanding the foregoing provisions, simplified due diligence procedures will apply in the case of suppliers, third parties, joint ventures, and agents classified as low-risk. For this purpose:

- a) It will only be necessary to verify the identity of third parties when a quantitative threshold has been exceeded
- b) It shall not be necessary to obtain additional information on the business or professional activity of third parties.

Similarly, some of the following due diligence measures shall apply in the case of suppliers, third parties, joint ventures, and agents classified as high-risk:

- a) Updating the data obtained during the client approval process.
- b) Obtaining additional documents or information on the purpose or nature of the business relationship.
- c) Obtaining additional information on the source of the funds.
- d) Obtaining additional information on the source of the client's properties and assets.
- e) Obtaining additional information on the purpose of the transactions.
- f) Obtaining authorization from executives to establish or maintain a business relationship or carry out a transaction.
- g) Conducting enhanced monitoring of the business relationship, increasing the number and frequency of the control mechanisms applied and selecting operational guidelines which require examination.
- h) Examining and recording the consistency of the business relationship or transactions with the documents and information available on the client.
- i) Examining and recording the economic rationale of transactions.
- j) Requiring that payments be made to accounts held by the client in a credit institution with registered address in the European Union or an equivalent third country.
- k) Restricting the type and amount of transactions or the payment methods for employees.

[p.33] 7.8.6. PAYMENTS

NAVANTIA's internal structure divides the decision making functions regarding the approval/authorization of collections and payment.

Additionally, the departments which make payments must apply the following principles:

- Control of unusual operations.
- Ensure the company receiving the payments has undergone the due diligence process before proceeding with the payment.
- Payments must be recorded and approved (never issued without an invoice).
- All payments must be monitored, checking to determine whether suspicions arise regarding the legality of the payment, whether there is an unusual and excessive expense request, or whether an additional or higher than expected payment has been requested.
- Ensure that payments are permitted in accordance with local regulations.

All company transactions that require collection or payments must be recorded in the accounting or record files established for this purpose faithfully, orderly, and in due time. False, distorted, or incomplete, etc. entries are forbidden in all circumstances with no exceptions, and the obligation to carefully follow all official standards on accounting (legal, from accounting and audit organizations) and ensure that these entries remain confidential must be established.

It is recommended to establish criteria for the accounting practices of suspicious payments (for example, informing the interested party's superior).

Receipts for all transactions within a specified period of time must be kept (particularly if these transactions could lead to law suits or conflicts related to corruption). All transactions must be recorded and filed.

[p.34] Irrespective of the specific monetary limits, it is important to ensure that a system is in place to control, monitor, surveil, and audit expenses related to gifts, meals, entertainment, and trips.

These principles are mandatory for all NAVANTIA employees, particularly for those employees which, given the type of activities they perform for the Group, maintain or could maintain contact with clients, suppliers or government bodies. They shall be applied to all agents, intermediaries, or consultants that are in any way involved in dealings with clients, suppliers, or government bodies on behalf of NAVANTIA.

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for, or on its behalf.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
1
Comments
<p>The company publishes a statement that no agent wrongdoing was uncovered during the most recent reporting year, in relation to violations of its Code of Business Conduct, which covers bribery and corruption. The company's publicly available evidence indicates that this information is updated annually.</p> <p>However, the company receives a score of '1' because the data published does not include the number of reports received, nor investigations launched.</p>
Evidence
<p>[15] Información Compliance Para Partes Interesadas 2019 / Compliance Committee Report 2019 (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf</p> <p>[p.19] 6.1. Infracciones al Código de Conducta Empresarial. Como consecuencia de los expedientes gestionados a través del "Canal Denuncia" se han impuesto las siguientes sanciones a empleados de Navantia:</p> <ul style="list-style-type: none"> • 3 Sanción de suspensión de empleo y sueldo por la comisión de falta grave o muy grave. • 4 Apercibimientos por escrito por la comisión de falta grave. <p>Por el contrario, y de las investigaciones practicadas, no se ha determinado responsabilidad alguna para agentes, proveedores o socios de Navantia.</p> <p>Translation:</p> <p>[p.19] 6.1. Violations of the Code of Business Conduct. As a consequence of the files managed through the "Reporting Channel" the following sanctions have been imposed on Navantia employees:</p> <ul style="list-style-type: none"> • 3 Penalty of suspension of employment and salary for the commission of serious misconduct. • 4 Written warnings for the commission of serious offenses. <p>Furthermore; and from the investigations carried out, no wrongdoing has been determined related to agents, suppliers or partners of Navantia.</p>

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
2
Comments
<p>There is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence on its joint venture partners. The company states that it conducts enhanced due diligence on joint ventures operating in high-risk countries or with high risk partners. There is evidence that the company conducts due diligence both prior to entering into a joint venture and on both the entity and its activities once established, or when there is a significant change in the business relationship. There is also evidence that the company's due diligence procedures include establishing the ultimate beneficial ownership of the partner company.</p>
Evidence
<p>[13] Anti-Corruption Policy (Document) Accessed 27/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorruccion_eng_v2_2020.pdf [p.6] 5.DEFINITIONS</p> <p>[...]</p> <p>Business ally. Natural person or legal entity with which Navantia collaborates or wishes to collaborate, whether it be by incorporating a legal person, constituting an economic interest grouping or partnership, joint ventures, or any other form of business cooperation.</p> <p>[p.11] 8. DUE DILIGENCE OF BUSINESS ALLIES</p> <p>8.1. DUE DILIGENCE PRIOR TO CREATING BUSINESS ALLIANCES</p> <p>Prior to entering into any contract and with the purpose of determining whether the candidates for business allies are known for corrupt practices, even in the event that the candidate has not yet been convicted therefor or if any of the candidate's key persons have been investigated, prosecuted for, convicted of, or terminated from office due to corruption, the Department/s with an interest in establishing the business alliance can take the following steps, depending on whether the business transactions are low-,medium-or high-risk:</p> <p>8.1.1. Low-risk business transactions: In the case of low-risk business transactions, the Department with an interest in entering into a legal relationship with a business ally must first obtain and later analyze:</p> <ul style="list-style-type: none"> • Navantia's due diligence form, filled out and signed by the business ally candidate. • Risk analysis report regarding the business ally candidate carried out by a specialist company or professional. • Report on whether the due diligence process is sufficient, approved by the Compliance Committee <p>Additionally, and in light of the circumstances surrounding the individual case:</p> <ul style="list-style-type: none"> • The risk analysis report, carried out by a specialist company or professional, may be replaced by an Anti-Corruption Certificate issued by a renowned international organization. • Other due diligence measures may be taken. <p>8.1.2. Medium-risk business transactions:</p> <p>In the case of medium-risk business transactions, the Department with an interest in entering into a legal relationship with a business ally must first obtain and later analyze:</p> <p>[p.12] • Navantia's due diligence form, filled out and signed by the business ally candidate. • A "thorough" risk analysis report regarding the business ally candidate carried out by a specialist company or professional.</p>

- Report on whether the due diligence process is sufficient, approved by the Compliance Committee. Additionally, and in light of the circumstances surrounding the individual case:
- The risk analysis report, carried out by a specialist company or professional, may be replaced by an Anti-Corruption Certificate issued by a renowned international organization.
- Other due diligence measures may be taken.

8.1.3. High-risk business transactions:

In the case of high-risk business transactions, the Department with an interest in entering into a legal relationship with a business ally must analyze:

- Navantia’s due diligence form, filled out and signed by the business ally candidate.
- A “thorough” risk analysis report regarding the business ally candidate carried out by a specialist company or professional.
- Report on whether the due diligence process is sufficient, approved by the Compliance Committee. Additionally, and in light of the circumstances surrounding the individual case:
- Legal report drafted by a law firm determining the contract’s level of compliance with local legislation.
- The risk analysis report, carried out by a specialist company or professional, may be replaced by an Anti-Corruption Certificate issued by a renowned international organization.
- Other due diligence measures may be taken.

The Navantia Due Diligence form to be filled out by the business ally candidate is attached to this document as “APPENDIX I”.

After assessing the required documents in accordance with the risk classification, the Department/s with an interest in establishing the business alliance will draft a brief/report on the suitability of the proposed agreement, considering the risk that Navantia may face criminal charges for actions undertaken on behalf and for the benefit of Navantia, and evaluating whether Navantia’s reputation may be smeared or tainted as a result of such an alliance.

