

REPORT PREPARED BY THE APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. ON ITS FUNCTIONING IN 2021

I. INTRODUCTION

In accordance with the provisions of article 15.9 of the Board of Directors Regulations of Lar España Real Estate SOCIMI, S.A. (“**Lar España**” or the “**Company**”) and in order for the Board of Directors to undertake the annual evaluation of this Committee as provided in article 529 *nonies* of the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010 (the “**Spanish Companies Act**”), the aforesaid Committee will prepare an annual report of its functioning, highlighting the principal issues arising, if any, in respect of its inherent functions. In compliance with the aforesaid rules, the Appointments, Remuneration and Sustainability Committee prepares this report- which includes the information provided in Spanish National Securities Market Commission (“**CNMV**”) Technical Guide 1/2019, Appointments and Remuneration Committees (the “**1/2019 Technical Guide**”).

For the purpose of compliance with Recommendation 6 of the Code of Good Governance of listed companies (“**CBG**”), this report will be available to shareholders, investors and other stakeholders on the Company's website (www.larespana.com) from the call of the Ordinary General Shareholders' Meeting.

II. REGULATION

The Appointments, Remuneration and Sustainability Committee of Lar España is regulated in articles 43 of the Articles of Association and 15 of the Regulations of the Board of Directors, and in the specific Regulations of the Appointments, Remuneration and Sustainability Committee, which incorporates the basic aspects regarding the composition, functions and functioning of the Committee included in the 1/2019 Technical Guide. The current versions of these documents are available on the Company's website (www.larespana.com), under the link "Internal Rules on Governance" in the "Corporate Governance" section of the "Shareholders and Investors" section.

Nevertheless, the references included in this report to the internal regulations applicable to the Appointments, Remuneration and Sustainability Committee correspond to the regulations in force until 11 of November 2021, date when the Board of Directors agreed to approve the amendment of the Regulations of the Board and the specific Regulations of the Appointments, Remuneration and Sustainability Committee in order to adapt them to Law 5/2021, of April 12, amending the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, with respect to the promotion of long-term

shareholder involvement in listed companies, and update the name of the Appointments, Remuneration and Sustainability Committee¹.

III. COMPOSITION

Articles 43 of the Articles of Association and 15 of the Board of Directors' Regulations of the Company provide, that the Appointments, Remuneration and Sustainability Committee will be composed of at least three and at most five directors, appointed by the Board of Directors from among the external directors, following the proposal of the Board's Chairman. The majority of the members of the Appointments, Remuneration and Sustainability Committee will be independent and will be appointed on the basis of the knowledge, ability and experience appropriate to the functions they are called upon to perform. The Board of Directors will also appoint one of the members of that Committee as its Chairman.

In accordance with article 15.3 of the Board of Directors' Regulations, the members of the Appointments, Remuneration and Sustainability Committee will remain in their office for so long as their appointments as directors of the Company are effective, unless the Board of Directors resolves otherwise.

During 2021, the composition of the Committee has been modified. Until 13 of December 2021, was composed as follow:

- **Mr. Roger Maxwell Cooke MBE** (Chairman) is an independent non-executive director of Lar España. He was appointed as a director of Lar España by the then sole shareholder of the Company on 5 February 2014 and re-elected as external independent director, at the prior proposal of the Appointments, Remuneration and Sustainability Committee and following the favourable report from the Board of Directors, by the Ordinary General Shareholders' Meeting held on 29 May 2017 and re-elected by the Ordinary General Shareholders' Meeting held on 17 March 2020. The Board of Directors of the Company appointed him as a member of the Appointments, Remuneration and Sustainability Committee on 6 February 2014 and Chairman of the same on the same date. Mr. Cooke is an experienced professional with more than 40 years of experience in the real estate sector. Mr. Cooke joined Cushman & Wakefield in 1980 in London where he had a role in drafting valuation standards (Red Book). Since 1995 until the end of 2013, he served as Chief Executive Officer of Cushman & Wakefield Spain, leading the company to attain a leading position in the sector.

In the 2017 New Year's honours' list, Mr. Cooke was awarded an MBE for his services to British businesses in Spain and to Anglo-Spanish trade and investment.

