

CRIMINAL RISK PREVENTION PROGRAMME

IBERITAL DE RECAMBIOS, S.A.**CRIMINAL RISK PREVENTION PROGRAMME****CONTENTS**

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1. Introduction

IBERITAL DE RECAMBIOS, S.A. (hereinafter referred to as IBERITAL) is a leading national and international company that for over 30 years has developed, manufactured and marketed professional coffee machines and spare parts for coffee machines. IBERITAL also manufactures and markets its own coffee grinders and spare parts for other domestic electrical appliances.

Based on this reality, its activities and the business sectors in which it operates, and in compliance with Organic Law 5/2010, of 22 June, amended by Organic Law 1/2015, of 30 March, IBERITAL has implemented a Criminal Risk Prevention Programme. The purpose of this programme is to establish regulations, procedures and instruments that must be implemented to avoid and prevent breaches of criminal law that could be applicable to the company and its employees and adapt them to the new regulatory environment of criminal liability of legal persons. This programme was approved by the company's Board of Directors in a meeting on 15 November 2016.

Included in this regulatory development by IBERITAL is the Code of Ethics, which is considered as an essential reference document when structuring the Criminal Risk Prevention Programme.

2. Criminal Risk Prevention Programme

The aim of the Criminal Risk Prevention Programme is to provide the company with a control system that prevents crimes from being committed in the context of the company, ensuring compliance with applicable legislation. Through the programme, a suitable management and organisation model is adopted that could offer exemption or mitigation of criminal liability for legal persons with regard to criminal actions, depending on the situation.

The programme involves carrying out a process of analysis, review and supervision, through a variety of control measures applied to company activities exposed to risks of committing crimes established in the current criminal code. The aim is to strengthen instruments and prevent criminal risks from materialising, which the company would be exposed to due to its activities and business sector. With this aim, the Criminal Risk Prevention Programme identifies hypothetical criminal risks that could affect IBERITAL and establishes coordinated general and specific control measures to prevent the risks.

Special mention should be made of the Code of Ethics, which is binding to all company personnel and is the best method of ensuring no criminal risk arises. Thus, the document is the fundamental pillar of the programme and a reference to be consulted in the event of doubt.

2.1. Areas of risk

Continual specification and assessment of risks of breaching current legislation represent the fundamental pillars of the Criminal Risk Prevention Programme. The areas of criminal risk are liable to vary with changes in society or regulations that could arise in the future. In such cases, a re-assessment of the risks will be necessary.

After studying and assessing the company's activities, the areas of operation in which IBERITAL is currently most exposed to criminal risk and which are the focus of control and prevention activity include the following:

- Tax and social security obligations.
- Discovery and revealing of company secrets.
- Crimes of unfair trading, with product suppliers or service providers and with customers and consumers (including crimes of false advertising, fraudulent billing, abuse of privileged information and corruption between private parties).
- Processing of confidential data and information, protection of privacy.
- Computer systems and information technology.
- Crimes against intellectual and industrial property.
- Crimes against natural resources and the environment.
- Preparation and processing of economic and financial information and accounting.
- Bribes and influence peddling.

- Criminal bankruptcy (causing or aggravating the situation of bankruptcy, special agreements with creditors outside bankruptcy proceedings, hiding or disposing of company assets).
- Fraud.
- Corruption in international trade.

2.2. Scope of the programme

The programme is applicable to all companies in which IBERITAL has a majority shareholding, exercises control or has taken on responsibility for management, notwithstanding current legislation and the sovereign decisions of their respective organs of governance.

In the case of companies wholly owned by IBERITAL, the programme will be applicable directly; in all other companies, IBERITAL's representatives in the organs of governance and the organs of management will promote its adoption and inclusion in internal company regulations.

