

APPENDIX I TEMPLATE

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

ISSUER IDENTIFICATION DATA

REFERENCE REPORTING DATE	31/12/2020
Tax Identification Number	A-28027399

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 in the following table on the company's share capital:

Date of last change	Share capital (€)	Number of indirect	Number of voting rights
14/11/2018	1,270,286,952.50	508,114,781	508,114,781

Observations

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

Yes []

No [X]

Class	Number of indirect	Par value each	Voting rights per share	Rights and obligations conferred

Observations

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

Name or company name of the shareholder	% voting rights attached to the shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
AGUILA LTD	0.00	5.68	0.00	1.86	7.54
BLACKROCK, INC	0.00	3.02	0.00	0.75	3.77
DIC HOLDING LLC	4.29	0.00	0.00	0.00	4.29
INMO, S.L.	0.00	5.71	0.00	0.00	5.71
PGGM LISTED REAL ESTATE PF FUND	5.01	0.00	0.00	0.00	5.01
PGGM VERMOGENSBEHEER B.V.	0.00	5.01	0.00	0.00	5.01
QATAR INVESTMENT AUTHORITY	0.00	20.21	0.00	0.00	20.21

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	% voting rights through financial instruments	% total voting rights
QATAR INVESTMENT AUTHORITY	DIC HOLDING LLC	4.29	0.00	4.29
QATAR INVESTMENT	QATAR HOLDING	15.92	0.00	15.92

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attached to the shares	% voting rights through financial instruments	% total voting rights
AUTHORITY	NETHERLANDS BV			
BLACKROCK, INC	BLACKROCK HOLDING	3.02	0.75	3.77
INMO, S.L.	TRUDONBA XXI, S.L.U.	5.71	0.00	5.71
AGUILA LTD	PARK, S.A.R.L.	5.68	0.00	5.68
AGUILA LTD	SIERRA NEVADA (BERMUDA) LP	0.00	1.86	1.86
PGGM VERMOGENSEMSBEHEER B.V.	PGGM LISTED REAL ESTATE PF FUND	5.01	0.00	5.01

Observations

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

Name or company name of the shareholder	Transaction date	Description of the transaction
Deutsche Bank A.G.	15/04/2016	Transmission transaction carried out in a regulated market.

Most significant changes
Deutsche Bank A.G. notified the company on 28 January 2021 of the transfer of its entire stake in Colonial, which took place in April 2016.

A.3 Fill in the following tables on the members of the company's Board of Directors who own voting shares in the company:

Name or company name of the director	% voting rights attached to the shares		% voting rights through financial instruments		% total voting rights	% voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
[DON JAVIER LÓPEZ CASADO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR CARLOS FERNÁNDEZ GONZÁLEZ	0.00	15.75	0.00	0.00	15.75	0.00	0.00
MR PEDRO VIÑOLAS SERRA	0.08	0.00	0.05	0.00	0.13	0.00	0.00
MR JUAN JOSÉ BRUGERA CLAVERO	0.05	0.00	0.02	0.00	0.07	0.00	0.00
DON LUIS MALUQUER TREPAT	0.00	0.00	0.00	0.00	0.00	0.00	0.00]

% of total voting rights held by the Board of Directors	[15.95]
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Observations

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	% voting rights through financial instruments	% total voting rights	% voting rights <u>that may be transferred</u> through financial instruments
[MR CARLOS FERNÁNDEZ GONZÁLEZ	GRUPO FINACCESS S.A.P.I. DE C.V.	15.75	0.00	15.75	0.00
MR LUIS MALUQUER TREPAT	MS MARTA MALUQUER DOMINGO	0.00	0.00	0.00	0.00]

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

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
[N.A.]	N.A.	N.A.]

Observations

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
[QATAR INVESTMENT AUTHORITY	Corporate	14 November 2018 was the effective date of a series of commitments of Qatar Holding LLC and DIC Holding LLC with respect to Inmobiliaria Colonial, SOCIMI, S.A. (the “ Company ” or “ Colonial ”), affecting certain shares of the Company owned by them (see section A.7 below).
INMO, S.L.	Corporate	Colonial and the company Inmo, S.L., a real-estate affiliate of the Puig family, are conducting a joint project to build a 21-floor building of 14,000 square metres in the city of Barcelona.]

