

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION DETAILS

YEAR END-DATE

2021

TAX ID (CIF) A-86977790

Company name:

MERLIN PROPERTIES, SOCIMI, S.A.

Registered office:

PASEO DE LA CASTELLANA, 257, MADRID

**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES**

A. OWNERSHIP STRUCTURE

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

Yes

No

- Board approval date **n.a**

- Minimum period of uninterrupted ownership required by the statutes: **n.a**

Indicate whether company bylaws contain the provision of double loyalty:

Yes

No

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Number of additional attributed voting rights corresponding to shares with a loyalty vote	Total number of voting rights, including additional loyalty-attributed votes
26/10/2016	469,770,750.00	469,770,750	469,770,750	-	469,770,750

Number of shares registered in the special register pending the expiry of the loyalty period

0

Remarks

Indicate whether there are different reviews of shares with different rights:

Yes

No

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

A.2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
BANCO SANTANDER, S.A.	18.720%	5.550%	-	-	24.270%	-	-
MANUEL LAO HERNANDEZ	-	8.168%	-	-	8.168%	-	-
BLACKROCK INC.	-	3.143%	-	0.853%	3.996%	-	-

Remarks
<p>The detailed information was extracted from the Spanish National Securities Market Commission (CNMV), which was obtained from the last notification that each entity was required to submit to the CNMV, in relation to that stipulated in Royal Decree 1362/2007, of 19 October, and Circular 2/2007, of 19 December.</p> <p>The information from Banco Santander and Manual Lao Hernández (Nortia Capital Investment Holding, S.L.), has been obtained from the company's Share Register Book, as of 31st December 2021.</p>

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote
BLACKROCK INC.	INVESTED MANAGERS Y DELEGATED INVESTMENT MANAGERS (UNDER CONTROL OF BLACKROCK)	3.143%	0.853%	3.996%	

BANCO SANTANDER, S.A.	LURI 6, S.A.	4.849%	-	4.849%	
	ALTAMIRA SANTANDER REAL ESTATE, S.A.	0.701%	-	0.701%	
MANUEL LAO HERNANDEZ	NORTIA CAPITAL INVESTMENT, S.L.	8.168%		8.168%	

Remarks

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements

A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Juan María Aguirre Gonzalo	0.008%				0.008%		
Ismael Clemente Orrego	0.340%				0.340%		
Javier García-Carranza Benjumea	0.001%	0.017%			0.018%		

George Donald Johnston III	0.010%				0.010%		
María Luisa Jordá Castro	0.003%				0.003%		
Emilio Novela Berlín	0.003%				0.003%		
Miguel Ollero Barrera	0.332%				0.332%		
Fernando Ortiz Vaamonde		0.021%			0.021%		
Ana Forner Beltrán	0.0004%				0.0004%		

Total percentage of voting rights held by the Board of Directors	0.735%
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Remarks

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote
Javier García-Carranza Benjumea	ALDER PROPERTY, S.L.	0.017%	-	0.017%	-
Fernando Ortiz Vaamonde	ZENDA CAPITAL, S. L.	0.021%	-	0.021%	-

Total percentage of voting rights held by the Board of Directors	33.1654%
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Remarks
Stake of significant shareholders represented on the Board but who are not directly directors: (i) Banco Santander: 24.270%; Mr. Manuel Lao Hernández (indirectly through NORTIA CAPITAL INVESTMENT, S.L.): 8.168%

A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Nature of relationship	Brief description

A.5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:

Name or company name of related party	Nature of relationship	Brief description
BANCO SANTANDER, S.A.	Corporate	Banco Santander has a significant stake in the Company
NORTIA CAPITAL INVESTMENT HOLDING, S.L.	Corporate	Nortia Capital Investment Holding holds a significant stake in the Company

A.6 Unless insignificant for both parties, describe the relationships that exist between significant shareholders, shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or Company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post

Javier García-Carranza Benjumea	Banco Santander, S.A.	Banco Santander (Spain) Santander España Santander México Santander Consumer Finance LandCompany 2020 SL Deva Capital Holding Company, S.L. Deva Capital Management Company, S.L. Tresmares Santander Direct Lending SICC, S.A.	Senior Executive Vice-President Board Member Board Member Board Member Board Member Board Member Board Member
Francisca Ortega Hernández-Agero	Banco Santander, S.A.	N/A	N/a
Ignacio Gil-Casares Satrustegui	Banco Santander, S.A.	N/A	N/A
Ana Forner Beltrán	Nortia Capital Investment Holding, S.L.	Nortia Capital Investment Holding, S.L.	General Manager and Secretary to the Board

Remarks
The appointments of Ignacio Gil-Casares and Francisca Ortega Hernández-Agero were put forward by the significant shareholder Banco Santander, S.A., although as of the date of this report there is no link between these directors and the significant shareholder, or with any company of its Group.

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes

No

Parties to the shareholders' agreement	% of share capital concerned	Brief description of the agreement	Expiry date of the agreement, if any
Banco Santander, S.A. and the Company	24.270%	See "Remarks"	

Remarks
As a result of the entry into the share of, among others, Banco Santander S.A., an agreement was signed, whereby Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A. and Banco Popular Español, S.A. undertook not to transfer shares or voting rights of Merlin Properties, SOCIMI, S.A. for a period of six (6) months from the date of registration of the deed for the spin-off of Metrovacesa, S.A., i.e. from 26 October

2016. This agreement was in force for 4 months in 2017. The agreement remains in force as regards the sale of blocks of shares in excess of 2% of share capital, to include a procedure for the orderly transfer of this shareholding.

Indicate whether the Company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes

No

Parties to the concerned action	% of share capital concerned	Brief description of the concerted action	Expiry date of the agreement, if any

Remarks

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

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A.8 Indicate whether any individual or Company exercises or may exercise control over the Company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes

No

Name or company name

Remarks

A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
2,885,491	-	0.614%

(*) Through:

Name or company name of the direct owner of ownership	Number of direct shares
Total:	

Explain any significant changes during the year:

Explain significant changes
In 2021, MERLIN disposed of 364 treasury shares (374 purchases and 738 sales), through a liquidity agreement with JB Capital in Euronext Lisboa and transferred 1,950,648 shares that mainly correspond to the delivery of shares to employees as part of the flexible remuneration plan and LTIP 17-19.

A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

<p>The shareholders at the Annual General Meeting held on 10 April 2019 resolved to authorise the derivative acquisition of treasury shares by the Company or companies in its group, in compliance with the requirements and limitations established in current law at any given time, all under the following terms:</p> <ul style="list-style-type: none"> - Acquisition methods: acquisitions may be made directly by the Company or indirectly through companies in its group, and may be carried out, on one or more occasions, by purchase and sale, swap or any other legal transaction valid in law. - Maximum number of shares to be acquired: the par value of the shares to be acquired, plus, where applicable, those already directly or indirectly held, will not exceed the maximum percentage legally permitted at any given time. - Maximum and minimum equivalent value: the acquisition price per share will be at least the par value and at most the share price on the stock exchange at the date of acquisition. - Term of the authorisation: this authorisation is granted for a period of five years. - Likewise, and for the purposes of the second paragraph of letter a) of section 146(1) Spanish Corporate Enterprises Act [<i>Ley de Sociedades de Capital</i>], it is expressly stated for the record that express authorisation is granted for the acquisition of the Company's shares by any of its subsidiaries, on the same terms referred to above. - The authorisation also includes the acquisition of shares that, where applicable, must be handed over directly to employees or directors of the Company or companies in its group as a result of exercising the purchase options they hold or for the settlement and payment of share-based incentive plans of which they are beneficiaries. <p>This authorisation rendered void the previous authorisation granted at the General Meeting on 7 May 2018 to the extent not used.</p>

A.11 Estimated float:

	%
Estimated float	62.089

A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In

particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes

No

Description of restrictions
<p>Although the Articles of Association do not regulate any restriction on the transfer of shares, Article 8 of the Articles of Association contains a so-called "ancillary provision" by virtue of which the following obligations arise for the Company's shareholders:</p> <p>Reporting obligations for significant shareholders Pursuant to Article 8 of the Company's Articles of Association, any shareholder (i) whose ownership interest in the Company's share capital is equal to or greater than 5%, or the percentage of ownership stipulated in section 9(2) Spanish REIT Act [<i>Ley de SOCIMIs</i>], or any regulations that may replace it, for the accrual by the Company of the special corporation tax (the <i>Significant Shareholding</i>); or (ii) that acquires shares that, together with those already held, represent a Significant Shareholding in the Company's share capital, must report these circumstances to the Board of Directors.</p> <p>The ownership interest equal to or greater than 5% of the share capital referred to in the previous paragraph will be understood to be (i) automatically modified if the percentage provided for in section 9(2) REIT Act , or any regulations that may replace it, changes and, therefore, (ii) replaced by the percentage provided for at any given time in the above regulations. Likewise, any shareholder who has reached this Significant Shareholding in the Company's share capital must notify the Board of Directors of any subsequent acquisition, regardless of the number of shares acquired.</p> <p>The same statement as those indicated in the previous paragraphs must also be provided by any person that holds dividend rights over the Company's shares, including in any case those indirectly holding the Company's shares through financial intermediaries that are formally entitled to act as shareholders by virtue of the share register but who act on behalf of the above holders.</p> <p>Together with the communication provided for in the preceding paragraphs, the affected shareholder or holder of the economic rights must provide the Secretary of the Company's Board with: (i) a residence certificate for the purposes of the corresponding personal income tax issued by the competent authorities of their country of residence. In those cases where the shareholder resides in a country with which Spain has signed a tax treaty to avoid double taxation, the tax residence certificate must meet the characteristics provided for in the corresponding tax treaty in order for its benefits to be applicable; and (ii) a certificate issued by a person with sufficient power of attorney accrediting the tax rate to which the dividend distributed by the Company is subject for the shareholder, together with a statement that the shareholder is the effective beneficiary of such dividend.</p> <p>The shareholder or holder of the dividend rights must deliver this certificate to the Company within ten calendar days following the date on which the General Meeting or, as the case may be, the Board of Directors resolves to distribute any dividend or any similar amount (reserves, etc.).</p> <p>If the person required to give notice fails to comply with the reporting obligation indicated the previous paragraphs, the Board of Directors may assume that the dividend is exempt from taxation or that it is taxed at a lower rate than that indicated in section 9(2) REIT Act , or any regulations that may replace it.</p> <p>Alternatively, the Board of Directors may request, with a charge to the dividend corresponding to the shareholder, a legal report from a law firm of recognised prestige in the country where the shareholder resides to issue an opinion on whether the dividends distributed by the Company are subject to taxation.</p> <p>The expense incurred by the Company will be claimable on the day before payment of the dividend.</p> <p>Reporting obligations for shareholders subject to special regimes: the above Article 8 of the Articles</p>

of Association establishes that any shareholder who, as an investor, is subject in their home jurisdiction to any kind of special legal regime regarding pension funds or benefit plans, must notify the Board of Directors of this circumstance.

Likewise, any shareholder in the situation described in the previous paragraph must notify the Board of Directors of any subsequent acquisition or transfer, regardless of the number of shares acquired or transferred.

The same statement as those indicated in the previous paragraphs must also be provided by any person that holds dividend rights over the Company's shares, including in any case those indirectly holding the Company's shares through financial intermediaries that are formally entitled to act as shareholders by virtue of the share register but who act on behalf of the above holders.

The Company, by written notice (a ***Request for Information***), may ask any shareholder or any other person with a known or apparent interest in the Company's shares, to provide any written information that the Company may request and that is known by the shareholder or other person, as regards the beneficial ownership of the shares in question or the interest in these shares (accompanied, if the Company so requires, by a formal or notarial statement and/or by independent evidence), including (without prejudice to the general nature of the above) any information that the Company considers necessary or advisable for the purpose of determining whether such shareholders or persons are likely to be in the situation described in the first paragraph of this subsection referring to the reporting obligations of shareholders subject to special regimes.

The Company may make a Request for Information at any time, and may send one or more Requests for Information to the same shareholder or another person as regards the same shares or interests in the same shares.

Without prejudice to the obligations regulated in Article 8(2) of the Articles of Association, the Company will oversee the acquisitions and transfers of shares that are made, and will take the appropriate measures to avoid any loss that may arise for the Company itself or its shareholders as a result of applying current regulations on pension funds or benefit plans that may affect them in their respective jurisdictions.

The indemnity obligation provided for in Article 55 of the Articles of Association will also be considered an ancillary provision for the purposes of Article 8.

- A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

Yes

No

If so, explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations would cease to apply

- A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes

No

If so, indicate each share class and the rights and obligations conferred.

Indicate the various share classes

B. GENERAL SHAREHOLDERS' MEETING

B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details.

Yes

No

	% quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters	% quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions
Quorum required at 1st call		
Quorum required at 2nd call		

Description of differences

B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes

No

Describe how it is different from the regime provided in the Spanish Corporate Enterprises Act.

	Qualified majority other than that set forth in Article 201.2 of the Corporate Enterprises Act for matters referred to in Article 194.1 of this Act	Other matters requiring a qualified majority
% established by the company for the adoption of resolutions		50.01%

Description of differences
The Articles of Association establish that the resolutions of the General Meeting will be passed, in general, with the favourable vote of the majority of the share capital (half plus one) attending the meeting in person or by proxy

B.3 Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

The procedure for amending the Articles of Association, and the rules applicable to the protection of shareholders' rights in amending the Articles of Association, is governed by the Corporate Enterprises Act.

B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

Date of general meeting	Attendance data				Total
	% physical presence	% present by proxy	% distance voting		
			Electronic voting	Other	
10/04/2019	1.817%	75.646%	0.001%	0.909%	78.372%
Of which, free float	1.247%	48.669%	0.001%	0.909%	50.826%
17/06/2020	1.398%	74.255%	0.001%	0.547%	76.201%
Of which, free float	0.057%	41.182%	0.001%	0.547%	41.788%
27/04/2021	0.697%	66.557%	0.032%	9.639%	76.924%
Of which, free float	-	42.339%	0.032%	1.472%	43.843%

Remarks
Due to the health situation caused by COVID 19, the Annual Ordinary General Meetings held in 2020 and 2021 were held virtually (without physical attendance of shareholders and proxies).

B.5 Indicate whether there was any point in the agenda of the general General Meetings held during the year that was, for any reason, not approved by the shareholders.

Yes No

Items of the agenda not approved	% vote against

(* If the failure to approve the item is due to a reason other than the vote against it, this should be explained in the text field and "n/a" will be entered in the "% vote against" column.

B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes No

Number of shares required to attend General Meetings	500
Number of shares required for voting remotely	0

Remarks
To attend general meetings, a number of shares equal to the lower of the following must be held: (i) five hundred (500) shares; or (ii) a number of shares representing one per thousand (1/1,000) of the share capital.

B.7 Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

Yes

No

Explain the decisions that must be submitted to the General Shareholders' Meeting, other than those established by law

B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

Information on corporate governance and other information on the Company's general meetings can be found on the Company's website: http://www.merlinproperties.com/gobierno-corporativo

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the articles of incorporation:

Maximum number of directors	15
Minimum number of directors	3
Number of directors set by the general meeting	13

Remarks

C.1.2 Complete the following table on Board members:

Name or company name of the indirect owner	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure	Date of birth
Francisco Javier García-Carranza Benjumea	---	Proprietary	Chair	15 September 2016	27 April 2021	Vote at General Meeting	08/12/1971
Ismael Clemente Orrego	----	Executive	Deputy Chair and Chief Executive Officer	27 May 2014	17 June 2020	Vote at General Meeting	15/05/1970
Miguel Ollero Barrera	----	Executive	Executive director	27 May 2014	17 June 2020	Vote at General Meeting	14/11/1969
Emilio Novela Berlin	----	Independent	Lead Independent Director	7 May 2018	17 June 2020	Vote at General Meeting	03/07/1951
Ana García Fau	----	Independent	Director	6 June 2014	17 June 2020	Vote at General Meeting	03/11/1968
George Donald Johnston III	----	Independent	Director	11 June 2014	17 June 2020	Vote at General Meeting	24/06/1955
Fernando Javier Ortiz Vaamonde	----	Independent	Director	6 June 2014	17 June 2020	Vote at General Meeting	19/04/1969
María Luisa Jordá Castro	----	Independent	Director	10 June 2014	17 June 2020	Vote at General Meeting	11/11/1963

Juan María Aguirre Gonzalo	---	Independent	Director	15 September 2016	27 April 2021	Vote at General Meeting	05/12/1962
Pilar Cavero Mestre	---	Independent	Director	15 September 2016	27 April 2021	Vote at General Meeting	12/10/1959
Francisca Ortega Hernández-Agero	---	Proprietary	Director	15 September 2016	27 April 2021	Vote at General Meeting	26/12/1962
Ana Forner Beltrán	---	Proprietary	Director	17 June 2020	17 June 2020	Vote at General Meeting	26/07/1966
Ignacio Gil-Casares Satrústegui	---	Proprietary	Director	17 June 2020	17 June 2020	Vote at General Meeting	14/06/1948

Total number of directors	13
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Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of the indirect owner	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised commissions of which he/she was a member	Indicate whether the director left before the end of his or her term of office
John Gómez Hall	Independent	17 June 2020	20 January 2021	---	Yes

<p>Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting</p> <p>On 20 January 2021, MERLIN received notice from director John Gómez-Hall informing MERLIN's Board of Directors of his resignation for strict personal reasons. This notice was analysed by the Appointments Commission and forwarded to the rest of the Board members.</p>

C.1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organisation chart of the company	Profile
Ismael Clemente Orrego	Deputy Chair and Chief Executive Officer	<p><u>Membership on commissions:</u> N/A</p> <p><u>Education:</u> Mr Clemente holds a degree in Law and Business Administration from ICADE (E-3), is a professor in the MRE programme at the IE Business School and a member of the Spanish Council of the Urban Land Institute (ULI).</p> <p><u>Professional experience:</u> Mr Ismael Clemente has more than 20 years of experience as a professional in the real estate sector. He is currently CEO of MERLIN Properties, SOCIMI of which he is a founding partner. He worked at Arthur Andersen Legal and Tax Advisors (currently Garrigues), Bankers Trust and the Deutsche Bank Group, as Managing Director, having participated in transactions with a total volume of approximately EUR 5,000 million in all types of real estate assets. These included the sale and leaseback of the Tree portfolio, the largest real estate transaction in Europe in 2009. Since Merlin's IPO, he has led two of the largest transactions in the sector in Spain, the acquisition of Testa and the integration agreement with Metrovacesa, two transactions that have led Merlin Properties to become a leading real estate company in Spain.</p> <p><u>Current external appointments:</u> N/A</p>
Miguel Ollero Barrera	Corporate General Manager and COO	<p><u>Membership on commissions:</u> N/A</p> <p><u>Education:</u> Mr Ollero holds a degree in Law and Business Administration, with a specialisation in Finance, from ICADE (E-3).</p> <p><u>Professional experience:</u> Mr Miguel Ollero has more than 16 years of experience as a professional in the real estate sector.</p>

		<p>He is currently Corporate General Manager and COO of Merlin Properties, SOCIMI of which he is a founding partner.</p> <p>He previously worked at Arthur Andersen, FCC Construcción, Deutsche Bank M&A and RREEF, as Managing Director.</p> <p>At RREEF, he participated in transactions with an aggregate value of approximately EUR 4,000 million, ranging from core to opportunity investments, and in the subsequent management of the assets acquired. He also played a key role in the structuring and creation of five investment vehicles for the Iberian Peninsula and Morocco, in cooperation with Deutsche Bank's Private Wealth Management division.</p> <p><u>Current external appointments:</u></p> <p>N/A</p>
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Total number of executive directors	2
Percentage of Board	15.38%

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Francisco Javier García-Carranza Benjumea	Banco Santander, S.A.	<p><u>Membership on commissions:</u></p> <p>He was a member of the Appointments and Remuneration Commission until 17 June 2020. At the end of 2021, he did not belong to any Commission.</p> <p><u>Education:</u></p> <p>Mr García-Carranza holds a degree in Business Administration from University Carlos III of Madrid.</p> <p><u>Professional experience</u></p> <p>Mr Javier Garcia-Carranza Benjumea is currently the Group Senior Executive Vice-President of Banco Santander as the Global Head of its restructuring, industrial investments, special situations, portfolio sales and new businesses division.</p> <p>Before joining Banco Santander in February 2016, he worked at Morgan Stanley for 17 years in principal</p>

		<p>investments, Investment Banking and Real Estate Advisory division, where he was the head of this business in Europe, North Africa and the Middle East (EMEA), based in London, as Co-Head of the Real Estate investment banking business. He has led Mergers and Acquisitions (M&A) in excess of USD 125 billion and equity and debt financing transactions in excess of USD 100 billion.</p> <p><u>Current external appointments</u></p> <p>He is a member of the board of Directors of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria S.A. (Sareb) (Board Member), Metrovacesa S.A. (Board Member), Landcompany 2020, S.L. (Board Member), Santander España (Board Member), Santander México (Board Member), Santander Consumer Finance (Board Member), member of the Global Executive Risk Commission of Banco Santander, S.A.</p>
Francisca Ortega Hernández-Agero	Banco Santander, S.A.	<p><u>Membership on commissions:</u></p> <p>At the end of 2021, she was a member of the Audit and Control Commission and a member of the Sustainability, Ethics and Innovation Commission.</p> <p><u>Education:</u></p> <p>Ms Francisca Ortega Hernández-Agero holds a degree in Economics and Business Administration from CUNEF and an MBA from IESE.</p> <p><u>Professional experience</u></p> <p>Ms. Francisca Ortega Hernández-Agero has assumed during most of her professional career different responsibilities in Banco Santander. In 1996 she joined Banco Central Hispano as Head of Corporate Banking Risks and later, as Banco Santander, she was in charge of the Acquisition Financing Area and the Structured Finance Management Monitoring and Control Area. Since 2009, she has been responsible for the Large Clients Department of Commercial Banking within the Restructuring and Corporate Holdings Area, incorporating, as of 2018, the management of Corporate Investment Banking clients in Spain and the coordination of international clients. Prior to joining Banco Santander, he worked for more than four years in Caja Naval de Crédito as Head of the Risk and Investment Department. Subsequently, in 1990 she assumed the Financial Management of PBI Gestión Agencia de Valores, a subsidiary of Bearbull International, being also responsible for the management of funds of foreign companies in Spain. She has been a member of the board of Metrovacesa, S.A., Sareb, S.A. and Deva Advisory Co.</p>

		<p><u>Current external appointments</u></p> <p>She is currently a director of PBI Gestión Agencia de Valores</p>
Ignacio Gil-Casares Satrustegui	Banco Santander, S.A.	<p><u>Membership on commissions:</u></p> <p>At the end of 2021, he was a member of the Appointments Commission and the Remuneration Commission.</p> <p><u>Education:</u></p> <p>Mr Ignacio Gil-Casares Satrustegui studied Business Administration at Icade and Georgetown University.</p> <p><u>Professional experience:</u></p> <p>Mr Ignacio Gil-Casares Satrustegui has held various executive positions in his more than 40 years of professional career, highlighting his long career at Spencer Stuart, a leading North American firm in Executive Search, founding the firm's operations in Spain in 1978 where he remained as President until 2017, and where he held the position of director for Continental Europe, and has been a member of the Global Board of Directors for eight years. He has worked with a variety of companies helping them identify, recruit and retain executives and directors in public and private firms, and has advised multiple boards of directors on governance, evaluation, compensation and the adoption of best practices. He was a member of the Spencer Stuart Board practice at a global level, and actively participated in the creation of the Board Index prepared annually by Spencer Stuart. He has been an investor in various start-ups in sectors such as biotechnology and consumer goods.</p> <p>Additionally, he has held executive positions and has belonged to boards of directors, management commissions and advisory councils. At the beginning of his career he worked in the international department of Gil y Carvajal (now AON), and later held various positions in Spanish and North American industrial groups. He has been a member of the advisory board of Abante Asesores and has chaired the Board of Trustees of the Spanish chapter of Plan Internacional.</p> <p><u>Current external appointments:</u></p> <p>He is currently Chair of the Advisory Board of ING Bank for Spain and Portugal, a member of the Advisory Board of Spencer Stuart in Spain, a director of Biolty Capital, and a member of the advisory board of the Exit Foundation. He is also a member of the jury for the Manuel Olivencia award for good corporate governance.</p>

Ana Forner Beltrán	Nortia Capital Investment Holding S.L.	<p><u>Membership on commissions:</u></p> <p>At the end of 2021, she was a member of the Audit and Control Commission.</p> <p><u>Education:</u></p> <p>Ms María Ana Forner Beltrán holds a degree in Business and an MBA from ESADE. CSS Extension School Harvard Business School.</p> <p><u>Professional experience</u></p> <p>Ms María Ana Forner Beltrán has held several executive positions in her more than 30 years of experience in the financial sector. She has experience in advising on financial matters, investments and capital markets.</p> <p>She began her professional career in 1989 at Bankinter. In 1993, she joined Banco Central Hispano and in 1999 joined Banco Santander as a result of the merger between the two banks. She served as Deputy General Manager at Banco Degroof. She then joined UBS Private Bank as head of large accounts in Catalonia. At Barclays, she was in charge of wealth management in Catalonia. At Citibank, she advised private customers in company acquisitions and investment transactions.</p> <p>Throughout her career, she has held various executive positions in the Corporate Banking, Investment Banking and Wealth Management divisions, participating in financing, investment and capital market transactions. She has been a member of the management and investment committees of various entities and has been a member of the board of directors of several investment firms.</p> <p>Since March 2019, she has been working at Nortia Capital Investment Holding as General Manager and Secretary to the Board.</p> <p><u>Current external appointments</u></p> <p>She is currently a director at Healthcare Activos, S.A. and a member of the Advisory Board of Foment de Treball.</p>
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Total number of proprietary directors	4
Percentage of Board	30.77%

Remarks

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
<p align="center">Ana García Fau</p>	<p><u>Membership on commissions:</u></p> <p>At the end of 2021: (i) member of the Audit and Control Commission and (ii) Chair of the Sustainability, Ethics and Innovation Commission.</p> <p><u>Education:</u></p> <p>She holds a degree in Law and Business Administration from Universidad Pontificia Comillas, ICADE, (E-3, specialisation in finance) and an MBA from the Massachusetts Institute of Technology (MIT Sloan School of Management).</p> <p><u>Professional experience:</u></p> <p>Over the last 20 years she worked at companies such as McKinsey & Co., Goldman Sachs, Telefonica Group and Yell Group. Throughout her professional career in the Telefónica Group, she held various executive positions at TPI Páginas Amarillas, as Chief Financial Officer and Managing Director of Corporate Development, and was also a Board member of several of its subsidiaries. At Hibu (formerly Yell) she was CEO for Spain, Latin America and the US Hispanic market, a member of its International Executive Commission, and General Manager of Corporate Development and Strategy at a global level, with responsibilities in digital business transformation.</p> <p><u>Current appointments in external boards:</u></p> <p><u>Listed companies:</u></p> <p>Independent director of Eutelsat Communications, S.A., a French company listed on the Paris Stock Exchange, Euronext, which operates in the satellite communications sector. Member of the Audit and Control Commission</p> <p>Independent director of Gestamp Automoción, S.A., a listed Spanish company, manufacturer of automotive parts. Chair of the Audit Commission</p> <p>Until August 2021: Independent director of Euskatel, S.A., a listed Spanish company operating in the telecommunications sector. Chair of the Audit Commission and member of the Takeover Bid Monitoring Commission.</p> <p><u>Private companies:</u></p> <p>Proprietary director of Globalvia, S.A. representing Universities Superannuation Scheme (USS). A private company owned by pension and infrastructure funds operating in the transport infrastructure sector. Member of the Audit Commission</p> <p>Non-executive Chair of Finerge, S.A., a Portuguese private company owned by the First Sentier infrastructure fund, which operates in the renewable energy sector. Chair of the Appointments and Remuneration Commission</p>

