

Ence energía y celulosa



NAME	CRIMINAL COMPLIANCE POLICY		
APPROVED BY	Board of Directors		
VERSION	V1		
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I. INTRODUCTION

This Criminal Compliance Policy (the “**Policy**”) was prepared in accordance with the main regulatory references and best practices in compliance.

Ence Energy and Celulosa, S.A. (“**ENCE**”) is a benchmark company in the production of eucalyptus pulp, a leader in renewable energy with forest and agricultural biomass and a leader in the integral and responsible management of forest areas and crops in Spain, the activity of which is based on the responsible management of wood.

With a firm commitment to ensuring compliance with ethical principles and good corporate governance, one of ENCE’s priorities is to develop a solid corporate culture of regulatory compliance, in which the company’s ethical values are central to its activities and decision-making.

Accordingly, and in keeping with the provision of criminal law¹, ENCE has internal regulatory instruments that satisfy the need for adequate control and management systems in the field of crime detection and prevention and that are developed mainly in the ENCE **Crime Prevention Protocol**.

II. OBJECTIVE OF THE POLICY: COMMITMENT OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The purpose of this Policy is to demonstrate the ENCE’s desire to establish a culture of compliance that allows for diligent professional conduct, as well as its strong condemnation of any kind of illicit act which may not, under any circumstances, be justified by the resulting benefit to the Organisation.

This Policy reinforces the commitment of ENCE’s Board and Senior Management to uphold compliance with the law, as well as to communicate and disseminate the principles contained in the ENCE Crime Prevention and Detection Model. In fulfilment of this commitment, on an annual basis, the directors and senior managers of ENCE will sign the Annual Declaration of Commitment attached as Schedule I to this Policy.

III. SCOPE OF APPLICATION

This Policy is mandatory for all ENCE directors, executives and employees, as well as for third parties acting on behalf of ENCE (employees of subcontracted companies, agents and intermediaries, etc.) and for all those who are subject to the authority of ENCE, pursuant to section 31 bis of the Criminal Code, and to the extent applicable.

IV. GENERAL GUIDING PRINCIPLES OF THE CRIME PREVENTION AND DETECTION MODEL

The Crime Prevention and Detection Model is based on the following general principles, which form the fundamental basis, both of ENCE’s internal regulations and the actions of its directors, executives and employees:

¹ Spanish Organic Law 5/2010 and Spanish Organic Law 1/2015, amending Organic Law 10/1995, of 23 November, on the Spanish Criminal Code (*Código Penal*).

- Ence will implement all necessary measures in the area of criminal risk prevention, identifying the activities in which criminal acts may be committed and encouraging all members of the Organisation to act responsibly. All of this is in accordance with the standards, principles and values established regarding regulatory compliance.
- Ence and, in particular, its Board of Directors and Senior Management, will act and will demand that others act at all times in accordance with current legislation and the Crime Prevention and Detection Model.
- ENCE is committed to informing its directors, executives and employees of their **duty to inform and report in good faith**, through the established Whistle-blowing Channel, any irregular behaviour of which they are aware or suspect. ENCE guarantees, in all cases, the confidentiality of the whistle-blowers and the parties reported, as well as the absence of retaliation against whistle-blowers acting in good faith.
- ENCE will inform its directors, executives and employees of the **disciplinary system** applicable in the event of a breach of the Crime Prevention and Detection Model or the applicable internal regulations or, in the event acts are committed or behaviour displayed that could be classified as criminal, pursuant to the applicable collective bargaining agreements.
- Ence will provide an adequate framework for the **definition, supervision, monitoring and achievement** of the objectives of the Crime Prevention and Detection Model, by providing **sufficient financial and human resources** to carry out the compliance function.
- The Crime Prevention and Detection Model will be **disseminated** properly and continuously among ENCE's directors, executives and employees. The principles and rules composing it will be accessible to all members of the Organisation.

Likewise, the Crime Prevention and Detection Model relies, in terms of its effective application, on the actions of the following bodies and areas of the Organisation

- The **Compliance Committee** is a collective body that reports to the Audit Committee and autonomously exercises its powers of control over all areas of the Organisation, with special emphasis on prevention, supervision and review. It is comprised of the heads of the Directorate-General of Human Capital, the Directorate-General of Pulp Operations, the Directorate-General of Energy Operations, the Directorate-General of Finance and Business Development, the General Secretariat and Internal Audit Management.
- The **Audit Committee**, in its primary role of supporting the Board in the performance of its supervisory functions, reviews and supervises the Organisation's economic and financial information and the proper performance of the functions characteristic of Internal Audit Management and informs the Board of the results obtained Internal Audit Management in its analysis and assessment work.
- **Internal Audit Management** is another one of the Organisation's supervisory body, responsible for analysing, assessing and supervising the Organisation's internal control and risk management systems. The Internal Audit Statute establishes the possibility for this body assess any area of activity, process, project or transaction, not limited to economic or financial areas.

