



SEAT



**ANTI-CORRUPTION
GUIDELINES
OF THE SEAT GROUP**



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WHAT IS THE PURPOSE OF THE ANTI-CORRUPTION GUIDELINES?

The Seat Group, together with the Volkswagen Group, stands for sustainable economic activities and fair business practice, **absent of corruption**. For this reason, any corrupt conduct that may impact the company and its reputation, as it is proclaimed in the Code of Conduct of the SEAT Group, shall be combated and rejected.


Through this Guidelines¹ we are expressly giving ourselves an irrevocable commitment to core values such as **integrity, fairness, sustainability and partnership**. Each one of us, as employees² of the Group, must respect, without reservation, the principles and values of our company and, therefore, contribute to the protection of our surroundings before any corrupt practice.

Furthermore, through the Volkswagen Group, we are also actively involved in the UN Global Compact, a United Nations initiative to develop companies' social commitment. This commitment is also a sign of our own business understanding by performing socially responsible company actions.

In order to help you to identify and to avoid evidence or corrupt offences, we offer you this Guidelines in which, among others issues, we approach situations in which you may be involved eventually and we offer you advice on how to confront them.

Thank you for collaborating in the fight against corruption. **“Tú eres parte de todos”**.

The Executive Committee:



L. de Meo



H. Kintscher




X. Ros



Dr. A. Offermann



Dr. M. Rabe



Dr. A. Tostmann



K. Ziegler



R. Paredes

1 This Guideline shall be considered for the purposes of information only. Legal references included herein do not exclude or substitute the fulfillment of legislation in force.

2. The text will hereinafter refer to employees as male for the sake of clarity. Such references are to be understood as applying to both male and female employees. References are to male employees for editorial purposes only and have no other significance.



CORRUPTION IS FORBIDDEN WORLDWIDE WHAT DOES THE TERM “CORRUPTION” MEAN?

In the context of international legislation there exist different definitions of “corruption”. All of them are product of a broad consensus and are based on the principle that corruption is the **abuse of entrusted power for private gain**³.

In this sense, corruption exists when an employee makes use of practices prohibited for the securing of some benefit or advantage for the company, for himself

or for a third party. Among these prohibited practices we can name the offering of gifts of any kind or the granting of undue advantages with the intention of buying the decisions of a third party who may belong both to the public and private sector.

Corruption undermines the fair competition and thus directly injures the market, the price formation and consumers, as well as it seriously damages the corporate reputation.

legislation
offence
sanction
evidence
gift
money
contributions
conflict
INFRINGEMENT
favouritism
DEFAULT

³ Definition given by International Transparency: www.transparencia.org.

3

CONSEQUENCES OF CARRYING OUT CORRUPT PRACTICES

Corruption is not a symbolic crime or an inherent conduct in business, but it is a criminality form that must be taken very seriously and against which there is no other reaction than **zero tolerance**.

The non-observance of the international and national legislation regarding corruption could entail drastic consequences. Here are some of them:

CONSEQUENCES FOR THE SEAT GROUP AND THE VOLKSWAGEN GROUP

- / Sever fines
- / Ban on employing within the public sector
- / A sanction barring the applicants from obtaining public subsidies and financial support
- / Loss of the right to obtain tax or social security benefits or incentives
- / Civil liability to third parties
- / High lawyer's fees for legal advice and defense
- / Reputational loss and deterioration of the stock-exchange value of the Group

CONSEQUENCES FOR EMPLOYEES AND MANAGERS

- / Imprisonment
- / Special disqualification from the practice of industry and trade activities
- / Sever fines
- / Civil liability to third parties
- / Labor law consequences that could include sanctions and, where appropriate, dismissal



WHAT ARE TYPICAL SITUATIONS IN WHICH CORRUPTION OFFENCES MAY OCCUR?

The following examples illustrate some regular situations in which conflicts of interest or corruption may arise. In each section, a brief introduction is made, then a description of a situation is provided and finally advice on how to act is given.

Negotiation and contracting of business partners

Contracting of external advisors

For business development purposes, the company needs the intervention of external advisors, agents and intermediaries in general. These parties are usually hired for their specific knowledge of the products, market, applicable law, etc. In any case, all of them **shall meet the local and international legislation** and cannot be compelled to perform acts forbidden to the employees themselves.