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	AGUILA LTD	Colonial's proprietary director proposed by Aguila LTD
MR SHEIKH ALI JASSIM M.J. AL THANI	QATAR INVESTMENT AUTHORITY	QATAR INVESTMENT AUTHORITY	Colonial's proprietary director proposed by Qatar Investment Authority.
MR ADNANE MOUSANNIF	QATAR INVESTMENT AUTHORITY	QATAR INVESTMENT AUTHORITY	Colonial's proprietary director proposed by Qatar Investment Authority.
MR CARLOS FERNÁNDEZ GONZÁLEZ	GRUPO FINACCESS S.A.P.I. DE C.V.	GRUPO FINACCESS S.A.P.I. DE C.V.	Colonial's proprietary director 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 JAVIER LÓPEZ CASADO	GRUPO FINACCESS S.A.P.I. DE C.V.	GRUPO FINACCESS S.A.P.I. DE C.V.	Colonial's proprietary director proposed by Grupo Finaccess S.A.P.I. de C.V.
MR ADNANE MOUSANNIF	QATAR INVESTMENT AUTHORITY	ELYPONT	Director
MR SHEIKH ALI JASSIM M.J. AL THANI	QATAR INVESTMENT AUTHORITY	NURABANK	Director
MR SHEIKH ALI JASSIM M.J. AL THANI	QATAR INVESTMENT AUTHORITY	26 CHAMPS ELYSEES	Director
MR SHEIKH ALI JASSIM M.J. AL THANI	QATAR INVESTMENT AUTHORITY	HAPPAG LLOYD	Director
MR SHEIKH ALI JASSIM M.J. AL THANI	QATAR INVESTMENT AUTHORITY	RAYYAN ISLAMIC BANK	Director
MR JUAN CARLOS GARCÍA CAÑIZARES	AGUILA LTD	BEVCO LUX, S.A.R.L.	Director
MR JUAN CARLOS GARCÍA CAÑIZARES	AGUILA LTD	SNI INTERNATIONAL HOLDINGS, S.A.R.L.	Director
MR JUAN CARLOS GARCÍA CAÑIZARES	AGUILA LTD	PARK, S.A.R.L.	Director

Observations

A.7 Indicate whether the company has been notified of any shareholders' agreements pursuant to 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

Parties to the shareholders' agreement	% of the share capital affected	Brief description of the agreement	End date of the agreement, if any
DIC HOLDING LLC, QATAR HOLDING NETHERLANDS BV.	11.12	QH and DIC lock-up clauses: during a period of 6 months following the closing date, QH and DIC shall not transfer, either in	The obligations provided for in Clauses "Transfer of shares after the Initial Period" and "Share transfer prohibition to

		<p>whole or in part, the shares of Colonial, except in the case of any transfer of shares of Colonial to a company belonging to their respective Group. Transfer of shares after the initial period: after the initial period, any transfer by QH and/or DIC of Colonial's shares shall be carried out in an orderly manner and in accordance with normal commercial practice in Spanish listed companies and with applicable Spanish stock exchange regulations. Prohibition of transfer of shares to a competitor: QH and DIC shall be entitled to transfer their shares in Colonial to any counterparty without restriction, except in the extraordinary case of a transfer to a competitor in the context of a block sale or bilateral negotiation.</p>	<p>a "Competitor" of this Agreement shall remain in force until the earlier of (i) the end of a 4-year period as from the Completion Date; and (ii) the entry into an agreement by the Parties to terminate the effect of said Clauses.</p>
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Observations

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

Yes []

No []

Parties involved in the concerted action	% of the share capital affected	Brief description of the agreement	End date of the agreement, if any

Observations

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

No data

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 []

Name or corporate name
N.A.

Observations
N.A.

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

3.360.610		0.66
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Observations

(*) Through:

Name or company name of the direct holder of an ownership interest	Number of direct shares
No data	
Total:	

Observations

Explain the significant changes that occurred during the year:

Explain the significant changes
<p>Under the framework of the share award scheme approved by the General Meeting of Shareholders held on 21 January 2014, in April 2020 the content of the meeting of the Appointments and Remuneration Committee held on 1 April was published for the purpose of settling share awards, in compliance with the established award settlement process, including, among other actions, the preparation of a "Report on the degree of compliance with the approved long-term incentive plan for Colonial's executive directors and senior management" by an independent external expert. As a result, in April 2020, a total of 395,116 shares of the Company's treasury shares were delivered to the beneficiaries of the plan, including the executive directors.</p> <p>Subsequently, on 13 May 2020, following a proposal by the ARC, the Board resolved to propose, for the approval of the General Meeting of Shareholders, an additional two-year extension of the share award scheme approved by the General Meeting of Shareholders on 21 January 2014 and extended by the General Meeting of Shareholders on 29 June 2017, the term of which ends in 2021. On 30 June, the General Meeting of Shareholders agreed to approve the extension of the scheme.</p> <p>Finally, on 29 July, the Board agreed to establish a treasury share buyback programme under the authorisation granted at the Company's General Meeting of Shareholders held on 29 June 2017, with the maximum number of treasury shares to be acquired by the Company set at 3,000,000, representing 0.59% of Colonial's current share capital, and the CNMV was notified of its completion on 11 December 2020.</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.

<p>The General Meeting of Shareholders of Colonial held on 29 June 2017 granted authorisation to the Board of Directors, under item five of the agenda, for the derivative acquisition of treasury shares. With respect to the terms and conditions of the authorisation: i) the nominal value of the shares acquired, directly or indirectly, in addition to those already held by the Company and its subsidiaries, may not exceed 10 % of the share capital subscribed or any maximum amount that may be legally established; ii) the minimum price or consideration for acquisition shall be €0.01 per share and the maximum price or consideration for acquisition shall be the equivalent of the listing price of treasury shares acquired on an official regulated secondary market at the time of acquisition; iii) the procedure for acquisition may be purchase/sale, swap or any other method against payment, as circumstances advise, and iv) the duration of the authorisation is 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.</p> <p>With regard to the authorisation to issue shares, the General Meeting of Shareholders of Inmobiliaria Colonial, SOCIMI, S.A. held on 14 June 2019 authorised the Board of Directors, in accordance with article 297.1b) of the Spanish Limited Liability Companies Law, to increase 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 deems appropriate. Within the maximum indicated amount, the Board of Directors holds the power to disapply preemptive rights up to a maximum of 20% of the share capital.</p>
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A.11 Estimated floating capital:

	%
Estimated floating capital	41.15

Observations

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

Description of the restrictions
Section A.7 of this annual corporate governance report summarises the terms of the shareholders' agreement between Colonial and the companies Qatar Holding LLC and DIC Holding. This information is also available on the company's website at the following link: https://www.inmocolonial.com/accionistas-inversores/gobierno-corporativo/pactos-parasociales .

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

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

Explain the measures approved and the terms under which these restrictions may be lifted

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

Yes No

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

Indicate the different share classes

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]

	% of quorum different to the provisions of Article 193 of the LSC for general cases	% of quorum different to the provisions of Article 194 of the LSC for special cases of Article 194 of the LSC
Quorum required in 1st call		
Quorum required in 2nd call		

Description of the differences

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]

Describe how they differ from the rules established in the LSC.

	Qualified majority different to that provided for in article 201.2 of the LSC for the cases stipulated in 194.1 of the LSC	Other cases of qualified majority
% established by the company for the adoption of agreements		

Describe the differences

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 Bylaws, 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. Also, 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 fiscal years:

Date of General Meeting	Attendance information				
	% attendance	% attendance by proxy	% distance voting		Total
			Electronic voting	Other	
24/05/2018	1.23	77.79	0.01	0.01	79.04
Of which floating capital:	0.16	26.97	0.01	0.01	27.15
08/11/2018	9.68	63.02	0.00	8.53	81.23
Of which floating capital:	0.23	20.60	0.00	8.53	29.36
14/06/2019	0.34	77.22	0.00	7.81	85.37
Of which floating capital:	0.34	35.55	0.00	0.27	36.16
30/06/2020	0.30	83.81	0.00	0.15	84.25
Of which floating capital:	0.00	29.59	0.00	0.15	29.74

Observations

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]

Items on the agenda that have not been approved	% votes against (*)
N.A.	N.A.

(*) If the item is not approved for a reason other than a vote against, the reason must be explained in the text section, and "n/a" must be entered in the "% votes against" column.