The report/brief shall be submitted to the Navantia Management Committee in order for its members to take the information contained therein into consideration before making a final decision regarding the contracted services.

The Department/s with an interest in contracting similar services must retain the records of each legal review for a minimum period of fifteen years.

8.2. ONGOING DUE DILIGENCE

Navantia engages an alert service from a specialist company to perform ongoing monitoring of Business Allies during the term of the legal relationship.

[p.13] The Compliance Committee will monitor the alerts and will keep a record of each alert for a minimum of fifteen years.

Furthermore, at the request of the Department/s, the Compliance Committee shall draft a report on the ongoing due diligence of a Business Ally for the requested period of time.

[p.30] APPENDIX I

DUE DILIGENCE FORM FOR BUSINESS ALLIES

[...]

1.8. Is the partner a subsidiary of another company? Yes No
If yes, provide details (name, address, and country) of the parent undertaking:

- 1.9. If the partner is a legal entity, please state:
- Total number of shareholders:
 - Total number of shares issued:
 - Total number of shares (as a percentage) collectively held by the directors and executives of the company (both directly or indirectly):
 - Total number of shares (as a percentage) held by the institutional investors:

e) Name of the company shareholders that own more than 10% of shares, stating the percentage of shares they hold. If the company is a subsidiary of another legal entity, indicate the number of intermediate and ultimate beneficial owners.

[2] Anti-Corruption Manual (Document)

Accessed 06/08/2019

https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf

[p.22] 7.5. DUE DILIGENCE

NAVANTIA must have a thorough knowledge of all the business partners with which it conducts business (whether representatives, agents, consultants, suppliers, partners in joint ventures, clients) in order to avoid being swept into corruption cases which could affect these business partners.

NAVANTIA has a Policy on the admission of business partners — Appendix VI — which describes a series of indicators to be taken into account when assessing the level of risk are set forth, as well as the different types of business partners, in accordance with the associated risk.

Given the existence of said documents, and without prejudice to any further developments of the Anti-Corruption Policy (N030), the Policy on the admission of business partners distinguishes between: (i) excluded business partners, with which no business can be conducted under any circumstances; (ii) business partners with an above-average level of risk, with which business can be conducted once the Compliance Committee has granted its approval; (iii) standard business partners, without any significant risk of corruption.

Once admitted, business partners must be assigned a level of risk based on the assessment criteria established by NAVANTIA and mentioned above: (i) low risk; (ii) medium risk; (iii) high risk. Depending on the level of risk assigned, a series of due diligence measures must be implemented which will vary throughout the business partnership; specific time intervals are set depending on the type of risk.

In conclusion, the business partner admission procedure and the implementation of due diligence measures is as follows:



[p.24] 7.5.2. DUE DILIGENCE MEASURES

The required due diligence level will vary depending on the third party with which the contractual/business/trade relations are conducted. We hereby refer to the due diligence form included in the Anti-Corruption Policy (N030), which outline the information which business partners wishing to conduct business with NAVANTIA must provide.

Below are the due diligence procedures which must be carried out by NAVANTIA prior to entering into any contract with each type of third party. These due diligence procedures may be conducted by an outside expert or independent entity, or with their assistance.

a. Business partners / third parties / joint ventures / agents:

Performing due diligence on new and former business partners, third parties, joint ventures, and agents is a very important part of preventing reputational, operational, legal, and concentration risks which could entail significant costs.

The aim is to allow NAVANTIA to predict with relative accuracy the types of transactions which the third parties may possibly carry out in order to help determine in which cases these transactions could be suspicious. NAVANTIA begins the due diligence process for new and former business partners, third parties, joint ventures, and agents with verification and identification, followed by the ensuing risk analysis.

With regards to business partners, the procedures must include enhanced due diligence for high-risk business partners. The due diligence criteria will be established depending on the risk level assigned to each group of business partners. Due diligence measures must be carried out when:

- a) Business relations are first initiated
- b) Occasional transactions which exceed the applicable threshold are carried out.
- c) There are doubts regarding the truthfulness or congruence of the identification information obtained.

The following steps can be taken in the context of due diligence procedures:

- a) Identifying and verifying the identity of the third party using documents, data, and information from independent and reliable sources.
- b) Obtaining information on the purpose and nature of the business relationship.
- c) Carrying out ongoing due diligence on the business relationship, as well as performing a detailed examination of all the transactions performed during the course of said relationship.

[p.25] Notwithstanding the foregoing provisions, simplified due diligence procedures will apply in the case of suppliers, third parties, joint ventures, and agents classified as low-risk. For this purpose:

- a) It will only be necessary to verify the identity of third parties when a quantitative threshold has been exceeded
- b) It shall not be necessary to obtain additional information on the business or professional activity of third parties.

Similarly, some of the following due diligence measures shall apply in the case of suppliers, third parties, joint ventures, and agents classified as high-risk:

- a) Updating the data obtained during the client approval process.
- b) Obtaining additional documents or information on the purpose or nature of the business relationship.
- c) Obtaining additional information on the source of the funds.
- d) Obtaining additional information on the source of the client's properties and assets.
- e) Obtaining additional information on the purpose of the transactions.
- f) Obtaining authorization from executives to establish or maintain a business relationship or carry out a transaction.
- g) Conducting enhanced monitoring of the business relationship, increasing the number and frequency of the control mechanisms applied and selecting operational guidelines which require examination.
- h) Examining and recording the consistency of the business relationship or transactions with the documents and information available on the client.
- i) Examining and recording the economic rationale of transactions.
- j) Requiring that payments be made to accounts held by the client in a credit institution with registered address in the European Union or an equivalent third country.
- k) Restricting the type and amount of transactions or the payment methods for employees.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
2
Comments
<p>There is evidence that the company commits to establishing and implementing anti-bribery and corruption policies and procedures in its joint ventures. There is evidence that the company requires its business partners, which is understood to include joint venture partners, to comply with its anti-corruption manual, which prohibits foreign and domestic bribery and facilitation payments. The company indicates that it includes this requirement as a contractual clause, which also specifies audit and termination rights to detect, control and prevent breaches.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.12] 4.1. SCOPE The present Manual applies to all persons who are employed by or dependent on NAVANTIA, S.A. or any of its subsidiary companies, provided the Manual has been previously approved by their Governing Bodies.</p> <p>4.2. RECIPIENTS The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.</p> <p>[p.22] NAVANTIA must have a thorough knowledge of all the business partners with which it conducts business (whether representatives, agents, consultants, suppliers, partners in joint ventures, clients) in order to avoid being swept into corruption cases which could affect these business partners.</p> <p>[p.28]</p> <ul style="list-style-type: none"> • Except in justified and authorized cases, clauses must be included in third party (agents, consultants, representatives, distributors, and business partners) agreements, contracts, and extensions to avoid breaches of the anti-corruption policy: <ul style="list-style-type: none"> - Certification of compliance with FCPA and other anti-corruption laws. - Right to perform audits on the third party's accounting books. - Right to terminate the agreement or contract in the event of a breach of the anti-corruption policy (internal regulations, FCPA, Bribery Act). • The following principles shall be taken into account when engaging the services of a third party: <ul style="list-style-type: none"> - The qualification and reputation of these companies. - Establish the role the other company plays in the contract, expressly detailing the terms and conditions thereof and the services it will provide. - Update investigations carried out on other companies, performing due diligence and monitoring procedures, provide staff with regular training, and request verification that the anti-corruption policies are being complied with, in addition to not having been sentenced via final ruling in any corruption-related criminal proceedings. If the person was sentenced after a contract was entered into, NAVANTIA must be informed of this fact, and it may possibly lead to termination of the contract. - When corruption investigations or criminal proceedings are initiated on the other company, this fact may also lead to contract termination. - It must be verified that the other company has control mechanisms in place which are aligned with NAVANTIA's anti-corruption policies.

