

GRUPO

côralhomes

Anti-Corruption
and Fraud Prevention Policy

côralhomes
Servihabitat



CONTENT

- 1 Introduction.....2
 - 1.1 Purpose and Scope.....2
 - 1.2 Application and compliance scope2
 - 1.3 Definitions3
 - 1.4 Legal References4
 - 1.5 Effective Date.....4
- 2 Governance.....5
 - 2.1 Compliance Committee5
 - 2.2 Compliance Officer.....5
 - 2.3 Internal Control6
 - 2.4 Legal Affairs6
 - 2.5 Internal Audit.....7
 - 2.6 People (Human Resources)7
 - 2.7 Employees7
- 3 Risk Management and Evaluation8
- 4 Actions to Prevent Fraud and Corrupt Practices8
 - 4.1 Main anti-corruption and fraud prevention controls.....8
 - 4.1.1 Identification of customers, employees and third parties9
 - 4.1.2 Training and awareness-raising9
 - 4.1.3 Segregation of Functions10
 - 4.1.4 Hiring suppliers and real estate agents10
 - 4.1.5 Limiting Cash Payments10
 - 4.2 Additional anti-corruption and fraud prevention actions10
 - 4.2.1 Gift Giving and Receiving10
 - 4.2.2 Travel and representation expenses12
 - 4.2.3 Extorsion and bribery12
 - 4.2.4 Influence Peddling12
 - 4.2.5 Donations, sponsorships and other non-profit contributions.....12
 - 4.3 Regular checks to monitor anti-corruption and fraud prevention controls13
- 5 Reporting fraud (Ethics Hotline and Compliance Mailbox)13
- 6 Fraud Investigation14
- 7 Reporting Fraud.....15
- 8 Disciplinary system.....15
- 9 Approval, follow-up and review15



1 Introduction

1.1 Purpose and Scope

This document sets out the Anti-Corruption and Anti-Fraud Policy (the '**Policy**') of the group made up by the companies Coral Homes Holdco, S.L.U (the parent company), Coral Homes S.L. and Servihabitat Servicios Inmobiliarios, S.L.U. (the subsidiaries) (hereinafter, they shall be individually and indistinctly referred to as the '**Group**' or the '**Coral Homes Group**').

Coral Homes Group is committed to maintaining the highest ethical standards and professional principles when providing its services to clients.

The conduct of all Coral Homes Group employees must be ethical, honest, honourable and transparent, making decisions and taking actions when faced with any act of fraud, corruption or bribery on the part of employees or third parties acting on behalf thereof or of the companies it is made up of.

The purpose of the *Anti-Corruption and Fraud Prevention Policy* (hereinafter, the Policy) is to create an environment in which the risk of fraud and corruption is minimised so as to prevent the losses associated therewith.

The consequences of fraud and corruption are not only monetary; they can also affect:

- The company's reputation
- Investor confidence
- Professional motivation

Coral Homes Group has a zero tolerance policy for fraud, bribery and corrupt practices and has taken the necessary steps to combat them.

1.2 Application and compliance scope

This Policy applies to the Coral Homes Group and all its employees, executives and all those holding powers to represent and manage the companies it is made up of (the '**Liable Persons**'). All of them must be made aware of this Policy and observe it, and comply with the national or international anti-fraud and anti-corruption regulations.

In this regard, employees and executives of the Coral Homes Group will sign an annual statement of compliance of this Policy by way of which they will declare they have complied with the provisions thereof and undertake to observe the said regulations.

Non-compliance with this Policy by the Individuals Subject to it may lead to disciplinary proceedings by the internal bodies qualified to implement such proceedings.

Likewise, the Coral Homes Group will encourage the main groups related to the companies if is made up of (partners, associates, clients, suppliers, self-employed workers, freelancers, external collaborators, etc.) (the '**Associated Persons**') to adopt a behaviour in accordance with this Policy and to observe the provisions thereof.

GRUPO

côralhomes

All contracts, agreements, arrangements, etc. entered into with any of the clients of the Coral Homes Group and with their partners, associates, suppliers or any other collaborators will include clauses accepting the Code of Ethics and this Policy.

Knowledge of a Related Party's express non-compliance with any provision contained in this Policy shall bring about termination of any existing contractual relationship.

