



CRIME PREVENTION MODEL

(SUMMARY)

1. OBJETIVES

The Criminal Liability of the Legal Person was incorporated into the Spanish legal system for the first time through Organic Law 5/2010, of 22 June, which modified the Organic Law 10/1995, of 23 November, of the Penal Code, establishing a new article 31 bis, in force since 23 December, 2010.

Said article 31 bis set out the possibility of applying as an extenuating circumstance of legal persons' criminal liability the establishment, prior to the opening of the oral trial, of effective measures to prevent and discover crimes that may be committed by a legal person, measures that are embodied in the so-called "compliance programs" or crime prevention models.

Organic Law 1/2015 of 30 March came into force on 1 July, 2015, modifying the aforementioned article 31 bis of the Penal Code in order to introduce a technical improvement in the regulation of the criminal liability of legal persons adequately delimiting the content of "due control". The new article 31 bis of the Penal Code indicates that crime prevention models may be not only mitigating, but also exonerating in respect of crimes committed by their legal representatives or those authorised to make decisions on behalf of the legal entity or who hold powers of organisation and control.

In this context, and as an integral part of its strategy of continuous improvement, Bright Food Group Spain, S.A. and its investee companies (hereinafter jointly referred to as "**GM FOOD**" or "the Group"), developed in 2016 a Crime Prevention Model (CPM) that includes the crime risks to which it is subject, the main controls available to mitigate them, as well as those relevant aspects that demonstrate the existence of an organisation and management model with the appropriate surveillance and control measures to prevent and, where appropriate, detect the occurrence of illegal activities within the Group.

The CPM described below has been prepared considering as a point of reference the best international practices in terms of regulatory compliance and risk control and, in particular, ISO 19600: 2014 standards "Compliance Management Systems - Guidelines" and ISO 31000: 2010 "Risk Management - Principles and guidelines".

2. APPLICATION

All the provisions contemplated in this document are applicable to all employees, executives and members of the management body of **GM FOOD** in Spain, that is, Bright Food Group Spain, S.A. and its dependent companies.

3. RESPONSIBILITIES

GM FOOD’s CPM structure of authority and responsibilities is as follows:



The functions of each the sections that make up the Group’s CPM structure of responsibilities and authorities are summarised below:

a) Governing Body and Executive Committee

The Governing Body, as well as the Executive Committee, have adopted, each within their scope, the decisions necessary for the development and implementation in **GM FOOD** of an organisation and management model for the prevention of crimes in the Group.

GM FOOD’s Governing Body, through the Board of Directors’ minutes of 24 April, 2016, formalised the creation of an Ethics Committee to supervise the systems and effectiveness of internal control and risk management systems, ensuring that they identify the different types of risks faced by the Group and the measures envisaged to mitigate them and to deal with them should they result in actual damage.

b) Ethics Committee

GM FOOD’s Governing Body will delegate the supervision of the operation and compliance of the CPM to the Ethics Committee, which will be responsible for making significant decisions in relation to the administration, management and monitoring of the same.

The main activities that the Ethics Committee will carry out in this sense are those of periodic monitoring and supervision of compliance with the process of implementation, preparation and annual updating of the CPM.

c) Compliance Officer

The Compliance Officer will be responsible for the coordination and supervision of the Model, reporting directly to the Crime Prevention Body.

The duties to be carried out by the Compliance Officer must be permanent, independent and objective, and must be carried out continuously in order to add value to the group.

d) Export report on the CPM

An independent third party will carry out twice-yearly reviews of the CPM to determine:

- i. the existence of a Crime Prevention Model for **GM FOOD** according to the precepts established in current legislation and,
- ii. that it includes adequate and effective control measures, both in its design and operational effectiveness, to prevent and detect crimes that apply to the Group.

4. CONTENT

4.1. DESCRIPTION OF CPM CONTROL ENVIRONMENT

GM FOOD is characterised by a high level of awareness and control in order to safeguard the interests (i) of the Group; (ii) of the people related with it; (iii) of the market; and (iv) the culture and values that are considered worthy of protection. All this obeying the vigilance of the conservation of the Group's high reputation where it operates or is present.

