

CPI PROPERTY GROUP PROCUREMENT POLICY



CONTENT

- 1. INTRODUCTION 2
- 2. APPLICABILITY..... 2
- 3. DEFINITIONS 2
- 4. MANAGEMENT RESPONSIBILITIES 3
- 5. PROCUREMENT PRINCIPLES 3
- 6. PROCUREMENT GOVERNANCE 4
- 7. FINAL PROVISIONS..... 4

1. INTRODUCTION

- 1.1 The Group operates its business in several European countries and always complies with applicable laws and the Group's Code of Business Ethics and Conduct and other Group's internal rules.
- 1.2 The purpose of this Policy is, in connection and compliance with the Group's Code of Business Ethics and Conduct and other Group's internal rules, to set out universal standards for the Procurement Processes, so that all Procurement within the Group is conducted in a cost-effective, transparent and non-discriminatory manner and in compliance with applicable laws, and to ensure that the Representatives understand all their responsibilities relating to the Procurement and Procurement Processes.

2. APPLICABILITY

- 2.1 This Policy applies to, and shall be observed by, all companies within the Group and their Representatives. If applicable, the Group will also seek to pursue the same principles and standards, when directly dealing with any Business Partner or Agent.
- 2.2 The prior written approval of the Board of Directors of CPI Property Group S.A. is required for any deviation from this Policy, provided that such deviation would not breach any applicable laws.

3. DEFINITIONS

- 3.1 Unless in this Policy stated expressly otherwise or unless the context requires otherwise, the capitalized terms used in this Policy shall have the meaning ascribed to them in this Section 3.1 of this Policy:
 - 3.1.1 "**Associate**" means any person or entity closely connected to the Representative, including spouse, domestic partner, child or dependent, spouse's or domestic partner's child or dependent, company controlled by the Representative, or any other closely related party, and "**Associates**" shall be construed accordingly;
 - 3.1.2 "**Black List**" means a list of the Suppliers, which provided the Group with any late, subpar or otherwise unsatisfactory Procurement or which proved to be otherwise unreliable and are, therefore, ineligible for participation in the Procurement and Procurement Processes;
 - 3.1.3 "**Group**" means CPI Property Group S.A. and its subsidiaries;
 - 3.1.4 "**Implementing Regulation**" means rules for cost-effective, transparent and non-discriminatory Procurement adopted by individual companies within the Group;
 - 3.1.5 "**Policy**" means this CPI Property Group Procurement Policy;
 - 3.1.6 "**Procurement**" means a process of procuring the Group with goods or services in exchange for financial consideration;
 - 3.1.7 "**Procurement Process**" means a formalised process, by which the Suppliers for the Group are to be selected, and "**Procurement Processes**" shall be construed accordingly;
 - 3.1.8 "**Representative**" means any officer, director, employee or anyone other directly engaged with, and authorized to act on behalf of, the Group, and "**Representatives**" shall be construed accordingly; and
 - 3.1.9 "**Supplier**" means any natural or legal entity other than a member of the Group,

which participates in the Procurement, and its subsidiaries, including their employees, officers, directors, partners and other representatives, and “Suppliers” shall be construed accordingly.

4. MANAGEMENT RESPONSIBILITIES

- 4.1 The overall responsibility for the pursuing of this Policy rests with the Board of Directors of CPI Property Group S.A. that acts through the Compliance Officer of the Group. The Compliance Officer of the Group reports to the Board of Directors of CPI Property Group S.A. on a regular basis.

5. PROCUREMENT PRINCIPLES

- 5.1 The Procurement and Procurement Processes shall be always subject to, or, as the case may be, each Representative involved in any form of the Procurement or Procurement Process shall always adhere to, the following principles:

5.1.1 **Legality**

The Procurement and Procurement Processes shall be conducted in accordance with applicable laws and the Group’s Code of Business Ethics and Conduct and other Group’s internal rules.

5.1.2 **Non-Discrimination**

The Procurement and Procurement Processes shall be conducted in a non-discriminatory manner, and all current and potential Suppliers shall be treated equally and without any special preference. The Suppliers may be placed upon the Black List for material reasons only.

5.1.3 **Transparency**

The Procurement and Procurement Processes shall be conducted in a transparent manner. All relevant processes, qualification, evaluation and communication shall be conducted in a way, which does not raise doubts about proper selection of the most suitable Supplier for the Group. The relevant documentation must be properly archived to allow subsequent reconstruction of each Procurement Process.

5.1.4 **Cost-Efficiency**

The purpose of the Procurement shall be to optimize the value-for-money ratio, i.e., to determine, which Supplier can provide the Group with the best price, quality and added value.

5.1.5 **Binding Nature**

This Policy or the principles relating to the Procurement and Procurement Processes, as the case may be, shall not be circumvented. The Representatives are prohibited to split or manipulate any relevant documents (including orders or invoices) or in any other way distort the processes prescribed herein in order to avoid application of this Policy or the principles relating to the Procurement and Procurement Processes, as the case may be.

5.1.6 **Confidentiality**

The Representatives are prohibited to provide any third party with information related to specific terms and conditions, especially prices, under which the Group procures or intends to procure goods or services from its Suppliers or potential Suppliers.

- 5.2 Additionally, the Representatives are prohibited in any way to circumvent or distort the processes prescribed herein for their personal gain or for gain of their Associates. Should any Representative involved in the Procurement or Procurement Process find out that he/she or his/her family member is involved with a Supplier or a potential Supplier in any way, he/she is obliged to inform his/her supervisor. Such notification must be done without undue delay and in writing.

6. PROCUREMENT GOVERNANCE

- 6.1 The Board of Directors of CPI Property Group S.A. delegates to country managers within the Group's jurisdictions the implementation and effectuation of the local Implementing Regulation setting out, in particular:
- 6.1.1 individual types of the Procurement Processes, depending on the type of goods or services procured and on their value;
 - 6.1.2 adequate financial thresholds for individual types of the Procurement Processes;
 - 6.1.3 adequate financial thresholds for selection of the Suppliers without any Procurement Process;
 - 6.1.4 minimum number of the potential Suppliers, which must be evaluated in each type of the Procurement Process;
 - 6.1.5 rules for transparent evaluation of the potential Suppliers;
 - 6.1.6 rules for elaboration, keeping and archiving the relevant Procurement and Procurement Processes documentation, including requests and approvals of exemptions from the prescribed Procurement Processes;
 - 6.1.7 responsibilities of the relevant Representatives with respect to each Procurement Process, as well as with respect to selection of the Suppliers without any Procurement Process; any
 - 6.1.8 rules on keeping the Group's Black List, including specification of the Representatives authorised to make any changes therein.

7. FINAL PROVISIONS

- 7.1 The Board of Directors of CPI Property Group S.A. shall regularly revisit and reevaluate this Policy in light of development of the Group's business and applicable laws.
- 7.2 Violation of this Policy by any Representative may constitute a breach of the terms and conditions of employment or other relationship of such Representative with the Group, and thus such Representative may be subject to disciplinary action, which, depending on the nature of the violation, may range from a warning or reprimand to termination of employment or other relationship and, in appropriate cases, civil legal action or referral for regulatory or criminal prosecution.
- 7.3 This Policy was approved by the Board of Directors of CPI Property Group S.A. on 13 February 2019.