	<p>Other positions as advisor: member of the Salesforce advisory board for the EMEA region, DLA Piper, Mutuallidad de la Abogacía, Fremman Capital and Pictet Wealth Management (Iberia)._</p>
<p>George Donald Johnston III</p>	<p><u>Membership on commissions:</u></p> <p>At the end of 2021, he was a member of the Appointments Commission</p> <p><u>Education:</u></p> <p>Bachelor of Arts in Political Science from Middlebury College, Vermont (US), a Master of Arts in International Economics and Latin American Studies from Johns Hopkins University, Washington DC (US).</p> <p><u>Professional experience:</u></p> <p>Chief Executive Officer of the European M&A Group at Deutsche Bank from 1999 to 2005. Chair of this same group from 2005 to 2010.</p> <p>Member of the European Management Commission and the Operations Commission of Deutsche Bank’s Corporate Finance division.</p> <p>He was a Board member at Bankers Trust International and a member of the Management Commission. He joined Bankers Trust as the head of European M&A in 1992 and became co-head of the Investment Banking in Europe, while continuing to manage BT Wolfensohn.</p> <p>He worked at Salomon Brothers for 11 years where he was head of the investment banking division for Spain, Austria, Italy and Portugal.</p> <p><u>External appointments:</u></p> <p>Board member of Acerinox and Chair of its Audit and Control Commission; and Board member of Banco Sabadell, Chair of the Risk Commission and member of the Remuneration Commission.</p>

<p>Fernando Ortiz Vaamonde</p>	<p><u>Membership on commissions:</u></p> <p>At the end of 2021, he was a member of the Remuneration Commission.</p> <p><u>Education</u></p> <p>Degree in Law and Business Administration from ICADE (E-3).</p> <p><u>Professional experience:</u></p> <p>He is the promoter and Executive Chair of ProA Capital de Inversiones S.G.E.I.C., one of the largest private equity firms in Spain with more than EUR 1,200 million under management. He was a partner at the N+1 group (Alantra) and a member of its Management Commission. He was the Investments Manager at BBVA and head of an investment vehicle specialising in investments in internet companies and new technology. Previously, he was the Corporate Finance Director at ING Barings. Fernando Ortiz began his professional career as a tax and legal advisor at Arthur Andersen Legal and Tax Advisors, now Garrigues.</p> <p><u>External appointments:</u></p> <p>Among others and on behalf of the ProA funds, he is or has been director of the Vips Group, Ibermática, Avizor, Eugin, Moyca and SABA and Pastas Gallo.</p>
<p>María Luisa Jordá Castro</p>	<p><u>Membership on commissions:</u></p> <p>At the end of 2021: (i) member of the Audit and Control Commission and (ii) Chair of the Appointments and Remuneration Commission</p> <p><u>Education:</u></p> <p>Degree in Business Studies, Master in Business Administration from the IE Business School and from Centro Estudios Financieros (1985-1987), and Master in Digital Business from The Valley Business School (2016-2017). Business Angel Course at Deusto Business School Madrid (2018).</p> <p>Member of the Official Auditors' Register (ROAC) and Member of the Institute of Directors and Administrators (ICA).</p> <p><u>Professional experience:</u></p> <p>She has held various executive positions over her 30-year professional career, serving on various management, investment and audit commissions. She was the Chief Financial Officer at the Deoleo Group until February 2015, Director of Internal Audit at SOS Corporación Alimentaria (now Deoleo, S.A.), Director of Internal Audit and Corporate Governance at Metrovacesa, Director of Finance and Investments at Corporación Empresarial ONCE, Chief Financial Officer at Grupo Alimentos y Aceites S.A., and Chief</p>

	<p>Financial Officer at Testa (formerly Prima Inmobiliaria) and Grupo Ayco (formerly Inmobiliaria Alcázar).</p> <p>She was a Board member of Jazztel from November 2009 to March 2016 and a member of the Audit Commission. She was Chair of the Audit Commission of Jazztel from October 2011 to July 2015.</p> <p>She was a Board member and member of the Audit and Control Commission of Tubos Reunidos, S.A. from May and June 2015, respectively, until September 2016.</p> <p>She was a member of the Governing Board and a member of the Audit Commission of the Institute of Directors and Administrators (ICA) from June 2013 to December 2016.</p> <p>She was a Board member of Banco Europeo de Finanzas (a subsidiary 100% owned by Unicaja), and Chair of the Audit and Risk Commission from May 2018 to March 2019.</p> <p><u>Current external appointments:</u></p> <p>Board member of Orange España, S.A. since March 2016 and member of the Audit Commission.</p> <p>Independent director of the Bimbo Group in Mexico (listed company) and member of the Audit and Corporate Practices Commission since April 2016.</p> <p>Board member of Bankinter, and member of the Risk Commission and Chair of the Audit Commission since March 2020.</p> <p>Member of the Technical Advisory Commission of the Institute of Internal Auditors of Spain since September 2017 and Chair of the Commission since September 2019.</p>
<p>Juan María Aguirre</p>	<p><u>Membership on commissions:</u></p> <p>At the end of 2021 he was Chair of the Audit and Control Commission and member of the Appointments Commission.</p> <p><u>Education</u></p> <p>Degree in Economics and Business Administration from Universidad Pontificia de Comillas (ICADE), and Master in Financial Management from the IE Business School.</p> <p><u>Professional experience:</u></p> <p>Juan María Aguirre Gonzalo has a professional career that, to a large extent, has been linked to the field of finance, having held positions of responsibility in the Risk, Administration and Planning Department of Banco de Progreso, S.A. (1985/1988), and later as Chief Financial Officer of the financing and leasing entity of Mercedes-Benz (1989/1990).</p> <p>In 1990 he joined Torreal, S.A. as director and General Manager. During his time at Torreal, and until he left the company in 2005, he</p>

	<p>was head of financial and real estate investments in the Torreal Group and a Board member of Torreal investees.</p> <p>Since 2006, he has been a shareholder and General Manager of Quantica Asesores, S.A: Financial advice to Family and Institutional Groups. He was also director of Testa Inmuebles en Renta, SOCIMI, S.A. and BBVA Elcano SCR.</p> <p><u>Current external appointments</u></p> <p>He is an independent director of SACYR, S.A., where he is also lead director, member of the Executive Commission and Chair of the Audit Commission.</p>
<p>Pilar Cavero Mestre</p>	<p><u>Membership on commissions:</u></p> <p>At the end of 2021, he was Chair of the Appointments Commission and a member of the Remuneration Commission and the Sustainability, Ethics and Innovation Commission.</p> <p><u>Education:</u></p> <p>Law degree from Universidad Complutense de Madrid. Master in Industrial Relations and Master in Legal Practice from Escuela de Práctica Jurídica. Master’s degree from IESE, specific executive development programme for partners of the firm. In 2007 she completed the leading professional service firms program at Harvard Business School. She holds a Professional Director Diploma from IC-A, and she has been a lecturer at IESE, teaching in the Directors and Director Candidates course since 2008.</p> <p><u>Professional experience:</u></p> <p>Ms Pilar Cavero Mestre has had a long professional career as a lawyer. Between 1980 and 1986 she was a lawyer at Asociación de Cajas de Ahorros para Relaciones Laborales. From 1986 to 1990 she worked as a lawyer at the international law firm Fabregat y Bermejo, as a specialist in labour law, senior management, compensation and benefits, and corporate restructuring.</p> <p>In 1990, she joined Cuatrecasas Abogados as a founding partner and Director of its labour and employment division, and co-founding partner of Cuatrecasas Madrid. From 1999 to 2008 she was a Board member of Cuatrecasas and of the firm’s various organisation and management commissions throughout her professional career.</p> <p>She has been Vice-President of the Cuatrecasas Foundation since 2011, involved in training, culture and other activities aimed at strengthening the firm’s reputation, representing the firm in all kinds of national and international institutions, in addition to her position as lead partner for strategic customers of the Firm and a deputy Senior Manager at Cuatrecasas Madrid.</p> <p>Since 2016 she has been a lifelong Honorary Partner of the Firm.</p> <p>She was a Board member of Testa in 2016 and of ABENGOA from 2017 to 2020 as an independent director and Chair of its Remuneration and Appointments Commission.</p>

Emilio Novela	<p><u>Position:</u></p> <p>At the end of 2021, he was the Lead Independent Director and a member of the Appointments Commission and the Sustainability, Ethics and Innovation Commission.</p> <p><u>Education:</u></p> <p>Degree in Industrial Engineer from Universidad Politécnica de Madrid.</p> <p><u>Previous professional experience:</u></p> <p>He has held various executive positions over his professional career of more than 40 years, serving on boards of directors, management commissions and advisory boards. He has been Deputy General Manager of Banco del Comercio, Chief Financial Officer of Repsol, General Manager of Banco Central Hispano, Chair of Banco BANIF, and Deputy Chair and Chief Executive Officer of Vallehermoso, a Spanish listed real estate company, from 1999 to 2003.</p> <p>He was director of Banco Urquijo, Cortefiel, Spanair, Union Fenosa, Blackrock Asset Management, Openbank and Larios, among others.</p> <p><u>Current external appointments:</u></p> <p>Lead Director of Talgo and Chair of its Audit Commission, and Chair of the ITEVELESA group.</p>
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Total number of independent directors	7
Percentage of Board	53.85%
Remarks	
<p>On 26 January 2022, the Company sent a notice of Insider Information to CNMV, in which, in the context of improving the Company's governance, it took the following measures to strengthen the Company's corporate governance:</p> <ul style="list-style-type: none"> - Establish a Planning and Coordination Committee with the following members: Javier García Carranza Benjumea, Ismael Clemente Orrego, Emilio Novela Berlin, Ms Ana Forner Beltrán and Ms Ana García Fau. - Reunify the Appointment Commission and the Remuneration Commission, which will be renamed the Appointments and Remuneration Commission, with the following members: Ms M^a Luisa Jordá Castro, Ms Pilar Cavero Mestre, Juan M^a Aguirre Gonzalo, Ignacio Gil Casares Satrustegui, Donald G Johnston and Fernando Javier Ortiz Vaamonde. <p>See more details in Section C.2. Board of Directors Commissions.</p>	

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

No.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of the indirect owner	Description of the relationship	Reasoned statement
Remarks		
For further details about the Directors' external positions see C1.11		

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors		% of total directors for each category		% of total directors for each category			
	Year n	Year n-1	Year n	Year n-1	Year n	Year n-1	Year n	Year n-1
Executive	0	0	0	0	---	---	---	---
Proprietary	2	2	1	1	50%	50%	50%	50%
Independent	3	3	3	3	42.86%	37.5%	37.5%	37.5%
Other External	---	---	---	---	---	---	---	---
Total:	5	5	4	4	38.46%	35.71%	33.33%	33.33%

Remarks

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes No Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration commission to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Descripción de las políticas, objetivos, medidas y forma en que se han aplicado, así como los resultados obtenidos
MERLIN has a Director Selection Policy , approved by the Board of Directors, in application of the General Corporate Governance Policy, which ensures that proposals for the appointment of Company directors are based not only on a prior analysis of the needs of the Board of Directors, but also on objective criteria that are free from any type of bias.

The Appointments Commission follows completely objective criteria for the selection of candidates to the Board of Directors, based on their professional qualities, regardless of gender, ensuring that the selection procedures for its members favour diversity of gender, experience, age and knowledge and are not affected by any implicit bias that may entail any kind of discrimination, giving priority to ensuring that the positions are held by honourable, suitable persons of recognised solvency, competence, experience, qualifications, education, availability and commitment to their duties, and giving priority to the appropriate balance of the Board of Directors as a whole, so that it enriches the decision-making process and contributes multiple points of view to the discussion of the matters within its scope.

Proof of the diversity principles applied is the diverse nature of the Company's Board members in terms of Education, experience and age, and that the number of women on the Board exceeds the target set out in the Good Governance Code for Listed Companies for 2020 (women currently make up 38.46% of the Company's Board of Directors).

C.1.6 Describe the measures, if any, agreed upon by the nomination commission to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures
<p>In accordance with section 15(5) of the Board Regulation, the Board of Directors and the Appointments Commission, within the scope of their respective powers, will ensure that persons of renowned solvency, competence and experience are elected as candidates, and will exercise the utmost care when inviting persons to fill the position of independent director provided for in section 5 Board Regulations.</p> <p>The decisions taken have not be affected by any bias in the selection of female directors (or of male versus female directors), as women who met the required professional profile for participation on the board were proposed, when appropriate.</p> <p>The Appointments Commission Regulations, approved by the Board on 16 December 2020 establishes in Article 8. Powers relating to the composition of the Board, its commissions and the process of appointing internal positions in the Board of Directors and Senior Managers, as the responsibility of the Appointments Commission:</p> <ul style="list-style-type: none"> • set a target for the representation of the least-represented gender within the Board of Directors and senior management and develop guidelines on how to meet that target; • report to the Board on gender diversity issues, proposing to the Board a director diversity policy and, where appropriate, regarding senior management; <p>At the date of this report, the Company did not expressly have a policy or internal rule with measures to encourage the increase of women directors or women senior executives. That said, in its candidate selection policy (both for directors and senior executives), Merlin values first and foremost personal and professional value over any other; this criterion, which has no bias when selecting men as opposed to women, enables, implicitly and purposely, the Company to have a significant number of women senior executives.</p>

If in spite of any measures adopted there are few or no female directors senior managers, explain the reasons for this:

Explanation of reasons

C.1.7 Explain the conclusions of the nomination commission regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

In each proposal or report on the appointment and re-election of Board members, the Appointments Commission has taken into consideration compliance with the policy for the selection of directors.

C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Explanation
-	-

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes No

Name or company name of the shareholder	Explanation

C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board commissions:

Name or company name of the indirect owner or commission	Brief description
Ismael Clemente Orrego	Chief Executive Officer with the powers that may be legally delegated and joint representative.
Miguel Ollero Barrera	Joint representative.

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of the indirect owner	Company name of the group entity	Position	Does the director have executive powers?
Ismael Clemente Orrego	Tree Inversiones Inmobiliarias Socimi, S.A.U.	Joint director	Yes
Ismael Clemente Orrego	Merlin Retail, S.L.U.	Joint director	Yes
Ismael Clemente Orrego	Merlin Oficinas, S.L.U.	Joint director	Yes
Ismael Clemente Orrego	Merlin Logística, S.L.U.	Joint director	Yes
Ismael Clemente Orrego	Global Carihuela PC, S.L.U.	Joint director	Yes
Ismael Clemente Orrego	Sevisur Logistica, S.A.U.	Joint director	Yes
Ismael Clemente Orrego	Metropark, S.A.U.	Joint director	Yes
Ismael Clemente Orrego	La Vital Centro Comercial y de Ocio, S.L.	Joint director	Yes
Ismael Clemente Orrego	Varitelia Distribuciones, S.L.U.	Joint director	Yes
Ismael Clemente Orrego	Parc Logistic de la Zona Franca, S.A.U.	Joint director	Yes
Ismael Clemente Orrego	Exhibitions Company, S.A.U.	Joint director	Yes
Ismael Clemente Orrego	Sadorma 2003, S.L.U.	Director's representative	Yes
Ismael Clemente Orrego	Paseo Comercial Carlos III, S.A.	Director's representative	Yes
Ismael Clemente Orrego	Centro Intermodal de Logística, S.A.	Director's representative	Yes
Ismael Clemente Orrego	Renazca, S.A.	Director	Yes
Ismael Clemente Orrego	VFX Logistica, S.A.	Director	Yes
Ismael Clemente Orrego	Torre Arts Inversiones Inmobiliarios, S.A.	Director	Yes
Ismael Clemente Orrego	Torre Fernao Magalhaes Inversiones Inmobiliarios, S.A.	Director	Yes
Ismael Clemente Orrego	MPEP – Properties Escritórios Portugal, S.A.	Director	Yes
Ismael Clemente Orrego	MP Torre A, S.A.	Director	Yes
Ismael Clemente Orrego	MPCVI Compra e Venda Imobiliária, S.A.	Director	Yes
Ismael Clemente Orrego	Praça de Marques - Servicios Auxiliares, S.A.	Director	Yes
Ismael Clemente Orrego	Promosete – Inversiones Imobiliários, S.A.	Director	Yes
Ismael Clemente Orrego	MP Monumental, S.A.	Director	Yes
Ismael Clemente Orrego	Torre Dos Oceanus Inversiones Inmobiliarios, S.A.	Director	Yes
Ismael Clemente Orrego	Forum Almada - Gestao de Centro Comercial, S.U. Lda.	Director	Yes
Ismael Clemente Orrego	Forum Almada II, S.A.	Director	Yes
Miguel Ollero Barrera	Tree Inversiones Inmobiliarias Socimi, S.A.U.	Joint director	Yes

Miguel Ollero Barrera	Merlin Retail, S.L.U.	Joint director	Yes
Miguel Ollero Barrera	Merlin Oficinas, S.L.U.	Joint director	Yes
Miguel Ollero Barrera	Merlin Logística, S.L.U.	Joint director	Yes
Miguel Ollero Barrera	Global Carhuela PC, S.L.U.	Joint director	Yes
Miguel Ollero Barrera	Sevisur Logística, S.A.U.	Joint director	Yes
Miguel Ollero Barrera	Metropark, S.A.U.	Joint director	Yes
Miguel Ollero Barrera	La Vital Centro Comercial y de Ocio, S.L.	Joint director	Yes
Miguel Ollero Barrera	Varitelia Distribuciones, S.L.U.	Joint director	Yes
Miguel Ollero Barrera	Parc Logistic de la Zona Franca, S.A.U.	Joint director	Yes
Miguel Ollero Barrera	Innovación Colaborativa, S.L.U.	Joint director	Yes
Miguel Ollero Barrera	Gescentesta, S.L.U.	Director's representative	Yes
Miguel Ollero Barrera	Exhibitions Company, S.A.U.	Joint director	Yes
Miguel Ollero Barrera	Desarrollo Urbano de Patraix, S.A.U	Director's representative	Yes
Miguel Ollero Barrera	Global Murex Iberia, S.L.U.	Director's representative	Yes
Miguel Ollero Barrera	Parking del Palau SA II, S.L.U.	Director's representative	Yes
Miguel Ollero Barrera	Paseo Comercial Carlos III, S.A.	Director's representative	Yes
Miguel Ollero Barrera	PK Hoteles 22, S.L.	Director's representative	Yes
Miguel Ollero Barrera	Silicius Real Estate SOCIMI, S.A.	Director's representative	Yes
Miguel Ollero Barrera	VFX Logística, S.A.	Director	Yes
Miguel Ollero Barrera	Torre Arts Invetimentos Inmobiliarios, S.A.	Director	Yes
Miguel Ollero Barrera	Torre Fernao Magalhaes Invetimentos Inmobiliarios, S.A.	Director	Yes
Miguel Ollero Barrera	MPEP – Properties Escritórios Portugal, S.A.	Director	Yes
Miguel Ollero Barrera	MP Torre A, S.A.	Director	Yes
Miguel Ollero Barrera	MPCVI Compra e Venda Imobiliária, S.A.	Director	Yes
Miguel Ollero Barrera	Praça de Marques - Servicios Auxiliares, S.A.	Director	Yes
Miguel Ollero Barrera	Promosete – Invetimentos Imobiliários, S.A.	Director	Yes
Miguel Ollero Barrera	MP Monumental, S.A.	Director	Yes
Miguel Ollero Barrera	Torre Dos Oceanus Invetimentos Inmobiliarios, S.A.	Director	Yes
Miguel Ollero Barrera	Forum Almada - Gestao de Centro Comercial, S.U. Lda.	Director	Yes
Miguel Ollero Barrera	Forum Almada II, S.A.	Director	Yes

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Name or company name of the indirect owner	Company name of the listed or non-listed entity	Position
Javier García-Carranza Benjumea	Metrovacesa, S.A.	Board member
	Banco Santander México, S.A	Board member
	Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A.	Director
	Landcompany 2020, S.L.	Director
	Santander España	Director
	Santander Consumer Finance S.A.	Director
	Deva Capital Holding Company, S.L.	Director
	Deva Capital Management Company, S.L.	Director
	Tresmares Santander Direct Lending SICC, S.A.	Director
	Alder Property S.L.	Joint and several administrator
Ismael Clemente Orrego	Ardim, S.A.	Director
	Ardim Casa Port I, S ár. 1	Director
	Ardim Parc Logistique, S àr 1	Director
	DB Real Estate Iberian Value 86 Added I, S.A.	Director
	SICAR	Director
	Diars Tamouda S àr 1	Director
	LV Bureau, S.A.	Director
	MAGIC Real Estate, S.L.	Director
	Proargos Tánger, S.A.	Director
	Prodec Immobilier, Sci	Director
	RREEF Moroccan Explorer I, S.A.	Director
	Silcoge, S.A.	Director
	Alrio, S.A.	Director
Miguel Ollero Barrera	Ardim, S.A.	Director
	Ardim Casa Port I, S.àr.l.	Director
	Ardim Parc Logistique, S.àr.l.	Director

	DB Real Estate Iberian Value 86 Added I, S.A.	Director
	SICAR	Director
	Diars Tamouda, S.àr.l.	Director
	LV Bureau, S.A.	Director
	MAGIC Real Estate, S.L.	Director
	Proargos Tánger, S.A.	Director
	Prodec Immobilier, Sci	Director
	RREEF Moroccan Explorer I, S.A.	Director
	Silcoge, S.A.	Director
	Alrio, S.A.	Director
George Donald Johnston III	Acerinox, S.A.	Independent director Chair of the Audit and Control Commission
	Banco de Sabadell, S.A.	Independent director Chair of the Risk Commission Member of the Remuneration Commission
	Yankee Kingdom Advisory, LLC	Chairman and only shareholder
María Luisa Jordá Castro	Orange España, S.A.	Board member of Orange España, S.A. and member of the Audit Commission.
	Advisory Technical Commission of the Spanish Institute of Internal Auditors	Member of the Technical Advisory Commission of the Institute of Internal Auditors of Spain since September 2017 and Chair of the Commission since September 2019.
	Grupo Bimbo, company listed on the Mexican Stock Exchange	Independent director Member of the Audit and Corporate Practices Commission
	Bankinter, S.A.	Independent director Member of the Risk Commission and the Chair of the Audit Commission.
Ana García Fau	Globalvía, S.A.	On behalf of Universities Superannuation Scheme (USS). A private company owned by pension and infrastructure funds operating in the transport

		infrastructure sector. Member of the Audit Commission
	Finerge, S.A.	Non-executive Chair of Finerge, S.A., a Portuguese private company owned by the First Sentier infrastructure fund, which operates in the renewable energy sector. Chair of the Appointments and Remuneration Commission
	Eutelsat Communications, S.A.	Independent director Member of the Audit and Control Commission
	Gestamp Automoción, S.A.	Independent director Chair of the Audit Commission
	Euskatel, S.A. (until August 2021)	Independent director Chair of the Audit Commission Member of the Takeover Bid Monitoring Commission
Juan María Aguirre Gonzalo	Sacyr, S.A.	Lead director Member of the Audit Commission Member of the Executive Commission
	Inverbio SGIIC	Director
	Quantica SA	Director
	Enersol Natural SL	Sole administrator
	Solinerгия SL	Sole administrator
	Blanigro SL	Joint Administrator
	Mantbraca España SL	Chairman
	EOM Grupo	Chairman
	Cross Road Biotech	Director

	Quantop SICAV	Director
	Maltisa SICAV	Chairman
	Principe de Cartagena	Sole administrator
Emilio Novela Berlín	Itevelesa	Chair of the Itevelesa Group
	Noqca Partners, S.L.	Sole administrator
	Soto de Valdejudios, S.L.	Sole administrator
	Talgo, S.A.	Coordinating Director Chair of the Audit Commission
Dña. Pilar Cavero	Real Club de Golf La Moraleja	Member of the Board of Directors
	Gemzaca, S.L.	Sole administrator
Dña. Francisca Ortega Hernández-Agero	PBI Gestión Agencia de Valores	Director
D. Ignacio Gil Casares Satrústegui	Jali Inversiones SL	Director and majority shareholder
	Jali 2000 SL	Director and majority shareholder
Dña. Ana Forner Beltran	Healthcare Activos SA	Director
D. Fernando Ortiz Vaamonde	Grupo Vips	Director
	Ibermática	Director
	Avizor	Director
	Eugin	Director
	Moyca	Director
	SABA	Director
	Pastas Gallo	Director
	<u>SOLITIUM</u>	Director
	La Casa de las Carcasas	Director
	ProA Capital Holdings, S.L.	Executive Chairman
Zenda Capital, S.L.	Sole administrator	

Remarks

The positions above are remunerated, except for the following: (i) Ms. Maria Luisa Jordá, member and Chair of the Technical Advisory Committee of the Institute of Internal Auditors of Spain; (ii) Ms. Pilar Cavero Mestre, as a member of the board of Real Club de Golf la Moraleja and sole director of Gemzaca, S.L.

In the case of (i) Mr. Ismael Clemente and Mr. Miguel Ollero, none of their external positions are remunerated except in the case of MAGIC Real Estate, S.L.; (ii) Mr. Fernando Ortiz, none of his external positions are remunerated, except for his position in ProA Capital Holdings, S.L. (iii) Mr. Juan María Aguirre, none of his external positions are remunerated except in the case of Sacyr, Quantica and Blanigro; (iv) Mr. Javier García-Carranza Benjumea, none of his external positions are remunerated (he only receives remuneration for his position as Group Senior Executive Vice-President of Banco Santander).

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Ms Ana García Fau	Member of the Salesforce advisory board for the EMEA region, DLA Piper, Mutuality de la Abogacía, Fremman Capital and Pictet Wealth Management (Iberia)
Ms María Luisa Jordá Castro	Consulting services for Normon Laboratories
Ms Ana Forner Beltran	General Director and Secretary of the Board of Nortia Capital Investment Holding, S.L. Member of the Consultive Board of Foment de Treball

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes

No

Explanation of the rules and identification of the document where this is regulated
Section 15(7) Board Regulations establishes that the Company's directors may sit on a maximum of four (4) boards of other listed companies (other than MERLIN). Executive directors must have authorisation from the Board of Directors, following a report from the Appointments Commission, before sitting on the boards of any listed company.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	14,986
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	-
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	-
Pension rights accumulated by former directors (thousands of euros)	-

Remarks

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
Francisco Rivas	Director
Luis Lázaro	Director
Miguel Oñate	Director
Fernando Ramírez	Director
Inés Arellano	Director
Manuel García Casas	Director
Fernando Ferrero	Director
Jon Ander Navarro	Internal Audit Manager

Number of women in senior management	1
Percentage of total senior management	12.5%

Total remuneration of senior management (thousands of euros)	5,561
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Remarks
In 2021, Fernando Lacadena and David Brush left the company

C.1.15 Indicate whether the Board regulations were amended during the year:

Yes

No

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

Selection of directors

The Board ensures that, in the composition of this body, external or non-executive directors represent a majority over executive directors and that these are the minimum necessary. Likewise, the Board ensures that member selection procedures favour diversity of gender, experience, and knowledge and are not affected by any implicit bias that may entail any kind of discrimination, and in particular, that they facilitate the selection of women directors. The Board and the Appointments Commission also ensure that persons of acknowledged solvency, competence and experience are elected, and its standards must be particularly stringent in relation to persons proposed as independent directors in accordance with section 5 Board Regulations.

