

**APPENDIX I TEMPLATE**

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED  
SPANISH COMPANIES**

**ISSUER IDENTIFICATION DATA**

REFERENCE REPORTING DATE

31/12/2022

**Tax Identification**

Company Name:

INMOBILIARIA COLONIAL, SOCIMI, S.A.

Registered Office:

PASEO DE LA CASTELLANA 52, MADRID

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED  
SPANISH COMPANIES**

**A. OWNERSHIP STRUCTURE**

A.1 Fill out the following table on the share capital and attached voting rights at year-end, where applicable including those relating to shares with loyalty voting rights:

Indicate whether the Company Bylaws provide for double loyalty voting rights:

NO

YES

Date of the last change to the share capital	Share capital (€)	Number of shares	Number of voting rights (excluding additional loyalty votes)	Number of additional voting rights attached to shares with loyalty voting rights	Total number of voting rights, including additional votes conferred as loyalty votes
06/09/2021	1,349,039,092.50	539,615,637	539,615,637	N/A	539,615,637

Indicate whether there are different types of shares with different associated rights:

Yes

No

A.2 State the direct and indirect holders of significant stakes at year-end, including directors with a significant stake:

Name or company name of the shareholder	% voting rights attached to the shares (including loyalty votes)		% voting rights through financial instruments		% total voting rights	Of the total number of voting rights attached to the shares, indicate any additional votes attached to shares with loyalty voting rights	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
AGUILA LTD	0	5.35	0	1.75	7.10	N/A	N/A
BLACKROCK, INC	0	2.96	0	0.95	3.90	N/A	N/A
CREDIT AGRICOLE, S.A.	0	4.17	0	0	4.17	N/A	N/A
DIC HOLDING LLC	4.04	0	0	0	4.04	N/A	N/A
FERNANDEZ GONZALEZ, CARLOS	0	15,29	0	0	15,29	N/A	N/A
PUIG, S.A.	0	7.37	0	0	7.37	N/A	N/A
QATAR INVESTMENT AUTHORITY	0	19.03	0	0	19.03	N/A	N/A

Observations

Details of the indirect stake:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attached to the shares (including loyalty votes)	% voting rights through financial instruments	% total voting rights	Of the total number of voting rights attached to the shares, indicate any additional votes attached to shares with loyalty voting rights	
AGUILA LTD	PARK, S.A.R.L.	5.35	0	5.35	N/A	N/A
BLACKROCK, INC	BLACKROCK HOLDING	2.96	0.95	3.90	N/A	N/A
CREDIT AGRICOLE, S.A.	PREDICA	4.17	0	4.17	N/A	N/A
FERNANDEZ GONZALEZ, CARLOS	FINACCESS INMOBILIARIA, S.L.	13.33	0	13.33	N/A	N/A
FERNANDEZ GONZALEZ, CARLOS	FINACCESS CAPITAL INVERSORES, S.L.	1.09	0	1.09	N/A	N/A
FERNANDEZ GONZALEZ, CARLOS	FINACCESS CAPITAL, S.A. DE C.V.	0.41	0	0.41	N/A	N/A
FERNANDEZ GONZALEZ, CARLOS	FONDO LATIN 10 (AXESCAP)	0,46	0	0,46	N/A	N/A
PUIG, S.A.	TRUDONBA XXI, S.L.U.	7.37	0	7.37	N/A	N/A
QATAR INVESTMENT AUTHORITY	QATAR HOLDING NETHERLANDS BV	14.99	0	14.99	N/A	N/A
QATAR INVESTMENT AUTHORITY	DIC HOLDING LLC	4.04	0	4.04	N/A	N/A

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

Most significant changes
<p>On 18 November 2022, Aguila LTD informed the Company that it had signed an agreement to extend the duration of the "Total return SWAP" to 3 years from 06/09/2022 by means of a financial instrument.</p> <p>On 4 March 2022 Puig, S.A. informed the Company that it owns 100% of the share capital of Exea Ventures, S.A. which in turn holds 100% of Exea Ventures, S.L.'s share capital. Exea Ventures, S.L. owns 100% of the share capital of Trudonba XXI, S.L.</p> <p>On 21 December 2022, Blackrock INC informed the Company that the voting rights attached to its shares had fallen below 3%.</p>

**A.3** Provide details of the stake, regardless of its percentage, held at year-end by those members of the Board who hold voting rights attached to shares in the company or through financial instruments, excluding the directors identified in section A.2 above:

Name or company name of the director	% voting rights attached to the shares (including loyalty votes)		% voting rights through financial instruments		% total voting rights	Of the % of total voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr Juan José Brugera Clavero	0.09	0.00	0.00	0.00	0.09	0.00	0.00
Mr Pedro Viñolas Serra	0.10	0.00	0.00	0.00	0.10	0.00	0.00
Mr Luis Maluquer Trepapat	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ms Ana Peralta Moreno	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ms Silvia Alonso-Castrillo Allain	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<b>% of total voting rights held by members of the Board of Directors</b>	15.48%
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Details of the indirect stake:

Name or company name of the director	Name or company name of the direct holder	% voting rights attached to the shares (including loyalty votes)	% voting rights through financial instruments	% total voting rights	% total voting rights that may be transferred through financial instruments
Mr Luis Maluquer Trepapat	Ms Ms Marta Maluquer Domingo	0.00	0.00	0.00	0.00

Observations
All the directors reported on in this section have voting rights on company shares, although in some cases this stake is less than 0.01 % of the share capital of Inmobiliaria Colonial, SOCIMI, S.A.

Details of the total percentage of voting rights represented in the Board of Directors:

<b>% of total voting rights represented in the Board of Directors</b>	41.61%
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Observations
Shareholdings held by significant shareholders that have Board representation but do not have direct director status: - Aguila, LTD: 7.10% - Qatar Investment Authority: 19.03%

**A.4** Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant stakes, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except for those reported in section A.6:

Related name or corporate name	Type of relationship	Brief description
No data		

**A.5** Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related name or corporate name	Type of relationship	Brief description
PUIG, S.A.	Corporate	Colonial and the company Inmo, S.L., which belongs to the Puig, S.A. corporate group, are conducting a joint project to build a 21-storey building with a surface area of 14,000 m <sup>2</sup> in Plaza Europa, 34, L'Hospitalet de Llobregat.

**A.6** Describe the relationships, unless insignificant for both parties, between the significant shareholders, or their representatives, on the Board, and the directors, or their representatives, when the administrators are a legal entity.

Explain, where appropriate, how the significant shareholders are represented. In particular, specify any directors who have been appointed to represent significant shareholders, those whose appointment was promoted by significant shareholders, or those who were related to significant shareholders and/or entities in their group, indicating the nature of such relationship. Indicate, in particular, the existence, identity and position, if any, of members of the Board, or directors' representatives, of the listed company who are also members of the governing body, or their representatives, in companies with a significant stake in the listed company or in group companies of such significant shareholders.

Name or company name of the related director or representative	Name or company name of related significant shareholder	Company name of the significant shareholder's group company	Description of the relationship/position
Mr Juan Carlos García Cañizares	Aguila Ltd.	Bevco Lux, S.A.R.L	Director
Mr Juan Carlos García Cañizares	Aguila Ltd.	SIN International Holdings, S.A.R.L.	Director
Mr Juan Carlos García Cañizares	Aguila Ltd.	Park, S.A.R.L.	Director
Mr Juan Carlos García Cañizares	Aguila Ltd.	Aguila Ltd.	Colonial's proprietary

Name or company name of the related director or representative	Name or company name of related significant shareholder	Company name of the significant shareholder's group company	Description of the relationship/position
			director proposed by Aguila Ltd.
Ms Begoña Orgambide García	Grupo Finaccess S.A.P.I. de C.V.	Grupo Finaccess S.A.P.I. de C.V.	Proprietary Director of Colonial proposed by Grupo Finaccess S.A.P.I. de C.V.
Ms Begoña Orgambide García	Grupo Finaccess S.A.P.I. de C.V.	Finaccess Inmobiliaria	Board member
Ms Begoña Orgambide García	Grupo Finaccess S.A.P.I. de C.V.	Finaccess Capital Inversores	Board member
Sheikh Ali Jassim M.J. Al-Thani	Qatar Investment Authority	Qatar Investment Authority	Proprietary Director of Colonial proposed by Qatar Investment Authority
Sheikh Ali Jassim M.J. Al-Thani	Qatar Investment Authority	Al Nura Bank	Director
Sheikh Ali Jassim M.J. Al-Thani	Qatar Investment Authority	26 Champs Elysees	Director
Sheikh Ali Jassim M.J. Al-Thani	Qatar Investment Authority	Hapag-Lloyd	Director
Sheikh Ali Jassim M.J. Al-Thani	Qatar Investment Authority	Rayyan Islamic Bank	Director
Mr Carlos Fernández González	Grupo Finaccess S.A.P.I. de C.V.	Grupo Finaccess S.A.P.I. de C.V.	Proprietary Director of Colonial proposed by Grupo Finaccess S.A.P.I. de C.V., of which he is Chairman of the Board of Directors and Managing Director
Mr Adnane Mousannif	Qatar Investment Authority	Qatar Investment Authority	Proprietary Director proposed by Qatar Investment Company
Mr Adnane Mousannif	Qatar Investment Authority	Elypont	Director

Observations

**A.7** Indicate whether the Company has been notified of any shareholders' agreements affecting it as provided in Articles 530 and 531 of the Spanish Limited Liability Companies Law. If so, provide a brief description and list the shareholders that are party to the agreement:

Yes [ ]

No [X]

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable:

Yes [ ]

No [X]

Expressly indicate any amendments to, or termination of, such covenants, agreements or arrangements during the year:

**A.8** Indicate whether any individual or legal entities currently exercise control or could exercise control over the company pursuant to Article 5 of the Securities Market Law. If so, identify them

Yes [ ]

No [X]

**A.9** Complete the following tables on the Company's treasury shares:

**At year-end:**

Number of direct shares	Number of indirect shares (*)	Total % of share capital
8,218,370		1.52%

**(\*) Through:**

Name or company name of the direct holder of an ownership interest	Number of direct shares
N/A	
<b>Total:</b>	

Explain the significant changes that occurred during the year:

Explain the significant changes
<p>Sale transactions were carried out in 2022 through a financial intermediary (Banco Sabadell) pursuant to a liquidity contract concluded on 4 January 2022. A total of 17,945,849 shares were thus bought, and 17,872,887 sold, in 2022.</p> <p>In addition, on 14 July 2022 shares were awarded under the long-term incentive plan approved by the General Meeting at its meeting of 30 June 2021. A total of 27,099 shares were awarded.</p>

**A.10** Give details of the applicable conditions and current timeline for the general meeting to authorise the board of directors to issue, buy back or transfer treasury shares.

At its meeting of 21 June 2022, the General Meeting of Shareholders of Colonial granted authorisation to the Board of Directors for the derivative acquisition of treasury shares under item five of the agenda. As to the terms and conditions of the authorisation: i) the nominal value of the shares directly or indirectly acquired, in addition to those already held by the Company and its subsidiaries, may not exceed 10% of the subscribed share capital or any maximum amount that may be established by law; ii) the minimum price or consideration for the acquisition shall be €0.01 per share, and the maximum price or consideration for the acquisition shall be the equivalent of the listing price of the treasury shares acquired on an official regulated secondary market at the time of acquisition plus a maximum of 5%, which may be increased to up to 25% above the share price if the treasury shares are acquired by means of a public offer to all shareholders; iii) the procedure for acquisition may be sale and purchase, swap or any other type of transaction for consideration, as may be advisable in the circumstances; and iv) the authorisation is given for 5 years. The authorisation granted expressly provides that the shares acquired may be used in whole or in part for delivery or transfer to the directors, executives or employees of the Company or Group companies, directly or as a result of their option rights, within the scope of the Company's share price-based remuneration systems.

With regard to the authorisation to issue shares, the General Meeting of Shareholders of Inmobiliaria Colonial, SOCIMI, S.A. held on 30 June 2021 authorised the Board of Directors, in accordance with article 297.1b) of the Spanish Limited Liability Companies Law, to increase the share capital through monetary contributions up to half the amount of share capital, within a maximum period of five years, on one or more occasions, and at the time and in the amount it may deem appropriate. Within the maximum amount specified, the Board of Directors was given the power to disapply preemptive rights up to a maximum 20 % of the share capital.

In addition to the foregoing, the General Meeting of Shareholders of Inmobiliaria Colonial, SOCIMI, S.A., at its meeting of 30 June 2021, authorised the Board of Directors to issue on behalf of the Company, once or several times and for a maximum five-year period, new bonds that can be converted into Company shares or other similar securities giving their holder the direct or indirect right to subscribe for shares in the Company, with the express option to disapply shareholders' pre-emptive rights up to a maximum of 20% of the share capital and to increase the share capital as may be necessary to cater for the conversion. As part of the long-term incentive plan consisting of the award of shares in Inmobiliaria Colonial, SOCIMI, S.A. approved at the General Meeting of 30 June 2021, it was resolved to authorise the Board of Directors to acquire the Company's treasury shares under the terms, and subject to the limits, established by law in order to cover the implementation of the Plan.

**A.11** Estimated floating capital:

	%
<b>Estimated floating capital</b>	41.43%

<b>Observations</b>

**A.12** Give details of any restrictions (statutory, legal or otherwise) on the transfer of securities and/or voting rights. In particular, detail the existence of any kinds of restrictions that could hinder the company takeover through the purchase of its shares in the market, as well as any prior authorisation or communication rules that, with regard to the purchase or transfer of financial instruments in the company, would be applicable under the industry regulations.

Yes [ ]

No [X]

<b>Description of the restrictions</b>

**A.13** Indicate whether the general meeting has resolved to adopt neutralisation measures to address a takeover bid by virtue of the provisions of Law 6/2007.

Yes [ ]

No [X]

If applicable, explain the measures approved and the terms under which these restrictions may be lifted:

<b>Explain the measures approved and the terms under which these restrictions may be lifted</b>

**A.14** Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes [ ]

No [X]

Where applicable, state the various classes of shares, and the rights and obligations attached to each class.

## B. GENERAL MEETING

**B.1** Indicate and state, if any, the differences with respect to the minimums stipulated in the Spanish Limited Liability Companies Law (LSC) with regard to the quorum required for the constitution of the general meeting.

Yes [ ]

No [X]

**B.2** Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the Spanish Limited Liability Companies Law (LSC):

Yes [ ]

No [X]

**B.3** Indicate the rules governing amendments to the company's bylaws. In particular, indicate the majorities required to amend the bylaws and, if applicable, the rules for protecting shareholders' rights when the bylaws are amended.

Under the Company Bylaws, in order for the General Meeting to validly resolve to increase or reduce share capital or make any other amendment to the Company Bylaws, shareholders holding at least 50 % of the subscribed capital with voting rights must be present or represented on first call. On second call, shareholders representing 25 % of share capital shall be sufficient. As regards the adoption of resolutions, the Bylaws establish that issues that are substantially independent shall be voted on separately, in particular the amendment of any article or group of articles in the Company Bylaws which stand alone. Furthermore, a vote in favour by more than 50 % of the share capital present in person or by proxy shall be sufficient to adopt resolutions with an absolute majority, whereas a vote in favour by two thirds of the share capital present in person or by proxy at the General Meeting shall be necessary when, on second call, the shareholders present represent 25 % or more of the subscribed capital with voting rights, but less than 50 %.

**B.4** Indicate the attendance figures for the general meetings held during the year and those of the two previous years:

Date of the General Meeting	Attendance information				Total
	% attendance	% attendance by proxy	% distance voting		
			Electronic voting	Other	
21/06/2022	12.00	71.73	0.00	0.00	83.73
<b>Of which floating capital:</b>	0.14	31.99	0.00	0.00	32.13
30/06/2021	0.30	83.81	0.00	0.15	84.26
<b>Of which floating capital:</b>	0.00	29.59	0.00	0.15	29.74
28/06/2021	20.89	26.40	0.00	28.72	76.01
<b>Of which floating capital:</b>	0.00	26.40	0.00	2.80	29.20
30/06/2020	0.30	83.81	0.00	0.15	84.26
<b>Of which floating capital:</b>	0.00	29.59	0.00	0.15	29.74

**B.5** Specify if there have been any items on the agenda at the General Meetings held during the year that, for whichever reason, were not adopted by the shareholders.

Yes [ ]

No [X]

**B.6** Indicate whether the bylaws contain any restrictions with respect to a minimum number of shares required to attend general meetings or to vote remotely:

Yes [X]

No [ ]

<b>Number of shares required to attend general meetings</b>	500
<b>Number of shares needed to vote remotely</b>	1

<b>Observations</b>
<p>In order to facilitate the exercise of the right to vote remotely with respect to the resolutions of the General Meetings, Colonial does not require a number of shares necessary to vote remotely. Under Article 19 of the Company Bylaws, General Meetings of Shareholders may be attended and voted at, in person or by proxy, by shareholders holding, individually or as a group, at least 500 shares, which must be entered in the register of shareholders at least five days before the date scheduled for the General Meeting, and provided they can prove this by showing, at the registered office or at the entities specified in the call notice, the relevant authentication certificate or attendance card issued by Colonial or any entities responsible for keeping the register of book entries or any other method allowed by the current legislation. In this regard, the Company's Board of Directors may enable, for each General Meeting, remote attendance by the shareholders and proxies by electronic means concurrently. In such event, the Board of Directors will establish the terms, forms and means set for shareholders and proxies to exercise their rights, in accordance with the laws, the Company Bylaws, and the Regulations of the General Meeting. All this will be included in the notice of the meeting. And for the purpose of ensuring adequate exercise of voting rights, shareholders may vote at the General Meeting or grant proxy by remote means (i.e. by post, electronically or any other remote media, provided that the shareholder's identity is guaranteed and, where appropriate, electronic communications are secure). Shareholders who vote remotely will be considered as present for the purposes of quorum of the Meeting (Art. 12 of the Regulations of the General Meeting). The exercise of remote voting rights has been indicated and duly informed to shareholders in the notice of the General Meeting.</p>

**B.7** Indicate if there is a rule establishing that certain decisions, other than those established by law, that involve the purchase, disposal, contribution to another company of key assets, or other similar corporate operations, should be put to the vote at the General Meeting of Shareholders.

Yes [ ]

No [X]

**B.8** Indicate the address and method for accessing corporate governance content on the company's website, as well as other information on general meetings that must be made available to shareholders on the Company website.

<https://www.inmocolonial.com/accionistas-e-inversores/accionistas-e-inversores>

Through this access, shareholders and the entire market are provided with all legally required information, in addition to that which the Company considers necessary for greater and better transparency and compliance with good market practices in the area of corporate governance.

## C. STRUCTURE OF THE COMPANY'S GOVERNING BODY

### C.1 Board of Directors

C.1.1 The maximum and minimum number of directors stipulated in the Company Bylaws and the number stipulated by the General Meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors stipulated by the General Meeting	11

C.1.2 Fill in the following table with the Board members' particulars:

Name or corporate name of the director	Representative	Category of the director	Position on the board	Date of first appointment	Date of last appointment	Appointment procedure	Date of birth
Mr JUAN JOSÉ BRUGERA CLAVERO		OTHER EXTERNAL	CHAIRMAN	19/06/2008	21/06/2022	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	15/10/1946
Mr PEDRO VIÑOLAS SERRA		EXECUTIVE	CEO AND VICE-CHAIRMAN	18/07/2008	21/06/2022	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	26/06/1962
Mr SHEIKH ALI JASSIM M. J. AL THANI		PROPRIETARY	DIRECTOR	12/11/2015	30/06/2020	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	31/12/1960
Mr ADNANE MOUSANNIF		PROPRIETARY	DIRECTOR	28/06/2016	30/06/2020	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	09/03/1980
Mr JUAN CARLOS GARCÍA CAÑIZARES		PROPRIETARY	DIRECTOR	30/06/2014	21/06/2022	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	10/01/1969
Mr CARLOS FERNÁNDEZ GONZÁLEZ		PROPRIETARY	DIRECTOR	28/06/2016	30/06/2020	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	29/09/1966
Ms BEGOÑA ORGAMBIDE GARCÍA		PROPRIETARY	DIRECTOR	27/09/2022	27/09/2022	CO-OPTION	01/03/1979
Ms SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN		INDEPENDENT	DIRECTOR	24/01/2019	14/06/2019	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	20/05/1958
Mr LUIS MALUQUER TREPAT		INDEPENDENT	DIRECTOR	31/07/2013	21/06/2022	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	05/09/1955

Name or corporate name of the director	Representative	Category of the director	Position on the board	Date of first appointment	Date of last appointment	Appointment procedure	Date of birth
Ms ANA BOLADO VALLE		INDEPENDENT	DIRECTOR	14/06/2019	14/06/2019	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	22/10/1958
Ms ANA PERALTA MORENO		INDEPENDENT	DIRECTOR	14/06/2019	14/06/2019	RESOLUTION: GENERAL MEETING OF SHAREHOLDERS	30/09/1961

Total number of directors	11
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Indicate any resignations from the Board of Directors during the reporting period, whether due to resignation or by resolution of the General Meeting:

Name or company name of the director	Category of director at date of departure	Date of last appointment	Date of departure	Special committees the director was a member of	Indicate whether the director left before the end of their term in office
Mr Javier López Casado	Proprietary	21/06/2022	27/08/2022	Audit and Control Committee	yes

**Reason for departure if it occurs before the end of the term in office and other remarks; information on whether the director has sent a letter to the other members of the board and, in the case of the removal of non-executive directors, an explanation or opinion of the director removed by the general meeting**

The departure of Mr Javier López Casado is due to his passing away.

**C.1.3** Complete the following tables on board members and their respective categories:

### EXECUTIVE DIRECTORS

Name or company name of director	Position in the company organisation chart	Profile
Mr Pedro Viñolas Serra	Vice Chairman and Chief Executive Officer	<p>He is a graduate in Business Management and MBA from ESADE and Universidad Politècnica de Catalunya, and holds a Diploma in Business Management from Universidad de Barcelona, where he also studied Law.</p> <p>In 1990, Pedro Viñolas began to work as Director of the Research Department at the Barcelona Stock Exchange, of which he later became Deputy Managing Director, where he remained until 1997. He then took up duties as Managing Director of FILO, S.A., a listed real estate company, where he remained until 2001. Subsequently, until July 2008, he was Partner and CEO at the Riva y García Financial Group.</p> <p>He has been Chairman of the Urban Land Institute in Spain and a member of the Board of Directors of the Riva y García Financial Group. He was also Chairman of the Spanish Institute of Financial Analysts in Catalonia from 1994 to 2000. He is</p>

		currently the Chairman of the Board of Directors of Société Foncière Lyonnaise. He is a member of the Board of Trustees of ESADE, a member of the Board of Directors of Bluespace, S.A., and a member of the Board of Directors of the European Public Real Estate Association (EPRA).
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<b>Total number of executive directors</b>	1
<b>% of the total board</b>	9.09

### **EXTERNAL PROPRIETARY DIRECTORS**

<b>Name or company name of director</b>	<b>Name or company name of the significant shareholder represented or proposing appointment</b>	<b>Profile</b>
Mr Juan Carlos García Cañizares	Aguila Ltd.	<p>Industrial Engineer. He also studied management programmes at IMD Switzerland, and holds an MBA granted jointly by the New York University Stern School of Business, London School of Economics and HEC Paris.</p> <p>He is an investor and was previously an investment banker who led mergers and acquisitions and the funding of acquisitions for over \$35 billion over a period spanning more than 25 years. He was Vice-Chair of Planning for Bavaria, one of Latin America's leading breweries, where he was responsible for the \$4 billion international brewery acquisition programme and for the subsequent \$8 billion merger with SABMiller plc, creating the world's second largest brewery. He later led negotiations on behalf of the Santo Domingo Group for the conversion of its holding in SABMiller into a stake in Anheuser Busch Inbev as part of the merger between the two companies, an operation that was completed in 2016. Before joining the Santo Domingo Group, he was co-founder and Main Partner of Estrategias Corporativas, an investment bank firm in Latin America. He is currently the Managing Director of Quadrant Capital Advisors, Inc. in New York (a Santo Domingo Group investment company based in New York). He is the head of Quadrant Capital's Strategic Investments Group, including investments in AB InBev and a portfolio of public and private minority investments, primarily in the US and European consumer sectors. He sits on various Boards of Directors including, among others, Bevco Lux S.A.R.L. (Luxembourg), Bavaria, S.A. and Valorem, S.A. (Colombia), and the Advisory Board of the International Finance Center of the Yale School of Management (United States).</p>
Mr Adnane Mousannif	Qatar Investment Authority	<p>He has dual French-Moroccan nationality and is currently working at the Qatar Investment Authority (QIA), the sovereign investment fund of Qatar. In recent years, he has taken part, on behalf of QIA, in most of its real-estate operations in Europe and America, including the acquisition of the Canary Wharf Group in London and the acquisition of the Virgin Megastore building in the Champs Elysees of Paris. He also took part, representing QIA, in acquiring a stake in Société Foncière Lyonnaise and in Inmobiliaria Colonial in Spain. Previously, he'd worked for several years for the Morgan Stanley Real Estate Investing funds in Europe. He has a Master's Degree in Business Creation and Finance from ESCP Europe Business School and a Bachelor's Degree in Civil Engineering.</p>
Sheikh Ali Jassim M. J. Al-Thani	Qatar Investment Authority	A Qatar national. He has been working for more than 30 years

		<p>with the Government of Qatar mainly in the fields of trade, finance and real estate. Since 2007, he has been a Senior Advisor on Strategy and Investments. Until 2016, he was Vice President, member of the Board of Directors and of the Executive Committee of Housing Bank for Trade and Finance of Jordan (listed company and the second most important bank in Jordan). He was a member of the Board of Directors and vice president of the United Arab Shipping Company in Dubai, UAE, from 2003 to 2016. He has been vice president of LQB – Libyan Qatari Bank – since 2007, and in 2009 he was appointed Chairman and Managing Director of Qatar Navigation (a listed Qatari company of whose 61st Board of Directors he is a member). This holding company operates in sea transport and real estate. Since 2012, he has been a member of the Board of Directors of QADIC-Qatar Abu Dhabi Investment Company, a company specialising in real-estate investments and private equity. In November 2015 he was appointed Director of Société Foncière Lyonnaise (SFL)</p>
Mr Carlos Fernández González	Grupo Finaccess, S.A.P.I. de C.V.	<p>An industrial engineer, he has followed senior management programmes at Instituto Panamericano de Alta Dirección de Empresa. For more than 30 years he has held positions of substantial responsibility, complexity and skills in the management of companies in various sectors. He was CEO (1997-2013) and Chairman of the Board of Directors (2005-2013) of Grupo Modelo. Between his appointment as CEO and 2013, this Group became the leading beer company in Mexico, the seventh group in the world and the largest beer export company in the world. Furthermore, he has been a Director in international and national companies, including Anheuser Busch (USA), Emerson Electric Co. (USA), Televisa Group (Mexico), Crown Imports, Ltd. (USA), Inbursa (Mexico) and Mexico Stock Exchange. Likewise, he was also a member of the international advisory board of Banco Santander, S.A. (Spain), Director of Grupo Financiero Santander México S.A.B de C.V. and, until October 2019, Director of Banco Santander, S.A. (Spain). He is currently Chairman of the Board of Directors and general manager of Grupo Finaccess S.A.P.I. de C.V. (which he founded), which operates in Mexico, the United States, Europe, China, Australia and New Zealand. In addition to Inmobiliaria Colonial, SOCIMI, S.A., he is also a Proprietary Director at AmRest Holdings, S.E. and Restaurant Brands New Zealand Limited.</p>
Ms Begoña Orgambide García	Grupo Finaccess, S.A.P.I. de C.V.	<p>Ms Orgambide has a Bachelor's Degree in Management and Finance with honours and a Master's Degree in Investment Project Evaluation, both of them from the Panamerican University in Mexico. She has a Diploma in Corporate Reputation and Communication from Anáhuac University and has successfully completed the International Senior Management Programme taught by Instituto Tecnológico Autónomo de México (ITAM) in partnership with Kellogg, Stanford and Ashridge.</p> <p>She has worked mainly in finance, primarily analysing companies' financial situation, project viability and profitability and on the implementation of financial and corporate communication strategies for investors and analysts.</p> <p>Ms Orgambide has been Head of Investor Relations at both Grupo Modelo S.A.B. de C.V. and, afterwards, Grupo Sports World S.A.B. de C.V. In 2015 she joined Walmart de México S.A.B. de C.V. as Head of Strategic Planning and M&amp;A.</p> <p>She is currently Head of Investor Relations at Finaccess Capital, S.A. de C.V., where she has worked on investment analysis,</p>

		<p>mainly in the restaurant and real estate sector, and on evaluations of returns. She is also responsible for designing and implementing the communication strategy on the financial status and performance of investments for the group of investors.</p> <p>In addition, she sits on the Boards of Directors of the companies FCapital Dutch, Finaccess Restauración, Finaccess Inmobiliaria, Finaccess Inversores and Atrides, all of which are subsidiaries of Finaccess Capital and invest directly in restaurant and real estate companies. Furthermore, she is a member of the Investment Committee of the open-end fund AXESCAP, which is part of the investment fund operator Finaccess Mexico's portfolio.</p>
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<b>Total number of proprietary directors</b>	5
<b>% of the total board</b>	45.45 %

### **EXTERNAL INDEPENDENT DIRECTORS**

<b>Name or company name of director</b>	<b>Profile</b>
Ms Ana Bolado Valle	<p>She holds a degree in Pharmacy from the Madrid Complutense University, and also a Master's Degree in Business Administration (MBA) from IE Business School.</p> <p>In the course of her professional career, Ms Ana Bolado Valle has held various management positions at Santander Group (1986-2017), managing important business areas both wholesale and retail, digital transformation projects and key areas for the Group such as Corporate Human Resources Division between 2005 and 2010. She has also been a Board member of Parques Reunidos Servicios Centrales, S.A. and Unicaja Banco, S.A.</p> <p>Currently Ms Ana Bolado Valle is a proprietary director of Metrovacesa, S.A., appointed at the proposal of Banco Santander, S.A., Caceis Group and Caceis Bank. With regard to the latter organisation, Ms Ana Bolado is a member of the following committees: Strategy, Audit, Risks and Compliance and Appointments and Remunerations. Furthermore, she is a Senior Advisor for Fellow Funders -an equity crowdfunding platform to support the funding of start-ups and SMEs- and a member of the Instituto de Consejeros y Administradores (ICA, Institute of Directors and Administrators) and of Women Corporate Directors.</p>
Ms Ana Peralta Moreno	<p>Ms Ana Peralta is currently an independent Director of BBVA and Grenergy Renovables, S.A.</p> <p>She has extensive experience in the financial sector. She began her professional career with Bankinter in 1990, where she worked in extremely different areas until late 2008. She headed up Bankinter's first Internet Office and ran the Chairman's Office. During her last years at the Bank she was Chief Risk Officer and a member of the Management Committee.</p> <p>From 2009 to 2012 she sat on the Management Committee at Banco Pastor, where she worked as General Manager of Risk.</p> <p>From 2012 to 2018 Ms Ana Peralta divided her time between a post as Senior Advisor with Oliver Wyman Financial Services and was a member of several boards of directors. She was an independent director at Banco Etcheverría, at Deutsche Bank, SAE and also at Lar Holding Residencial.</p> <p>She holds a degree in Economics and Business Administration from the Madrid Complutense University and a Master's Degree in Financial Management from CEF (1991), and studied the PMD Programme (Program for Management Development) at Harvard Business School (2002) and the PADE programme at the IESE business</p>

	school (2016).
Ms Silvia Monica Alonso-Castrillo Allain	<p>Holds a degree in Political Sciences from the Sciences Po University (Paris) and a Master's Degree in Spanish and Latin American Studies from the Paris-Sorbonne University. By civil service examination, she became a teacher of Spanish studies in France. She has been teaching and researching for 25 years (1984-2009) in a number of French academic institutions: University of Toulouse, Sciences Po and the ESSEC Business School. Author of several books on history and contemporary Spanish politics.</p> <p>Ms Alonso-Castrillo worked for the French Embassy in Singapore as a science and culture advisor, before being appointed regional director of INSEAD. She supervised the development of two campuses in Singapore: the French Lycée and INSEAD (1996-1999).</p> <p>Upon her return to Europe in 2000, she worked for 15 years with ESSEC, managing international development and fundraising for the business school, which also opened a campus in Singapore.</p> <p>In 2007 she founded the consulting firm Sociedad de Estudios Hispano Franceses, S.L. in Madrid, which she led until 2019 and of which she is the sole shareholder and director. Since 2013, Ms Alonso-Castrillo has run the family farm in the Loire Valley of France.</p> <p>She has served on the Board of the College de Bernardins (Paris) and on the Executive Committee of the Fondation pour les Sciences Sociales (Paris). She was a Director of SFL from 2017 to January 2019 and of Koiki Home S.L. from 2017 to February 2023.</p>
Mr Luis Maluquer Trepas	<p>He holds a degree in Law from the University of Barcelona and a Diploma in International Institutions from the University of Geneva.</p> <p>Throughout his career, he has advised various national and international organisations in the specialist field of financial, banking and real estate law through his firm. He has also taught financial and banking law at various institutions, such as the Barcelona Chamber of Commerce, and he was a director of the European Society for Banking and Financial Law (AEDBF Paris).</p> <p>He is the founding partner of Despacho Maluquer Advocats, SCP and a Board member and secretary of a number of companies, including Société Foncière Lyonnaise, on whose Board he sat until April 2022. He was Chairman of the Argentinian Chamber of Commerce in Spain until 2019 and is currently a member of its Governing Board.</p>

<b>Total number of independent directors</b>	4
<b>% of the total board</b>	36.36

List any independent directors who receive from the Company or its group any amount or benefit other than standard director remuneration or who currently have or have had in the last fiscal year business dealings with the Company or any group company, either in their own name or as a significant shareholder, director or senior officer of an entity that currently has or has previously had such a relationship.

If applicable, include a statement from the board detailing the reasons why it believes this director may carry out duties as an independent director.

Name or company name of the director	Description of the relationship	Reasoned statement
N/A		

#### OTHER EXTERNAL DIRECTORS

Identify the other external directors and explain why these directors may not be considered proprietary or independent directors, and what their connection is with the Company, its officers or its shareholders:

Name or company name of the director	Reasons	Company, officer or shareholder to which this person is linked	Profile
Mr Juan José Brugera Clavero	He was an executive Director of the Company until 30 April 2022.	Inmobiliaria Colonial SOCIMI S.A.	<p>Chairman of Inmobiliaria Colonial, SOCIMI, S.A. since 2008, and previously held the position of CEO from 1994 to 2006. Chairman of Société Foncière Lyonnaise between 2010 and April 2022.</p> <p>Previously he was Chief Executive Officer of Mutua Madrileña, CEO of SindiBank and Deputy General Manager of Banco de Sabadell.</p> <p>Other positions: He has been Chairman of the Board of Trustees of Universidad Ramón Llull (URL); Chairman of the ESADE Foundation, Panrico, Holditex and the Círculo de Economía in Barcelona, and director of El Periódico de Catalunya.</p> <p>He is an Industrial Technical Engineer and holds an MBA from ESADE. PDG from IESE and Honorary Doctorate from the University of Rhode Island</p>

<b>Total number of external directors</b>	1
<b>% of the total board</b>	9.09

Indicate any changes in the status of each director that may have occurred during the year:

Name or company name of the director	Date of change	Prior category	Current category
Mr Juan José Brugera Clavero	01/05/2022	Executive	Other external

**C.1.4** Complete the following table with the information on the number of female directors over the past 4 years and their category:

	Number of female board members				% of total directors of each category			
	2022	2021	2020	2019	2022	2021	2020	2019
<b>Executive</b>	0	0	0	0	0.00	0.00	0.00	0.00
<b>Proprietary directors</b>	1	0	0	0	20.00	0.00	0.00	0.00
<b>Independent directors</b>	3	3	3	3	75.00	75.00	75.00	50.00

	Number of female board members				% of total directors of each category			
	2022	2021	2020	2019	2022	2021	2020	2019
<b>Other External Female Directors</b>	0	0	0	0	0.00	0.00	0.00	0.00
<b>Total:</b>	4	3	3	3	36.36	27.27	27.27	23.08

**C.1.5** Indicate whether the company has diversity policies in place for its Board of Directors with regards to age, gender, disability, education or work experience, among other matters. Small and medium businesses, as described by the Law on Audits of Accounts, should at least report about the policy they have established to ensure gender diversity.

Yes  No  Partial policies

If this is the case, describe the diversity policies, their targets, measures, and the way they have been implemented and their outcome in the fiscal year. Also indicate the specific measures taken by the Board of Directors and the Appointments and Remuneration Committee to ensure a balanced and diverse ratio of directors.

Should the company not have a diversity policy in place, explain the reasons for it.

Description of policies, targets, measures and way they have been implemented, as well as their outcome.
<p>In recent years, the Company has approved a Selection and Diversity Policy that lays down strict parameters for its application and has been developing a specific plan for the implementation of this policy, which had the positive result of tripling the number of female directors in 2019. Their number also increased during 2022. Thus, this Selection and Diversity Policy, applicable to the appointment and re-election of candidates to the Board of Directors, is based on the principles of diversity and balance in the composition of the Board of Directors, within the general objective of providing effectiveness and professionalism to the operation of this body and increasing the quality of corporate management. In accordance with the Selection and Diversity Policy, the selection of candidates for directorship will require a prior analysis of the Company's needs, which will be carried out by the Board of Directors based on a report by the Appointments and Remuneration Committee ("ARC"). In this process, individuals will be sought who meet the requirements of professional and personal qualifications and honesty, as well as capacity, set out in the Policy. Upon recruiting such candidates, the Board will make sure that the selection processes foster diversity in age, gender, disability, education and work experience in the Board of Directors. As to diversity, following the most recent modification carried out in 2020, the Policy's aims still include continuing to increase the number of female directors in order to achieve a gender diversity balance on the Board in accordance with the good governance recommendations. Likewise, the Policy also includes as a target that the appointment of Directors should meet the general criteria on the composition of the Board of Directors, in particular, having a balanced number of executive, proprietary and independent Directors, subject to the principles and recommendations listed in the GGC. In 2020, at the proposal of the ARC, a request to modify the Diversity Policy was submitted to the Board for approval to align the policy with the new recommendations of the Good Governance Code for listed companies, approved by the Spanish Securities Market Commission (CNMV) in June 2020. In addition to the above-mentioned modification regarding gender diversity, one of the most significant changes worth highlighting is the inclusion of age as a criterion for the selection of directors. In 2022, following an analysis of the composition of the Board, its needs and the Company's shareholder structure, the Board of Directors proposed the re-election of the following directors: Juan José Brugera Clavero, Mr Pedro Viñolas Serra, Mr Javier López Casado, Mr Juan Carlos García Cañizares and Mr Luis Maluquer Trepas. In addition, due to the vacancy resulting from Mr Javier López Casado's death, the Board of Directors resolved, following a favourable report from the Appointments and Remuneration Committee, to appoint Ms Begoña Orgambide García by co-option.</p>

**C.1.6** Explain any measures that may have been agreed by the appointments committee to prevent any implicit bias in selection procedures to hinder the selection of female directors, and for the company to deliberately strive to include women with the professional profile sought as candidates, and that will ensure a balanced ratio of women and men. Also indicate whether these measures include encouraging the company to have a significant number of female senior officers:

Explanation of the measures
<p>The Board of Directors of Colonial, pursuant to its internal policies and in particular to the aforementioned Selection and Diversity Policy, has maintained as a goal for 2022 the promotion of the presence of women on the Board. This task was started in 2019 with the General Meeting's appointment of three new independent female directors, all this within the framework of the Company's internal policies, which are in line with international standards and Recommendation 14 of the Code of Good Governance, while also ensuring cultural diversity and the presence on the Board of members with international knowledge and experience. In 2022 the Appointments and Remuneration Committee verified compliance with the Selection and Diversity Policy and reported its findings to the Board of Directors.</p>

When, despite any measures adopted, there are few or no female directors or senior officers, explain the reasons:

Explanation of the reasons
<p>In 2022 Ms Begoña Orgambide García was appointed to the Board of Directors, thus continuing to increase the number of female directors, who now account for 36 % of the Board. It is also worth noting that the Audit and Control Committee, the Appointments and Remuneration Committee and the Sustainability Committee have female chairs, and the percentages of female members in those committees account for 66%, 40% and 60% of their totals respectively.</p>

**C.1.7** Explain the conclusions of the Appointments Committee on the verification of compliance with the policy aimed at fostering an appropriate composition of the Board of Directors.

<p>As part of verifying that Colonial's Selection and Diversity Policy is being properly complied with, in 2022 the Appointments and Remuneration Committee analysed the composition of the Board of Directors, its needs and the shareholding structure of the Company in order to consider the conditions to be met by directors in the exercise of their duties and the dedication required for their adequate performance, all this as part of various selection processes. Pursuant to the foregoing, and in order to continue to foster a diverse composition that meets the needs of the Board of Directors, the Appointments and Remuneration Committee reported favourably to the Board on Ms Begoña Orgambide García's appointment as proprietary Director of the Company and proposed that she be appointed to the Audit and Control Committee. The Committee also examined the qualifications of the members of the Board of Directors in accordance with the corporate documents, the Spanish Limited Liability Companies Law and the corporate governance recommendations.</p>
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**C.1.8** Explain any reasons for which proprietary directors have been appointed at the behest of shareholders accounting for less than 3% of share capital:

Name or company name of the shareholder	Justification
N/A	

Provide details of any rejections of formal requests for board representation from shareholders whose shareholding is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been granted.

Yes [ ]

No [X]

**C.1.9** Indicate the powers, if any, including in relation to the issue or buyback of shares, delegated by the Board of Directors to directors or to Board committees:

Name or company name of the director or committee	Brief description
Mr Pedro Viñolas Serra	In his capacity as CEO, he has been granted all the powers that may be delegated by the Board of Directors. In addition, as Vice-Chairman of the Board of Directors, he has been assigned the powers set out in the Board Regulations.

**C.1.10** Identify any Board members working as managing directors, representatives of managing directors or officers at other companies forming part of the listed company's group:

Name or company name of the director	Group company name	Position	Does the member have executive functions?
Mr Pedro Viñolas Serra	Société Foncière Lyonnaise	Chairman	No
Mr Pedro Viñolas Serra	Inmocol Torre Europa, S.A.	Director	No
Mr Pedro Viñolas Serra	Utopicus Innovacion Cultural, S.L.	Director	No
Mr Pedro Viñolas Serra	Colonial Trámit, S.L.	Natural person representing the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	Yes
Mr Pedro Viñolas Serra	Inmocol One, S.A.U.	Natural person representing the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	Yes
Mr Pedro Viñolas Serra	Inmocol Two, S.L.U.	Natural person representing the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	Yes
Mr Pedro Viñolas Serra	Inmocol Three, S.L.U.	Natural person representing the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	Yes
Mr Juan José Brugera Clavero	Société Foncière Lyonnaise	Director	No
Sheikh Ali Jassim M.J.Al-Thani	Société Foncière Lyonnaise	Director	No

**C.1.11** Provide details of the positions of director or equivalent, or representative thereof, held in other companies, whether or not they are listed companies, by directors or representatives of directors who are members of the Board of Directors of the company:

Identification of the director or representative	Company name, whether or not it is a listed company	Position
Mr Juan Carlos García Cañizares	Valorem, S.A.	Director
Mr Juan Carlos García Cañizares	SNI International Holdings S.a.r.l.	Director
Mr Juan Carlos García Cañizares	Park S.A.R.L.	Director
Mr Juan Carlos García Cañizares	Bavaria, S.A	Director
Mr Juan Carlos García Cañizares	Bevco Lux S.A.R.L.	Director
Mr Juan Carlos García Cañizares	Quadrant Capital Advisors, Inc	Director
Ms Ana Bolado Valle	Metrovacesa, S.A.	Board member
Ms Ana Bolado Valle	Caceis Group	Board member
Ms Ana Bolado Valle	Caceis Bank	Board member
Ms Ana Peralta Moreno	Banco Bilbao Vizcaya Argentaria, S.A.	Board member

Identification of the director or representative	Company name, whether or not it is a listed company	Position
Ms Ana Peralta Moreno	Grenergy Renovables, S.A.	Board member
Ms Silvia Mónica Alonso-Castrillo Allain	Koiki Home, S.L.	Representative of a director
Ms Silvia Mónica Alonso-Castrillo Allain	Sociedad de Estudios Hispano Franceses S.L.	Joint and several Director
Mr Pedro Viñolas Serra	Blue Self Storage, S.L.	Director
Sheikh Ali Jassim M.J.Al-Thani	26 Champs Elysees	Director
Sheikh Ali Jassim M.J.Al-Thani	Al Nuran Bank	Chairman
Sheikh Ali Jassim M.J.Al-Thani	Hapag-Lloyd	Director
Sheikh Ali Jassim M.J.Al-Thani	Rayyan Islamic Bank	Director
Sheikh Ali Jassim M.J.Al-Thani	Qatar Insurance and re-insurance co.	Director
Mr Luis Maluquer Trepas	Filux, S.A.	Sole Director
Ms Begoña Orgambide García	Finaccess Capital	Attorney
Ms Begoña Orgambide García	FCapital Dutch	Board member
Ms Begoña Orgambide García	Finaccess Restauración	Board member
Ms Begoña Orgambide García	Finaccess Inmobiliaria	Board member
Ms Begoña Orgambide García	Finaccess Capital Inversores	Board member
Ms Begoña Orgambide García	Atrides	Board member
Mr Adnane Mousannif	Elypont	Director
Mr Carlos Fernández González	AmRest Holding, S.E.	Director
Mr Carlos Fernández González	Restaurant Brands New Zealand Limited	Director
Mr Carlos Fernández González	Centros de Conocimiento Tecnológico, S.A. de CV	Director
Mr Carlos Fernández González	Estudia Mas, S.A.P.I. de C.V. (formerly Promotora de Credito Educativo, S.A.P.I. de C.V.)	Director
Mr Carlos Fernández González	Preparate, S.A. de C.V.	Director
Mr Carlos Fernández González	Fundación CEPA González Díez	Chairman
Mr Carlos Fernández González	Grupo Finaccess S.A.P.I. de C.V.	Chairman and CEO
Mr Carlos Fernández González	Endeavor España	Trustee
Mr Carlos Fernández González	Grupo Far-Luca, S.A. de C.V.	Chairman
Mr Carlos Fernández González	Ciniia de Mexico, S.A. de C.V.	Chairman
Mr Carlos Fernández González	Finacprom, S.A. de C.V.	Chairman
Mr Carlos Fernández González	Solidaridad y Trabajo Virgen del Camino, S.L.	Chairman
Mr Carlos Fernández González	Fundación Solidaridad y Trabajo Virgen del Camino	Representative of Finaccess Social, S.A. de C.V., which is a Director
Mr Carlos Fernández González	Fundación de Ayuda a la Ancianidad, I.A.P.	Trustee

#### Observations

Based on the information available to the Company, all the positions reported, except for those held in non-profit organisations, are directly or indirectly remunerated.

Indicate any other remunerated activities of any kind carried out by the directors or their representatives, other than those set forth in the above table.

Identification of the director or representative	Other remunerated activities
Mr Luis Maluquer Trepát	Partner at Maluquer Advocats, S.C.P.
Ms Begoña Orgambide García	Head of Investor Relations at Finaccess Capital

**C.1.12** Indicate, and explain where appropriate, whether the company has established rules on the maximum number of company boards the company's directors may sit on, identifying, if any, where these rules are established:

Yes

No

Explanation of the rules and identification of the document where they are established
Colonial, in view of its internal principles of organisation and the proper functioning of its administrative and management structure, and in the company's best interests, establishes in its Regulations of the Board of Directors that directors may not sit on more than four boards of directors of Spanish listed companies other than Colonial. However, the Executive Directors of the Company may not sit on more than two boards of directors of listed companies other than Inmobiliaria Colonial or Group companies. The Board of Directors may dispense with this ban in exceptional circumstances. It should also be noted that the general duties incumbent on directors under the Board Regulations include the duty to carry out their functions and fulfil the obligations imposed on them by law, the Company Bylaws and other internal regulations with the diligence of an orderly businessman, taking account of the nature of the post and the functions assigned to them, with an appropriate degree of dedication at all times, and taking the necessary steps to ensure the proper management and control of the Company.

**C.1.13** Specify the amounts of the following items relating to the global remuneration of the Board of Directors:

Remuneration accrued by the Board of Directors during the fiscal year (thousands of euros).	8,007
Amount of funds accumulated by current directors under long-term savings schemes with vested economic rights (thousands of euros)	1,272
Amount of funds accumulated by current directors under long-term savings schemes with non-vested economic rights (thousands of euros)	
Amount of funds accumulated by former directors under long-term savings schemes (thousands of euros)	

Observations

**C.1.14** List any members of senior management who are not also executive directors and state the total remuneration accrued to them during the year:

Name or corporate name	Position(s)
Ms. Carmina Ganyet Cirera	Chief Corporate Officer
Mr. Alberto Alcober Teixidó	Chief Operating Officer
Mr. Juan Manuel Ortega Moreno	Chief Investment Officer
Ms. Nuria Oferil Coll	Chief Legal Officer
Mr. Carlos Escosa Farga	Head of Internal Audit
Ms. Begoña Muñoz López	Chief Human Resources and General Services

Number of women in senior management	3
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<b>Percentage of total members of senior management</b>	50.00
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<b>Total remuneration of senior management (thousands of euros)</b>	2,349
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<b>Observations</b>

**C.1.15** Indicate whether any amendments have been made to the board regulations during the year:

Yes [ ]

No [X]

<b>Description of changes</b>

**C.1.16** Indicate the procedures for the selection, appointment, re-election and removal of directors. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

In order to meet the highest standards in the selection of candidates for directors, based on knowledge and experience in the sector and in the management of listed companies, Colonial has developed its procedures for the selection, appointment, re-election and removal of directors, which are regulated in the Regulations of the Board of Directors, through the Selection and Diversity Policy, approved by the Board at the proposal of the ARC. In accordance with this policy, the Board of Directors will first analyse the Company's and the Group's needs, with the support of appropriate advisors, and, in any case, will base its analysis on the appointment proposed by the Appointments and Remuneration Committee or its report on the matter. The directors are appointed by the General Meeting or, in the event of early vacancies, by the Board, exercising its power to co-opt. The ARC makes proposals for the appointment or re-election of independent directors. In all other cases, the Board is responsible for making proposals. Proposals must be accompanied by a supporting report from the Board that assesses the competence, experience and merits of the proposed candidates, which will be attached to the minutes of the General Meeting or the Board meeting. The proposal for the appointment or re-election of any non-independent director should also be preceded by an ARC report. In order for the shareholders at the General Meeting to have the information necessary for the appointment of directors, from the publication of the call notice and until the General Meeting is held, the Company must continuously post on its corporate website the following information, at least, on the persons proposed for appointment, ratification or re-election as Board members: their identity, CV and category to which each belongs, and the aforementioned proposal and reports and ARC explanatory report containing the findings of the analysis performed beforehand of the Board's needs. Additionally, the Selection and Diversity Policy establishes a series of situations that prevent a candidate from being a director. Directors may be removed from office at any time by the General Meeting, even if the removal is not on the agenda. In addition, directors must place their position at the disposal of the Board of Directors and tender, if the latter deems it appropriate based on a report from the ARC, their resignation, all in accordance with the provisions of the Regulations of the Board of Directors, in the instances set forth in section C.1.19 below. The Board of Directors shall not propose the removal of any independent directors before the expiry of their office as set forth in the Company Bylaws, except where just cause is found by the Board, based on a report by the ARC. It shall be understood that there is just cause when the director takes up a new post or takes on new duties that prevent him/her from devoting the necessary time to the performance of the duties associated with the directorship, when the director fails to carry out the duties inherent to his/her post or when the director is involved in circumstances which cause him/her to lose his/her independent status in accordance with the provisions of the legislation applicable. The removal of independent directors may also be proposed following a takeover bid, merger or similar corporate operation entailing changes in the Company's capital structure, when these changes have been propitiated by the proportionality criterion. Without prejudice to the foregoing, the Board Regulations stipulate that independent directors may not retain their status as such for a continuous period of more than 12 years. In addition, the Board of Directors may propose the removal of other directors prior to the expiry of the statutory period for which they were appointed for exceptional and justifiable reasons as approved by the Board following a report by the ARC. When, as a result of their resignation or for some other reason, directors leave their post before their term has expired, they shall explain the reasons in a letter submitted to all Board members, notwithstanding the notification of the departure as other significant information and the reporting of the reason for the departure in the Annual Corporate Governance Report.

**C.1.17** Explain to what extent the annual evaluation of the Board has prompted significant changes in its internal organisation and the procedures applicable to its activities:

<b>Description of changes</b>
The annual assessment of the Board of Directors for 2021 was satisfactory and did not result in any significant changes to the Company's internal organisation and/or the procedures applicable to its activities.

Describe the assessment procedure and the areas assessed by the Board of Directors with the support, if any, of an external consultant, regarding the performance and composition of the Board and its committees and any other area or aspect that has been assessed.

Description of the assessment procedure and areas assessed
The Board of Directors has assessed its own performance as well as those of its committees, the Chairman, the CEO and the Secretary to the Board. Under the assessment procedure, which was carried out with the advice of an external consultant (Georgeson), all the Directors anonymously completed questionnaires previously validated by the Appointments and Remuneration Committee. The answers to the questionnaires were used by the external consultant to produce its assessment reports.

**C.1.18** Detail, as appropriate, for the years in which the assessment was supported by an external consultant, any business dealings that the consultant or any company in its group have with the Company or any company in its group.

During 2022, Georgeson provided the Company with services relating to Proxy Solicitation and shareholder identification tasks in the Ordinary General Meeting of Shareholders and reviewed the Integrated Annual Report for 2021. In addition, the company Computershare, which belongs to the same group, provides shareholder register management services.
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**C.1.19** Indicate the cases in which the directors must resign.

In order to preserve the independence of Colonial's directors and the best possible performance of their duties, the Company's internal rules (Regulations of the Board of Directors) stipulate that directors must offer their position to the Board of Directors and resign, if deemed appropriate by the Board following a report from the ARC, in the following cases: 1. When they become subject to any incompatibility or prohibition established by law. 2. When they cease to discharge the executive functions associated with their appointment as directors or when the reasons for their appointment cease to exist. Specifically, proprietary directors shall tender their resignation when the shareholder they represent sells off the entire shareholding in Colonial or when the number of shares held requires a reduction in the number of proprietary directors. In cases in which, notwithstanding what had been previously envisaged, the Board of Directors considers that there are reasons justifying the Director remaining in office, the impact that the new circumstances may have on the qualification of the Director will be taken into account. 3. When they have been seriously reprimanded by the ARC for having infringed any of their duties as directors. 4. When their remaining as a board member may adversely affect the operation of the Board or jeopardise the credit or reputation of the Company for any reason. In particular, directors must inform the Board and, if appropriate, resign, in the event of any situations that affect them, regardless of whether or not they are related to their performance in the Company, that could affect the Company's reputation. In particular, they must inform the Board of any criminal case in which they are involved and under investigation as well as of any procedural events in such case. If the Board of Directors is informed or otherwise made aware of any of the situations mentioned in the preceding paragraph, the Board shall examine the case as soon as possible and, based on the specific circumstances, shall decide, after receiving a report from the ARC, whether to take any action. Likewise, Colonial informs its directors who are qualified as independent of the time limit legally established at 12 years, so that once this period has elapsed, the appropriate steps can be taken to comply with the applicable legislation.
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**C.1.20** Are qualified majorities other than those prescribed by law required for any type of decision?

Yes [  ]

No [X]

If applicable, describe the differences.

Description of the differences

**C.1.21** State whether there are any specific requirements, apart from those relating to the directors, to be appointed chairman of the Board of Directors.

Yes [  ]

No [X]

**C.1.22** Indicate whether the Bylaws or the Board regulations set any age limit for directors:

Yes [  ]

No [X]

**C.1.23** Indicate whether the Bylaws or the Board regulations set a limited term of office or other stricter requirements for independent directors other than those established by the regulations:

Yes [ ]

No [X]

**C.1.24** Indicate whether the Bylaws or Board regulations stipulate specific rules to delegate votes on the Board of Directors to other directors, the procedures thereof and, in particular, the maximum number of proxy votes a director may hold. Also, indicate whether there is any limit as to the categories in which it is possible to delegate votes, beyond the limits provided in law. Also indicate whether there is any limit as to the categories in which it is possible to delegate votes, beyond the limits provided in law.

In order to establish a set of operating rules for the Board that allow the effective performance of its functions within the framework of the governance requirements applicable to the Company under both its internal rules and the legislation, the Regulations of the Board of Directors allow, in accordance with the Spanish Limited Liability Companies Law, to confer representation in writing specifically for each meeting, and only in favour of another member of the Board. However, non-executive directors may only assign proxy to another non-executive director.

**C.1.25** Indicate the number of Board meetings held during the fiscal year. Also state, if applicable, the number of occasions on which the Board met without its Chairman in attendance. Attendance for this purpose shall also include proxies appointed with specific instructions.

<b>Number of Board meetings</b>	10 %
<b>Number of Board meetings not attended by the Chairman</b>	0

<b>Observations</b>

Indicate the number of meetings held by the Independent Lead Director with the other directors without the attendance, in person or by proxy, of an executive Director:

<b>Number of meetings</b>	2
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<b>Observations</b>
The Company ceased to have an Independent Lead Director on 30 April 2022, as the Chairman of the Board is no longer an executive director.

Indicate the number of meetings of the various Board Committees held during the fiscal year:

<b>Number of executive committee meetings</b>	0
<b>Number of audit committee meetings</b>	10 %
<b>Number of appointments and remuneration committee meetings</b>	10 %
<b>Number of sustainability committee meetings</b>	3

<b>Observations</b>

**C.1.26** Indicate the number of meetings held by the Board of Directors during the fiscal year and the attendance data of its members:

<b>Number of meetings where at least 80% of directors attended in person</b>	10 %
<b>% of attendance in person out of the total votes during the fiscal year</b>	98 %
<b>Number of meetings with attendance in person, or by proxy with precise instructions, of all the directors</b>	10 %
<b>% of votes cast with attendance in person, or by proxy with precise instructions, out of the total votes during the year</b>	100

**C.1.27** Indicate whether the consolidated and individual annual financial statements submitted to the Board for their preparation are certified beforehand:

Yes

No

Identify, where applicable, the person(s) who certified the company's individual and consolidated annual financial statements to be drawn up by the board:

Name	Position
Ms María Ángeles Arderiu Ibars	Chief Financial Officer

**C.1.28** Explain the mechanisms, if any, established by the Board of Directors to ensure that the Board of Directors can present the company's annual financial statements to the General Meeting of Shareholders in compliance with accounting standards.