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 []

Number of shares required to attend general meetings	500
Number of shares needed to vote remotely	1

Observations
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. Article 19 of Colonial's Bylaws provides that shareholders may attend and vote at the General Meetings of Shareholders, in person or by proxy, where such shareholders, alone or as a group, hold at least five hundred shares, which must be entered in the shareholders register five days before the date scheduled for the General Meeting and provided they furnish proof of the foregoing by showing, at the registered office or the entities specified in the call notice, the relevant authentication certificate or the attendance card issued by Colonial or any entities responsible for keeping the shareholder register 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.

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]

Explanation of the decisions to be submitted to the Board, other than those established by law

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

<https://www.inmocolonial.com/accionistas-inversores/gobierno-corporativo/juntas-generales>

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	13

Observations

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
Mr JUAN JOSÉ BRUGERA CLAVERO		EXECUTIVE	CHAIRMAN	19/06/2008	24/05/2018	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Mr PEDRO VIÑOLAS SERRA		EXECUTIVE	CEO AND VICE-CHAIRMAN	18/07/2008	24/05/2018	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Mr SHEIKH ALI JASSIM M. J. AL THANI		PROPRIETARY	DIRECTOR	12/11/2015	30/06/2020	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Mr ADNANE MOUSANNIF		PROPRIETARY	DIRECTOR	28/06/2016	30/06/2020	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Mr JUAN CARLOS GARCÍA CAÑIZARES		PROPRIETARY	DIRECTOR	30/06/2014	24/05/2018	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Mr CARLOS FERNÁNDEZ GONZÁLEZ		PROPRIETARY	DIRECTOR	30/06/2014	30/06/2020	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Mr JAVIER LÓPEZ CASADO		PROPRIETARY	DIRECTOR	24/05/2018	24/05/2018	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Ms SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN		INDEPENDENT	DIRECTOR	24/01/2019	14/06/2019	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Mr LUIS MALUQUER TREPAT		INDEPENDENT	Independent Lead Director	31/07/2013	24/05/2018	AGREEMENT GENERAL MEETING OF SHAREHOLDERS

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
Ms ANA LUCRECIA BOLADO VALLE		INDEPENDENT	DIRECTOR	14/06/2019	14/06/2019	AGREEMENT GENERAL MEETING OF SHAREHOLDERS
Ms ANA CRISTINA PERALTA MORENO		INDEPENDENT	DIRECTOR	14/06/2019	14/06/2019	AGREEMENT GENERAL MEETING OF SHAREHOLDERS

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 IGLESIAS DE USSEL ORDÍS	INDEPENDENT	24/05/2018	30/06/2020	APPOINTMENTS AND REMUNERATION COMMITTEE/AUDIT AND CONTROL COMMITTEE	Yes
MR CARLOS FERNÁNDEZ-LERGA GARRALDA	INDEPENDENT	24/05/2018	30/06/2020	APPOINTMENTS AND REMUNERATION COMMITTEE/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 reason for the resignation of Mr Carlos Fernández-Lerga Garralda and Mr Javier Iglesias de Ussel Ordís is that 12 years have elapsed since they were first appointed as independent directors of Colonial, i.e., the maximum period stipulated in regulations for a director to be considered independent. Therefore, in accordance with the commitment made at the meeting of the Board of Directors held on 30 June, Mr Carlos Fernández-Lerga Garralda and Mr Javier Iglesias de Ussel Ordís submitted their resignation as directors of the Company.

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 JUAN JOSÉ BRUGERA CLAVERO	Chairman	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 since 2010. Previously he was Chief Executive Officer of Mutua Madrileña, CEO of SindiBank and Deputy General Manager of Banco de Sabadell. Other positions: Chairman of the Board of Trustees of the Universidad Ramón Llull (URL); Chairman of the ESADE Foundation, Panrico, Holditex and the Círculo de Economía de Barcelona. He has been a member of the Board of Directors of the Periódico de Catalunya since 2019. He is an Industrial Technical

		Engineer and holds an MBA from ESADE. PDG from IESE and Honorary Doctorate from the University of Rhode Island
Mr PEDRO VIÑOLAS SERRA	Vice-Chair and CEO:	He is a graduate in Business Management and MBA from ESADE and Universidad Polit�cnica de Catalu�a, and holds a Diploma in Business Management from Universidad de Barcelona, where he also studied Law. In 1990, Pedro Vi�olas 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 Garc�a Financial Group. He has been Chairman of the Urban Land Institute in Spain and a member of the Board of Directors of the Riva y Garc�a Financial Group. He was also Chairman of the Spanish Institute of Financial Analysts in Catalonia from 1994 to 2000. He is currently a member of the Board of Directors of Soci�t� Fonci�re Lyonnaise and sits on its Executive Committee. 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).