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
1
Comments
There is some evidence that the company commits to take an active role in preventing bribery and corruption when engaging with third parties, which is understood to include when it engages with joint venture partners. However, the information in relation to this is insufficiently detailed to satisfy the requirements of score '2'.
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.12] 4.1. SCOPE The present Manual applies to all persons who are employed by or dependent on NAVANTIA, S.A. or any of its subsidiary companies, provided the Manual has been previously approved by their Governing Bodies.</p> <p>4.2. RECIPIENTS The present Manual is applicable to all persons who are employed by or dependent on NAVANTIA or any of its subsidiary companies and their legal representatives in law or in fact, as well as agents, intermediaries, consultants, business partners, or other third parties that represent NAVANTIA.</p> <p>[p.28]</p> <ul style="list-style-type: none"> • Except in justified and authorized cases, clauses must be included in third party (agents, consultants, representatives, distributors, and business partners) agreements, contracts, and extensions to avoid breaches of the anti-corruption policy: <ul style="list-style-type: none"> - Certification of compliance with FCPA and other anti-corruption laws. - Right to perform audits on the third party's accounting books. - Right to terminate the agreement or contract in the event of a breach of the anti-corruption policy (internal regulations, FCPA, Bribery Act). • The following principles shall be taken into account when engaging the services of a third party: <ul style="list-style-type: none"> - The qualification and reputation of these companies. - Establish the role the other company plays in the contract, expressly detailing the terms and conditions thereof and the services it will provide. - Update investigations carried out on other companies, performing due diligence and monitoring procedures, provide staff with regular training, and request verification that the anti-corruption policies are being complied with, in addition to not having been sentenced via final ruling in any corruption-related criminal proceedings. If the person was sentenced after a contract was entered into, NAVANTIA must be informed of this fact, and it may possibly lead to termination of the contract. - When corruption investigations or criminal proceedings are initiated on the other company, this fact may also lead to contract termination. - It must be verified that the other company has control mechanisms in place which are aligned with NAVANTIA's anti-corruption policies.

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
1
Comments
<p>There is some evidence that the company has a policy in place to address the corruption risks associated with offset contracting. The company indicates that it has a dedicated body involved in managing offset obligations, but it is not clear that this team is responsible for monitoring the company's offset activities throughout the lifecycle of each project. There is also no evidence that all employees within the team receive tailored anti-bribery and corruption training.</p>
Evidence
<p>[7] Industrial Cooperation (Webpage) Accessed 06/10/2019 https://www.navantia.es/en/products-and-services/services/lcs/lcs-cooperation/</p> <p>Industrial cooperation is essential to award export contracts, due that most of the countries request that defense contracts include local activities and/or other offset considerations to return benefits to the country: jobs, investments in new capacities, new export opportunities, reduction of third-party technology dependence, etc.</p> <p>The Industrial Cooperation Area, integrated in Through Life Support , performs the following functions:</p> <ul style="list-style-type: none"> ➤ Identification of local partners and collaborators, to carry out activities directly or indirectly related to the applicable offer/contract (exports, supplier training, technology transfer, R & D projects, investments, etc.), depending on the country's needs, capabilities and requirements, aiming to improve the value proposition. ➤ Preparation of Value Proposition planning, Local Content, Industrial Cooperation, depending on the requirements of each country and offer. ➤ Negotiation and agreement with Local Authorities the activities to be included in the Industrial Cooperation Contract. ➤ Compliance monitoring of the commitments acquired in the Industrial Cooperation Agreements. ➤ Preparation of Industrial Cooperation reports to the relevant Local Authorities. <p>Navantia has extensive experience in contracts involving technology transfer and cooperation for the development of local industry, such as the examples of Australia, Norway, Turkey, Malaysia, etc.</p>

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
0
Comments
There no evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.
Evidence
No evidence found.

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of the company's offset programme.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
There is no evidence that the company publishes any details of its indirect offset obligations and/or contracts.
Evidence
No evidence found.

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
2
Comments
<p>There is evidence that the company acknowledges the corruption risks associated with operating in different markets, and that it has a risk assessment process in place to account for these specific risks, with clear risk management procedures in place. There is evidence that the results of risk assessments inform the development and implementation of additional controls. The company provides examples of such possible controls.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.18] 7.3. RISK ASSESSMENT PROCESS (RISK MANAGEMENT: IDENTIFICATION, ANALYSIS, ASSESSMENT, PROCESSING). WARNINGS</p> <p>7.3.1. IDENTIFICATION AND ANALYSIS In order for the Anti-Corruption Model developed by NAVANTIA to be effective, it is essential to identify and analyze the corruption risks the company may be exposed to, as well as any existing policies, procedures, and control mechanisms within NAVANTIA that may help curb these hypothetical actions.</p> <p>In accordance with the previously mentioned provisions and requirements of the regulations, the risk of corruption occurs where NAVANTIA employees or agents related to the company offer or accept a benefit, whether direct or indirect, to/from a third party, whether the latter be a public official (national or foreign), executives, directors or employee of another company, in order to obtain unlawful advantages.</p> <p>As mentioned ut supra, certain areas within NAVANTIA are more exposed to this type of corruption, namely NAVANTIA areas that (i) are involved in the hiring process; (ii) have access to company funds; (iii) carry out corporate transactions in which agents and partners partake; (iv) establish business relationships with third parties that are not part of NAVANTIA; or (v) have a relationship with public officials, whether national or foreign.</p> <p>Within the mentioned areas, the Managers or Executives will be responsible for keeping an updated list of identified policies, procedures, and controls related to corruption within their area, as well as identifying possible new activities which may potentially constitute a corruption risk. As an additional control, they will certify the validity of these on an annual basis, notifying the Compliance Committee thereof. An updated file of these notifications will be kept.</p> <p>7.3.2 PROCESSING</p> <p>As part of the active management of potential risks affecting NAVANTIA, with regards to corrupt practices which may be criminal offenses, it is essential to establish a protocol on how to deal with risks that are considered financially significant.</p> <p>[p.19] As is to be expected, special control measures will be implemented in operational areas where the company could, potentially, be the most exposed to corruption-related practices.</p> <p>The risk affecting each and every one of the areas will be systematically classified, in accordance with the assessment criteria established by NAVANTIA.</p> <ul style="list-style-type: none"> • Low risk: annual monitoring of the status by the manager of each area, which does not require additional specific measures.

- Medium risk: annual monitoring by the manager of each area. Additionally, the Compliance Committee will check the situation, drawing up the duly signed minutes together with the manager of each area.
- High risk: six-monthly monitoring by the manager of each area. The Compliance Committee will draw up the minutes together with the manager of each area, certifying that no situations which may compromise the present Anti-Corruption Manual exist.

[...]

Below are a few examples of warning signs which, if present, require special attention and scrutiny from the parties involved, and the circumstances of the transaction:

a. If the company operates in countries with high levels of corruption.

[p.23] e. Conducting business or operations with business partners in high risk countries or jurisdictions, or transactions which involve sending money to and from said countries or jurisdictions, including, all countries in which the Financial Action Task Force (FAFT) requires additional due diligence measures.

[p.64] Appendix IV: Anti-corruption Policy

In some cases, NAVANTIA will be obliged to establish a specific plan to prevent and fight against corruption (for example, in their dealings with some emerging markets or countries deemed to pose a risk, or with partners, joint ventures, etc., or when financial transactions are carried out with tax havens, etc.)

[13] Anti-Corruption Policy (Document)

Accessed 27/05/2020

https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf

[p.10] 7. GENERAL DUE DILIGENCE FOR LEGAL RELATIONSHIPS WITH THIRD PARTIES

Therefore, before Navantia establish the due diligence, they must be analyzed as indicators of operating level and classified into one of three levels: low, medium, and high.

• LOW RISK.

Any contracts entered into or business conducted where the end customer is a public institution of the European Union or in countries with a CPI score of 80 and above, or where the end customer is a private corporation with registered address within the European Union or in a country with a CPI score of 60 and above.

• MEDIUM RISK.

Any contracts entered into or business conducted where the end customer is a public institution in countries with a CPI score of 50 and above, or where the end customer is a private corporation with registered address in a country with a CPI score of 40 and above.

• HIGH RISK.

Any contracts entered into or business conducted where the end customer is a public institution in countries with a CPI score below 50, or where the end customer is a private corporation with registered address in a country with a CPI score below 40 or that are considered tax havens. In order to aid with the risk assessment of a country in matters related to corruption and money laundering, the "List of tax havens included in Royal Decree 1080/1991, of 5 July", and the "Corruption Perception Index of Transparency International", in force at any time, must be consulted

Question

9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?