Appointment of directors

The General Meeting or, where appropriate, the Board of Directors itself, is entitled to appoint Board members, subject to the legal provisions in force and the Articles of Association.

Proposals to appoint directors submitted by the Board of Directors to the shareholders at the Annual General Meeting and the resolutions on appointments passed by the Board of Directors, under its legally attributed powers of co-option, must be accompanied by the corresponding proposal from the Appointments Commission, in the case of independent directors, and by a report in the case of the other directors.

Board members will be subject, to the extent applicable, to regulations on incompatibilities of personnel employed by public authorities and in the central government, and other regulations on incompatibilities.

The directors will discharge their duties for the period envisaged in the Articles of Association (six years) and may be re-elected one or more times for periods of equal length.

Directors appointed by co-option will hold their position until the date of the next General Meeting or until the period established by law for holding the General Meeting at which the financial statements for the previous year are to be approved has ended.

Re-election of directors

Before re-appointing directors, the Appointments Commission, as part of its proposal or report, evaluates the needs of the Board of Directors, and compliance with the director selection policy. Accordingly, before proposing the re-election of directors at the General Meeting, the Board of Directors evaluates, without involvement from the directors in question, the quality of work and dedication to office of the proposed directors during the previous mandate.

Removal of directors

Directors will cease to hold office when the term for which they were appointed has expired, when the next General Meeting has been held or when the period established by law for holding the General Meeting at which the financial statements for the previous year are to be approved has ended, when the shareholders at the General Meeting so decide, using the powers conferred upon them by law or the Articles of Association, or when they resign.

The Board of Directors will not propose the removal of any independent directors before the period established in the Articles of Association for their appointment has elapsed, unless the Board of Directors considers there is just cause to do so, subject to a report by the Appointments Commission. The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation gives rise to a change in the Company's capital structure, to meet the proportionality criterion.

Likewise, just cause will be considered to exist when the director has infringed the duties inherent to their position or when they, due to a supervening cause, have become subject to any of the circumstances impeding the discharge of duties as an independent director, per its definition that may be established in current regulations or, failing this, the good corporate governance recommendations applicable to the Company at any given time.

Directors must tender their resignation to the Board and, if the Board considers it appropriate, resign in those cases listed in section 18(3) Board Regulations.

Where directors vacate their positions before their tenure concludes, either as a result of their resignation or for any other reason, they must explain their reasons in a letter submitted to all the Board of Directors members.

C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organization and to procedures applicable to its activities:

Description of amendment

Despite the fact that the evaluation of the Board of Directors has been, in general terms, satisfactory, the Board of Directors is promoting, in the context of improving the Company's corporate governance, to analyse measures to strengthen and improve the Company's governance (in addition to those that were reported on January 26, 2022, through a communication of Inside Information to the CNMV, which included the creation of a Planning and Coordination Committee and the reunification of the Appointments Commission and the Remuneration Commission into a single commission).

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its commissions and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas

In accordance with the recommendations of the Good Governance Code for Listed Companies, the Company contracts, every 3 years, and as indicated in the recommendations for good corporate governance of listed companies, an external consultant to evaluate the functioning and composition of the Board of Directors and its commissions.

In 2017 and 2020 the Company received the advice of an independent external consultant (Egon Zehnder and KPMG, respectively).

Subsequently, in 2018 and 2019, it was not considered necessary to contract an external consultant to re-assess the functioning of the Board and its Commissions, whereby the Company carried out a self-assessment process by means of a personal and individual questionnaire sent to all the directors, in which they were asked for their opinion in relation to the composition, competencies and functioning of the Board of Directors and its Commissions, and in relation to the Company's Chair and the Chief Executive Officer.

In addition, the various Commissions have been issuing the corresponding reports on their activities, and reports on the assessment of and compliance with their obligations in accordance with the Articles of Association, regulations and good corporate governance recommendations. The Appointments Commission also issues a specific report evaluating the Board of Directors (also based on the questionnaires sent).

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

As described above, the Company hired Egon Zehnder in 2017 and KPMG in 2020 for the process of assessing the functioning of the Board of Directors and its Commissions, without there being any business relationships between these consultants and the Company or any Group company, except for the collaboration of KPMG with the Remuneration Commission on certain matters regarding compensation, which was analysed when they were hired and as regards which it was concluded that there was no reason they could not be hired.

C.1.19 State the situations in which directors are required to resign.

In accordance with section 18(3) Board Regulations, directors must tender their resignation to the Board of Directors and resign if the latter considers it appropriate, in the following cases:

- (i) when they cease to hold the executive position with which, where applicable, their appointment as director is associated;
 - (ii) when they become subject to any incompatibility or prohibition provided for by law;
 - (iii) when they have been seriously reprimanded by the Board of Directors for having breached any of their obligations as directors;
 - (iv) when they are indicted for any purported offences or disciplinary proceedings are brought against them by the supervisory bodies for serious or gross misconduct;
 - (v) when their remaining on the Board of Directors could jeopardise or put the Company's interests at risk or when the reasons for which they were appointed no longer exist; . In particular, in the case of non-executive proprietary directors, when the shareholder they represent sells in full or significantly reduces their shareholding. If such shareholders reduce their ownership interest, thereby losing some of their entitlement to non-executive proprietary directors, the latter's number should be reduced accordingly;
 - (vi) when they sit on more than four boards of directors of other listed companies (other than Merlin) (and, additionally, in the case of executive directors, if they sit on the board of directors of listed companies without the Board's prior consent);
 - (vii) when there are significant changes in their employment situation or in the conditions relevant to their appointments as directors; and
 - (viii) when, due to events attributable to the director, their remaining on the Board of Directors would, in the Board's opinion, cause serious harm to the Company's assets or reputation.
- The above regulations are supplemented by the director selection, appointment and removal policy approved by the Board of Directors in February 2016, and updated on 29 January 2020.

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

Yes

No

If so, please describe any differences.

Description of differences

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

Yes

No

Description of requirements

C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

Yes

No

	Age limit

Chairman	n.a
Chief Executive Officer	n.a
Director	n.a

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:

Yes

No

Additional requirements and/or maximum number of term limits	
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C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for voting at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated, beyond those established by law. In the event, give a brief outline of these rules.

In accordance with Article 41 of the Articles of Association and, in particular, section 14 Board Regulations, the Directors must attend Board meetings and, when they are unable to attend in person, they must appoint another Board member as their proxy, in writing and specifically for each meeting, including the appropriate instructions and notifying the Chair of the Board.

Non-executive directors may only appoint another non-executive director as their proxy. The proxy may be granted by post, electronic means or fax, provided that the identity of the director and the meaning of the instructions are assured.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	16
Number of Board meetings without the chairman in attendance	0

Remarks
Written board resolutions passed on 25 May 2021 and 15 June 2021, without a meeting.

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	7
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Remarks
In addition to these meetings, the Lead Independent Director maintained direct telephone contact with the independent directors in 2021.

State the number of meetings held in the year by the various commissions of the board:

Number of meetings held by the Audit Commission	14
Number of meetings held by the Appointments Commission	10
Number of meetings held by the Remuneration Commission	14
Number of meetings of the Sustainability, Ethics and Innovation Commission	9

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

Number of meetings at which at least 80% of the directors were present in person	16
Attendance in person as a % of total votes during the year	98.56
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	15
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	98.56%

Remarks

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes No

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

Name	Position
Ismael Clemente Orrego	Chief Executive Officer
Miguel Ollero Barrera	Corporate General Manager and COO

Remarks
The process of certifying the separate and consolidated financial statements takes place every six months, i.e. before the authorisation for issue of the annual and half-yearly financial statements for each year.

C.1.28 Explain any measures established by the Board of Directors to ensure that the financial statements submitted by the Board to the General Shareholders' Meeting are prepared in compliance with accounting regulations.

The Audit and Control Commission, within the functions established in its own Regulations, is responsible for supervising the process of preparing and presenting mandatory financial information relating to the Company and presenting recommendations or proposals to the Board of Directors, aimed at safeguarding its integrity, and supervising compliance with regulatory requirements, the accurate demarcation of the scope of consolidation and the correct application of accounting criteria.

In relation to the process of preparing and presenting mandatory financial information relating to the Company and its group, in 2021 and before its presentation to the Board of Directors, the Audit and Control Commission analysed and supervised the following information that the Board of Directors must provide to the market and send to CNMV, by virtue of its status as a listed company, to ensure the accuracy, reliability, adequacy and clarity of the information:

- **The quarterly and half-yearly periodic financial information for 2021** of MERLIN and its consolidated group, verifying the accurate demarcation of the scope of consolidation, the uniformity of accounting criteria and the identification of accounting risks that could jeopardise the audit opinion on the 2021 financial statements.
- **The separate and consolidated annual financial statements and directors' reports for 2020** of MERLIN and its consolidated group, having analysed the process of preparing this information and the guarantees existing within the Company's Internal Control Model, and the accurate demarcation of the scope of consolidation and the correct application of the accounting principles used (IFRS and National Chart of Accounts).

As regards the **quarterly and half-yearly periodic financial information for 2021**, the Commission decided, at its meetings held on 11 May, 27 July and 10 November, to submit **favourable reports on the above periodic financial information** to MERLIN's Board of Directors, verifying at the July meeting that the limited review report on the half-yearly financial statements for 2021 contained a favourable and unqualified conclusion.

Accordingly, and in accordance with the **Auditor Procurement and Relations Framework Policy**, approved on 13 November 2017 and in accordance with that established in the "2021 Work Plan with the External Auditor", drawn up on 15 December 2020, in 2021 the Audit and Control Commission established the appropriate relationships with the Auditor, Deloitte, S.L., with the aim of supervising the progress of the audit work, being aware of its significant findings, supervising its fees and work assignments, and ensuring that the opinion on the financial statements and the main contents of the auditor's report, and the special report, were drafted clearly and accurately.

Therefore, and as regards **the performance of their work**, in 2021 the Company's external auditors (Deloitte, S.L.) appeared before the Audit and Control Commission **on three occasions**, each time having the opportunity to present their conclusions without the presence of the management team, at the Commission meetings on (i) 23 February 2021, (ii) 27 July 2021, and (iii) 14 December 2021. They also appeared twice to present the audit process for reviewing asset valuations (16 February and 19 July). In addition, the external auditors appeared on one additional occasion in compliance with the Commission's 2021 Training Plan.

In 2021, the Audit and Control Commission was informed of and supervised the progress of the external audit work, including the planning, the scope of the tests performed, the work schedule, their fees, the risks identified in the audit, the judgements on the applicability of accounting criteria and principles, the opinion on the accounting treatment of significant corporate transactions and the conclusions of the different work reflected in the reports submitted to the Commission during the year.

At the Audit and Control Commission meeting held on **23 February 2021**, the representatives of the auditor,

Deloitte, S.L., presented the main conclusions of the work performed in relation to the audit of the **separate and consolidated annual financial statements of MERLIN and its consolidated group for 2020**, presenting the draft audit opinion and additional report on the separate and consolidated annual financial statements at 31 December 2020, with a favourable and unqualified opinion.

In addition, at the meeting held on **27 July 2021**, the main conclusions of the work performed in relation to the **limited review of the half-yearly interim financial statements of MERLIN** and its consolidated group for the **first half of 2021** were presented, with a favourable and unqualified conclusion, detailing the main significant events of the period, and the main audit risks.

Subsequently, at the meeting held on **14 December 2021**, the auditor presented the work carried out in the **preliminary review as at 30 September 2021** with a view to the review of the financial statements for 2021, and the key audit matters detected in the course of their work.

Lastly, at the Audit and Control Commission meeting held on **22 February 2022**, the representatives of the auditor, Deloitte, S.L., presented the main conclusions of the work performed in relation to the audit of the **separate and consolidated annual financial statements of MERLIN and its consolidated group for 2021**, presenting the draft audit opinion on the separate and consolidated annual financial statements at 31 December 2021, in the same terms that will be submitted to a vote at the General Meeting and that are accompanied by an auditor's report from Deloitte, S.L. **with a favourable and unqualified opinion**.

It should be noted that historically the auditor's reports on the separate and consolidated annual financial statements prepared by the Board of Directors have been issued without any qualifications, as can be seen in the information on MERLIN Properties on the website of the Spanish National Securities Market Commission (CNMV) (www.cnmv.es), and on the corporate website (www.merlinproperties.com).

C.1.29 Is the secretary of the Board also a director?

Yes

No

If the secretary is not a director, please complete the following table:

Name or company name of the Secretary	Representative
Ms Mónica Martín de Vidales Godino	

Remarks

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, and, where appropriate, its financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

A) PROCEDURES TO PRESERVE AUDITOR INDEPENDENCE

The Company's Corporate Governance System ensures that the necessary relationships are established between the Audit and Compliance Commission and the auditor so that the latter receives timely information from the Commission on matters that may pose a threat to its independence.

MERLIN has a **Auditor Procurement and Framework Relations Policy**, approved by the Audit and Control Commission on 13 November 2017, which establishes the guiding principles and regulates the process for the selection, appointment, reappointment and separation of the auditor of the separate and consolidated financial statements, the procedure for contracting other services in addition to the audit of the financial statements, and the procedures for assessing the independence and criteria for the annual assessment of the auditor.

As regards auditor independence, this Policy establishes that:

- The Audit and Control Commission will ensure that the Company's auditors are independent and that this independence is manifest in relations between the two companies. To this end, the Audit and Control Commission will authorise, before its formalisation, any contract that the Company intends to enter into with the auditor (or member of its network) for the provision of non-audit services to the Company or to any companies of its Group, to be able to analyse individually and globally any threats to the auditor's independence that may arise from such contracts.
- The Audit and Control Commission will also immediately report any procurement of any audit and non-audit services from any firms that conduct audits in the Group companies, with sufficient detail to allow for a comprehensive and effective analysis of the impact that the procurement of such services could entail in terms of independence from an individual and joint perspective.
- In accordance with current applicable law, the Audit and Control Commission considers that there would be a clear threat to auditor independence when the fees accrued for the provision of audit and non-audit services that the Company and any other Group company expect to pay to the auditor or audit firm, or to a member of its network, represent more than fifteen percent (15%) of the total annual income of the auditor or audit firm and the above network in each of the last three consecutive years.
- In addition, the total fees received for non-audit services may not exceed seventy percent (70%) of the average fees paid in the last three years for audit work provided to the Company and the other Group companies.
- The Audit and Control Commission must receive, on an annual basis, written confirmation from the Company's auditor of its independence as regards the Company or entities directly or indirectly connected thereto, and a detailed breakdown of any non-audit services provided by the auditor or by persons or entities related to the auditor in accordance with current audit regulations.
- The Audit and Control Commission will issue, on an annual basis and before issuing the auditor's report, a report expressing an opinion on auditor independence. This report, which must be made available at the General Meeting, must contain an assessment of the potential impact on auditor independence of each and every one of the additional services, other than the statutory audit, referred to in the previous paragraph, individually and as a whole.
- The Audit and Control Commission will refrain from proposing to the Board of Directors, which in turn will refrain from submitting the proposal at the General Meeting, the appointment as auditor to the Company of any audit firm if it has evidence that the firm is affected by a lack of independence, prohibition, or incompatibility, pursuant to current audit regulations.
- In order to assess auditor independence, the Audit and Control Commission will take into consideration the following aspects:
 - o The current law in force at any given time regarding the independence of auditors.
 - o Receive information on the inclusion of professionals from any of the Group's audit firms to any Group companies.
 - o Request explanations from the auditor regarding the internal quality control system in place in terms of independence, and information on the internal rotation practices of the audit partner and their staff.

- Discuss with the auditor any circumstance that may threaten its independence and assess the effectiveness of the safeguards adopted, and understand and assess all relationships between the Company and its related entities and the auditor and its network, involving the provision of non-audit services or any other type of relationship.
- Ensure that the auditor's remuneration does not compromise the quality of their work or independence.
- Analyse any changes that may be made to the total remuneration of the auditor.
- Gather relevant internal information from the Company regarding auditor independence, from the finance department, the internal audit department or other assurance functions, and information that may be provided by the auditor.

The Audit and Control Commission receives, on an annual basis, written confirmation from the Company's auditor of its independence as regards the Company or entities directly or indirectly connected thereto, and a detailed breakdown of any non-audit services provided by the auditor or by persons or entities related to the auditor in accordance with current audit regulations.

The Company's auditor submitted its **statement of independence as regards the audit of the financial statements for 2020** to the Commission on **23 February 2021**. This communication contained a detailed breakdown of the fees for audit services and audit-related services, and any other additional services of any kind provided to MERLIN Properties SOCIMI, S.A. and the companies in its Consolidated Group in 2020.

On this same date, the Auditor submitted to the Audit and Control Commission the Additional Report to the Audit Commission in which the auditor confirmed that it had complied with the applicable independence requirements established by law.

During 2021, to guarantee the independence of the external auditor, the Audit and Control Commission has supervised compliance by both the Company and the external auditor with current regulations on the provision of non-audit services. The Commission analysed, among other aspects:

- Compliance with the *Auditor Procurement and Relations Framework Policy*, whereby the Audit and Control Commission has pre-authorized the contracting of all non-audit services.
- The express statement of the auditor confirming its independence, with a detailed breakdown of the services rendered and fees accrued.
- Express confirmation from the auditor of the establishment of internal procedures aimed at identifying and assessing threats that may arise from circumstances related to audited entities and, where applicable, the application of safeguard measures.
- Individual analysis of the services provided to MERLIN Properties SOCIMI S.A. and the companies in its Consolidated Group.

During the course of the 2021 audit, the Commission did not identify any situations that could have posed a threat to the auditor's independence and, therefore, the Commission concluded its analysis of the auditor's independence by stating that the auditor has acted in accordance with the independence rules that apply pursuant to current audit regulations.

On 22 February 2022, the Audit and Control Commission submitted its Annual Report on Auditor Independence to the Board of Directors. This report is available to any interested party on the corporate website.

<http://www.merlinproperties.com/gobierno-corporativo/informes-anauales/>

B) PROCEDURES TO PRESERVE THE INDEPENDENCE OF FINANCIAL ANALYSTS, INVESTMENT BANKS AND RATING AGENCIES

In 2021, the Board approved the **General Financial, Non-Financial and Corporate Reporting Policy** on 14 October 2021. This policy replaces and expands the previous one, "**Communication policy and contacts with shareholders, institutional investors and voting advisers**", dated 26 February 2016.

<https://www.merlinproperties.com/wp-content/uploads/2021/11/MERLIN-Politica-de-comunicacion-Informacion-141021-1.pdf>

The new **General financial, non-financial and corporate reporting policy**, in addition to complying with the transparency and reporting obligations established by law and the Company's corporate governance system, establishes that the Company must correctly report, communicate and address its shareholders and investors, with transparency, truthfulness, immediacy, equality and symmetry in the disclosure of information.

The Board, through the Chief Executive Officer and with the collaboration of any senior management that they see fit, may hold informative meetings on the progress of the Company and its group, for shareholders residing in the main financial centres, in Spain and other countries, provided that no shareholder is given preferential treatment and provided that this information is simultaneously provided to the National Securities Market Commission (CNMV) and published on the Company's corporate website.

Presentations, meetings with analysts and institutional investors, roadshows and informative days with Company management are held, which deepen the Company's strategic issues, complement the information published, and which may be necessary or appropriate to facilitate communication and the creation of long-term value.

With all these measures, communication with the market is coordinated and managed to ensure that it is adequate and consistent at all times.

Communication with institutional investors, analysts and shareholders may not take place during the periods before the publication of Group results, in compliance with securities market rules.

The Company has a specific investor relations department (the "Investor Relations Department") which is responsible for coordinating, analysing and managing relations and contacts with shareholders, investors and other stakeholders, and continuously and individually (although in no case in a discriminatory manner) responding to enquiries from analysts and institutional investors.

The Investor Relations Department is responsible for continuously and individually addressing the inquiries and suggestions of shareholders, institutional investors, financial analysts and voting advisers through the contact provided on the Company's website at the following link: <https://www.merlinproperties.com/investors/contacto-relacion-investors/>

The Investor Relations Department will hold briefings for shareholders residing in the main financial centres, in Spain and in other countries, analysts and investors, on the progress of the Group Company, where the Group's progress and other aspects of interest will be presented; in any case, these special care will be taken in these briefings not to give preferential treatment to any shareholders or investors over others, for which purpose the appropriate measures will be taken to ensure that all shareholders are in the same conditions (as regards the information to be received) at all times.

As regards voting advisers, policies and recommendations regarding international trends in corporate governance will be monitored, and the recommendations and criteria issued by the voting advisers in relation to corporate governance rules will be assessed, taking into account the unique characteristics of the Company and its environment and, in any case, the applicable regulations.

C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

Yes

No

Outgoing auditor	Incoming auditor

If there were any disagreements with the outgoing auditor, please provide an explanation:

Yes

No

Explanation of disagreements

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the percentage of such amount over the fees invoiced for audit services to the company and/or Group:

Yes

No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	328	3	331
Amount invoiced for non-audit work/Amount for audit work (in %)	93.18%	1.20%	54.98%

Remarks
<p>The fees received for non-audit work relate mainly to:</p> <ul style="list-style-type: none"> - Comfort letters issued in relation to the bond program - Agreed procedures for compliance with financial covenants - Review of Section F (ICFR) of the Annual Corporate Governance Report (ACGR) - Agreed procedures related to remuneration programmes - Agreed procedures for sustainable KPIs of the syndicated loan - Other technical, real estate and regulatory assistance services.

C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairman of the audit commission to explain the content and extent of the aforementioned qualified opinion or reservations

Yes

No

Explanation of reasons and direct link to the related document made available to the shareholders with the call notice

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	8	8
	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	100%	100%

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

Yes No

Provide details of the procedures
<p>Pursuant to section 21 Board Regulations, to receive support in the performance of their duties, non-executive directors may request the engagement, at the Company's expense, of legal, accounting or financial advisors or other experts.</p> <p>The engagement must necessarily be related to specific problems of certain importance and complexity that the directors are faced with in discharging their duties.</p> <p>The request to engage these services must be reported to the Chair of the Company, and may, however, be rejected by the Board of Directors, provided that it shows that:</p> <ol style="list-style-type: none"> it is not necessary for the proper performance of the tasks entrusted to the non-executive directors. the cost thereof is not reasonable in view of the importance of the problem and the assets and income of the Company; the technical assistance sought can be adequately provided by the Company's own experts and specialists; it represents a risk to the confidentiality of the information that needs to be handled. <p>To date, the Board of Directors has not rejected any request by the Company to engage legal, accounting or financial advisors or other experts at the Company's expense when their participation has been requested.</p>

C.1.36 State whether the company has established rules whereby directors must report and, if applicable, resign, where situations involving them arise, whether or not related to their actions at the company itself, which may damage the company's standing and reputation. If so, provide details:

Yes No

Explain the rules
<p>Pursuant to section 31(3) Board Regulations, directors must inform the Company of any circumstances that affect them and may harm the Company's name or reputation, with particular mention of any criminal charges brought against them and the progress of any subsequent trial. In relation to the above, on 27</p>

February 2018 the Board of Directors approved a procedure for directors who are subject to oral proceedings to inform the Board of such circumstance so that it may act accordingly. The Board of Directors may, after examining the situation presented by the director, require the director to resign and the director must abide by this decision.

Furthermore, in accordance with section 18(3) Board Regulations, directors must tender their resignation to the Board and resign if the latter considers it appropriate, in the following cases (among others): (a) when they cease to hold executive positions with which, where applicable, their appointment as director is associated; (b) when they are challenged in any of the legal cases of incompatibility or prohibition; (c) when they are seriously reprimanded by the Board for having breached their obligations as directors; (d) when they are indicted for any purported offences or disciplinary proceedings are brought against them by the supervisory bodies for serious or gross misconduct; (e) when their stay in the Board may jeopardise or harm the Company's interests or when the reasons for which they were appointed are eliminated. In particular, in the case of non-executive proprietary directors, when the shareholder they represent sells in full or significantly reduces their shareholding. They must also do so, in the appropriate number, when this shareholder reduces their shareholder share to a level that requires a reduction in the number of external proprietary directors; (f) when they are members of more than four boards of directors of other listed companies; (g) when there are significant changes in their professional situation or in the conditions under which they have been appointed as directors; (h) when, due to events attributable to the Director, their continued presence on the Board causes serious harm to the Company assets or reputation in their opinion.

C.1.37 State, unless special circumstances have arisen and have been placed on record in the minutes, whether the Board has been informed, or has otherwise become aware, of any situation involving a director, whether or not related to his/her action at the company itself, which may damage the company's standing or reputation:

Yes

No

Name of director	Nature of the situation	Remarks
Ms Pilar Cavero Mestre	Penalty proceedings initiated by the CNMV against the Board of Directors of Abengoa, S.A. for failure to submit and publicly disclose, in due time, the individual and consolidated annual financial report for 2019 for the above-mentioned company	

In the preceding case, state whether the Board of Directors has examined the case. If so, explain (giving reasons) whether, having regard to the specific circumstances, any measure has been taken to open an internal investigation, to ask the director to resign or to propose his/her removal. Also state whether the decision of the Board was based on a report by the appointments commission.

Yes

No

Decision/Action taken	Explanation
No action required	The Board of Directors, following a report from the Appointments Commission, after hearing the director, having analysed the report issued by a law firm in relation to this specific case, and in view of the particularities and circumstances surrounding the initiation of the case, has understood that the case in question does not harm the credit and reputation of the Company in any way whatsoever.

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

<p>In the event of a change of control:</p> <ul style="list-style-type: none"> - The lock-up period will not apply to shares granted under the 2016 Management Stock Plan. - Executive Directors may voluntarily terminate their relationship with the Company within three months of the occurrence of such an event and will receive the compensation described in subsection C.1.39. - LTIP (long-term incentive for the 2017-2019 period) rights are paid early. - The Management Team's deferred annual bonus will be fully vested and payable within 10 business days following the date of the change of control. <p>For these purposes, a change of control will be considered to exist when either of the following two situations occurs:</p> <ul style="list-style-type: none"> a) A new shareholder directly or indirectly acquires more than 30% of the Company's share capital. b) A new shareholder is able to appoint the majority of the members of the managing body. <p>The Company also has various financing arrangements, which regulate the consequences in the event of a change of control in the Company:</p> <ul style="list-style-type: none"> a) Term loan: If as a consequence of a change of control the rating is downgraded to non-investment grade within the following 90 days and if so requested by the majority of the lenders (66.66% of total debt), the debt will be repaid. b) Bonds: In addition, if the rating of the debt is downgraded, the bondholders have a put option. c) Tree financing: the debt would have to be repaid if approved by the majority of lenders (66.66% total debt).

C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Type of beneficiary	Description of agreement
<p>Executive directors (Ismael Clemente Orrego and Miguel Ollero Barrera)</p>	<p>The contracts in force with the executive directors include severance if their relationship with the Company is terminated as a result of:</p> <ul style="list-style-type: none"> (i) the removal or termination of their position as executive director without cause. Cause will be considered to exist when such removal or termination is due to (a) a serious breach or failure to comply with the duties and obligations that correspond thereto by law, or (b) any action or omission that causes serious damage to the Company, and provided that, in both cases, the concurrence of such cause has been declared by a competent court. (ii) a resignation or voluntary departure due to a substantial change in the working conditions of the executive director that is

notoriously detrimental to their professional Education, a detriment to their dignity, or is decided in serious breach of good faith on the part of the Company. Conversely, the approval of future policies that are economically less favourable, that do not provide for variable remuneration similar to the STIP for executives or LTIP, or future decisions by the Company not to approve long-term incentive plans similar to the LTIP will not be considered a substantial change for these purposes.