¹ In this respect, the main amendment to the Regulations of the Appointments, Remuneration and Sustainability Committee was to include and adapt the competences of this Committee regarding the director's compensation in that capacity to the provisions of article 529 septdecies.3 LSC, as amended by Lay 5/2021, incorporating executive director's compensation in accordance with article 529 octodecies.3 LSC, as amended by Law 5/2021.

Mr. Cooke holds an Urban Estate Surveying degree from Trent Polytechnic University (Nottingham, UK) and is currently a Fellow of the Royal Institution of Chartered Surveyors (FRICS). Until May 2016, he was the President of the British Chamber of Commerce in Spain. Since January 2020 he is Chairman of RICS in Spain and member of its European Advisory Board. He is also a member of the Executive Committee of the British Hispanic Foundation and in January 2022 he joins the Real Estate Observatory as editorial advisor.

- **Mr. Alec Emmott** (Member) is an independent non-executive director of Lar España. He was appointed as a director of Lar España by the then sole shareholder of the Company on 5 February 2014 and re-elected as external independent director, at the prior proposal of the Appointments, Remuneration and Sustainability Committee and following the favourable report from the Board of Directors, by the Ordinary General Shareholders' Meeting held on 29 May 2017 and re-elected by the Ordinary General Shareholders' Meeting held on 17 March 2020. The Board of Directors of the Company appointed him as a member of the Appointments, Remuneration and Sustainability Committee on 6 February 2014. Mr. Emmott has a wide career in the listed and unlisted real estate sector in Europe, and is based in Paris. He served as CEO of Société Foncière Lyonnaise (SFL) from 1997 to 2007 and subsequently as senior advisor to SFL until 2012.

He is currently the Principal of Europroperty Consulting, and since 2011, is a Director and member of the Appointments Committee of VITURA (previously CeGeREAL S.A.) representing Europroperty Consulting. He is also member of the advisory committee of Weinberg Real Estate Partners (WREP I and II). He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. Mr. Emmott holds an MA from Trinity College (Cambridge UK).

- **Mr. Miguel Pereda Espeso** (Member) is a proprietary non-executive director of Lar España. He was appointed as a director of Lar España by the then sole shareholder of the Company on 5 February 2014 and re-elected as external proprietary director, at the prior proposal of the Appointments, Remuneration and Sustainability Committee and following the favourable report from the Board of Directors, by the Ordinary General Shareholders' Meeting held on 29 May 2017 and re-elected by the Ordinary General Shareholders' Meeting held on 17 March 2020. The Board of Directors of the Company appointed him as a member of the Appointments, Remuneration and Sustainability Committee on 6 February 2014. Mr. Pereda has more than 25 years of experience in the real estate sector, having being Chief Executive Officer of Lar Grosvenor during 6 years.

Actually, he is Chairman and shareholder of Grupo Lar Inversiones Inmobiliarias, S.A., as well as director of some of its subsidiaries, chairman of Villamagna, S.A., a company belonging to the Grosvenor Group, and he is also chairman of the Altamira Lar foundation and in 2015, he was appointed Eminent Member of the Royal Institution of Chartered Surveyors (RICS) in London.

Mr. Pereda has a degree in business administration from Universidad Complutense (Madrid, Spain), an MBA from the Instituto de Empresa (IE), participated in the Breakthrough program for Senior Executives of the IMD, has a Masters in tax from ICADE and participated in the Real Estate Management Program of Harvard University.

- **Mr. Laurent Luccioni** (Member) is a proprietary non-executive director of Lar España. He was appointed as a director of Lar España by the Ordinary General Shareholders' Meeting held on 29 May 2017, by the exercise of the investor PIMCO of its legal right of proportional representation.

Mr. Laurent Luccioni has more than 18 years of experience in the investment and financial services sector. He is currently a Sr. Advisor for PIMCO Europe. Until the end of 2019 held the position of managing director and portfolio manager at PIMCO's London Office, where he oversaw the European commercial real estate team. Prior to joining PIMCO in 2013, he was the European CEO for MGPA, the Macquarie-backed private equity real estate investment advisory company. Additionally, he worked with Cherokee Investment Partners in London.

Laurent currently sits on the Board of Directors for Carmila SAS.

