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Crime Prevention and Anti-fraud Policy

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CRIME PREVENTION AND ANTI-FRAUD POLICY

The Trustees of the Fundación Iberdrola España (hereinafter referred to as the “**Foundation**”), in the performance of their duties and in line with the Foundation’s values and its culture of preventing irregularities, hereby sets out this *Crime prevention and anti-fraud policy* (hereinafter referred to as the “*Policy*”).

1. Purpose

The aim of this *Policy* is to send all the Foundation’s professionals, as well as all implicated third parties, a clear and strong message opposing the commission of any unlawful, criminal or otherwise wrongful act and to make it known that the Foundation is prepared to fight and prevent any potential damage to its image and reputational value.

This *Policy* represents a standing commitment towards constant vigilance and sanctioning of all fraudulent acts and behaviour, maintaining effective communication mechanisms with and raising awareness amongst all professionals, as well as developing a business culture based upon ethics and honesty.

To implement this *Policy*, the Foundation shall be permitted, through the competent bodies, to establish a specific and effective programme for crime prevention (as a set of measures designed to prevent, detect and respond to any possible crimes), which shall also extend to the prevention and control of other frauds, regulatory violations and serious irregularities.

The objective of the above mentioned program shall be, on the one hand, to ensure that in respect of third parties, judicial and regulatory bodies, the Foundation exercises due legal control over its Trustees, officers, employees and other dependent persons, including the monitoring of situations representing a potential crime risk which may arise in the Foundation’s sphere of activity, even if those situations cannot be attributed to a specific individual, and on the other, to reinforce its existing commitment to counter fraud and corruption in all its forms, including extortion and bribery.

2. Scope of application

This *Policy* shall apply to all Foundation professionals.

Furthermore, persons representing the Foundation in external entities, associations or foundations shall comply with the provisions of this *Policy* and promote the application of its principles in those entities to the greatest extent possible.

Foundation professionals to whom other standards or policies also apply under the law of those countries in which they carry out their activities, shall comply with these also. Appropriate coordination shall be put in place so that the principles set down in this *Policy* will be in line with such standards or policies

3. Principles of action

The principles governing this *Policy* are as follows:

- a) A fundamental component of this *Policy* shall be to integrate and coordinate a set of requisite measures to prevent and combat the commission of potentially illicit acts by any Foundation professional and to prevent and combat any potentially irregular or fraudulent situation in general.
- b) To create a transparent environment that integrates the various crime prevention and anti-fraud systems developed, while maintaining adequate internal channels to encourage communication of potential irregularities (such as the Ethics Mailbox) which enable Foundation professionals to inform the Foundation about conduct that may imply a breach of its governance system or the commission of an act which is unlawful or contra to the standards of action laid down in the *Code of Ethics*.
- c) To act, at all times, in compliance with applicable legislation and within the framework established by the *Code of Ethics*, in compliance with the Foundation’s internal regulations.
- d) To promote a preventive culture based on the principle of “zero tolerance” towards unlawful acts and fraudulent situations, and in the application of the principles of ethical, responsible conduct by all Foundation professionals, regardless of their seniority or country in which they work.
- e) By promoting this culture, to promote self-regulation processes in Foundation professionals’ actions and decision-making, such that any action shall be founded upon four basic premises: (i) that the action is ethically acceptable, (ii) that it is legally valid, (iii) that it is desirable for the Foundation, and (iv) that the professional is prepared to assume responsibility therefor.
- f) To ensure that the Compliance Division has the material and human resources needed to monitor the operation, efficiency and fulfilment of this *Policy*, without prejudice to the responsibilities of the Foundation’s other bodies and directorates.
- g) To develop and implement adequate procedures for the overall control and management of crime and fraud prevention.
- h) To maintain an emphasis on proactive activities such as prevention and detection rather than reactive activities such as investigation and penalties.
- i) To investigate any allegation of an unlawful, fraudulent or irregular act, regardless of the amount involved, as quickly as possible and while guaranteeing to uphold the rights of those under investigation as well as to maintain the anonymity of the complainant. To that end, the Foundation shall provide any assistance and cooperation required by the national and international judicial or administrative agencies or institutions and bodies for the investigation of alleged criminal, fraudulent or otherwise irregular acts that may have been committed by professionals from the Foundation.
- j) To ensure that fair, proportionate and non-discriminatory penalties are applied in accordance with the provisions of current applicable legislation.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

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- k) To communicate to all Foundation professionals that they have a duty to report, using the channels that the Foundation puts in place for that purpose, any situation of which they become aware that may constitute a potential crime, fraud or irregularity and, specifically, any indication or suspicion that a planned transaction or operation could relate to money laundering or to financing illegal activities.
 - l) To implement suitable training programmes for Foundation professionals –*online, face-to-face* or using any other method deemed appropriate– on their obligations under applicable legislation, with sufficient regularity to guarantee that their knowledge remains up to date. In particular, Foundation professionals shall receive training on the *Code of Ethics*, with reference to the subject of corruption and responsibility as well as to any legal or regulatory obligations applicable to their job.
 - m) Establish –in accordance with applicable legislation at all times– a disciplinary penalty for anyone who helps to prevent or hinder the discovery of crimes or non-compliance with the specific duty of making the control bodies aware of any non-compliance that may be detected.

4. Control, appraisal and revision

a) Control

The Compliance Division shall control the introduction, rollout and fulfilment of the Foundation's crime prevention programme.

To that end, the Compliance Division shall be fully empowered to lead and control the monitoring and effectiveness of and compliance with this *Policy*, ensuring that the crime prevention programme conforms to the Foundation's needs and circumstances at all times.

b) Assessment

At least once a year, the Compliance Division shall assess the compliance levels and effectiveness of this *Policy* and the Foundation's crime prevention programme.

c) Revision

Periodically, the Board of Trustees shall revise this *Policy* and approve any changes and updates that contribute to its ongoing development and improvement, in accordance with the suggestions and proposals of the Compliance Division or of Foundation professionals, where applicable.

This *Crime Prevention and Anti-fraud Policy* was approved by the Foundation's Board of Trustees on 10 December 2013 and was revised by the Foundation's Board of Trustees on 16 December 2016.