Score

1

Comments

The company publishes a list of its consolidated subsidiaries and non-fully consolidated holdings, including the percentage owned and country of incorporation for each entity. There is evidence to suggest that the information is complete at the time of publication to the best of the company's knowledge.

However, the company receives a score of '1' because it is unclear whether the list includes all of the company's non-fully consolidated holdings, and the company does not provide information about the countries of operation for all of its subsidiaries.

Evidence

[5] Informe Annual de Actividades y Responsabilidad Social Corporativa 2017 / Navantia 2017 Annual Report of Activities and Corporate Social Responsibility (Document)
 Accessed 07/08/2019
https://www.navantia.es/wp-content/uploads/2018/06/Memoria_2017.pdf
 [p.25]



Translation:
 [p.25] Public company of the SEPI Group, attached to the Ministry of Finance and Public Function

[6] Navantia 2017 Audited Annual Accounts (Document)

Accessed 12/08/2019

<https://www.navantia.es/wp-content/uploads/2019/02/cuentas-anuales-Navantia-1%C2%AAparte.pdf>

[p.39]

b) Empresas del grupo y asociadas

Tienen la consideración de empresas del grupo aquellas en las que Navantia, S.A., S.M.E. posee más del 50 por ciento del capital social de la empresa participada. Tienen la consideración de empresas asociadas aquellas en las que Navantia, S.A., S.M.E. posee entre el 20 y el 50 por ciento del capital social. Se incluye a continuación el detalle de las participaciones de Navantia, S.A., S.M.E. al cierre de los ejercicios 2017 y 2016:

AÑO 2017								Miles de euros
Nombre / Domicilio	Actividad	% Navantia	Capital participado	Reservas participadas	Resultados negativos ej. anteriores participados	Resultados de explotación 2017 participados	Resultados 2017 participados	Valor teórico contable
SAES CAPITAL, S.A., S.M.E. Madrid	Empresa de cartera	51%	1.395	671	-	107	107	2.173
NAVANTIA AUSTRALIA PTY.LTD Camberra (Australia)	Construcción de buques, reparaciones	100%	3.983	489	-	622	511	4.983

AÑO 2017								Miles de euros
Nombre / Domicilio	Actividad	% Navantia	Capital participado	Reservas participadas	Resultados negativos ej. anteriores participados	Resultados de explotación 2017 participados	Resultados 2017 participados	Valor teórico contable
SOCIBER LTDA Valparaíso (Chile)	Reparaciones navales	50%	7.215	-	(1.402)	334	(195)	5.618
INMIZE CAPITAL, S.L. Alcobendas (Madrid)	Promoción, comercialización y venta de misiles	20%	32	290	(16)	(2)	(1)	305

AÑO 2016								Miles de euros
Nombre / Domicilio	Actividad	% Navantia	Capital participado	Reservas participadas	Resultados negativos ej. anteriores participados	Resultados de explotación 2016 participados	Resultados 2016 participados	Valor teórico contable
SAES CAPITAL, S.A., S.M.E. Madrid	Empresa de cartera	51%	1.395	672	(6)	82	82	2.143
NAVANTIA AUSTRALIA PTY.LTD Camberra (Australia)	Construcción de buques, reparaciones	100%	3.983	264	-	103	247	4.494

AÑO 2016								Miles de euros
Nombre / Domicilio	Actividad	% Navantia	Capital participado	Reservas participadas	Resultados negativos ej. anteriores participados	Resultados de explotación 2015 participados	Resultados 2015 participados	Valor teórico contable
SOCIBER LTDA Valparaíso (Chile)	Reparaciones navales	50%	8.209	-	(1.646)	749	51	6.614
INMIZE CAPITAL, S.L. Alcobendas (Madrid)	Promoción, comercialización y venta de misiles	20%	32	290	(15)	(2)	(1)	306

Los datos anteriores han sido obtenidos de los Estados Financieros a 31 de diciembre de 2017 auditados, excepto en el caso de Inmize Capital, en el que los datos han sido facilitados por la sociedad.

Translation:

b) Group companies and associates

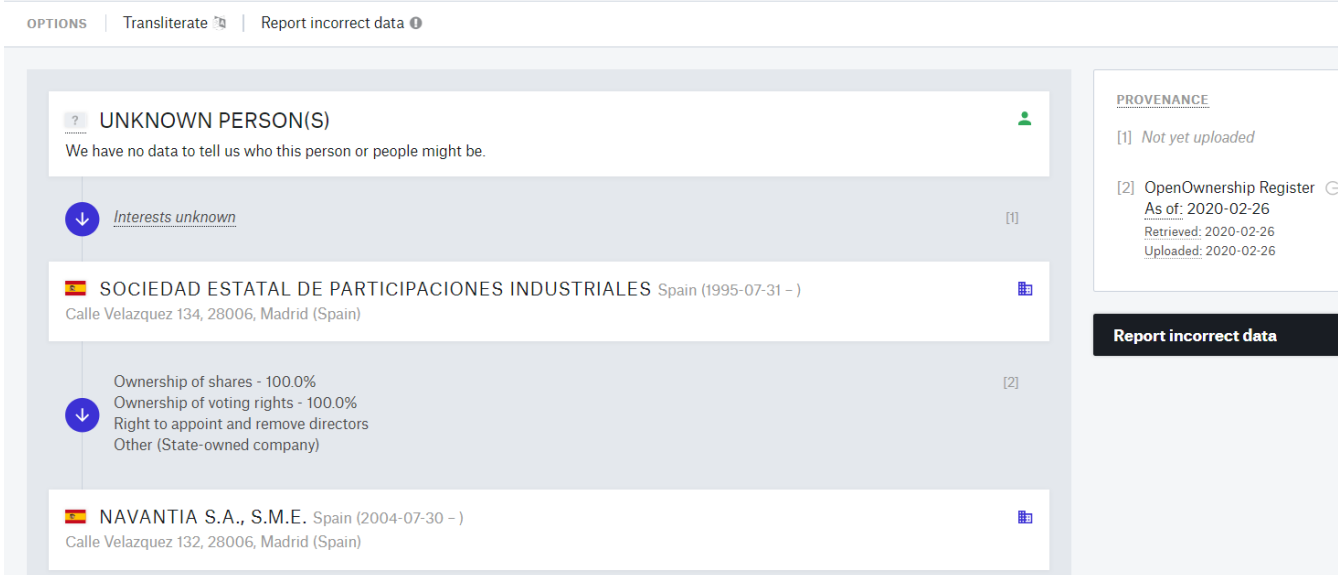
The companies in which Navantia S.A, S.M.E holds more than 50% of the shares are considered group companies. The companies in which Navantia S.A, S.M.E holds between 20% and 50% of the share capital are considered associated companies. The details of Navantia’s shareholdings are included below, accounting for the fiscal years 2016 and 2017.

Year 2017				<i>Thousands of euros</i>				
Name / Address	Activity	% Navantia	Capital invested	[...]	[...]	[...]	[...]	[...]
SAES CAPITAL S.A., S.M.E Madrid	Portfolio company	51%	1.395	[...]	[...]	[...]	[...]	[...]
NAVANTIA AUSTRALIA PTY LTD Camberra (Australia)	Shipbuilding and reparations	100%	32	[...]	[...]	[...]	[...]	[...]

Year 2017				<i>Thousands of euros</i>				
Name / Address	Activity	% Navantia	Capital invested	[...]	[...]	[...]	[...]	[...]
SOCIBER LTDA	Naval reparations	50%	7.215	[...]	[...]	[...]	[...]	[...]
INMIZE CAPITAL SL Alcobendas (Madrid)	Advertisement and sale of missiles	20%	32	[...]	[...]	[...]	[...]	[...]

[...]

The previous data was obtained from the Financial Accounts as at 31 of December 2017, audited, except in the case of Inmize Capital, in which the data was obtained from the company.