Note that the SEAT Group and its employees may be liable for legal infringements incurred by third parties contracted. Therefore, it is essential to analyze the integrity of the advisors hired by means of the “*Business Partner Check*” (see page 22 of the Guideline).

Example:

As a SEAT manager, you are planning a project in a foreign market. However, you have lack of business expertise in this country, particularly concerning cultural peculiarities, administrative procedures and other basic conditions. Therefore, you decide to hire an external project manager.



WHAT ARE TYPICAL SITUATIONS IN WHICH CORRUPTION OFFENCES MAY OCCUR?

What should you do?

/ Always check first whether SEAT itself has any in-house expert and if you really need to contract an external advisor.

/ Select the advisor in a transparent and documented procedure. Check the integrity of the advisor through the “Business Partner Check”. Seek advice from the Compliance Department.

/ Conclude a written contract and ensure that the contract includes a detailed description of the services that the advisor is required to provide and that these have a legitimate purpose. Ensure that the considerations are equivalent and that the remuneration is in line with market conditions.

/ Inform the advisor about the Code of Conduct of the SEAT Group as a basis for the working relationship.

/ Before signing the contract, get it checked by our legal department and consider the possibility of incorporating a contractual compliance clause.

/ Pay all services once executed and after issuance of invoice. Reject any cash payment request.

Finally, we offer some **advice** to prevent legal infringements in the contracting of advisors and intermediaries, with the understanding that within **our Group it is forbidden for a sole person to conclude and sign an agreement or contract.**

1 Do not conclude or sign any “Advisory contracts” without object or which do not detail the real advisory services to be provided.

2 Do not conclude or sign any contracts which contain a fee (“commission”) that does not correspond to a detailed list of services to be provided or are too vague.

3 Do not conclude or sign agreements with advisors leaving the impression that they could use any means (legal or illegal) to complete the task.

Hidden Commissions

Hidden commission contracts can foster bribery. These terms of payment are also referred to as kickbacks. A kickback payment occurs, for example when a previously contracted agent pays part of the excessive service fee back to the employee's account. Usually, these repayments are kept secret.

Example:

SEAT is participating in a tender for a major project. An intermediary comes forward and offers support. He claims that if an additional fee is paid, he will ensure that SEAT wins the tender. The intermediary offers to return a share of the fee to you (the kickback) if you agree to pay the fee and arrange for its payment.

What should you do?

- / Decline the offer. The use of business relationships of the company for own benefit is prohibited.
- / Inform Internal Auditing through the Transparency Channel (transparencia@seat.es) or the Ombudsman about the incident.
- / End all business relations with this intermediary and document the incident in the records.
- / Compare the tender conditions with the final conditions for the awarding of contracts, and check whether your refusal to pay the fee has a negative impact on how SEAT will be assessed.





WHAT ARE TYPICAL SITUATIONS IN WHICH CORRUPTION OFFENCES MAY OCCUR?

Favouritism

Favouritism is often linked to corruption. This involves a person using a position of power to obtain an advantage for a family member or acquaintance.

Example:

As an employee of the SEAT Group you are negotiating an important order form with several business partners. One day a business partner's representative meets with you and asks you to place his offer in a better position than the other offers. In return, the business partner offers you to arrange a trainee-ship for your nephew at his company without going through the regular application process.

How should you react to this offer?

- / Decline the offer.
- / Inform Internal Auditing through the Transparency Channel (transparencia@seat.es) or the Ombudsman about the incident.
- / Document the incident in the records.
- / Continue the contract negotiations with a different business partner's employee, or directly, with the rest of the business partners.

Granting of administrative authorizations

It shall be avoided to carry out corrupt practices within the administrative proceedings in which the SEAT Group participates and, in particular, within procedures for the granting of authorizations or issuance of official approval certificates.

Example:

The SEAT Group intends to launch a new model in a foreign market. This requires a business activity license issued by the relevant foreign authority. An official from the responsible authority visits the facilities and conducts tests on the vehicles and indicates a number of alleged deficiencies. The foreign official makes it clear that the license will only be granted if a “fee” is paid directly to him in cash.

What should you do?

