

# **Ercros** **Code of Ethical Conduct**

Text unanimously approved by the Board of Directors of Ercros, S.A.  
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## **1. Purpose**

The purpose of this Code of Ethical Conduct is to set forth and explain the ethical principles and rules governing the conduct of those individuals that fall within the Code's scope of application in the development of their professional activity at Ercros.

## **2. Scope of application**

This Code will apply to the following individuals, regardless of their geographical location:

- Members of the Ercros Board of Directors;
- Members of the Ercros Management Committee;
- Any other person in the employ of Ercros, or of any other company over which Ercros exercises managerial control;
- Any individual or legal entity contracted by Ercros and for as long as the individual or company continues to provide the contracted service at Ercros; and
- Any other persons indicated by the Board of Directors.

## **3. Ethical principles**

The following principles are to govern the conduct of those individuals subject to this Code:

- Principle of compliance with and protection of applicable law, human rights and public freedoms, equal opportunities and non-discrimination, and the ethical values and principles of each culture;
- Principle of loyalty towards the company and integrity in safeguarding corporate interests, and;
- Principle of social responsibility towards the company's stakeholders (including employees, shareholders, clients, suppliers, neighbours and government bodies and authorities) and respect for sustainable development in relation to the health and safety of people and property alike, along with environmental protection and quality assurance for all products.

The following rules of ethical conduct have been shaped from these guiding principles:

## **4. Rules of ethical conduct**

### **4.1. Legislation, internal rules and voluntary agreements**

In the development of their professional activity at Ercros, company staff shall comply with applicable law, regardless of the country they work in, and shall refrain from any conduct that could harm the company's reputation and/or have a negative impact on its business activities and/or image.

Similarly, company staff must similarly observe the company's own internal rules and any policies, codes or procedures it may implement, together with any voluntary agreements signed by the company, particularly the Responsible Care<sup>1</sup> programme.

### **4.2. Human rights and public freedoms**

Ercros personnel must honour and protect the human rights and public freedoms enshrined in the Universal Declaration of Human Rights and in the Global Compact<sup>2</sup>.

In particular, Ercros employees shall uphold the abolition of child labour and forced or compulsory labour and shall undertake to respect freedom of association and collective bargaining and the rights of minority groups.

### **4.3. Equal opportunities and non-discrimination**

People working at Ercros shall treat each other with mutual respect and foster team work.

In terms of their responsibility, they must promote equal treatment between men and women and ensure effective equality.

They shall refrain from any conduct that could directly or indirectly cause any kind of discrimination, abuse or offence on account of the gender, race, skin colour, religion, nationality, social background, age, marital status, sexual orientation, beliefs, political opinion or any other personal, physical or social condition that could entail or favour a climate of aggression or intimidation, especially in relation to conduct that constitutes sexual harassment.

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<sup>1</sup> The Responsible Care programme is a voluntary commitment of the world's chemical sector, which, in the case of Spain, is being spearheaded by the Business Federation for the Spanish Chemical Industry (Feique). The aim of the initiative is to encourage the incorporation of social responsibility principles into corporate management. Ercros ratified the programme back in 1994.

<sup>2</sup> Ercros adhered to the Global Compact in 2002. The Global Compact is a voluntary initiative of the United Nations (UN) whereby companies undertake to adopt and implement certain fundamental values enshrined in ten universally accepted principles relating to human rights, labour relations, environmental protection and the fight against corruption.

#### **4.4. Reconciliation of family and work life**

People working at Ercros shall respect the family life of all personnel under their charge and shall likewise ensure that the latter enjoy the reconciliation safeguards in place within the company.

#### **4.5. Environmental safety and protection**

Ercros personnel must look out for their own safety and for the safety of third parties and property.

Similarly, Ercros personnel must be aware of the effects of the products they handle, particularly in relation to the health of people and the environment.

#### **4.6. Accounting record**

Ercros personnel shall ensure that all transactions carried out by the company are clearly and precisely reported in the accounts and that economic and financial information, particularly the contents of the financial statements, provides a true and fair view of the company's economic and financial situation and of its assets and liabilities, all the foregoing in accordance with generally accepted accounting principles and applicable international standards on financial reporting.

In particular, company personnel shall refrain from:

- Creating accounts that are not reported in the books;
- Failing to report completed transactions or reporting them incorrectly;
- Incorrectly reporting the nature or source of expense entries or reporting non-existent expenses; and
- Using false documents and deliberately destroying accounting documents before the deadline established in the law.

#### **4.7. Money laundering and payment irregularities**

In relation to financial and commercial transactions, Ercros personnel must pay particular attention to any possible lack of integrity by their counterparties, whether individuals or legal entities, the ultimate aim being to avoid money laundering stemming from unlawful activities<sup>3</sup>.