Question
9.3 Does the company disclose its beneficial ownership and control structure?
Score
2
Comments
<p>The company publishes a statement to indicate that is a Spanish state-owned enterprise, with 100% of shares owned by the Spanish State-Owned Industrial Holding Company (SEPI).</p> <p>Details of the company's ownership are also disclosed in the global beneficial ownership register Open Ownership, available through www.openownership.org.</p>
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.6] NAVANTIA, S.A. (Hereinafter, "NAVANTIA" or "the Company") is a Spanish state-owned enterprise belonging to the Spanish State-Owned Industrial Holding Company (SEPI), which owns 100% of its shares.</p> <p>[16] Open Ownership Entry (Webpage) Accessed 28/05/2020 https://register.openownership.org/entities/5e569474ac0ca34dfc6841b6/5e569474ac0ca34dfc684147-unknown</p> <p>Beneficial ownership chain: UNKNOWN PERSON(S) to NAVANTIA S.A., S.M.E.</p>  <p>The screenshot shows a search result for 'UNKNOWN PERSON(S)' with a note: 'We have no data to tell us who this person or people might be.' Below this, there is a link to 'Interests unknown'. The main entry is for 'SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES Spain (1995-07-31 -)' located at 'Calle Velazquez 134, 28006, Madrid (Spain)'. It lists ownership details: 'Ownership of shares - 100.0%', 'Ownership of voting rights - 100.0%', 'Right to appoint and remove directors', and 'Other (State-owned company)'. Below this is the entry for 'NAVANTIA S.A., S.M.E. Spain (2004-07-30 -)' located at 'Calle Velazquez 132, 28006, Madrid (Spain)'. On the right side of the screenshot, there is a 'PROVENANCE' section with '[1] Not yet uploaded' and '[2] OpenOwnership Register As of: 2020-02-26 Retrieved: 2020-02-26 Uploaded: 2020-02-26'. A 'Report incorrect data' button is also visible.</p>

Question
9.4 Does the company publish a percentage breakdown of its defence sales by customer?
Score
1
Comments
<p>The company publishes some information regarding its major customers for its defence sales. There is evidence that the company's main customer is the Spanish military and that export sales accounted for 38% of its revenue in the most recently reported year. It is understood that the company is only active in the defence sector and therefore that this information represents its defence sales.</p> <p>However, whilst the company discloses high-level details in relation to some of its export markets, it receives a score of '1' because it does not provide a clear breakdown of at least 80% of its defence sales by customer.</p>
Evidence
<p>[5] Informe Annual de Actividades y Responsabilidad Social Corporativa 2017 / Navantia 2017 Annual Report of Activities and Corporate Social Responsibility (Document) Accessed 07/08/2019 https://www.navantia.es/wp-content/uploads/2018/06/Memoria_2017.pdf [p.17] El principal cliente de Navantia a nivel nacional es la Mindef/Armada Española con quien lleva colaborando más de 250 años.</p> <p>Translation:</p> <p>The main client of Navantia on a national level is the Ministry of Defence/Navy of Spain, which it has served for over 250 years.</p> <p>[14] Informe Annual No Financiero / Annual Non-Financial Report (Document) https://www.navantia.es/wp-content/uploads/2019/12/informe-anual-no-financiero-2018-FORMULADO-Y-FIRMADO.pdf [p.24] Mercados en que opera</p> <p>Navantia: El principal cliente de Navantia a nivel nacional es el Ministerio de Defensa/Armada Española con quien lleva colaborando más de 250 años y para quien construye y supervisa durante el ciclo de vida la práctica totalidad de los buques de su flota.</p> <p>Por lo que se refiere al mercado de exportación, señalar que Navantia posee una elevada propensión exportadora, ya que ha desarrollado programas navales en más de 19 países y actualmente mantiene Oficinas abiertas en Australia, Arabia Saudí, India, Turquía, EE.UU. (Inauguración 2019) y Brasil, y dos Establecimientos Permanentes en Turquía y Australia.</p>
<p>Filiales y delegaciones de Navantia a nivel internacional</p> <ul style="list-style-type: none"> Delegación EEUU <ul style="list-style-type: none"> Programa FFGX Delegación Noruega <ul style="list-style-type: none"> Programa ACV Fragatas F310 Delegación India <ul style="list-style-type: none"> 1 Programa (Submarino Scorpene ToT) 1 Oferta LPD (4 uds.) <ul style="list-style-type: none"> Diseño, ToT, Motores Navantia Australia Pty <ul style="list-style-type: none"> 3 programas en curso (Destrucciónes AWD, mantenimiento LHD y Lanchas) Delegación Turquía <ul style="list-style-type: none"> 1 Programa, TLPD <ul style="list-style-type: none"> Diseño, ToT, Sistemas Delegación América del Sur Delegación península arábiga/Navantia Arabia Saudí <ul style="list-style-type: none"> 1 contrato AV 2200 Arabia Saudí (5uds.) <ul style="list-style-type: none"> Construcción ACV

La principal actividad en las filiales y delegaciones se concentra en las áreas comercial (gestión de cliente), ingeniería y gestión de programas (soporte a proyectos ToT y a astilleros locales) y de administración.

El volumen de exportación anual medio de Navantia en los 3 últimos años es el 37% de su facturación. En el 2018 ascendió a 409 M EUROS lo que representa un 38% de los ingresos.

Translation:

[p.24] Markets in which Navantia operates:

Navantia's main client at the national level is the Ministry of Defense / Spanish Navy with whom it has been collaborating for more than 250 years and for whom it builds and supervises practically all the ships in its fleet during its life cycle.

Regarding export markets, it should be noted that Navantia has a high export propensity, since it has developed naval programs in more than 19 countries and currently maintains offices open in Australia, Saudi Arabia, India, Turkey, and the USA. (Opening 2019) and Brazil, and two Permanent Establishments in Turkey and Australia.

International affiliates and delegations of Navantia

USA Delegation

[...]

Norway

[...]

India

[...]

Australia

[...]

Turkey

[...]

South America

[...]

Saudi Arabia

[...]

The main activity in the subsidiaries and branches is commercial (customer management), engineering and programme management (support for ToT projects and local shipyards), as well as administration.

The average annual export volume of Navantia over the last 3 years is 37% of its turnover. In 2018 it amounted to 409 million EUROS, which represents 38% of revenue.

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
2
Comments
The company publishes a statement that 100% of shares owned by the Spanish State-Owned Industrial Holding Company (SEPI). Therefore, it is understood that the company does not have any other shareholders and that the Spanish state holds 100% of voting rights.
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.6] NAVANTIA, S.A. (Hereinafter, "NAVANTIA" or "the Company") is a Spanish state-owned enterprise belonging to the Spanish State-Owned Industrial Holding Company (SEPI), which owns 100% of its shares.</p> <p>[9] Strategic for Defence (Webpage) Accessed 06/10/2019 https://www.navantia.es/en/about-us/who-we-are/strategic-defence/ Navantia is a 100% state-owned military shipbuilding company that provides the industrial and technological response to the Government essential naval capabilities for National Defence and Security, providing [...]</p>

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
2
Comments
There is evidence that the company publishes details of its commercial and public policy objectives in its Annual Report and on its website. There is evidence that these objectives are updated on an annual basis.
Evidence
<p>[5] Informe Annual de Actividades y Responsabilidad Social Corporativa 2017 / Navantia 2017 Annual Report of Activities and Corporate Social Responsibility (Document) Accessed 07/08/2019 https://www.navantia.es/wp-content/uploads/2018/06/Memoria_2017.pdf [p.39] 1. Plan Comercial y de Operaciones</p> <p>El objetivo es incrementar los ingresos en los próximos años, ejecutando los programas en vigor, impulsando la contratación en los ámbitos militar nacional y militar de exportación y desarrollando modelos de negocio/servicios con mayor valor añadido.</p> <p>Las cuatro líneas de actuación serán:</p> <ol style="list-style-type: none"> Navantia atenderá las necesidades de la Armada Española/Ministerio de Defensa mediante la consolidación del Programa de Submarinos S-80, la construcción de Fragatas F-110, buques BAM y buques de transporte de material. La actividad en el ámbito militar de exportación se centrará en la captación de los contratos con Arabia Saudí y Australia y en la consolidación de la presencia internacional. Se debe señalar la importancia de esta actividad militar de exportación ya que presenta sinergias de I+D con la actividad militar nacional y ayuda a mantener las capacidades militares nacionales modernizadas. Navantia incrementará la venta de servicios y fomentará nuevos modelos de negocio, que presenten mejores márgenes e ingresos estables en el tiempo: Reparaciones, Apoyo al Ciclo de Vida (ACV) y Transferencia de Tecnología (ToT) serán los objetivos principales. Navantia complementará sus líneas principales de construcción militar con la actividad civil, principalmente en el sector de Eólica-Offshore (Jackets), y en oportunidades rentables de construcción de buques civiles. <p>2. Plan de Eficiencia Operativa. Astillero 4.0</p> <p>El objetivo es mejorar los márgenes, potenciando la eficiencia de la Compañía mediante la reducción de costes, la optimización de los procesos y la digitalización para lo que Navantia debe:</p> <ul style="list-style-type: none"> Reorganizar la Compañía potenciando la visión del negocio con foco en la cuenta de resultados y potenciando la gestión por producto. Buscar la excelencia operativa avanzando en la implantación del sistema de gestión operativa de Navantia (TIMON) mediante la aplicación de sus principios fundamentales en los nuevos contratos: planificación y programación integrada, consolidación del diseño orientado a producción, gestión integral y ágil de la cadena de suministro, optimización de los procesos productivos, mejora continua y trabajo en equipo. Potenciar la transformación de los astilleros en base a la digitalización como herramienta fundamental de sus procesos, productos y modelo de negocio, modernizando las instalaciones para los nuevos programas (Astillero 4.0). <p>Translation:</p> <p>[p. 39] 1. Commercial and Operations Plan</p> <p>The objective is to increase revenues in the coming years, executing the current programs, boosting contracting in the national military and military export fields and developing business models/services with greater added value.</p> <p>The four lines of action will be:</p>