Total number of executive directors	2
% of the total board	18.18%

Observations

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented or proposing appointment	Profile
Mr SHEIKH ALI JASSIM M. J. AL THANI	QATAR INVESTMENT AUTHORITY	A Qatar national. He has been working for more than 30 years 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-Chair, 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 until 2016. Since 2007, he has been Vice President of LQB - Libyan Qatari Bank and in 2009 he was appointed Chairman and Managing Director of Qatar Navigation(having been a member of the Board of Directors of this listed company in Qatar since 2003). 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 Soci�t� Fonci�re Lyonnaise (SFL).
Mr ADNANE MOUSANNIF	QATAR INVESTMENT AUTHORITY	He has both French and Moroccan nationalities and is currently working at 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

		<p>also took part, once again 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 Finances by the ESCP Europe Business School and a university degree in Civil Engineering.</p>
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. He is an investment banker who was responsible for more than \$35 billion in mergers, acquisitions and financing of acquisitions over a period of 25 years. He was Vice President 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.</p> <p>In recent years, he led negotiations on behalf of the Santo Domingo Group for the conversion of its holding in SABMiller into a share in Anheuser Busch Inbev following the merger of the two, an operation which was finalised 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).</p>
Mr CARLOS FERNÁNDEZ GONZÁLEZ	GRUPO FINACCESS S.A.P.I. DE C.V.	<p>As an Industrial Engineer he has attended senior management programmes at the Instituto Panamericano de Alta Dirección de Empresa. For over 30 years, he has held positions with a high degree of responsibility, complexity and competence in business management in different 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 the Chairman of the Board of Directors and general manager of Grupo Finaccess S.A.P.I. de C.V. -of which he is a founder- that 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>
Mr JAVIER LÓPEZ CASADO	GRUPO FINACCESS S.A.P.I. DE C.V.	<p>He joined Finaccess as International Director of Asset Management in November 2010. Since 2012, he has been CEO of Finaccess Advisors LLC. Since 2014, he has also been responsible for Finaccess Estrategia S.L. in Spain. Prior to joining Finaccess, he worked as Senior Vice-President for Santander Private Banking in Miami. He previously held different posts in Banco Santander's International Private Banking area in Madrid and Miami. He worked at the Santander Group from 1996 to 2010. Before joining Banco Santander, he worked as a Lawyer in Madrid. He has 22 years'</p>

		experience in financial markets and is a member of Grupo Finaccess' Board of Directors, the International Investment Committee and the Audit Committee of Finaccess Advisors LLC. He is Chairman of SOLTRA S.L., a company working on the promotion, education and rehabilitation of people with different capacities in order to achieve full social integration, which currently has 400 employees. He also sits on the board of trustees of several Foundations in Spain and Mexico. He holds a Law Degree from Universidad San Pablo CEU in Madrid, an MBA from the University of Miami and a Masters in Legal and Tax Consultancy for Construction and Real Estate Companies from Universidad Politécnica of Madrid.
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Total number of proprietary directors	5
% of the total board	45.45

Observations

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Ms SILVIA MÓNICA 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. 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). 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. In 2007, she founded in Madrid the consulting firm Sociedad de Estudios Hispano Franceses, S.L., which she led until 2019. Since 2013, Ms Alonso-Castrillo has run the family farm in the Loire Valley of France. 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 has been Director of Société Foncière Lyonnaise from 2017 to 2019. Since 2017 she has been a member of the board of directors of KOIKI HOME, S.L.</p>
Mr LUIS MALUQUER TREPAT	<p>He holds a degree in Law from the University of Barcelona and a Diploma in International Institutions from the University of Geneva. Throughout his career at the law firm Maluquer Advocats, SCP, he has advised different national and international institutions, providing his services in the fields of consultancy, legal advice and lawsuits, arbitration and mediation procedures. He also has teaching experience at various institutions, such as the Barcelona Chamber of Commerce, and worked as director at the European Society for Banking and Financial Law (AEDBF Paris).</p> <p>He is the founding partner of Despacho Maluquer Advocats, SCP, and is a board member and secretary to a number of companies, including Société Foncière Lyonnaise, where he sits on the board. He was Chairman of the Argentinian Chamber of Commerce in Spain until 2019 and is currently a member of its Governing Board.</p>

