



RISK MANAGEMENT AND CONTROL POLICY

December 16th, 2024

CONTENTS

1.	INTRODUCTION	3
2.	PURPOSE.....	3
3.	SCOPE	3
4.	GOVERNANCE MODEL.....	3
5.	BASIC PRINCIPLES	4
6.	RISK FACTORS	5
7.	CONTROL SYSTEM AND RISK MANAGEMENT	5
8.	TERM OF VALIDITY AND PUBLICITY	6

1. INTRODUCTION

Inmobiliaria Colonial SOCIMI S.A. (“**Colonial**” or the “**Company**” and together with its subsidiaries, the “**Colonial Group**”) seeks to generate sustainable value through the strategic management of its business activity, taking into consideration the associated risks and opportunities, with the aim of helping to strengthen its leadership in the sector and consolidate its position in the long term. Colonial’s governing bodies consider that risk management is a key aspect of its organisational culture.

2. PURPOSE

The purpose of this risk control and management policy (the “**Policy**”) is to lay down the basic principles and guidelines for action to ensure that risks of all kinds that could adversely affect the achievement of the Colonial Group’s objectives are identified, analysed, assessed, managed and controlled systematically, with consistent criteria and within the established tolerance thresholds or levels.

The Policy may be developed and supplemented through specific policies that may be established in relation to certain risks, corporate functions or lines of business within the Colonial Group’s perimeter. Likewise, Colonial’s subsidiaries may adopt these risk policies and specify their application, adapting the guidelines on risk limits in those areas in which application varies due to location or business model and taking into account their individual characteristics.

3. SCOPE

This Policy is applicable to all companies making up the Colonial Group in any geographical area in which it operates.

4. GOVERNANCE MODEL

The Board of Directors is responsible for determining the risk management and control policy, identifying the main risks and implementing the internal reporting and control systems in order to ensure the future viability and competitiveness of the Colonial Group, adopting the decisions best suited to its implementation. The Board of Directors is supported by the Audit and Control Committee in monitoring the effectiveness of internal control and risk management systems. In this respect, the Audit and Control Committee directly supervises the internal control and risk management function exercised by the Internal Audit Unit. On the other hand, the Sustainability Committee will define the strategies, plans, policies and objectives regarding environmental, social or sustainability aspects. The Audit and Control Committee and the Sustainability Committee will coordinate with each other regarding the supervision and control and management of non-financial risks, without prejudice to the fact that the ultimate supervision of the effectiveness of the control and risk management systems, financial and non-financial, including those of sustainability, is attributed to the Audit and Control Committee.

In addition, the Chief Executive Officer and Corporate General Management will encourage a risk management culture and commitment in the Colonial Group to guarantee compliance with the strategic guidelines of the Risk Control and Management System (“**RCMS**”) defined by the Company’s Board of Directors, as well as its implementation and adaptation to any changes that may occur in the business model.

The members of the Management Committee are responsible for implementing sufficient controls in their areas to respond to these risks and for assessing their effectiveness and communicating, coordinating and implementing action plans in their respective areas.

The Internal Audit Unit is responsible for assessing the effectiveness of the processes implemented for risk control and management, as well as plans for handling risk and for monitoring, analysing and presenting developments in the corporate risk map to the governing bodies.

Meanwhile, the Compliance Unit is responsible for assessing, establishing and maintaining the appropriate procedures for complying with the regulations applicable to the Company.

5. BASIC PRINCIPLES

In order to carry out its risk management and control functions, the Board of Directors, through the Audit and Control Committee, supervises the adequacy of the system for the internal assessment and control of the relevant risks. To this end, within the framework of the risk and control management system (RCMS) developed by Colonial in line with the methodological framework established in COSO IV (*Enterprise Risk Management of June 2017*), the key operating principles set out below have been implemented. Under this methodology, the Company's key risk events are identified, assessed for impact and likelihood of occurrence based on key operating principles and monitored, and risk developments are reported on a regular basis. The aim of this methodology is to anticipate and minimise the impact of risks on profits, maximising the economic value of the Colonial Group and improving performance in the achievement of objectives.