- a. Navantia will meet the needs of the Spanish Navy/Ministry of Defense through the consolidation of the S-80 Submarine Program, the construction of F-110 Frigates, BAM ships and material transport vessels.
- b. The activity in the military export field will focus on the acquisition of contracts with Saudi Arabia and Australia and the consolidation of the international presence. The importance of this military export activity should be noted as it presents R&D synergies with the national military activity and helps maintain national military capabilities modernised.
- c. Navantia will increase the sale of services and promote new business models, which have better margins and stable income over time: Repairs, Life Cycle Support (ACV) and Technology Transfer (ToT) will be the main objectives.
- d. Navantia will complement its main lines of military construction with civil activity, mainly in the Wind-Offshore (Jackets) sector, and in profitable opportunities for the construction of civil vessels.

2. Operational Efficiency Plan. Shipyard 4.0

The objective is to improve margins, enhancing the efficiency of the Company through cost reduction, process optimization and digitalization for which Navantia should:

- Reorganize the Company, enhancing the business vision with a focus on the income statement and promoting product management.
- Seek operational excellence by advancing in the implementation of the Navantia operational management system (TIMON) by applying its fundamental principles in the new contracts: integrated planning and programming, consolidation of production-oriented design, comprehensive and agile supply chain management, optimisation of production processes, continuous improvement and teamwork.
- Promote the transformation of the shipyards based on digitalization as a fundamental tool of their processes, products and business model, modernising the facilities for the new programs (Shipyard 4.0).

[8] Mission, Vision and Our Values (Webpage)

Accessed 06/10/2019

<https://www.navantia.es/en/about-us/who-we-are/mission-vision-values/>

VISION

To be a sustainable, strategic and international company in the naval Industry

MISSION

To develop competitive naval programs and serve National Security.

[9] Strategic for Defence (Webpage)

Accessed 06/10/2019

<https://www.navantia.es/en/about-us/who-we-are/strategic-defence/>

Navantia is a 100% state-owned military shipbuilding company that provides the industrial and technological response to the Government essential naval capabilities for National Defence and Security, providing:

- * Own technological capacity to design, manufacture and maintain all kind of vessels.
- * Support the complete life cycle of all Navy units, keeping them in proper service conditions.
- * Own capacity to design, manufacture, integrate and maintain command and control systems, platform control systems and propulsion systems, adding value to both the ships and the technology transfer solutions offered to our customers.

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
1
Comments
<p>The company publishes clear information about the composition of its board. For each board member, the company discloses whether that person has any connection to the company or the state or is an independent director.</p> <p>The company, however, receives a score of '1' because its nomination and appointment process is not entirely clear. For instance, the company does not publish criteria for nomination, which company representatives are involved in the nomination, and who makes the final appointment decision.</p>
Evidence
<p>[18] Estatutos / Company Statutes (Document) Accessed 28/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Estatutos-sociales-de-Navantia.pdf [p.17] Artículo 48. ADMINISTRACIÓN DE LA SOCIEDAD</p> <p>La Sociedad será administrada por el Consejo de Administración, que estará integrado por 5 miembros como mínimo y 15 como máximo. Corresponde a la Junta General tanto el nombramiento como la separación de los consejeros. El cargo de consejero es renunciante, revocable y reelegible. No se requiere la cualidad de accionista para ser nombrado Consejero. No podrán ser Consejeros ni ocupar cargos en la sociedad las personas que resulten incompatibles según la legislación estatal y autonómica aplicable en cada momento.</p> <p>Artículo 49. CLASES DE CONSEJEROS</p> <p>La Junta General, al proceder al nombramiento de los Consejeros, e igualmente el Consejo de Administración cuando ejercite la facultad de cooptación, calificará al Consejero como ejecutivo, independiente o dominical. A estos efectos, se entenderá que son:</p> <p>a) Consejeros ejecutivos, aquellos que desempeñen funciones de alta dirección o sean empleados de la Sociedad o de su Grupo.</p> <p>[p.18] b) Son Consejeros externos independientes, aquellos que no se encuentren vinculados laboral o profesionalmente a la Dirección General del Patrimonio del Estado o al organismo público que fuera accionista de la Sociedad; al órgano con funciones reguladoras sobre el objeto de la actividad de la Sociedad; o al Ministerio que tenga atribuida la tutela de la Sociedad.</p> <p>c) Consejeros externos dominicales, aquellos que habiendo sido nombrados por la Administración General del Estado a través de sus representantes en la Junta General de la Sociedad o propuestos al Consejo de Administración para su nombramiento por el sistema de cooptación, no respondan a los requisitos definitorios de Consejero ejecutivo o Consejero independiente.</p> <p>El Reglamento del Consejo de Administración podrá precisar y desarrollar estos conceptos. El carácter de cada Consejero se mantendrá o, en su caso, se modificará en función de las circunstancias, haciéndose ello público en el Informe Anual de Gobierno Corporativo y en la página web corporativa de la Sociedad.</p> <p>Artículo 50. DURACIÓN Y COOPTACIÓN</p> <p>La duración del cargo de Consejero será de dos años. Al término de este plazo, los Consejeros podrán ser reelegidos una o varias veces por periodos iguales. Si durante el plazo para el que fueron nombrados los administradores se produjesen vacantes, el Consejo podrá designar entre los accionistas las personas que hayan de ocuparlas hasta que se reúna la primera Junta General.</p> <p>Translation:</p> <p>[p. 17] Article 48. MANAGEMENT OF THE COMPANY</p>

The company will be managed by the Board of Directors, which will be composed of a minimum of 5 members and a maximum of 15. The General Meeting is responsible for both the appointment and the separation of directors. The position of director is open to resignation, revocation and re-election. Shareholder status is not required to be appointed a director. Persons who are incompatible under the applicable state and regional legislation may not be directors or hold positions in the company.

Article 49. CLASSES OF COUNSELLORS

The General Meeting, when appointing the directors, and also the Board of directors when exercising the power of cooptation, shall qualify the director as executive or independent. For these purposes, it shall be understood that they are:

(a) Executive Directors, those who perform senior management functions or are employed by Group.

[P. 18] (B) are independent external directors, those who are not professionally linked to the General Directorate of state assets or to the public body that was a shareholder of the company; to the body with regulatory functions over the object of the company's activity; or to the Ministry entrusted with the guardianship of the company.

c) external proprietary Directors, those who, having been appointed by the General Administration of the State through their representatives in the General Meeting of the Company or proposed to the Board of Directors for their appointment by co-option, do not meet the requirements-defining of executive Director or independent Director.

The regulations of the Board of Directors may specify and develop these concepts. The character of each director shall be maintained or, where appropriate, modified in accordance with the circumstances, to be made public in the Annual Corporate Governance Report and on the company's corporate website.

