

REPORT PREPARED BY THE APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. ON ITS FUNCTIONING IN 2022

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.

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 2022, the composition of the Committee has been modified. Accordingly, until May 2022, it was composed as follow:

- **Mr. Roger Maxwell Cooke** (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.

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 became an editorial advisor to the property journal *Observatorio Inmobiliario*.

- **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 VIITURA (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 30 years of experience in the real estate sector, having been Chief Executive Officer of Lar Grosvenor for 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.

Notwithstanding the fact that the composition of the Appointments, Remuneration and Sustainability Committee was adequate, the Committee analysed the convenience of incorporating Mrs. Leticia Iglesias Herraiz, who already was member of the Audit and Control Committee. After the appropriate debate and assessment, this Committee considered that the membership of Mrs. Leticia Iglesias Herraiz to both committees offers advantages derived from the better coordination between them, especially with respect to ESG (Environmental, Social &

Governance) risk issues, particularly sustainability, reporting favourably her incorporation to the Committee, subsequently agreed by the Board of Directors in its meeting held on 22 March 2022.

- **Mrs. Leticia Iglesias Herraiz** (Chairman) is an independent external Director of Lar España. She was appointed by the Company's Board of Directors through the co-option system on its meeting held on 16 October 2018. In the same date she was appointed also by the Board of Directors as member and President of the Audit and Control Committee, being her appointment confirmed by the General Shareholders Meeting held on 25 April 2019 and re-elected as a Director of the Company at the Annual General Meeting held on 27 April 2022. Since October 2022 she is a member of the Audit and Control Committee and, in March 2022, she became a member of the Appointments, Remuneration and Sustainability Committee of the Company. She has a wide experience in both the regulation and supervision of securities markets and in financial services. She started her professional career in 1987, in the audit division of Arthur Andersen. Then from 1989 to 2007 she further developed her career in the CNMV. From 2007 to 2013 she was CEO of the Spanish Institute of Chartered Accountants (ICJCE).

Additionally, from 2013 to 2017 she was an independent member of the Board of Directors at Banco Mare Nostrum (BMN), member of the Executive Committee, Chair of the Global Risk Committee and member of the Audit Committee. From 2017 to 2018, she was an independent member of Board of Directors at Abanca Financial Services, EFC, and Chair of the Audit and Risk Committee. Since May 2018, she has been an independent member of the Board of Directors of Abanca Bank, and as from June 2022 Chair of the Global Risk Committee and member of the Audit and Compliance Committee. Since April 2019 is independent Director and Chair of the Audit Committee of AENA SME, S.A. and, from April 2021, is Member of its Sustainability and Climate Change Committee. In addition, since 22 October 2020, is an independent Director and member of the Audit Committee of ACERINOX S.A., and, since 28 October 2022, she has been Chairman of the Committee. Likewise, since 3 August, Mrs. Iglesias is Independent Director and Chairman of the Audit Committee of the non-listed company Imantia Capital SGIIC, S.A.

Ms. Leticia has a degree in Economics and Business Studies from Universidad Pontificia Comillas (ICADE). She is a member of the Official Registry of Auditors of Spain (ROAC), PRODIS Foundation Special Employment Center Patron, as well as ICADE Business Club Board member. Since December 2021, she is also a member of the International Advisory Board of the Faculty of Business and Economics at ICADE.

In accordance with the above, on 31 December 2022, the composition of the Committee was:

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

- Mr. Miguel Pereda Espeso (Member).
- Mrs. Leticia Iglesias Herraiz (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 2022 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, since May 2022, date of Mrs. Leticia Iglesias Herraiz incorporation to the Committee, three of them, including its Chairman, independent Directors, in line with Recommendation 47 CBG.

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, in sufficient notice of the Board of Directors meetings, eight times in 2022, 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 members of the Committee personally attended all the meetings held, either physically or by telematic means.

Particularly, of the eight meetings of the Appointments, Remuneration and Sustainability Committee, six were held physically at the Company's registered office, notwithstanding Mr. Alec Emmott connected by telematic means four times and Mrs. Leticia Iglesias Herraiz did so once; and two meetings were held exclusively by telematic means.

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. In any case, non-members entries and exits were properly recorded in the Committee minutes, not having participated in the discussion and voting phases, with the sole exception of Mr. Laurent Luccioni, who attended a sole meeting of the Committee, held on 25 January 2022, as a guest of the Chairman, with the aim of making an orderly transition after his resignation from the Committee.