In accordance with the Regulations of the Board of Directors, the Audit and Control Committee shall ensure that the Board of Directors endeavours to submit the financial statements to the General Meeting of Shareholders without limitations or reservations in the audit report. In any exceptional cases where such reservations exist, the Chairman of the Audit and Control Committee and, in exceptional circumstances, the auditors also, shall give a clear account of the contents and scope of these limitations or reservations to the shareholders. In any case, based on the functions conferred to it in this regard by the Board Regulations, the Audit and Control Committee constantly monitors the process of drawing up the individual and consolidated financial statements to ensure they have no reservations in the audit report. In any case, there were no reservations in the year ended December 31, 2022.

**C.1.29** Is the secretary to the Board a director?

Yes

No

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

Name or company name of the secretary	Representative
Mr Francisco Palá Laguna	

**C.1.30** Indicate the specific methods established by the company to protect the independence of the external auditors, as well as the methods, if any, employed to protect the independence of the financial analysis, of investment banks and of credit rating agencies, including how the legal provisions have been effectively implemented.

The Audit and Control Committee's ("ACC") obligations include preserving the independence of the external auditor in the performance of its duties. It also has the following obligations: (i) if the external auditor resigns, to examine the circumstances that led to such resignation; (ii) to ensure that the external auditor's remuneration for its work does not compromise its integrity or independence; (iii) to ensure that the Company reports the change of auditor as other significant information to the Spanish Securities Market Commission (CNMV), attaching a statement on the existence of any possible disagreements on its contents with the outgoing auditor; and (iv) to ensure that the Company and the external auditor adhere to the current regulations on the provision of non-audit services as well as to the limits on the auditor's business concentration and, in general, to all other rules on auditor independence. It is also a function of the ACC to establish the necessary relations with the external auditor in order to receive information on any matters that might jeopardise the auditors' independence, for examination by the Committee, any other matters related to the accounts audit process and, when appropriate, to authorise non-prohibited services on the terms provided in current legislation relating to independence and to communicate with the auditors as provided for in the financial audit legislation and auditing standards. In any case, each year, the external auditors shall be required to furnish a statement of their independence with respect to the Company or entities related directly or indirectly thereto, as well as detailed and separate information on any manner of additional services of any kind provided and the related fees received from these entities by the external auditor or entities related thereto in accordance with the governing accounts audits. The ACC shall also issue, prior to the audit report, an annual report expressing an opinion on whether the independence of the auditors or audit companies has been compromised. This report shall, in any case, contain the evaluation of the provision of each and every additional service referred to in the preceding section, considered individually and as a whole, other than legal audit services in relation to the rules on independence or in accordance with the audit regulations. Additionally, the ACC has an authorisation procedure of the external auditor's services other than the prohibited ones. Likewise, the Regulations of the Audit and Control Committee, in line

with Technical Guide 3/2017 on audit committees of public interest entities of the CNMV of 27 June 2017, establishes the procedure and specific criteria that the Committee must follow to preserve, among other aspects, the independence of the external auditors.

**C.1.31** Indicate whether the company changed its external auditors during the fiscal year. If so, identify the incoming auditor and the outgoing auditor:

Yes [ ]

No [X]

**C.1.32** Indicate whether the audit firm performs other non-audit work for the Company and/or its group; and, if so, state the amount of fees received for such work and the percentage that this amount would represent compared to the total fees billed to the Company and/or its group for audit work:

Yes [X]

No [ ]

	Company	Group companies	Total
Amount for non-audit work (thousands of Euros)	167	86	253
Amount for non-audit work/Amount for audit work (in %)	54.05	22.34	36.46

**Observations**

Of this, €99,000 was for audit-related services provided to the Group involving limited reviews, the issuance of comfort letters and agreed-upon procedure reports on ratios linked to finance contracts.  
The rest – €154,000 – was for fees for other professional services to review the Green Bonds Report, the ESG indicators in the Integrated Annual Report and the greenhouse gas inventory, technical cybersecurity reviews and reviews of English translations from French of various items of corporate information.

**C.1.33** Indicate whether the audit report for the annual financial statements of the previous fiscal year included any qualified opinions. Indicate the reasons given by the chairman of the audit committee to the shareholders of the General Meeting to explain the contents and scope of the qualified opinions.

Yes [ ]

No [X]

**C.1.34** Indicate the number of consecutive years in which the current audit firm has been auditing the Company's individual and/or consolidated annual financial statements. Likewise, indicate for how many years the current firm has been auditing the annual financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	6	6

	Individual	Consolidated
Number of years audited by the current audit firm/number of years the company or its group has been audited (in %)	16.67	16.67

**C.1.35** Indicate whether there is a procedure for the directors to be able to receive the necessary information to prepare for meetings of the management bodies sufficiently in advance, and if so, give details:

Yes []

No []

Details of the procedure
<p>In order to ensure that the directors can adequately meet their obligations as such, Colonial guarantees that all the necessary information is provided for this purpose, and not only that which is legally required. To this end, under the Regulations of the Board of Directors, the Chairman, with the collaboration of the Secretary, ensures that the directors have, beforehand and sufficiently in advance, the necessary information for the deliberation and adoption of resolutions on the matters to be discussed at each meeting, unless the Board of Directors has convened or has been called on an exceptional basis for reasons of urgency. Likewise, any director may, at the request of the Chairman, Managing Director, or Secretary, request and examine the books, records, documents and other background information on corporate transactions, and may also obtain the necessary supplementary information from any interlocutors deemed appropriate. Lastly, the Company shall establish suitable channels for directors to obtain the advice they need to carry out their duties including, if necessary, external advice at the Company's expense. In this regard, in view of the functions of the Board Chairman, the directors shall send the Chairman requests for external assistance when they deem this necessary. Furthermore, the Regulations of the Board of Directors stipulate that the committees may resort to external advice when deemed necessary for their roles, following the same procedure as set forth above.</p>

**C.1.36** Indicate and, where appropriate, provide details of whether the company has established rules requiring directors to report and, where applicable, resign in the event of any circumstances that may affect them, whether or not related to their performance at the company, that could jeopardise the company's credit or reputation:

Yes []

No []

Explain the rules
<p>Board Regulations stipulate that directors must tender their resignation to the Board of Directors and resign if the latter deems it appropriate subsequent to a report from the ARC when their continuation as a Board member may adversely affect the operation of the Board or jeopardise the credit or reputation of the Company for any reason. In particular, the directors must inform the Board of any criminal proceedings in which they are an accused party and of the subsequent progress of the proceedings. In any event, if a director is prosecuted or has a court order issued against him or her initiating trial proceedings for any of the offences defined in the law, the Board shall examine the case as soon as practicable and shall decide, in view of the particular circumstances, whether or not the director should remain in office, providing reasonable reasons in the Annual Corporate Governance Report.</p>

**C.1.37** Indicate, unless special circumstances have arisen and been officially recorded, whether the Board has been informed or has otherwise become aware of any circumstances affecting a director, whether or not related to their performance at the Company, that could jeopardise the Company's credit or reputation:

Yes []

No []

**C.1.38** Provide details of any significant resolutions taken by the Company that will come into force or be amended or terminated in the event of a change of control of the Company following a takeover bid, and its effects.

<p>As of 31 December, the Company had a €1 billion sustainable credit facility, split into two tranches of €500 million each, maturing in 2025 and extended the second tranche to 2027. As of 31 December, the full amount of both tranches was available.</p> <p>In addition, several issues of fixed-income securities have been carried out, providing for the early maturity of the debentures, at bondholders' option, in the event of a change of control leading to the loss of the Investment Grade rating. The issues add up to a total of €2,812 million.</p>
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**C.1.39** Identify, separately when referring to directors, and in aggregate in all other cases, and provide detailed information on, any agreements between the Company and its officers, directors or employees that provide for compensation or guarantee or golden parachute clauses in the event of resignation, unfair dismissal or termination of the contractual relationship as a result of a takeover bid or other type of operation.

<b>Number of beneficiaries</b>	2.
<b>Type of beneficiary</b>	<b>Description of the agreement</b>
CEO and Corporate General Manager	<p>CEO: He will receive additional remuneration by way of severance payment in the event of unjustified removal or non-renewal or a substantial reduction of his functions. This shall also accrue: (a) if he leaves or resigns from his position due to a change of control in the Company or to a significant change in the composition of the Board; (b) if the terms of his contract are amended without his consent; and (c) in any other cases that may be established by the Board of Directors. The severance payment will be calculated taking into account two years of his fixed remuneration (€750,000) and target annual variable remuneration (100% of his fixed remuneration), excluding any other amounts already received and the rights derived from the LTIP in force at the time. Under the current LTIP approved at the Ordinary General Meeting of 30 June 2021, if he is removed from office without just cause during the term of the plan, the General Meeting fails to extend his term of office or his functions are significantly modified (including losing his executive status), he will be entitled to an early settlement of the plan as follows: (a) if the event that gave rise to the early settlement of the plan takes place within the first 18 months of one of the plan's three cycles, he shall be entitled to receive the target number of shares to which he is entitled in that cycle of the plan prorated for the number of days between the first day of the cycle in which the event took place and the effective date of termination, failure to extend his term or significant change to his functions; (b) if the event takes place in the second half of a cycle's target measurement period, he shall be entitled to receive the target number of shares to which he is entitled for that cycle. In addition, he will lose his right to the delivery of shares for justified dismissal, except for objective causes, termination of his contract with just cause or resignation, and in the event of a breach of contract in respect of confidentiality, non-solicitation of services or competition.</p> <p>Corporate General Manager: If she is dismissed by the Company (with the obligation to give three months' notice) and/or due to a change of control of the Company, she shall receive an amount of gross compensation equal to: (a) twice the annual fixed remuneration in force as at the date on which the contract comes to an end; plus (b) the sum of the amounts of variable remuneration received by her in the two years leading to the date on which the contract comes to an end (in the event of a change of control, provided that the contract comes to an end within three months following the change of control). The severance payment shall be calculated excluding any amounts already received and any rights arising from her participation in the LTIP in force at any given time. In the event of dismissal on disciplinary grounds or unfair dismissal, the same severance pay shall apply as in the case of dismissal by the company. Finally, as a beneficiary of the LTIP approved at the Ordinary General Meeting of Shareholders of 30/06/2021, it is envisaged that she will lose her right to the delivery of shares in the event of justified dismissal except for objective causes, termination of her contract with just cause or resignation on her own initiative, and in the event of a breach of contract in respect of confidentiality, non-solicitation of services, or competition. In these cases, she will lose any rights to shares that have been granted.</p>

Indicate whether, beyond the assumptions envisaged in the legislation, these contracts must be reported to, and/or authorised by, the governing bodies of the company or its group. If this is the case, specify the procedures, assumptions foreseen and nature of the bodies in charge of their approval or their communication:

	<b>Board of Directors</b>	<b>General Meeting</b>
<b>Body which authorises the clauses</b>	X	
	<b>Yes</b>	<b>NO</b>

Is the General Meeting informed of the clauses?		X
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## C.2 Board Committees

C.2.1 Give details of all board committees, their members and the proportion of executive, proprietary, independent and other external directors that form them:

### EXECUTIVE COMMITTEE

Name	Position	Category
Mr Juan José Brugera Clavero	Chairman	Other external
Mr Pedro Viñolas Serra	Deputy Chairman	Executive
Mr Carlos Fernández González	Member	Proprietary
Mr Juan Carlos García Cañizares	Member	Proprietary
Mr Adnane Mousannif	Member	Proprietary
Mr Luis Maluquer Trepal	Member	Independent

% of executive directors	16.67%
% of proprietary directors	50.00%
% of independent directors	16.67%
% of other external directors	16.67%

Explain the functions delegated or conferred to this Committee other than those already described in section C.1.9, and describe the procedures and rules of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it in accordance with the law, Company Bylaws, or other corporate agreements.

The Executive Committee shall be made up of at least three and not more than eight members. The Chairman and Secretary to the Committee shall be the Chairman and Secretary to the Board of Directors. The Executive Committee may appoint from among its members a Deputy Chairman who shall act as Chairman in the event of absence. The Board of Directors shall appoint the members of the Executive Committee, ensuring that its membership structure reflects the various types of directors in a similar manner to that of the Board. To be valid, the appointment of directors who constitute the Executive Committee shall require a vote in favour by two thirds of the members of the Board and shall not be effective until it has been entered in the Commercial Registry. The members of the Executive Committee shall cease to be members when they cease to be directors or when so resolved by the Board. The Executive Committee shall be called by its Chairman on his/her own initiative or when this has been requested by two of its members. The meeting must be convened by letter, telegram, e-mail or fax addressed to each of its members at least 48 hours in advance of the date of the meeting; however, it may be called with immediate effect for reasons of urgency. The meetings shall be held at the Company's registered office or at any location designated by the Chairman and indicated in the notice. For an Executive Committee meeting to be validly constituted, the majority of its members must attend, either physically present or represented by proxy. The absolute majority of the members of the Committee shall adopt the resolutions. In the event of a conflict of interest, the affected director shall refrain from participating in the transaction to which the conflict refers. The votes of the directors who are affected by such a conflict of interests and who must abstain shall be deducted for the purposes of calculating the necessary majority of votes. In the event of a tie, the matter shall be submitted to the Board of Directors. Through its Chairman, the Executive Committee shall report to the Board on the business transacted and the resolutions adopted by the Committee. The Committee did not hold any meetings in 2022.

### AUDIT AND CONTROL COMMITTEE

Name	Position	Category
Ms Ana Peralta Moreno	Chairman	Independent
Ms Ana Bolado Valle	Member	Independent

Mr Luis Maluquer Trepas	Member	Independent
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<b>% of proprietary directors</b>	0.00%
<b>% of independent directors</b>	100.00%
<b>% of other external directors</b>	0.00%

<b>Observations</b>
As a result of Mr Javier López Casado's death, which was reported by the Company on 30 August 2021, in 2022 the composition of the Audit and Control Committee changed to three independent Directors. On 23 January 2023, the Board of Directors appointed Ms Begoña Orgambide García, who is a proprietary Director, to the Audit and Control Committee, which now has four members: three independent Directors and one proprietary Director.

Explain the functions, including, if applicable, those additional to those provided for by law, conferred to this committee, and describe the rules and procedures of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it in accordance with law, the Company Bylaws or other corporate agreements.

<p>The Audit and Control Committee's (ACC) functions, procedures and rules of operation are set out in the Regulations of the Board of Directors and its own regulations. It must contain a minimum of 3 and a maximum of 8 non-executive directors appointed by the Board, with the number of independent directors established by law at any given time and at least one director appointed on the basis of their knowledge and experience in accounting and/or auditing matters. It shall appoint a chairperson (independent director), who shall be replaced every 4 years and may be re-elected after 1 year from the date on which their term expired; and a secretary, who may be the Secretary to the Board. Pursuant to its duties, in 2022 it carried out, among others, the following actions:</p> <p>Regarding <b>economic and financial information</b>:</p> <p>a) It analysed, before it was presented to the Board of Directors, the process of drawing up: (i) the annual financial information for 2021, which includes, among others, the individual and consolidated annual financial statements and management reports; (ii) the financial information for Q1 and Q3 of 2022; and (iii) the half-yearly financial report for the first half of 2022.</p> <p>b) It carried out the financial oversight function by monitoring the performance of the main milestones and salient figures of the balance sheet, the income statement and the financial reports. It oversaw the processes of drawing up the financial information in accordance with the pre-established accounting criteria, the applicable laws and regulations and any necessary additional information.</p> <p>c) It monitored the geopolitical and macroeconomic situation arising from the Russia-Ukraine war, especially in relation to the possible impact of inflation, interest-rate hikes, real-estate valuations, higher prices of materials, and supply chain delays.</p> <p>Regarding <b>internal control systems</b>:</p> <p>a) It oversaw the proper operation and implementation of the internal control systems established and presented by the internal auditor, as well as the risk management systems in the process of drawing up the financial information, including tax risks.</p> <p>b) It was duly informed by the internal auditor of the most relevant facts, updates and recommendations drawn from the work carried out, in particular the drawing up of the Guide for the Internal Control System for Non-Financial Reporting (SCIINF) with the help of Ernst &amp; Young (external consultant), and drew up the report on the Risk Management and Control Policy for the Board's approval.</p>
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c) It oversaw the updating of the corporate risk map and the evolution of the various risks and the control measures taken to mitigate them, and it presented its findings to the Board of Directors.

Regarding **relations with the external auditor**:

a) It established relations with the external auditor (PwC), providing a communication channel between it and the Board and assessing the findings of each audit.

b) It issued a favourable report on the external auditor's independence.

c) It approved the proposal to re-elect the external auditor for 2023.

Regarding **internal audits**, it approved the "Internal Audit Plan" for 2022 and oversaw its progress and degree of compliance with it. It was informed of, and monitored, the degree of compliance with the recommendations made by the internal auditor in its work, overseeing the coordination of the Company's internal audit and of those of other Group companies.

As to **tax risks**, in 2022 it constantly monitored the main issues relating to such risks, overseeing the tax management carried out by the various departments in charge of such matters. It analysed the enhanced fiscal transparency report submitted in the framework of the Code of Good Tax Practices. Based on this report, it analysed the map of the main tax risks, as well as the controls in place.

In relation to **related-party transactions**, it was kept duly informed of potential operations in 2022, and it concluded following an analysis that they did not qualify as related-party transactions.

As to **corporate governance**, it approved the Annual Corporate Governance Report for 2021 ahead of its approval by the Board of Directors. Furthermore, it oversaw compliance with the internal codes of conduct and promoted a culture of compliance with the corporate rules and texts throughout the organisation. It also oversaw the application of the general policy regarding the communication of economic-financial, non-financial and corporate information, as well as communications with shareholders and investors, proxy advisors and other stakeholders.

Regarding **regulatory compliance**, it remained in constant contact with the Regulatory Compliance Unit, monitored the updating of the criminal risk prevention model, the training plans and the corporate policies, and resolved to report favourably to the Board on the texts of the Treasury Share Policy and the Policy on the Treatment and Disclosure of Inside Information.

It **oversaw the non-financial information** contained in the Integrated Annual Report, paying particular attention to the ESG indicators. It also analysed the external auditor's report on the review of the ESG indicators in the integrated annual report for 2021, which included, among others, the main areas for improvement highlighted during the process.

As to **treasury shares**, the Committee was kept duly informed of the treasury share operations carried out throughout the year, and it reported favourably on the proposal for the General Meeting of Shareholders to authorise the Board of Directors to buy treasury shares under the terms approved by the General Meeting.

Identify the directors who are members of the audit committee appointed with regard to their knowledge and experience in accounting, auditing or both, and indicate the date when the Chairman of the committee was appointed as such.

<b>Names of directors with experience</b>	Ms Ana Peralta Moreno / Ms Ana Bolado Valle / Mr Luis Maluquer Trepal
<b>Date the Chairman was appointed as such</b>	12/05/2020

#### APPOINTMENTS AND REMUNERATION COMMITTEE

<b>Name</b>	<b>Position</b>	<b>Category</b>
Ms Ana Bolado Valle	Chairman	Independent

Ms Silvia Mónica Alonso-Castrillo Allain	Member	Independent
Mr Luis Maluquer Trepas	Member	Independent
Mr Juan Carlos García Cañizares	Member	Proprietary
Mr Adnane Mousannif	Member	Proprietary
<b>% of proprietary directors</b>		40.00%
<b>% of independent directors</b>		60.00%
<b>% of other external directors</b>		0.00%

Explain the functions, including, if applicable, those additional to those provided for by law, conferred to this committee, and describe the rules and procedures of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it in accordance with law, the Company Bylaws or other corporate agreements.