- / Refuse to make any payment and let the official know that payments will only be made upon receipt of a verifiable invoice.
- / Take note of the name of the official.
- / Document the incident in your records.
- / Inform Internal Auditing through the Transparency Channel (transparencia@seat.es) or the Ombudsman about the incident.





WHAT ARE TYPICAL SITUATIONS IN WHICH CORRUPTION OFFENCES MAY OCCUR?

Facilitation Payments

Facilitation payments are relatively small amounts which are normally paid to officials in order to accelerate routine official procedures to which the citizen has a legal entitlement. As a form of corruption, facilitation payments are prohibited and may result in prosecution. The SEAT Group and the Volkswagen Group expressly forbid the provision of facilitation payments.

Example:

Urgently required manufacture parts, requested by the Production area, have been held up at customs clearance for a long time. You, an employee of the SEAT Group, contact a custom official who informs you that the only way to avoid further delays is to pay him an amount in cash.

What is the right thing to do in these cases?

- / Reject all suggestions of this nature. Ask for the official's name and demand to speak to his/her superior.
- / Tell the official that the course of action proposed is unacceptable for the SEAT Group and violates criminal regulations. State, firmly, that any payments will only be made upon receipt of the corresponding official invoice and never in cash.
- / Inform Internal Auditing through the Transparency Channel (transparencia@seat.es) or the Ombudsman about the incident.
- / Inform the competent authority about the incident, providing the name of the officer.
- / Document the incident in your records.

EXCEPTION

OFFICIAL FEES:

in some cases it is possible to accelerate procedures in exchange for payment of an official additional fee. These are legally permissible and may only be carried out in exchange for a proper invoice/ receipt.

Contributions made to officials and business partners

In many countries, social practices provide that guests may give officials or business partners, small and/or personal gifts. You may have probably experienced such situation at work and you may have wondered how to react properly. On the one hand, you may have not wanted to seem rude by not offering or accepting gifts, but on the other hand, you may have wanted to avoid any suspicion of corruption.

The SEAT Group has designed several internal regulations and standards governing the offer or acceptance of gifts and invitations within the business relations (AG 15 on prevention of conflicts of interest and corruption and AG 18 on gifts and invitations by SEAT to employees and third parties). This standard aims at mitigating the risk of offering or accepting gifts and invitations to be considered as a corruption case.

Gifts to officials

Who is considered to be an official or a politician?

Officials and public office holders

are employees of the public sector or international organizations, or holders of

public offices (judges, prosecutors, police, etc..) and, in general, people who perform public services or people appointed by government authorities or other entities to carry out tasks for the government on its behalf, either personally or through private or mixed companies authorized for this purpose (e.g.: homologation or type approval companies with official effects).

Political offices are members of the national, regional, local and municipal government and members or employees of both national and foreign political parties.

In respect of regulations, What counts as a contribution or a gift?

- / Regular social accepted gifts, on the occasion of a birthday or anniversary
- / Merchandising gifts
- / Invitations to sport, cultural events or of any other nature.
- / Atypical discounts (non-standard)



WHAT ARE TYPICAL SITUATIONS IN WHICH CORRUPTION OFFENCES MAY OCCUR?

Why can making contributions to officials be problematic?

Making contributions to officials could be seen as a form of corruption. In most countries, more rigorous regulations apply to dealings with officials than with business partners, mainly to ensure transparency and impartiality of the Public Administration⁴.

In order to ensure the adequacy and appropriateness of gifts to this group, the SEAT Group has designed a control mechanism: **the giving of a gift necessarily requires the approval of the Compliance Department regardless of its amount**⁵.

An example of a corrupt action is described below.

Example:

Before making a fleet sale to a public administration, SEAT provides a vehicle to the public official free of charge, for unlimited private use, for an indefinite time and for no apparent reason.

How should you act?

- / Avoid offering gifts to those responsible for the Public Administration which could give the impression that you are trying to influence his decision.
- / If you become aware of such situations, inform Internal Auditing through the Transparency Channel (transparencia@seat.es) or the Ombudsman.
- / Check internal standards on temporary assignment of vehicles to third parties⁶ that may be applicable.

