

Operating Rules Governing the Whistle-blowing Channel of **Lar España Real Estate SOCIMI, S.A.**



Prepared by	Date	Approved by	Date
Corporate Management	23 December 2014	Audit and Control Committee	
		Board of Directors	

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1. Purpose

This set of rules governs the workings of the Whistle-blowing Channel of Lar España Real Estate SOCIMI, S.A. (hereinafter, Lar España), by virtue of which any party bound by Lar España's Code of Conduct or by any prevailing legislation or other body of internal rules who believes they are being breached can present a complaint or claim with the aim of making the issue known and having it resolved.

2. Scope

The Whistle-blowing channel applies to Lar España and the parties bound by the Code of Conduct and may be used by the company's internal or external stakeholders.

3. Managing body

In order to ensure effective management of the Whistle-blowing Channel, Lar España has set up an Ethics Committee which is tasked with the duties deriving from implementation of this channel. The committee shall be made up of the person who heads up the company's internal audit function, the Secretary of the Board of Directors of Lar España and the Chairman of the Audit and Control Committee of Lar España.

The duties vested in the Ethics Committee include but are not limited to the following:

- Receipt and classification of the complaints received
- Coordination of the investigative effort required to follow up on each complaint
- Imposition of the corresponding disciplinary measures
- Preparation of periodic reports on the channel's activities and workings

4. Governing principles

4.1. Good faith

Anyone lodging a complaint must do so in the utmost good faith, substantiating their claims with sufficient grounds for and objective proof of the existence of a breach.

4.2. Confidentiality and protection

Lar España, the Whistle-blowing Channel administrators and its control bodies undertake to keep all of its activities and the identities of everyone intervening in its dealings duly confidential. In addition, it will take whatever measures are necessary to prevent and neutralise any form of retaliation that may be taken against whistle-blowers.

5. Reporting procedure

5.1. Notifying the claim

Lar España has the following channels for lodging complaints/claims:

- The corporate website: <http://larespana.com>
- A dedicated e-mail inbox: canaldenuncias@larespana.com
- An explanatory and confidential letter (see Exhibit I)

All of these channels for presenting complaints are available 24/7 in order to ensure optimal effectiveness and round-the-clock availability for Lar España's employees and stakeholders.

All claims must be presented in writing and must cover the following minimum requirements for there to be an internal investigation, as warranted:

- Identity of the whistle-blower (name and position), indicating his/her national identity number (DNI) or providing equivalent identification
- Identity of the person being accused (name and position)
- Events being reported, motives and class of complaint, noting the observed violation of the Code of Conduct
- Potential impact on customers/earnings
- Place and date of the events
- Corresponding clarifications accompanied by the opportune proof

5.2. Claim record-keeping

Lar España will appoint an administrative secretary who, as a member of the Ethics Committee of Lar España, will be tasked with recording the complaints received and filling out a report (using the template provided in Exhibit II), which will then be furnished to the other committee members.

5.3. Claim investigation

Once a claim has been received, it must be evaluated within seven working days. Once accepted, there will be an internal investigation - duly notifying the implicated parties - which will be based on the principles of responsibility and transparency and kept strictly confidential in order to protect the rights of the whistle-blower.

Once all the relevant information has been obtained from the whistle-blower, an investigative report will be drafted using an internal or external instructor (hereinafter, the Instructor). At this juncture, the Instructor will have to decide the following:

- The procedures to be undertaken as part of the investigation, such as interviews, data analysis, the sourcing of information from external sources, etc.
- Which departments or areas should be informed of the investigation and which should not
- The need to involve external experts in the investigation and/or to commission the corresponding expert reports

Once the investigation has been completed, another report must be prepared outlining the main conclusions reached, which will be sent to the Ethics Committee so that it can take the necessary measures. In the event a crime is suspected, the events and circumstances will be made known to the state attorney and the corresponding court authorities.

5.4. Conclusion and disciplinary proceedings

The complaint process will be set down in writing and the Ethics Committee will describe the actions and statements taken and will record:

- The particulars of the whistle-blower, duly protecting his/her privacy
- The particulars of the accused party
- Compilation of the information and/or proof furnished by both parties and witnesses, if any
- A final report, which should cover the kind of complaint, the resources used to investigate it, any documented outcome and any corrective measures recommended

The Ethics Committee must issue its final report within 30 working days from when the investigation has been completed, along with its proposed disciplinary proceedings, depending on the gravity of the misconduct detected, duly informing the whistle-blower of the measures taken, in keeping with prevailing legislation and Lar España's body of in-house rules.

6. Supervision and control

The Audit and Control Committee will supervise the proper functioning of the Whistle-blowing channel, for which the Ethics Committee will elaborate an annual report which will include, at least, the following information:

- Number of claims received
- Origin of claims received (internal / external)
- Type of claims received
- Number of claims investigated
- Conclusion of the investigated claims
- Corrective measures adopted

7. Publicising the existence of the Whistle-blowing channel

Lar España pledges to publicise the existence of the Whistle-blowing channel among its employees and stakeholders by means of the corporate website and internal communication channels, such as brochures or briefing memos. When communicating the existence of this channel, it will stress the undertaking to keep the complaints received and identity of the whistle-blower confidential; this communication will also outline how claims are handled by the Ethics Committee.

In order to ensure that the Whistle-blowing Channel works as intended, Lar España will prepare an annual report itemising statistically the complaints handled by type: those investigated as a result of legal action or otherwise; those archived as the investigation did not reveal irregular conduct or did not meet the minimum requirements.

8. Approval and date of effectiveness

These Rules were approved by the Board of Directors of Lar España, having been first approved by the Audit and Control Committee, and took effect on the day after their approval.

Exhibit I: Complaint form

<h1>Complaint form</h1>		
Reporting party data:		
First and last names:		
Report date:	Telephone number:	
	National identity number (DNI) or equivalent:	
	e-mail address:	
Employee	External party	
Department:	Company name:	
	Department	
Accused party data:		
First and last names:		
Report date:	Telephone number:	
	National identity number (DNI) or equivalent:	
	e-mail address:	
Employee	External party	
Department:	Company name:	
	Department	
Claim description:		
<p><i>Please provide a detailed description of the reason for your complaint (events, persons involved, area of the company affected, resources deployed in the course of the alleged misconduct and other relevant facts).</i></p>		
<p><i>Indicate the date on which (or period during which) the reported events took place.</i></p>		
<p><i>Describe any supporting documentation attached (proof, facts, etc.).</i></p>		

Exhibit II: Report form to be filled in upon receipt of a claim

Report form to be filled in upon receipt of a claim		
Registration number:		
Report date:		
Report filled out by:		
Date of notification:		
Notification received by:	<input type="checkbox"/> E-mail (to be attached) <input type="checkbox"/> Letter (to be attached) <input type="checkbox"/> Voicemail <input type="checkbox"/> In person and verbally <input type="checkbox"/> Via the website	
Description of the notification:		
Contact made with (tick the appropriate boxes)	<input type="checkbox"/> Ethics Committee <input type="checkbox"/> Audit and Control Committee <input type="checkbox"/> Head of Internal Audit <input type="checkbox"/> Board of Directors <input type="checkbox"/> Risk Officer <input type="checkbox"/> Other (specify)	
Documents attached		