- **Value protection:** Consideration of risk control and management as a system for creating and protecting the value generated for all relevant stakeholders by aligning the acceptable level of risk with risk management capacity and opportunities.
- **Integration:** Inclusion of the results of the analysis and assessment of risks within Colonial's strategy and the integration of risk vision and perception into the Colonial Group's operational management.
- **Responsibility:** Risk management is the responsibility of all Colonial employees, and, therefore, each employee must understand the risks within his or her area of responsibility and manage them within the established tolerance limits.
- **Defence of stakeholder interests:** Risk management will defend the interests of shareholders, customers and other relevant stakeholders.
- **Consistency:** Risk management globalisation and harmonisation through a common and consistent process of identification, analysis, assessment, management, control and updating.
- **Independence:** Risk management ensures the appropriate segregation of duties between the different components that make it up, i.e. between the areas that assume and manage risks and the areas responsible for their coordination, control and supervision.
- **Transparency:** Risk management will be accountable and responsible in a transparent manner for regulators and key external stakeholders with respect to both the risks identified and the operation of the systems developed to control them.
- **Regular assessment:** At least once a year, corporate, financial and non-financial risks are reassessed, as well as any emerging risks that may have been identified. The result of this

assessment is presented to the Audit and Control Committee and the Board of Directors. The Audit and Control Committee also submits a report on the risk control and management policy to the Board of Directors for approval.

6. RISK FACTORS

In general, a risk is considered to be any threat of an event, action or omission preventing the Colonial Group from achieving its objectives and successfully implementing its strategies.

Colonial differentiates the different types of risk to which the Colonial Group is exposed in two main areas, based on their origin:

- External risks: those related to the environment in which Colonial operates and which influence and determine the Colonial Group's operations.
- Internal risks: those arising from the Colonial Group's own activity and that of its management team.

Colonial's risk management model groups risks into the following categories:

- Strategic risks, which include external and internal factors that may affect the achievement of the Colonial Group's strategic objectives.
- Market risks arising from the transformation of the sector, the situation in the real estate cycle and the Colonial Group's business model.
- Economic risks arising from the geopolitical, macroeconomic and microeconomic situation in the countries in which the Colonial Group operates and from changes in investors' expectations.
- ESG risks, which include non-financial risks linked to the sustainability of the Colonial Group arising from the climate and environmental emergency, structural and people management changes and possible impacts on governance and business conduct.
- Regulatory and tax risks arising from regulatory changes implemented by regulators that may affect the legal and tax framework applicable to the Colonial Group's business.
- Financial risks, understood as the exposure of the Colonial Group's results and equity to changes in prices, developments in the financial markets and other market variables.
- Operational risks, referring to direct or indirect losses caused by external events or internal processes that could affect the activities carried out by the various Colonial Group companies, including technological risks relating to cybersecurity and the adaptation of information systems to new technologies.

7. CONTROL SYSTEM AND RISK MANAGEMENT

This Policy and its basic principles are implemented through the RCMS with the approval of the Audit and Control Committee and the Sustainability Committee, based on appropriate training, definition and assignment of roles and responsibilities at operational and supervisory levels and procedures, methodologies and tools suited to the various stages and activities of the system, which include:

1. **Determining the context:** Defining the strategic environment in which the Management Committee will manage the risks to which the Colonial Group is exposed.

2. **Identifying risks:** Identifying risks that may difficult the achievement of the Colonial Group's strategic objectives, including emerging risks that may arise. The corporate risk map is drawn up based on this identification as an evaluation and monitoring tool.
3. **Analysing risks:** Determining the potential impacts of the occurrence of events, as well as the degree of exposure to them.
4. **Assessing risks:** Based on the corporate risk map and any other emerging risks that are identified, Colonial's governing bodies assess the risks in terms of their impact, their effect on the Colonial Group measured in economic terms, their exposure and the potential for the risk event to materialise over time.
5. **Dealing with risks:** Analysing operations to respond to risks.
6. **Monitoring and reviewing:** Monitoring and updating the results of the RCMS to ensure that risks are identified, evaluated and managed.
7. **Communicating and consulting:** Establishing communication and training flows to promote a cross-cutting risk management culture in the organisation.

The RCMS explicitly determines the responsibilities of senior management, operational management and risk owners in relation to risk management.

8. TERM OF VALIDITY AND PUBLICITY

This Policy will enter force following its approval by the Board of Directors.

This Policy will be publicly disclosed on Colonial's corporate website.