4. In Spain, the Act 19/2013, dated December 9, on Transparency, Access to public information and Good governance and the Act 7/2007 dated April 12, of the Basic Law Statute of Public Employees regarding this matter are particularly applied.

5. See section 7 of the internal standard AG 18 listed on the last page of the present Guideline.

6. See internal standards AG 60.11 and AG 60.12 on the last page of the present Guideline.

Gifts to business partners

Giving gifts to business partners could be regarded as an act of corruption if the purpose of such action is to alter market rules, violating the rules governing the competition.

The SEAT Group has established a control mechanism⁷ for gift offering to business partners, based on the nature of the gift and authorization levels according to the amount.

IN ANY CASE, IT IS FORBIDDEN TO OFFER:

- / Illegal, immoral or other kind of gifts that may impair the image or reputation of SEAT.
- / Monetary gifts, such as cash or bank transfers.
- / Gifts that can be appreciated by an objective observer as made with the intent to affect the fairness criterion of the receptor or cause him/her to make illicitly specific decisions.



7. See section 6 of the internal standard AG 18 listed on the last page of the present Guidelines.



WHAT ARE TYPICAL SITUATIONS IN WHICH CORRUPTION OFFENCES MAY OCCUR?

Sponsorship and donations

The SEAT Group, as well as the Volkswagen Group, supports organizations and events worldwide through sponsorship and donations. These important measures are a proof of our commitment and social responsibility. They also strengthen the SEAT brand.

/ Sponsorship means supporting people, organizations or events through money, goods or services with the purpose of promoting one's own brands and products.

/ Donations are voluntary payments in the form of money or goods made by the SEAT Group in favour of third parties by which the company usually obtains tax benefits.



In the context of sponsorship and donations, several situations that could be deemed to be corrupt, may arise:

Example:

You are the budget responsible of a project abroad. Once the project is underway, a government official approaches you and asks you to make a donation to his private foundation. He adds that the providing of a donation would significantly facilitate the project's progress.

How should you react?

- / Refuse this request.
- / Document the incident and inform Internal Auditing through the Transparency Channel (transparencia@seat.es) or the Ombudsman.
- / In the follow-up period, observe whether any unexplainable difficulties arise on the part of the government during the implementation of the project.
- / If this is the case, you should discuss with your superiors the measures to take and, in any case, escalate the incident with the official's superiors.





WHAT ARE TYPICAL SITUATIONS IN WHICH CORRUPTION OFFENCES MAY OCCUR?

In order to protect the company and its employees from the risk of a sponsorship or donation be considered a corrupt practice, **the Sponsoring, Donations and Tickets Committee of the SEAT Group** evaluates the projects.

THESE ARE THE BASIC CRITERIA THAT APPLY TO SPONSORSHIPS AND DONATIONS:

- / Sponsorship and donations shall not be used to obtain any dishonest advantage for the SEAT Group or serve any dishonest purpose.
- / Sponsorship and donations shall always be carried out in a transparent manner, and shall be properly documented.
- / Sponsorship and donations shall not damage the SEAT Group's image.
- / Payments made into private bank accounts are not permitted.
- / Each case of sponsorship and each donation shall be in line with the SEAT Group principles and values.
- / Sponsorships shall pursue a defined business purpose.

Shares in other companies

Conflicts of interest exists when the interests of the SEAT Group may be compromised by private interests of employees or people related to them, such as a spouse or similar relationship, relatives and those close to them⁸.

and/or holding of shares in other companies that may cause a conflict of interest with the SEAT Group and the Volkswagen Group.

All employees shall notify the company their performance of complementary activities

8. For further information, consult the Organization Manual AG 15 on prevention of conflicts of interest and corruption.

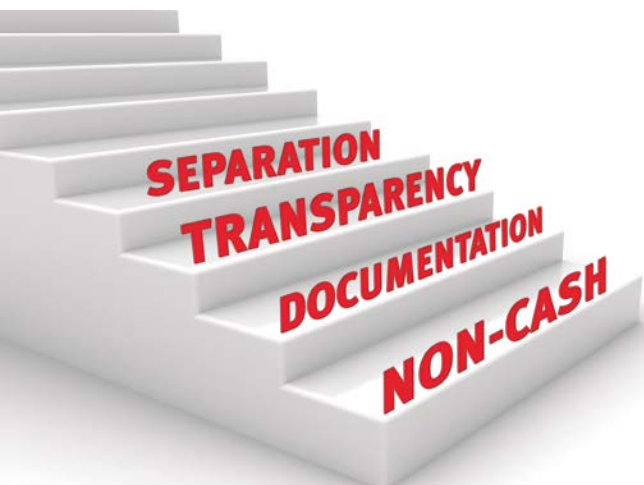
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GENERAL PRINCIPLES OF ACTION TO PREVENT CORRUPT PRACTICES