2.3. General risk control and prevention instruments

In order to prevent breaches of current law involving criminal risks, the company has implemented and is executing a series of general internal control and supervision instruments, with the aim of ensuring their dissemination and use among all company personnel. The instruments are the following:

- **Code of Ethics.** The Code of Ethics, approved by the company Board of Directors, is one of the main management instruments of

IBERITAL. It is the fundamental pillar for developing the corporate values the company strives to embed among its members and expressly includes the programmes and guidelines for conduct to be followed by all personnel.

- **Reporting channel.** Any company employee or stakeholder, such as a customer or supplier, can report possible breaches of the Criminal Risk Prevention Programme, the Code of Ethics and/or current legislation detected in the company or among its managers or employees. Reports should preferably be sent using the **suggestion boxes** located throughout company facilities, by which they will confidentially reach the Compliance Officer, the organ for supervision and control. They will then be passed on to the managers responsible for the different company departments and the Board of Directors.
- **Risk management and control policy.** IBERITAL's risk policy aims to establish principles and directives that ensure relevant risks that could affect its goals and activities are systematically identified, analysed, assessed, managed and controlled, based on uniform criteria and within the established risk levels. This task will be performed constantly and regularly by the company's managers and technicians in the scope of their respective competencies and will be the subject of discussion in regular quarterly meetings on the matter held with the Compliance Officer.

In this context, it is worth noting that the company organisation chart has the following departments: Sales Department, Purchasing, Marketing and Human Resources Department, Operations and

Finance Department, Technical Department and the Research and Development Department. Each department is headed by a manager responsible for its area of activity, and all the managers are members of the company's Management Committee.

Criminal risks to which the company is exposed are identified based on its activities in its markets and business sectors. The risks are identified in conjunction with the organ responsible for programme compliance and the managers from the different company departments, with continual advice from legal experts and taking into account company activities and possible risk scenarios.

The risks identified in the programme have to be assessed by the aforementioned persons in order to identify the areas and process with the greatest exposure to risk events. The risks are assessed according to their impact (the damage they can cause to the organisation if they occur) and their likelihood (frequency with which they can occur).

Effective prevention helps pre-empt improper conduct from the moment it starts to occur, thereby preventing the risks identified in the programme from materialising and crimes from being committed.

- **Quality and environment policy.** IBERITAL follows a policy aimed at promoting skilled professionals who are committed to maximising customer satisfaction and protecting and conserving the environment and natural resources. This policy must be understood and adopted by all company personnel, while managers, technicians

and directors represent the front line in adopting and complying with established guidelines.

- **External audit.** IBERITAL has its annual accounts verified by external auditors, as an instrument for obtaining improvements in the efficiency and security of procedures for preparing economic and financial information on the company, involving the adoption of international best practices.
- **Corporate responsibility and governance policy.** IBERITAL has voluntarily adopted a commitment to society, its workers, customers and suppliers and the environment that goes beyond its legal obligations. It is also committed to applying the most demanding principles of corporate governance with the ultimate aim of overseeing the interests of its shareholders and other company stakeholders. These commitments are reflected in the Code of Ethics, the basic pillar of the Criminal Risk Prevention Programme.
- **Transparency policy.** IBERITAL has adopted a commitment to transparency and constant information, consisting, among other actions, of developing and maintaining the corporate website, where all information of interest on the company is published, and the so-called 'employee portal', at <https://eplanv3.sudespacho.net/grupiberital>, which specifically publishes all information of interest to company personnel.
- **Supply of financial resources.** At the request of the Compliance Officer, IBERITAL will at all times provide the financial resources the organ considers necessary for preventing and detecting possible

crimes within the scope of risk described in this prevention programme and to mitigate the effects of any such crimes committed.

3. Control and supervision body (Compliance Officer).

To be effective, the Criminal Risk Prevention Programme requires an organ of control (Compliance Officer), with full powers of initiative and autonomy, to supervise its observance and carry out specific necessary measures to ensure it is adequately updated and executed.