V. FUNCTIONS OF THE COMMITTEE AND ACTIVITIES DURING 2022

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 attribute to the Committee, indicating its most important actions during 2022 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 2022 the Appointments, Remuneration and Sustainability Committee analysed the Board of Directors composition after Mr. Laurent Luccioni resignation, who was a proprietary Director, resolving to propose to the Board of Directors the advisability of proposing to the Board that the vacancy be eliminated, and the size of the Board be reduced accordingly. reduction of its size.

Additionally, the Committee analysed the Directors terms expiring in 2023, specially of the three independent Directors that, after their eventual re-election and expiration of their term of office in 2026, would lose their independence for exceeding the legal 12 year maximum as Board members, including the Chairman of the Board. In this context, the Committee highlighted the convenience and need of (i) incorporating a female member to the Board in order to increase the number of women on the Board of Directors with the objective of reaching the percentage of representation foreseen in recommendation 15 CBG; and (ii) seek an orderly and staggered

renewal of the Board, to avoid loss of knowledge and ensure that the Company has the right profiles.

On the other hand, the Committee analysed; the update of the Board's competency matrix, concluding that it reflects the overall suitability of the Board of Directors, and proposing to the Board the approval of this update; and its own composition, noting that the Committee has all the necessary capabilities for the performance of its functions, without prejudice to the incorporation of Ms. Leticia Iglesias Herraiz, also a member of the Audit and Control Committee, in order to, among others, ensure greater coordination in the ESG issues between the Appointments, Remuneration and Sustainability Committee and the Audit and Control Committee, which is the ultimate responsible for the control and management of ESG risks.

The Committee reviewed the policy of diversity Board of Directors and selection of Directors during the year, concluding that there was no need of further updates, and that it had been complied with in all respects that might be applicable during the financial year.

Likewise, the Committee analysed 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, and ensured, through the review in the framework of the Board's evaluation process, that the non-executive Directors have sufficient time available for the proper performance of their duties.

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. Leticia Iglesias Herraiz and resolved to submit it 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.

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 2022, the Appointments, Remuneration and Sustainability Committee analysed in several meetings alternative succession plans for the Chairman of the Board.

Additionally, the Committee examined the convenience of implementing a senior managers succession plan and its main lines, without prejudice to its necessary further development.

Likewise, the Committee agreed to propose to the Board that the Board's Deputy Secretary, Mrs. Susana Guerrero Trevijano, assume the Deputy Secretary of the two Board's Committees after the 2023 Ordinary General Shareholders Meeting, for which purpose it will be necessary to adequate the Company's corporate rules, which currently do not contemplate this possibility.

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.

In line with best corporate governance practices, after two years of Board self-evaluation, the Appointments, Remuneration and Sustainability Committee promoted the hiring of an independent external consultant to carry out the Boards performance evaluation, including its members and Committees. After analysing different proposals, Georgeson was hired for being the most competitive offering and having carried out the Boards evaluation in the past, simplifying the monitoring of the Board and Committees evolution and the action plan previously proposed; and adopted the necessary measures to ensure the proper evaluation process.

The evaluation process analysed, among other issues, the structure and functioning of the Board, the perceptions and assessments of each of the Directors regarding the functioning of the Board, the Committees, the Chairman of the Board and the Company Secretary, based on personal interviews with each of them, and the level of compliance by the Company with the main corporate governance parameters. The results of the evaluation show that the Company's Board is balanced, cohesive and has all necessary capacities for the best possible functioning of the Company, meeting very high standards of good governance, therefore no relevant changes to the Board had to be implemented following the evaluation process.

In addition, the Committee designed and organised various training programmes for the Board members to ensure the continuous updating of Board's knowledge and skills.

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 2022, 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 the basic terms of the contracts to be entered into by the Company with the executive Directors for approval by the Board of Directors, including their remuneration and 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.
- Propose to the Board of Directors the individual determination of the remuneration of each Director in that capacity, in accordance with the Bylaws and the Directors' remuneration policy, as well as the individual determination of the remuneration of each Director who hold executive functions within the Directors' remuneration policy's framework and in accordance with the provisions of his contract.
- 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 2022 financial year, the Appointments, Remuneration and Sustainability Committee reported favourably to the Board of Directors on the proposed new Remuneration Policy for the period following the 2022 General Shareholders' Meeting and for financial years 2023 and 2024, which was submitted for approval by the Shareholders Meeting held on 27 April 2022, which was approved with the 95,432% of the present or represented capital share in the Meeting.