1.3 Definitions

- **Private-to-private corruption:** case where a private individual, directly or by way of third parties, promises, offers or grants executives, directors, employees or collaborators of a company or institution, association, foundation or organisation a benefit or profit of any kind that unduly favours them or a third party before other parties, to purchase or sell goods or hire services within the framework of trade relations.
- **Corruption of a public servant (bribery):** An act in which a private individual offers or gives a gift or induces a public official to commit an unlawful act or to delay or refrain from fulfilling his or her lawful obligations.
- **Bribery:** Giving or receiving a gift, loan, fee, compensation or other benefit to or from another person as a way of inducing that person to commit a dishonest or unlawful act in the course of managing a company.
- **Extortion:** the practice of forcing another person, with violence or threats, to perform or omit an action or legal transaction to the detriment of their estate or that of a third party. Bribery becomes extortion when the demand is accompanied by threats to the physical integrity or the life of the persons involved.
- **Fraud:** Deliberate abuse of of the companies that make up the Coral Homes Group procedures, systems, assets, products and/or services with the intention of deceiving in order to obtain, illegally, benefits for oneself or for others.
- **Gift:** An attention, advantage, favour or other physical present or pecuniary benefits given to someone gratuitously.
- **Influence peddling:** Influencing a government official or public authority by taking advantage of one's personal relationship with said government official or public authority in order to achieve a direct or indirect economic benefit for oneself or for a third party.

1.4 Legal References

The main national and international legal references on the subject of anti-corruption are as follows:

- Law 19/2013 of 9 December on transparency, access to public information and good governance.
- Law 10/2010 of 28 April on the prevention of money laundering and terrorism financing, further developed by Royal Decree 304/2014 of 5 May.
- Law 12/20 of 21 May on ing terrorism financing.
- The Penal Code Act 10/1995 of 23 November.
- USA Patriot Act - Section III.
- US Foreign Corrupt Practices Act of 1977.
- UK Bribery Act of 2010.
- UNE – ISO 37001 Anti-Bribery Management Systems

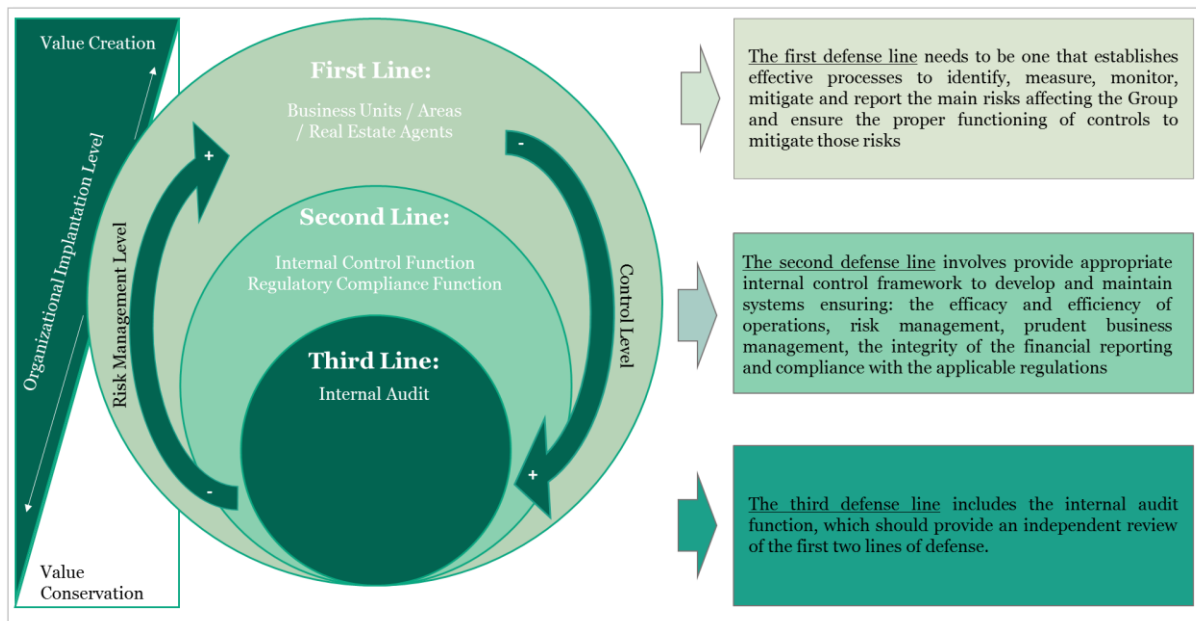
1.5 Effective Date

The Policy will be effective at the time it is approved by the Board of Directors of Coral Homes Holdco, S.L.U. (the parent company of the Group) and the Board makes it available to the recipients thereof, either physically or by publishing it on Servihabitat's Intranet.

