



# Criminal Enforcement Policy

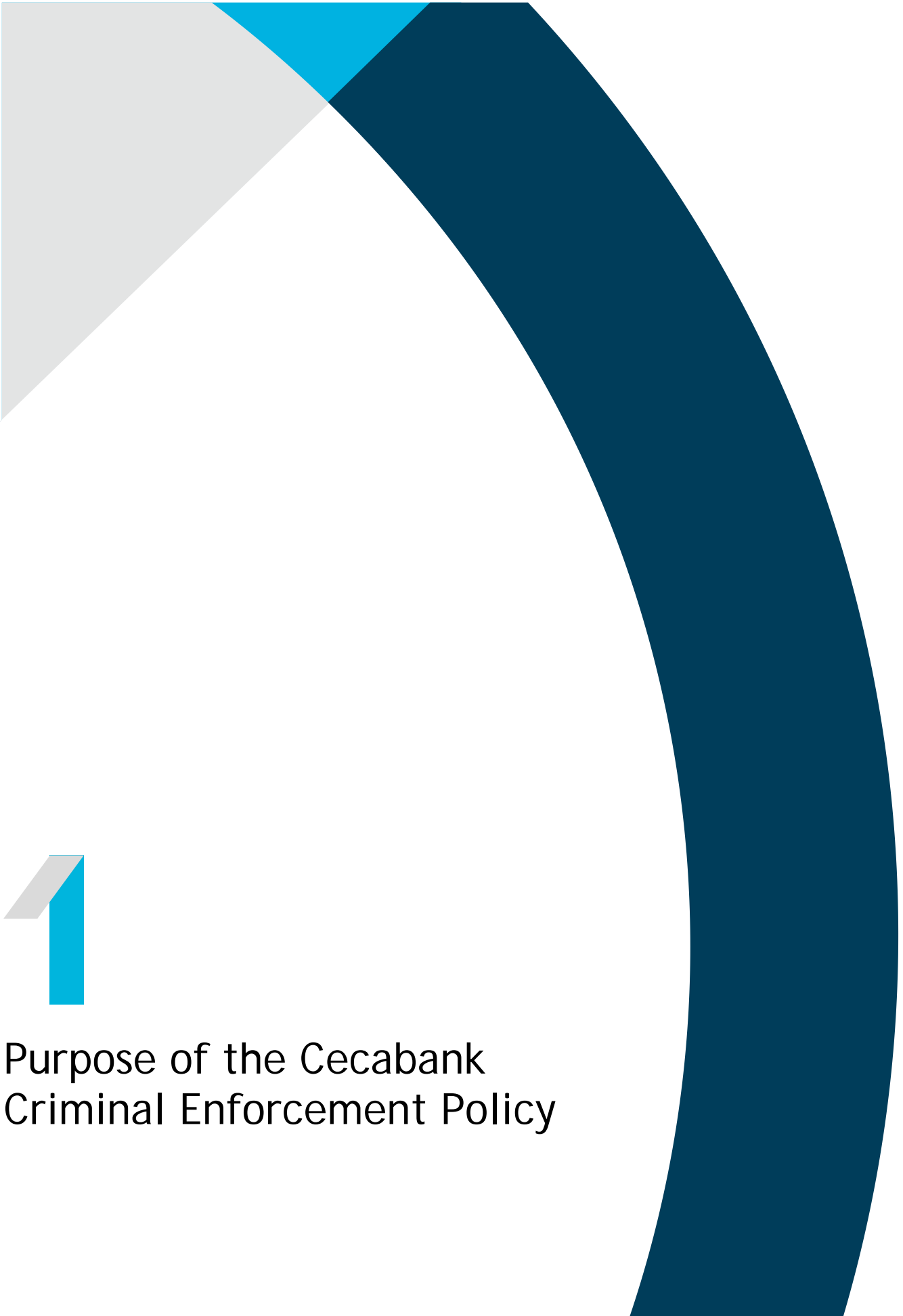
Board of Directors

15 October 2019

Policy identification	Criminal Enforcement Policy
Territorial scope of the policy	International
Corporate Code of Conduct section implemented	General principles
Section of other policies implemented	None
Standards it replaces	Criminal Enforcement Policy of October 2018
Standards it repeals	Criminal Risk Framework of July 2015
Related standards	Other documents comprising the Cecabank Organisational and Management System for Criminal Risk
Business unit or function involved	All the business units and functions of Cecabank
Personnel involved	All Cecabank members, group entities and business partners, where applicable
Primary surveillance officer	Compliance and Operational Risk Committee
Approval date	October 2019
Application date	October 2019
Approval body	Board of Directors

