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Corporate Governance as a priority

Lar España has prioritized best-in-class corporate governance

Pledge to guarantee that the Company’s governance structures are adequately integrated and functioning as intended


Ensuring strong governance

- Transparency
- Business ethics
- Corporate social responsibility

Transparency in management

- Director activities
- Selection and Remuneration
- Training

Continuous monitoring

- Regulatory compliance
- Evaluating & improving board’s performance
- Regular reporting
Governance Structure

Independent and experienced Board: 4 independent directors (4 out of 5)

José Luis del Valle
Chairman and Independent Director

Roger Cooke
Independent Director

Pedro Luis Uriarte
Independent Director

Alec Emmott
Independent Director

Miguel Pereda
Grupo Lar

Juan Gomez-Acebo
Secretary Non Member

Critical Activities internalized

Sergio Criado
CFO

Jon Armentia
Corporate Manager

Susana Guerrero
Legal Manager

Hernán San Pedro
Head of Investor Relations

José Díaz Morales
Interim Internal Audit

Compliance with International standards of Governance and Code of Conduct
Alignment of interests

Grupo Lar is contracted to provide Management services exclusively to LRE

Initial 5-year management contract (since March 2014)

Grupo Lar now owns a 3.5% stake in Lar España, subject to a lock-up period
Corporate Governance Targets

1. Ensure monitoring through an internal audit function.
2. Risk Control Assessment
3. Governance Framework
4. Board Members
5. Financial Information
6. Investors and Shareholders

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- **Create and distribute value in a sustainable manner:** protecting investor’s rights, and providing a fair treatment of all stakeholders.
- **Ensure reliability and traceability of financial information.**
- **Management and transparency of Board selection, training and remuneration processes.**
- **Ensure good corporate governance through transparency, ethics, responsibility and compliance.**
- **Establish the necessary mechanisms to control and mitigate the Company’s risk profile, ensuring sustainable business performance.**
Corporate Governance Initiatives

Risk Control and Management System

- Policy approved in February 2015
- Lar España approach to risk management is a continuous and dynamic process
- The integrated ERM1 system: designed to mitigate risk exposure in corporate activities

Code of Conduct and Whistle-blowing

- Approved by the Board of Directors in 2015 to complement the CNMV Securities Markets Code of Conduct
- Establishes the rules of conduct to be followed by all those who act in the name of Lar España and its subsidiaries

Internal Audit

- Lar España has an internal audit department to monitor the proper functioning of information systems and internal control
- Ensure good corporate oversight and respect of the business model

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1 ERM: Enterprise Risk Management
## Corporate Social Responsibility

### Economic
- i. Promote communication and value creation for long-term shareholders.
- ii. Cooperate with institutions, non-governmental organizations, and private companies, to promote community welfare in the medium and long term.
- iii. Promote training and performance evaluation to strengthen the human capital of Lar España, linked to remuneration policy.

### Environment
- i. Incorporate environmental criteria in the due diligence processes of real estate acquisitions.
- ii. Green building objectives and labelling.
- iii. Ensure continuous improvement by optimizing environmental management and awareness, and minimizing environmental risks.

### Social
- i. Comply with legislation, internal codes, integrating ethical commitments.
- ii. Respect human rights and employees.
- iii. Recruit, select and retain talent within a framework of equal opportunities, non-discrimination and diversity, facilitating integration of minority groups.

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**Strong CSR master plan**
Investor Day

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Lar España Real Estate SOCIMI

Investor Day App