

# Conflicts of Interest Policy

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*ITP Aero is part of the Rolls-Royce group of companies and is subject to the same standards of behaviour as the rest of Rolls-Royce. ITP Aero has adopted this Policy based on the equivalent Rolls-Royce Group Policy. This Policy is mandatory and applies to all employees and workers of ITP Aero, including the parent company and all its subsidiaries. This Policy sets the minimum standard that must be followed. Where local laws, regulations or rules impose a higher standard, that higher standard must be followed.*

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*ITP Aero Proprietary Information*

## Introduction

We seek to avoid Conflicts of Interest but, where they occur, we manage them by making appropriate reports to our management and abiding by the suggested actions to help resolve or manage the Conflict of Interest. Examples of potential Conflicts of Interest can be found in a separate guidance note on the *ITP Aero* intranet Ethics & Compliance site.

ITP Aero is part of the Rolls-Royce group of companies and so is subject to equivalent standards of behaviour to the rest of Rolls-Royce. ITP Aero has adopted this Conflicts of Interest Policy (“Policy”) based on the Rolls-Royce Global Conflicts of Interest Policy. It contains the same fundamental requirements, but is appropriately amended to reflect the fact that ITP Aero remains a corporate entity and does not have access to all of the Rolls-Royce policies, processes and systems, which rely upon a network connection. In spite of this, ITP Aero administrators, directors, employees are expected to adhere to these equivalent standards.

This Policy is mandatory and applies to Board of Directors, senior management and employees of ITP Aero and its subsidiaries (referred here collectively as “ITP Aero” or “Company”). It also applies to third parties, such as promoters, agents, consultants and brokers representing ITP Aero. This Policy sets the minimum standard that must be followed. Where local laws, regulations or rules impose a higher standard, that higher standard must be followed. Breaches of the ABC Policies, including this Policy, is considered a failure to comply with work obligation and may result in disciplinary action up to and including dismissal.

### This Policy:

- Provides a framework for our approach to disclosing, managing and recording Conflicts of Interest
- Sets out our Conflicts of Interest standard

#### Your responsibility

To read, understand and comply with this Policy;

Raise any questions or concerns you might have. There is advice on how you can do so in Section 2.

#### Your manager’s responsibility

To understand this Policy and make sure that they do not ask you to work in a way that contravenes it.

*ITP Aero Proprietary Information*

## Common terms

### Conflict of Interest

Any relationship, (personal or professional), influence or activity that may affect or appear to affect the personal interests of a member of the management bodies, senior management or employee and that adversely affects the subject's ability to:

- Make fair and objective decisions when performing their jobs; or
- Act in the best interests of *the company*

Personal interests are considered to be one's own interests and the interests of Related Persons, which may be of an economic or professional nature.

ITP Aero has the following types of conflicts of interest:

- **Real conflicts of interest:** the subject faces a real and existing conflict.
- **Potential conflicts of interest:** the subject is or could be in a situation that could give rise to a conflict of interest.
- **Perceived conflicts of interest:** the subject is or could be in a situation that could be perceived as conflicting although in fact it is not.

### Related Person

Related Person is defined as:

- a. The spouse, stable domestic partner, or any person who may be considered equivalent by the legislation in force.
- b. First degree relatives by blood or affinity of the affected persons (children, parents, stepchildren, in-laws, or any person who may be.
- c. Relatives in first degree by consanguinity or affinity of the affected persons (children, parents, stepchildren, in-laws, or any person who may be considered equivalent according to current legislation).
- d. Other family members or, in general, persons whose ties involve a community of interests with the affected person.
- e. Legal entities or private entities, to which the family members referred to in paragraph b., are linked by an employment or professional relationship, if it involves the exercise of management, advisory or administrative functions.
- f. Legal entities or private entities to which the person has been linked by an employment or professional relationship of any other type in the previous two years.

- g. Persons with whom you have a pending litigation matter.

### Conflict of Interest Report

Any written report detailing a Conflict of Interest that may arise, indicating:

- a. Nature of the Conflict of Interest
- b. Actions taken to manage resolve or eliminate such Conflict of Interest.

There is no mandatory format, but a template can be found on the ITP Aero intranet on the Ethics & Compliance site.

### State-Owned Company

Any company that is owned or controlled by a Government or a Government agency in a proportion of more than 49.5%, either directly or indirectly. Any entity owned or partially controlled by more than one Government shall be a state-owned enterprise if the combined ownership or control exceeds 49.5%, even if no single Government owns more than 49.5%.