Mr. Laurent Luccioni holds an MBA from Kellogg School of Management at Northwestern University, and a doctorate in civil and environmental engineering from the University of California, Berkeley.

At the Board meeting of December 13, 2021, Mr. Lauren Luccioni resigned as member of the Committee, with the aim of encouraging the Committee to be composed of a majority of independent directors.

In accordance with the above, in 31 December, 2021, the composition of the Committee was:

- Mr. Roger Maxwell Cooke (Chairman)
- Mr. Alec Emmott (Member)
- Mr. Miguel Pereda Espeso (Member).

Detailed information on the members of the Committee and their professional careers is available to the shareholders, investors and other stakeholders of Lar España on the website of the Company.

In accordance with the provisions of article 15.1 of the Board of Directors' Regulations, the Secretary non member of the Appointments, Remuneration and Sustainability Committee is Mr. Juan Gómez-Acebo Sáenz de Heredia, as he is also the Secretary of the Board of Directors, being Deputy Secretary of the Committee, the Deputy Secretary of the Board of Directors Mrs. Susana Guerrero Trevijano.

Therefore, during 2021 the composition of the Committee has been consistent with the provisions of article 529 *quaterdecies.1* of the Spanish Companies Act, being all the members of the Committee nonexecutive directors and two of them, including its Chairman, independent directors.

In this sense, the Regulations of the Board of Directors establish, in line with Recommendation 47 of the Code of Good Governance, that the majority of the members must be independent. The Company has always declared its intention to comply with this requirement as soon as vacancies arise in the Company and has also pursued a different composition in the Appointments, Remuneration and Sustainability Committee and in the Audit and Control Committee (made up of the other three independent Directors) in order to achieve independence between the two bodies and a greater participation of all the external Directors in the different Committees. At present, following Mr. Laurent Luccioni resignation on 13 December, 2021, the majority of members of the Committee are independent directors.

IV. MEETINGS

In accordance with the provisions of article 15.5 of the Regulations of the Board of Directors and 6.1 of the Regulations of the Committee, the Appointments, Remuneration and Sustainability Committee normally meets at least three times per year. It may also meet at the request of any of its members and when called by its Chairman. The Chairman must call the meeting whenever the Board or its Chairman requests the issue of a report or the preparation and adoption of proposals and, in any event, whenever appropriate for the proper exercise of its authority.

The Appointments, Remuneration and Sustainability Committee met nine times in 2021, upon call by the Secretary by means of an individual communication (electronic mail) to each of its members, including the Agenda for the meetings. Likewise, the documents relating to the different items on the Agenda have been made available to the members of the Committee prior to the meeting.

Therefore, the Appointments, Remuneration and Sustainability Committee met with the required frequency to properly perform its duties and according to what is stated in the Second Paragraph of the Third Section of the 1/2019 Technical Guide.

All the members of the Committee personally attended all the meetings held, either physically or by telematic means, except for the meeting held the 18 of March, when Mr. Laurent Luccioni granted a written, special power of attorney to Mr. Roger Cooke with precise voting instructions.

Of the nine meetings of the Appointments, Remuneration and Sustainability Committee, five were held physically at the Company's registered office, three meetings were held by videoconference and one was conducted in writing and without meeting.

In addition to its members, the meetings of the Appointments, Remuneration and Sustainability Committee have been attended by various non-members, following the invitation of the Chairman

of the Committee to deal with certain items on the Agenda, such as the Corporate and Financial Director of the Company.

V. In any case, guests' arrivals and departures have been recorded on the Committee's minutes, not having attended the deliberation and voting phases of the Committee.
FUNCTIONS OF THE COMMITTEE AND ACTIVITIES DURING 2021

Articles 15 of the Regulations of the Board of Directors and 5 of the Committees' Regulations include the functions of the Appointments, Remuneration and Sustainability Committee, which focus on the areas of selection, appointment, removal and evaluation of Directors and the composition of the Board of Directors, appointment of internal positions on the Board and senior management, remuneration issues and corporate social responsibility and sustainability.

