

COMPLIANCE POLICY

Performed by	Reviewed by	Approved by
Compliance Officer	Director of Internal Audit & Risks	Board of Directors



Neinor
HOMES

Control of modifications		
Revision	Date*	Description of modifications
1.0	31/10/2017	Initial version for approval

* Date of the Committee in which the Policy is approved

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1. Nature, purpose and modification

Nature and purpose

We publish the Compliance Policy (hereinafter, the Policy) in order to Neinor Homes S.A., and all their subsidiary companies (henceforth, “the Group” or “Neinor Homes”) to have an internal regulation, according to the international best practices related to Compliance issued by international organisms, among others (PSA 980 “Standard of Compliance Management System”; UNE-ISO 19600 “Compliance Management System¹”; USSG “United States Sentencing Guidelines”; “OECD Handbook-Anti Corruption Ethics and Compliance Handbook for Business”).

Additionally, this Policy details, among others, the Group's compliance responsibilities; defines the composition and competences of the Compliance Function and the communication channel to the Board in matters of risk management and governance. It also pursues a culture of integrity and respect for standards that considers not only the interests of the organization itself but also the needs and expectations of its stakeholders.

The scope of application of this Policy will be applied in all activities related to the compliance of Neinor Homes S.A., and subsidiary companies, according to the detail included in [Appendix I](#).

Modification

The modification of this Policy must be approved by the Board, following a report to the Audit and Control Committee.

¹ The Compliance Management System is designed to the management of the different areas of compliance that affect an organization and includes both compliance obligations and the best practices.

2. Responsibilities

Below, the different responsibilities of all the parties involved in the company are detailed to ensure compliance with internal and external regulations and ensure diligent and ethical behavior.

Board of Directors: last responsible for the existence and functioning of the compliance model, for approving the Policy and its modifications and promoting a compliance culture throughout the company.

Internal Audit & Control Committee: responsible for ensuring the independence and the allocation of resources to the Compliance Function, as well as the supervision and effectiveness of the compliance management system.

Top Management: responsible for implementing, ensuring and disseminating the measures established by the Compliance Function, in addition it will contribute to disclose with its practice the highest ethical standards.

Compliance Officer: responsible for the implementation of measures, activities, procedures and controls to ensure and monitor that the organization operates with integrity and complies with the external and internal regulations that are applicable.

Internal Audit & Risks Director: responsible for periodically supervising the Compliance Management System.

Employees: responsible for acting by applying the necessary measures of diligence implemented by the Compliance Function to comply with internal and external regulations.

3. Composition, faculties and competences

Composition and charge of Compliance Direction

The Compliance Officer will be appointed for an indefinite period by agreement of the Board of Directors, following a report to the Audit and Control Committee. Additionally, the Compliance Officer must have the knowledge, skills and experience appropriate to the functions assigned to the performance of the Compliance Function.

Faculties of Compliance Direction

- Have the necessary faculties to exercise their functions.
- Manage the functioning of the Compliance Department and its budget, as well as the responsibility to execute the corresponding measures and action plans that ensure compliance with the company's policies and rules of application.
- Exercise the competences related to the dissemination and interpretation of the Code of Ethics, the annual evaluation of its degree of compliance, as well as the review of all the policies or procedures related to compliance.

Competences of Compliance Direction

- Advise and inform the Board of Directors, the Audit and Control Committee and Senior Management on how to comply with applicable laws, on the measures adopted to mitigate the risks of non-compliance and on the effectiveness of the Compliance Management System.
- Manage relations with regulators and supervisors that have been assigned by the Board.
- Establish and ensure compliance with the principles or standards of conduct or fundamental ethics that should guide the employees who work at Neinor Homes or third parties who work for the Group.
- Manage and periodically review the set of policies and procedures related to the compliance framework, as well as review the contractual clauses in compliance with the legislation, as well as any other document in which the Compliance Function has a direct implication.
- Manage complaints received through the Whistleblower Channel.
- Monitor the design, operation, effectiveness and compliance of the Risk Management System, as well as the measures, actions, policies and controls related to the main regulatory areas, among others:

- Criminal liability of legal persons.
 - Internal Conduct Regulation
 - Anti-Money Laundering and Criminal Terrorism Finance (AML/CTF)
 - Prevention of Fraud and Corruption
 - Prevention of Conflict of Interests
 - Personal Data Protection and Privacy
 - Corporate Governance
 - Defense of free competition
- Provide compliance training to all employees of the company and other interested parties.

4. Human resources, budget and annual plan of compliance activities

Human and material resources

The Compliance Officer will have the human and material needed resources to perform the compliance functions.

Budget

- Before the start of each fiscal year, the Compliance Department will present to the Corporate General Management, the budget for the development of its activities during the following year.
- Once the budget has been validated by the CFO and CEO of Neinor Homes, the budget is submitted to the Board for final approval.
- The Audit and Control Committee must ensure that this budget is enough to ensure the proper functioning of the Compliance Function.

Annual plan and memorandum of activities

- At the beginning of each fiscal year, the Compliance Department submits to the Audit and Control Committee the annual plan of activities regarding compliance for the following year.
- Once the fiscal year is over, the Compliance Department will present the Annual Activity Report to the Audit and Control Committee, which will explain the different compliance activities carried out during the year.

5. Reporting

The Compliance Officer will periodically report the Audit and Control Committee and the CEO of Neinor Homes about the activities carried out in the Compliance Management System, raising both the risks of non-compliance detected and all the measures taken to mitigate those risks.

Additionally, the Compliance Officer will participate in the following internal Committees of Neinor Homes to reinforce the Risk Management and Controls System:

- Monitoring and Control Commission
- AML/CTF Committee
- Corporate Social Responsibility Committee

6. Supervision of Compliance Management System

The supervision of Compliance Management System will be performed annually by the Internal Audit Manager and additionally could be performed by External Expert to ensure the effectiveness of the design and operation of controls contributing to the implementation of a robust and efficient Risk and Control Management System.

The Internal Audit Department, as the third line of defense, will include in the periodical reviews the supervision of Compliance Management System and will report the final results to the Compliance Officer and to the Internal Audit & Control Committee.

7. Appendix I. Relation of companies

We detail all the subsidiary companies from Neinor Homes S.A. with N.I.F A9575317:

Business name	N.I.F.
NEINOR NORTE S.L.	B95788626
NEINOR PENINSULA S.L.	B95788634
NEINOR SUR S.A.U.	A14646350
NEINOR PROMOCIONES 1 S.L.U.	B20914289
NEINOR PROMOCIONES 2 S.L.U.	B20839296
NEINOR PROMOCIONES 3 S.L.U.	B20851283
NEINOR PROMOCIONES 4 S.L.U.	B20835914
NEINOR PROMOCIONES 5 S.L.U.	B20835922