2 Governance

The Governance structure of this Policy is set by the Board of Directors of Coral Homes Holdco, S.L.U. (the parent company of the Group) and by the Boards of Directors of its subsidiaries, which are ultimately responsible for the compliance thereof and in charge of encouraging a compliance culture.

The functions and responsibilities of the different stakeholders involved in this Policy are described below:



The first line of defense (business units, Areas, Real Estate Agents): the first person responsible for managing risks and implementing the Policy.

Board of Directors of Coral Homes Holdco, S.L.U.

Ultimately responsible for compliance with the Policy, its functions include:

- Approving the policy and the changes thereto.
- Ensuring that the group strategy and the Policy are aligned.

2.1 Compliance Committee

The Board of Directors has delegated the monitoring of compliance with this Policy to the Compliance Committee, which is responsible for making significant anti-corruption and fraud prevention decisions.

2.2 Compliance Officer

The Compliance Committee has appointed the Compliance Officer of Coral Homes Holdco, S.L.U., who has sufficient authority, independence, capacities and resources to perform this function with full autonomy, as operational manager for the coordination and supervision of this Policy.

The Compliance Officer's main functions are the following:

- Designing and preparing internal anti-corruption and fraud prevention policies and rules.
- Updating policies and procedures, ensuring the validity thereof, according to the latest trends regarding anti-fraud and anti-corruption matters.
- Ensuring compliance with the established policies.
- Ensuring that the system's objectives are established, implemented, maintained and reviewed so as to address the identified risks adequately.
- If appropriate, participating in the design and modification of IT processes.
- Analysing any potential case of fraud or corruption they are made informed of.
- Reporting to the Board of Directors on the analysis of fraud and corruption cases and the conclusions reached.
- Sensitising and creating awareness both among the Company's employees and among real estate agents and third-party agents about the importance of preventing corrupt practices and fraud.
- Answering specific questions from employees/real estate agents/other areas.
- Preparing an anti-corruption and fraud prevention training plan.

2.3 Internal Control

- Providing advice, monitoring and supervising the fraud and corruption risks the control over which must be applied by the first line of defense.

2.4 Legal Affairs

A team of legal experts whose main anti-corruption and fraud prevention functions include:

- Advising and reviewing the clauses to be included in contracts with customers, suppliers and other third parties.
- Managing possible cases of fraud or corrupt practices.

2.5 Internal Audit

The Internal Audit area is responsible for supervising compliance with this Policy and to this end its audit plans should include the implementation of periodic verifications. In addition, this area must provide information on the corruption and fraud risks detected through its verifications or while investigating upon application of Regulatory Compliance.

2.6 People (Human Resources)

- Implementing policies and guidelines to encourage employees to comply with this Policy.
- Updating and revising selection processes, as well as duly monitoring the relationships held with those related to the organisation, in order to ensure compliance with the obligations under this Policy. For all hiring processes, guaranteeing that candidates have the technical qualifications and prior experience required, the process being thus properly documented.

2.7 Employees

All Coral Homes Group employees are responsible for preventing, detecting and reporting fraud or corrupt practices. Therefore, it is the responsibility of all employees to:

- Conduct themselves in a way that is consistent with the Policy and with the Company's ethical values and principles.
- Familiarise themselves with this Policy and comply with it and any related procedures.
- Immediately Inform the Regulatory Compliance Department of the corresponding company of the Coral Homes Group of any fraudulent operation or suspicion of fraud or irregular or improper behaviour.
- Complete all required anti-corruption and fraud prevention training.

3 Risk Management and Evaluation

The Coral Homes Group has identified the main risks of the companies it is made up of concerning all its business lines, systems and processes in order to assess the existence and adequacy of controls to mitigate the said risks, and to define the global risks of the said companies and of the Group.

These risks include the risk of fraud (both internal and external) and corrupt practices.

On a regular basis, or whenever there are significant changes in the Group and/or any of the companies it is made up of (such as the creation of new business lines, the implementation of new processes, the modification of systems, etc.), risks and controls should be assessed and updated.