The Crime Prevention and Detection Model will be subject to **periodic review and continuous improvement** by the Compliance Committee, which continuously controls, monitors, assesses and updates compliance with the rules and procedures described in the Crime Prevention and Detection Model to ensure that it appropriately identifies and

describes all controls and monitoring measures established by the Organisation. In short, it is responsible for preventing or mitigating the risk of criminal activities occurring at ENCE, promoting action plans to rectify, update, generate or modify the measures and controls that form part of the Crime Prevention and Detection Model.

V. BASES OF THE CRIME PREVENTION AND DETECTION MODEL

Ence has developed a Crime Prevention and Detection Model consisting mainly of the internal regulations, methodologies, actions and systems listed below:

- **Code of Conduct:** it defines the ethical foundations of the Organisation necessary to achieve ENCE's vision, in order to create a solid corporate culture with which all of its stakeholders can identify and, on the other hand, allows ENCE to build a reputation as a company, with these ethical bases.
- **Crime Prevention Protocol (General and Special Sections):** It defines a Risk Management System for the Prevention and Detection of Crimes for the purpose of effectively and rigorously promoting an ethical corporate culture in relation to decision-making by the ENCE directors, executives and employees. This System includes measures and controls designed to prevent or mitigate as much as possible the risk of any criminal action being committed within the organisation and ensure at all times the legality of the acts performed by the Organisation's employees and executives in the performance of their professional activities.
- **Whistle-blowing Channel Procedure:** this procedure determines how the Whistle-blowing Channel implemented at ENCE operates. Through this procedure, any member of the Organisation, supplier or provider, regardless of their rank, responsibilities or geographical location, may report, with the utmost guarantees of confidentiality and without retaliation, any irregularity or behaviour contrary to the law, or to the rules and procedures established by ENCE within the Organisation.
- **Compliance Committee Procedure:** it regulates the composition, competencies and operation of the Compliance Committee, ensuring that it has autonomous powers of initiative and control to take decisions on compliance within the scope of the organisation.
- **Methodology for the assessment and identification of criminal risks:** this is the basis for identifying criminal risks according to the activity carried out by ENCE, as well as their assessment and prioritisation.
- **Financial resource management model:** ENCE has financial resource management models to ensure that the financial control and supervision measures are duly updated and maintained.
- **Compliance and crime prevention training:** for all directors, executives and employees.
- **Disciplinary system:** which will apply in the event of a breach of the Crime Prevention and Detection Model or of the applicable internal regulations, as well as in the event of the commission of criminal acts or practices, in accordance with the rules on offences and penalties envisaged in the Collective Agreements in force and in the Workers Statute or any other applicable rules.

These regulatory, operational and training instruments include this "**Criminal Compliance Policy**", all of which constitute ENCE's **Crime Prevention and Detection Model**.

VI. COMMUNICATION OF IRREGULARITIES

Persons defined within the scope of this Policy are obliged to report, through the Whistle-blowing Channel Procedure, any breaches or violations related to the Policy and other applicable internal regulations, of which they are aware or suspect.

VII. BREACH OF THE POLICY

All ENCE directors, executives and employees must comply with this Policy. However, both the directors and Senior Managers will be responsible for disseminating the contents of the Policy, as well as for supervising compliance with it, in each of their respective areas of activity.

Breach of this Policy may lead to the application of the appropriate disciplinary measures in accordance with ENCE's disciplinary system.

VIII. REVIEW, PUBLICATION AND ENTRY INTO FORCE

This Policy, as well as ENCE's Crime Prevention and Detection Model, will be subject to continuous review and improvement, especially when regulatory, social, business or any other circumstances so require.

This Policy was approved by the Board on 24 July 2018 and is available on the corporate intranet for mandatory compliance.

ANNUAL STATEMENT OF COMMITMENT TO THE CRIMINAL COMPLIANCE POLICY AND THE CODE OF CONDUCT

Ence, Energía y Celulosa, S.A. (“**ENCE**”) is committed, in accordance with the Code of Conduct and the Criminal Compliance Policy, as well as the other internal regulations comprising the Crime Prevention and Detection Model, to respecting the highest ethical standards in terms of compliance, as well as any other applicable regulations. This commitment extends to the dissemination of and training on the Model.

It is ENCE’s general policy that all directors, Senior Managers and employees comply with the policies, procedures and protocols implemented for the control and enforcement of current legislation on criminal compliance. Therefore, ENCE condemns any conduct that may be considered an act contrary to the law.

Breach of the Crime Prevention and Detection Model, as well as other applicable internal regulations, may lead to the imposition of the corresponding disciplinary measures in accordance with ENCE’s disciplinary system.

It is therefore the responsibility of each and every one of us to comply with, and enforce compliance with, the guiding principles of the Crime Prevention and Detection Model that govern ENCE’s professional activity.

I state that:

- I have received, read and understood the ENCE Criminal Compliance Policy and Code of Conduct.
- In carrying out my duties at ENCE, or in any of its subsidiaries, I have faithfully complied with the Criminal Compliance Policy and the Code of Conduct.
- I have disseminated the Criminal Compliance Policy and the Code of Conduct to my direct subordinates within the Company and have asked them to faithfully comply with it when performing their activities.

(*) *Where applicable.*

Signature.

Mr/Ms [*]

Date: