

## **REPORT PREPARED BY THE APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. ON ITS FUNCTIONING IN 2023**

### **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](http://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](http://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 15.2 of the Board of Directors' Regulations, the members of the Appointments, Remuneration and Sustainability Committee will remain in their offices for so long as their appointments as Directors of the Company are effective, unless the Board of Directors resolves otherwise.

During 2023, the composition of the Committee remained unchanged, as follows:

- **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' Meetings held on 29 May 2017 and 17 March 2020, having been re-elected by the Ordinary General Shareholders' Meeting held on 31 March 2023. 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. From January 2020 until June 2023, he was 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' Meetings held on 29 May 2017 and 17 March 2020, having been re-elected by the Ordinary General Shareholders' Meeting held on 31 March 2023. 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 he has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971 until the end of 2023. 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' Meetings held on 29 May 2017 and 17 March 2020, having been re-elected by the Ordinary General Shareholders' Meeting held on 31 March 2023. The Board of Directors of the Company appointed him as a member of the Appointments, Remuneration and Sustainability Committee on 6 February 2014 and as Vice-Chairman of the Board in December 2021. 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 executive 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 of the Norte Joven Association, 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.

- **Ms 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 reelected 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) and from 2017 to 2018, she was an independent member of Board of Directors at Abanca Financial Services, EFC.

Ms. Iglesias is currently an independent Director of Abanca Corporación Bancaria (since May 2018), of AENA SME, S.A. (since April 2019), of ACERINOX S.A. (since October 2020) and, since 3 August 2022, of the non-listed company Abanca Gestion de activos, 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 2023, the composition of the Committee was:

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

Regarding the positions of Secretary and Vice-Secretary not members of the Committee, until 22 June 2023, the position of Secretary non-member of the Appointments, Remuneration and Sustainability Committee was held by Mr Juan Gómez-Acebo Sáenz de Heredia, being Deputy Secretary of the Committee, the Deputy Secretary of the Board of Directors Ms Susana Guerrero Trevijano.

On 22 June 2023, the Board of Directors of the Company agreed to appoint Ms Susana Guerrero Trevijano as the new non-member Secretary of the Nominating, Compensation and Sustainability Committee, and Mr Juan Gómez-Acebo Sáenz de Heredia as Deputy Secretary of the Committee.

Therefore, during 2023 the composition of the Committee has been consistent with the provisions of article 529 *quindecies*.1 of the Spanish Companies Act, being all the members of the Committee nonexecutive Directors and 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 2023, 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, seven were held physically at the Company's registered office, notwithstanding Mr Alec Emmott connected by telematic means three times and Ms Leticia Iglesias Herraiz and Mr Miguel Pereda Espeso did so two times; and one meeting was 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 Director and CFO of the Company or Ms Isabel Aguilera Navarro, member of the Board of

Directors and Chairman of the Audit and Control Committee, who attended as a guest of the Chairman only one meeting of the Committee, held on 22 June 2023, in order to facilitate coordination between the Committees and the Board in relation to the Company's ESG matters. In any case, non-members entries and exits were properly recorded in the Committee minutes, not having participated in the discussion and voting phases.

## **V. FUNCTIONS OF THE COMMITTEE AND ACTIVITIES DURING 2023**

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 2023 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 2023 the Appointments, Remuneration and Sustainability Committee analysed the Board of Directors composition in accordance with the plan for the orderly and staggered renewal of the Board, approved in 2022 and released in early 2023, which affects the permanence in office, among others, of the independent directors (Mr Alec Emmott and Mr Roger Maxwell Cooke), whose departures are scheduled for 2024 and 2025, respectively. In this regard, the Committee has assessed and studied the different possible alternatives and structures of the Board, in order to comply with recommendation 15 CBG. In particular, in the light of the Board's competency matrix, it has assessed the advisability of reducing the size of the Board or of incorporating a new female Board member and, if necessary, the possible start of a search for candidates.

On the other hand, the Committee analysed the update proposal of the Board's competency matrix prepared by an external consultant (Georgeson) based on the information gathered during the Board of Directors' evaluation process; agreeing to propose to the Board the approval of this update. This competency matrix was reviewed again at the end of the year as part of the annual review of governance issues carried out by both the Committees and the Board.

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 and of the process for proposing the renewal of Directors at the 2023 Shareholders' Meeting, 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 reports including the proposals for reelection of the Directors Mr José Luis del Valle Doblado, Mr Miguel Pereda Espeso, Mr Roger Maxwell Cooke and Mr Alec Emmott and resolved to submit them to the Board for final approval, reports that were made available to shareholders at the time of the call of the Ordinary General Meeting of shareholders.

On the other hand, with regard to the functions of the executives, the Committee analyzed in detail the competencies and functions attributed to the Corporate Director and CFO and the possible changes in this regard.

**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 2023, the Appointments, Remuneration and Sustainability Committee analysed in several meetings alternative formulas in relation to the succession of the Chairman of the Board and resolved that, for the time being, it is not convenient to modify the existing provisions regarding the aforementioned succession.