### Public Representative

This term includes all of the following persons:

- Officer or employee, or anyone acting on their behalf, of any department, agency or instrument of a government (at any level), including foreign governments. This includes (but is not limited to) employees and members of the military, para-military, security

services, police force, customs, border patrol, legislatures and judicial system of any country;

- Employees of a company in which the State has a shareholding of more than 49.5%
- political party and any officer, employee or other person acting on behalf of a political party
- candidate for public office;
- elected political representative;
- member of a ruling or royal family;
- officer of any body, whether public or private, that has delegated powers to administer public funds;
- officer or employee of a public international organisation (e.g., the United Nations, the World Bank);
- special adviser to governments, or individual government officials, whether paid or unpaid, formal or informal; and
- family member of any of the above

### Line Manager

Superior to whom the employee reports.

### Company

This means any company within the ITP Aero group, including the parent company (Industria de Turbo Propulsores S.A.U.) and its wholly owned subsidiaries or any other company in which they have a controlling and/or majority shareholding.

### ITP Aero

This means, as applicable, either the whole ITP Aero group or any Company thereof as defined above.

# 1. ITP Aero Conflicts of Interest Policy

## 1.1. Introduction

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A professional conflict of interest exists in any of the following circumstances:

- If, in the performance of his or her duties, a member of the management body, a director or an employee must make a decision in which his or her private or family interest is, or may be, involved, which may affect his or her impartiality.
- If a member of the administrative body, manager or employee maintains his or her own activity, outside the company, from which damages may be derived for the company, either in terms of loss of business, loss of profits or corporate image.

The evaluation criteria for determining the existence of a potential conflict of interest are as follows:

- External perception: if a third party had knowledge of the facts, could he/she understand that he/she has given a favourable treatment or that he/she has obtained an advantage?
- Impact: Is the activity likely to harm the company or a customer or other subject person?
- Objectivity: could the situation affect the subject person's objective capacity to

make a decision in the exercise of his/her professional activity?

The principles of action on which this Policy is based are the values of the Code of Conduct of ITP Aero as the benchmarks that guide the actions of all entities of ITP Aero in anti-corruption matters, aligned with the standards of ISO 37001, on Anti-bribery Management Systems. On the Ethics and Compliance site you will find a guide with additional information that will help you identify potential conflicts of interest and criteria for action.

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## 1.2. Guiding Principles

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The decision making process must be in accordance with the following essential principles;

To be objective, in accordance with a criteria of impartiality.

Always put the interest of ITP Aero before any personal interest or benefit of one or more members.

Avoid obtaining advantages for oneself or for Related Persons due to the position held within ITP Aero.

Avoid engaging in activities outside the company in which he/she may incur in unfair competition with it, either personally or through Related Persons.

Avoid participating, either personally or through Related Persons, in governing bodies of other entities that may collide with the interests of ITP Aero.

### **1.3. Obligations of ITP Aero employees:**

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1.3.1. Try to avoid any Conflict of Interest. In the event that an actual or potential Conflict of Interest situation arises, you shall:

- a. inform his or her direct superior without delay of any potential or supervening risks and incompatibilities in which he or she may be involved in the course of his or her activities;
- b. submit a Conflict of Interest report to the Ethics & Compliance team.
- c. undertake actions to eliminate or reduce the Conflict of Interest, agreed with his or her Direct Superior and the Ethics & Compliance Area.

1.3.2. Communicate to the Ethics & Compliance team, through the Ethics Line, when becoming aware of any conflict of interest situation within the Company or when

in doubt as to whether personal and professional interests may be conflicting.

### **1.4. Heads:**

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**ITP Aero Heads are responsible for assessing and managing any actual or potential Conflict of Interest situations in their team. You must:**

1.4.1. If there is an actual or potential Conflict of Interest, you must:

- a. Comply with the protocol for handling and resolving conflicts of interest described in section 1.5 of this Policy.
- b. Determine the best way to resolve, manage or terminate the Conflict of Interest with the approval of the Ethics & Compliance Area.
- c. Decide about the possible change of assignment of functions of the employee involved in a conflict of interest and communicate it to the employee.
- d. Review once a year all Conflict of Interest notices in your area to ensure that they have been properly managed. Any changes should be communicated to the Ethics & Compliance team.

1.4.2. They must prevent or control the exchange of information between persons engaged in activities that represent a risk of a conflict of interest, when the exchange of this information may be detrimental to the interests of ITP Aero.

## 1.5. Handling and resolving conflicts of interest of employees:

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If you find yourself in a situation of conflict of interest, you must act at all times under the principles of loyalty and transparency, without putting your personal interests before those of ITP Aero.

### A) Communication

The employee shall communicate to the Line Manager the existence of the conflict of interest, real or potential, specifying the circumstances and characteristics of the conflict, the existence or not of Related Persons and the specific activity in which the conflict occurs, as well as its economic estimate if possible and, in addition, prepare a report with all the details to the Ethics & Compliance Area of ITP Aero.