The Coral Homes Group has a zero-tolerance policy regarding fraud and corruption. Nevertheless, there is an external risk of fraud inherent to the activity. Therefore, the company has controls to mitigate the said risk, by reinforcing the detection and prevention thereof.

4 Actions to Prevent Fraud and Corrupt Practices

4.1 Main anti-corruption and fraud prevention controls

Coral Homes Group has defined a series of actions/controls aimed at minimising the chances to commit fraud and at ensuring early detection of fraudulent acts. Some of the controls designed to prevent, mitigate, dissuade from or detect fraud and corrupt practices are described below.

- Identification of any individual with whom a business relationship is established, prior to the commencement of such relationship. Verification of documentation.
- Training and awareness-raising for Group professionals, explaining what fraud and corrupt practices are, the most common practices and how to act in case of indication or suspicion of fraud or unlawful actions.
- Segregation of duties, thus reducing the chance for one person to be in charge of all the activities involved in a single process. Existence of defined authorisation/approval procedures for certain operations.
- Access to IT systems or transactions: limitation of the permissions assigned to the various professionals with specific assignments to certain applications and functions.

Existence of global policies and procedures for the Group and specific policies and procedures for each of the companies it is made up of or even for each of their Areas or Departments.

- Existence of a standardisation process regarding suppliers and APIs to try to avoid hiring third parties involved in a criminal investigation or prosecution for corruption and/or fraud offences.
- Not accepting cash payments.

A more detailed explanation of some of these controls is given below.



4.1.1 Identification of customers, employees and third parties

Before establishing any business relationship with clients or third parties (suppliers or APIs), the companies that make up the Coral Homes Group will review the documents received and check the authenticity thereof. In this regard, they shall implement, among others, the following controls (according to the provisions of the Guidelines on Anti-Money Laundering and Counter Terrorist Financing and of the Compliance Policy regarding International Sanctions):

- All customers, third parties or related parties must be clearly identified by means of their identification documents. The Company must verify the validity and current effectiveness of such documents.
- All customers, third parties or related parties should be analysed before they are accepted in order to determine if there is a positive match between the available transaction data and a sanctioned and/or prohibited country.

4.1.2 Training and awareness-raising

Coral Homes Group will develop and implement anti-corruption and fraud prevention training plans. At the very least, anyone in a position to take advantage of business opportunities through bribery or other illicit means should receive specific training in anti-corruption and fraud prevention. In addition, training for staff from other areas such as Financial Management, Legal Affairs, Internal Audit or Regulatory Compliance will be considered.

The training given should pursue the following objectives:

- To sensitise and create awareness among the staff on Coral Homes Group zero tolerance position regarding corrupt practices and fraud.
- To ensure that all employees are familiar with anti-corruption and fraud prevention procedures and the actions to be taken where possible cases of fraud or corruption are detected.
- To warn employees of the consequences of non-compliance for the Coral Homes Group and its employees.

4.1.3 Segregation of Functions

The functions of each area/business unit are clearly defined, as are the permissions to access specific computer applications. In addition, for certain operations, including the acceptance of customers/operations that pose an above-average risk of money laundering and terrorism financing, there is a clearly defined approval process.

4.1.4 Hiring suppliers and real estate agents

The process to hire suppliers shall be subject to an approval process, by way of the following actions:

- The technical requirements shall be validated by the business area hiring the supplier.
- The Regulatory Compliance Department shall validate the information and documentation provided by suppliers. In this regard, suppliers will be given the internal regulations of the Group they have to observe.
- The information provided by suppliers should be validated by the Procurement Department.

Likewise, the APIs marketing real estate properties owned by the Coral Homes Group or managed by Servihabitat shall undergo a standardisation process specific for APIs.

4.1.5 Limiting Cash Payments

Under no circumstances should cash payments be permitted.

4.2 Additional anti-corruption and fraud prevention actions

4.2.1 Gift Giving and Receiving

None of the members of the Coral Homes Group shall, while performing their professional activity, offer or grant public leaders and officials or employees, executives or directors of private companies, or third parties related thereto, directly or indirectly, gifts, payments, fees, presents or other unauthorised advantages, in cash or under any other way, or influence them, by taking advantage of any situation resulting from the personal relationship with them, in order to obtain a favourable treatment regarding the assignation of contracts or other professional services, or personal advantages or advantages in favour of the Coral Homes Group or the companies it is made up of.