The Appointments and Remuneration Committee's (ARC) functions, procedures and rules of operation are set out in the Regulations of the Board of Directors (Article 33); and in 2022 the Committee carried out the following activities, among others, pursuant to its duties.

**As part of its ordinary management**, the Committee: (i) coordinated and submitted to the Board of Directors the reports on the assessment of the Board and the ARC and on the performance of the duties of the Chairman of the Board, the CEO and the Secretary to the Board, with advice from Georgeson for 2022, as well as the recommendations and suggestions for improvement made by all the directors in the assessment questionnaires; ii) promoted the Directors' Training and Refresher Course Plan; iii) analysed the qualification of the members of the Board as provided in the corporate texts, the Spanish Limited Liability Companies Law and the corporate governance recommendations; iv) provided all the Directors with the provisional annual schedule of meetings of this Committee; v) proposed and reported favourably for re-election to the Board of Directors of the Company on the appointments of directors submitted to the General Meeting; vi) reported favourably to the Board on the Chairman's re-election and appointment as non-executive director and the re-election and appointment of the CEO and Executive Vice-Chairman of the Company; vii) proposed and reported favourably to the Board on the re-election and appointment of the members of the Company's Executive Committee; and viii) reported favourably to the Board on the proposal to appoint Ms Begoña Orgambide García as proprietary Director of the Company.

**In relation to corporate governance**, the Committee: i) analysed the extent to which the corporate governance recommendations had been complied with; ii) reviewed the succession plan for the Chairman of the Board of Directors and the CEO and carried out the process of replacing the executive chairmanship of the Board with a non-executive chairperson; iii) analysed and drew up a matrix of competencies of the members of the Board that is included in the Integrated Annual Report.

**In the field of remuneration**, the Committee: (i) reported favourably on the Annual Report on Remuneration of Directors and proposed it to the Board of Directors for approval; (ii) analysed, discussed and modified the variable remuneration targets for 2022 for the assessment of the Management Committee's performance; (iii) ensured compliance with the remuneration policy finally put in place by the Company; and, in particular, proposed the Chairman's and the CEO's variable remuneration to the Board of Directors; (iv) reported favourably on the fixed and variable remuneration of the Company's management team as proposed by the CEO; and (v) analysed and discussed SFL's remuneration and long-term incentive system to bring it into line with that in place at the Company.

#### SUSTAINABILITY COMMITTEE

Name	Position	Category
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Ms Silvia Mónica Alonso-Castrillo Allain	Chairman	Independent
Ms Ana Peralta Moreno	Member	Independent
Ms Ana Bolado Valle	Member	Independent
Mr Luis Maluquer Trepas	Member	Independent
Mr Adnane Mousannif	Member	Proprietary

<b>% of executive directors</b>	0.00%
<b>% of proprietary directors</b>	20.00%
<b>% of independent directors</b>	80.00%
<b>% of other external directors</b>	0.00%

Explain the functions conferred to this Committee and describe the procedures and rules of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it in accordance with law, Company Bylaws, or other corporate agreements.

<p>The Sustainability Committee's functions, procedures and rules of operation are set out in the Regulations of the Board of Directors (Article 34); and, in 2022, the Committee carried out the following activities, among others, pursuant to its duties.</p> <ul style="list-style-type: none"> <li>▪ Analysing, assessing and driving the Company's environmental and sustainable development policies and practices.</li> <li>▪ Analysing the desirability of the ESG indices used by the Company, and considering the possibility of selecting them if appropriate.</li> <li>▪ Analysing and, if applicable, validating the content and approach of the annual integrated non-financial report on ESG matters, establishing the quantitative and qualitative goals, as well as monitoring them and analysing the impact of the annual integrated report on the market and on the comparison between the Company's results and those of its competitors.</li> <li>▪ Proposing to the Appointments and Remuneration Committee to promote training and refresher courses for directors in the field of sustainability, with the inclusion of ESG in the directors' refresher course plan.</li> <li>▪ Considering the possibility of adopting new ESG initiatives, such as, among others, in relation to the Company's commitment to the use of renewable energies, the achievement of certain decarbonisation targets and the establishment of a decarbonisation plan for the Company (e.g. by submitting the Company's decarbonisation plan to the Science Based Targets initiative (SBTi), an organisation that aims to help reduce carbon emissions in accordance with the principles of the Paris Agreement, for verification and approval).</li> <li>▪ Reporting favourably on the degree of compliance with the decarbonisation goals for the Company's assets in the short and long term, having agreed to bring the goal of reaching carbon-neutral emissions forward to 2030 (from 2050).</li> <li>▪ Overseeing the implementation of the Company's current three-year plan to reduce its carbon footprint asset by asset (decarbonisation plan).</li> <li>▪ Analysing the progress made in the monitoring of Scope 3 in accordance with global standards (GHG).</li> <li>▪ Monitoring the fulfilment of the quantitative and qualitative ESG criteria set by certain independent agencies (GRESB, CDP, MSCI).</li> <li>▪ Analysing the most significant ESG-related risks.</li> <li>▪ Agreeing to put in place a new real estate market technology platform to improve the Company's ESG data management.</li> <li>▪ Monitoring the development and implementation of an internal control system to enhance the reliability of data relating to non-financial information.</li> </ul>
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**C.2.2** Fill in the following table with the information on the number of female directors sitting on the Board Committees at the end of the last four years:

	Number of female board members							
	2022		2021		2020		2019	
	Number	%	Number	%	Number	%	Number	%
<b>Executive Committee</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Audit and Control Committee</b>	2.	66.67%	2.	50.00%	1	33.33%	1	20.00%
<b>Appointments and Remuneration Committee</b>	2.	40.00%	2.	40.00%	2.	40.00%	1	16.67%
<b>Sustainability Committee</b>	3	60.00%	3	60.00	3	60.00%	N/A	N/A

Observations
On 23 January 2023, the Board of Directors appointed Ms Begoña Orgambide García to the Audit and Control Committee. This means that, from that date, the Audit and Control Committee is composed of 4 directors, three of whom are women and therefore account for 75% of the Committee.

**C.2.3** State any regulation of board committees, the location at which they are available for consultation, and any amendments made during the year. Also state whether any voluntary annual reports have been produced on the activities of each committee.

The rules governing the Board committees are set out in the Regulations of the Board of Directors, which are available on the corporate website. In addition, the company has a set of Audit and Control Committee Regulations. As to the annual reports on its activities, reports on the operation, structure and functions of the Audit and Control Committee, the Appointments and Remuneration Committee and the Sustainability Committee have been produced. The said reports will be made available to shareholders, together with any other appropriate documentation, on the Company's corporate website when convening the Ordinary General Meeting of Colonial.

## D. RELATED-PARTY TRANSACTIONS AND INTRACOMPANY TRANSACTIONS

- D.1 Explain, if applicable, the procedure and competent bodies for the approval of related-party and intra-group transactions, stating the company's criteria and general internal rules on the obligation for affected shareholders or directors to abstain and providing details of the internal reporting and periodic control procedures stipulated by the company for related-party transactions whose approval has been delegated by the Board of Directors.

In accordance with the Regulations of the Board of Directors (Art. 17) "1. Transactions concluded between the Company or Group companies on the one hand, and directors, shareholders holding at least 10% of the voting rights in the Company or who are represented on its Board of Directors, or any other persons that must be considered related parties under international accounting standards on the other, shall be considered related-party transactions (the "Related-Party Transactions"). By way of exception to the previous paragraph, the following will not be considered Related-Party Transactions: (i) transactions carried out between the Company and its fully owned subsidiaries, either directly or indirectly; (ii) the Board of Directors' approval of the terms and conditions of contracts to be concluded with Directors who are to carry out executive functions, including, if applicable, the CEO or senior officers; as well as the establishment by the Board of the specific amounts or remuneration to be paid under such contracts; and (iii) transactions carried out by the Company with its subsidiaries or investee companies, provided that no other party related to the Company has holdings in such subsidiaries or investee companies. 2. Responsibility for approving Related-Party Transactions for an amount or value of 10% or more of the total asset items in the most recent annual balance sheet approved by the Company shall lie with the General Meeting of Shareholders. In such case, the affected shareholder shall lose the right to vote unless the motion has been approved by the Board of Directors without the opposing vote of the majority of the independent Directors. All other Related-Party Transactions shall be approved by the Board of Directors, who may not delegate this power except in relation to Related-Party Transactions: (i) concluded with Group companies in the Company's ordinary course of business and under market conditions, or (ii) concluded under contracts with standard terms that are applied en masse to a large number of clients, at rates or prices established for general application by the party acting as supplier or provider of the goods or services in question, for an amount that does not exceed 0.5% of the Company's net turnover. The affected directors or the directors representing or related to the affected shareholders must refrain from taking part in the deliberation and voting for the relevant resolution, as provided by law. 3. The Audit and Control Committee must issue a report prior to the approval of a Related-Party Transaction by the General Meeting or the Board of Directors. In this report, the Committee must assess whether the transaction is fair and reasonable from the Company's point of view and, if applicable, from that of its shareholders other than the related party. It must also report on the budgets on which the transaction is based and on the methods used. Directors who are members of the Audit and Control Committee and are affected by the Related-Party Transaction may not be involved in the preparation of the report. The said report will not be mandatory in relation to Related-Party Transactions whose approval has been delegated by the Board of Directors in those cases permitted by law. In such cases, the Board of Directors itself shall establish a periodic internal reporting and control procedure to verify that the transactions are fair and transparent and, where appropriate, that the applicable legal criteria are being complied with (...)"

**D.2** Provide details of each individual transaction that is either significant due to its amount or relevant due to its subject matter concluded between the company or its subsidiaries and shareholders holding at least 10 % of the voting rights or with representation on the company's Board of Directors, indicating the competent body for its approval and specifying whether any affected director or shareholder abstained from voting. If the competent body was the General Meeting, state whether the proposed resolution was approved by the Board without the majority of independent Directors voting against it:

Name or company name of the shareholder or any of its subsidiaries	Stake %	Name or company name of the company or subsidiary	Nature of the relationship	Type of transaction and other information required for its assessment	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained from voting	The proposal to the General Meeting, if applicable, was approved by the Board of Directors without the majority of independent Directors voting against it
No data								

<b>Observations</b>

**D.3** Provide details of each individual transaction that is either significant due to its amount or relevant due to its subject matter concluded between the company or its subsidiaries and the company's directors or officers, including transactions concluded with companies that are controlled or jointly controlled by the director or officer, indicating the competent body for its approval and specifying whether any affected director or shareholder abstained from voting. If the competent body was the General Meeting, state whether the proposed resolution was approved by the Board without the majority of independent Directors voting against it:

Name or company name of the director or officers or their controlled or jointly controlled companies	Name or company name of the company or subsidiary	Link	Nature of the transaction and other information required for its assessment	Amount (thousands of euros)	Approving body	Identification of the shareholder or director who abstained from voting	The proposal to the General Meeting, if applicable, was approved by the Board of Directors without the majority of independent Directors voting against it
No data							

<b>Observations</b>

- D.4** Provide a breakdown of any intra-group transactions that are either significant due to their amount or relevant due to their subject matter concluded between the Company and its parent company or other companies in the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has a stake in such subsidiaries or they are fully owned, directly or indirectly, by the listed company.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Corporate name of the company in the group	Brief description of the transaction and other information required for its assessment	Amount (thousands of euros)
No data		

Observations

- D.5** Provide details of each individual transaction that is either significant due to its amount or relevant due to its subject matter concluded between the company or its subsidiaries and other related parties that qualify as such under the EU's International Accounting Standards that have not been included in the preceding sections.

Company name of the related party	Brief description of the transaction and other information required for its assessment	Amount (thousands of euros)
No data		

Observations

- D.6** State the mechanisms established to detect, determine and resolve any conflicts of interest between the company and/or the group, directors, officers, significant shareholders or other related parties.

Under the Company Bylaws, directors shall refrain from taking part in discussions or voting on any resolutions or decisions in which the directors or any persons who are related parties may have a direct or indirect conflict of interests. The votes of the directors who must abstain due to being affected by such conflict shall be deducted for the purposes of calculating the necessary majority of votes. Excluded from the foregoing obligation to abstain are the resolutions or decisions affecting their administrator status, such as their appointment or removal for offices in the administrative body or others of analogous implications. Board Regulations also stipulate that the duty of loyalty requires that directors refrain from taking part in discussions or voting on any resolutions or decisions in which the directors or any persons who are related parties may have a direct or indirect conflict of interests. Furthermore, directors should take all necessary measures to avoid situations where their interests, on their own behalf or otherwise, may be in conflict with the corporate interests and with their duties to the Company. In particular, directors should refrain from: a) entering into transactions with the Company, unless these are ordinary operations under the standard conditions applied to customers and of scarce relevance; in other words, operations whose information is not required to produce an image of the shareholder's equity, the financial statements or the Company's results; b) using the Company's name or relying on their appointment as directors to wrongfully influence private operations; c) making use of corporate assets, including the Company's confidential information, for personal purposes; d) benefiting from the Company's business opportunities; e) gaining advantages or compensation from third parties other than the Company and its Group, on account of the performance of their role, save when these are given as mere gifts or business courtesies; f) carrying out activities, on their own behalf or otherwise, that would be in actual, effective or potential competition with the Company or that would in any other way be in constant conflict with the Company's interests. The foregoing shall also be applicable if the beneficiary of the actions or prohibited activities is a person related to the director, as per the applicable legal definition. Any conflicts of interest in which directors are involved shall be reported in the notes to the financial statements and in the Annual Corporate Governance Report. The authorisation must be approved by the General Meeting if its purpose is to waive the prohibition on obtaining an advantage or remuneration from third parties or if it affects a transaction whose value is greater than 10 % of the Company's

assets. In all other cases, it may be granted by the Board of Directors provided that the members that grant it remain independent from the director who has been excused. It is also necessary to ensure that the shareholders' equity remains unharmed by the authorised transaction or that, if appropriate, it is carried out at arms' length and transparently. The Company must also ensure that the authorised transaction does not harm its assets and liabilities and, where applicable, ensure it is carried out under market conditions and that the process is transparent. The General Meeting shall grant dispensation through an express and separate resolution.

**D.7** Indicate whether the company is controlled by another listed or unlisted company, as described in Art. 42 of the Spanish Commercial Code and has, directly or through its subsidiaries, business relations with this company or one of its subsidiaries (other than the listed company) or carries out activities related to any of them.

Yes [ ]

No [X]


## **E. RISK MANAGEMENT AND CONTROL SYSTEMS**

**E.1** Describe the financial and non-financial Risk Management and Control System in place at the company, including in relation to tax risks.

Colonial aims to create sustainable value by optimising the relation between the profitability and the risk of its business activity, which contributes towards strengthening its leadership in the sector and consolidating its position in the long term. Risk management is a key aspect of Colonial's organisational culture and, for this reason, the Company has developed a Risk Management and Control System (hereinafter "RMCS"), which establishes certain bases to efficiently and effectively manage risk throughout the organisation, including tax risks.

In order to meet these corporate objectives, the risks to which Colonial is exposed are identified, analysed, assessed, managed, controlled and updated. In order to maintain an effective and updated RMCS, Colonial prepares a corporate risk map, which identifies the main risks affecting the Group, and evaluates them in terms of impact and likelihood of occurrence. This map is periodically reviewed and updated every year, with the aim of having an integrated and dynamic risk management tool that evolves along with the changes in the environment in which the company operates and the changes in the organisation itself. Also, Colonial's RMCS establishes monitoring activities by the owners of risk (area managers) by updating the records of the risks in order to verify the effectiveness of the controls in place.

The Internal Audit function analyses the corporate risk map and proposes which processes, risks and controls should be reviewed each year in the Internal Audit Plan.

**E.2** Identify the bodies responsible for preparing and implementing the financial and non-financial Risk Management and Control System, including tax risks.

The Board of Directors is responsible for determining the Company's risk management and control policy, including tax risks, identifying its main risks, and implementing and supervising the internal reporting and control systems in order to ensure the future viability and competitiveness of the Company, adopting the decisions best suited to its implementation. The Audit and Control Committee (ACC) assists the Board of Directors in managing this policy. The ACC performs, inter alia, the following functions relating to risk control and management:

- Submitting a report on risk policy and management for approval by the Board.
- Conducting a regular review of risk control and management systems, in such a way that the main risks are identified, managed and notified properly.
- Overseeing the preparation, completeness and filing of regulated public information (financial and non-financial).

In addition, the Company has set up a Regulatory Compliance Division (RCD) and Internal Audit Unit to reinforce this objective. The RCD is responsible for ensuring compliance with any laws and regulations that may affect the Company, and the internal audit function carries out the necessary supervision tasks set forth in the annual plans to assess the efficiency

of the risk management and control procedures implemented to minimise risks.

The main responsibilities assigned in relation to the RMCS correspond to the Board of Directors, the Audit and Control Committee and the Internal Audit unit. The RMCS also explicitly sets out the responsibilities of senior management, operational managers and owners of the risks in relation to risk management.

**E.3 Specify the main financial and non-financial risks (including tax risks) and, when significant, those derived from corruption (as described in Spanish Royal Decree 18/2017) that may jeopardise the business targets.**

In accordance with adequate risk control and management, in order to avoid possible situations of corruption, bribery or fraudulent actions, Colonial has approved different policies that establish mechanisms and controls to prevent such situations from occurring. Furthermore, for the proper implementation of these policies and other control mechanisms, the Company divides the different types of risks to which the Group is exposed into two main areas based on their origin:

- ✓ **External risks:** Risks related to the environment in which Colonial carries out its activity and that influence and determine the Company's operations.
- ✓ **Internal risks:** Risks arising from the Company's own activity and that of its management team.

The main external risks faced by Colonial in achieving its targets include:

- Economic risks arising from the geopolitical and macroeconomic situation of the countries in which it operates and from changes to investors' own expectations.
- Market risks arising from the transformation of the sector and the business model itself, the greater complexity involved in implementing the investment/divestment strategy, and the fluctuation of the real estate market with an impact on real estate asset valuation.
- Financial risks related to restrictions in the capital markets, interest rate fluctuations, the impact of changes in tax legislation and client portfolio management.
- Environmental risks, such as those relating to crisis management, those derived from more stringent ESG regulation and demands, and mainly those related to the physical and transition risks caused by climate change with consequences on the Group's activities.

The main internal risks faced by Colonial in achieving its targets include:

- Strategic risks relating to the Group's size and diversification, the composition of the asset portfolio, and the strategy in the co-working market.
- Various operational risks related to lease management, the development of projects in time and within cost parameters, the management of the level of debt and loss of the current credit rating, cyberattacks or failures in information systems, as well as those inherent in the management of the organisational structure and talent.
- Risks arising from compliance with all the regulations and contractual obligations applicable to it, including tax risks concerning the loss of Colonial's SOCIMI status or its French affiliate Société Foncière Lyonnaise's loss of its real estate investment trust (SIIC) status.

**E.4 State whether the company has risk tolerance levels, including tax risks.**

In accordance with the framework defined in the SCGR, Colonial analyses and assesses the Group's risk level and exposure to the various risks identified in accordance with changes in its environment, in order to achieve its goals, carry out the defined strategy and preserve the Group's value.

Operating management of the risk model at Colonial has been structured into a corporate risk map, which is the tool that graphically represents the assessment of risks according to their impact, their effect on Colonial measured in economic terms, and their probability, potential occurrence of the risk event over time.

In this regard, the Company assesses risk from two angles: inherent risk, which is understood to be that to which the Company is exposed in the absence of any mitigating action/controls; and residual risk, which is understood to be the risk remaining after the corresponding prevention and control measures have been taken. As a result, a classification of risks is obtained, although the company's policy is to adequately monitor each of the risks.