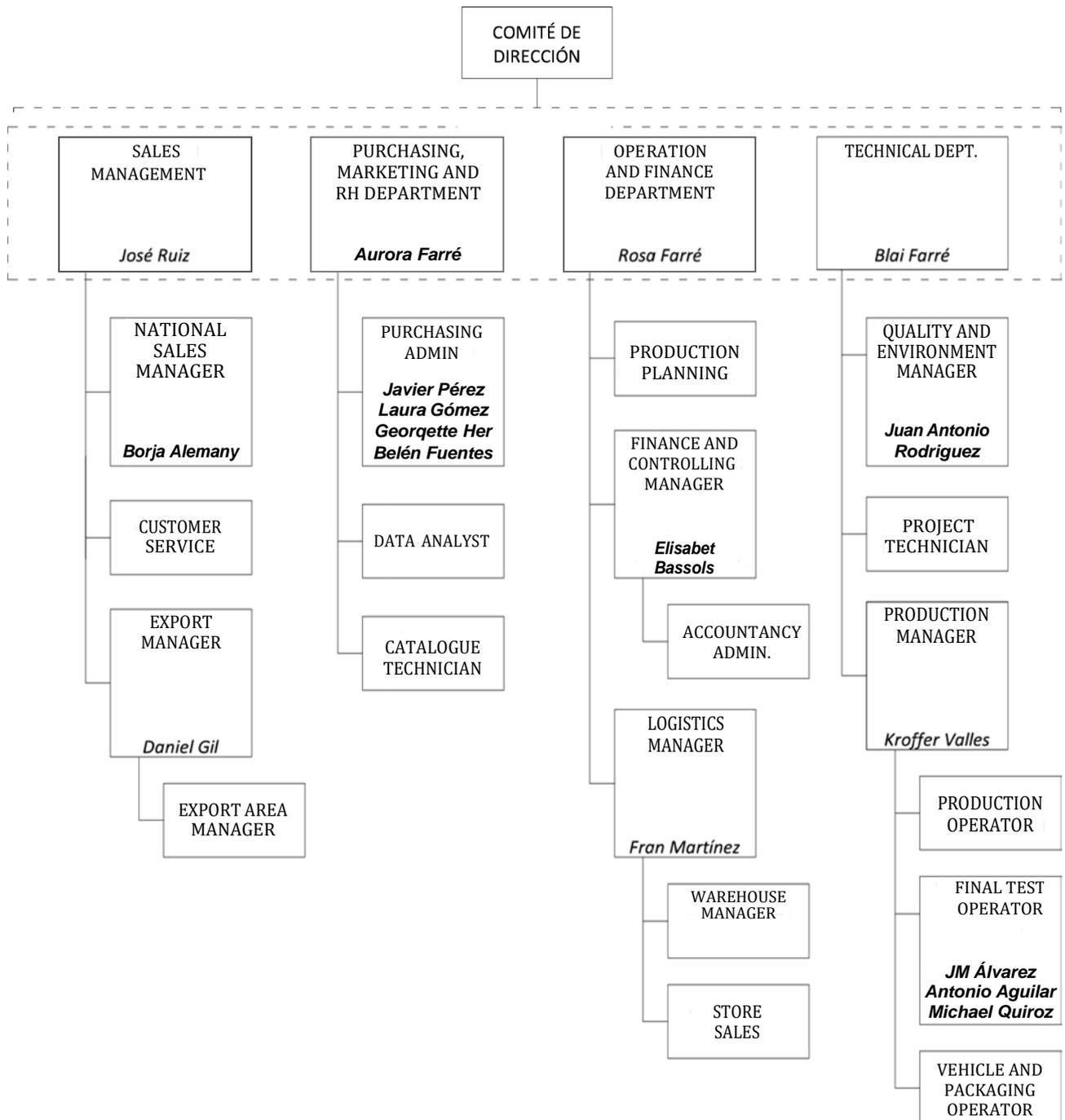
In the case of IBERITAL, in accordance with article 31 cont. of the current Penal Code, the position of organ of control has been given to the Purchasing, Marketing and Human Resources Department Manager, also currently member of the company's Board of Directors, who will maintain constant contact with company department managers and regularly inform the board of the effective development of the programme and of her supervision and control activities.