This will also apply to juries, arbitrators, mediators, experts, managers or controllers appointed by law, receivers or any other persons involved in public duties.

No member of Coral Homes Group shall use their professional position to demand, accept, obtain or otherwise garner special treatment, benefits, loans, kickbacks or bribes from third parties. Giving and receiving presents and gifts may be allowed on an exceptional basis if the following three conditions are met:

Likewise, none of the members of the Coral Homes Group may request and/or receive gifts, favours, services under favourable conditions or invitations from suppliers, clients, intermediaries, agents, consultants or any other persons who have a commercial relationship with the Coral Homes Group.

These exceptions regarding the acceptance of presents and gifts should always be reported to and approved by the direct superior of the employee who receives them.

- The financial value thereof should not exceed €200 per year/the same person making the gift.
- They are given in the course of the company's regular trade relations.
- They are not prohibited by law or generally accepted business practices.
- The gift is voluntary; it has not been previously requested. The donor shall not expect reciprocity if the gift is accepted.
- Gifts are received at the place of work, never at the employee's home address or that of the employee's relatives and/or next of kin.

If the gift exceeds the said amount, the employee should inform the corresponding Regulatory Compliance Department of the company of the Coral Homes Group, which may decide or reject the gift proposed to the employee.

For cases where accepting a gift is not approved, the Regulatory Compliance Department shall decide to hold a draw or an auction among the employees and, if it is an auction, the proceeds obtained will be given to one or more NGOs. The NGO shall be selected by the department of People (Human Resources).

Moreover, the Regulatory Compliance Department will provide the employee with a letter model form to thank the sender for the gift, inform the sender of the company's gift policy and that the gift, or its equivalent in money, shall be given, if appropriate, to non-profit making charity organisations.

In these cases, the Regulatory Compliance Department shall receive the gifts and keep a record thereof.

In the event of a draw or an auction, all employees shall be informed of the conditions, proceedings and draw or auction deadlines.

Once the draw or auction is held, the Regulatory Compliance Department shall deliver the gifts to the winners and make a record of same, the amount received and the selected NGO to be donated the final amount.

The following are excluded from the regulation contained in this section:

- Gifts from Coral Homes Group to Individuals Subject to the Policy and among or between such Individuals, whether there is a hierarchical relationship or not.
- Invitations to eat made in the course of an existing professional relationship, provided they are reasonable within the business context such relationship is developed.

4.2.2 Travel and representation expenses

Travel and representation expenses must be reasonable as to their amount and must be incurred for professional reasons; they shall not give rise to the presumption that they are in consideration for a benefit unrelated thereto or that they are aimed at facilitating the obtainment of business. All expenses must be supported with original invoices.

4.2.3 Extorsion and bribery

Any conduct that could be construed as or be related to extortion in any way whatsoever is prohibited by Corla Homes Group.

Furthermore, any behaviour that may be considered as bribery or attempted bribery regarding authorities or public officers shall not be accepted, regardless of whether it is made directly or indirectly or through an intermediary.

As a result, and as indicated above, nobody is allowed to give presents, goods, rights or any other thing to get the authorities or public officers perform or no longer carry out their obligations or act illegally in any other way.

4.2.4 Influence Peddling

Nobody may carry out activities that may involve influence peddling. That is, any type of influence over a public officer in order to take advantage of the duties corresponding to their position or any other situation arising from a previous personal relationship (of a family nature, friendship, mutual business, etc.) or a hierarchical relationship with that or any other officer.

Likewise, 'facilitation payments', regardless of their method or system, consisting in offering, promising, authorising or giving, directly or indirectly, monetary incentives, fees, retributions or valuables to public officers and servants or to employees and executives of private companies to speed up judicial or administrative procedures, or any other type of procedures.

Gifts may only be accepted or offered in accordance with this Policy.

Any suspicious action that can be construed as any of the conducts described above shall be reported through the Regulatory Compliance mailbox or through the Ethics Hotline.

4.2.5. Donations, sponsorships and other non-profit contributions

As part of its active engagement towards social responsibility, the Coral Homes Group reserves their right to approve donations, grants, sponsorships, collaborations with charities and other similar contributions.

Nevertheless, all donations made by the Coral Homes Group shall be of a social nature.