The following is a list of the functions that the Regulations of the Committee in force between 1 January and 11 November 2021 attributed to the Committee, indicating its most important actions during 2021 in relation to them and how the Committee has exercised them in practice:

1) With regard to the composition of the Board of Directors and its Committees:

In relation to this matter, the Appointments, Remuneration and Sustainability Committee has the following functions:

- Advise and review the criteria to be followed for the composition of the Board of Directors and the selection of candidates, in particular, evaluate the necessary competences, knowledge and experience in the Board of Directors. To this end, the Board will define the necessary functions and skills of candidates who will cover each vacancy and will evaluate the time and dedication needed for to properly perform their duties, ensuring that non-executive directors have sufficient time available for the proper performance of their duties.

To this end, the Committee shall draw up and regularly update a matrix of the competencies necessary for the board that will define the skills and knowledge of the candidates to become director, particularly those of executive directors and those of independent directors.

- Shall ensure that in the promotion of new vacancies or the nomination of new directors, the selection procedures do not include implicit processes that might imply any discrimination and, in particular, that might impede the selection of women. In particular, will be established a representation goal for the less represented sex on the Board of Directors and will be provided guidelines on how to achieve such goal.
- Propose to the Board of Directors' diversity policy and member selection. Likewise, will be Drawn up the report referred to article 5.6 of the Regulations of the Board of

Directors and will be verified, annually, compliance with the policy of diversity Board of Directors and selection of directors, reporting on this in the Annual Corporate Governance Report.

- To ensure, annually, compliance with the criteria for promoting diversity in the composition of the Board of Directors established by the Company, which will be reported in the Annual Corporate Governance Report.
- Advise the Board of Directors about the most appropriate configuration of the Board of Directors and of its committees, both in size and balance between the different classes of members at all times. To this end, the Committee will regularly review the structure of the Board of Directors and of its committees, particularly when vacancies occur in these bodies.
- Verify periodically the Directors' category.
- Inform of or draw up proposals with regard to nomination or removal of the members who should form part of each of the committees.

In relation to these functions, in 2021 the Appointments, Remuneration and Sustainability Committee analysed possible incompatibilities of one of its directors in view of his appointment as editorial advisor of a professional body, concluding that there is no conflict of interest and that it does not adversely affect his dedication to the Company. The Committee also analyzed the possible incompatibilities of one of the directors in view of his appointment as member of the Board of Directors of another company concluding that there was no obstacle since there was no conflict of interest and the Director did not reach the maximum number of Boards of which he may be a member, in accordance with the provisions of the Company's Articles of Association.

Likewise, the Committee analyzed the categories of directors held by each of the members of the Board of Directors, concluding that the current categories remain fully in line with their circumstances.

On the other hand, the Committee analyzed on several occasions the possibility of increasing the number of women on the Board of Directors in order to achieve, in accordance with recommendation 15 of the CBG, the objective that by the end of 2022 at least 40% of the members of the Board should be female directors. In this regard, and after several meetings held with the main proxy advisors, the Committee concluded that taking into account the size and composition of the current Board of Directors, with a majority of independent directors, as well as the internal policies implemented and the positive evolution of recent years, the current percentage of women on the Board is in line with the Company's singularities and social and good governance expectations, without prejudice to the Company's commitment to strive to comply with the good governance recommendations.

2) In regard to the selection of candidates to become board members and senior managers:

The Appointments, Remuneration and Sustainability Committee has the following functions with regard to the selection of Directors:

- Select the possible candidates to be, as applicable, nominated as board members of the Company and presenting its proposals or reports, as applicable, to the Board of Directors via its Chairman.
- Bring to the Board of Directors the nomination proposals (for its decision or for submission to the decision of the General Shareholders Meeting) for the non-executive members, and the re-election proposals for such directors by the General Shareholders Meeting.
- Inform the Chairman of the Board of Directors of the nomination proposals (for approval or for submission for decision of the General Shareholders Meeting) of the remaining members, and the re-election proposals for such directors by the General Shareholders Meeting.
- Inform of the proposals of the Chairman of the Board of Directors or from the CEO, if any, for the appointment and removal of senior managers.

The Committee reviewed and approved the Report of the Committee on the re-election of the director Mrs. Isabel Aguilera Navarro, and also resolved to submit the to the Board for final approval, report that was made available to shareholders at the time of the call of the Ordinary General Meeting of Shareholders.