- (iii) a resignation or voluntary departure due to a change of control (where a change of control is understood in accordance with the regulations governing takeover bids), provided that the termination occurs within three months following the change of control.

Executive directors would be entitled to receive compensation, provided that the payment does not compromise the Company's solvency:

- (i) in cases (i) and (ii), an amount equal to the result of multiplying by two the fixed remuneration and the Executive STIP granted to the executive director during the last 12 months before termination; and
- (ii) in case (iii), an amount equal to the sum of the fixed remuneration and the Executive STIP granted to the executive director during the last 12 months before termination.

Of the above amounts, an amount equivalent to six monthly payments of fixed remuneration will be paid as remuneration for the post-contractual non-competition agreement.

The payment of the severance for termination of the contract, where appropriate, will be withheld until the Company has been able to verify that the director has met the performance criteria established in the different elements of the remuneration package, as the time horizon of these elements is different and, therefore, this period will be assessed and determined when the severance to be received is established.

Once this calculation has been performed and it has been verified that the targets for the Executive STIP have been adequately achieved, the Company will pay, together with the resulting STIP, the severance to which the executive director is entitled.

With the rest of the management team, other than the executive directors, the regime for termination of their relationships is subject to the Workers' Statute and other applicable regulations.

State whether, outside the cases envisaged by law, these contracts have been communicated to and/or approved by management bodies of the company or of the Group. If they have, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this.

	Board of Directors	General Shareholders' Meeting
Body authorizing the clauses	X	

	YES	NO
Is the General Shareholders' Meeting notified of these clauses?	X	

Remarks
The Annual General Meeting is informed of these clauses through the Annual Corporate Governance Report.

C.2 Commissions of the Board of Directors

Remarks
<p>On 26 January 2022, the Company sent a notice of Insider Information to CNMV, in which, in the context of improving the Company's governance, it took the following measures to strengthen the Company's corporate governance:</p> <ul style="list-style-type: none"> - Establish a Planning and Coordination Committee. <p>The main purpose of this Committee is to contribute to the preparation of Board meetings, enriching the information, documentation or proposals for agreements to be discussed. It is an internal Board body that is permanent, without executive or supervisory or control functions. Its members are:</p> <ul style="list-style-type: none"> - Ms Ana García Fau (Independent Director and Chair of the Committee) - Javier García Carranza Benjumea (Proprietary Director) - Ms Ana Forner Beltrán (Proprietary Director) - Ismael Clemente Orrego (Executive Director) - Emilio Novela Berlin (Lead Independent director) - Reunify the Appointment and Remuneration commissions. <p>To simplify the organisational structure and facilitate the participation and dedication of the Directors to the various commissions, the Appointments and Remuneration Commissions will be reunified and renamed the Appointments and Remuneration Commission. Its members are:</p> <ul style="list-style-type: none"> - Ms M^a Luisa Jordá Castro (Independent Director and Chair of the Commission) - Ignacio Gil Casares Satrustegui (Proprietary Director) - Ms Pilar Cavero Mestre (Independent director) - Juan M^a Aguirre Gonzalo (Independent director) - Donald G Johnston (Independent Director) - Mr Fernando Javier Ortiz Vaamonde (Independent director) - The Audit and Control Commission and the Sustainability, Ethics and Innovation Commission maintain their structure and functions

The Board also reported that in its commitment to ensuring that the Company is a leader in governance, it expressed its determination to continue to deepen the study and analysis of additional measures to strengthen the corporate governance system and improve communication, which will be reported as approved and implemented.

The regulations of the Planning and Coordination Commission, and the Appointments and Remuneration Commission, are available at:

<https://www.merlinproperties.com/gobierno-corporativo/normativa-de-gobierno-corporativo/>

The Board’s commissions, their members and the proportion of executive, dominant, independent and other external directors that constitute them, and the functions established by law, those attributed by its regulations and the procedures and rules of organisation and functioning that have been in force throughout 2021, are detailed below.

C.2.1 Provide details of all commissions of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

AUDIT COMMISSION

Name	Post	Category
Juan María Aguirre Gonzalo	Chair	Independent
María Luisa Jordá Castro	Member	Independent
Ana García Fau	Member	Independent
Francisca Ortega Hernández-Agero	Member	Proprietary
Ana Forner Beltrán	Member	Proprietary

% of proprietary directors	40%
% of independent directors	60%
% of other external directors	0%

Remarks

Explain the functions attributed to this commission and any additional responsibilities provided for by law, and describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised, in practice, each of the functions attributed to it by law, in the Articles of Association or in other corporate resolutions.

In addition to that established by current law, the Commission is governed by the Articles of Association, the Board Regulations of the Company and, more specifically, the **Audit and Control Commission Regulations**, the last amendment to which was approved by the Board of Directors on **16 December 2020** following a proposal by the Audit and Control Commission itself.

These Commission Regulations incorporate all the aspects included in the recommendations of **Technical Guide 3/2017** of the Spanish National Securities Market Commission (CNMV) on Audit Commissions of Public Interest Entities, and the **good governance recommendations approved by the CNMV in June 2020**.

All MERLIN's internal regulations (Articles of Association, Board Regulations and Audit and Control Commission Regulations) are available to any interested party on the corporate website (<http://www.merlinproperties.com/gobierno-corporativo/normativa-de-gobierno-corporativo/>).

As regards its composition, and in accordance with sections 12 and 13 of the Audit and Control Commission Regulations, the Commission will be composed of a minimum of three (3) and a maximum of five (5) members, **all of whom will be non-executive directors with the majority being independent**; these members will be appointed by the Board of Directors, at the proposal of the Appointments and Remuneration Commission. In the proposal and appointment of its members, the Commission endeavours to seek diversity in its composition, in particular as regards gender, professional experience, competencies and sector knowledge.

The Commission members, as Board members, must have the experience and knowledge in management, economic, financial and business areas necessary for a good director. In addition, the Commission as a whole must have the relevant technical knowledge in relation to the sector of activity to which the Company belongs; and at least one of the Commission members must also be appointed taking into account their knowledge and experience in accounting, auditing or both.

In addition to the above, in the proposal and appointment of the members and positions of the Audit and Control Commission, the Appointments Commission and the Board of Directors will ensure that the Chair of the Commission has the knowledge, skills and experience appropriate to the functions that they are called upon to perform in accounting, auditing or risk management matters; the members of the Commission as a whole have financial and internal control skills; and at least one of the Commission members has IT experience, among other reasons, to facilitate efficient supervision of internal control and risk management systems, which generally use complex computer software, and to be able to adequately assess new emerging risks, such as cybersecurity.

The Chair of the Audit and Control Commission, a position that in all cases will be held by an independent director, will be appointed from among its members and must be replaced every four (4) years, whereby they may be re-appointed once a period of one (1) year has elapsed from the end of their tenure, without prejudice to their continuity or re-election as a Commission member.

The Audit and Control Commission, in accordance with section 17 of its Regulations, and before the beginning of each year, will approve an annual work plan that includes the specific objectives in relation to each of the functions entrusted thereto, the organisation of information and the agenda of the meetings or other channels of regular communication with the Company's executives, the head of the internal audit department and the external auditor, and the Education considered appropriate in order for the Commission to correctly perform its functions.

The Commission has carried out its functions during the year in accordance with the *Work schedule for 2021*, approved by the Commission in December 2020, and it approved the *Work schedule for 2022* at its meeting held on 14 December 2021.

In any case, the Commission will be called and meet at least on a quarterly basis to review the periodic financial information that, in accordance with current regulations, the Board of Directors must submit to the stock exchange authorities, and the information that the Board of Directors has to approve and include as part of its annual public documents.

These meetings will be attended by the Internal Audit Manager and, when any review report is issued, by the external auditor. At least part of these meetings will take place without the presence of Company management, so that the specific matters arising from the reviews performed can be discussed exclusively with them.

The Commission may also request collaboration and engage external and advisory services, and gather any information or documents available at the Company relating to the matters that are within the Commission's area of authority and that it considers necessary to perform its duties.

The functions of the Commission are detailed in sections 5 to 10 of the specific Audit and Control Commission Regulations. The main competencies of the Commission are as follows:

- a. Approve the policy that determines the procedure for the selection and contracting of and relations with the external auditor, and any circumstances that could affect its independence and the instruments to provide these relations with due transparency.
- b. Propose to the Board of Directors, for submission at the General Meeting, the proposal for the selection, appointment, re-election and replacement of the external auditor, and the terms of their engagement and, where applicable, their revocation or non-renewal.
- c. Receive, on an annual basis, the statement from the external auditor of its independence, and information on any type of additional services provided and the related fees received by the auditor or by persons or entities related to the auditor, pursuant to that provided in current audit regulations.
- d. Issue an annual report, before the issuance of the auditor's report, expressing an opinion on whether the independence of the external auditor has been compromised.
- e. Review with the external auditor the main incidents detected during the audit, compare them with management's opinion, verifying that they have been resolved and, if not, understand why not, and follow up on the recommendations of the external auditor.
- f. Analyse with the external auditor any significant weaknesses in the internal control system detected in the course of the audit and submit recommendations or proposals to the Board of Directors and the corresponding period for follow-up.
- g. Give prior authorisation for non-audit services that the external auditor (or the auditing firm to which it belongs) or the persons or entities related thereto (in accordance with current audit regulations) are to provide to Group companies, under the terms envisaged by law.
- h. Supervise the correct application of generally accepted accounting principles and applicable international financial reporting standards and supervise the process of preparing and presenting the Company's financial statements and the periodic financial information that, in accordance with internal procedures, the Company must provide to the markets and their supervisory bodies, and the process of preparing and publishing this information, reporting to the Board of Directors before its approval and submitting recommendations or proposals aimed at safeguarding its integrity.
- i. Review the clarity and integrity of all financial and related non-financial information published by the entity, such as financial statements, directors' reports, risk management and control reports and annual corporate governance reports, ensuring that the half-yearly financial reports and quarterly management statements are drawn up under the same accounting policies as the annual financial reports and, for such purpose, consider whether the auditor should conduct a limited review of the half-yearly financial reports.

- j. Supervise the content of the auditor's reports and, where appropriate, of the limited review reports on interim financial statements and other mandatory reports of the external auditor, before their issue, to avoid qualifications.
- k. Ensure, with the collaboration of the internal audit department, that the financial information published on the Company's website is constantly updated and coincides with that prepared by the Company's directors and published, where appropriate, on the CNMV website when required to do so.
- l. Approve the direction and work plans of the internal audit department and receive regular information on its activities. In supervising the work plan, the Commission must verify that the main financial and non-financial risk areas of the business have been taken into consideration in the plan, and that its responsibilities are clearly identified and defined for the purpose of adequate coordination with any other assurance functions, such as the risk management and control, management control, regulatory compliance and external audit units.
- m. Supervise all matters relating to the different types of risk faced by the Company, including financial or economic risks, contingent liabilities, other off-balance sheet risks, and operational, environmental, technological, legal, social, political and reputational risks.
- n. Set the risk levels that the Company considers acceptable, which is an executive function of the Board of Directors. Assess, at least on an annual basis, the list of the most significant financial and non-financial risks and the level of tolerance established for each risk based on the information provided by management, the head of the internal audit department and, where applicable, the risk management and control unit.
- o. Review the Company's internal control and risk management systems and, in particular, ensure that the system of internal control over financial reporting (ICFR) is correctly designed, so that the main risks are appropriately identified, managed and disclosed.
- p. Approve the internal audit plan for the ICFR assessment, and any changes thereto, and receive periodic information on the results of its work, and the action plan to correct any deficiencies identified.
- q. Hold, at least on an annual basis, a meeting with the heads of the business units where they explain the business trends and the associated risks, and strengthen the idea that the heads of the business units are directly responsible for effectively managing the risks and that there must be a manager assigned to each risk identified.
- r. Report to the shareholders at the General Meeting regarding issues raised in relation to matters for which the Commission is responsible and, in particular, regarding the results of the external audit, explaining how it has contributed to the integrity of the financial information and the function that the Commission has carried out in that process.
- s. Supervise the process of engaging external real estate asset appraisers proposed by the Management, ensuring the application of the rotation policy and the identification of possible conflicts of interest and threats to independence that may call into question their suitability.
- t. Review the methodology applied by external real estate appraisers and the significant assumptions used to ensure they are in line with international accounting standards (IAS).
- u. Supervise the results of the work carried out by the external auditor in relation to the appraisals of the Company's assets.

- v. Report to the Board of Directors on the creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens, the economic conditions and accounting impact and, where appropriate, the exchange ratio of the structural and corporate changes that the Company plans to carry out and transactions with related parties.
- w. Review the annual activities plan of the Criminal Compliance Body, and the half-yearly report on its activities to be subsequently submitted to the Board of Directors. Receive information from the Criminal Compliance Body in relation to any relevant issues regarding regulatory compliance and the prevention and correction of illegal or fraudulent conduct.
- x. Review, through the Internal Control Body, the Company's internal policies and procedures to verify their effectiveness regarding anti-money laundering and countering the financing of terrorism and to identify possible policies or procedures that are more effective in promoting the highest ethical standards, to be submitted to the Board of Directors.

The Commission performs its duties with complete independence and full operational autonomy, being led by its Chair, who is responsible for calling meetings, proposing the agenda of the matters to be discussed and requesting the attendance of any director, executive or employee of the Company or the external auditor or any other external party that may be necessary for the performance of its duties.

In 2021, the Commission met on fourteen (14) occasions (in particular, on 26 January, 16 February, 23 February, 23 March, 22 April, 11 May, 10 June, 19 July, 27 July, 15 September, 13 October, 10 November, 14 November, and 14 December). The meetings held during the year were mostly remote via video conference due to the security measures implemented by MERLIN as a result of the health crisis caused by the COVID pandemic.

In addition to its members, the Audit and Control Commission meetings were attended by the Company's employees and executives, such as the Executive Director and Corporate General Manager, the Manager of Legal Affairs, the Head of the Tax Department, the Internal Audit Manager, the Retail Business Manager, the Technical Department Office Manager, the Coordinator of Asset Valuations and the Systems Manager, to discuss the items on the agenda for which they had been summoned.

Likewise, the external auditor attended six Commission meetings to report on the 2020 audit, the limited review of the first half of 2021, the half-yearly review of the asset appraisals, and the update of the accounting and tax regulations, as part of the Commission's Education plan.

As general information, at its meetings in 2021 and in exercising the functions attributed to it, the Commission has:

- (i) Submitted to the Board of Directors various reports in relation to the presentation of the separate and consolidated financial statements for the year ended 31 December 2020, and the quarterly and half-yearly financial information and directors' reports required (in 2021) of the Company, as a listed company, in accordance with applicable regulations;
- (ii) Reported to the Board of Directors on the external audit carried out in relation to the year ended 31 December 2020, and the limited and preliminary reviews carried out by the external auditor in relation to the financial information for the first half of the year and the preliminary closing information required of the Company in 2021.
- (iii) Presented to the Board of Directors all the work entrusted to the external auditor during the current year and their prior analysis of the engagement in terms of independence and compatibility in accordance with the Spanish Audit Law (*Ley de Auditoría*).

- (iv) Supervise the yearly process of engaging external real estate asset appraisers proposed by the Management, ensuring the application of the rotation policy and the identification of possible conflicts of interest and threats to independence that may call into question their suitability.
- (v) Reviewed the methodology applied by external real estate appraisers and the significant assumptions used, which were in line with international accounting standards (IAS).
- (vi) Supervised the results of the work carried out by the external auditor in relation to the appraisals of the Company's assets.
- (vii) Recorded the connected-party transactions, informed the Board of Directors for its approval, as the case may be.
- (viii) Took note of and reported favourably to the Board of Directors on any accounting and tax aspects of corporate transactions.
- (ix) Updated the 2021 Risk Map in accordance with the COSO-ERM 2017 methodology and the monitoring of the main business risks on a regular basis through the appearance of the heads of the business units together with their explanation of the business trends and associated risks.
- (x) Analysed the risks affecting the Company in terms of technological and cybersecurity risks, overseeing the IT Department's action plans in this area.
- (xi) Reviewed the tax policies followed during the year, before preparing the financial statements and filing corporation tax returns, in compliance with MERLIN's Tax Policy.
- (xii) Supervised the execution of the internal audit work within the framework of the internal control systems and in accordance with the 2021 Annual Activities Plan approved at the meeting held on 15 December 2020, monitoring compliance by the Company's management with its recommendations.
- (xiii) Reviewed the activities of the different control bodies established in the Company for the supervision and management of criminal risks (Criminal Control Body) and in matters regarding anti-money laundering and countering the financing of terrorism (Internal Control Body).
- (xiv) Supervised the functioning of the ICFR system and, in turn, reviewed the internal audit reports on this system, reviewing the ICFR Manual and the Group's Accounting Policies Manual.
- (xv) Verified the performance of the work carried out by Company management as regards data protection regulations, ensuring that the control systems that minimise the risk of vulnerability of the rights of those that use the Company's assets are implemented at all times.
- (xvi) Promoted the improvement of policies and procedures, within the scope of the Commission, and, among others, on Non-Financial information, even if is not applicable to the Company.

Identify the directors who are members of the audit commission and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this commission was appointed.

Name of directors with experience	Juan María Aguirre Gonzalo María Luisa Jordá Castro Ana García Fau Francisca Ortega Hernández-Agero Ana Forner Beltrán
Date of appointment of the chairperson	07/05/2018

Remarks
In 2022 a new Chair of the Audit and Control Commission is to be appointed, as the four-year term ends.

APPOINTMENTS COMMISSION

Name	Post	Category
Pilar Cavero Maestre	Chair	Independent
George Donald Johnston III	Member	Independent
Ignacio Gil-Casares Satrustegui	Member	Proprietary
Juan María Aguirre Gonzalo	Member	Independent

% of proprietary directors	25%
% of independent directors	75%
% of other external directors	0%

Remarks

Explain the functions attributed to this commission and any additional responsibilities provided for by law, and describe the procedures and rules it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised, in practice, each of the functions attributed to it by law, in the Articles of Association or in other corporate resolutions.

The organisation and powers of the Appointments Commission are established in Article 45 of the Articles of Association and in the Appointments Commission Regulations.

The main points regarding the Commission with reference to this regulation are given below:

The Appointments Commission:

- i. will be formed by non-executive directors, in the number determined by the Board, with a minimum of three (3) and a maximum of five (5), and the majority of its members must be independent;
- ii. will appoint a Chair from among its members, who will be an independent director;
- iii. will also appoint a Secretary and may appoint a Deputy Secretary, neither of whom need to be

Commission members or directors;

- iv. the renewal, re-election and removal of directors who are Commission members will be governed by the resolutions of the Board;

As regards its **functioning**, the Appointments Commission:

- i. is convened by its Chair, either at their own initiative or at the request of the Chair of the Board or any of its members;
- ii. it will ordinarily meet at least on a quarterly basis, and when called by its Chair, which must call a meeting whenever the Board or its Chair requests the issuance of a report or the adoption of proposals and, in any case, whenever considered necessary to properly perform its functions.
- iii. it will be considered to be validly convened when attended by the majority of its members in person or by proxy; and
- iv. its resolutions are passed by a majority of members attending in person or by proxy, with the Chair having the casting vote.

The **main tasks** of the Appointments Commission are:

(i) Powers relating to the assessment and selection of directors:

- (a) examine the competencies, knowledge and experience required for Board members;
- (b) analyse the other occupations of each Company director, ensuring that the directors devote sufficient time in practice, otherwise proposing appropriate measures;
-) meet, during the selection process, with either the Commission or its Chair or any of its members, with each of the candidates for directors, making a record in the minutes of the meetings and, at least, of the assessment of the final or suitable candidates;
- (d) document and include in the report accompanying the proposed appointment or re-appointment of a director the result of the analysis performed and the reasons justifying the suitability of the candidate;
- (e) seek formal and written acceptance of the Company's conditions and policies for directors in general;
- (f) establish and supervise an annual programme for the evaluation and continuous review of the qualifications, education and, where appropriate, independence, and ensure the conditions of repute, suitability, solvency, competence, availability and commitment to their duties, necessary for the exercise of the office of director, are maintained;
- (g) outsource, when deemed appropriate or necessary due to the specific nature of the case, the search for candidates for independent directors by engaging the services of an external expert;
- (h) consider the proposals for potential candidates for independent directors made by any director, taking the utmost care and gathering any information deemed fit;
- (i) annually verify the implementation of the selection policy for Directors, reporting the results in the annual corporate governance report.

(ii) Powers relating to the appointment, re-election and removal of directors:

- (a) submit proposals to the Board for the appointment, re-election or removal of independent directors, and report proposals for the appointment, re-election or removal of the other directors;
- (b) ensure that, when new vacancies are filled or when new Directors are appointed, the selection

- procedures are not affected by any implicit bias that may entail any kind of discrimination;
- (c) inform the candidate for independent director of what is expected of them in terms of dedication, participation in Board commissions and commitment to the Company;
 - (d) ensure that the proposals for re-election take into account the same factors as for the first election;
 - (e) ensure, in the event of the removal of independent directors, that the proposal is made by the Commission itself and assess the existence of justified cause;
 - (f) assess the reasons for the resignation or removal of a director before the end of their term of office and ensure that the Board sufficiently publicises the reasons and circumstances for their removal or resignation;
 - (g) assess whether the appointment policy and procedures established by the Company have been followed in the selection of candidates to be reported on and record any significant irregularities or deviations observed in the report to the Board of Directors;
 - (h) obtain information, should it be proposed that a proprietary director be appointed at the request of a shareholder whose share is less than 3%, on the reasons for the proposal and explain them in the Commission's report in relation to the appointment.
- (iii) Powers relating to the composition of the Board, its commissions and the process of appointment of internal Board positions and senior managers:**
- (a) report in relation to:
 - i. the appointment of the Chair, Deputy Chairs, Secretary and Deputy Secretary of the Board of Directors;
 - ii. the proposals for the appointment of the members of the Audit and Control Commission and the Remuneration Commission, and any other Commission;
 - iii. the performance of the Chair's duties;
 - iv. the regular assessment of the performance of the Directors and Senior Managers;
 - v. proposals for the appointment and removal of Senior Managers and the basic terms and conditions of their contracts;
 - (b) propose the appointment of a Lead Director;
 - (c) examine or organise the succession of the Chair of the Board and, if any, of the Company's Chief Executive Officer and Senior Managers;
 - (d) consult, in organising the succession of the first executive, with the Company's current President and Chief Executive Officer;
 - (e) set a target for the representation of the least-represented gender within the Board of Directors and senior management and develop guidelines on how to meet that target;
 - (f) report to the Board on gender diversity issues, proposing to the Board a director diversity policy and, where appropriate, regarding senior management; and
 - (g) consider any suggestions submitted by the Chair, Board members, Senior Managers or shareholders of the Company.
- (iv) Powers related to the assessment of the Board and its commissions:**
- (a) report to the Board of Directors on the regular assessment of the functioning of the Board of Directors and its commissions;
 - (b) coordinate the assessment of the functioning of the Board and its commissions and submit a proposed action plan or recommendations to the Board of Directors together with the results

of its assessment to correct any deficiencies found or improve the functioning of the Board or its commissions, involving, where appropriate, the lead director;

- (c) monitor the attendance of the directors at the Board meetings and the commissions of which they are member, recording their absences;
- (d) ensure that, when the absence of directors at Board meetings and the commissions they form part of are unavoidable, proxies are generally entrusted with precise voting instructions;
- (e) adequately assess the independence of the external consultant assisting the Board every three years to carry out the assessment;
- (f) discuss, through the Chair of the Commission, with each director the outcome of their personal assessment and, where appropriate, the measures to be taken to improve performance; and
- (g) design and organise regular knowledge update programs.

(v) Other powers:

- (a) engage, through its Chair or any of its members, together with the lead director, in the communications and contacts with shareholders and institutional investors, mainly with those not represented on the board;
- (b) supervise compliance with the Company's corporate governance rules and internal codes of conduct;
- (c) supervise the implementation of the general policy regarding the reporting of non-financial and corporate information, and communication with shareholders and investors, voting advisers and other stakeholders;
- (d) report and supervise, before their approval, the Company's non-financial information in relation to the information that falls within its scope;
- (e) regularly assess and review the Company's governance system and its environmental, social and corporate governance rules;
- (f) supervise and assess the processes related to the various stakeholders;
- (g) ensure that the Company's environmental and social practices comply with the strategy and policy established;
- (h) ensure that the information published by the Company through its website on matters within the scope of the Commission is sufficient and appropriate;
- (i) participate in potential updates of the Board Regulation in relation to matters falling within the scope of the Commission;
- (j) report to the Board on situations that affect directors, whether or not related to their actions in the Company itself, that may harm the Company; and
- (k) carry out the tasks related to talent management and promotion (contributing to the acquisition, promotion and retention of talent and supervising the implementation of the measures necessary for this purpose).

In 2021 the Appointments Commission met seven (7) times (specifically, on 21 January, 22 February, 23 March, 7 June, 14 September, 14 October and 5 November) and held a meeting with the Board on 27 April. It also met jointly with the Remuneration Commission on 6 and 9 April.

All meetings were attended by all Commission members (present, duly represented, or through audio-visual means), with the exception of Mr Johnston, who was unable to attend the meetings of 21 January and 23 March, delegating in Ms Cavero in the latter meeting. In particular, the meetings of 22 February, 23 March and 14 October were held entirely by electronic means.

Within the framework of its meetings, the Commission held a meeting:

- (i) on 7 June 2021 Mr Miguel Ollero and Ms Marina Sanz attended the Commission meeting as guests to report on the status of the special incentive for executives, the LTIP and the Equal Remuneration Plan, and Mr Jon Navarro to present the corporate policies to be reviewed;
- (ii) on 14 September Ms Miguel Ollero and Ms Marina Sanz attended the meeting as guests to report on the status of the Equality Remuneration Plan; and
- (iii) on 14 October Mr Miguel Ollero as guests to report on the incorporation of Mr José Navarro Pinuega into the Merlin management team.

At its meetings **in 2021, the most significant activities** undertaken by the Commission, within the framework of its competencies, were as follows:

(i) **Recurrent activities**, consisting of the following:

- (a) Facilitate the assessment of the performance of the Board, its commissions and its positions in 2020;
 - (b) Review the composition of the Board and assess whether its composition, number of members and profiles are appropriate, taking into account the circumstances prevailing at any given time.
 - (c) Report on the establishment of the number of Board members at 13.
 - (d) Propose the re-election of Mr Juan María Aguirre Gonzalo and Ms Pilar Cavero Mestre as independent directors.
 - (e) Report on the proposals for re-election of Mr Javier García-Carranza and Ms Francisca Ortega, as proprietary directors.
 - (f) Report the re-election of the members of the Audit and Control Commission and its Chair.
 - (g) Report the re-election of Ms Pilar Cavero Mestre as a member of the Remuneration Commission.
 - (h) Report the re-election of Mr Javier García-Carranza Benjumea as President of the Company.
 - (i) Review the Annual Corporate Governance Report and report on aspects within its competence.
 - (j) Approve the Commission's Activities Report for 2020.
- (ii) Approve, for transfer to the Board of Directors, the actions proposed included by KPMG in its 2020 assessment report of the Board of Directors (deepening on strategy aspects, strengthening the supervision of the investments made and proposing the creation of a Sustainability, Ethics and Innovation Commission, among others).
- (iii) Report the engagement of Russell Reynolds to carry out the management team assessment required by the Remuneration Policy to appoint the LTIP beneficiaries.
- (iv) Report on the drafting and the text of the Sustainability, Ethics and Innovation Commission Regulation, and the distribution of powers between the two Commissions.
- (v) Report the members of the management team to be included in the list of beneficiaries of the special incentive.
- (vi) Report on the incorporation of Mr José Navarro Pinuega into the Merlin management team as Portfolio Manager.
- (vii) Monitor the Equal Remuneration Plan.