On the other hand, the Committee analyzed the existing possibilities for replacing the Chairmen of the Committees if necessary, confirming that there are reasonable alternatives that would be easy to implement if circumstances so require.

Likewise, the Committee took notice of the changes in the Secretaries of the Board of Directors' Committees, assumed by Ms Susana Guerrero Trevijano, after the 2023 Ordinary General Shareholders Meeting.

#### **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.

Within the scope of the annual evaluation of the functioning of the Board and its Committees, as a continuation of the work carried out in December 2022, at its meeting held on 23 February 2023, the Appointments, Remuneration and Sustainability Committee approved the Committee's Report on its functioning for the 2022 financial year, which served as the basis for the evaluation of the Committee by the Board of Directors, in accordance with the provisions of the aforementioned article of the Spanish Companies Act and the Company's internal regulations.

Likewise, during financial year 2023, 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 2023, 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 sharebased 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 financial year 2023, the Committee continued with the Directors remuneration review process initiated during financial year 2022, agreeing to propose to the Board of Directors certain adjustments to the remuneration of the Company's independent Directors to be proposed to the Ordinary General Shareholders' Meeting in 2024. The Committee also reviewed and updated the remuneration of the Secretary of the Board of Directors as a result of the change of the Secretary in the two Board Committees.

Regarding the remuneration of senior executives, in relation to the objectives of the management team, the Committee reviewed and monitored the level of compliance with the corporate and personal objectives for the year 2022, determining the amount of variable remuneration recognized to the executives as a result of compliance with the objectives; and also analyzed and made the proposal to the Board of objectives for 2023, also distinguishing between corporate and personal, and agreed on the salary review of the executives for the year 2023.

In addition, with respect to the Long-Term Incentive Plan (LTIP), which was renewed in 2022, the Committee considered the concepts corresponding to 2022 to be accrued, and agreed to include the Director of Internal Audit in the plan, at the proposal of the Company's Audit and Control Committee.

On the other hand, the Committee reviewed the Annual Report on Directors' Remuneration for the financial year 2022 in accordance with the provisions of article 541 of the Spanish Companies Act, agreeing to approve it and send it to the Board for its final approval and subsequent submission to the General Shareholders' Meeting.

On the other hand, with the advice of an independent external consultant (Uría Menéndez), the Committee analyzed different issues affecting the Company's executives in the event of a change of control of the Company, clarifying the notice periods that would be applicable in the event of dismissal due to a change of control, as well as, if applicable, the accrual formula and calculation of the PILP.

**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 nonfinancial 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 sustainability 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 main achievements during 2022 and the objectives for 2023;
- (ii) the Company's strategy in relation to water consumption and the water footprint, with the aim of optimizing its use and improving its recycling according to the different types of water and assets;
- (iii) the different projects related to photovoltaic energy and, in particular, the possibilities of installing solar panels in different spaces;
- (iv) the promotion of the inclusion of green clauses in new contracts and the review of old contracts to progressively include this clause;
- (v) the review of the decarbonization plan, including the proposed plan and the associated costs to be submitted to the Board of Directors for its approval; and
- (vi) the impact that the Company's asset rotation plan could have on the decarbonization strategy and sustainability in general, confirming that in the analysis processes prior to any purchase a very detailed sustainability due diligence is carried out, including the part of capex related to sustainability in the acquisition business plan, with the aim of minimizing the impacts that the asset rotation processes could have on the strategy and commitments assumed.

Likewise, in view of the regulatory changes in ESG matters, the Committee discussed the need or advisability of creating an independent sustainability committee, which was ruled out due to the size and composition of the Board and the solvency with which the Committee has managed these matters up to now.

On the other hand, within the framework of the growing regulatory pressure on corporate reporting on sustainability, the Committee discussed the need to comply with the new sustainability reporting standards, as well as to coordinate with the Audit and Control Committee the adaptation of risk management systems with respect to non-financial information.

These efforts have been positively reflected, among others (i) in the rating obtained by the Company in 2023 from GRESB, where the Company has improved its score and consolidates its position as the top-ranked company in Europe in the "Management" section. The Company's rating was 15% higher than that of the average of the participants (GRESB Benchmark); (ii) the improvement of the ESG rating to A by the international Company MSCI; or (iii) obtaining in 2023, the EPRA Gold Award for the quality of the Company's financial reporting for the ninth consecutive year and the EPRA Gold Award for ESG disclosure for the sixth consecutive year.

### **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 financial year 2023, the Appointments, Remuneration and Sustainability Committee reviewed the performances carried out during financial year 2023 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 2024, committing to continue working in the same vein so that the Company continues to be a benchmark for compliance and good governance.

## **VI. EVALUATION AND CONCLUSIONS**

Based on the foregoing, the Appointments, Remuneration and Sustainability Committee has evaluated its composition and functioning during the year 2023, 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 analysis

and discussion of the composition and size of the Board, 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 financial year 2023.

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This report has been approved by the Appointments, Remuneration and Sustainability Committee at its meeting held on 27 February 2024 and submitted to the Board of Directors at its subsequent meeting on the same 27 February 2024.