The Committee also agreed to open a Directors remuneration review process with the hiring of Willis Towers Watson (WTW) as external and independent consultant, appointed after a competitive selection process, to ensure that the Company's remuneration is aligned with the market and its adequate to attract prestigious candidates.

On the other hand, the Committee reviewed the Annual Report on Directors' Remuneration for the financial year 2021 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 2021, the Committee reviewed and followed up the corporate and 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 2022 and agreed to extend the three-year incentive plan to include the Internal Audit manager, who was not included in the plan because he did join the Company in 2021. Additionally, the Committee adopted a resolution to submit to the Board a proposal for the settlement of the first incentive plan for senior managers, as well as the variable remuneration targets for 2022.

Additionally, the Committee launched the preparation for the settlement of senior managers corporate and personal targets for 2023. All these issues were analysed on the basis of the presentations previously provided by Mr. Miguel Pereda, proprietary Director of the Company.

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.

Regarding these competencies, the Committee has followed up and supervised all ESG actions carried out by the Company during the year, as well as the achievements obtained and the projects in progress, driving the constant improvement in these areas.

In this regard, based on the presentations previously provided to the Committee members the following were analysed and discussed on different occasions:

- (i) the Company's decarbonization strategy and carbon footprint. Various decarbonization strategies were evaluated (Carbon Neutral, Climate Neutral and Net Zero) to implement in the asset portfolio, following technical and market analyses, as well as potential reduction and date targets, agreeing the Committee to propose to the Board the prioritization of emission reduction measures on assets over investing in other alternatives (compensation, absorption), with the aim of achieving carbon neutrality, but without having yet agreed a concrete date;
- (ii) comparative analyses were carried out to compare Company's ESG policies with the policies of other companies in its industry;

- (iii) different initiatives related to green leases and green clauses were assessed and promoted with the aim of aligning tenants with the Company's ESG strategy; and
- (iv) the renewable energy project has also been significantly driven with which the Company intends to promote self-consumption systems in all its assets, with self-consumption measures expected to be operational in all of the Company's assets by the end of 2023.

All this in a particularly complex context due to the intense regulatory activity, with approval pending, among others, of the development of the Directive on the reporting of non-financial information and a series of specific standards for SOCIMIs, which are expected to be published in during financial year 2023.

On the other hand, the Committee analysed the Company's ESG communication criteria, resolving the desirability of maintaining the Company's current policy, and agreeing to propose to the Board a training session on high-level environmental issues, with a strong focus on new regulatory developments.

These efforts have been positively reflected, among others (i) in the rating obtained by the Company in 2022 from GRESB, where, although there has been a slight downward adjustment, the rating remains very positive and higher than the obtained by the Company's main competitors; (ii) the maintenance of the BBB rating by the international Company MSCI; or (iii) obtaining in September 2022, the EPRA Gold Award for the quality of the Company's financial information and ESG disclosure for the fifth consecutive year.

In addition, the Committee also analysed the possibility of incorporating the Company to the S&P Sustainability Index, agreeing to reassess it at a later stage, without prejudice to continue investigating new indexes that could arise in the future.

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 2022, the Appointments, Remuneration and Sustainability Committee reviewed and approved the Committee's operating report for fiscal year 2021 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 2022 confirming that all the duties commended by Law, Corporate Governance Regulations and Recommendations and the CNMV to the Committee had been accomplished, and approved the Commission's action plan for the financial year 2023, committing to continue working in the same vein so that the Company continues to be a benchmark for compliance and good governance.

Finally, the Committee analysed the convenience of updating its own Regulations, concluding that there was no need for amendment.

VI. EVALUATION AND CONCLUSIONS

Based on the foregoing, the Appointments, Remuneration and Sustainability Committee has evaluated its composition and functioning during the year 2022, 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, majority 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 in 1/2019 Technical Guide, 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.
- 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, prior verification by the Committee that there were no conflicts of interest that could compromise their independence.
- 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 monitoring and coordination of the external evaluation process of the Board, the proposal to amend the Corporate Regulations 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 2022.

This report has been approved by the Appointments, Remuneration and Sustainability Committee at its meeting held on 23 February 2023 and submitted to the Board of Directors at its meeting on 24 February 2023.