People working at Ercros shall cooperate with the authorities tasked with the fight against money laundering or the financing of unlawful activities, and shall provide any information required of them in accordance with applicable law. In addition, Ercros staff must, on their own initiative, inform the same authorities of any act that could constitute this kind of conduct.

#### **4.8. Gifts, favours and tokens of appreciation**

Ercros personnel may not directly or indirectly accept or offer gifts<sup>4</sup>, tokens of appreciation, services, or any other kind of favour from/to any person or entity, insofar as this affects their objectivity or has an unlawful bearing on commercial, professional or administrative relationships and dealings. Company staff must invariably refuse or return any such gifts, tokens, services or favours. If the act constitutes a serious offence for the offering person or entity, the worker's hierarchical superior must be informed.

In relation to supplier companies, personnel shall act with impartiality and objectivity, apply quality and cost criteria when purchasing products or services, avoid conflicts of personal and corporate interest, and forge relations based on reciprocity, mutual respect and trust.

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<sup>3</sup> Particular attention must be paid to the following activities, among others:

- Cash payments deemed unusual given the nature of the transaction, payments made by bearer cheques, and payments made in currencies other than that defined in the contract or agreement, or on the invoice;
- Payments made to and/or by third parties not mentioned in the corresponding contract or agreement;
- Any payment or debit charged to an account that is not the normal account for transactions with any given person or entity, provided the Ercros worker is unaware of the final use of the transferred funds;
- Payments to individuals or entities that reside in tax havens, or into bank accounts opened with branches located in tax havens;
- Payments to entities in relation to which their legal structure makes it impossible to identify their owners or final beneficiaries; and
- One-off payments not envisaged in the corresponding agreements or contracts.

<sup>4</sup> For the purposes of this Code, gifts or tokens must meet the following requirements in order to be deemed acceptable:

- When the purpose thereof is not to obtain any kind of benefit in return;
- When delivered or received under any generally accepted commercial practice or social courtesy;
- When they involve objects or tokens of mere symbolic value or when economically immaterial; and
- When legally permitted within the country in question and provided they reflect the ethical principles of the country's culture.

#### **4.9. Bribery and corruption**

In all their work-related relations, Ercros personnel may not:

- Offer any payment in cash or in kind, or any other benefit, to any person acting on behalf of public or private entities, political parties or candidates for public office, when the aim of the payment or benefit is to obtain, from or through such persons, business or any other unlawful gain for him or herself or for the company;
- Hand over money or other items of value in order to expedite or ensure the successful outcome of any given proceedings or act before any judicial, government or official body.

#### **4.10. Conflicts of interest**

People working at Ercros must honour the professional responsibilities imposed by the company and act loyally and in defence of its interests.

Should any person carry out an activity, for payment or not, that could conflict with the interests of Ercros, they must inform their immediate superior, thus allowing the company to decide and act accordingly on a case-by-case basis.

These activities must, in all cases, be lawful and compatible with the degree of responsibility that the worker has within the company.

Employees that carry out activities outside the company:

- May not use their status as an Ercros worker for personal gain in dealings with third parties; and
- May not directly or indirectly influence the company's decision-making in relation to any issue that interests them personally.

Ercros personnel are also prohibited from performing work or providing services for the benefit of other companies operating within the same sector, or which engage in business that could directly or indirectly compete with that of the company.

#### **4.11. Collaboration with administrative authorities and judicial powers**

Ercros personnel shall collaborate with administrative authorities and judicial powers on occasion of inspections or investigations that may affect the company and shall furnish any evidence required of them.

Likewise, company staff shall comply with administrative and judicial decisions and rulings, particularly when it comes to repairing or mitigating the damage caused by the company's business.

#### **4.12. Privileged, confidential or proprietary information**

Ercros personnel must treat as confidential any information to which they may be privy on account of their work, insofar as the information is not already public and is classified as privileged, confidential or proprietary. Disclosure or use of such information without authorisation, or for unauthorised purposes, will be treated as disloyal conduct towards Ercros.

Likewise, company personnel may not use any information to which they may be privy as a result of their work for personal gain or for fraudulent purposes.

People working at Ercros shall implement sufficient security measures to protect the privileged, confidential or proprietary information from any intentional or accidental unauthorised access, manipulation or destruction.

Upon termination of the working or professional relationship, employees must return to Ercros any privileged, confidential or proprietary information in their possession, regardless of the storage medium or device in question and including information stored on their computer terminal, with their non-disclosure obligations to remain binding after the relationship has ended.

#### **4.13. Transactions with Ercros securities**

Company personnel that have access to privileged<sup>5</sup> information may not engage in any of the following transactions, whether on their own behalf or as employee, and whether directly or through third parties:

- Prepare or carry out any kind of transaction with the shares or other negotiable securities of Ercros to which the information relates;
- Disclose such information to third parties, unless this results from the normal performance of his or her work; and
- Recommend any third party, based on the privileged information, to purchase or sell Ercros negotiable instruments or financial securities, or to use a third party to purchase or sell them on his or her behalf.