**E.5 Identify any financial and non-financial risks, including tax risks, which have occurred during the year.**

The risks inherent in the Colonial Group's business model and the various activities carried out by it may materialise over the course of each year. The main risks that materialised this year were:

During 2022, when the effects of the pandemic were starting to stabilise, the outbreak and prolonged continuation of the Russia-Ukraine war led to high economic uncertainty worldwide, particularly in Europe. The real estate cycle fluctuation risk has been seriously affected by this geopolitical and macroeconomic situation, particularly from the second half of the year, due to the historic interest rate rise aimed at controlling the high inflation that has been one of the main features of 2022. Furthermore, and in view of this situation, carrying out divestments of non-strategic assets, as well as investment operations in new assets with an attractive yield, has remained very difficult this year, as the investment market's strategies in the sector have frozen.

As a result of this marked interest rate rise, and due to the uncertainty regarding the possibility of an economic recession, managing debt levels continued to be a priority during the year in order to improve loan-to-value ratios and strengthen the Company's financial structure for the coming year and increase its investment capacity for any opportunities that may arise in the sector.

Furthermore, the rise in the prices of raw materials, fuel and supplies has had a significant impact, both worldwide and on the real estate sector, particularly on the performance and development of the Group's construction projects.

The physical and transition risks linked to climate change have led to the implementation of policies and strategies in this field, with specific actions aimed at improving the quality of properties and the measurement of their energy consumption levels, as well as the optimisation of their environmental impact. The adaptation to the various stakeholders' increasing non-financial reporting requirements has resulted in a review of the extent to which these are complied with and of the design and implementation of control systems to respond to this increasingly demanding environment in accordance with the Group's commitment and compliance in this regard.

Finally, the usual regulatory risks increased significantly, specifically in the field of ESG, due to the uncertainty resulting from the possible impact of the European taxonomy.

In view of this complex situation, the Group reviewed and monitored the progress of these risks and found that it is very resilient, particularly in relation to strategic, operational and financial matters, and that its control systems work well, enabling it to manage and mitigate these risks appropriately, guarantee operations and preserve the Group's value.

**E.6** Explain any response and supervision plans in place for the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the Board of Directors can respond to coming challenges.

The risk management model implemented sets out the response and monitoring plans for the main risks based on an assessment thereof. The corporate risk map has a dynamic focus and is therefore reviewed annually in order to monitor the evolution of the risks affecting the Group and the action plans defined and implemented by each area, with the necessary controls put in place to mitigate each of the risks owned by them. The results of this analysis are reviewed by the Audit and Control Committee, which in turn reports to the Board of Directors, as well as any significant variation in the risks that form part of this risk map. Risks are classified into four levels according to their impact and probability, ranging from the most to the least serious, and are then placed in one of the following categories according to the organisation's response to each:

- **Avoid:** This entails abandoning activities that generate risks where no response has been identified that could reduce their impact and/or likelihood to an acceptable level.
- **Reduce:** This entails taking action to reduce the likelihood and/or impact of the risk, thereby reducing the residual risk to the desired level.
- **Share:** The likelihood or impact of a risk is reduced by transferring or sharing part of the risk to reduce the residual risk to the desired level.
- **Accept:** No action is taken which may affect the likelihood or impact of the risk, as the residual risk is already at the desired level.

The owners of each risk are responsible for preparing the records of risks in order to report the treatment established to mitigate and/or maintain the level of risk at the threshold accepted by the Company. Risk records state: (i) the objective pursued by the action plan, (ii) description of the course of action, (iii) the owner of the risk, (iv) the cutoff date for taking action, (v) details of the action to be taken with those responsible for implementation, and start and finish dates.

Internal audit supervises the response plans that are the responsibility of the risk owners.

## **F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS IN RELATION TO INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)**

Describe the mechanisms that comprise the risk control and management systems in relation to internal control over financial reporting (ICFR) at your company.

#### F.1 The company's control environment

Provide information, stating the main features, on at least the following:

##### F.1.1 The bodies and/or functions responsible for (i) the existence and maintenance of a suitable and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Board of Directors, as stipulated in the Regulations, is ultimately responsible for the existence and updating of a suitable and effective ICFR system.

Specifically, Article 5 of the Board Regulations ("*General Functions and Competences*") stipulates, *inter alia*, the following functions:

1. Establishing the Company's general policies and strategies, approving the investment and financing policy, the strategic or business plan, the annual management targets and budgets, and the treasury share policy, as well as establishing the corporate governance policy of the Company and the Group in the dividend policy. The Board of Directors shall also establish the Company's risk management and control policy, including tax risks, identifying its main risks, and implementing and overseeing the internal reporting and control systems to ensure the future viability and competitiveness of the Company, adopting the best decisions for optimal performance.

To this end, Colonial has published an Internal Risk Management and Control Manual for its ICFR system, approved by the ACC, setting out in detail the method for establishing the materiality of risks, as well as the method for documenting, classifying and assessing risks and associated control activities.

2. Approval of the financial information that all listed companies must periodically disclose.
3. Monitoring the effective functioning of the Committees created by the Board and the performance of the delegated bodies and officers designated by the Board.
4. Approve and amend Board Regulations.

The ICFR Organisation and Supervision Model, approved by the ACC, establishes the mechanism that the Board of Directors, and by delegation, the ACC, deems appropriate and sufficient to guarantee the completeness, reliability, correct presentation and validity of Colonial's financial information.

Without prejudice to the other functions attributed by law, Article 32 of the Regulations of the Board of Directors states that at least the following functions must be performed by the ACC. In particular, the ACC is tasked with the following functions, among others, regarding the ICFR organisational model:

1. Submit to the Board for approval a report on the control and risk management policy identifying at least: (i) types of financial and non-financial risks faced by the Company, including financial and economic risks, contingent liabilities and other risks not appearing on balance sheets; (ii) a risk control and management model based on different levels, which will include a specialised risk committee whenever sectoral rules provide for it or when the Company deems it appropriate; (iii) the risk level that the Company considers acceptable; (iv) the measures planned to mitigate the impact of identified risks, should they materialise; and (v) the information and internal control systems to be used to control and manage the above-mentioned risks, including contingent liabilities and off-balance sheet risks.
2. Supervise the process of preparing and presenting the required financial information and present recommendations or proposals to the Board of Directors, directed to protecting its integrity.
3. In relation to the information and internal control systems: (i) supervise the preparation process and the integrity of financial information on the Company and, where applicable, on the Group, review compliance with the regulatory requirements, the proper delimitation of its scope of consolidation and the correct application of accounting principles; (ii) ensure the independence and effectiveness of the internal audit processes, propose the election, appointment, re-election and removal of the head of the internal audit unit in addition to proposing the budget for this unit, approve both its orientation and operating plans, ensure that the activity is focused mainly on the risks that are relevant to the Company, receive regular information on activities and verify that senior management takes account of the conclusions and recommendations of reports; and (iii) generally ensure that the internal control systems and policies in place are effectively applied in practice. In addition, the Audit and Control Committee may establish and monitor a mechanism to report any potentially significant irregularities regarding finance, accounting, or any other areas related to the Company that may come to its attention within

the Company or the Group. This mechanism must ensure confidentiality and, in any case, provide for cases in which the reporting can be made anonymously, respecting the rights of the whistleblower and the reported party.

4. Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit; and regularly collecting information from the accounts auditor on the audit plan and its execution.
5. Inform the Board of Directors of all matters established by law, the Company Bylaws and Board regulations beforehand, in particular regarding:
  - a) The financial information that the Company must make public on a periodic basis.

Minutes shall be taken of all Committee meetings and made available to all board members.

Lastly, the Internal Audit function is responsible for drawing up the annual Internal Audit Plan and submitting it to the ACC. Such plan includes all the evidence required to prove compliance with the manuals, procedures and policies related to the ICFR. The internal auditor shall carry out these tests and report on the conclusions to the ACC, including any internal control weaknesses identified, recommendations for improvement and the general conclusions of the annual audit plan which specifically includes, among others, those related to the ICFR system.

#### **F.1.2** Whether the following exist, especially in connection with the financial reporting process:

- Departments and/or mechanisms tasked with: (i) devising and reviewing the organisational structure; (ii) clearly defining the boundaries of responsibility and authority, with proper distribution of tasks and functions; and (iii) ensuring that sufficient procedures are in place to spread awareness of this throughout the company.

Responsibility for developing Colonial's ICFR organisational model lies with the Internal Audit Department and the Financial Department, as these two departments are most involved in drawing up and subsequently supervising the financial information to be reported.

Nevertheless, all Departments involved to a lesser or greater extent in preparing the financial information must also take responsibility for correctly carrying out the tasks, processes and controls they are involved in.

The organisational model of Colonial's ICFR system is structured as follows:

- (a) Establishment of a general environment of appropriate control, setting out the main standards for the performance of the ICFR and senior-level roles and responsibilities.
- (b) Identification of major risk events, which may materially affect financial information if they were to materialise.
- (c) For risks identified in the relevant processes, specific mitigating controls are implemented to reduce these risks down to acceptable levels. The operational Departments concerned are responsible for adequately implementing these procedures.
- (d) The Financial Department is responsible for maintaining documentation on Colonial's accounting policies and manuals and keeping it up to date as well as preserving an environment that ensures general controls over the IT systems.
- (e) Lastly, Internal Audit and ACC are responsible for overseeing ICFR in order to ensure its operational efficiency.

- Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record-keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The Company's Board of Directors approved Colonial's Code of Ethics on 28 September 2011. This Code of Ethics reiterates Colonial's commitment to the principles of corporate ethics and transparency, and establishes a series of basic principles to which all Colonial personnel, partners and suppliers must adhere at all times, as their behaviour may affect Colonial's reputation.

Specifically, and with regard to financial information, Article 6.5 of the Code establishes the following:

"Colonial undertakes, as a guiding principle for its corporate behaviour with shareholders, investors, analysts and the market in general, to disclose true and complete information providing a true and fair view of the Company and the Group, its corporate activities and its business strategies.

This information shall always be disclosed in accordance with regulations and within the timeframes established by prevailing

legislation. Corporate action and the strategic decisions of Colonial are focused on creating value for its shareholders, transparency in its management, the adoption of best corporate governance practices at its companies and the strict compliance with prevailing regulations in this matter.”

The internal and external dissemination of the Code of Ethics is the responsibility of Colonial's Regulatory Compliance Unit, which reports to the ACC. This dissemination has been carried out in due compliance with applicable regulations, with receipt and knowledge by each and every Colonial employee assured.

The Regulatory Compliance Unit is responsible for compiling any irregularities or breaches of the Code, and informing the Human Resources department to take the necessary disciplinary action based on the fines and sanctions detailed in the collective bargaining agreement or employment legislation applicable.

The ACC is responsible for assessing the degree of compliance with the Code and preparing an annual report based on its findings.

The Board of Directors is responsible for reviewing and updating the Code of Ethics based on the report drawn up by the ACC.

- Whistleblowing channel to report any financial and accounting irregularities to the audit committee, in addition to any breaches of the code of conduct and irregular activities within the organisation, informing, where appropriate, whether it is confidential and whether it allows for anonymous communications while respecting the rights of the whistleblower and the reported party.

Under Article 32 of Colonial’s Board Regulations, the ACC is responsible, inter alia, for:

“In relation to information systems and internal control: ... (iv) for establishing and supervising a method that allows employees to make confidential and, if possible and appropriate, anonymous, statements on any irregularities, especially financial and accounting irregularities, that may potentially be important to the company.”

As noted in the preceding point, the Regulatory Compliance Division, which reports to the ACC, is responsible for managing any irregularities or breaches of the regulations, and specifically, of Colonial’s Code of Ethics.

To this end, Colonial has a whistleblower channel available through its website that enables employees, collaborators, directors, shareholders, suppliers, contractors and subcontractors to report any irregularities and cases of non-compliance identified in the organisation. It is presently in full and efficient operation. Colonial has informed all employees about this channel and provided them with training on how to use it.

This channel is managed by the Regulatory Compliance Division and is regularly reviewed to guarantee its confidentiality and compliance with the regulations applicable.

- Training programmes and regular refresher courses for personnel involved in the preparation and review of financial information and the assessment of ICFR, covering at least accounting standards, auditing, internal control and risk management.

Colonial has a Training Plan covering all business areas according to the specific needs of each. However, the functional business areas themselves, under the coordination and supervision of the Human Resources department, are responsible for devising and proposing specific training plans for their areas.

For staff involved in preparing and reviewing financial information, training is structured around attending events concerning regulatory updates of financial, accounting and tax regulations, as well as receiving, distributing and analysing documentation from external advisors regarding regulatory developments.

The Regulatory Compliance Unit also provides regular training on the prevention of criminal risks in order to keep the company’s personnel up to date with prevention systems in this area. In addition, the Regulatory Compliance Unit, together with the functional areas, is responsible for identifying and distributing regulatory developments that affect Colonial, so that these can be analysed and implemented.

In the event of any regulatory changes of special relevance to Colonial’s financial, accounting or tax departments, the Operations-Finance Department proposes the need for specific training to address these changes.

Also, personnel from the Internal Audit Department attended thematic courses and forums outside the Company related to the evaluation of certain internal control and risk management aspects.

## F.2 Assessment of risks in relation to financial information

Report, at least, on:

**F.2.1** The main characteristics of the process for identification of risks, including the risk of error or fraud, as follows:

- Whether the process exists and is documented.

Colonial has a Risk Management and Control System (RMCS), as indicated in section E.1 of this report.

The ACC is in charge of monitoring and controlling risks as delegated by the Company's Board of Directors. To this end, the managers of the various operating units cooperate in identifying and correcting risks by applying the RMCS, as indicated in sections F.1.1 and F.1.2 of this report.

Colonial's ICFR Organisational and Monitoring Model, as well as its ICFR Internal Control and Risk Management Manual, which aim to ensure the preparation and issuance of reliable financial information, are aligned with and form part of Colonial's general risk policy, the RMCS, which have been approved by the ACC.

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

The ICFR Internal Control and Risk Management Manual provides for the following seven types of risk:

1) Integrity: Transactions, events, assets, liabilities or equity interests that are "not" identified and, consequently, are "not" included in the Company's accounting records. Data entries "not" captured in the ledgers or rejected data entries. Disclosures "not" identified and, consequently, "not" included in the notes to the financial statements or deliberately omitted.

2) Existence: Transactions "not" authorised that are entered into the company's accounting software. Duplicated transactions. Erroneous adjustments in ledgers.

3) Disclosures and comparability: Disclosures "not" identified and, consequently, "not" included in the notes to the financial statements or deliberately omitted. Transactions that have not been recorded consistently over time.

4) Rights and obligations: Incorrect determination of the ability to control the rights arising from an asset or a contract/agreement. Correct determination of the obligations arising from a liability or a contract/agreement.

5) Measurement: Incorrect determination of the value of an asset, liability, income or expense, and which could generate the recording of adjustments in the determination of market values, amortised values, value in use or due to a depreciation error, as well as adjustments made and not properly justified.

6) Classification: incorrect presentation of economic transactions in the financial statements (assets vs liabilities, income vs expenses, current vs non-current, etc.).

7) Transaction cutoff date: incorrect recording of transactions in the accounting period.

Colonial's ICFR Internal Control and Risk Management Manual is periodically revised and updated by Internal Audit and the Operations-Finance Departments, at the proposal of either of these, also taking into account the suggestions and proposals of Internal Audit arising from its reviews. The ACC must approve any revision or amendments to the Manual, while Internal Audit and the Finance Department must be notified and review them in advance.

- The existence of a process to identify the scope of the consolidated group, considering aspects such as the possibility of complex corporate structures or special-purpose vehicles.

Colonial's Board Regulations and, specifically the section regarding the responsibilities of the ACC, stipulate that the responsibilities of the Committee include, among others:

"In relation to information systems and internal control: (i) to supervise the preparation process and completeness of financial information on the Company and, where applicable, the Group, reviewing compliance with regulatory requirements, the composition of the consolidated group and the correct application of accounting criteria ..."

In this regard, Colonial has a consolidation process that stipulates, as a basic procedure, the determination of the Group's scope of consolidation at the end of every reporting period.

This procedure is implemented by the Accounting, Consolidation and Tax Department, which reports to the Financial Department and the ACC is informed when the scope of consolidation varies.

- Whether the process takes account of other types of risks (operational, technology, financial, legal, tax, reputational, environmental risk etc.), which may affect the financial statements.

As described in the first item of section F.2.1, the basic function of the ACC, as delegated by the Company's Board of Directors, is to monitor and control risks supported by the work done by the executives of each operating unit, which help identify and correct them.

Colonial's ICFR Organisation and Supervision Model, as well as its Internal Control and Risk Management Manual, are aligned with and form part of Colonial's general risk policy (see section E of this report), and have been approved by the ACC.

In the process of identifying risks involving financial information within the ICFR system, all the areas of risk identified in Colonial's risk map have been considered.

- Which of the entity's governing bodies supervises the process.

Colonial's Board Regulations and, specifically the section regarding the responsibilities of the ACC, stipulate that the responsibilities of the Committee include, among others:

"To directly supervise how the internal control and risk management functions are performed by one of the Company's officers or internal departments that has been expressly assigned the following functions: (i) to ensure the proper functioning of the control and risk management systems and, in particular, that all the important risks that affect the Company are adequately identified, managed and quantified; (ii) to actively participate in the development of a risk strategy and to take part in the important decisions concerning risk management; and (iii) to ensure that the control and risk management systems in place adequately mitigate the risks within the framework of the policy defined by the Board of Directors."

In this regard, the ACC is responsible for approving Colonial's ICFR Internal Control and Risk Management Manual.

As indicated in sections F.1.1 and F.1.2 of this report, the Internal Audit function is responsible for monitoring the ICFR system in order to ensure operational effectiveness. The internal auditor shall carry out these tests and report on the conclusions to the ACC, including any internal control weaknesses identified, recommendations for improvement and the general conclusions of the annual audit plan which specifically includes, among others, those related to the ICFR system.

### F.3 Control activities

Provide information, indicating salient features, if available, on at least the following:

- F.3.1** Procedures to review and authorise financial information and the ICFR system description to be published on the securities markets, stating those responsible, as well as documentation describing the flow of activities and controls (including those relating to fraud risk) for the different kinds of transactions that may have a material impact on the financial statements, including the procedure for the accounting closure and the specific review of relevant judgments, estimates, measurements and projections.

In relation to procedures for reviewing and authorising the financial information and description of ICFR to be disclosed in the securities markets, as mentioned above, the ACC is responsible for supervising the preparation and disclosure to the market of reliable financial information. In this regard, the Committee has approved a manual for disclosure of statutory information that regulates the procedure for preparing and approving this information.

Furthermore, Colonial's ICFR Internal Control and Risk Management Manual establishes the criteria for identifying the relevant public financial information as follows:

- Periodic Public Information (PPI) obligations of issuers:
  - Quarterly Financial Report.
  - Half-yearly Financial Report.
  - Annual Financial Report and Annual Corporate Governance Report (ACGR).
- Annual Report on the Remuneration of Directors (IAR).
- Registration document
- Other relevant information.

These include an internal control questionnaire that must be completed involving the Operations-Finance Department, the

Corporate Development and Management Control Department, both of which report to the General-Corporate Department, through the Legal Advisory Department and, depending on the type of information, ending with the CEO, Board of Directors or the General Meeting of Shareholders itself.

In terms of the documentation describing activity flows and controls (including those relating to the risk of fraud) of the various types of transaction that may materially affect the financial statements, Colonial has an ICFR Organisational and Monitoring Model approved by the ACC that structures the specific mechanisms provided to keep an internal control that fosters full, reliable and relevant financial information and predicts the likelihood of irregularities and the ways to detect and repair them.