In addition, the Appointments, Remuneration and Sustainability Committee unanimously approved a minor adjustment to the selection Policy, appointment, re-election and evaluation of the directors and diversity of the Board of Directors.

Additionally, the Committee analyzed the proposal received from the Company's Audit and Control Committee regarding the hiring of Mr. José Ignacio Domínguez as the Company's internal audit manager, and reported favourably on his hiring.

3) Competences related to and to the process for appointing internal positions of the Board of Directors:

The Appointments, Remuneration and Sustainability Committee has the following functions in this area:

- Inform of the proposals with regard to the appointment or removal of the Chairman of the Board of Directors.
- Advise of proposals of the Chairman of the Board of Directors regarding the appointment or removal of the CEO.

- Examine or organize the succession of the Chairman of the Board of Directors and of the CEO of the Company, if any, and, as applicable, making proposals to the Board of Directors such that this succession occurs in an orderly and planned way, drawing up a succession plan for that purpose.
- Advise of the proposals of the Chairman of the Board of Directors related to nomination or removal of the Deputy Chairman or Deputy Chairmen of the Board of Directors.
- Bring to the Board of Directors the proposal of nomination of a lead non-executive director especially allowed in the event that the Chairman of the Board of Directors exercises executive functions, and inform of proposals for his/her removal.
- Advise of the proposals of the Chairman of the Board of Directors related to nomination or removal of the Secretary and, as applicable, of the Deputy Secretary or Deputy Secretaries of the Board of Directors, of the Secretary General and of the Legal Counsel.

In 2021, the Appointments, Remuneration and Sustainability analyzed in several meetings the convenience of having a succession plan for the Chairman of the Board. In this regard, the Committee unanimously agreed to propose to the Board of Directors the appointment of Mr. Miguel Pereda Espeso as Vice-Chairman of the Board for the purpose of assisting or substituting from time to time for the Chairman in the corporate functions of the Company, it being understood that the Vice-Chairman will not replace the Chairman on a permanent basis in the future.

4) In regard to the evaluation of Directors:

In this matter, the Appointments, Remuneration and Sustainability Committee has the functions listed below:

- Establish and oversee an annual programme of continuous evaluation and review of the qualification, education and, as applicable, independence, as well as maintenance of the terms needed to exercise the role of board member and committee member, and proposing to the Board of Directors those measures it considers appropriate in this regard.

In particular, will periodically design and organize knowledge update programs for directors.

- Conduct in collaboration with the Chairman of the Board and with the support of the coordinating director, where appropriate, the annual evaluation of its own functioning and that of its committees including the evaluation of the performance of the Chairman of the Board of Directors and of the Chief Executive Officer, if any, and submit to the

board the results of its evaluation together with a draft action plan and recommendations to correct any deficiencies identified or to improve the functioning.

The Committee, after reviewing and discussing the conclusions of the evaluation of the Board, as well as the proposed action plan for the financial years 2021 and 2022, agreed to approve the Evaluation Report of the Board and its Committees for the financial year 2020 and the Board's action plan for the financial year 2022. In particular with regard to the Appointments, Remuneration and Sustainability Committee, it approved the Self-Assessment Report as well as the Committee's action plan for the financial year 2022.

5) In regard to the withdrawal and termination of Board members:

In this matter, the Appointments, Remuneration and Sustainability Committee has the functions listed below:

- Inform the Board of Directors about proposals for removal of non independent directors due to breach of the duties inherent in the role of member or where the circumstances of mandatory dismissal or termination according to applicable law and to the Company's regulations have been incurred.
- Propose to the Board of Directors the removal of independent directors due to breach of the duties inherent in the role of member or where the circumstances of mandatory dismissal or termination according to applicable law and to the Company's regulations have been incurred.

In 2021, the Appointments, Remuneration and Sustainability Committee has not been required to exercise the aforementioned functions.

6) In regard to remunerations of directors and senior managers:

The Appointments, Remuneration and Sustainability Committee has the following functions:

- Propose to the Board of Directors the remuneration policy applicable to directors and senior managers.
- Regularly review the members reward policy and senior managers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior managers in the company, ensuring its compliance and proposing modifications and updates to the Board of Directors.
- Propose to the Board of Directors the individual remuneration of non-executive directors, taking into consideration the functions and responsibilities attributed to each director.