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<sup>5</sup> For these purposes, privileged information embraces any specific information on the company that is not already public and which, if made public, could influence the price of Ercros shares or other negotiable instruments.



#### **4.14. Personal data protection**

People working at Ercros may not use or disclose any personal data obtained from other workers or from the company's stakeholders.

They likewise undertake to implement the necessary security measures to guarantee the effective safekeeping of any personal data they may obtain on account of their work.

#### **4.15. Use and protection of assets**

Company personnel shall use the company's assets and resources with the strictly professional and will be responsible for protecting those entrusted to them as part of their work, undertaking to keep custody of them with all due care.

Similarly, company personnel may not misappropriate, or deliberately allow any third party to misappropriate, any kind<sup>6</sup> of resources, assets or items entrusted to them on account of their work.

#### **4.16. Transparency of information**

Ercros personnel undertake to foster transparency of information, both internally and externally, and particularly in relation to stakeholders.

Likewise, all information provided by staff must be clear and accurate. Under no circumstances may employees furnish incorrect, incomplete or inaccurate information, or any that could confuse or mislead the recipient.

#### **4.17. Fair competition and defense of competition**

Company personnel may not engage in any false advertising relating to the company's business and shall refrain from any conduct that constitutes, or could constitute, an abuse or impose unlawful constraints on the competition.

#### **4.18. Relations with stakeholders**

Ercros personnel undertake to foster cooperation and dialogue with the company's stakeholders and to maintain transparent and fluid dealings with them.

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<sup>6</sup> Personal or real property, tangible or intangible assets and the legal documents or instruments evidencing ownership or other rights over such assets.

#### **4.19. Donations and social projects**

People working at Ercros must ensure that all donations made on behalf of the company meet the following requirements:

- They must have been approved or authorised internally;
- They must be granted to entities of recognised standing and with an organisational structure in place that guarantees correct administration of the funds;
- They must be accurately reported in the company's accounting records;
- They may not be used as a means of concealing an undue payment or bribe; and
- They are not awarded to political parties or their representatives, unless expressly permitted in accordance with applicable law.

Insofar as possible, company personnel shall monitor the donation to ensure that it is put to proper use.

#### **5. Diffusion, acceptance and observance of the Code**

The Code of Ethical Conduct is binding on all persons included within its scope of application.

The Ethical and Social Responsibility Committee will facilitate the knowledge and diffusion of the Code of Ethical Conduct and will propose appropriate measures for its the effective application.

All Ercros employees must sign their acceptance of the values and principles enshrined within the Code and their commitment to safeguarding and promoting the guiding principles when carrying out their work. Similarly, the contracts of employment for new company recruits must include a clause confirming their acceptance and undertaking to honour and uphold the Code.

This clause will extend to any contracts that Ercros may sign with its product or service supplier companies.

Ercros must disseminate the Code of Ethical Conduct among its stakeholders and society in general through, among other channels, the company's website.

## **6. Breaches and violations**

Ercros personnel must report, to their immediate superior or, if prevailing circumstances dictate, to the Audit Committee directly, through the Ethical Channel procedure, any breach or violation of the Code of Ethical Conduct that may affect them personally or of which they may be aware.

Nevertheless, if the Internal Audit Service of Ercros known behaviors or acts that may constitute of breaches, can act on its own without there being any complaint.

No company employee, regardless of his or her hierarchical standing within the company, is authorised to require another employee to commit an illegal act or breach the terms of this Code. No employee may justify improper conduct, illegal or conduct that runs contrary to the Code by claiming that he or she was acting on orders or was otherwise unaware of the Code.

## **7. Oversight**

The Audit Committee is tasked with monitoring compliance with the Code of Ethics and with handling any claims that may be received in relation to possible violations of the Code through the Ethical Channel procedure.

The Audit Committee is also responsible for ensuring that people who report alleged breaches or violations in good faith are not subjected to any kind of reprisal or threat, and for ensuring that all cases it handles are kept confidential.

## **8. Regime of sanctions**

The person who contravenes the established in the Ethical Code will be subject of the disciplinary measures that the Direction of the company considers to be appropriate in accordance with the foreseen in the Collective Bargaining Agreement of the Chemical Sector or in the force legislation, as the case may be.

The imputation of false facts, realized with recklessness or intention to disregard the truth or to damage any employee or to the company, will be able to derive in penal or civil responsibilities in accordance with the legal system.

## **9. Validity and amendments**

This Code, and any successive amendments hereto, will take effect fifteen days from the date on which the Code or amendment in question is approved by the Ercros Board of Directors.

In order to take effect, the text of the Code and any subsequent modifications must be approved by the majority of Board members, following a favourable report from the Audit Committee.