Article 50. DURATION AND CO-OPTATION

The term of Office of Director shall be two years. At the end of this period, Directors may be re-elected once or multiple times for equal terms. If vacancies arise during the period for which the directors were appointed, the board may designate from among the shareholders the persons to fill them until the first General Meeting is held.

[17] Consejo de Administracion / Board of Directors (Document)

Accessed 28/05/2020

<https://www.navantia.es/wp-content/uploads/2020/03/Ley-de-TRANSPARENCIA-Lista-de-Consejeros-Portal-de-Transparencia-2-03-20.pdf>

[p.1] CONSEJO DE ADMINISTRACIÓN DE NAVANTIA

Presidenta: Dña. Susana María de Sarriá Sopeña (Ejecutivo)

Secretario: D. Miguel Orozco Giménez

Vocales:

D. Francisco José Cuesta García (Independiente)
Responsable Sector Defensa. CC.OO. de Industria Sección Sindical CC.OO.

Dña. Marta Obrero Loma (*) (Independiente)
Vocal Asesora División Elaboración de las Cuentas Nacionales Oficina Nacional de Contabilidad
Intervención Gral. Administración del Estado
Ministerio de Hacienda y Función Pública

D. Galo Gutiérrez Monzonís (*) (Independiente)
Director General de Industria y PYMES Ministerio de Industria, Comercio y Turismo

D. Santiago Ramón González Gómez (Independiente)
Director General de Armamento y Material Ministerio de Defensa

D. Manuel Romasanta Pavón (*) (Independiente)

Subdirector General de Reclutamiento y Orientación Laboral Ministerio de Defensa

D. Daniel Jiménez Díaz (Independiente)
Ministerio de Trabajo, Migraciones y S. Social

[p.2] D. Ramón J. Buendía Madrid (Independiente)
Secretario General Sección Intercentros NAVANTIA S.A. CC.OO.

M^a Ángeles González Rufo (Independiente)
Subdirectora General de Coordinación de Contratación Electrónica Dirección Gral. de Patrimonio del Estado
Ministerio de Hacienda

(*) Miembros de la Comisión de Auditoría de Navantia

Translation:

[p.1] BOARD OF DIRECTORS OF NAVANTIA

Chairperson: Ms. Susana María de Sarriá Sopeña (Executive)

Secretary: Mr Miguel Orozco Giménez

Vowels:

Francisco José Cuesta García (Independent)
Head of Defense Sector. CC.OO. of Industry Trade Union Section CC.OO.

Marta Obrero Loma (*) (Independent)
Advisory member National Accounts Preparation Division, National Accounting Office
Secretary General for State Administration, Ministry of Finance and Public Service

Galo Gutiérrez Monzonís (*) (Independent)
Director General of industry and SMEs, Ministry of Industry, Trade and Tourism

Santiago Ramón González Gómez (Independent)
Director General of armament and materiel Ministry of Defence

Manuel Romasanta Pavón (*) (Independent)
Deputy Director General for Recruitment and Labour Orientation, Ministry of Defence

Mr. Daniel Jiménez Díaz (Independent)
Ministry of labour, migration and Social Affairs

[P. 2] D. Ramón J. Buendía Madrid (independent)
Secretary General, Intersection Division, NAVANTIA S. A. CC.OO.

M^a Ángeles González Rufo (Independent)
Deputy Director General of Electronic Contracting and Coordination, General Directorate of State Heritage, Ministry of Finance

(*) Members of the Audit Committee of Navantia

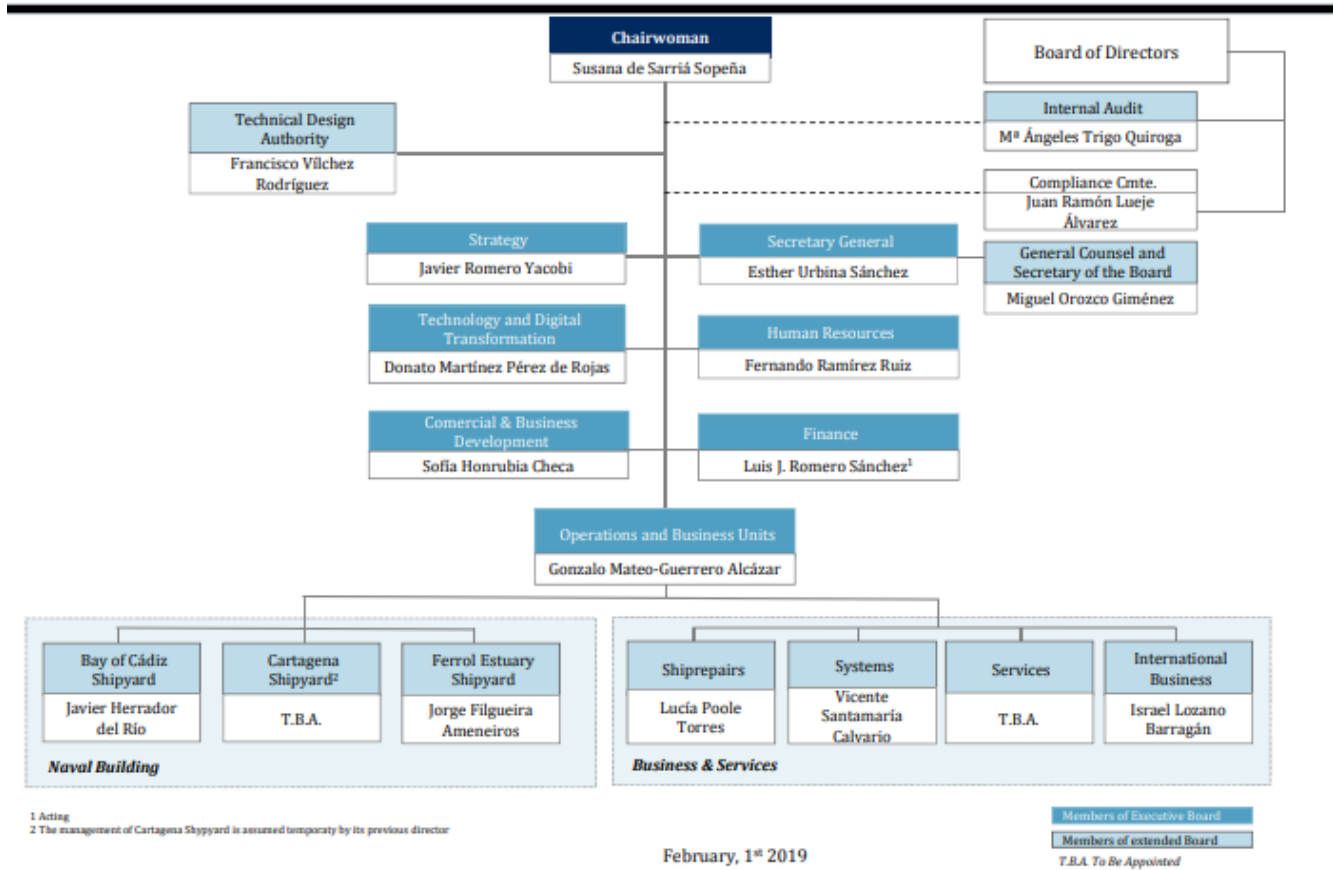
[4] Navantia Board of Directors (Document)

Accessed 06/08/2019

<https://www.navantia.es/wp-content/uploads/2019/02/ORGANIGRAMA-ingles-12022019.pdf>

[p.1]

Navantia Corporate Executive Board



[p.4]

CHAIRWOMAN

	Susana de Sarriá Sopeña
	Born in Madrid (1964)
	Chairwoman of Navantia, S.A., S.M.E. (since 25th July 2018)
Professional Career: She has developed her professional career in the Public Sector, highlighting the following positions in the Regional Government of Andalusia: General Coordinator of the Vice-Ministry of Employment, Business and Trade (Feb.2017-July 2018) and Deputy General Director of Industry, Energy and Mines (2013-Feb2017); Chief of the Service of Rural Development Programs in the Regional Ministry of Agriculture and Fisheries (2011-2013); Province Manager of the Andalusian Water Agency, Director of the Operational Centre for Forest Fires Prevention and Firefighting, and other management and technical positions, all of them in the Environmental Regional Ministry (1990-2011).	
Academic Background and additional information: Forestry Engineer by the Polytechnic University of Madrid. Stage in the General Directorate of Regional Policy of the European Commission (Brussels, 2016)	

COMMERCIAL & BUSINESS DEVELOPMENT



Sofia Honrubia Checa
Born in Granada (1967)
Business Director and Business Development Vice-President, Member of the Corporate Executive Board (since 29th June 2017)

Professional Career:

She began her professional career in Bazán where she held several positions both in the Commercial and in the Engineering and Innovation divisions in Madrid (1993-2008).
 She participated in the main national and export programs, such as the F-100 frigate, the LHD strategic projection vessel, the S-80 submarine for the Spanish Navy, the F-310 frigate for the Norwegian Navy and the OPVs for the Navy of Venezuela.
 She worked in a multinational engineering consultancy, Altran, leading the business unit of the naval sector (2008-2012)
 She joined Navantia again as the Commercial Director of Military Vessels, actively participating in the process of internationalization of the Company (2013-jun 2017)

Academic Background and additional information:

Naval Engineer by the Higher Technical School of Naval Architecture and Ocean Engineering (1993). Award Best Engineer 2017 by the Asociación Ingenieros Navales España (AINE).