- Propose the individual remuneration of the executive officers and the other basic terms of their contracts for approval by the Board of Directors, including any compensation that may be fixed for early termination in their functions and the amounts to be spent by the Company on insurance premiums or savings system contributions, always in compliance with the Company's internal standards and, in particular, in accordance with the remuneration policy approved by the General Shareholders Meeting.
- Inform of and submit to Board of Directors the proposals of the Chairman of the Board of Directors or the Chief Executive Officer, if any, related to the senior managers' reward structure and the basic terms of their contracts, including any compensation that may be fixed for departure.
- Review the terms and conditions of the contracts of executive directors and senior management and verify that they are consistent with current remuneration policies.
- Oversee observance of the Company's remuneration programmes and advising on the documents to be approved by the Board of Directors for general disclosure about remuneration information, including the annual report on members' remuneration and the corresponding part of the Company's corporate governance annual report.
- Inform, in advance and prior to approval by the competent company body, the remuneration established for the non-executive members of other companies in the group.

During the 2021 financial year, the Appointments, Remuneration and Sustainability Committee reported favourably to the Board of Directors on the proposed Remuneration Policy for 2021 to 2023, which was submitted for approval by the Shareholder Meeting.

On the other hand, the Committee analyzed the Chairman's remuneration and agreed to propose to the Board its increase for 2022, taking into considerations his dedication and commitment with the Company, which is externally managed and where there are no executive directors.

The Committee also agreed to grant new compensation bonuses to certain executives of the Company derived from the change of the company's registered office and reviewed the objectives and remuneration of these executives, agreeing to prepare their salary review proposal for 2022, as well as a proposal for a Three-Year Incentive Plan.

On the other hand, the Committee reviewed the Annual Report on Directors' Remuneration for the financial year 2020 in accordance with the provisions of article 541 of the Capital Companies Act, agreeing to approve it and send it to the Board for its final approval and subsequent submission to the General Shareholders' Meeting.

In relation to the objectives of the management team for 2020, the Committee reviewed and followed up the personal objectives of the management team and reported to the Board on all

aspects related to this issue. Likewise, the Committee reviewed the fixed remuneration of the management team for 2021 and the variable remuneration targets for 2021, both corporate and personal targets for each executive.

7) In regard to sustainability in environmental and social aspects:

In the area of corporate social responsibility and sustainability, the Appointments, Remuneration and Sustainability Committee has the following functions:

- Supervise the Company's action in environmental and social matters are in accordance with the established strategy and policy, and report on them to the Board of Directors or, as applicable, to the Executive Committee.
- Evaluate and review periodically the Company's sustainability in environmental and social areas policy, in order to fulfil its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of different stakeholders, and supervising its degree of compliance.

Environmental and social sustainability policies should identify and include, at least: (i) the principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts; (ii) the methods or systems for monitoring compliance with policies, associated risks and their management (iii) the mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct; (iv) channels for stakeholders communication, participation and dialogue; and (v) responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

- Supervise and evaluate processes for different interest groups.

In relation to these competencies, the Committee has followed up and supervised all ESG (Environmental, Social and Governance) actions carried out by the Company during the year, as well as the achievements obtained and the projects in progress, highlighting the linkage and relation between asset management in ESG actions and Company's central management, the adherence to the United Nations SDG Global Compact and the issuance of two green bonds, in the amount of 700 million euros.

These efforts have been positively reflected in the rating obtained by the Company in 2021 from GRESB, with a 25% improvement over the previous year and the achievement of a BBB rating by the international company MSCI. In addition, within the context of the green bond issuance, the ISS-ESG company conducted an independent review of the sustainability strategy of Lar España on the basis of the 2021 Green Bond Principles issued by ICMA (International Capital Markets Association).

Likewise, during 2021, the Committee monitored numerous projects that are being implemented, including the study of possible alternatives for reducing the company's carbon footprint and the monitoring of asset performance in relation to consumption and emissions following the implementation of the portfolio's consumption and emissions data collection automation platform, which has enabled an increase in the frequency of data collection, among others.