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# Purpose of the Cecabank Criminal Enforcement Policy

# 1. Purpose of the Cecabank Criminal Enforcement Policy

Cecabank is a Spanish wholesale bank that provides support services to banking business processes in a model that is open to the entire market. Cecabank's activity focuses on three major areas of specialisation:

- Securities Services
- Treasury management
- Banking Services

As stated in our corporate mission, at Cecabank we aspire to contribute value to the financial system and to, thus, contribute to the generation of well-being in society. All our banking staff work together in this manner to achieve this common goal. This way of banking is based on ethical integrity, transparency, respect for the confidentiality of information, preservation and responsible use of the organisation's goods and assets, respect for free competition in markets and the ethical and suitable management of possible conflicts of interest, among others.

As a financial institution, it is under the supervision of different organisations (Bank of Spain, CNMV (Spanish National Securities Market Commission), the Directorate General of Insurance and Pension Plans, etc.) and it is subject to rigorous standards of conduct and organisation established by the regulation applicable to this type of entity. In this regard, Cecabank has procedures and controls in place to prevent the carrying out of inappropriate or fraudulent operations by all its employees and the people who work for the organisation.

As regards the prevention of possible criminal conduct in particular, Cecabank has implemented and upholds an Organisational and Management System for Criminal Risk (hereinafter the "System"), one of the key pillars of which is the Criminal Enforcement Policy. The detailed description of the operation of the System is covered under the "Core document of the Organisational and Management System for Criminal Risk".

This Criminal Enforcement Policy implements the provisions of the Cecabank Corporate Code of Conduct and, as a result, is in line with its ethical and corporate values, ratifying Cecabank's will to uphold respectful conduct both in terms of standards and these values, setting out its framework of Criminal Enforcement principles for this purpose.

This policy is aligned with this culture of integrity and respect for Cecabank's standards and takes into account not only the interests of the organisation, but also the requirements that may arise from its stakeholders. In this regard, this is a text aligned with Cecabank's strategic objectives and Corporate Social Responsibility Policy and, as a result, with its determination not to tolerate any conduct that may constitute a crime. For this reason, the utmost commitment of its governing body and senior management, as well as the rest of the organisation's members, is required to comply with its provisions.

The guidelines of conduct expected from the parties subject to this document are established based on this enforcement agreement, and are required to commit to them, and describe the measures taken to oversee this mandate and the consequences in the event of non-compliance.

The terms defined herein are set out in Appendix I to this policy.



## Entities, persons and activities involved

## 2. Entities, persons and activities involved

### 2.1 Entities and persons involved

This policy is mandatory and applies globally to Cecabank and the entities in its consolidated group. The members of the organisation must comply with this policy, regardless of their position and the territory in which they are located, unless the applicable legislation in the jurisdiction in which they operate establishes more stringent provisions, which must prevail in this case over this policy.

### 2.2 Activities involved

The System implemented at Cecabank has undergone several reviews that - in light of the regulations in criminal matters (Organic Law 10/1995) - have been carried out to verify the adequacy of the procedures and controls existing at Cecabank for effective prevention and mitigation of criminal risk.

The drafting of the Code of Criminal Procedure governed by Organic Law 1/2015 entailed a substantial change in the way in which the criminal liability of legal persons is articulated, as it redefined the requirements that give rise to such liability (Art. 31 bis, section 1, of the Code of Criminal Procedure):

“The offences committed in their name or on their behalf, and for their direct or indirect benefit, by their legal representatives or those that, acting individually or as members of a legal person's body, are authorised to make decisions on behalf of the legal person or have the authority to organise and control them”.