In order to protect yourself and the Group from sanctions detailed in section III of this Guideline titled “Consequences of carrying corrupt practices out”, you must act in the line of the following principles:

GENERAL PRINCIPLES OF ACTION:

- / **Separation principle:** business connections shall not be used to your own (or to third parties) advantage or to the disadvantage of the company.
- / **Transparency principle:** all business transactions shall be conducted in a transparent manner.
- / **Documentation principle:** Transactions and procedures shall be documented in writing, particularly with regard to services rendered and payments made, so that the traceability of all transactions is guaranteed.
- / **Non-cash principle:** Payments shall never be made in cash; they shall be made by bank transfer. Pay especial attention when the recipient’s account is with an offshore bank.



Below you can find the golden rules that may help you to conduct safe business in your everyday work on behalf of the SEAT Group:



DO NOT...

- ... **mix** private interests with the interests of the SEAT Group.
- ... **give or accept** monetary gifts.
- ... **make or accept** any kind of contribution if it may give rise the suspicion that you are only doing so to receive something in return or to grant something.
- ... **make** contributions to officials without seeking prior permission from Compliance.
- ... **offer** regular gifts to the same person.
- ... **make** payments without having received a verifiable invoice.
- ... **accept** performance fees in contracts to provide services consisting of percentages calculated based on the volume of order that do not provide a peak (see page 7, "Hiring of external consultants").



DO...

- ... **always conduct** business in a transparent manner.
- ... **always ensure** that services rendered and remuneration are commensurate.
- ... **check**, before you accept or make a contribution, whether it is socially adequate to accept to and obtain the corresponding authorizations.
- ... **consult** always Compliance in advance in case of any doubts.
- ... **ask** yourself if you could be able to defend a decision publicly, before making the decision.
- ... **verify** whether your business partner's bank account is located in its registered office's country or where the services are rendered.
- ... **document** the business relationship which shall always be based on a written contract with a detailed description of the services to be rendered.



MEASURES OF THE SEAT GROUP TO EFFECTIVELY COMBAT CORRUPTION

The SEAT Group has designed tools and processes to prevent corrupt practices. Among them there are included the following:

Training and Information Activities

The prevention strategy of the Compliance Department of SEAT includes training and information activities.

With regard to the prevention of corruption, employees have at their disposal an **online course on prevention of conflicts of interest and corruption**, which aims at offering support, through practical examples and interactive exercises with answers to questions related to corruption.

In addition, the Compliance Department provides **training and information sessions**

on issues related to corruption and conflicts of interest. All those areas which may be interested in attending a classroom session given by the Compliance Department should send an email to the mail address: compliance@seat.es.

Finally, more information on this subject is available in the **SEAT Group's intranet** section: Governance, Risk & Compliance.





MEASURES OF THE SEAT GROUP TO EFFECTIVELY COMBAT CORRUPTION

Business Partner Check

The relationship between the SEAT Group and each of its partners shall be in line with the ethical values of integrity, fairness, transparency and good faith. In order to preserve these values and protect our reputation we shall get to know our business partners and verify their integrity. Therefore, before entering into a trade relation, **the SEAT Group assesses their potential suppliers, distributors and other partners** carefully through an integrity analysis procedure, also known as “Business Partner Check” focused on the collation and management of certain

information concerning each of the new business partners in the Group.

Thus, relationships with potential business partners and possible risks related to their lack of integrity and the possible violation of current legislation on competition, and money laundering in relation to corruption offenses are analysed. All so that directed to address them appropriately.

Should you have any doubts regarding the integrity analysis procedure, please contact the [Compliance Department](#).