In this section, the main aspects that make up the Group's CPM general control environment are detailed, in particular:

- Description of **GM FOOD**'s control environment.
- Description of **GM FOOD**'s internal control system.
- Description of the procedures for the prevention and detection of crimes, as well as the reaction procedures to the committing thereof.

a) Control environment

The definition and establishment of the Control Environment in **GM FOOD** is the responsibility of the Governing Body and Executive Committee, both in its determination and in its communication to the other members of the organisation. They are also ultimately responsible for ensuring compliance.

GM FOOD has a three-level control structure: Corporate policies and regulations associated with the business processes, corporate policies and regulations associated with support processes and corporate policies and regulations associated with strategic processes.

b) Control and advisory areas

GM FOOD's Internal Control System follows the methodology of "Three lines of defence" as a benchmark to set responsibilities in terms of risk management and control.

GM FOOD's Internal Control System based on the three lines of defence is structured as follows:

- First line of defence

Corresponding to the different operating units of the business, who have the ownership, responsibility and obligation to evaluate, control and mitigate risks, while maintaining effective internal controls.

In this sense, all the areas of **GM FOOD** have been assigned some functions and specialised personnel. These functions must be performed in compliance with the procedures and controls established by the Group.

- Second line of defence

Corresponding to areas that facilitate and supervise the implementation of risk management practices, that is, ensure that the first line of defence is designed and operates effectively, such as legal advice.

In addition, in **GM FOOD** we can differentiate the areas which relate specifically to control and those which relate to advisory:

- Specialised bodies that perform control functions on the correct design and application of the procedures and controls implemented in the Group, such as, for example, Commercial Administration and Accounting or Management Control.
- Units that have an advisory function and that are in themselves a crime prevention mechanism, such as the Legal Advisory Unit.

- Third line of defence

Formed by the functions of the Corporate Internal Audit Area of **GM FOOD**, through a risk-based approach, conducting continuous reviews and improvements of the Group's Internal Control System. It also reviews the application of the **GM FOOD** Regulatory System and the compliance with quality procedures and standards, including the ways in which the first and second line of defence work. The Internal Audit Area also includes the functions of the Compliance Officer in relation to the coordination and supervision of the Crime Prevention Model in the Group.

Finally, in this third line of defence we also include the Ethics Committee, as being specifically responsible for supervising the crime prevention system, as well as its effectiveness and control.

c) Procedures for the prevention and detection of crimes, as well as the reaction procedures to the committing thereof

The CPM contemplates the following procedures for the prevention and detection of crimes, as well as the reaction procedures to them:

- Prevention activities

The objective of these activities is to avoid potential breaches or violations of the CPM and, therefore, mitigate the likelihood of criminal acts being committed within the Group. In this area, the main activities carried out by **GM FOOD** are: (i) identification of activities with a risk of crimes being committed; (ii) implementation of preventive controls; and (iii) communication and training of personnel.

- Detection activities:

The objective of this second group of activities is focused on detecting certain breaches of the CPM, resulting from an ineffective operation of the preventive controls, as a consequence of errors in the carrying out of said controls, either involuntarily or as a consequence of malicious acts that involve fraud or deceit.

- Reaction or response activities

The objective of the reaction activities is to establish action guidelines on how the Group should act once it has become aware of the existence of criminal behaviour in the Group. For this purpose, **GM FOOD** has internal investigation procedures and a sanctioning regime.

4.2. IDENTIFICATION OF CRIME RISKS APPLICABLE TO GM FOOD

The process of identifying crime risks which apply to **GM FOOD**'s activities in Spain has been developed through the following framework:

- The main crime risks that could affect the Group are identified.
- Mitigating controls are established in the Group which are associated with each of the previously identified risks, with the aim of elaborating crime risk and control matrices that consider (i) the associated risk and (ii) the mitigating control.
- Once the final matrices are obtained, a model for assessing crime risks is designed where the identified crime risks are assessed and classified.
- Finally, a map of the Group's crime risks is prepared, which considers (i) the probability of occurrence and (ii) the magnitude of the impact of said risk.

4.2.1. Inventory of crimes

The crimes defined in Organic Law 5/2010, of 22 June, of the Penal Code, and its subsequent modifications, which affect **GM FOOD** as a legal entity, are considered.