The Organisational Model of Colonial's ICFR system is based on two distinct areas:

- a) The general control environment, where the main guidelines of operation of the ICFR and high-level roles and responsibilities are developed.
- b) Specific ICFR controls, where the operating procedures relating to the preparation of financial information are developed.

In addition, Colonial has an ICFR Internal Control and Risk Management Manual that sets out the specific controls established with regard to the risks relating to financial information and formal documentation, whereas the Organisational Model contains high-level methods and controls.

Once the relevant financial information has been determined, the cycles and business processes are identified, which, in both preparation and issue, may have a material impact on the information. Once the processes have been identified, the relevant functional areas and internal auditing then identify the implicit risks of the processes and the corresponding controls. These processes, risks and controls are formally documented so they can be correctly carried out and monitored.

The Company ensures that the identified risks are consistent with the corporate risk model.

The scope of the processes selected ensures that compliance with them results in complete and reliable financial information.

The Financial Department and Internal Audit are jointly responsible for identifying the ICFR processes, risks and relevant controls, which are then approved by the ACC. In this process, the Company has specifically considered the potential risk of fraud and has control activities in place to prevent this risk.

The key processes identified at Colonial relating to the ICFR system are:

- a) Closing of accounts, including the process of judgements, estimates, measurements and projections.
- b) Consolidation and reporting of subsidiaries.
- c) Revenue recognition.
- d) Asset valuation (determination of the fair value of investment property).
- e) Cash, debt and derivatives.
- f) Taxes and levies.
- g) Reporting systems, including the collection and preparation mechanisms for supporting the financial information to be issued.
- h) Investments and asset acquisitions.
- i) Purchases of goods and services.
- j) Human resources.

All key processes are documented and updated annually to include any potential changes. The key processes at Colonial that have a significant influence on the preparation of financial information are documented through the following:

- a) Flow charts of the processes' activities.
- b) Descriptions of the processes, risks and controls in place.
- c) Risk and control matrices.

The ICFR Internal Control and Risk Management Manual is an internal regulation that is mandatory. It is, therefore, essential that all functions/departments involved monitor all the procedures established and the controls in place to ensure the reliability of Colonial's financial information. The most senior-ranking employee in each of the departments involved in the procedures documented in the internal control model is responsible for ensuring that the processes and controls are correctly applied and documented for each accounting period.

For this purpose, Colonial has software to monitor the responses to the controls defined for the key processes in each accounting period. Internal audit monitors and supervises compliance with these controls.

Any transactions with a substantial weight of critical judgements, estimates, measurements and projections are specifically monitored, as is the case with real estate asset valuations.

**F.3.2** Internal control policies and procedures for the IT systems (including access security, tracking of changes, system operation, continuity and separation of duties) that support the key Company processes involved in the preparation and publication of financial information.

The Systems function is in charge of Colonial's corporate computer systems. This department reports to the Financial Department, which, in turn, reports to the General-Corporate Department.

At present, the operation and maintenance of Colonial's corporate IT systems supporting financial reporting are outsourced, which means that Colonial's head of Systems manages the key aspects related to physical security, continuity and operation of the systems with the external supplier.

Furthermore, the head of IT systems at Colonial is responsible for establishing the IT internal control model regarding secure access, segregation of duties (in coordination with the operating business and support areas) and control of changes, as well as carrying out risk monitoring and control activities arising from the outsourcing of the IT systems.

All Spanish Colonial Group companies operate under one transactional system, SAP. The information systems of the French Group SFL are not fully integrated with Colonial, and information is therefore exchanged by importing data as files.

Colonial's IT internal control model includes, among others, the following key processes:

- a) Physical security of equipment and data processing centres (in coordination with the external provider).
- b) Logical security of the applications (in coordination with the external supplier).
- c) Monitoring of Service Level Agreements (SLAs) and Service Level Objectives (SLOs) with external suppliers.
- d) Project management, rollouts, developments and upgrades of current systems.
- e) Management of operations.
- f) Management of infrastructure and communications.
- g) Management of back-up and recovery systems (in coordination with the external supplier).
- h) Management of users, profiles and accesses.
- i) Management of the audits of the IT systems.

**F.3.3** Internal control policies and procedures designed to supervise the management of third party subcontracted activities, in addition to any evaluation, calculation or appraisal tasks entrusted to independent experts that may have a material impact on the financial statements.

As described in section F.3.1, Colonial has identified the key processes that may materially affect its financial information. Among the criteria used to identify these processes, the Company has considered criteria for activities with a high level of third-party involvement and also, those that are fully outsourced.

In this regard, the relevant processes involving significant third-party participation are as follows:

- a) Valuation of real estate assets: determination of fair value.
- b) Financial hedging instruments: effectiveness tests and obtainment of the fair value.
- c) IT systems: maintenance and operation.

All processes with substantial third-party involvement have been documented, identifying the risks and controls implemented. The functional areas involved in the various processes are responsible for monitoring them and for implementing the appropriate controls.

**F.4 Information and reporting**

Provide information, indicating salient features, if available, on at least the following:

**F.4.1** A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the Company's operating

units.

Colonial's ICFR Organisational and Monitoring Model, which has been approved by the ACC, stipulates that the Financial Department is responsible for maintaining documentary records of Colonial's accounting policies, which entails resolving queries or settling disputes over their application.

Colonial has a Group Accounting Policies Manual, which has been approved by the ACC, and which must be adhered to by all Group companies. The Financial Department is responsible for preparing and maintaining this manual.

**F.4.2 Mechanisms to collect and prepare the financial information with consistent formats, to be implemented and used by all units in the Company or group, supporting the main financial statements and the notes, in addition to any information provided on the ICFR.**

Colonial has ensured greater control and security in the process of gathering and preparing financial information by implementing a computer tool to facilitate the financial consolidation and financial and operating budget planning of the Group.

The Group Accounting Policies Manual establishes a chart of accounts and templates of financial statements that all Group companies must follow. These are set up in the tool, thereby guaranteeing the uniformity of the financial information.

The preparation of statutory financial information, as well as the individual financial statements of Colonial's national companies, is coordinated centrally by Colonial's Finance Department and Corporate Development and Management Control Department, thereby guaranteeing uniformity.

A significant portion of the details required to prepare this financial information is obtained directly from the IT tool, since it has been customised to do so. For those cases where certain information must be prepared without this tool, Colonial has control mechanisms in place to ensure its completeness and reliability, as well as a physical archive of the information in an internal repository with access limited to the staff involved in preparing the financial information.

In addition, Colonial uses the IT tool Archer to monitor the information specific to ICFR management relating to compliance with the controls established for the key procedures defined by the Company for the ICFR systems. Internal audit monitors and supervises the operation of this tool.

**F.5 Supervision of system operation**

Provide information, stating the main features, on at least:

**F.5.1 ICFR supervisory activities conducted by the Audit Committee, as well as whether the Company has an internal audit department whose competences include supporting the committee in its oversight of the internal control system, including ICFR. State also whether the Company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.**

The main activities carried out by the ACC in relation to the ICFR system in 2022 consisted of approving the Internal Audit Plan for 2022, which includes monitoring ICFR and being apprised of the degree of implementation, compliance and effectiveness in relation to it.

In order to learn about the internal control weaknesses detected in the performance of the external auditors' work, as well as relevant aspects or incidents, the ACC has held meetings with the Company's external auditors.

Lastly, the ACC has performed the following main activities relating to the financial information:

1. Review of the public financial information disclosed to the markets.
2. Analysis of the consistency of the accounting policies used as well as an analysis of the observations and recommendations received from the external auditors.
3. Review of the management report.
4. Review of the information contained in the half-yearly financial statements concerning related-party transactions.
5. Monitoring the effectiveness of relevant processes, risks and controls related to internal control systems and IFRS.

Regarding the internal audit function, Colonial's Regulations of the Board of Directors, and, specifically the section regarding the responsibilities of the ACC, stipulate that the responsibilities of the Committee include, among others:

“Regarding the information and internal control systems: [...] (iii) monitor the independence and efficacy of the internal audit function, proposing the selection, appointment, and removal of the head of internal audit, in addition to proposing the department’s budget; [...]; receiving regular reports on its activities, and verifying that senior management is acting on the findings and recommendations of its reports”.

In July 2009, the ACC approved Colonial’s internal audit regulations. The main responsibilities of this function include periodically verifying the degree of application of the approved policies and procedures that comprise the internal control system, offering suggestions for improvement.

The ACC has already approved the Internal Audit Plan for 2023, which includes the necessary actions for the monitoring and assessment of the internal control procedures and the performance of one-off tasks to verify the operational effectiveness of Colonial’s ICFR, with regular reporting of any issues detected and necessary improvement actions and their potential impact on financial information, after checking with the audited areas.

**F.5.2** Whether the Company has a discussion procedure whereby the accounts auditor (in accordance with what is set forth in the NTAs), the Internal Audit staff and other experts are able to inform senior management and the Audit Committee or Company directors of any significant weaknesses in internal control identified during the processes of review of annual financial statements or any others entrusted to them. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Article 8 of Colonial’s Board Regulations provides as follows:

“Relations between the Board of Directors and the external auditor shall be conducted through the Audit and Control Committee.”

In this regard, Article 32 of the Board Regulations governs the functioning of the ACC and, inter alia, establishes the following functions:

1. Serve as a channel of communication between the Board of Directors and the Company’s external auditor, assessing the results of each audit, and in this connection also with the function of regularly collecting information from the auditor on the audit plan and how it is to be carried out.
2. Establish the necessary relations with the external auditor in order to receive information on any matters that might jeopardise the auditors' independence, for examination by the Committee, any other matters related to the financial audit process and, when appropriate, to authorise non-prohibited services on the terms provided in current legislation relating to independence and to communicate with the auditors as provided for in the financial audit legislation and auditing standards.
3. Oversee the effectiveness of the Company’s internal control, the internal audit and the risk management systems, including those for taxation, and discussed with the accounts auditor any significant weaknesses detected in the internal control system during the audit.

All these monitoring activities of the Board of Directors and the ACC are conducted throughout the year and included in the agenda of the various sessions based on the schedule established for each year.

**F.6 Other Significant Information**

No additional issues to disclose have been identified.

**F.7 External auditor report**

Report by:

**F.7.1** If the ICFR information supplied to the market has been reviewed by the external auditor, the corresponding report should be attached. If this is not the case, it should explain why.

The ACC and internal audit department performed the ICFR monitoring activities, which supplement the contributions of the external auditor regarding the identification, as appropriate, of the internal control weaknesses identified in the course of their external audit and included in the additional report to the ACC. In this regard, the latest additional report of the external auditor specifies that no internal control significant recommendations have been identified.



## G. EXTENT TO WHICH THE CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

Please indicate the extent to which the company has followed the recommendations of the Code of Good Governance of Listed Companies.

Should the Company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the Company's behaviour. General explanations are not acceptable.

1. **The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by acquiring shares on the market.**

Compliant

Explain

2. **When the listed company is controlled, as described in Art. 42 of the Spanish Commercial Code, by another company, whether listed or not, and has, directly or through its subsidiaries, business relations with such entity or one of its subsidiaries (other than the listed company) or carries out activities related to one of them, the listed company must accurately and publicly report the following:**

a) **The respective business areas and possible business relations between the listed company or its subsidiaries and the parent company or its subsidiaries.**

b) **The mechanisms in place to solve any conflict of interests that may arise.**

Compliant

Partially compliant

Explain

Not applicable

3. **During the ordinary general meeting, the Chairman of the Board should verbally inform shareholders in sufficient detail of the most relevant aspects of the Company's corporate governance, supplementing the written information circulated in the annual corporate governance report and, in particular:**

a) **Of the changes that have occurred since the last ordinary general meeting.**

b) **Of the specific reasons why the company is not following certain recommendations of the Code of Corporate Governance and, if any, the alternative rules applied to this matter.**

Compliant

Partially compliant

Explain

4. **The company should draw up and implement a policy of reporting to and contact with shareholders, institutional investors within the framework of their involvement in the company, and with proxy solicitors that complies in full with regulations against market abuse and accords equitable treatment to shareholders in the same position. And that the Company should make this policy public via its website, including information on the way it has been put in practice and identifying the interlocutors or persons responsible for carrying this out.**

And notwithstanding the legal obligations on sharing insider information and other types of regulated information, the company should also have a general policy regarding the reporting of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximising the disclosure and quality of the information available to the market, investors and other stakeholders.

Compliant

Partially compliant

Explain

5. **That the Board of Directors does not submit to the general meeting a proposal of delegation of powers to issue shares or convertible securities excluding the right to preferential purchase, for an amount above 20% of the share capital at the time of delegation.**

And that, when the Board of Directors approves any issue of shares or convertible securities excluding pre-emptive rights, the Company should immediately publish the reports on such exclusion on its website as provided in commercial law.

Compliant

Partially compliant

Explain

6. The listed companies which produce the reports listed below, either in mandatory or voluntary form, publish them on their website well in time before the ordinary general meeting is held, although their dissemination is not

- a) Report on the external auditor's independence.
- b) Reports of proceedings of the audit committees and the appointments and remuneration committee.
- c) Audit committee report on related-party transactions.

Compliant  Partially compliant  Explain

7. The Company broadcasts live, via its website, the holding of general meetings of shareholders.

The company should also have mechanisms in place that enable voting directly or by proxy through electronic means and, in the case of large-capitalisation companies, that enable them to attend and actively participate in the General Meeting, insofar as is proportionate.

Compliant  Partially compliant  Explain

8. The Audit Committee should strive to ensure that the Board of Directors can present the company's annual financial statements to the General Meeting of Shareholders in compliance with accounting standards. In those cases where the auditor has included qualifications in the audit report, the chairperson of the Audit Committee should give a clear account of the opinion of the Audit Committee on their scope and content at the General Meeting. A summary of this opinion should be made available to shareholders when calling the meeting, along with the other Board proposals and reports.

Compliant  Partially compliant  Explain

9. The Company should make public on its website, permanently, the requirements and procedures it will accept to prove ownership of shares, the right to attend the general meeting of shareholders and the exercise or delegation of voting rights.

And such requirements and procedures facilitate the shareholders' attendance and the exercise of their rights and are applied in a non-discriminatory manner.

Compliant  Partially compliant  Explain

10. Where any legitimate shareholder has exercised, prior to the holding of the general meeting of shareholders, the right to complete the agenda or to submit new resolution proposals, the Company:

- a) Immediately disseminates such additional items and new resolution proposals.
- b) Makes public the attendance card model, or the proxy or remote voting form with the required changes so that the new items on the agenda and alternative resolution proposals can be voted on, on the terms proposed by the Board of Directors.
- c) Submits all these items or alternative proposals to vote and the same voting rules are applied to them as those made by the Board of Directors, including, in particular, presumptions or inferences about the direction of the vote.
- d) Announces, after the general meeting of shareholders, the breakdown of the vote on such additional points or alternative proposals.

Compliant  Partially compliant  Explain  Not applicable

11. In the event that the Company plans to pay premiums to attend the general meeting of shareholders, it will previously establish a general policy on such premiums and this policy is stable.

Compliant  Partially compliant  Explain  Not applicable

12. The Board of Directors shall perform its duties with unity of purpose and independent judgment and it shall

treat all shareholders who are in the same position equally and guide itself by the Company's interests which are understood as achieving a profitable and sustainable long-term business, to promote the Company's continuity and maximize its economic value.

In pursuing the Company's interests, in addition to complying with laws and regulations and acting in good faith, ethically and respecting the commonly accepted uses and good practices, the Board of Directors shall endeavour to reconcile the Company's interests with, where applicable, the legitimate interests of its employees, its suppliers, its customers and those of other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and in the environment.

Compliant  Partially compliant  Explain

**13. The Board of Directors has enough members in order to implement efficient and participative proceedings, which makes it advisable that the Board should have from five to fifteen members.**

Compliant  Explain

**14. The Board of Directors should approve a policy seeking to promote a suitable composition of the Board of Directors, which should:**

- a) Be specific and verifiable;
- b) Ensure that proposals for the appointment or reelection are based on a preliminary analysis of the skills required by the Board of Directors; and
- c) Promote knowledge, experience, age and gender diversity. In this sense, measures that encourage a large number of female senior officers in the company will be considered to be measures that promote gender diversity.

The results of the prior analysis of the skills required by the Board of Directors should be written up in the Appointments Committee's explanatory report, to be published when calling a General Meeting of Shareholders where each director is to be ratified, appointed or re-elected.

The Appointments Committee will verify compliance with this policy on an annual basis and report its findings in the Annual Corporate Governance Report.

Compliant  Partially compliant  Explain

**15. The proprietary directors and independent directors constitute a significant majority of the Board of Directors and the number of executive directors is kept to the minimum necessary, having regard to the complexity of the corporate group and the percentage shareholding of the executive directors in the Company's share capital.**

**And the number of female directors should represent at least 40% of the members of the Board of Directors by the end of 2022 and onwards, and should not be below 30% before that date.**

Compliant  Partially compliant  Explain

**Explanation:** The proprietary and independent directors form a large majority of the Board of Directors (9 out of 11 directors), and the number of executive directors is the minimum required (1 out of 11). The number of female directors, on the other hand, accounts for 36.36% of the Board, which is very close to the percentage set forth in the good governance recommendation.

**16. The percentage of proprietary directors over the total of non-executive directors is not higher than the proportion between the capital represented by such directors and the remainder of the Company's share capital.**

**This criterion may be reduced:**

- a) In large-cap companies where few shareholdings are legally considered significant.
- b) In companies where there is a diversity of shareholders represented on the Board of Directors and

there are no links between them.

Compliant

Explain

**17. The number of independent directors represents at least half of all directors.**

However, where the Company is not a large-cap or where, if it is, it has a shareholder or several acting together, who control more than 30% of the share capital, the number of independent directors should represent at least one third of all directors.

Compliant

Explain

**EXPLANATION:** The Company has 4 independent directors out of a total of 11, one less than the number of proprietary directors and three more than the number of executive directors. Thus, although the percentage of independent directors does not reach the 50% set forth in the recommendation, it is estimated in view of the Company's current shareholder structure that the representation of this type of directors is adequate and, therefore, that all interests are properly represented in the management body.

**18. Companies should post the following director particulars on their websites, and keep them permanently updated:**

- a) Professional and biographical profile.
- b) Other boards of directors on which they sit, whether or not these belong to listed companies, as well as other remunerated activities in which they may be involved.
- c) The category to which the director belongs, where applicable, stating, in the case of proprietary directors, the shareholder they represent or to whom they have links.
- d) Date when they were first appointed as a director of the company, as well as the dates of any subsequent reappointments.
- e) Their holdings of company shares and their stock options.

Compliant  Partially compliant

Explain

**19. The Annual Corporate Governance Report, with prior verification by the Appointments Committee, explains the reasons for the appointment of proprietary directors at the request of shareholders whose shareholding is less than 3% of the share capital; and reasons are given why formal requests for a seat on the board from shareholders with a stake equal to or greater than that of others, at whose request proprietary directors were appointed, have not been respected.**

Compliant

Partially compliant

Explain

Not applicable

**20. Proprietary directors tender their resignation when the shareholders they represent sell their entire shareholding. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.**

Compliant

Partially compliant

Explain

Not applicable

**21. The Board of Directors shall not propose the removal of any independent Director before the statutory period for which they were appointed, except where just cause is found by the Board of Directors following a report from the Appointments Committee. It shall be understood that there is just cause when the director takes up a new post or takes on new duties that prevent him/her from devoting the necessary time to the performance of the duties associated with the directorship, when the director fails to carry out the duties inherent to his/her post or when the director is involved in circumstances which cause him/her to lose his/her independent status in accordance with the provisions of the legislation applicable.**

The removal of independent directors from office may also be proposed as a result of public buy-outs, mergers or other similar enterprise-level transactions implying a change in the structure of the Company's capital, where such changes in the Board are due to the proportionality criterion in Recommendation 16.