Consultation channels

The SEAT Group and the Volkswagen Group make available to all employees, business partners and third parties the following consultation channels to answer any questions or concerns related to corruption issues:

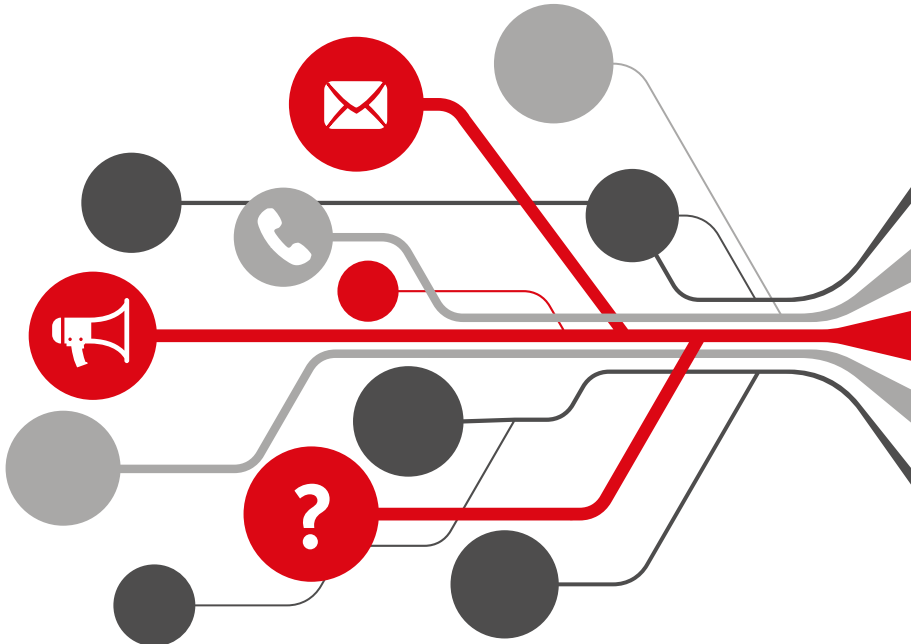
/ **The Compliance Department** of the SEAT Group, whom you can contact via email

✉ compliance@seat.es

/ **The Anticorruption Officer of Volkswagen AG** whose position is occupied by the Head of the Group's Internal Audit, who can be contacted by means of the following media:

☎ **+49 5361923488**

FAX: +49 361-939309





MEASURES OF THE SEAT GROUP TO EFFECTIVELY COMBAT CORRUPTION

Whistleblowing channels

The SEAT and Volkswagen Groups make also available to all employees, business partners and third parties the following whistleblowing channels:

/ The Transparency Channel of the Internal Audit Department

The Internal Audit Department makes available a Transparency Channel, through which irregular conducts that may be harmful to the interests of the SEAT Group and/or the Volkswagen Group, whether as for violation of the laws, internal standards or general principles of the Code of Conduct, can be reported.

✉ transparencia@seat.es

The Internal Audit Department treats all information received as highly confidential.

Furthermore, there will be no retaliation by the SEAT Group against the whistleblowers who have in good faith reported the incidents.

For further information on the operation of the Transparency Channel, you can use the free phone number is ☎ **900103220**

/ Ombudsman System of the Volkswagen Group

The Volkswagen Group created in 2006 the Ombudsman System as a whistleblowing channel to denounce corruption indications. The SEAT Group, as part of the Volkswagen Group, uses this system as well.

The Ombudsmen are two external lawyers bound by professional secrecy who receive, study and treat the information provided by employees, business partners or third parties, and offer them a protected space, maintaining the anonymity of the whistleblower and guaranteeing maximum confidentiality regarding the information and documentation provided⁹. Therefore, the name of the whistleblower shall only be notified to Volkswagen AG once given prior express consent by the same.

9. Evidence of corruption can be transmitted in any of the official languages of the Volkswagen Group: Spanish, English, German, Portuguese, Czech, Chinese, Italian, French, Japanese and Russian.