“The offences committed, in the exercise of social activities and on behalf of and for the direct or indirect benefit thereof, by those who, being subject to the authority of the natural persons mentioned in the previous paragraph, have been able to carry out the events because they have seriously failed to perform the duties of supervision, surveillance and control of their activity, given the specific circumstances of the case”.

The scope of the System is therefore comprehensive, and covers all the activities carried out by the organisation. As a result, it affects all its activities in the areas of Securities Services (securities custody and settlement, CCI and pension fund depositary, and collection and payment management), treasury management (own portfolio management in customer order brokerage, both in national and international markets, and banknotes) banking services (other activities of the organisation, including payment methods and systems, business intelligence and channels, payment systems, clearing and discounting, treasury and risk support, financial reporting, regulatory consultancy, international business, banking training school, and currency exchange office).

The action and control measures are applicable consistently across all organisational levels. However, a specific analysis has been carried out on crime in the departments/activities/functions in which they can be committed and secondary controls have been established to curtail them. Indicators have also been designed for the purpose of adequately monitoring the main crimes.

Additionally, offences that are excluded from the System due to their type have been analysed. These are mainly offences which, given the organisation's corporate purpose, have practically zero risk of being committed.

The System identifies the existing controls established for the purpose of preventing and curtailing the commission of crimes in the different areas of the organisation. It summarises the different criminal figures that, in accordance with the provisions of

Article 31 bis of the Spanish Code of Criminal Procedure, could be the source of criminal responsibility for legal persons.

Pursuant to the foregoing, these persons could be subject to investigation in Spain for offences committed on their behalf and for their direct or indirect benefit, (i) by their legal de facto or de jure representatives and administrators, or (ii) by those who, being subject to the authority of the legal persons mentioned in the previous paragraph, have committed an offence due to failing to perform the due control, given the specific circumstances of the case.

The System not only summarises the different offences but also describes, for each of them, the main activities that could entail criminal risks, for the purpose of ensuring its recipients remain alert to situations that could expose them to such risks in the exercise of their activities. Similarly, reference is made to the controls established to avoid the risk of criminal responsibility in its scope.

The System is subject to regular review and ongoing improvement by the Compliance and Operational Risk Committee, which will regularly inform Senior Management and the Governing Bodies of any matter related to the organisation's criminal risks, changes in the criminal regulatory enforcement obligations and their impact on the organisation, criminal and regulatory compliance performance assessments and the results of the same.





# 3

## List of offences and conduct guidelines

### 3. List of offences and conduct guidelines

The System summarises the penal assumptions for which our organisation could be criminally liable under the terms set out in the Spanish Code of Criminal Procedure in force, although this is not a closed document, thus, in addition to the modalities provided therein, there may be other ways of incurring the aforementioned criminal definitions and will be incorporated into its ongoing review and improvement process.

This monitoring work carried out by the oversight body also enables the necessary modifications and/or actions to be made in the preventive model for organising and managing criminal risk, and especially in the following cases: (i) when material breaches of the related internal regulations have been highlighted; (ii) when changes have occurred in the organisation that require the organisation to be adapted; (iii) when the control structure has been modified; (iv) when changes have occurred in the activity carried out that require a new risk assessment and the adoption of new control measures; and (v) when legislative amendments have been made that require adaptations in order to ensure its correct operation.

Through this supervision and monitoring work, Cecabank obtains an overview of the criminal risk organisation and management model, which enables it to take the corrective actions necessary to ensure its effectiveness and suitability for the pursued purpose.

Furthermore, all members of the organisation will assume the expected conduct set out in the Corporate Code of Conduct.

Lastly, in order to check that the criminal risk organisation, prevention, management and control model adopted by Cecabank works effectively, this System will be supervised by Internal Audit, which undertakes to ensure the efficiency of the internal control system established by Cecabank, without prejudice to any verifications that the control body considers should be entrusted to an independent expert, where applicable.