- (viii) Approve, within the Company's organisational chart, the different members of the management team for purposes of reporting in the various reports and documents to be published by Merlin.
- (ix) Report on proposals to review the following Company policies:
 - (a) General financial, non-financial and corporate reporting policy,
 - (b) Manual of criteria and procedures for communicating insider information and other relevant information,
 - (c) Internal securities market conduct regulations,
 - (d) Code of conduct and internal procedure for the ethical channel,
 - (e) Anti-corruption and bribery policy,
 - (f) Treasury stock policy,
 - (g) Investment policy, and
 - (h) Financing policy.
- (x) Propose to the Board of Directors the amendment of the Articles of Association and the General Shareholder Meeting Regulations to include a regulation allowing exclusively remote meetings, the inclusion of technical improvements, and the simplification of the Board functions.
- (xi) Approve the director training plan and the agenda and schedule of meetings for 2021.

REMUNERATION COMMISSION

Name	Position	Category
María Luisa Jordá Castro	Chair	Independent
Fernando Ortiz Vaamonde	Member	Independent
Pilar Cavero Mestre	Member	Independent
Ignacio Gil-Casares Satrustegui	Member	Proprietary

% of proprietary directors	25%
% of independent directors	75%
% of other external directors	0%

Remarks

Explain the functions attributed to this commission and any additional responsibilities provided for by law, and describe the procedures and rules it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised, in practice, each of the functions attributed to it by law, in the Articles of Association or in other corporate resolutions.

The organisation and powers of the MERLIN Remuneration Commission are established in Article 45 of the Articles of Association and in the Remuneration Commission Regulations.

The Remuneration Commission:

- i. will be formed by non-executive directors, in the number determined by the Board, with a minimum of three (3) and a maximum of five (5), and the **majority of its members must be independent directors**;
- ii. will appoint a Chair from among its members, who will be an independent director;
- iii. will also appoint a Secretary and may appoint a Deputy Secretary, neither of whom need to be Commission members or directors; if no such appointments are made, those of the Board of Directors will act as such;
- iv. the renewal, re-election and removal of directors who are Commission members will be governed by the resolutions of the Board.

As regards its **functioning**, the Remuneration Commission:

- i. is convened by its Chair, either at their own initiative or at the request of the Chair of the Board or any of its members;
- ii. it will ordinarily meet at least on a quarterly basis, and when called by its Chair, which must call a meeting whenever the Board or its Chair requests the issuance of a report or the adoption of proposals and, in any case, whenever considered necessary to properly perform its functions.
- iii. it will be considered to be validly convened when attended by the majority of its members in person or by proxy;
- iv. its resolutions are passed by a majority of members attending in person or by proxy, with the Chair having the casting vote.

The **main tasks** assigned to the Commission are as follows:

- a. propose to the Board of Directors the remuneration policy for Directors and general managers or those who perform Senior Management functions, Executive Commissions or Chief Executive Officers, and the individual remuneration of executive directors and the other terms and conditions of their contracts, and ensure that they are being observed;
- b. assess the degree of compliance with the criteria and targets established for executive directors and the management team, in relation to the previous year, determining it in the proposal on the individual remuneration of directors, including the variable components in the short, medium and long term, involving, where appropriate, an external adviser;
- c. ensure that the Board is in a position to approve, before their allocation, the targets, criteria and metrics of the various remuneration items that have been established for the year in progress, in accordance with the remuneration policy approved by the shareholders at the Annual General Meeting;
- d. ensure that the remuneration policy applicable to Directors and executives is in line with the Company's short-, medium- and long-term situation and strategy, including as regards sustainability, diversity, long-term return and risk assumption, and with market conditions, and assess whether it contributes to the creation of long-term value and adequate control and management of risks, and verify the above on an annual basis.
- e. ensure that the Company is able to assess the achievement of the targets, criteria and metrics established in the previous year that determine the remuneration earned by the directors in that year, especially the executives. All sufficiently in advance before the date of publication of the annual report on directors' remuneration, so that it contains all the necessary information in sufficient detail;

- f. verify the consistency of the remuneration policies applicable to other employees with the Company's strategy;
- g. prepare the proposed remuneration policy through a predetermined and transparent procedure and describe it succinctly in the Commission's annual operating report and in the Annual Directors Remuneration Report;
- h. analyse, develop and regularly review the remuneration programmes, assessing their suitability and performance, and proposing any amendments or updates;
- i. review the terms of the executive directors' and Senior Managers' contracts and verify that they are consistent with current remuneration policies;
- j. verify that the Remuneration Policy is properly applied and that no payments to directors are made that are not included in the policy. Also, verify whether the conditions in which the malus and clawback clauses apply have occurred and propose appropriate measures to recover any amounts that may be appropriate;
- k. assist the Board in preparing the directors' remuneration policy report and submit any other reports on remuneration provided for in this Regulation and in the Company's Articles of Association to the Board;
- l. review or verify any information on Board remuneration that the Company must publish;
- m. ensure that the information published by the Company through its website on matters within the competence of the Commission is sufficient and appropriate and follows the recommendations for good corporate governance;
- n. participate in potential updates of the Board Regulation in relation to matters falling within the scope of the Commission;
- o. respond to shareholders' consultations on matters within their scope; and
- p. work with the voting advisers, in particular in matters related to the remuneration policy for directors and Senior Managers, potentially also involving them in the improvement of any aspect.

In 2021 the Commission met eleven times (specifically, on 19 January, 4 February, 15 February, 22 February, 15 March, 26 May, 9 June, 28 July, 6 September, 26 October and 1 December). It was also convened in writing and without a meeting on 12 July and together with the Appointments Commission on 6 and 9 April, and several working meetings were held throughout the year.

All Commission meetings were attended (in person, by proxy or through audio-visual means) by all Commission members. Specifically, fully remote meetings were held on 22 February, 15 March, 6 and 9 April, 9 June, 28 July and 6 September.

These meetings were attended by MERLIN as well as Garrigues, Russel Reynolds and Willis Towers Watson executives, to report, respectively, on:

- the status of the development of the special incentive.
- the status of the work in progress on the equality and remuneration audit
- the status of the assessment of the management team's work.
- the work in progress on the design of the 2022-2024 LTIP and the new Remuneration Policy.

At its meetings in 2021, the most significant activities undertaken by the Commission, within the framework of its competencies, were as follows:

- i. Report on the metrics and weighting to be applied for the 2021 STIP applicable to the management team, including executive directors, and the basic guidelines in terms of volume, targets, metrics and short-term variable remuneration weighting of the rest of the workforce;

- ii. Plan the design of an special incentive together with the HCS team from Garrigues, and report on the Regulation, its the beneficiaries and amounts;
- iii. Initiate the assessment required by the Remuneration Policy on the potential recipients of the 2022-2024 LTIP and the design of the 2023-2025 Remuneration Policy, proposing for this work the engagement of Willis Towers Watson, following a competitive process in which three expert consultants in the field participated.
- iv. Monitor the Equality and Remuneration Audit Plan.
- v. Report favourably on the proposed allocation of the first 50% of the shares in the 2017/2019 LTIP, and the application to Mr. Zarrabeitia and Mr. Lacadena of the retirement regime applicable under the 2017-2019 LTIP;
- vi. Report on the change in the Remuneration Policy to include remuneration for Commission members taking on sustainability functions in terms similar to that received by members of other commissions;
- vii. Prepare the self-assessment of the Commission in 2020;
- viii. Supervise and inform on the Annual Directors Remuneration Report;
- ix. Supervise the Annual Corporate Governance Report and report on aspects within its competence; and
- x. Approve the Commission's Activities Report for 2020.
- xi. In addition, since in 2021 the reform of the Corporate Enterprises Act was published in Spanish Law 5/202, of 12 April, which modified issues relating to directors' remuneration, the reforms to be implemented by the Company were reviewed and identified for the purpose of working on its incorporation and approval by the shareholders at the shareholders meeting held in 2022.

Actions in relation to the Extraordinary Incentive and the LTIP

The Commission considers it appropriate to highlight the work carried out in relation to:

- **Extraordinary incentive:** together with the HCS team from Garrigues, work was done on the special incentive to be received by the management team and, in particular, on the design of the Regulation on this incentive, and on the definition of its beneficiaries and amounts. This incentive was approved by the general shareholders meeting held in April 2021 and applies, on an special and exceptional basis, to targets referenced to 2021.
- **LTIP:** at the beginning of 2021, given the uncertainty still caused by the pandemic, it was decided not to implement a long-term incentive that applied to 2021 and to plan a new long-term incentive starting from 2022, which was included as far as legally possible. To this end, the team worked together with the Willis Towers Watson team to define an LTIP for the management team for 2022 to 2024. They worked on selecting the targets, deciding on the weighting of each target and quantifying the levels of compliance.

SUSTAINABILITY, ETHICS AND INNOVATION COMMISSION

Name	Position	Category
Ana García Fau	Chair	Independent
Pilar Caveró Mestre	Member	Independent
Francisca Ortega Hernández-Agero	Member	Proprietary
Emilio Novela	Member	Independent

% of proprietary directors	25%
% of independent directors	75%
% of other external directors	0%

Remarks

Explain the functions attributed to this commission and any additional responsibilities provided for by law, and describe the procedures and rules it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised, in practice, each of the functions attributed to it by law, in the Articles of Association or in other corporate resolutions.

The organisation and scope of MERLIN's Sustainability, Ethics and Innovation Commission are established in the Sustainability, Ethics and Innovation Commission Regulation.

The Sustainability Commission:

- i. will consist of at least three (3) and a maximum of five (5) members, who will be all external directors and mostly independent;
- ii. will appoint a Chair of the Commission from among the independent directors;
- iii. will appoint a Secretary and may appoint a Deputy Secretary, neither of whom need to be members; If these appointments are not made, the Chair and Secretary of the Board will act as such;
- iv. the renewal, re-election and removal of directors who are Commission members will be governed by the resolutions of the Board.

As regards its **operation**, the Sustainability, Ethics and Innovation Commission:

- i. is convened by its Chair, either at their own initiative or at the request of the Chair of the Board or any of its members;
- ii. it will ordinarily meet at least on a quarterly basis, and when called by its Chair, which must call a meeting whenever the Board or its Chair requests the issuance of a report or the adoption of proposals and, in any case, whenever considered necessary to properly perform its functions.
- iii. it will be considered to be validly convened when attended by the majority of its members in person or by proxy; and
- iv. its resolutions are passed by a majority of members attending in person or by proxy, with the Chair having the casting vote.

The **main tasks** of the Commission are:

(i) Advise the Board:

- (a) on the design and promotion of the corporate culture and values that promote responsible and sustainable business practices and a business strategy that integrates and includes the social, environmental, responsible and ethical aspects of the Company and its Group and the interests and expectations of its stakeholders (in sustainability matters);
- (b) on the formulation of the Group's strategy on sustainability in its relations with stakeholders and in its publication and public communication;
- (c) and supervise the communication and information to the market of any information or reports that refer to sustainability issues, non-financial information or matters within the

scope of the Commission or that may affect its corporate reputation.

- (ii) Promote innovation, especially in relation to digitalisation and technology.
- (iii) Collaborate with other Board commissions on matters within their scope.
- (iv) Monitor and supervise the Company's Whistle-blower Channel (canal.etico@merlinprop.com) on aspects within its scope.
- (v) Promote the development and regular adjustment of a Merlin sustainability plan or sustainability strategy and regularly assess the degree of compliance with the defined targets.
- (vi) Encourage the acquisition by the Company and its group of national and international sustainability certifications, cooperating with the management team in the plan to achieve this objective, and monitoring and promoting the inclusion and appropriate positioning of the Merlin Group in the most widely recognised international sustainability indices.
- (vii) Know, promote, guide and supervise the Company's objectives, action plans and practices regarding (i) social responsibility, such as Human Rights, employee welfare, ethics and conduct, sponsorship or patronage actions, environment, biodiversity, climate change control, emission reduction, relations with communities, and efficient and responsible use of resources, and (ii) corporate reputation, brand image, intellectual capital and other intangible assets.

In 2021 the Commission met nine (9) times (specifically on 8 April, 22 April, 12 May, 7 June, 21 July, 10 September, 7 October, 12 November and 13 December). The meetings held on 8 and 22 April were held as preparation for the initiation of Commission actions.

All meetings were attended (in person, by proxy or through audio-visual means) by all Commission members.

In addition to these members, the Commission was assisted by various MERLIN executives, and representatives of Banco Santander, members of the PWC consultant, from Fifth Wall, Valora, Seres and Ignis Foundation, to present issues related to

- the Company's organisation to meet its sustainability targets.
- review the content of the CSR Report.
- the tax reasonableness of having a Foundation to cover aspects of CSR
- the presentation of the main aspects of the so-called 'green financing'
- the main FifthWall actions, and potential opportunities developed.
- the Company's overall innovation strategy
- the ESG functions and main tasks of the Seres Foundation
- the performance of the actions carried out by Merlin for positioning in ratings
- expound the green taxonomy (EU)
- ESG aspects in relation to the financial information to be submitted on a quarterly basis, and a summary of the main energy saving measures implemented by the Company.
- the sustainable Capex tentative budget for 2022, and the analysis of the Company's positioning in various sustainability indices.

At its meetings in 2021, the most significant activities undertaken by the Commission, within the framework of its competencies, were as follows:

(i) as **recurring activities**, specific to the functions attributed:

- (a) the presentation to the Board of the activities carried out by the Company in relation to ESG and the internal organisation to pursue the main sustainability and innovation objectives;

- (b) discussion on the Company's overall strategy, progress and main challenges in sustainability and innovation matters (GRESB, CDP, S&P Global/DJSI);
 - (c) monitoring the metrics dashboard/KPIs and the Company's positioning in the main sustainability indices and ratings;
 - (d) the recurrent review of the main ESG aspects applicable to the Company; and
 - (e) the review of the energy saving measures implemented.
- (ii) **Specifically**, it has:
- (a) reviewed the tentative sustainable Opex/Capex budget for 2022;
 - (b) analysed the reports and the operation of the Whistle-blower Channel with respect to the matter
 - © monitored innovation activities at Merlin (Merlin Hub, Edge, Fillit, multichannel initiatives, digitalization).
 - (d) analysed, on a preliminary basis, the sustainability objectives to which the variable remuneration of executive directors and the management team may be referenced, for which a proposal was made to the Appointments and Remuneration Commission in January 2022
 - (e) analysed the proposed roadmap and recommendations with the collaboration of the Company and PwC for the preparation of a Sustainability Plan;
 - (f) analysed points for improvement of the previous year's CSR report and promoted and engaged, for its better implementation, a leading consultancy firm (PwC) as a partner for its preparation;
 - (g) promoted compliance with the UN Sustainable Development Goals (the "SDGs") and the Company's adherence to them;
 - (h) analysed the potential application and suitability for the Company of:
 - a. so-called green financing and/or sustainable financing;
 - b. the so-called green taxonomy;
 - c. proposals for energy opportunities in terms of self-consumption, electrification of assets and data centres; and
 - d. real estate innovation provided by leading international operators such as Fifth Wall;
 - (i) considered the implementation of computer developments such as the Alteryx Platform to improve the performance of the tasks attributed to the Commission.
 - (j) conducted a review of the equity story on sustainability issues, as well as of the terms of the CSR Report (having proposed aspects for improvement)
 - (k) coordinated with other commissions of the Board of Directors on actions in areas of common expertise for them
 - (l) promoted training activities for the Board, together with the Appointments Commission in:
 - a. ESG features, Sustainability Rating and reporting of non-financial information (PwC)
 - b. Sustainable financing (Banco Santander)
 - c. Green Taxonomy (PwC)

(m) held meetings with external advisors and experts in sustainability and innovation/technology (PWC, Banco Santander – sustainable financing- Valora, Seres Foundation, Fifth Wall)

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board commissions at the close of the past four years:

	Number of women directors			
	Year t Number %	Year t-1 Number %	Year t-2 Number %	Year t-3 Number %
Audit and Control Commission	4-80%	4-80%	3-75%	3-75%
Appointments Commission	1-25%	1-25%	1-25%	1-25%
Remuneration Commission	2-50%	2-50%	1-25%	1-25%
Sustainability, Ethics and Innovation Commission	2-50%	-	-	-

C.2.3 State, where applicable, the existence of any regulations governing Board commissions, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each commission have been voluntarily prepared.

All MERLIN's internal regulations (Articles of Association, Board Regulations and Audit and Control Commission Regulations) are available to any interested party on the corporate website (<http://www.merlinproperties.com/gobierno-corporativo/normativa-de-gobierno-corporativo/>)

In accordance with section 529 *nonies* of the consolidated text Corporate Enterprises Act, and Recommendation 6 of the Good Governance Code for Listed Companies, section 79 of Technical Guide 3/2017 and Section 10 of the Technical Guide 2019 of the Spanish National Securities Market Commission and the respective commission regulations, the annual activities reports are available to investors, shareholders, and any other interested parties on the corporate website (<http://www.merlinproperties.com/gobierno-corporativo/informes-anuales/>) from when the Annual General Meeting is called.

- *Activities Report of the Audit and Control Commission for 2021*
- *Notes on the activity of the Appointments Commission for 2021*
- *Notes on the activity of the Remuneration Commission for 2021*
- *Report on the activity of the Sustainability, Ethics and Innovation Commission for 2021*

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

- D.1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

MERLIN has a "*Procedure for Transactions with Related parties*", approved by the Audit and Control Commission on 13 November 2017 and updated on 15 September 2021, in line with the new regulations on connected-party transactions included in Law 5/2021 of 12 April, amending the consolidated text Corporate Enterprises Act.

In accordance with the procedure in force, Related Transactions must necessarily be authorised by the shareholders at the Annual General Meeting in the case of transactions whose value is equal to or greater than ten per cent of the asset, based on the latest consolidated annual balance sheet approved by the Company. For calculation purposes, Related Transactions that have been carried out with the same counterparty in the last twelve months will be aggregated to determine the total value for the purposes of the previous paragraph.

The performance by the Company or the companies in its Group of any transactions that may be classified as Related Transactions that are not subject to authorisation by the shareholders at the General Meeting will be subject to authorisation by the Board.

A prior report from the Audit and Control Commission will be required, both in the case of approval reserved to the General Meeting and in the case of approval by the Board.

If an connected-party transaction gives rise to a conflict of interest, as applicable, for the director that carries out this transaction, or that is related to the person who carries it out, section 28 Board Regulations will apply.

The director affected or the director that represents or is related to the shareholder concerned must refrain from participating in the deliberation and vote on the corresponding agreement in accordance with section 228.c of the consolidated text Corporate Enterprises Act.

The Board of Directors, through the Audit and Control Commission, will ensure that connected-party transactions are carried out on an arm's length basis and respect the principle of equal treatment of all shareholders who are in the same position.

In the case of connected-party transactions in the ordinary course of the Company's business and that are of a habitual or recurring nature, prior authorisation of the transactions and their terms of execution by the Board of Directors will be sufficient, following a report from the Audit and Control Commission, and taking into account the next section.

When the connected-party transaction involves the successive performance of different transactions, where the second and subsequent transactions are mere acts of executing the first transaction, that indicated in this procedure will only apply to the first transaction to be performed.

The Finance Department or the Chief Executive Officer will regularly submit to the Audit and Control Commission, for review, the Related Transactions in negotiation, which include financial transactions (loans, sureties, derivatives, etc.), and corporate, rental, service provision, property purchase and sale transactions or any other transaction.

The Audit and Control Commission must issue a favourable report to the Board of Directors before carrying out any Connected-Party Transactions.

In its report, the Commission must assess whether the transaction is fair and reasonable from the Company's point of view and, where appropriate, from that of shareholders other than the related Party, and report on the premises on which the assessment is based and the methods used. The directors concerned may not be involved in preparing the report.

Therefore, new Connected-Party Transactions must be analysed by the Commission before their execution and, depending on the circumstances of each case and the urgency of the transaction, a meeting of the Audit and Control Commission for such approval may be held, whether an ordinary or special meeting held in person, or in writing and without a session (e.g. email, telephone meeting, and other similar means).

Proposals for transactions must be accompanied by supporting documentation and justification that the related party is not obtaining any advantage or use of the Company and that the transaction would be carried out at Arm's Length, respecting the principle of equal treatment of shareholders, providing any analyses, studies or reports or market comparative data with other similar transactions, offers to third parties, which are considered appropriate.

No prior report from the Audit and Control Commission will be necessary, and the Audit and Control Commission may approve, and the Board ratify on a quarterly basis, those Related Transactions of a regular, non-relevant nature that are part of the normal business as regards their purpose and conditions that meet the following conditions:

- Transactions carried out among MERLIN Group companies or entities, provided that they have been eliminated in the process of preparing the consolidated financial statements and that they are part of the normal business as regards their purpose and conditions.
- Transactions that are arranged under contracts whose standard terms are applied in bulk to a large number of customers, are performed at prices or rates established in general by the person acting as supplier of the goods or services in question, the amount of which does not exceed 0.5% of the Company's net revenue.

D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the shareholder or any of its subsidiaries	Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
-	-	-	-	-	-	-	-	-

Remarks
<p>In 2021, no significant transactions, in terms of their amount or relevance, were carried out between the Company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the Company's board of directors.</p> <p>The specifics, nature and movement during the year of transactions approved in past years can be found in Note 19. Transactions with related parties in the Consolidated Financial Statements for the year ended 31 December 2021.</p>

- D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Nature of the operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identity of the shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
-	-	-	-	-	-	-	-

Remarks
<p>In 2021, no significant transactions, in terms of their amount or relevance, were carried out between the Company or its subsidiaries with the Company's directors or executives, including those transactions carried out with entities that the director or manager controls or jointly controls.</p> <p>The specifics, nature and movement during the year of transactions approved in past years can be found in Note 19. Transactions with related parties in the Consolidated Financial Statements for the year ended 31 December 2021.</p>

- D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
-	-	-

Remarks
<p>In 2021, no significant intra-group transactions, in terms of their amount or relevance, were carried out between the Company and its subsidiaries, not full investees and in which another related party of the Company has interest.</p> <p>The specifics, nature and movement during the year of transactions approved in past years can be found in Note 19. Transactions with related parties in the Consolidated Financial Statements for the year ended 31 December 2021.</p>

- D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
-	-	-

Remarks
<p>In 2021, no significant intra-group transactions, in terms of their amount or relevance to their subject matter, were carried out between the Company or its subsidiaries with other related parties, which are in accordance with international accounting standards adopted by the EU, and have not been reported under the above headings.</p> <p>The specifics, nature and movement during the year of transactions approved in past years can be found in Note 19. Transactions with related parties in the Consolidated Financial Statements for the year ended 31 December 2021.</p>

- D.6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

A) CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP AND ITS DIRECTORS
<p>In accordance with section 28 Board Regulations, to avoid conflicts of interest, directors are required to abstain from:</p> <ul style="list-style-type: none"> - performing transactions with the Company, except for ordinary transactions, carried out under standard terms and conditions for customers and considered insignificant, whereby such transactions are considered to be those whose information is not necessary to present a true and fair view of the Company's assets and liabilities, financial position and results;

- using the Company's name or relying on their status as director to unduly influence the performance of private transactions;
- making use of the Company's assets, including its confidential information, for private use;
- taking advantage of the Company's business opportunities;
- obtaining advantages or remuneration from third parties, other than the Company and its Group, associated with the performance of their duties, unless these are merely courtesies; and
- carrying out activities as independent professionals or as employees that involve effective competition, whether present or potential, with the Company or that in any other way put them in permanent conflict with the Company's interests.

These provisions will also apply if the beneficiary of the prohibited actions or activities is a person related to the director.

In any case, the directors must notify the other directors and, where appropriate, the Board of Directors of any direct or indirect conflict of interest that they or persons related to them may have with the interests of the Company. For these purposes, persons related to the directors and those determined by the current law applicable at any given time will be considered to be related persons.

B) CONFLICTS OF INTEREST BETWEEN THE COMPANY AND ITS EXECUTIVES OR EMPLOYEES

In accordance with its Articles of Association, the Company aims to ensure that its conduct and that of the people related to it comply and are compliance with the current law, its corporate governance system and with generally accepted principles of ethical and social responsibility.

The principles and guidelines for conduct contained in the Code of Conduct are applicable to all Group Professionals, regardless of their hierarchical or functional level. For the purposes of the Code of Conduct, MERLIN Group employees, executives and directors are considered Group professionals.

Article 17 of the Code of Conduct stipulates that conflicts of interest will be considered to exist in situations in which the professional's personal interest and the Group's interest are directly or indirectly affected. A Director will have a personal interest when the matter affects them or a related person.

In relation to possible conflicts of interest, the Group's professionals must observe the following general guiding principles:

- a) Independence: to act at all times with professionalism, with loyalty to the Group and its shareholders, and independently of their own interests or those of third parties. Consequently, they will refrain in all cases from giving priority to their own interests at the expense of those of the Group.
- b) Abstention: to abstain from taking part in or influencing decisions that may affect Group companies with which they have a conflict of interest, from participating in meetings in which such decisions are raised and from accessing confidential information that affects this conflict of interest.
- c) Communication: to report any conflicts of interest in which they are involved. For this purpose, the existence or possible existence of a conflict of interest must be reported in writing to their immediate superior and the Appointments and Remuneration Commission.

These general principles of action will be particularly observed in those cases in which the conflict of interest situation is, or may reasonably be expected to be, such that it constitutes a situation of structural and permanent conflict of interest between the Professional, or a person related to the Professional, and the Group.

Under no circumstances may transactions or activities be carried out within the Group that involve or may involve a conflict of interest, unless prior written authorisation is given by the Appointments Commission. The Professional should refrain from taking any action until they have obtained the corresponding answer to their query.

C) CONFLICTS OF INTEREST BETWEEN THE COMPANY AND SIGNIFICANT SHAREHOLDERS

Conflicts of interest between the Company and significant shareholders are regulated in accordance with section 35 Board Regulations, and in the Procedure for Connected-Party Transactions referred to in point D.1 above.

D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related.

Yes

No

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes

No

Report covering the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms to resolve potential conflicts of interest

E. RISK MANAGEMENT AND CONTROL SYSTEMS

- E.1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

On 26 February 2016, the Company's Board of Directors approved the ***Risk Management and Control Policy***, which establishes the basic principles for controlling and managing the risks faced by MERLIN and its group of subsidiaries. The ***Risk Management and Control Policy*** was approved by the Board of Directors in February 2016, subsequently revised in April 2018, in April 2019, and finally in March 2021.

This policy establishes the general guiding principles, rooted in the perception that risk management is an ongoing process based on the identification and assessment of the Company's potential risks according to its strategic and business objectives, the determination of action plans and controls for critical risks, the supervision of the effectiveness of the controls designed and the evolution of residual risk to be reported to the Company's governing bodies.