The Compliance Officer, as the organ of control and supervision, has the following competencies:

- Approving company policy or strategy with regard to crime prevention.
- Establishing the necessary organisation within to company to implement it.
- Ultimate supervision to ensure all the established goals are met.
- Drawing up the yearly reports on programme compliance, as referred to in section 8 of this document.

The Compliance Officer is also responsible for the regular supervision of the criminal risk control and prevention systems, so that the main risks can be identified, managed and disseminated among the company personnel.

This organ will receive reports of crimes, guaranteeing the confidentiality of all the information received, and will also receive regular information from managers and employees (in accordance with the organisation chart below):



3.1. Functions of the organ of control and supervision

The organ of control and supervision for the Criminal Risk Prevention Programme (Compliance Officer), as the party responsible for monitoring, observance and update for the prevention programme, has the following functions:

- Adopting and monitoring control measures associated with the area of criminal risk and prevention, and for ensuring observance and periodic revision.
- Assessing whether the adopted measures are sufficient and recommending implementation of updates considered necessary.
- Updating risks detected in the prevention programme, in accordance with changes in legislation and in the company itself.
- Assessing whether reports of crimes arriving through the reporting channel, or any other source that guarantees the rights of the persons involved, could lead to criminal risk and, if such is the case, initiate investigations into the events until they are clarified.
- Agreeing on the disciplinary measures to be imposed on breaches by the company or its personnel that could lead to criminal risk, in accordance with the established system and current labour law.
- Coordinating the work of dissemination and training for the Criminal Risk Prevention Programme so that it reaches all personnel in the company and others in which it has a stake.
- Acting as a valid spokesperson with the administrative and legal authorities and coordinating collaboration with them.

3.2. Composition and characteristics

The organ of control and supervision is a single person, currently one of the members of the company Board of Directors.

The aforementioned organ has the following characteristics;

- Autonomy and independence in decision-making with regard to management of criminal risks. The person comprising this organ may not participate in decision-making that could give rise to any type of conflict of interests.
- Integrity.
- Professionalism.

The organ of control and supervision will treat all information obtained with maximum confidentiality and must have free access to all the documentation required in performing their functions.

3.3. Communication of consultations and breaches

IBERITAL personnel and any other persons who can accredit a legitimate interest or relationship with the company, such as customers or suppliers, may present inquiries, doubts or suggestions on compliance and interpretation of the Code of Ethics to the organ of control and supervision (Compliance Officer). Furthermore, reports based on possible detection of crimes being committed or the likelihood of their being committed, possible

non-compliance with any of the principles in the Code of Ethics and any other breach of current regulations may also be presented.

The suggestion boxes are the communication channel available for these inquiries or reports.

In order for a report to be received and considered valid, it should include the following elements:

* Full name of the reporting person, with national identity card number or the corresponding identification code.

- Accurate, precise and provable arguments or evidence to support the report.
- The person or group subject of the report (including the company as a whole).

The Compliance Officer will maintain the confidentiality of the reporting party at all times, unless such information is required by administrative or judicial authorities.

The Compliance Officer will enter enquiries and reports received in a register established for this purpose. Actions performed and documentation generated in processing and resolving all entries will be kept up to date.

For enquiries, the Compliance Officer will attend and respond to them in writing to the enquiring party. For reports of breaches, the Compliance Officer will assess their validity and analyse them with the appropriate legal advice, on the basis of which they will perform the following actions:

- If potential criminal aspects are identified in the received report, the Compliance Officer will study the report and analyse and compile all information and evidence obtained in the investigation, with all necessary resources made available. All company departments or organisational units involved will help with the investigation, providing the Compliance Officer with all the information and documentation that could help clarify the case.

