



# **CRIMINAL COMPLIANCE POLICY**

## TABLE OF CONTENTS

1. PURPOSE .....	3
2. SCOPE.....	3
3. GENERAL OBJECTIVES OF ACTION RELATED TO THE CRIMINAL RISK COMPLIANCE AND PREVENTION MODEL .....	4
4. BASIS FOR THE CRIMINAL RISK COMPLIANCE AND PREVENTION MODEL.....	4
5. REPORTING IRREGULARITIES.....	5
6. COMMITMENT OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT. RAISING AWARENESS .....	6
7. POLICY COMPLIANCE.....	6
8. EFFECTIVE DATE AND UPDATES .....	6

## 1. PURPOSE

The Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A. (hereinafter, either "**Colonial**" or the "**Company**") approved its Code of Ethics in 2011 and established a Regulatory Compliance Unit (hereinafter, the "**RCU**") that reports directly to the Audit and Control Committee (hereinafter, the "**ACC**") and is financially independent for the purposes of promoting a genuine culture of ethics and compliance in the Company. Furthermore, in the same year, the Company created a Whistleblowing Channel to enable employees to report any suspected irregularities or breaches.

This Policy for the Compliance of Criminal Law (hereinafter, the "**Policy**") is fostered by the ACC and is intended as the reflection of the Company's corporate culture. It is established in line with the main regulatory standards (*Spanish Criminal Code*) and the best practices (*UNE Standard 19601, Circular on the State's General District Attorney's Office 1/2016 on the criminal liability of legal entities, etc.*) in terms of regulatory compliance.

Therefore, the purpose of this Policy is to formally ratify Colonial's commitment to fostering a culture of regulatory compliance that will enable the development of honest, respectable and transparent professional conduct and to show its "zero tolerance" commitment and firm condemnation of any type of illegal activity, especially any criminal activity, which under no circumstances shall be justified as committed in the Company's interest.

## 2. SCOPE

This Policy is binding for the following persons and entities (hereinafter, the "**Affected Persons**"):

- Members of the Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A.
- Members of the Management Committee of Inmobiliaria Colonial, SOCIMI, S.A.
- Colonial Group employees, regardless of their position, geographical location or role. However, this Criminal Compliance and Prevention Policy will not be applicable to subsidiaries listed on an official foreign secondary market, as these will be subject to the Corporate Governance standards in force in the country where they are listed.
- The employees of all other entities and organisations affiliated with Colonial or any of the Group companies controlled or managed by Colonial by virtue of any interest in these companies.

### 3. GENERAL OBJECTIVES OF ACTION RELATED TO THE CRIMINAL RISK COMPLIANCE AND PREVENTION MODEL

Without prejudice of the Code of Ethics, Colonial's Criminal Risk Compliance and Prevention Model is based on the following general principles that constitute the foundations of the internal rules and the Affected Persons' conduct:

- ✓ **Compliance with laws and internal rules:** Always act and ensure that others act in accordance with the current legislation and the Criminal Risk Compliance and Prevention Model.
- ✓ **Definition of the appropriate policies and procedures:** Define, develop, implement, and supervise the effectiveness of the established internal rules.
- ✓ **Constant supervision and monitoring:** The **Regulatory Compliance Unit will regularly revise and constantly improve the Model** and will report to the Audit and Control Committee and/or the Board of Directors any structural or regulatory changes that may arise in that area, as well as the performance indicators on regulatory compliance and the results of their assessment if deemed necessary by the ACC.
- ✓ **Human and financial resources:** Provide sufficient **financial, material and human resources** to implement the Model within an appropriate framework to define, supervise, monitor, and achieve the goals of the Criminal Risk Compliance and Prevention Model.
- ✓ **Report suspected illegal acts:** any suspected irregularities or activities that violate the provisions of Colonial's Code of Ethics or its Criminal Risk Compliance and Prevention Model must be reported directly to the Regulatory Compliance Unit in writing through the established channels. In any case, Colonial guarantees that there will be no reprisals against whistleblowers who act in good faith.
- ✓ **Consequences of breaching Colonial's internal rules:** Inform the Affected Persons of the **disciplinary system** applied in the event of a regulatory breach in accordance with the applicable regulation.