The MERLIN Group's Risk Management System is based on the principles, key elements and methodology established in the COSO Framework ("Commission of Sponsoring Organisations of the Treadway Commission"), and aims to minimise the volatility of results (profitability) and, therefore, maximise the Group's economic value, incorporating risk and uncertainty into the decision-making process to provide reasonable assurance of achieving the strategic objectives established, providing shareholders, other stakeholders and the market in general with an adequate level of guarantees to ensure that the value generated is protected.

Based on a comprehensive view of risk management, MERLIN has adopted a methodological approach based on the **Enterprise Risk Management Framework - Integrating with Strategy and Performance (COSO 2017)**, which emphasises the importance of enterprise risk management in strategic planning and incorporates it throughout the organisation, since risk influences strategy and performance in all areas, departments and functions.

The Risk Management System is based on a model that identifies the Company's key risk events, assesses them in terms of their impact and probability of occurrence, taking into account the controls in place, and monitors and reports their performance on a regular basis.

MERLIN's risk management is a process driven by the Board of Directors and senior management, and each and every member of the organisation is responsible for it within their own purview.

Risk management is supervised by the Audit and Control Commission and allows Management to effectively manage uncertainty and its associated risks, thereby improving the ability to generate value.

The Risk Management System is based on the control environment of the organisation, which influences the risk awareness of all employees, and forms the basis for the other components of corporate risk management.

Subsequently, risk analysis involves the identification and assessment of factors that may adversely affect the achievement of business objectives (risks and uncertainties), with the

aim of reducing or mitigating these risks, providing responses and establishing the relevant control activities.

Finally, the supervision of corporate risk management is carried out through continuous monitoring activities and/or specific actions designed for this purpose, within the Annual Internal Audit Plan, approved by the Audit and Control Commission.

This system is supplemented by a series of policies and procedures implemented in the Company and that are constantly being reviewed and updated in accordance with the changes in the organisation, processes, resources or regulations.

A central element of the Risk Management System is the Risk Map, which was drawn up for the first time in 2015, and is updated every six months by the Audit and Control Commission and approved by the Board of Directors. It reflects and assesses the risks that could potentially impact its ability to meet its objectives. To determine the key risks, the impact on the organisation and the probability of their occurrence were taken into account, thus establishing a standard risk profile to be managed for the most significant risks.

The Commission (with the support of the Internal Audit Department) supervises the model, based on the application of risk management methodology by supervising the identification and assessment of the risks (probability and impact) that affect the objectives of each of the areas. Through the development of the Annual Audit Plan, the Commission evaluates and concludes on the sufficiency and effectiveness of the controls implemented by the Company, and, where appropriate, issues recommendations.

During the year, the Commission, in collaboration with the Internal Audit Director, continued the work undertaken in the previous year in the;

- (i) Update in January of the Risk Map for subsequent presentation to the Board and half-yearly review in September 2021.
- (ii) Tendering of the IT Risk Map with the aim of engaging an external adviser to assess the level of security of various MERLIN assets by detecting the highest risks, vulnerabilities and security threats, and establishing the action plans to mitigate them and the design of a specific roadmap for the Company's cybersecurity.
- (iii) Annual review of the Risk Management and Control Policy, analysing compliance with the policy, its viability and whether or not it should be updated.
- (iv) Analysis of the Spanish economic and real estate climate and identification of early key risk indicators (KRIs).
- (v) Half-yearly monitoring of the main key risk indicators (KPIs), and the different actions established for their mitigation.
- (vi) Regular monitoring of main business risks through the appearance of the officers in charge of business units (Retail and Offices) along with their explanation of business trends and associated risks.
- (vii) Analysis of the risks affecting the Company in terms of technological and cybersecurity risks, overseeing the IT Department's action plans in this area.

(viii) Review of tax risks, compliance with the tax policy and compliance with the REIT Regime.

Likewise, and as regards the risks of the Company's lines of business, the Commission's work plan for 2021 has taken into account informative meetings for managers of the organisation who have presented to the Commission members the most relevant aspects of their areas of action, such as the risks associated with the Shopping Centre and Office Division.

E.2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

A) BOARD OF DIRECTORS

Article 4 "General Function of the Board" Board Regulations establishes those functions reserved for MERLIN's Board of Directors by law or under the Articles of Association, which includes the approval of the risk management and control policy and the monitoring of the information and control systems on a regular basis.

Aware of the importance of this matter, the Board of Directors establishes, through the *Risk Management Policy*, the basic mechanisms and principles to appropriately manage the key risks it faces, to:

- favour the fulfilment of the proposed strategic objectives;
- prevent losses arising from risks materialising;
- preserve the image and reputation of the Company and its brand; and
- have continuity in the analysis and detection of possible threats and new risks to analyse their impact and probability of occurrence.

To implement risk management and control, the Board of Directors is assisted by the Audit and Control Commission, which supervises and reports on the adequacy and effectiveness of the risk management and control system, including tax risks.

B) AUDIT COMMISSION

The Audit and Control Commission supports the Board in supervising the risk management system and is the body responsible for reviewing the effectiveness of the risk management and internal control system during the year.

Thus, and in accordance with the functions established in its own Regulations, the Audit and Control Commission is responsible for supervising the effectiveness of the Company's internal control, internal audit and risk management systems, and discussing any significant weaknesses detected in the internal control system.

The Audit and Control Commission will carry out, among others, the following basic functions:

- Supervise all matters relating to the different types of risk faced by the Company, including financial, economic or tax risks, contingent liabilities, other off-balance sheet risks, and operational, environmental, technological, legal, social, political and reputational risks.

- Assess, at least on an annual basis, the list of the most significant financial and non-financial risks based on the information provided by management, the head of the internal audit department and, where applicable, the risk management and control unit.
- Hold, at least on an annual basis, a meeting with the heads of the business units where they explain the business trends and the associated risks, and strengthen the idea that the heads of the business units are directly responsible for effectively managing the risks and that there must be a manager assigned to each risk identified.
- Approve the internal audit plan for the ICFR assessment, and any changes thereto, and receive periodic information on the results of its work, and the action plan to correct any deficiencies identified.
- Periodically review the Risk Management and Control Policy and propose any changes and updates to the Board of Directors.
- Regularly review the Company's internal control and risk management systems and, in particular, ensure that the system of internal control over financial reporting (ICFR) is correctly designed, so that the main risks are appropriately identified, managed and disclosed.
- Monitor the effectiveness of the Company's internal control, internal audit and risk management systems, including tax risks, and discuss with the external auditors any significant weaknesses in the internal control system identified during the course of the audit.
- Ensure the independence and effectiveness of the internal audit function, checking its adequacy and integrity, and supporting the Audit Commission in its work of supervising the internal control system.
- Actively develop the implementation of a risk map and the corresponding processes inherent to it, and a system of internal control over financial reporting (ICFR).
- Supervise MERLIN's Risk Map, ensuring that MERLIN's risk exposure is consistent with the strategic positioning required at all times for approval by the Board of Directors.
- Approve the budget allocated to the risk management function and the internal audit function.

The Audit and Control Commission carries out these supervisory functions through the approval and monitoring of the action plans agreed within the work plans implemented by Internal Audit, analysing the reports carried out by the head of Internal Audit in relation to the key processes (risks, internal control, ICFR, Compliance, taxation, etc.), thus verifying the adequacy, effectiveness and integrity of the Risk Management System implemented by Company Management.

C) SENIOR MANAGEMENT

Accordingly, the **Operating Commission** (OpCo) is responsible for daily risk management, which includes the identification, assessment and mitigation of risks, and the design and

implementation of action plans and assessment of the internal control system, ensuring its operational effectiveness.

MERLIN considers that the entire company should be actively involved in risk management, with MERLIN's Management being responsible for leading, implementing, transmitting and managing the strategy and resources that make up the Risk Management System, and assumes the fundamental commitment of ensuring an adequate level of independence, based on the following principles:

- Consider risk to be any threat that an event, action or omission may prevent MERLIN from achieving its objectives, successfully executing its strategies, or correctly carrying out its operations, or the loss of opportunities.
- Establish the mechanisms for adequate risk management, taking into consideration risk identification, assessment, response, follow-up and reporting.
- Promote and implement the strategy, culture, resources and processes that make up integrated risk management, which will be reviewed on a regular basis to ensure it is in line with MERLIN's situation and its environment.
- Allocate the responsibility of identifying, analysing, assessing, evaluating and supervising the Risk Management System among the different levels of the organisation.
- Encourage the establishment and implementation of guidelines, limits and mechanisms that ensure risk management is being carried out in accordance with the risk appetite accepted by the Company.

D) RISK MANAGEMENT DEPARTMENT

The risk management function is carried out by the Internal Audit Department, an independent function that reports functionally to the Audit and Control Commission and administratively to General Management. Within the framework of risk management, the Internal Audit Department coordinates the information received from the various people directly responsible for risk management and reports to the Audit and Control Commission. The Internal Audit Department has, among others, the following functions:

- Supervise the risk identification process, ensuring that the main risks are identified and keep the risk catalogue and the Risk Map up-to-date.
- Review compliance with the risk levels considered acceptable by the Company, and monitor compliance with the measures envisaged to mitigate the impact of the risks identified, should they materialise.
- Assess the information systems and operation of the controls used to manage risks.
- Report to the Audit and Control Commission on a regular basis regarding the evolution of the risks identified, the analyses carried out on their potential impact on the Company's objectives and on compliance with the measures identified to mitigate these risks, proposing recommendations to improve the system and the Group's level of internal control.

E.3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

MERLIN is exposed to a variety of risks inherent to the various segments of the real estate business in which it operates (mainly offices, shopping centres, and logistics) and in the leasing and/or development activities it carries on in each of these segments, and in the geographical areas in which it is established and in the evolution of external factors, both political and economic.

Risk Management is considered to be an instrument that contributes to achieving greater efficiency and effectiveness in its operations and that ensures the achievement of the strategic objectives established in the long-term commitments acquired with the markets and shareholders, and the short-term objectives established annually through the annual budget.

In accordance with COSO ERM 2017 and to effectively manage MERLIN's business risks, the process of identifying and assessing risks has taken into account both the formulation of MERLIN's strategy and the objectives communicated to capital markets and investors.

In 2021, the MERLIN Risk Map was regularly updated to reflect every six months the perception of the Company's main executives and governing bodies as regards the risks faced by MERLIN. MERLIN's Risk Map has a total of 29 key risks, as shown below:

- **Business risks:** these affect the strategic objectives of long-term value creation and the generation of a sustainable and growing dividend, and are mainly achieved through the Group's various assets, grouped into the different business segments (offices, shopping centres, logistics and others):
 - 1.- Asset occupancy (vacancy, sale, renovation)
 - 2.- Fluctuation in the level of income
 - 3.- Income concentration in top 10
 - 4.- Loss of value of the properties
 - 5.- Inefficiency in investments/capex
 - 6.- Perception risk from Spain
 - 7.- Changes in behavioural patterns (remote work/e-commerce).
- **Resource risks:** these affect the strategic objectives of generating a sustainable and growing dividend and the values of transparency, ethics and responsibility, and are achieved mainly through the Group's various internal and external resources (human, technological and financial):
 - 8.- Key staff dependency / remuneration
 - 9.- Occupational risk prevention
 - 10.- Business continuity plan
 - 11.- Cybersecurity breaches
 - 12.- Technological innovation
 - 13.- Company credit rating
 - 14.- Volume of short-term payables
 - 15.- Interest rate of the debt
 - 16.- Insurance and underinsurance
 - 17.- Compliance with covenants
 - 18.- Investments/divestments
- **ESG (Environmental, Social and Governance) risks:** these affect the strategic objectives of sustainability, leadership and benchmarking (being the benchmark REIT) and the values of transparency, ethics and responsibility, and are achieved mainly through the various actions and policies carried out by the Group to ensure

the sustainability of its assets, and the actions aimed at its various stakeholders (customers, suppliers, society, investors and shareholders, and regulatory bodies):

19. - Climate Change Physical impact on assets
20. - Climate Change Energy transition costs
- 21.- Reputation/customer preference for sustainable assets
- 22.- Reporting versus sustainable standards
- 23.- Country macroeconomic conditions
- 24.- Tenant satisfaction
- 25.- Shareholder return (dividends)
- 26.- REIT regime
- 27.- Fraud / unethical behaviour
- 28.- Adverse regulatory changes
- 29.- Compliance in the event of over-regulation

MERLIN's Risk Management System assesses all risks in terms of impact and probability, obtaining a residual risk indicator for the current year, identifies those KPIs to be reported, and KRIs (forward-looking indicators), and assigns those responsible for reporting, and those responsible for implementing or developing the mitigating measures identified for each of the risks.

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

Setting the risk tolerance level is an executive function of the Board of Directors that cannot be delegated. MERLIN prioritises the risks identified according to their importance and places them on a Risk Map, which in turn determines the proximity of importance to a predetermined tolerance threshold.

MERLIN envisages the risk appetite as the level of risk that the Company is willing to assume or reject based on its objectives, taking into account the expectations of its stakeholders, and risk tolerance as the determination of fluctuations in the level of risk considered to be normal in accordance with its risk appetite.

In 2021, once the corresponding critical risks have been identified, the Audit and Control Commission started to analyse the determination of the risk tolerance thresholds for its formal proposal to the Board, which is estimated will be submitted in 2022.

It is important to highlight the existence of risks with "zero tolerance", in other words risks where the response strategy is "avoidance", which implies not continuing with the activity that causes the risk or changing the way in which it is carried out.

This type of risk includes all risks related to compliance with the terms and conditions of the **REIT Regime**, with any other legal or regulatory breaches, with the terms and conditions of financing arrangements and the distribution of dividends, risks related to any type of unlawfulness, including corruption, bribery, and fraud (by Company executives and employees, customers or suppliers), and those related to anti-money laundering and countering the financing of terrorism.

In 2018 the Board of Directors approved the **Tax Strategy, Tax Policy, and Tax Function Regulations**, which establish a series of guiding principles, including strict compliance with tax obligations and payment of taxes that are legally enforceable, not to use artificial structures or structures that make no economic or business sense to reduce the tax burden of the Company or its shareholders, and the commitment not to operate in territories classified

as tax havens for the main purpose of reducing the tax burden of the Company or its shareholders.

Furthermore, the **Policy against corruption, bribery and fraud**, approved in 2019 and updated in 2021, based on the principle of zero tolerance for unlawful or criminal acts, and therefore does not allow any of its employees, regardless of their hierarchical or functional level, to become involved or participate in any transaction or business within its activity that entails it any criminal or fraudulent act or that goes against the principles set forth in its Code of Ethics,

Likewise, the **Governance Relations Policy**, approved in 2019, which aims to establish the basic principles governing the Group, and the rules and performance criteria for MERLIN Group employees in their relation with the public authorities to impose preventive and proactive action in the fight against corruption and bribery in all areas of its business activity.

In 2021 the Board updated the **Code of Conduct and Procedure for reporting through the Whistle-blower Channel**, following the best standards of market practice.

As regards risks relating to corruption and fraud and MERLIN's Criminal Compliance Management System, it is worth noting that it obtained quality certification in 2019, which was subsequently renewed in 2021, in accordance with the UNE 19601 standard, the Spanish national standard for best practices in management systems to prevent crime, reduce risk and promote an ethical business culture that complies with the law, thus contributing to generating confidence.

Likewise, **in 2021 the MERLIN Anti-Corruption and Bribery System was accredited under ISO 37,001**, the international standard in best practices against corruption and bribery. **Both certifications accredit that MERLIN's Crime Prevention and Detection Model meets the standard requirements and is also effective** in its commitment to ongoing improvement to incorporate the highest standards of compliance.

Among other aspects, MERLIN's Crime Prevention and Detection Model includes a map of risks or criminal offences to which the Group is exposed due to its activity and identifies, documents and executes more than 90 controls linked to such offences, demonstrating that the organisation has put in place the mechanisms and controls within its reach in the area of criminal compliance.

E.5 Indicate which risks, including tax risks, have materialised during the

The continuation and persistence of the economic, health, and social crisis caused by the spread of COVID-19 is the most significant event in terms of risk that the Company had to face in 2021.

Already in 2020, and since the publication of Royal Decree 463/2020, of 14 March, declaring the state of emergency to manage the health crisis caused by COVID-19, Merlin has implemented a series of early commercial actions aimed at facilitating compliance with the terms of the obligations assumed by tenants in its portfolio that have been affected by a government order to close or suspend their activity and who are up-to-date with their obligations. More detail on these commercial actions, referred to as "Commercial Policy" and "Supplementary Commercial Measures", is included in subsection E.6 (b) below.

Furthermore, tenants affected by government orders to close their establishments or suspend their activity were also able to benefit, to the extent that they fit within the subjective scope of the rule, from state, regional and municipal measures as regards labour and tax matters

and access to financing, among others, that the various governments launched to alleviate the effects of the health crisis caused by the spread of COVID-19, thus facilitating the preservation of the balance in their reciprocal benefits, in the context of relations with their suppliers.

Accordingly, the regulatory framework derived from Royal Decree Law 15/2020, of 21 April, and Royal Decree Law 35/2020, of 22 December, contributed to reducing the uncertainty regarding the effect of the health crisis on the various lease agreements, as it contains a real distribution of risk.

Although Merlin has been closely monitoring the evolution of the crisis since its beginning and maintaining a proactive attitude to help its tenants affected by a government order to close or suspend their activity to comply with their contracts, the vaccination rate and the lower mortality associated with the latest infection waves are expected to help to reduce the current uncertainty.

MERLIN considers that the economic, health, and social emergency caused by Covid-19 and its effects on the Group's activities primarily affect the following aspects:

Measurement of the fair value of real estate investments

The appraisal methods have not been modified, although they were influenced, among other things, by the following aspects arising from the effects of COVID-19.

- Gradual opening of commercial activity in shopping centres.
- Loss of customers or reduction in traffic.
- The positive impact on logistics distributors.
- The risk of losing major contracts.
- Additional tax rebates for tenants.

Liquidity and credit risk

The appearance of the health crisis and the impact on the economy had a significant impact on the general financial position of companies, which can be divided into the specific liquidity risk of the companies and the liquidity risk of customers (credit risk).

Occupational risk prevention

Although Royal Decree 6/2020 stipulated that temporary disability arising from COVID-19 infection or preventive isolation was treated as an accident at work only for the purpose of benefits, this rule, associated with the context of the COVID-19 health crisis, established the employer's potential liability, in the event of a potential serious breach of its obligation to implement the health and safety measures necessary for the protection of its workers.

Personal data protection

Another risk that has increased significantly as a result of COVID-19 concerns the processing of personal data, either (i) related to the processing of workers' health data (cases of infection) or (ii) related to the processing of their biometric data (temperature control).

Other risks

In addition to the above risks, in 2021 and in addition to the health and economic crisis caused by COVID-19, the Audit and Control Commission has paid special attention to the substantial increase in the intensity of other risks during the year, such as:

- 2.- Fluctuation in the level of income
- 4.- Loss of value of the properties
- 7.- Changes in behaviour patterns (remote work/e-commerce)
- 12.- Technological innovation and digitalisation
- 18.- Management of investments and divestments
- 23.- Country macroeconomic conditions
- 25.- Shareholder return (dividends)
- 28.- Adverse regulatory changes

MERLIN has implemented effective mitigation measures for all these risks, and individualised response plans, as detailed below.

- E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise

MERLIN understands that it is as important to identify the risks in its integrated Risk Management System as it is to determine risk management measures and ensure that these measures are effective.

The Company therefore continuously monitors risks, ensuring the feasibility, effectiveness, efficiency and sufficiency of the responses established for these risks.

In this regard and given the persistence of the health crisis in 2021, MERLIN continued with the specific response plan for the various risks that worsened the health and economic crisis caused by COVID-19, and continued and strengthened the recurring action plans for the business risks identified.

COVID-19 response plan

a) Measures to strengthen MERLIN's capital structure

- **Drawdown of additional financing.** The only significant debt maturities faced by the Group over the next twelve months are in May 2022, due to the maturity of a bond amounting to EUR 548 million. However, the Group issued debentures in the first half of 2021 amounting to EUR 500 million and maturing at 9 years, the purpose of which is to cover this debt maturity.

b) Measures to mitigate tenant credit risk

- **Commercial policy:** In the first half of 2021, the Group continued with the trade policies established in 2020 in response to the COVID pandemic. These supplementary measures applied from 1 January to 30 June 2021 and were aimed at the majority of the tenants with commercial activity in the Group's asset portfolio, to support them in their reopening and recovery in the first half of 2021. The measures consisted of applying average partial subsidies for the minimum guaranteed rent of 25% (30% for leisure and catering). In the case of forced closure,

a 100% credit was applied during the period when the tenants were not legally authorised to open.

In the second half of 2021, the directors continued to assess the credit risk of their tenants as a result of the COVID-19 crisis and the Group continued to support its tenants with individual and ad-hoc rent subsidies.

Based on the implementation of the simplified approach to impairment and credit risk, and also taking into consideration other differential factors of the Group's portfolio of tenants and the characteristics of their leases, and the amounts collected thus far, the Group has concluded that the increased credit risk of its customers has not been significantly affected.

c) Measures to mitigate the risk of infection on its assets

Since the beginning of the COVID pandemic, MERLIN has launched various initiatives on its assets. The protocols for action and prevention in offices and shopping centres have been subject to **external certification by AENOR**, which has certified the implementation and development of the protection measures, as established in the various plans communicated to tenants and customers, for each multi-tenant office asset and for each of the shopping centres.

d) Measures to mitigate the risk of infection for its employees

MERLIN, through the Health Surveillance Service, continued to implement a Contingency Plan for COVID-19, with the aim of adapting and updating its preventive planning, taking into consideration the risk of a pandemic (general or specific) for each job category and documenting the measures for its prevention, and implementing an action protocol in cases of infection or suspected infection by a worker.

In addition, it continued with the organisational, social distancing, protection and prevention measures, conducting voluntary weekly testing for all its workers.

Furthermore, despite the circumstances surrounding the year, MERLIN maintained the response plans already established for the other risks identified in the Corporate Risk Map, as detailed below.

Recurring response plan

MERLIN set up its response plans through policies, procedures and controls that are adjusted based on the different risks that affect or may affect the Company. The Group has defined and identified a series of different types of controls, has designated the person responsible for each control and assesses on a regular basis the risk and its residual component after carrying out and documenting the control. In addition, specific improvement plans have been established for operational, strategic, compliance and reporting risks that are considered to be significant.

The Audit and Control Commission is committed to the risk management and control process, approving policies, procedures and control structures it considers necessary. The Company's General Management, and the Finance Department and the Company's other business divisions analyse at their regular meetings the situation and evolution of the main risks affecting the Group, taking corrective measures when considered necessary.

The following is a summary of the main mitigation measures implemented in the management of the risks considered to be significant:

- **Business risks:**
 - **Monitoring external factors** of the real economy with an impact on the value of the assets, i.e. factors that affect demand (rent renegotiations, unexpected tenant departures, potential future supply, etc.), and factors that affect the return and valuation of assets (interest rates, real estate market yields).
 - **Independent asset valuation** every six months, rotation plan for appraisers, review of appraisals by the external auditor, and internal verification of the appraisal: monitoring of the discount rates applied in the appraisal and of the investment alternatives.
 - **Ongoing monitoring of business indicators** (occupancy, rent, vacancies, like for like, release spread, etc.) of the contracts for each tenant / operator, the concentration of gross rents for the largest tenants, the credit risk of the main tenants and the design of contingency plans for the potential departure of each major tenant.
 - **Implementation of an internal marketing team** that provides service to all business segments in the processes of attracting, marketing and renewing asset contracts.
 - **Investment plan (Value Creation Plan 2019-2022)** that will enable the quality of a certain number of properties to be repositioned within the Flagship, Landmark, Best II and Best III plans, which will contribute to increasing gross rents and maximising the return on the existing portfolio.
- **Resource risks:**
 - **Long-term remuneration incentive plan:** with a view to retaining key personnel, the Company has variable remuneration plans and is designing and implementing succession plans by main business area and the new long-term remuneration plan.
 - **Strategic innovation plan** that encompasses various initiatives launched for the digitalisation of internal processes and interaction with tenants, the development of new business models such as the leasing of flexible office space, and various initiatives linked to energy efficiency and the digitalisation and sensorisation of assets.
 - **Strict financial policy**, by continuously monitoring the debt markets (mortgage, corporate banking, bonds), monitoring the gearing ratio, maturities and average cost of debt, maintaining lines of credit open and reports from the external auditor on compliance with covenants.
 - **Investment procedures and control structures:** documentation of the operation of the financial models, implementation of modification and integrity controls in all models and internal audits to check the return on investments.
 - **Implementation of an IT Security Plan:** establishment of a General Controls Manual on Information Systems, annual plan for improvements to information systems, cybersecurity awareness exercises, monitoring of incidents and regular reporting to the Audit Commission.
- **ESG (Environmental, Social and Governance) risks:**

- **Sustainable certification of assets:** monitoring the objective of having almost all of its assets LEED and BREEAM certified, and maintaining accessibility certifications in centres.
- **Energy efficiency:** monitoring numerous initiatives linked to efficiency, including the Photovoltaic Project.
- **Sustainability index reporting:** monitoring and review of the information reported to the various sustainability indexes (GRESB, CDP, and Dow Jones Sustainability Index), analysing the scores obtained and establishing action plans for continuous improvement.
- **Implementation of general controls** (Strategy and Tax Policy), and tax department regulations and a protocol for reviewing compliance with Spanish Law 16/2012.
- **Ongoing monitoring of compliance with REIT requirements:** quarterly calculation of compliance with the income and asset test, review of criteria and calculation by an external expert, regular reporting to the Audit Commission and the Board of Directors, audit of calculations by the auditor every six months and on an annual basis, simulation exercises with future plans and annual budgets.
- **Monitoring of the control bodies:** regular reporting to the Audit and Control Commission on the plans and activities of the Criminal Compliance Body, and the Internal Control Body as regards anti-money laundering and countering the financing of terrorism.
- **Supervision of the System of Internal Control over Financial Reporting (ICFR):** model of responsibilities based on the three lines of defence model, documentation of all processes involved in the preparation of financial information, risk and control matrices, regular supervision of the model by the Audit and Control Commission.
- **Monitoring of the political and regulatory environment:** regular reporting of new sector regulations, analysis of drafts of new regulations anticipating impacts, ongoing contact with specialised advisors and monitoring of all relations with public authorities.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1 The entity's control environment

Report on at least the following, describing their principal features:

F.1.1 The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

In accordance with MERLIN's Articles of Association, the Board of Directors is responsible for preparing the financial statements, the directors' report and the proposed allocation of the Company's profit or loss, and for approving the Annual Corporate Governance Report to be submitted at the General Meeting, the risk management and control policy, and for monitoring internal information and control systems on a regular basis.

The MERLIN Group's Internal Control Policy aims to define a framework that regulates the process of preparing and supervising financial information, applicable to all Group companies, and also applicable to the preparation of consolidated financial information, consistent with the principles of transparency, usefulness, truthfulness, consistency and adequacy, and that clearly defines the responsibility of its managing bodies in this process.

The main objective of the internal control process is to ensure that the consolidated financial information published by the MERLIN Group presents fairly, in all material respects, the equity, financial position, results and cash flows of the consolidated companies.

Internal control is understood to be the process carried out by the Board of Directors, management and other personnel of the organisation to provide reasonable assurance as to the effectiveness and efficiency of operations, reliability of financial information, compliance with applicable standards and safeguarding of assets. Internal control is an integral part of corporate risk management.