If necessary, the Compliance Officer may ask for more extensive legal advice, investigations and internal and/or external analyses in order to obtain all the information necessary to judge the possible accuracy and scope of the report.

Once the investigation has been concluded, if the report is rejected due to lack of solid evidence on its validity, the case will be closed and the reporting party informed, if the person's contact details so permit. Conversely, if the conclusion is reached that illicit conduct could exist, the organ of control and supervision, with the appropriate legal advice, will adopt the necessary measures in accordance with current legislation.

- If potential criminal aspects are not identified in the report. In this case the Compliance Officer will study the report and analyse and compile all the information and evidence obtained from the investigation, with all necessary resources being made available. All company departments or organisational units involved will help with the investigation, providing the Compliance Officer with all the information and documentation that could help clarify the case.

If the report is rejected due to lack of solid evidence on its validity, the Compliance Officer will close the case and inform the reporting party, if the person's contact details so permit.

The Compliance Officer will design an action plan for making decisions to correct the breach and establish preventative actions to ensure it is not repeated, if possible. This action plan will be drawn up in conjunction with company lawyers and the managers involved in its development and implementation.

4. Disciplinary system

An essential factor for the effectiveness of the prevention programme with regard to committing breaches or crimes is the existence of an appropriate disciplinary system, which regulates violations of the approved codes of conduct. Application of this disciplinary system is independent of the results of judicial proceedings, if they were to occur, as the code of conduct adopted by the company is completely autonomous and separate from legal consequences that could arise from the breach.

Failure to comply with the programme, the Code of Ethics and/or applicable legislation that generates a criminal risk could lead to disciplinary sanctions in accordance with current labour law.

The sanctions applied will take into consideration the following elements:

- Proportionality with regard to the breach committed.

- Consistency with the organisation's policies, regulations and disciplinary procedures.
- Applicability to all persons and areas involved.

5. Continual improvement and programme updates

Based on the investigation and resolution of breaches identified in the programme, regular reviews (at least once a year) will be conducted of the breached control activities in order to apply improvements in the design or establish new control measures.

The control and supervision organ is responsible for assessing risks and ineffective control activities in each of the concluded cases to determine the need to establish new control measures or improvements in the control measures that do not work effectively or whose design is inadequate.

The organ of supervision and control is also responsible for assessing the heads of the areas involved in defining and implementing corrective measures and reporting programme updates to all subsidiaries or associated companies that have adopted the prevention programme.

6. Dissemination and training

A key element for ensuring the Criminal Risk Prevention Programme is constantly updated and compliance can be demanded is the dissemination of the programme and supplementary documents. The programme must be properly disseminated throughout the organisation to ensure it is fully known and understood and to guarantee compliance. The control and supervision body is responsible for promoting initiatives to ensure adequate

dissemination of the programme, the areas of risk and the general principles of conduct contained in the Code of Ethics, for which the 'employee portal' will be used.

IBERITAL assumes responsibility for the permanent training of its personnel. This training is essential to obtaining a fully compliant corporate culture, as it is the first condition to ensure employees and managers are familiar with the code and understand it.

7. Information flows

All information regarding implementation of the programme in the areas of risk must be reported to the organ for control and supervision. In this context, all collaborating parties and, in particular, managers responsible for each company department are required to inform this organ of any suspicion or violation that could lead to criminal charges against the company, and any breach of the principles contained in the programme and the Code of Ethics.

8. Monitoring and supervision of the application of the Criminal Risk Prevention Programme

The Criminal Risk Prevention Programme must be adequately applied. This means that the organ of control and supervision, with the involvement of company managers, must establish the necessary controls to check that activities are carried out in accordance with the policies and procedures of the programme. Furthermore, appropriate measures must be established to update and ensure compliance with the programme.

Finally, as part of the programme, the control and supervision organ will draw up an annual compliance report assessing whether the policies and existing procedures are adequate for managing the identified risks. This report, together with all the documentation on the cases initiated, and information received from managers and employees, will be kept in company files.