Compliant  Explain

22. Companies establish rules obliging directors to disclose information and, where appropriate, tender their resignation in cases where it is alleged they could harm the company's name and reputation and, in particular, oblige them to inform the Board of Directors of any criminal charges brought against them, as well as any subsequent legal proceedings.

When the Board has been informed of or otherwise been made aware of any of the situations mentioned in the preceding paragraph, it should study the case as soon as possible and, in light of the particular circumstances, decide, based on a report by the Appointments and Remuneration Committee, whether or not to take any action such as opening an internal enquiry, calling on the director to resign or proposing his or her termination. A reasoned account of all this should be given in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise and which shall be recorded in the minutes. This is without prejudice to the information to be disclosed by the company, where appropriate, when the relevant measures are adopted.

Compliant  Partially compliant  Explain

23. All directors clearly express their opposition when they consider that a proposal submitted to the Board for Directors for decision could be contrary to the Company's interests. Moreover, independent and other directors in particular, who are not affected by potential conflict of interest, do the same in the case of decisions that could be detrimental to shareholders not directly represented on the Board of Directors.

And when the Board of Directors adopts significant or repeated decisions on matters with regard to which the director has expressed serious reservations and subsequently opts to resign, the ensuing conclusions drawn and reasons for the resignation are explained in the letter referred to in the following

This recommendation also extends to the secretary to the Board of Directors, even if they are not a director.

Compliant  Partially compliant  Explain  Not applicable

24. Directors who give up their place before their tenure expires, through resignation or as agreed by the General Meeting, should state their reasons, or in the case of non-executive directors, their opinion on the Board's decision, in a letter to be sent to all members of the Board of Directors.

Without prejudice to the disclosure of all this in the Annual Corporate Governance Report, insofar as it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Compliant  Partially compliant  Explain  Not applicable

25. In addition, the Appointments and Remuneration Committee shall ensure that non-executive directors have sufficient time to properly perform their duties.

And that the Board regulations sets the maximum number of boards of which the directors may form part.

Compliant  Partially compliant  Explain

26. The Board of Directors holds meetings as frequently as required in order to carry out its role effectively, at least eight times a year, following the programme and agenda established at the start of the financial year, with each director able to propose for inclusion alternative items not originally on the agenda.

Compliant  Partially compliant  Explain

27. Directors' absences should be limited to the bare minimum and quantified in the Annual Corporate Governance Report. And, when they must occur, instructions are given to proxies.

Compliant  Partially compliant  Explain

28. When the directors or the Company secretary express concerns about a particular proposal or, in the case of the directors, about the Company's progress and such concerns are not resolved within the Board of Directors, this is recorded in the minutes at the request of whoever expressed such concerns.

Compliant  Partially compliant  Explain  Not applicable

**29. The Company shall establish suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the Company's expense.**

Compliant  Partially compliant  Explain

**30. In addition, regardless of the knowledge required of the Directors to perform their duties, the Company will also offer Directors refresher programmes when circumstances so warrant.**

Compliant  Explain  Not applicable

**31. The agenda of the sessions clearly indicates the points on which the Board of Directors will adopt a decision or agreement so that directors can study or seek, in advance, the information required for its adoption.**

**When exceptionally, for reasons of urgency, the Chairman wants to submit to the approval of the Board of Directors any decisions or agreements not included in the agenda, this will require the express prior consent of the majority of the directors present, which will be duly recorded in the minutes.**

Compliant  Partially compliant  Explain

**32. Directors should be regularly informed of the movements in shareholders and of the opinion that significant shareholders, investors and rating agencies have on the Company and its group.**

Compliant  Partially compliant  Explain

**33. The Chairman, as responsible for the effective proceedings of the Board of Directors, in addition to exercising the functions legally and statutorily assigned to him/her, prepares and submits to the Board of Directors a program of dates and issues to be addressed; organizes and coordinates the periodic evaluation of the board and, where appropriate, the chief executive officer of the Company; is responsible for the management of the board and the effectiveness of its operation; ensures that sufficient time is devoted to discussion on strategic issues, and arranges and reviews refresher programs for each director, when circumstances so require.**

Compliant  Partially compliant  Explain

**34. When there is a coordinating director, the Bylaws or regulations of the Board of Directors, in addition to the powers legally entitled, attribute him/her the following: chairing the Board of Directors in the absence of the Chairman and Vice-Chairmen, if any; echoing the concerns of non-executive directors; maintaining contacts with investors and shareholders to ascertain their views in order to form an opinion about their concerns, particularly in relation to the corporate governance of the Company; and coordinate the Chair's plan of succession.**

Compliant  Partially compliant  Explain  Not applicable

**35. The Secretary to the Board of Directors shall also ensure that the Board of Directors is aware of recommendations on good governance that apply to the Company and that are part of the Code of Good Governance for listed companies.**

Compliant  Explain

**36. The complete Board of Directors will evaluate, once a year, and adopt, where applicable, an action plan to correct the deficiencies identified with respect to:**

- a) The quality and efficiency of the Board of Director's performance.
- b) The operations and the composition of its committees.
- c) The diversity of Board membership and competences.
- d) The performance of the Chairman of the Board of Directors and the Chief Executive Officer of the Company.

- e) The performance and contribution of each Director, paying particular attention to those who are in charge of the various board committees.

The evaluation of the various committees will be based on the reports they submit to the Board of Directors, and for the latter, evaluation will be based on the one submitted by the Appointments Committee.

Every three years, the Board of Directors will be assisted to carry out the evaluation by an external consultant, whose independence will be verified by the Appointments Committee.

Business relationships that the consultant or any Company in its group have with the Company or any Company of its group should be detailed in the annual corporate governance report.

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

Compliant  Partially compliant  Explain

37. When an Executive Committee exists, there must be at least two members who are non-executive directors, at least one of whom must be an independent director. The secretary of the Board of Directors should also act as secretary to the Executive Committee.

Compliant  Partially compliant  Explain  Not applicable

38. The Board of Directors is always aware of matters dealt with and decisions adopted by the Executive Committee and all the members of the board receive a copy of the minutes of the meetings of the Executive Committee.

Compliant  Partially compliant  Explain  Not applicable

39. The members of the Audit Committee, and especially its chairperson, are appointed taking into account their expertise in the field of accounting, audit or financial and non-financial risk management.

Compliant  Partially compliant  Explain

40. To supervise the division that fulfils the internal audit duties to ensure the proper functioning of the information and internal control systems, which are functionally dependent on the non-executive Chairman of the Board or the Audit Committee.

Compliant  Partially compliant  Explain

41. The head of the unit handling the internal audit function should present an annual work programme to the Audit Committee for its approval by the Committee or by the Board, report directly to it on its implementation, including any incidents and limitations on its scope, the outcome and follow-up of its recommendations, and submit a report on its performance at the end of each year.

Compliant  Partially compliant  Explain  Not applicable

42. In addition to those as legally established, the Audit Committee is responsible for the following:

1. With regard to information systems and internal control:

- a) Supervise and assess the preparation and the integrity of the financial and non-financial information as well as the financial and non-financial risk control and management systems regarding the company and, where applicable, the group - including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption - checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or propose to the Board the approval of the internal audit annual work plans, ensuring that its activity focuses primarily on the main risks the company is exposed to (including reputational

risks); receive regular reports on its performance; and verify that senior management are acting on the findings and recommendations of its reports.

- c) Establish and supervise a whistleblowing mechanism whereby employees and anyone related to the company such as directors, shareholders, suppliers, contractors or subcontractors, can report any significant irregularities that they detect in their company or group, including financial or accounting irregularities. Said mechanism must ensure confidentiality and, in any case, provide for cases in which the reporting can be made anonymously, respecting the rights of the whistleblower and the reported party.
- d) Ensure that internal control policies and systems put in place are effectively implemented in practice.

**2. With regard to the external auditor:**

- a) Examine the circumstances behind the resignation of the external auditor, should this occur.
- b) Ensure that the remuneration for the external auditor for his or her work does not compromise his or her integrity or independence.
- c) Ensure that the Company notifies the change of auditor through the CNMV and said notification is accompanied by a statement citing any disagreements the Company may have had with the outgoing auditor and, if any, of their content.
- d) Ensure that the external auditor annually holds a meeting with the full Board of Directors to report on the work done and the evolution of the Company's accounting and risk situation.
- e) Ensure that the Company and the external auditor adhere to current regulations regarding the provision of non-audit services as well as the limits on the auditor's business concentration and, in general, the other rules on auditor independence.

Compliant  Partially compliant  Explain

**43. The Audit Committee may summon any employee or officer of the Company; this includes appearances without the presence of any other executive.**

Compliant  Partially compliant  Explain

**44. The Audit Committee is informed about the operations of structural and corporate changes that the Company plans to carry out, for analysis and preliminary report to the Board of Directors on their economic conditions and their accounting impact, and especially, if any, on the proposed swap equation.**

Compliant  Partially compliant  Explain  Not applicable

**45. The risk management and control policy should at least specify or determine:**

- a) The different types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) that the Company faces, including financial and economic risks, contingent liabilities and other risks not found on balance sheets.
- b) A risk management and control model based on different levels with a specialised risk committee, whenever this is foreseen in the sectoral guidelines or when the company deems it appropriate.
- c) The level of risk that the Company considers acceptable.
- d) The measures foreseen to mitigate the impact of identified risks, should they materialise.
- e) The information and internal control systems to be used to control and manage the abovementioned risks, including contingent liabilities or off-balance sheet risks.

Compliant  Partially compliant  Explain

46. Under the direct supervision of the Audit Committee or, if any, of a specialised committee of the Board of Directors, there is an internal function of risk control and management exercised by a unit or internal department of the Company that has expressly attributed the following functions:

- a) Ensure the proper functioning of risk management and control systems and, in particular, that all significant risks affecting the Company are adequately identified, managed and quantified.
- b) Actively participate in the development of a risk strategy and take part in the important decisions concerning risk management.
- c) Ensure that the risk control and management systems in place adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Compliant  Partially compliant  Explain

47. Members of the Appointments and Remuneration Committee – or both Committees if they were separate – are designated by ensuring that they have the knowledge, skills and experience appropriate to the duties that they are to perform and that most of these members are independent directors.

Compliant  Partially compliant  Explain

48. Highly-capitalized companies have an Appointments Committee and a separate Remuneration Committee.

Compliant  Explain  Not applicable

**Explanation:** In view of the Company's structure as at 31 December 2022, in particular the number of employees and officers, as well as its organisation and activity, it is considered appropriate to keep a single Appointments and Remuneration Committee.

49. The Appointments Committee should consult with the Company's Chairman of the Board of Directors and chief executive officer of the company, especially on matters relating to executive directors.

Any Director may request that the Appointments Committee take into consideration potential candidates to fill director vacancies if he/she feels that they are suitable.

Compliant  Partially compliant  Explain

50. The duties of the remuneration committee must be exercised with independence and include, in addition to those indicated by law, the following:

- a) Propose to the Board of Directors the standard conditions for senior officers' employment contracts.
- b) Check compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy applied to directors and senior officers, as well as the remuneration systems that include shares and how they are implemented, in addition to guaranteeing that their individual remuneration is proportional to that which is paid to other directors and senior officers of the Company.
- d) Ensure that no conflict of interests interferes with the independence of the external advice given to the Appointments and Remuneration Committee.
- e) Verify the information on the remuneration of directors and senior officers found in various corporate documents, including the annual report on director remuneration.

Compliant  Partially compliant  Explain

51. The Remuneration Committee should consult with the Chairman and chief executive officer of the Company, especially on matters relating to executive directors and senior officers.

Compliant  Partially compliant  Explain

52. The rules regarding the composition and proceedings of the supervising and control committees are listed in the Board Regulations, are consistent with those applicable to the legally mandatory committees under the foregoing recommendations, and include the following:

- a) They should be composed exclusively of non-executive directors, with a majority of independent directors.
- b) The chairmen should be independent directors.
- c) The Board of Directors should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the responsibilities of each committee; deliberate on its proposals and reports; and, at the first plenary session of the Board following their meetings, receive an account of their activity and a report on the work carried out.
- d) The committees should seek external advice when they deem it necessary to perform their duties.
- e) Minutes of meetings should be taken, and copies sent to all directors.

Compliant  Partially compliant  Explain

53. Monitoring compliance with the company's policies and regulations on environmental, social and corporate governance as well as the internal codes of conduct should be attributed to one or more committees within the Board of Directors; these committees may be the Audit Committee, the Appointments Committee, a specialised committee on social sustainability or responsibility, or any other specialised committee created specifically for such duties by the Board of Directors by exercising its powers to self-organise. Said committee should be composed solely of non-executive directors, the majority of whom should be independent and should be specifically assigned the minimum functions indicated in the following recommendation.

Compliant  Partially compliant  Explain

54. The minimum duties mentioned above are as follows:

- a) Monitor compliance with the Company's corporate governance rules and internal codes of conduct, and ensure that the corporate culture fits its purpose and values.
- b) Monitor compliance with the general policy on economic-financial, non-financial and corporate reporting, as well as communications with shareholders and investors, proxy advisors and other stakeholders. Monitor the way in which the Company communicates and interacts with small and medium shareholders.
- c) Periodic assessment and review of the Company's corporate governance system and environmental and social policy to ensure that they fulfil their mission of promoting its business activity and keep the legitimate interests of other stakeholders in mind.
- d) Ensure that the Company's environmental and social practices match the strategy and policy set.
- e) Supervising and evaluating relations with different stakeholders.

Compliant  Partially compliant  Explain

55. That the sustainability policies on environmental and social matters identify and include at least:

- a) The principles, commitments, targets and strategy regarding shareholders, employees, clients, suppliers, social and environmental issues, diversity, tax responsibility, respect for human rights and the prevention of corruption and other illegal conducts.
- b) The methods or systems used to monitor compliance with the policies and the related risks and the management thereof.
- c) Mechanisms used to monitor non-financial risks, including those related to ethical matters and business conduct.

**d) The channels of communication, participation and dialogue with stakeholders.**

**e) Responsible communication practices that prevent manipulation of information and protect integrity and honour.**

Compliant  Partially compliant  Explain

**56. The compensation of the directors is what is necessary to attract and retain directors with a desirable profile, to compensate them for the dedication, qualifications and responsibility that the position entails, and to ensure that to the amount does not interfere with the independence of Non-Executive Directors' decisions.**

Compliant  Explain

**57. Executive Directors are restricted to variable remuneration linked to the performance of the Company and to their personal performance, as is the compensation in the form of shares, stock options or rights to shares or instruments that are referenced to the value of the stock and long-term savings systems such as pension plans, retirement schemes or other social security systems.**

**Delivery of shares as remuneration can be contemplated for non-executive directors on condition that they hold them until they cease to be directors. The foregoing shall not apply to shares that the director needs to dispose of, if appropriate, to meet the costs related to acquisition.**

Compliant  Partially compliant  Explain

**58. In the case of variable remuneration, remuneration policies should include precise limits and technical safeguards to ensure they reflect the professional performance of the recipients and not only the general progress of the markets or the company's activity sector or circumstances of this kind.**

**And in particular, the variable components of remunerations:**

**a) Should be linked to performance criteria that are predetermined and measurable, and these criteria should consider the risk taken to obtain a result.**

**b) Should promote the sustainability of the Company and include non-financial criteria that are suitable for creating long-term value, such as compliance with the Company's internal rules and procedures and its policies for risk management and control.**

**c) Should be set on the basis of a balance between fulfilling short-, medium- and long-term goals, to remunerate the results from continued performance over a sufficient period of time to appreciate their contribution to sustainable value creation, so that the elements that measure the results do not revolve solely around specific, occasional or extraordinary events.**

Compliant  Partially compliant  Explain  Not applicable

**59. Payment of variable remuneration components should be subject to sufficient verification to ensure that predetermined performance criteria have effectively been met. Companies must include in the annual directors' remuneration report the criteria regarding the time and methods required for said verification according to the nature and characteristics of each variable component.**

**In addition, companies should consider introducing a malus clause based on deferring, for long enough, the payment of part of the variable components that implies their total or partial loss in the event that, prior to the time of payment, an event occurs that makes this advisable.**

Compliant  Partially compliant  Explain  Not applicable

**60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.**

Compliant  Partially compliant  Explain  Not applicable

**61. A significant percentage of the variable remuneration of executive directors is linked to the delivery of**

shares or financial instruments referenced to its value.

Compliant  Partially compliant  Explain  Not applicable

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been allocated, the executive directors will not be allowed to transfer their ownership or exercise them until at least three years have elapsed.

There is an exception for cases when the director maintains a net economic exposure to the variation in the share price for a market value equivalent to at least twice their annual fixed remuneration through the ownership of shares, options, or other financial instruments at the time of the transfer or exercise of those share options.

The foregoing will not apply to shares that the director needs to sell to meet the costs related to their acquisition or, when supported in its assessment by the Appointments and Remuneration Committee to deal with any extraordinary situations that may arise.

Compliant  Partially compliant  Explain  Not applicable

63. Contractual agreements include a clause that allows the Company to claim reimbursement of variable components of remuneration when payment has not been adjusted to the return conditions or when they have been paid based on data that are subsequently credited with inaccuracy.

Compliant  Partially compliant  Explain  Not applicable

64. Payments for contract termination should not exceed an amount equivalent to two years of the total annual remuneration and they should not be paid until the Company has been able to verify that the director has met the criteria or conditions established for payment.

For the purposes of this recommendation, any payments arising from contract termination, whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the Company must be considered, including any amounts from long-term savings schemes that have not been previously consolidated and amounts paid under post-contractual non-competition agreements.

Compliant  Partially compliant  Explain  Not applicable

**H. If there are any relevant points regarding the corporate governance of the Company or entities of the group that are not contained in the rest of the sections of this report, but which should be included in order to present a more**

1. If there are any other relevant aspects of corporate governance at the company or at group companies that have not been set out in the other sections of this report but must be included to provide a more complete and reasoned view of the governance structure and practices of the company or its group, describe them briefly.
2. Any other information, clarification or observation related to the above sections of this report may be included in this section insofar as they are relevant and not repetitive.

Specifically indicate whether the Company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the Company voluntarily subscribes to other international, sectoral or other ethical principles or standard practices. If applicable, identify the code and date of adoption. In particular, it will be specified whether the Company has adhered to the Code of Good Tax Practice of 20 June 2010.

1. On 10 December 2015, the Board of Directors of the Company resolved to adhere to the Code of Good Tax Practices. This resolution was communicated to the tax authorities on 8 January 2016.
2. On 27 July 2016, as a result of an amendment to the Regulations of the Board of Directors, it was decided that the Appointments and Remuneration Committee would be responsible for supervising compliance with the rules of corporate governance and other related matters. By virtue of the foregoing and to implement best corporate governance practices at Colonial, the Appointments and Remuneration Committee created the Corporate Governance Unit, reporting directly to the Committee and composed of the Chairman of the Appointments and Remuneration Committee and the Head of Legal Advisory at the company. Furthermore, on 17 December 2020, the Board resolved to amend the Board Regulations to align them with the new amendments to the good governance recommendations approved by the CNMV in June 2020. On the same date, the Board constituted the Sustainability Committee, whose primary duties include periodically ensuring proper compliance with the environmental and sustainable development policies approved by the Company.
3. Regarding the information on the Audit Committee provided in Section C.2.1, in relation to the non-audit services provided by the external auditor in 2022, the independent review of ESG indicators in the 2021 Integrated Annual Report should be particularly noted.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting of 27 February 2023.

List any directors who voted against or abstained from voting on the approval of this Report.

Yes [ ]

No [X]

Name or company name of director who did not vote in favour of this Report	Reasons (against, abstention, non-attendance)	Explain the reasons
<b>Observations</b>		

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