Moreover, the Coral Homes Group may only make donations or sponsor companies with a proven track record that may accredit their experience regarding the social action concerning which the contribution was made.

No donations may be made to or collaboration or sponsorship agreements may be signed with non-profit foundations or institutions controlled, directly or indirectly, by politicians or public officers (or persons related to them, such as relatives, friends, partners, etc.) that are involved in some way in operations carried out, or to be carried out, by the Coral Homes Group.

This prohibition shall not be understood so as not to allow the performance of public or social works within the framework of collaboration agreements signed with Public Bodies.

4.3 Regular checks to monitor anti-corruption and fraud prevention controls

The design and effectiveness of the controls implemented to mitigate the risks of fraud and corruption are evaluated periodically. It is the responsibility of each unit/area (first line of defense) to identify critical risks and to implement controls.

In turn, the Internal Control Area reviews existing controls to ensure that they are sufficient and properly designed.

In addition, the Company's Audit Plan includes anti-corruption and fraud prevention audits.

5 Reporting fraud (Ethics Hotline and Compliance Mailbox)

The Coral Homes Group encourages both Liable and Associated Persons to raise concerns and complaints concerning this Policy, based on a reasonable belief relating to alleged or actual criminal defaults within the Group.

Complaints filed regarding the breach of this Policy shall be processed through the Ethical Line. The Ethical Line is an online app <https://lineaeticaservihabitat.i2ethics.com> that may be accessed by employees, partners/shareholders, executives, suppliers, clients and, in general, any third party that wants to inform the Coral Homes Group of an irregular action which may breach the ethical principles defined in the Group's Code of Ethics.

The Ethics Hotline is managed by an outside vendor to ensure maximum confidentiality.

Complaints may be solved through a rigorous, transparent and objective process, preserving the confidentiality of the whistleblower.

The Coral Homes Group will not allow retaliation against persons who, based on a reasonable belief, report any breach of this Policy within the company they are part of through the Ethical Line, the Compliance Mailbox or any other channel.

The concerns and issues related to anti-corruption and fraud prevention that may be felt or raised by those subject to the scope of this Policy in the course of their activity in the various Company departments, should be formulated through the mailbox enabled by the Regulatory Compliance area. The Regulatory Compliance Mailbox address is: cumplimientonormativo@servihabitat.es

This will deal with the matters raised and advise on how to proceed faced with a problem or situation that could involve fraud and/or corruption.

6 Fraud Investigation

All signs of fraud and corruption detected will be investigated at the earliest opportunity and with the utmost diligence. The purpose of the investigation will be to globally assess all the facts. The details of the investigation will be duly documented and filed.

The assessments carried out, and the information obtained, will enable the Coral Homes Group to reinforce the existing controls and make recommendations concerning the processes implemented to reinforce the model to manage the risk of fraud and corruption within the Group.

7 Reporting Fraud

Once a real or suspected case of fraud or corrupt practice has been identified, a report is submitted to the Compliance Committee containing, among other aspects, the following information:

- Relevant information: date of discovery, date of occurrence, type of fraud, real or suspected, description of the conduct, people involved, economic information, etc.
- Assessment performed by the Regulatory Compliance Area in charge.
- Justifying documentation supporting the analysis.
- Conclusions and action plans implemented.

Where applicable and if so determined, once the case has been reported to and analysed by the Compliance Committee, all the documentation required to file a complaint before the judicial authorities or to take any due actions, will be prepared.

The case records (information on the operation, the investigation, etc.) will be filed in such a way that any requests for information, both internal from the Company and external from regulators or authorities, can be responded to in a timely and confidential manner.

8 Disciplinary system

In the event of breach of the precepts contained in this Policy, the disciplinary system established in Coral Homes Group Code of Ethics shall apply.

9 Approval, follow-up and review

This Policy has been approved by the Board of Directors of Coral Homes Holdco, S.L.U. (as the parent company of the Group) on [24] July 2019.

In order to ensure the effectiveness of this Policy and other internal regulations implementing it, these provisions shall be regularly reviewed and updated.

All significant amendments of the Policy shall be subject to the approval of the Board of Directors of Coral Homes Holdco, S.L.U., except for those of a clerical or developmental nature, which will only require the approval of the Compliance Committee of the Coral Homes Group.

Likewise, the governing bodies of the Coral Homes Group will be informed every year about the implementation of this Policy and the internal regulations implementing it.