4.2.2. Crime risk and control matrix

In order to identify all those crime risks that could potentially occur within **GM FOOD** in Spain, these matrices have been prepared for each of the crime risks that may affect the organisation.

The crime risk and control matrices are a control and management tool that allows each of the crime risks to be associated with controls available in the organisation that allow for the prevention and/or detection of the occurrence of said risks. These matrices are composed of the following aspects: applicable crime, case studies (literal transcription of the article corresponding to the applicable offence, as well as several examples focusing on improving understanding of the risk), frequency, impact, severity and main policies, regulations and controls for preventing and/or mitigating the applicable crime.

Once the previous matrices were defined, initial meetings were held with the Group's main Directors, with the aim of confirming that all crime risks were correctly identified and associated with the main policies, regulations and controls for the prevention and/or mitigation of said risks.

4.2.3. GM FOOD crime risk map

A crime risk map is defined for the Group as a result of the analysis of crimes potentially applicable to **GM FOOD**'s activities in Spain.

4.3. TRAINING

The Group has a training system which allows all its employees to obtain the necessary knowledge and qualifications in the various subjects that affect them in the course of their professional activity.

With regards to the CPM, **GM FOOD** has incorporated specific training related to the criminal liability of legal persons into its periodic training plan, which includes the following aspects:

- a) Risk scenario: the legal entity's criminal liability.
- b) Main crime risks to which the Group is exposed.
- c) Presentation and explanation of the CPM.
- d) Roles and responsibilities of the Group's Management and employees in relation to the CPM.

In addition to the above, the Group's training plan also includes other training courses in various subjects that take into account the awareness of respect for legality on the part of all its employees.

4.4. COMMUNICATION AND DISSEMINATION OF THE CPM

For a proper functioning of the Model, it is essential that both the people in charge of the Model and the rest of the organisation understand the applicable regulations.

For this reason, the Group carries out, among others, the following communication actions regarding crime risks:

- When new employees join **GM FOOD**, they will be informed about the measures established in terms of preventing crime risks.
- Any new situation regarding the prevention of crime risks that is considered relevant will be communicated to employees through the Group's usual channels of dissemination.

Likewise, employees will have permanent access to all the Group's procedures, policies and/or regulations, among which this Model is included.

4.5. SUPERVISION AND UPDATING OF THE CPM

As previously indicated, in order to ensure the effective application and constant updating of the CPM, the Ethics Committee will be in charge of the coordination and supervision of the CPM.

In this regard, the activities that will be carried out periodically to guarantee an adequate supervision and updating of the Model are the following:

- Preparation of the Model's Annual Plan where, for each financial year, the objectives to be achieved, the material and human means necessary to achieve them and, where appropriate,

the training activities that must be provided to the personnel in charge of their execution.

- Design, document and update the policies and procedures in relation to the responsibilities and functions for the proper maintenance and supervision of the Model.
- Ensure the Model's proper functioning and effectiveness by coordinating and facilitating the guidelines defined for the maintenance of the Model: self-assessment, certification and auditing of the Model, as well as coordinating the review of the CPM by a third-party expert, as well as the supervision of the same.
- Document the results, significant events detected, and recommendations for improvement resulting from the review of the Model, as well as the associated action plans.
- Promote and monitor compliance and/or resolution of recommendations and action plans that have been approved by those responsible for the processes.
- Identify legislative or organisational changes that may affect the CPM, such as changes in the legal system, jurisprudence, corporate changes, new business activities, etc., assessing their impact on the Model, and where appropriate, propose solutions, to ensure that the CPM remains updated at all times.
- Participate in the Group's training plan in everything related to compliance with the Model.
- Participate in internal investigations, in collaboration with the Group's other departments, in the case of detection of suspicious events in the context of crime risks identified in the CPM.

4.6. DISCIPLINARY SYSTEM

The group has established a disciplinary system present in the General Collective Agreement of the supermarkets and food self-service sector in the province of Girona, last amended on 7 October, 2014, which applies to all its workers in its work centres, with the exception of directors, sub-directors and department heads of the Group structure, to whom the sanctioning regime foreseen in the Consolidated Text of the Law of the Statute of Workers will be applied (Royal Legislative Decree 1/1995, of 24 March).