Once the conflict has been communicated, he/she must refrain from making any decision in this regard, from participating in or accessing confidential information, and must withdraw from the activity in which the conflict of interest arises while awaiting the resolution by the Line Manager and the Ethics & Compliance Area.

### B) Valuation

The Ethics & Compliance Area will contact the Line Manager to verify the information and perform an analysis and study of the employee's communications regarding conflicts of interest acting independently and objectively, respecting the confidentiality and privacy of the employee and, always in the best defense of the interests of ITP Aero. Equal treatment will be given to complaints regarding

conflicts of interest that may be received through the Ethics Line.

### C) Resolution

The Ethics & Compliance Area, with the support of the employee's Line Manager, will make a decision within a maximum period of 7 days from receipt of the Conflict of Interest Report and communicate its resolution to the employee. If the resolution includes a change in the assignment of functions, it is the responsibility of the Line Manager to coordinate and communicate it to the employee.

The resolution shall be effective from the moment of its receipt by the employee and shall be binding on the employee.

### D) Confidentiality

Throughout the entire process of handling and resolving conflicts of interest, confidentiality must be respected in the treatment of the personal data communicated.

## 1.6. Obligations of ITP Aero's directors and officers.

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1.6.1. The directors and officers of ITP Aero are subject to the following restrictions on action in relation to conflict of interest situations:

You may not influence the Company's decision to enter into outside transactions with a company or other entity owned or controlled by you, a partner of yours or any of your family members, or with a company in which you or your family members control more than 2% or have a financial interest that could influence or

give the appearance of influencing your judgment. ITP Aero may only enter into external transactions with such companies or other entities if you do not influence the Company's decision to enter into transactions with them and have filed a conflict of interest report:

Work or offer services to a competitor or potential competitor, a customer or a supplier or other business partner of ITP Aero and that place you in a permanent conflict with the interests of ITP Aero.

Obtain advantages or remuneration from third parties other than the Group in connection with the performance of their duties, except in the case of mere courtesy.

Using the company's name or invoking the status of director or officer to carry out transactions on one's own behalf or on behalf of a Related Person, or to unduly influence the performance of private transactions.

Make use of the company's assets, including confidential information of ITP Aero, or take advantage of its position in the same to obtain personal benefit, a patrimonial advantage or to carry out political activities or take advantage of the Group's business opportunities.

1.6.2. The members of the administrative bodies and directors must abstain from attending and intervening in deliberations on matters in which they have a direct and personal interest.

## 1.7. Handling and resolution of conflicts of interest of directors and officers.

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Any member of the administrative or managerial bodies who is in a situation of conflict of interest must act at all times under the principles of loyalty and transparency, without being able in any case to put their personal interests before those of ITP Aero.

### A) Communication

The director or executive must notify both the Chairman of the Board or Line Manager, as applicable, and the Ethics & Compliance Area of the existence of the conflict of interest immediately upon becoming aware of the actual or potential conflict of interest. This communication is made by issuing a Conflict of Interest Report, which must specify the circumstances and characteristics of the conflict, the existence or not of Related Persons and the specific activity in which the conflict arises, as well as its economic estimate if possible.

In any case, once the communication has been made, the director or officer must refrain from making any decision in this regard, participate or access confidential information, as well as withdraw from the activity in which the conflict of interest arises pending resolution by the Ethics & Compliance Area.

### B) Valuation

The Ethics & Compliance Area will conduct an analysis and study of the communications of the director or officer regarding conflicts of interest in conjunction with the legal advice area, acting independently and objectively,

respecting the confidentiality and privacy of the subject and always acting in the best defense of the interests of ITP Aero. The same treatment will be given to complaints regarding conflicts of interest that may be received through the Ethics Line.

#### C) Resolution

The Ethics & Compliance Area shall make a decision within a maximum period of 7 days from the receipt of the Conflict of Interest Report and shall communicate its resolution to the director or officer and to the legal counsel area.

The resolution shall be effective from the moment it is received by the director or officer and shall be binding on the director or officer.

#### D) Confidentiality

Throughout the entire process of handling and resolving conflicts of interest, confidentiality must be respected in the treatment of the personal data communicated.

### 1.8. Recruitment and selection of employees

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Regulations regarding the hiring of persons who work or have worked as Public Representatives must be followed.

Before entering into any contract with future employees, it must be ensured that there are no conflicts of interest in such relationship.

All employees joining or being promoted or changing deposition must complete the form incorporated in this Policy, in Annex 1.

This form must be kept in the custody of the Ethics & Compliance Area and updated every three years and in any case when there is any change in the employee's situation.