The **System of Internal Control over Financial Reporting (ICFR)** is a part of internal control and consists of a set of processes that the Board of Directors, the Audit and Control Commission, senior management and the Company's personnel involved carry out to provide reasonable assurance regarding the reliability of the financial information published in the markets. This framework applies exclusively to ICFR.

The MERLIN Group has allocated specific and sufficient resources to ensure the effective implementation of the Internal Control over Financial Reporting (ICFR) Policy.

ICFR is a system that affects all levels of the organisation and all Group personnel. The main functions relating to the Group's System of Internal Control over Financial Reporting are attributed to the control structure defined in the Board Regulations:

- a. The Board of Directors, responsible for approving the ICFR.
- b. The Audit and Control Commission, a delegated body of the Board of Directors, is entrusted with the supervision of the ICFR, a function it performs through the Internal Audit Department.
- c. The MERLIN Group's Finance Department, responsible for the design, implementation, execution and monitoring of the ICFR.
- d. The departments and divisions of MERLIN Group companies, responsible for risk identification and execution of controls in their respective areas of responsibility.
- e. The MERLIN Group's Internal Audit Department, responsible for the supervision of the ICFR.

The powers of each of these levels are attributed based on the principles of hierarchy and competence.

F.1.2 Indicate whether the following exist, especially in relation to the drawing up of financial information:

- **Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.**

As established in **MERLIN's System of Internal Control over Financial Reporting Manual (ICFR Manual)**, this is a system that affects all levels of the organisation and all Group personnel. The main functions relating to the Group's System of Internal Control over Financial Reporting are summarised in the following points:

- The Board of Directors is responsible approving the ICFR.
- The Audit and Control Commission, through the Internal Audit Department, is responsible for supervision the ICFR.
- The Finance Department is responsible for the design, implementation, execution and monitoring of the ICFR.

The Board of Directors, as the body ultimately responsible for approving the ICFR, has determined that the Audit and Control Commission is the body delegated to supervise its effectiveness. The Audit and Control Commission must therefore ensure correct compliance with the responsibilities defined and assigned to the Finance Department and other departments and areas relating to the Group's ICFR.

The organisational structure defined in the Group in relation to the main supervisory functions is as follows:

Audit and Control Commission

In order to obtain reasonable assurance as to the reliability of the financial information, the Audit and Control Commission monitors:

- Compliance with regulatory requirements.
- The accurate demarcation of the scope of consolidation.
- The correct application of accounting principles.
- The adequacy of the control policies and procedures implemented.

The Commission is responsible for the process of preparing and presenting the financial statements and periodic financial information, verifying that it complies with current law, that it is complete and accurate, and that it must be supplied to the markets and their supervisory bodies, and that the preparation and publication process is correct. It will report, before its approval by the Board of Directors, on any recommendations it may offer.

The Audit and Control Commission has various sources to determine whether Management has implemented an effective system of supervising the ICFR. The main sources of analysis are as follows:

- Management questions posed and observations made to Management.
- Work performed by Internal Audit.
- Engagement of specialists or specialised resources.
- Supervision of the work of the external auditors.

The Audit and Control Commission relies mainly on the work of the internal auditor and holds meetings with the external auditors as necessary.

Finance Department

The Group's Financial Management is responsible for identifying the risks of error or fraud in the financial information. To identify these risks, it starts with the risk analysis determined by the *Scope of the ICFR*, documenting and keeping evidence obtained from this analysis of the material controls carried out, which will be reviewed on a regular basis. It is also their responsibility to notify the internal and external auditors of any changes in the scope of consolidation that will affect their own scope.

MERLIN's Finance Department is responsible for establishing the design, implementation and overall monitoring of the Group's ICFR. It has therefore established a structure that allows it to be implemented and reviewed efficiently and in which all levels of responsibility in the Group participate.

In order to fulfil this responsibility, the Finance Department is supported by those responsible for each process, to monitor that the controls are being adequately executed in accordance with the model implemented, and the supervision of the effectiveness of the model is completed with the cooperation of Internal Audit.

In addition, and as a commitment to the proper functioning of the ICFR, specific Education is given to members of the Financial Department as considered necessary, including on IFRSs and the National Chart of Accounts, rules on consolidation, taxation and capital market reporting, internal control and risk management concepts.

Process Managers

The Process Managers are responsible for contributing to the proper functioning of the ICFR, both from the point of view of the design and functioning of the controls. These managers are personnel from the Finance Department with sufficient knowledge and level of responsibility at MERLIN to supervise compliance with the functions assigned to the Control Executors in terms of internal control and to monitor that the controls are properly carried out.

Internal Audit

The Internal Audit Department is responsible for planning the supervision of the ICFR with the appropriate scope and frequency to review its effectiveness, considering the work in its annual Internal Audit Plan, subject to the approval of the Audit and Control Commission.

Internal Audit determines the nature and extent of the tests to be performed to facilitate the identification of possible control deficiencies and the analysis of their causes to determine the degree of compliance and efficiency of the control systems.

Internal Audit is also responsible for supervising the Action Plans that are put in place to rectify any control deficiencies that have been identified during the process of documenting and carrying out the controls.

- **Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.**

The Company has a Code of Conduct, approved by the Board of Directors on 16 December 2015 and revised and updated in 2021, as part of the continuous model improvement, intended to include the regulatory updates on corporate governance as well as update it in accordance with MERLIN vision and values, which reflects MERLIN's commitment to the principles of business ethics and transparency in all areas of activity, establishing a set of principles and guidelines for conduct aimed at ensuring the ethical and responsible behaviour of all Group professionals in the performance of their activities, including accounting records and the preparation of financial information.

The Appointments Commission is the body responsible for the internal and external dissemination of the Code of Conduct, and its interpretation and general integration. Its interpretative criteria are binding for all the Group's professionals. Non-compliances are analysed and managed in accordance with the **Whistle-blower Channel Procedure**, which has also been updated in 2021.

MERLIN's Code of Conduct is public and available to any interested third party from the corporate website. Likewise, an Ethics and Criminal Compliance clause has been included by the Group in all lease agreements and contracts with suppliers since 2018, which states

the obligation of the parties to know and enforce compliance with the Code, and to report any signs of unlawful or unethical conduct.

The Code of Conduct applies to all Board members and all employees and managers of MERLIN Group companies. They are all obliged to know and comply with the Code of Conduct and collaborate in its implementation at MERLIN. The scope of application of the Code may be extended contractually to any other natural or legal person with commercial relations with MERLIN when, due to the nature of that relationship, its activities could affect the Group's image and reputation.

As a specific and relevant subsection, MERLIN's Code of Conduct includes a specific chapter on transparency of information. It requires all employees and directors, within the scope of their duties, to provide truthful, complete, understandable and timely information, and under no circumstances will they knowingly provide incorrect, inaccurate or imprecise information that could mislead the recipient.

Specifically, it will ensure the reliability and completeness of the financial information that, in accordance with applicable law, is publicly supplied to the market. In particular, the accounting policies, controls and monitoring mechanisms defined by the Group to identify relevant information will be identified, prepared and communicated in due time and form.

The Board of Directors, the Audit and Control Commission and the other governing bodies will also monitor on a regular basis the effectiveness of the internal control system for the preparation of financial information to be sent to the markets, with one of the specific functions of the Audit and Control Commission being to "supervise compliance and internal codes of conduct and corporate governance rules".

The Code of Conduct has been distributed to all employees so that they may read and expressly accept the Code. The Code of Conduct forms part of the Welcome Pack for new hires and is formally signed by each new employee in all Group companies, with the original of each acceptance kept in the employee's personnel file.

- **Whistle-blower channel allowing notifications to the audit commission of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistle-blower and the person reported.**

MERLIN has a Whistle-blower Channel (canal.etico@merlinprop.com) that provides a confidential channel through which to communicate any event that violates the laws in force and the Code of Conduct, and potentially material irregularities of a financial or accounting nature or of any other nature.

This Channel is accessible to all employees, executives and directors of all MERLIN companies and is also made public and available to any interested third party, for which purpose there is a specific email address, which is detailed in the Code of Conduct together

with its characteristics, published on the Group's corporate web page. In addition, MERLIN has a procedure for handling all complaints received.

An express reference to the Whistle-blower Channel is included in all lease agreements and contracts with suppliers, and in the Anti-Money Laundering Manual. Every year the Compliance Department sends various communications to all Company employees reminding them of its existence, operation and communication protocol.

The *Procedure for Reporting through the Whistle-blower Channel* was reviewed by the Board in 2021, introducing various technical improvements and adapting it to the Company's current situation.

Both the Code of Conduct and the Reporting Procedure specify the rights and obligations of both the complainant and the respondent, and MERLIN's strict commitment not to retaliate.

The lead director and the Internal Audit Manager are those that receive the complaints and are empowered to initiate the investigation of the reported facts. All investigations will be conducted confidentially and will be reported at the appropriate Audit and Control Commission meeting.

In 2021, four reports were received through the Whistleblowing Channel that were processed in accordance with the Whistle-blower Channel Procedure updated in 2021, although, following their analysis, it was concluded that they have no impact on the effectiveness of the Internal Financial Reporting Control System.

- **Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.**

MERLIN endeavours to have staff with sufficient training and experience to carry out the functions and responsibilities they are given. The drafting and preparation of financial information requires specific training in accounting, consolidation and tax matters, insurance, risk assessment and checking of controls to mitigate risks.

MERLIN personnel therefore participate in training and refresher courses on current regulations affecting the Company, and it encourages and facilitates the means for its personnel to keep up-to-date by attending seminars or refresher courses and have access to bulletins and publications to ensure they are trained.

Regular meetings are also held with the external auditor to be aware of any changes in current regulations that may affect the Company, as part of the Audit and Control Commission's annual training plan.

In order to continuously improve and continuously update technical knowledge and the sector, the Commission established a specific training programme for 2021 that has had the following Education activities:

- At the meeting held on 10 June 2021, the Commission members received training on "Accounting, tax and regulatory developments 2021" in which they discussed

current accounting issues, amendments to the National Chart of Accounts - RD 1/2021, and other commercial issues and resolutions of the ICAC. Likewise, the key points of Law 5/2021, which specifies the content to be included in non-financial statement of corporations, are explained.

- At that meeting, the Commission received training on the functioning of SAP and its working environments.
- At the meeting held on 15 September 2021, the Audit and Control Commission, together with the Sustainability, Ethics and Innovation Commission, received training on ESG (environmental, social and governance) risks.
- In November, the Compliance training module included in the MERLIN 2021 Training Plan was made available to Commission members.
- In addition, in 2021 the members of the Audit and Control Commission received the training together with the other Board members.

As regards the rest of the workforce, in 2021 various members of the Group staff received training in information systems, accounting standards and risk management, bringing the total number of hours of training in these areas to 548 hours. The main training actions carried out by these professionals included the following:

- Training in financial reporting tools
- Code of Conduct and Regulatory Compliance:
- Internal Audit Days of the Institute of Auditors.

F.2 Assessment of risks in financial reporting

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- **Whether the process exists and is documented.**

Taking as reference the internal control framework set out in the COSO (*Commission of Sponsoring Organisations of the Treadway Commission*) Report and the definition included in the CNMV document entitled "**Internal Control Over Financial Reporting in Listed Companies**", MERLIN considers ICFR to be the set of processes carried out by the entity to provide reasonable assurance regarding the reliability of financial information disseminated in the market.

In order to have an effective and reliable model, based on the identification of key risks and the selection of relevant processes for financial information, **MERLIN applied its work methodology in 2021, which is documented in the ICFR Manual**, approved by the Audit and Control Commission.

As part of the ongoing improvement of the System, in 2021, and within the Digitalisation Project for the various MERLIN areas and functions, a digitalised risk identification and scope determination process was designed and implemented through a scorecard that, once quantitative and qualitative materiality criteria are applied, makes it possible to visualise in a dynamic heat map the main ICFR processes from an inherent risk point of view in accordance with MERLIN figures and activity. These are adjusted based on the results of the effectiveness reviews of the controls carried out to obtain the residual risk of these processes and to prioritise the resources and dedication necessary for their proper supervision.

The process of identifying risks and determining the scope of the ICFR is as follows:

First, the Finance Department reviewed the scope of consolidation to verify that all the necessary companies are being included and, furthermore, to verify that the Group's activity has not changed in any significant way that might affect the preparation of the financial information.

Once the scope of consolidation is reviewed, the Finance Department analyses which processes are relevant to the financial information for that period. This analysis is carried out by means of the Risk Scope, prepared by the Finance Department on an annual basis.

In the first quarter of each year, the Finance Department carries out this exercise using the consolidated financial statements for the previous year, to analyse the scope of the monitoring and supervision of the ICFR for that period.

The results of the analysis are sent to management of the departments responsible for the significant ICFR processes to obtain confirmation from them and make them aware that these processes will be monitored in the following year.

In addition, the scope of the material processes is sent to the Internal Audit Department as a starting point for its supervision within its Audit Plan.

This ICFR Risk Scope does not include the assessment of non-financial risks, as these risks are generally assessed in the *Corporate Risk Map* with their corresponding monitoring. The ICFR risks are identified in more detail together with the corresponding controls implemented to mitigate them.

The ICFR Risk Scope enables the identification of which accounts and accounting headings have a significant associated risk and may have a potential material impact on the financial information.

The Finance Department therefore takes into consideration quantitative and qualitative factors in this analysis:

a) **Quantitative criteria:**

Quantitative criteria are established through the calculation of materiality for the year, for which MERLIN's financial statements for each year are taken as a reference.

b) **Qualitative criteria:**

The qualitative criteria considered for MERLIN's Risk Scope are as follows:

- **Size:** differentiation of the account compared to the materiality of "Material Error".

- **Composition (volume and unit amount):** numerical volume of transactions in the year and unit amount of each transaction.
- **Process automation:** automation vs. manual processes. The greater the automation, the lower the risk.
- **Standardisation of transactions:** assessment of standardising the transactions recognised. The greater the standardisation, the lower the risk.
- **Susceptibility to fraud or error:** risk of fraud or unintentional error. To be considered: segregation of duties, degree of oversight/approval, thoroughness of review process.
- **Accounting complexity:** difficulty in the application of the accounting treatment either due to the interpretation of the standard or the complexity of the related calculations.
- **Degree of estimation/judgement and valuations:** consideration of the degree of estimation and/or judgment required to recognise the transactions.
- **Risk of loss or contingent liabilities:** asset associated with the account subject to potential losses in value. Potential for identification of contingent liabilities.
- **Changes with respect to the previous year:** consideration of potential changes in the accounting treatment (e.g. new regulations, difficulty in obtaining the information required to estimate the account), changes in the economic environment or in the process itself.
- **Audit adjustments/control weaknesses:** consideration of adjustments/control weaknesses identified by internal or external auditors with an impact on this account in prior years.
- **Criticality decision based on experience:** consideration of experience accumulated in each of the line items in previous years.

Once the material headings have been defined with quantitative and qualitative criteria, it is confirmed which processes or sub-processes of the defined **Process Map** they impact based on the activities that make up these processes.

The critical processes and sub-processes associated with each of the significant accounts and headings have been defined, and the risks that could generate errors and/or give rise to fraud in the financial information have been identified, covering all the financial reporting objectives (MERLIN Process Map).

In addition to carrying out the annual analysis of the ICFR scope following the reference methodology, the Group and the employees involved in the proper functioning of the ICFR have a theoretical framework of documentation designed under the methodology and based on good market practices, including the risk and control matrices, which are documented in a centralised computer tool.

- **Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.**

For each process or sub-process, the risk and control matrices identify the inherent risks, the financial reporting objectives to which these risks relate (financial assertions), and the

controls designed to mitigate them, and include all control attributes.

The main purpose of the ICFR is to ensure the reliability of the financial information disclosed to the market, which implies compliance with the following control objectives:

- **Existence and occurrence (EO):** transactions and other events contained in the financial information exist and have been recognised at the appropriate time.
- **Integrity (I) of information:** the information reflects all the transactions and other events in which the entity is the party affected.
- **Adequate valuation (V):** the transactions and other events are recognised and assessed in accordance with the applicable regulations.
- **Proper presentation, breakdown and comparability (P, D, C):** the transactions and other events are classified, presented and reflected in the financial information in accordance with the applicable regulations.
- **Cut (C) of transactions:** The transactions and events have been recognised at the appropriate time.
- **Adequate reflection of rights and obligations (D, O):** the financial reporting reflects, at the corresponding date, the rights and obligations through the corresponding assets and liabilities, in accordance with the applicable legislation.

Therefore, the safeguarding of assets and the prevention/detection of fraud are considered ICFR objectives because of the impact they have on the six core objectives above.

The ICFR model will be updated, without prejudice to that established for the annual review of the *ICFR Risk Scope*, whenever circumstances arise in the Company's business and its regulatory environment or events of any nature that, in the opinion of the Audit and Control Commission, senior management or the Internal Audit Department, make it advisable to update the model. As an example, and in accordance with the new ESEF regulations, the financial reporting process was updated by incorporating 4 specific XBRL controls.

In any case, the Finance Department will assess the concurrence of these circumstances on an annual basis.

- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.**

The Finance Department reviews the scope of consolidation on a regular basis to verify that all companies to be consolidated are being included and, furthermore, to verify that the Group's activity has not changed in any significant way that might affect the preparation of the financial information.

In addition, whenever a company is included in the Group's scope of consolidation, the impact of this company is determined (under the principle of materiality) in the headings of the Group's consolidated financial statements, and in each of the processes and sub-processes already identified in its subgroup.

Likewise, if a company is excluded from the Group's scope of consolidation, the ICFR scope is updated provided that the company formed part of the Group's scope at the date on which it was excluded, even though the ICFR at MERLIN is designed to be centralised and does not have an individual scope for each company.

As regards the potential existence of complex corporate structures, special purpose vehicles or special purpose entities, section 10 of MERLIN's Audit and Control Commission Regulations includes the powers of the Commission to inform the Board of Directors, before when the Board takes the corresponding decision, on the creation or acquisition of investments in special purpose entities or companies domiciled in countries or territories considered to be tax havens.

In compliance with these requirements, **in 2021 the Audit and Control Commission analysed, on a quarterly basis, MERLIN's company map for the year and any changes during the period.**

- **Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**

As mentioned above, the process of identifying risks that affect the Group's financial information takes into account the five control objectives for financial reporting (existence and occurrence, integrity, assessment and measurement, presentation and breakdown, and rights and obligations).

As regards other types of risk considered, such as operational, technological, financial, legal, tax, reputational or environmental risks, the risks of the Corporate Risk Map are taken into account in the process of identifying risks that affect financial information.

It should be noted that the ICFR scope includes the cycles of IT General Controls and SAP Automatic Controls and Validations, and the cycles corresponding to Legal and Tax Affairs.

- **The governing body within the company that supervises the process.**

MERLIN's Audit and Control Commission carries out the risk management and financial information supervisory functions delegated to it by the Board of Directors in accordance with their respective Regulations.

The Audit and Control Commission is responsible for:

- (i) Supervision of financial reporting.
- (ii) Supervision of internal and external audit activities.
- (iii) Supervision of the effectiveness of the ICFR.

These functions imply that, to obtain reasonable assurance as to the reliability of the financial information, the Audit and Control Commission monitors:

- (i) Compliance with regulatory requirements.
- (ii) The accurate demarcation of the scope of consolidation.

- (iii) The correct application of accounting principles.
- (iv) The adequacy of the control policies and procedures implemented.
- (v) The process of preparing and presenting the financial statements and interim financial information.
- (vi) The process of monitoring the functioning of the ICFR to be carried out by the Internal Audit Department.
- (vii) The external auditor's observations and recommendations made during the process of auditing the Company's financial statements.
- (viii) The proposal of recommendations made as it considers appropriate to the Board of Directors before their approval.

F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

F.3.1 Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

MERLIN has a formal procedure for reviewing and authorising financial information to be published in the markets (**procedure for the accounting close**). This procedure oversees the process from the time this information is generated by the Finance Department until it is reviewed by the Audit and Control Commission and finally approved by the Board of Directors before its publication to the market.

This procedure includes the annual financial statements, the financial statements for interim periods (quarterly and half-yearly), the Annual Corporate Governance Report and the Annual Remuneration Report, and other relevant public information for the market.

The **Audit and Control Commission** Regulations establish that the Commission is responsible for reviewing the clarity and integrity of all financial and related non-financial information published by the entity, such as financial statements, directors' reports, risk management and control reports and annual corporate governance reports, ensuring that the half-yearly financial reports and quarterly management statements are drawn up under the same accounting policies as the annual financial reports and, for such purpose, considering whether the auditor should conduct a limited review of the half-yearly financial reports.

The documentation of the system of internal control over financial reporting, which is reviewed annually in accordance with the updated process procedures, includes descriptions and flowcharts of the different cycles for generating the relevant financial information selected in the identification process (flowcharts and narratives), and descriptions of the prioritised risks of error, the controls designed to mitigate these risks, the assignment of those responsible for executing and supervising the controls, and a

description of the evidence to be provided in their execution, which will be subject to review by the Internal Audit Department (risk and control matrices).

Risk and control matrix (RCM):

The risk and control matrices are divided into three types depending on the type of control:

- **General controls:** also "Entity Level Controls" (ELCs), those that provide general coverage of the Company's internal control system, such as those related to the control environment (e.g. the Code of Ethics or assignment of responsibilities), and the Company's risk assessment process, among others.
- **Technological general controls:** also "Information Technology General Controls" (ITGCs) and "SAP Automatic Controls and Validations", are those controls that are performed on the Group's applications and systems that support the other processes identified to guarantee the availability, confidentiality, authenticity, reliability and integrity of the information contained therein.
- **Process controls:** controls not included in the previous categories, referring to control activities performed as part of business or support processes involved in the preparation of financial information. These controls are divided into manual and automatic, and periodic and transactional, which have different supervision frequencies and methodologies.

MERLIN has the following documented cycles/processes that regulate the main processes with an impact on financial information:

- General administration process
- Treasury and finance process
- Personnel process
- Tax process
- Individual accounting process
- Consolidation process
- Legal affairs process
- Process of preparing the half-yearly and annual financial statements
- Rental billing process
- CAPEX management process
- Real estate contract management process
- Investment and divestment process
- Asset appraisal process
- Process of preparing the directors' report

The different processes and activities relating to the accounting close of business and administrative and/or corporate activities are considered to be a cycle within the ICFR. Accordingly, the specific review of the relevant judgements, estimates, valuations and projections are subject to specific controls in the model in the corresponding cycles, as they involve the identification of risks of error.

Likewise, and although there were already General Technological Controls in each of the ICFR processes, the Company is working to improve its Risk Management System, creating a specific IT risk map with the short-term objective of obtaining security certifications, which will increase even more the reliability of MERLIN's ICFR.

As regards the description of the ICFR to be published in the securities markets, the review

and authorisation procedure is the same as for the rest of the economic and financial content of the Annual Corporate Governance Report.

As regards the procedure for the accounting close and the specific review of the relevant judgements, estimates, valuations and projections, the Audit and Control Commission, with the support of the Internal Audit Department, reviews the financial information on a quarterly basis to confirm that this information is reliable, understandable and relevant.

Likewise, the purpose of the quarterly review is to ensure that the quarterly and half-yearly financial statements are prepared using the same accounting policies as the annual financial statements, to verify that the scope of consolidation is accurately defined and that international financial reporting standards are correctly applied, highlighting any issues identified that could pose a risk in the external audit opinion.

Moreover, it should be noted that since 2019 MERLIN has had an IT tool that supports, among other areas, the ICFR controls, so that the documentation of controls through the provision of evidence is centralised, which facilitates the supervision and control work as regards the execution and documentation of the controls implemented.

Lastly, as part of the process and commitment to continuous improvement of the organisation's internal control system, a digitalisation project was carried out in 2021, consisting of the creation of a solution to support mass analysis of information and dynamic presentation of results through Power BI Service, which included the accounts receivable, accounts payable, accounting, capex, opex, billing and staff, defining a set of indicators adapted to MERLIN's conditions, implementing a data exploitation model, taken from the tables extracted from SAP and/or other applications and establishing a scorecard to visualise their results.

The objectives and benefits of consolidating the use of automatic mass data analysis technologies with a focus on preventive versus detective activities, evolving from layers of regular supervision to a model based on continuous monitoring, thus enabling the reviews to be adequately focused based on alerts or indicators, helping to improve processes, optimising efforts and generating higher level and better quality in assurance activities.

F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

The internal control policies and procedures associated with the information systems are defined by Management, which relies on an information systems service provider through an outsourcing contract.

The Company has a set of procedures for the control and operation of computer systems, and systems related to financial information that are in place.

This set of procedures and associated internal policies that implement risk control operations covers the following aspects:

- **Access security**, processes that regulate the following elements:
 - Access to documents
 - Assigning permissions to computer systems
 - Mandatory computer security regulations for users: document for general dissemination
 - Password policy for access to the network and SAP (main system where financial information is generated and maintained)
- **Control of changes to programs, settings and operation of the systems**, which includes the following processes:
 - Operational processes for patching (small updates) in SAP
 - Operational processes for changes to programs
 - Operational processes for changes to settings in SAP productive
 - Policy for changing or upgrading systems (renewal, SAP patching, version change, etc.).
- **Operational continuity**, which includes the following activities:
 - System Contingency and Recovery Plan and its technical instructions (corporate office network, email, communications and SAP)
 - Automatic monitoring of backup processes.
 - Defining the backup scope for SAP.
 - Operational procedure for SAP recovery.

- **Segregation of duties:**

The segregation of duties is a key pillar in the internal control model and, at the MERLIN Group, it is fundamental in the SAP system environment, both due to the number of users accessing the system and the importance of the information they handle.

There is a policy in SAP for granting permissions that attempts to follow as closely as possible the assignment of roles to different departments and areas. Therefore, if a person is assigned a role, the processes related to that role will be the ones they are allowed to use. These access and execution permissions change over time as the organisation changes. The decision to allow or not to allow access is determined by the Company and executed by the Systems Department applying the corresponding procedures.

- **Master data change control:**

SAP is the system most used at the Company and from where the financial information is extracted. This system internally stores the user who makes changes to the most relevant master data. This record is available for review via SAP's own transactions.

The main risks considered by MERLIN, and to which it responds, affect physical security (backups, maintenance and access to servers, etc.), logical security (access controls, registration and removal procedures, virus protection, etc.), sufficient segregation of duties, registration and traceability of information for the different profiles and transactions in the system, privacy (GDPR), and lastly, system development and maintenance.

Furthermore, MERLIN creates a redundant backup copy of its servers, so that if the server crashes, the risk of loss of data and information and business continuity is prevented.

F.3.3 Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

MERLIN has implemented a procedure (*Procurement Procedure, revised as of May 2021*) for engaging external suppliers, which establishes certain levels of approval depending on the amount to be contracted, including, where applicable, the approval of the Company's Chief Executive Officer.

This Procurement Procedure is mandatory for all employees and executives of all MERLIN Group companies, including investees over which it has effective control, within the limits established in the applicable regulations. The scope of the contracts referred to in this procedure are those purchases made as part of the Group's normal activity, i.e. materials, services rendered, contracting works, professional fees, marketing of assets and other types of corporate or shopping centre management contracts, among others.

Therefore, this procedure does not apply to one-off purchases, including asset acquisitions, which will be governed by the Asset Acquisition Procedure.

The **Audit and Control Commission** is responsible, by delegation from the Board of Directors, for **authorising the terms and conditions of the contracts for the main activities outsourced with an impact on MERLIN's financial information** (auditors and real estate appraisers).