## Organisational measures

## 4. Organisational measures

### 4.1 Compliance and Operational Risk Committee

#### 4.1.1 Members

Cecabank has a Compliance and Operational Risk Committee (CCRO) - which has already been allocated the functions of monitoring criminal risk management (in the Compliance Function Statute) - which will be responsible for implementing this policy by promoting and implementing the various measures provided for in the System that supports it. The CCRO is designed as a collegiate body, and comprises the members of the organisation who hold the following positions:

#### **CHAIRMAN**

Corporate Director of Association Services, Control and Resources

#### **VICE-CHAIR**

Risks Corporate Director

#### **MEMBERS**

Secretary General-Corporate Director of Legal and Fiscal Advice

Corporate Planning Director

Corporate Finance Director

Corporate Director of Operational Services

Director of Design and Development

Control and Compliance Director

Regulatory Compliance Director

Tax Advice Director

#### **SECRETARY**

Director of Internal Control and Operational Risk

Cecabank's Board of Directors, therefore, appoints the CCRO as a Criminal Enforcement body, assigning it the supervision of the operation of the model and providing it with autonomous powers of initiative and control, as well as the independence necessary to carry out its duties, so that it is free from any business conditions that could impair the performance of its duties.

Under the terms set out in this policy, the CCRO receives the full backing of Cecabank's governing bodies (Board of Directors and its delegated committees), to which it has direct access. In this regard, it is entitled to freely access both the documents and the members

of the organisation that it requires to carry out its tasks. The organisation's members are required to immediately provide the documents and information requested of them.

The CCRO performs its tasks autonomously, without specifying specific mandates for the same, in accordance with the provisions herein and the provisions of the System.

The independence of the CCRO, therefore, guarantees neutrality in decision-making.

Furthermore, the assessment of the CCRO's performance in this matter ultimately corresponds to the governing bodies, to which it reports.

#### 4.1.2 Central tasks

The CCRO has the following functions, as the body responsible for overseeing the operation of the model and, specifically, for the monitoring, enforcement and adequacy of this policy and the System:

- Supervising, observing and controlling the effectiveness and enforcement of the criminal risk organisation and management model in order to prevent crimes or significantly reduce their risk of them being committed.
- Monitoring the measures adopted in the field of the prevention of criminal risks and their adequacy.
- Ensuring the dissemination of Cecabank's policy, System and Corporate Code of Conduct, with the collaboration - for this purpose - of the Talent-Culture Division and General Services and the Control and Compliance Division.
- Fostering and controlling initiatives intended to spread knowledge and understanding of the System.
- Analysing the control activities carried out during the financial year, as well as their effectiveness, at least annually.
- Adopting the corrective measures necessary to adequately curtail the criminal risks faced by the organisation, at the proposal of Regulatory Compliance.

## 4.2 Corporate Conduct Committee

### 4.2.1 Members

The Committee comprises:

- Corporate Director of Association Services, Control and Resources (Chairman).
- Secretary General-Corporate Director of Secretary General and of Legal and Fiscal Advice.
- Director of Talent-Culture and General Services.

The CSR Manager will act as Secretary (non-member) of the Committee.

### 4.2.2 Central tasks

- This Committee oversees the correct operation of the channel of Corporate Conduct Channel.
- Acknowledging receipt of claims or enquiries, specifying the response period laid down in this standard.
- Processing the claims or enquiries received in order to resolve them by carrying out any actions that it deems appropriate.
- Informing the claimant and the accused of the result of the resolution.
- Publishing the results of the enquiries issued on the intranet and on the website.
- Informing the Audit Committee of its actions, at least once a year, and provided that this is required or there is a major event.

- Informing the Compliance and Operational Risk Committee when an operational risk loss event is determined from the analysis and resolution of claims.
- Making any proposals that it considers appropriate in relation to the Corporate Code of Conduct to the Compliance and Operational Risk Committee which may, in turn, be submitted to the Steering Committee or the Audit Committee when it is deemed necessary due to their very nature.
- Keeping all documentation archived on a shared server and restricted to the Committee members. Documents will also be protected to preserve confidentiality.

## 4.3 Obligations of the members of the organisation

Insofar as enforcement of the law and the correct development of the System is the responsibility of all members of the organisation, each member, regardless of their position in the organisation, is expected to (i) ensure compliance with the provisions herein, observing at all times conduct that is ethical and contrary to the commission of criminal offences, and (ii) immediately comply with any instructions that may be received from the Compliance and Operational Risk Committee in the exercise of the abovementioned functions.