The contact information of the Ombudsmen is as follows:

Dr. Reiner Buchert ✉ dr-buchert@dr-buchert.de ☎ +496971033330 / +496105921355

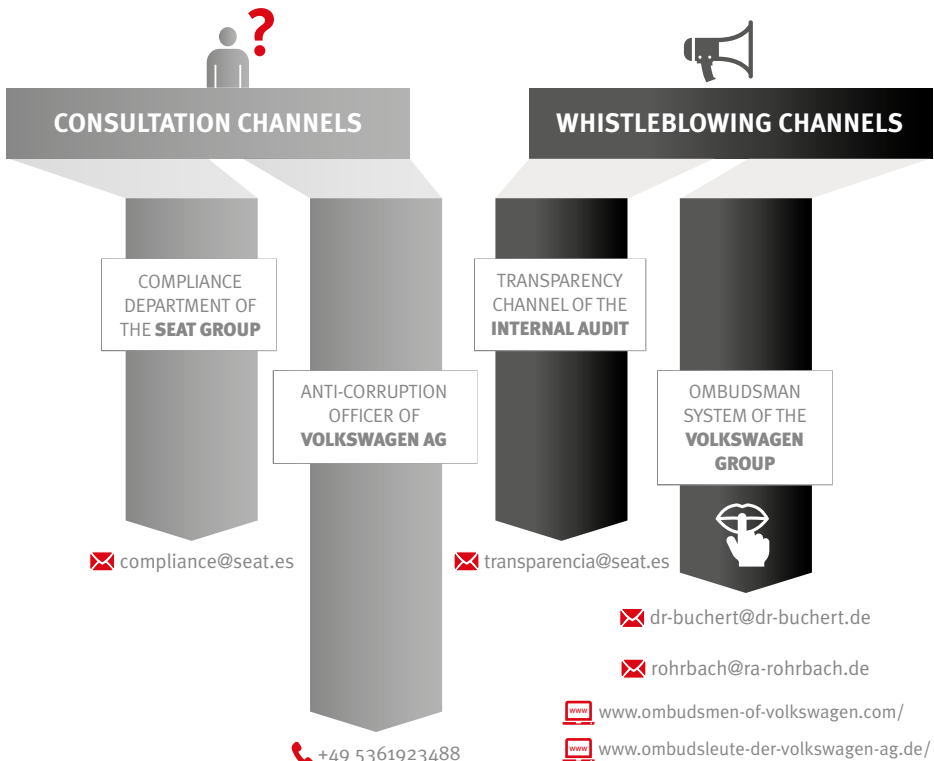
Dr. Thomas Rohrbach ✉ rohrbach@ra-rohrbach.de ☎ +496965300356

<http://www.ombudsmen-of-volkswagen.com/>

<http://www.ombudsleute-der-volkswagen-ag.de/>

For more information about the Ombudsman system, see the Volkswagen website: http://www.volkswagenag.com/content/vwcorp/content/en/the_group/compliance/ombudsmann_system.html.

In the case of any suspected misconduct or evidence of corruption, please immediately report the incident through the Ombudsman System's Transparency Channel.





RELEVANT PUBLICATIONS ON ANTI-CORRUPTION

Internal Standards

- / Code of Conduct of the SEAT Group
- / Organizational Manuals:
 - / AG 35, general guidelines on risk management, internal control and compliance.
 - / AG 15, prevention of conflicts of interest and corruption.
 - / AG 17, donations.
 - / AG 18, on gifts and invitations by SEAT to employees and third parties.
 - / AG 60-11, request, authorization and return of business vehicles.
 - / AG 60-12, maintenance, consumptions, and servicing control of company vehicles.
 - / AG 80, sponsorship.
 - / AD 50-17, prevention of money laundering and financing of terrorism.

National

- / Organic Act 10/1995, dated November 23, of the Spanish Criminal Code
- / Act 19/2013, dated December 9, on Transparency, Access to public information and Good governance
- / Act 7/2007, dated April 12, of the Basic Law Statute of the Public Employees
- / Royal Legislative Decree 1/1995, dated March 24, of the Worker's Statute

International

- / Summaries of the International and Community anti-corruption legislation against corruption:
<http://eur-lex.europa.eu/homepage.html?locale=en>
- / Decalogue of Principles of Transparency and Corruption Prevention for Business (International Transparency, Spain 2012) http://www.transparencia.org.es/VERSION_ENGLISH/Principles_Prevention_Corruption_Business.htm



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