Specifically, in relation to the **asset valuation** process, the Company makes a distinction between:

- **Asset acquisition processes:** before the potential purchase, third party selection processes are carried out, and subsequent monitoring by Management;
- **External valuation of assets** to obtain accounting estimates (valuations and impairments), with the involvement of independent external appraisers (i.e: NIC-40 and National Chart of Accounts and NOFAC), in accordance with the Audit and Control Commission Regulation, it is their responsibility to supervise the recruitment process carried out, ensuring the implementation of the rotation policy and the identification of potential conflicts of interest and threats to independence that may call into question their suitability.

The Company has a specific operating procedure (*NAV Calculation Procedure, updated in 2019*) that includes the controls implemented for this issue, including the figure of a Valuation Coordinator, a member of the Management Commission, who supervises the suitability and independence of the independent real estate appraisers, and the effectiveness and efficiency of the appraisal process, which is supervised by the Audit and Control Commission.

As for other external advisory services:

- If any of the work is carried out by the firm of the Company's auditor, the compatibility, reasonableness and proportion of the fees as regards the external audit and the independence for the performance of this work is analysed in accordance with *the Auditor Procurement and Relations Framework Policy*, and always subject to the approval of the Audit and Control Commission.
- In cases where any type of work related to financial and tax matters, or advisory

services for corporate transactions is contracted and the services of an independent expert are used, the technical and legal competence and know-how of the professional is assured, and their recognised prestige in the sector.

F.4 Information and communication

Report on whether the company has at least the following, describing their main characteristics:

F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

MERLIN's **Finance Department** is responsible for defining and updating the accounting policies and preparing the financial statements in accordance with generally accepted accounting principles.

The Finance Department is responsible for defining and maintaining the Group's accounting policies and for resolving any issues that may arise in their application.

MERLIN has an **Accounting Policy Manual (updated in 2019)** that defines the criteria used to prepare the separate and consolidated financial statements. The personnel involved in the process of preparing and reviewing financial information are informed in a timely manner of accounting or tax changes through subscriptions, alerts and bulletins received from the main auditing firms and the IASB.

In 2020 the Finance Department approved and communicated an addendum to the Manual to specifically cover the **Accounting Capitalisation Criteria, April 2020 version**. This document further expounds the guidelines contained in the MERLIN Group's Accounting Policy Manual, and applies to all Group companies.

The scope of this document is limited to the description of the policies that must govern the recognition, in the separate and consolidated financial statements, of items that form part of the Group's assets related to the real estate activity under any of the balance sheet headings: (i) investment property, (ii) property, plant and equipment, and (iii) intangible assets.

In addition, the functions of the Finance Department as regards accounting policies, and placing particular emphasis on the application of the International Financial Reporting Standards (IFRSs), are as follows:

- Analyse the one-off operations and transactions performed or expected to be performed by the Group to determine their accounting treatment in accordance with the Group's accounting policies.
- Unify and standardise accounting policies and control of compliance with regulations in each country, in addition to complying with the Group's accounting policy at a centralised level.
- Resolve any queries that may be made from any Group company regarding the application of accounting policies.
- Monitor projects for new regulations in the IASB, and new standards to be approved by regulatory bodies, and analyse the potential impact on the Group's consolidated

financial statements or possible adaptations to be made for compliance.

- Keep all those responsible for preparing and supervising the financial statements at the different levels of the Group informed, to provide them with the information necessary to ensure the consistent application of the Group's accounting policies.

In addition, the Audit Commission is responsible for supervising the process of preparing and presenting the Company's financial statements and the periodic financial information that, in accordance with current law, the Company must provide to the markets and their supervisory bodies, supervising the process of preparing and publishing this information, reporting on this to the Board of Directors before approval, and monitoring compliance with legal requirements and the correct application of generally accepted accounting principles, and reporting on proposals for the modification of accounting principles and policies suggested by Management.

On those occasions when the application of accounting regulations is particularly complex, the Finance Department consults with the external auditor, other advisors or the regulatory body, requesting advice on the accounting treatment, and the conclusions reached by the auditor in relation to the required accounting analysis.

F.4.2 Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

MERLIN has a common IT tool (**SAP**) for all Group companies, which supports the process of preparing the separate financial statements (National Chart of Accounts) under a standardised format.

Since 2020 and for the preparation of the consolidated financial statements, MERLINE has a computer tool (**SAP BPC**) which performs the consolidation through the aggregation of the accounting information of the separate financial statements in SAP, making the adjustments and eliminations inherent in the consolidation process and obtaining consolidated financial statements (IFRS) for subsequent analysis.

The process is managed by the Finance Department, which has implemented a series of controls in the ICFR, both for individual accounting in SAP and for consolidation in SAP BPC, to ensure the reliability of the information, using a single Chart of Accounts implemented in all Group companies, the evidence of which is documented in the accounting and consolidation cycles of the ICFR.

The accounting consolidation process of the financial statements is carried out on a monthly basis, with closing and consolidation schedules, and a timely assignment of roles and responsibilities, in accordance with the procedure for the financial close.

Likewise, **since 2020**, and to comply with ESEF regulations, the Finance Department has had an IT tool for XBRL tagging of the consolidated financial statements and notes to the annual financial statements and for their publication in xHTML format. As mentioned in previous points, to mitigate the risks arising from this change in the financial reporting process, the Company has introduced specific additional controls in XBRL, updating its financial reporting process.

F.5 Supervision of the functioning of the system

Report on at least the following, describing their principal features:

F.5.1 The activities of the audit commission in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the commission in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

As indicated in the Audit and Control Commission Regulations, the Commission is responsible for the following functions, among others:

- monitor the effectiveness of the Company's internal control, internal audit and risk management systems, including tax risks, and discuss with the external auditors any significant weaknesses in the internal control system identified during the course of the audit;
- regularly review the Company's internal control and risk management systems and, in particular, ensure that the system of internal control over financial reporting (ICFR) is correctly designed, so that the main risks are appropriately identified, managed and disclosed.
- approve the internal audit plan for the ICFR assessment, and any changes thereto, and receive periodic information on the results of its work, and the action plan to correct any deficiencies identified.

The Audit and Control Commission is responsible for approving the Annual Internal Audit Plan for the ICFR assessment, and receiving periodic information on the results of its work, and the action plan to correct any deficiencies identified.

In 2021 the Commission has worked on:

- (i) Review the Risk Management and Control Policy, updated in March 2021, to promote the definition of limits, tolerances and risk appetite by the Board.
- (ii) Review and approve the materiality levels of the accounting headings in the MERLIN Group's financial statements, with a view to identifying the key controls within the Internal Control Model, and approve the update of the ICFR Functions and Supervision Manual.
- (iii) Oversee the review of the ICFR controls within the framework of the 2021 Annual Internal Audit Plan and follow up on weaknesses highlighted.
- (iv) Supervise the implementation and effectiveness of the guarantees, designed by Management, and implemented in the process of preparing the financial statements (external guarantees: draft audit opinion, letter of independence and real estate asset appraisal report; and internal guarantees: review of the process by Internal Audit, certification of the financial statements by Management, and execution, documentation and review of the ICFR controls).

The Internal Audit Department, which reports functionally to the Audit and Control Commission and administratively to the Group's Corporate General Management,

supports the Commission in its supervisory and reporting tasks. As stated in MERLIN's Internal Audit Regulations, the objectives of the Internal Audit Department, among others, are as follows:

- Assist the Audit and Control Commission in the fulfilment of its responsibilities, providing support to Management in improving and consolidating the internal control system, procedures applied and control activities.
- Supervise the reliability and accuracy of the Risk Control System in place at the organisation, giving an opinion on whether it is adequate and sufficient.
- Collaborate in the identification and assessment of risks of any nature faced by the organisation, supervising their level of control.
- Ensure the integrity of the accounting and management information issued, both internally and externally, i.e. that it is complete and correct.

In support of the Audit and Control Commission, in 2021 the Internal Audit Department carried out an independent review of the design and operation of the internal control system, identifying weaknesses and deficiencies and making recommendations for their correction. In addition to reviewing the design and operation of the controls of the complete cycles every six months, which coincides with the preparation and approval of the half-yearly and annual financial statements, the Internal Audit Department reviews the operation of those controls considered critical and associated with high risks.

The combination of cycle reviews and half-yearly reviews of critical controls enables the Internal Audit Department to perform a comprehensive assessment of the system of internal control over financial reporting as a whole and to issue an opinion on the effectiveness of the controls, which is reported to the Audit and Control Commission as part of the reviews of the half-yearly and annual financial statements.

Therefore, in 2021 the Audit and Control Commission was supported by the Internal Audit Department which, in the review of the annual and half-yearly financial statements, examined whether the **ICFR controls considered to be key (associated with high risks) were correctly documented and carried out**, without any significant weaknesses being revealed that could undermine the process of preparing the financial information.

The Audit and Control Commission also had, for the same review of the annual and half-yearly financial statements, a **formal statement from the General Manager and the Chief Executive Officer** certifying the reliability of the financial information presented to the Commission, and the effectiveness of the internal control system established for this purpose.

In **2021** the Internal Audit Department reported to the Audit Commission on various occasions on ICFR matters:

- (i) Review of all key controls in the preparation and presentation of the annual financial statements for 2020 and the half-yearly financial statements for 2021.
- (ii) Supervision of the certification process for the annual and half-yearly financial statements by the different process managers, including the General Manager and Chief Executive Officer.

- (iii) Ad-hoc review of the Capex Management Cycles, preparation of Financial Statements, preparation of the Management Report and automatic SAP Validation.
- (iv) Supervision of the Action Plans established for those control weaknesses identified, both in the half-yearly review process and in the ad-hoc cycle review during the year.
- (v) Supervision of the process of updating the ICFR documentation, carried out by the Finance Department, in compliance with the methodology established in the ICFR Manual.

F.5.2 Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit commission or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

In accordance with the Audit and Control Commission Regulations, its functions include, among others, analysing, together with the external auditors, the internal control weaknesses identified in the auditing process.

For these purposes, the auditor, in compliance with the **Auditor Procurement and Relations Framework Policy**, appears before the Audit and Control Commission on a regular basis to present the recommendations related to the internal control weaknesses identified during the process of reviewing the half-yearly and annual financial statements. If any internal control weaknesses are detected, they are monitored on a regular basis by the Audit and Control Commission with the support of the Internal Audit Department.

No significant internal control weaknesses were disclosed by the auditors in 2021.

Therefore, and as regards the performance of their work, in 2021 the Company's external auditors appeared before the Commission on three occasions, each time having the opportunity to present their conclusions without the presence of the management team, at the Commission meetings on (i) 23 February 2021, (ii) 27 July 2021, and (iii) 14 December 2021. They also appeared twice to present the audit process for reviewing asset valuations (16 February and 19 July). In addition, the external auditors appeared on one additional occasion in compliance with the Commission's 2021 Training Plan.

At the Commission meeting held on 23 February 2021, the representatives of the auditor, Deloitte, S.L., presented the main conclusions of the work performed in relation to the audit of the separate and consolidated annual financial statements of MERLIN and its consolidated group for 2020, presenting the draft audit opinion and additional report on the separate and consolidated annual financial statements at 31 December 2020, with a favourable and unqualified opinion.

Subsequently, at the meeting held on 27 July 2021, the main conclusions of the work performed in relation to the limited review of the half-yearly interim financial statements of MERLIN and its consolidated group for the first half of 2021 were presented, with a

favourable and unqualified conclusion, detailing the main significant events of the period, and the main audit risks.

Lastly, at the meeting held on 14 December 2021, the auditor presented the work carried out in the preliminary review as at 30 September 2021 with a view to the review of the financial statements for 2021, and the key audit matters detected in the course of their work.

In the meetings that the external auditor held with MERLIN's Audit and Control Commission (16 February 2021 and 14 December 2021, corresponding to the final phase of 2020 and preliminary phase of 2021, respectively) during the course of its audit work, the auditor informed the Audit and Control Commission that there were no significant deficiencies in the Group's internal control.

As regards the coming year, at the meeting held on 14 December 2021, the Commission established a 2022 Work Plan with the external auditor, with the content envisaged for each recommendation and the reports required by the Commission.

Furthermore, and as regards **Internal Audit**, the Commission, within its competencies and among other aspects, oversees the independence and effectiveness of the internal audit department function, supervising, among other aspects, the annual work plan, approves its budget and supervises its remuneration, verifying that the members of the management team take into account the conclusions and recommendations of its reports.

Therefore, within the framework of the responsibility attributed to the Commission in 2021:

- (i) it reviewed the implementation of the 2021 Internal Audit Annual Plan approved on 15 December 2020.
- (ii) it reviewed the monitoring of progress made in 2021 on the Digitalisation of the Internal Audit function, and the project was completed with the publication of the data updated at September 2021 in Power BI Service.
- (iii) it carried out a review of the reports issued by the internal audit department, reviewing the recommendations included and verifying that Company Management complied with the action plans included.
- (iv) the Internal Audit Manager appeared at all Commission meetings and explained the developments and progress in the area of his responsibility, with special emphasis on the different review work regarding the control models and processes that was being carried out (mainly auditing of business processes, review of the ICFR, data protection, criminal compliance and the Risk Management System);
- (iv) it reviewed and approved the Internal Audit Budget and Annual Internal Audit Plan for 2022 at its meeting on 14 December 2021.

F.6 Other relevant information

None.

F.7 External auditor's report

Report:

F.7.1 Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

See accompanying external auditor's report.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. **That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.**

Complies

Explain

2. **That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

- a) **The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.**
- b) **The mechanisms in place to resolve any conflicts of interest that may arise.**

Complies Complies partially Explain Not applicable

3. **That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:**

- a) **Changes that have occurred since the last General Shareholders' Meeting.**
- b) **Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.**

Complies Complies partially Explain

4. **That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its**

website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies Complies partially Explain

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of pre-emptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies Complies partially Explain

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the workings of the audit and nomination and remuneration commissions.
- c) Report by the audit commission on related party transactions.

Complies Complies partially Explain

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies Complies partially Explain

8. That the audit commission should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit commission should clearly explain to the general meeting the opinion of the

audit commission on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and

Complies Complies partially Explain

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies Complies partially Explain

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies Complies partially Explain Not applicable

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies Complies partially Explain Not applicable

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile

its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies Complies partially Explain

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies Explain

14. That the Board of Directors should approve a policy aimed at favoring an appropriate composition of the Board and that:

- a) Is concrete and verifiable;
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favors diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favor gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination commission published upon calling the General Shareholders' Meeting to which the ratification, appointment or reelection of each director is submitted.

The nomination commission will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies Complies partially Explain

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies Complies partially Explain

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) **In large-cap companies where very few shareholdings are legally considered significant.**
- b) **In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.**

Complies

Explain

Explanation: At 31 December 2021, proprietary directors accounted for 36.36% of the total number of non-executive directors, while they represent 32.43% of the Company's share capital compared to the rest of the share capital, however, it should be noted that there is a plurality of shareholders represented on the Board of Directors and they are not related to each other.

17. **That the number of independent directors should represent at least half of the total number of directors.**

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies

Explain

18. **That companies should publish the following information on its directors on their website, and keep it up to date:**

- a) **Professional profile and biography.**
- b) **Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**
- c) **Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.**
- d) **Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.**
- e) **Company shares and share options that they own.**

Complies

Complies partially Explain

19. **That the annual corporate governance report, after verification by the nomination commission, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.**

Complies Complies partially Explain Not applicable

20. **That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.**

Complies Complies partially Explain Not applicable

21. **That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination commission. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.**

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies Explain

22. **That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.**

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration commission, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented

Complies Complies partially Explain

23. **That all directors clearly express their opposition when they consider any**

proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies Complies partially Explain Not applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies Complies partially Explain Not applicable

25. That the nomination commission should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies Complies partially Explain

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda

Complies Complies partially Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies Complies partially Explain

Explanation: The non-attendance of directors is reduced to indispensable cases. On specific occasions, representations have not been granted with instructions.

28. **That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.**

Complies Complies partially Explain Not applicable

29. **That the company should establish adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

Complies Complies partially Explain

30. **That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.**

Complies Explain Not applicable

31. **That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.**

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies Complies partially Explain

32. **That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

Complies Complies partially Explain

33. **That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organize and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.**

Complies Complies partially Explain

34. **That when there is a coordinating director, the articles of incorporation or Board**

regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies Complies partially Explain Not applicable

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its commissions.
- c) Diversity in the composition and skills of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
- d) Performance and input of each director, paying special attention to those in charge
- e) of the various Board commissions.

In order to perform its evaluation of the various commissions, the Board of Directors will take a report from the commissions themselves as a starting point and for the evaluation of the Board, a report from the nomination commission.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination commission.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies Complies partially Explain

37. That if there is an executive commission, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies Complies partially Explain Not applicable

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive commission and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive commission.

Complies Complies partially Explain Not applicable

39. That the members of the audit commission, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies Complies partially Explain

40. That under the supervision of the audit commission, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit commission.

Complies Complies partially Explain

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit commission, for approval by that commission or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies Complies partially Explain Not applicable

42. That in addition to the provisions of applicable law, the audit commission should be responsible for the following:

1. With regard to information systems and internal control:

- a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its

activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies Complies partially Explain

43. That the audit commission be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies Complies partially Explain

44. That the audit commission be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies Complies partially Explain Not applicable

45. That the risk management and control policy identify or determine, as a

minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk commission when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies

Complies partially Explain

46. That under the direct supervision of the audit commission or, if applicable, of a specialized commission of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies

Complies partially Explain

47. That in designating the members of the nomination and remuneration commission – or of the nomination commission and the remuneration commission if they are separate -care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies

Complies partially Explain

48. That large-cap companies have separate nomination and remuneration commissions.

Complies

Complies partially Explain

49. That the nomination commission consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination commission to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies Complies partially Explain

50. That the remuneration commission exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the commission.
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies Complies partially Explain

51. That the remuneration commission should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies Complies partially Explain

52. That the rules regarding the composition and workings of the supervision and control commissions should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory commissions in accordance with the foregoing recommendations, including:

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b) That their chairpersons be independent directors.

- c) That the Board of Directors select members of these commissions taking into account their knowledge, skills and experience and the duties of each commission; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each commission meeting.
- d) That the commissions be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and the minutes be made available to all directors.

Complies Complies partially Explain

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one commission of the Board of Directors, which may be the audit commission, the nomination commission, a specialized commission on sustainability or corporate social responsibility or such other specialized commission as the Board of Directors, in the exercise of its powers of self-organization, may have decided to create. And that such commission be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies Complies partially Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies

Complies partially Explain

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct**
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.**
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.**
- d) Channels of communication, participation and dialogue with stakeholders.**
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.**

Complies

Complies partially Explain

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies

Explain

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies

Complies partially Explain

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies Complies partially Explain Not applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies Complies partially Explain Not applicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies Complies partially Explain Not applicable

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies Complies partially Explain Not applicable

Explanation: As a result of the different long-term incentive plans implemented at the time by the Company, a relevant percentage of the variable remuneration of the executive directors was linked to the delivery of shares or financial instruments referenced to their value. Notwithstanding the foregoing, no long-term incentive plan was implemented in fiscal year 2021.

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has

elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration commission, to deal with such extraordinary situations as may arise and so require.

Complies Complies partially Explain Not applicable

The long-term incentive plan for the 2017-2019 period, which is settled in its entirety in 2022, of which the executive directors are beneficiaries, payable in cash and in the Company's shares ("Executive LTIP"), is linked to the creation of value over for shareholders a total of three years and the settlement of this plan (and the obligation for the director to maintain their relationship with the Company) extends until the authorisation for issue of the financial statements for 2021, which therefore prevents the disposal of these shares by the beneficiary.

In addition, the shares of the previous incentive remuneration plans (Management Stock Plan ("MSP")) are subject to allocation for a period of three years from the calculation date of the MSP. The MSP shares delivered to the executive directors are unavailable until 2023.

- 63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.**

Complies Complies partially Explain Not applicable

- 64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.**

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies Complies partially Explain Not applicable

H. FURTHER INFORMATION OF INTEREST

- 1 If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.
- 2 This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

- 3 The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010.

This Annual Corporate Governance Report was approved by **the Company's Board of Directors at its meeting held on 23 February 2022.**

State whether any directors voted against or abstained from voting on this report.

Name of the director who did not vote in favor of the approval of this report	Reasons (voted against, abstained, did not attend)	Explain the reasons
Remarks		

Merlin Properties SOCIMI, S.A.

Assurance' report on the 2021
"Information Relating to the system of
internal control over financial reporting
(ICFR)" of Merlin Properties SOCIMI, S.A.

*Translation of a report originally issued in Spanish
based on our work performed in accordance with
the assurance regulations in force in Spain and
prepared in accordance with the regulatory
reporting framework applicable to the Group in
Spain. In the event of a discrepancy, the Spanish-
language version prevails*

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

"INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF MERLIN PROPERTIES SOCIMI, S.A. ASSURANCE REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31ST 2021

To the Directors of
MERLIN PROPERTIES SOCIMI, S.A.:

As requested by the Board of Directors of MERLIN PROPERTIES SOCIMI, S.A. ("the Entity") and in accordance with our engagement letter of February 7th 2022, we have applied certain procedures to the accompanying "Information relating to the ICFR" of Merlin Properties SOCIMI, S.A. for fiscal year finished on December 31st 2021, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

Directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system attached.

In this regard it should be noted, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2021 described in the accompanying information on the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

In addition, since this special engagement does not constitute an audit of financial statements and is not subject to current Spanish Audit Law, we do not express an audit opinion in the terms provided in that Law.

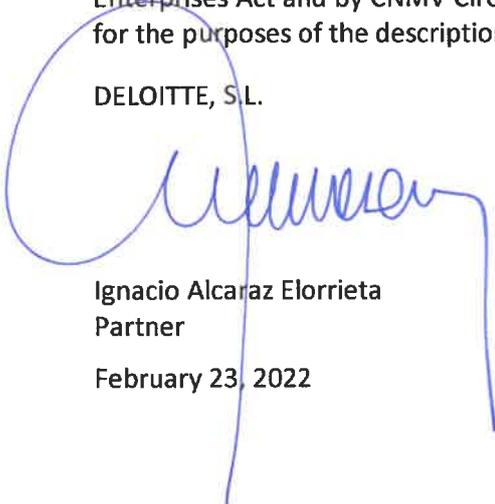
The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report - and assessment of whether this information addresses all the information required considering the minimum content described in section F, of the ACGR form, relating to the description of the ICFR system as established in CNMV Circular 5/2013 of June 12th 2013, and subsequent modifications, the most recent being CNMV Circular 1/2020 of October 6th 2020 (hereinafter referred to as CNMV circulars).
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing the ICFR systems. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.
5. Reading of the meetings minutes of the Board of Directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of article 540 of Corporate Enterprises Act and by CNMV Circulars, published by the Spanish National Securities Market Commission for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Ignacio Alcaraz Elorrieta
Partner

February 23, 2022

FICHERO ADJUNTO PARA COMPLETAR LA INFORMACIÓN DE LOS APARTADOS SIGUIENTES DEL INFORME ANUAL DE GOBIERNO CORPORATIVO, INFORME ESTADÍSTICO (C.1.39):

C.1.39 Identifique de forma individualizada, cuando se refiera a consejeros, y de forma agregada en el resto de casos e indique, de forma detallada, los acuerdos entre la sociedad y sus cargos de administración y dirección o empleados que dispongan indemnizaciones, cláusulas de garantía o blindaje, cuando éstos dimitan o sean despedidos de forma improcedente o si la relación contractual llega a su fin con motivo de una oferta pública de adquisición u otro tipo de operaciones.

Tipo de beneficiario	Descripción del acuerdo
<p>Consejeros Ejecutivos (D. Ismael Clemente Orrego y D. Miguel Ollero Barrera)</p>	<p>Los contratos vigentes con los Consejeros ejecutivos recogen una indemnización para el supuesto de terminación de su relación con la Sociedad derivada de</p> <ul style="list-style-type: none"> (i) la separación o cese de su cargo de Consejero ejecutivo sin causa. Se entenderá que existe causa cuando dicha separación o cese se deba a (a) un quebrantamiento o incumplimiento grave de deberes y obligaciones legales que le corresponden, o (b) la realización de alguna actuación u omisión que cause graves daños a la Sociedad, y siempre que, en ambos casos, la concurrencia de dicha causa hubiera sido declarada por un tribunal competente. (ii) una dimisión o baja voluntaria motivada por una modificación sustancial en las condiciones de trabajo del consejero ejecutivo que redunden notoriamente en perjuicio de su formación profesional, en menoscabo de su dignidad, o sean decididas con grave transgresión de la buena fe, por parte de la Sociedad. En sentido contrario, no se considerará una modificación sustancial a estos efectos, la aprobación de Políticas futuras que fueran económicamente menos favorables, que no contemplen retribuciones variables similares al STIP de los Ejecutivos o LTIP o decisiones futuras de la Sociedad de no aprobar planes de incentivos a largo plazo similares al LTIP. (iii) una dimisión o baja voluntaria motivada por haber acontecido un cambio de control (entendido cambio de control en los términos regulados en la normativa de ofertas públicas de adquisición de acciones), siempre que la extinción se produzca dentro de los tres meses siguientes a que acontezca el cambio de control. <p>Los consejeros ejecutivos tendrían derecho a percibir en concepto de indemnización, y siempre que el pago no comprometa la solvencia de la Sociedad:</p>

- (i) en los supuestos (i) y (ii), una cantidad equivalente al resultado de multiplicar por dos la Retribución Fija y el STIP de los Ejecutivos concedido al consejero ejecutivo en el periodo de los últimos 12 meses anteriores al cese;
- (ii) en el supuesto (iii) una cantidad equivalente a una vez a la suma de la Retribución Fija y el STIP de los Ejecutivos concedidos al consejero ejecutivo en el periodo de los últimos 12 meses anteriores al cese.

De las referidas cantidades, un importe equivalente a seis mensualidades de la Retribución Fija se abonará en concepto de retribución del pacto de no competencia post-contractual.

El pago de la indemnización por resolución de contrato, cuando esta procediera, quedará retenido hasta que la Sociedad haya podido comprobar que el consejero ha cumplido con los criterios de rendimiento establecidos en los diferentes elementos del paquete retributivo, siendo el horizonte temporal de dichos elementos de rendimiento distinto por lo que dicho plazo se evaluará y determinará en el momento de determinar la indemnización a percibir.

Una vez realizado dicho cálculo y comprobados que los objetivos para el STIP de los Ejecutivos han sido cumplidos adecuadamente se procederá a realizar junto con el pago del STIP resultante, el pago de la indemnización que pudiera corresponderle al consejero ejecutivo.

Con el resto de equipo directivo, diferentes a los consejeros ejecutivos, el régimen de extinción de sus relaciones está sometido a lo recogido en el Estatuto de los Trabajadores y demás normativa de aplicación.

Indique si, más allá de en los supuestos previstos por la normativa, estos contratos han de ser comunicados y/o aprobados por los órganos de la sociedad o de su grupo. En caso positivo, especifique los procedimientos, supuestos previstos y la naturaleza de los órganos responsables de su aprobación o de realizar la comunicación:

	Consejo de administración	Junta general
Órgano que autoriza las cláusulas	X	

	SÍ	NO
¿Se informa a la junta general sobre las cláusulas?	X	

Observaciones
La Junta General es informada de estas cláusulas a través del Informe Anual de Gobierno Corporativo.