### 4.3.1 The governing body and senior management

Cecabank's Board of Directors and senior management provide support to the Compliance and Operational Risk Committee and the Corporate Code of Conduct Monitoring Committee in the exercise of their duties and actively promote the culture of criminal enforcement in the organisation, ensuring that they have the appropriate resources to effectively execute the System and encouraging the use of procedures and channels that are enabled to disclose and/or report potentially criminal conduct that may affect the organisation and its activities, among other matters.

The leadership of Cecabank's Board of Directors and its senior management entails the assignment - in addition to the obligations of all members of the organisation (see section 4.3. herein), the obligations set out below.

The Board of Directors is responsible for formally approving this policy - as well as any updates that may be required - and for fostering the adoption and implementation of the criminal risk organisation and management model of that is suitable for the organisation, suitable for preventing, detecting and managing criminal risks.

Pursuant to the provisions of the Code of Criminal Procedure, Cecabank has assigned the supervision of the operation and compliance of the implemented prevention model to a body of the legal person (the CCRO) with autonomous powers of initiative and control. It has also provided it with adequate and sufficient material and human resources in order for it to effectively carry out its work.

As the body responsible for adopting the model, it is tasked with regularly assessing the model's effectiveness, amending it - if necessary - when it becomes aware, through any channel, of the existence of major breaches or when material changes occur in the circumstances that concern the organisation, in the assessment of its criminal risks or in the criminal enforcement objectives it sets.

Similarly, on the terms set out in the System with regard to criminal risk reports, the Board of Directors - directly or through the Audit Committee - receives, reviews and subscribes the reports provided by the CCRO, taking the actions suggested by the committee or fostering those it considers most suitable for the correct management of criminal risks. The Board of Directors also ensures that training processes the will that curtail the probability of the criminal risks materialising are established in the organisation.

Cecabank's senior management collaborates with the governing body in performing its responsibilities, especially with regard to the transmission of the organisation's compliance culture and its commitment to zero tolerance to conduct that may lead to crimes being committed by the organisation.

Due to its proximity to Cecabank's strategic and operational goals and its hierarchical position, senior management is responsible for directing and backing all members of the organisation in exercising their criminal enforcement obligations, ensuring that all of them include them in the conduct of their daily activities. In this regard, when carrying out its executive functions, senior management ensures that the requirements arising from the System are incorporated into all the organisation's processes and procedures, directing and supporting the organisation's members in meeting the requirements and the effectiveness of the System.

It must also guarantee the availability of adequate and sufficient resources for the effective execution of the System, internally communicating the importance of such execution in a manner consistent with the provisions of the Criminal Enforcement Policy.

Senior management must also identify and act to manage potential or real conflicts of interest, in cases in which responsibility or authority for decision-making is delegated, in areas where there is criminal risk.

The senior management takes part in the processes of identifying, analysing and assessing criminal risk when required, also undertaking to encourage among the members of the organisation the use of channels that are enabled for them and third parties to report potentially criminal conduct that may affect the organisation and its activities.

With regard to communications from the members of the organisation regarding activities related to criminal risks, senior management guarantees that there will be no reprisals, discrimination or sanctions for communications made in good faith or for actions aimed at preventing criminal behaviour.

### 4.3.2 All members of the organisation

All members of the organisation are responsible for understanding, observing and applying the provisions of this Criminal Enforcement Policy, collaborating with the CCRO, senior management and the Board of Directors, when necessary, and observing, in particular, the behaviour expected of them and which are laid down in the mandatory internal regulations.

Furthermore, all of them must submit to the CCRO, or the corresponding delegated committees, proposals intended to prevent any commission of crimes in those areas in which - due to their experience - they consider vulnerable in light of the control measures effectively implemented.

Lastly, all members of the organisation will adhere to this Criminal Enforcement Policy, attending criminal enforcement training sessions that are determined by virtue of their duty or position in the organisation, and they will immediately provide the information and documentation requested by the CCRO.