On the other hand, during the 2021 the Appointments, Remuneration and Sustainability Committee analyzed the suppliers purchasing policy, agreeing on the need to achieve a balance between supporting local businesses and obtaining the best prices and contracting conditions.

8) Other competences:

In addition, the Appointments, Remuneration and Sustainability Committee has the following competences:

- Report on the matters of Title IX of the Board of Directors Regulations, under the terms envisaged therein.
- Ensure that any conflicts of interest do not prejudice the independence of the external consultancy supplied to the Committee in relation with the performance of its duties.

During 2021, the Appointments, Remuneration and Sustainability Committee has analyzed a communication made by a Director of the Company, in accordance with section 36 of the Board Rules and Regulations, informing about a proceeding issued by de CNMV against all the members of a board of directors of a company to which the director was a member. After reviewing the specific circumstances of the case and analyzing an external advisor report, the Committee unanimously agreed that there was no risk for the Company or its reputation and, therefore, it was not appropriate to initiate any internal procedure or investigation; reporting on all the above to the Board of Directors.

On the other hand, the Appointments, Remuneration and Sustainability Committee reviewed and approved the Committee's operating report for fiscal year 2020 in accordance with the provisions of article 529 *nonies* of the Spanish Companies Act, which will serve as the basis for the Committee's evaluation by the Board, in accordance with the provisions of the aforementioned article of the Spanish Company's Act and the Company's internal regulations.

The Appointments, Remuneration and Sustainability Committee reviewed the performances carried out during fiscal year 2021 confirming that all the duties commended by Law, Corporate Governance Regulations and Recommendations and the CNMV to the Committee had been accomplished, with particular emphasis in the ESG issues.

Likewise, in order to always be at the forefront of best corporate governance practices and adapt the internal rules on governance to the amendment of the Capital Companies Act introduced by Law 5/2021, of April 12, with respect to the promotion of long-term shareholder involvement in listed companies, the Appointments, Remuneration and Sustainability Committee of Lar

España has analysed, on the basis of the draft circulated prior to the meeting and after a presentation by the Company's Legal Director of the main aspects of the reform, the proposed amendment to the Regulations of the Appointments, Remuneration and Sustainability Committee, as well as the justifying report on said proposal, agreeing to report favourably and submit to the Board for its final approval the proposal to amend the aforementioned Regulations of the Committee.

VI. EVALUATION AND CONCLUSIONS

Based on the foregoing, the Appointments, Remuneration and Sustainability Committee has evaluated its composition and functioning during the year 2021, considering that:

- The composition of the Committee has been adjusted to the legal provisions with members having the relevant knowledge in relation to the competences of the Committee and the sector of activity to which Lar España belongs, half of its members being independent directors.
- The Committee has held meetings with more frequency than the provided in article 15 of the Board Regulations and whenever it has been necessary in response to the issues to be addressed in such Committee.
- The meetings of the Committee have been attended by all its members in person, either physically at the meeting venue or by videoconference or similar systems, with a single exception in which a director granted a written, special power of attorney with precise voting instructions to another member of the Committee.
- The members of the Committee have had at their disposal, prior to the Committee's meetings, the necessary information with regard to the different Items of the Agenda in order to be able to deliberate and make informed decisions. In addition, when necessary, the Committee has been advised by external experts.
- Lastly, the Committee has deliberated and adopted resolutions on matters within its competence, among which the following can be highlighted the review of the remuneration of directors and executives, the approval of the Committee's operating report, the proposal to amend the Regulations of the Board, the Regulations of the Appointments, Remuneration and Sustainability Committee, and the analysis and supervision of various issues relating to ESG.

In accordance with the foregoing, it can be concluded that the Appointments, Remuneration and Sustainability Committee has complied with the rules provided in the Law regarding the composition, frequency of meetings, attendance and informed participation of its members, having dealt with the matters of competence of the Committee during fiscal year 2021.



*English loose translation for information purposes only
In case of discrepancy Spanish version shall prevail*

This report has been approved by the Appointments, Remuneration and Sustainability Committee at its meeting held on 24 February 2022 and submitted to the Board of Directors at its subsequent meeting held on 24 February 2022.