[The document goes on to provide similar descriptions for the nine other board members]

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
0
Comments
There is no evidence that the company's audit committee is composed of majority independent directors. While there is evidence that the company's executive-level audit committee is composed of non-company directors, the information provided shows that that all three of its members represent the state and therefore a score of '0' applies.
Evidence
<p>[17] Consejo de Administracion / Board of Directors (Document) Accessed 28/05/2020 https://www.navantia.es/wp-content/uploads/2020/03/Ley-de-TRANSPARENCIA-Lista-de-Consejeros-Portal-de-Transparencia-2-03-20.pdf [p.1] CONSEJO DE ADMINISTRACIÓN DE NAVANTIA</p> <p>[...]</p> <p>Vocales:</p> <p>[...]</p> <p>Dña. Marta Obrero Loma (*) (Independiente) Vocal Asesora División Elaboración de las Cuentas Nacionales Oficina Nacional de Contabilidad Intervención Gral. Administración del Estado Ministerio de Hacienda y Función Pública</p> <p>D. Galo Gutiérrez Monzonís (*) (Independiente) Director General de Industria y PYMES Ministerio de Industria, Comercio y Turismo</p> <p>[...]</p> <p>D. Manuel Romasanta Pavón (*) (Independiente) Subdirector General de Reclutamiento y Orientación Laboral Ministerio de Defensa</p> <p>[p.2] (*) Miembros de la Comisión de Auditoría de Navantia</p> <p>Translation:</p> <p>[p.1] NAVANTIA BOARD OF DIRECTORS</p> <p>[...]</p> <p>Members:</p> <p>[...]</p> <p>Ms. Marta Obrero Loma (*) (Independent) Advisory member National Accounts Preparation Division, National Accounting Office Secretary General for State Administration, Ministry of Finance and Public Service</p> <p>Mr. Galo Gutiérrez Monzonís (*) (Independent) Director General of industry and SMEs, Ministry of Industry, Trade and Tourism</p> <p>[...]</p>

Mr. Manuel Romasanta Pavón (*) (Independent)
Deputy Director General for Recruitment and Labour Orientation, Ministry of Defence

[p.2] (*) Members of the Navantia Audit Committee

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
0
Comments
The evidence in relation to whether the company has a system in place to manage asset transactions is insufficient to satisfy the requirements of score '1'.
Evidence
<p>[2] Anti-Corruption Manual (Document) Accessed 06/08/2019 https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf [p.34] 7.9. ACCOUNTING BOOKS AND RECORDS</p> <p>[...]</p> <p>Compliance with the following principles is mandatory:</p> <ul style="list-style-type: none"> • Accounting and financial audits must be performed, and all payments and relationships with third parties must be monitored. • Secret accounts, accounts outside of accounting books, falsified transactions, and wrongful recording of expenses are forbidden. The Department of Management and Finance must ensure that transactions are carried out and that access to funds has been authorized by the Board of Directors. • Transactions must be recorded in accordance with the accounting principles, and regular audits must be performed on existing assets. • It is mandatory to keep reasonably detailed books, records, and accounts. There must also be an adequate internal accounting system to ensure that the books, records, and accounts truthfully represent and reflect the company's transactions and dispositions. "Reasonably detailed" must be construed as "the level of detail and security applied by a cautious and careful manager when managing his or her own affairs". • The internal accounting system must control all payments, with no exceptions. • No ambiguous or deceitful entries must be made which could indicate illegal payments made by the company. It is forbidden to perform off-balance sheet transactions or transactions which are not correctly identified, to keep a record of non-existent expenses, to create entries of liabilities without correctly identifying their object, and to use of false documents intended to corrupt a foreign public official or conceal said corruption. • It is mandatory to adopt an internal accounting control system which ensures that all payments have been duly authorized and accounted for, and which ensures that said payments can be regularly audited. • When warnings arise, no payments must be authorized or executed unless these situations have been properly examined and it has been determined that it is safe to proceed. • Recorded assets must be regularly compared to existing assets in order to identify and correct disparities.

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Webpage	Corporate Social Responsibility	06/08/2019	https://www.navantia.es/en/people/csr/ethical-behavior/
02	Document	Anti-Corruption Manual	06/08/2019	https://www.navantia.es/wp-content/uploads/2019/07/manual-anticorrupcion_julio-2019_ingles_baja.pdf
03	Document	Code of Business Conduct	06/08/2019	https://www.navantia.es/wp-content/uploads/2019/06/codigo-de-consucta_eng_mayo-2019_online_mas-baja.pdf
04	Document	Navantia Board of Directors	06/08/2019	https://www.navantia.es/wp-content/uploads/2019/02/ORGANIGRAMA-ingles-12022019.pdf
05	Document	Navantia 2017 Annual Report	07/08/2019	https://www.navantia.es/wp-content/uploads/2018/06/Memoria_2017.pdf
06	Document	Navantia 2017 Audited Annual Accounts	12/08/2019	https://www.navantia.es/wp-content/uploads/2019/02/cuentas-anales-Navantia-1%C2%AAparte.pdf
07	Webpage	Industrial cooperation	06/10/2019	https://www.navantia.es/en/products-and-services/services/lcs/lcs-cooperation/
08	Webpage	Mission, Vision and Our Values	06/10/2019	https://www.navantia.es/en/about-us/who-we-are/mission-vision-values/
09	Webpage	Strategic for Defence	06/10/2019	https://www.navantia.es/en/about-us/who-we-are/strategic-defence/
10	Document	Compliance System Procedures and Standards	26/05/2020	https://www.navantia.es/wp-content/uploads/2020/03/N-043-Incumplimiento-Normativo-1.pdf
11	Document	Compliance Report 2019	26/05/2020	https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf
12	Document	Regulations on Conflict of Interest Management	26/05/2020	https://www.navantia.es/wp-content/uploads/2020/03/N-29-Norma-gesti%C3%B3n-conflicto-de-intereses.pdf
13	Document	Anti-Corruption Policy	27/05/2020	https://www.navantia.es/wp-content/uploads/2020/03/N-030_anticorrupcion_eng_v2_2020.pdf
14	Document	Annual Non-Financial Report	27/05/2020	https://www.navantia.es/wp-content/uploads/2019/12/informe-anual-no-financiero-2018-FORMULADO-Y-FIRMADO.pdf
15	Document	Compliance Committee Report 2019	27/05/2020	https://www.navantia.es/wp-content/uploads/2020/03/Informaci%C3%B3n-sobre-COMPLIANCE-PARTES-INTERESADAS-a%C3%B1o-2019_v1.pdf
16	Webpage	Open Ownership Entry	28/05/2020	https://register.openownership.org/entities/5e569474ac0ca34dfc6841b6/5e569474ac0ca34dfc684147-unknown
17	Document	Board of Directors	28/05/2020	https://www.navantia.es/wp-content/uploads/2020/03/Ley-de-TRANSPARENCIA-Lista-de-Consejeros-Portal-de-Transparencia-2-03-20.pdf
18	Document	Company Statutes	28/05/2020	https://www.navantia.es/wp-content/uploads/2020/03/Estatutos-sociales-de-Navantia.pdf