### 1.9. Contracting suppliers and third parties

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In all contracts with suppliers, there will be a conflict of interest clause of mandatory compliance. In the event that a supplier is immersed in a situation of conflict of interest, actual or potential, it must immediately inform the Ethics & Compliance Area of ITP Aero to take a decision on the matter.

In the event that the supplier fails to comply with the provisions of this Policy, a decision may be taken to terminate any existing business relationship between ITP Aero and such supplier.

### 1.10. Registration of conflicts of interest

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The Ethics & Compliance Area shall keep a record of existing conflicts of interest in the Group. Such register shall contain at least the date and person communicating the conflict of interest, person/s in conflict, reason for the conflict of interest, resolution, status and follow-up of the conflict of interest.

The Register of Conflicts of Interest shall be duly updated as conflict of interest situations evolve and as new cases of conflict arise.

On an annual basis, the Ethics & Compliance Area shall submit and report to the Board of Directors and the Group's Senior Management the contents of said register, without prejudice to any prior communication in the event of a

serious conflict of interest that may be of interest to the members of the Board and Senior Management.

## **1.11. Ethics & Compliance Team**

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The Ethics & Compliance Team, in compliance with the functions delegated to it by the Criminal Risk Prevention Committee, shall perform the following functions in relation to this Policy:

- Review any Conflict of Interest Report submitted in accordance with Section 1.1.1 and Section 1.6.3, recording it and providing additional recommendations.
- Evaluate this Policy periodically, at least once a year, and in any case, when there is a regulatory or other change that justifies its review and modification.
- Clarify any doubts that may arise in relation to this Policy.
- Conduct conflict of interest training for ITP Aero members.
- It shall resolve conflict of interest situations of employees in accordance with the procedure for handling and resolving conflicts of interest described in section 1.5 of this Policy.
- In any of the cases, the measures deemed appropriate may be imposed, without prejudice to the agreed decision.
- It shall resolve situations of conflicts of interest among members of the governing body and executives, in accordance with the procedure for handling and resolving conflicts of

interest described in section 1.7 of this Policy.

In any of the cases, the measures deemed appropriate may be imposed, without prejudice to the agreed decision.

- Keep the conflict of interest forms completed by employees and request their completion every three years.
- Design and maintain an updated Conflict of Interest Register.
- Report quarterly to the Crime Prevention Committee for subsequent annual report to the Board of Directors and Senior Management, the status of the Register of Conflicts of Interest and inform them of any serious situation that could affect the interests of ITP Aero.

## **1.12. Communication of breaches**

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In the event of a breach of this Policy, it must be reported to the Ethics & Compliance Area, as well as any doubt that may arise in connection with its application or interpretation through the mechanisms established in the "Speak Up" Policy or through the Ethics Line.

In the treatment of these situations, the confidentiality of the identity of the complainants will be guaranteed and ITP Aero will not retaliate against them in any way.

## **1.13. Disciplinary System**

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Failure to comply with this Policy by any employee of ITP Aero, will be considered a misdemeanour, and will be sanctioned in

accordance with the Sanctions System provided in the Collective Agreement of application, or failing that, in the current labour legislation, which may include the dismissal of the offender.

## 2. Where to get more information and other documents to read

Any communication related to this Policy, whether regarding additional information or non-compliance, may be made through the channels established in the Speak Up Policy.

Other documents related to this Policy are:

- ITP Aero's Code of Conduct.
- The ABC Policies and guidance documents on the Ethics & Compliance site of ITP Aero's intranet.
- Speak Up Policy

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Author/Owner	ITP Aero Head of Ethics & Compliance
Approver	ITP Aero Executive Director of Internal Governance and Resources

# Annex 1: Conflict of Interest Declaration Form

Employee's name \_\_\_\_\_ - No. \_\_\_\_\_ -

Position \_\_\_\_\_

I declare that as of the date hereof;

*(Please select with an X the statement that corresponds to your case)*

I do not hold, personally or by delegation or substitution, powers in public or private entities that compete or are in a position to compete or provide or may provide goods or services to ITP Aero. Nor do I have any family member who competes or is in a position to compete or provide or may provide goods or services to ITP Aero. I agree to update this declaration every three years or whenever there is a change in the situation, I state herein.

I am in any of the cases indicated in the text above and/or I have any doubt if I am in a situation that places me in a conflict of interest, so I must contact the Ethics & Compliance team and make the corresponding declaration. I agree to update this declaration every three years or whenever there is a change in the situation, I state herein.

*I sign this declaration for the knowledge of ITP Aero.*

At \_\_\_\_\_ (City), on the \_\_\_\_ (Day) of \_\_\_\_\_ (Month) of \_\_\_\_ (Year).

Signature: \_\_\_\_\_