### 4. BASIS FOR THE CRIMINAL RISK COMPLIANCE AND PREVENTION MODEL

In 2011, Colonial established a Criminal Risk Compliance and Prevention Model, which has been updated every year since then. This Model comprises the following elements:

- ✓ **Code of Ethics:** this is one of Colonial's main sets of governance standards, which includes the Company's commitment to respecting current legal requirements, business ethics and transparency, forming the foundation of employee conduct at the Company.
- ✓ **Regulatory Compliance Unit:** an independent, separate body made up of persons qualified with the necessary skills, commitment and reliability to supervise the management of regulatory compliance risks, including criminal risks. This unit reports to the Audit and Control Committee as the body responsible for monitoring the Criminal Risk Compliance and Prevention Model.

- ✓ **Whistleblowing channel:** a means to make enquiries or report suspected breaches related to the Model or internal rules.
- ✓ **Colonial Group's Guide on Criminal Risk Compliance and Prevention:** based on the system that governs the legal entity's criminal liability, this Guide establishes Colonial's corporate model for organising, preventing, managing, and controlling criminal risks.
- ✓ **Regulatory Risk Prevention Plan:** this Plan aims to establish a series of mechanisms to analyse all kinds of regulatory changes that may affect Colonial's business and the controls in place to determine the potential impact of their implementation.
- ✓ **Risk Management and Control Policy:** this Policy aims to establish the principles and guidelines required to ensure that any relevant risks that may affect Colonial's goals and business are identified, analysed, assessed, managed, and controlled systematically, in accordance with consistent criteria and the established risk levels.
- ✓ **Criminal risk identification and assessment method:** this Method establishes the way in which criminal risks are analysed, assessed and prioritised.
- ✓ **Training plan on regulatory compliance and the prevention of criminal risks, money laundering and terrorist financing:** this plan is aimed at all Affected Persons, in addition to other additional courses for specific groups related to certain regulatory areas.
- ✓ **Disciplinary system:** to be applied in the event of a breach of regulations (i.e., internal or external regulations), the Criminal Risk Compliance and Prevention Model, or the internal rules, in accordance with the misconduct and penalty system set forth in the Collective Agreement or any other applicable regulations.
- ✓ **Financial Reporting Internal Control System (SCIIF):** this control system aims to ensure that all financial reporting is complete and reliable through mechanisms to detect and rectify irregularities.
- ✓ **Annual Internal Audit Plan:** a mechanism that enables the Internal Audit department and the Audit and Control Committee to ensure the appropriate performance of the internal control and risk management systems.
- ✓ **Function segregation model:** For its reporting systems, Colonial has segregated functions to ensure that no person has the authority to execute two or more conflicting sensitive transactions that may affect the financial statements.

This Policy is now added to the regulatory, organic, operational, and training instruments mentioned above, which together constitute Colonial's updated Criminal Risk Compliance and Prevention Model.

## 5. REPORTING IRREGULARITIES

In the event of reasonable suspicions of any irregularities or activities that violate the provisions of Colonial's Code of Ethics or Criminal Risk Compliance and Prevention Model, the persons bound by this Policy should report such suspicions to the Regulatory Compliance Unit through the Whistleblowing Channel.

In any case, the identity of the persons involved will be kept confidential, without prejudice to any legal requirements or the protection of the rights of the entities and persons reported in good faith.

## **6. COMMITMENT OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT. RAISING AWARENESS**

This Policy strengthens and supports the commitment of Colonial's Board of Directors and Senior Management to protecting compliance with legal requirements, raising awareness, and informing its personnel of the principles set forth in its Criminal Risk Compliance and Prevention Model.

## **7. POLICY COMPLIANCE**

The Affected Persons are accountable for compliance with this Policy. Notwithstanding the duty of the Directors and Senior Management to promote and ensure compliance with the Policy in their respective areas, the Regulatory Compliance Unit will be responsible for disseminating the contents of the Policy and supervising its compliance.

Breaching the provisions of this Policy may lead to the appropriate disciplinary measures in accordance with Colonial's disciplinary system and the applicable regulations.

## **8. EFFECTIVE DATE AND UPDATES**

This Policy will come into force when approved by the Board of Directors of INMOBILIARIA COLONIAL, SOCIMI, S.A.

Furthermore, this Policy and the Criminal Risk Compliance and Prevention Model will be constantly revised and improved, especially when required by regulatory, social, business, or other circumstances. In any case, they will be revised internally at least once a year.