## Knowledge and declaration of conformity



## 5. Knowledge and declaration of conformity

This policy is delivered and available to all members of the organisation on the intranet.

Cecabank will also make this policy available to third parties through its website.

Members of the organisation who occupy positions that are particularly exposed to criminal risk will be asked to provide their declaration of conformity with this Criminal Enforcement Policy.



# Reporting conduct

## 6. Reporting conduct

All members of the organisation are required to report any conduct, individual or collective, or activities within the framework of their duties at the organisation, which may constitute a breach of the contents of this document or of the other documents on the System, regardless of whether such conduct has been ordered or requested by a superior.

In order for this policy to be applied effectively, the organisation has enabled various internal reporting and communication mechanisms. For this reason, any enquiries, observations and claims by employees regarding criminal prevention may be made through the organisation's various channels, ranging from simply reporting to their hierarchical superior, to processing them through the Corporate Conduct Channel.

Any criminal enquiry, comment or claim filed through the Corporate Conduct Channel will be processed by the Corporate Conduct Committee on the terms described in its internal standard.



## Consequences of non-compliance

## 7. Consequences of non-compliance

In accordance with the provisions of this policy, the Corporate Code of Conduct and the Organisational and Management System for Criminal Risk, all subjects involved, regardless of their hierarchical level and geographical or functional location, are required to comply with the principles and procedures established in these texts, provided that they are applicable.

Failure to comply with the provisions herein may result in the corresponding sanctions being imposed.

Sanctions will be imposed in the workplace after conducting the corresponding sanctioning procedure in conformance with the reference sectoral regulation.

## Annex I.- Definitions

The definitions of the concepts that will be used frequently in this document (cited in italics) are set out below:

- ✓ Senior management: Cecabank Steering Committee.
- ✓ Compliance and Operational Risk Committee: Cecabank's internal body, with autonomous powers of initiative and control, entrusted with the responsibility of supervising the operation and enforcement of the institution's criminal risk management model, in addition to other tasks. The existence of this Committee complies with the requirements established in Spanish criminal law (Article 31 bis of the Spanish Code of Criminal Procedure) with regard to the supervision of the model.
- ✓ Organisational and Management System for Criminal Risk: A set of interrelated elements and activities to manage and control the organisation with regard to Criminal Enforcement. Also referred to as the "System".
- ✓ Core document of the Organisation and Management System for Criminal Risk: internal document that includes the obligations and procedures of the organisation linked to criminal risk organisation and management.
- ✓ Organisation: Cecabank and the entities of its group that are subject, where applicable, to the System or to a similar organisational and management model.
- ✓ Members of the organisation: members of the Board of Directors, executives, employees, workers or temporary employees, or those under a collaboration agreement, and volunteers of an organisation and other people reporting to any of the above.
- ✓ Business partners: any legal or natural person, except the Members of the Organisation, with whom the organisation maintains or plans to establish any type of business relationship. For informational purposes, this includes, but is not limited to, intermediaries such as agents or brokers, external advisers, joint-ventures or natural or legal persons contracted by Cecabank for the delivery of goods or the provision of services.
- ✓ Parties subject to this document: all members of the organisation, as well as the business partners that are specified, when it is advisable or necessary to transfer all or part of the contents of this document.
- ✓ Third party: natural or legal person or body independent of the organisation.
- ✓ Stakeholder: natural or legal person that - not being business partners or members of the organisation - may be affected or perceived as being affected by a decision or activity of the organisation.
- ✓ Employees occupying positions that are particularly exposed: member of the organisation whose position represents exposure to a criminal risk that is deemed above 'low', in accordance with the criminal risk assessment.
- ✓ Criminal Enforcement Policy: a set of provisions contained herein, also referred to as the "Policy".
- ✓ Criminal risk: risk related to the development of conduct that may constitute a crime attributable to Cecabank, according to the criminal liability regime of legal persons laid down in the Spanish Code of Criminal Procedure.
- ✓ Requirement: expected and mandatory requirement. The requirements may come from criminal laws and complementary regulations, or be laid down by Cecabank through the Criminal Enforcement Policy or any of the System documents that support it.