Ms ANA LUCRECIA 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. 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 Director of Parques Reunidos Servicios Centrales, 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., Unicaja Banco, S.A., Caceis Group and Caceis Bank. In Unicaja Banco, S.A. she is also Chairwoman of the Appointments Committee, member of the Risks Committee and member of the Remunerations Committee. At Caceis Bank she 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 CRISTINA PERALTA MORENO	<p>Ms Ana Peralta is currently an Independent Director of BBVA, S.A., Inmobiliaria Colonial, SOCIMI, S.A., and GREENERGY RENOVABLES, S.A. She has broad 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. From 2009 to 2012 she sat on the Management Committee at Banco Pastor, where she worked as General Manager of Risk. 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. 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 school (2016).</p>

Total number of independent directors	4
% of the total board	36.36%

Observations

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior officer of an entity which maintains or has maintained this 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
No data		

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 managers or its shareholders:

Name or company name of the director	Reasons	Company, director or shareholders to which this person is linked	Profile
N.A.			

Total number of external directors	N.A.
% of the total board	N.A.

Observations

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

Observations

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 directors				% of total directors of each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Executive	0	0	0	0	0.00	0.00	0.00	0.00
Proprietary	0	0	0	0	0.00	0.00	0.00	0.00
Independent	3	3	1	1	75.00	50.00	25.00	25.00
Other External Female Directors	0	0	0	0	0.00	0.00	0.00	0.00
Total:	3	3	1	1	27.27	23.08	9.09	10.00

Observations

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 Auditing Law, 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 specifies strict parameters for its application and has been developing specific planning for the implementation of this policy, which has had the positive result of tripling the number of female directors in 2019 with this number being maintained throughout 2020. 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.</p> <p>In relation to diversity, and after the last modification made in 2020, the Policy has among its objectives that by the end of 2022 the number of female directors should represent at least 40 % of the total number of members of the Board of Directors. 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.</p> <p>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 modification regarding gender diversity, one of the most significant changes is the inclusion of age as a criterion for the selection of directors.</p> <p>Furthermore, the re-election of three proprietary directors and the appointment of a new independent lead director were submitted to the General Meeting of Shareholders for approval, for which the ARC carried out an analysis of the composition of the Board of Directors, its needs, and the shareholder composition of the Company, assessing the conditions that the directors should meet in the exercise of their positions and the dedication required for adequate performance. In the selection process, discrimination was avoided, and the principle of the selection process was to evaluate the merits and abilities of each candidate. The ARC has deemed that the re-elected directors and the director appointed as an independent lead director meet the necessary qualification, professional honesty, and capacity requirements in accordance with the Selection and Diversity Policy. In addition, the ARC has ensured that the selection processes foster the diversity of knowledge, experience, education, age, disability, and gender of the directors, and are not implicitly biased in any way that could lead to discrimination of any kind. Finally, the ARC has verified the compliance of the proposed candidates with the requirements of independence, in accordance with the legal and statutory provisions, as well as national and international standards.</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, in the exercise of its internal policies and, in particular, the aforementioned policy on Selection and Diversity, has maintained, as an objective for the financial year 2020, the promotion of the presence of women on the Board. This task was already carried out during the financial year 2019 with the appointment, by the General Meeting, of three new independent female directors, all within the framework of the Company's internal policies, aligned with international standards and recommendation 14 of the Code of Good Governance, while also ensuring cultural diversity and the presence of members with international knowledge and experience on the Board.</p> <p>With regard to the actions of the ARC, it carried out an analysis of the composition of the Board of Directors, its needs, and the shareholder composition of the Company, assessing the conditions that the directors should meet in the exercise of their positions and the dedication required for adequate performance, analyses, and assessments, which have been periodically updated throughout 2020 in relation to the re-elections of directors agreed upon by the General Meeting. In the selection process, discrimination was avoided, and the principle of the selection process was to evaluate the merits and abilities of each candidate. The ARC sought individuals who met the requirements of professional qualification and honesty, as well as capacity, as provided for in the Selection and Diversity Policy. In addition, the ARC has ensured that the selection processes foster the diversity of knowledge, experience, education, age, disability, and gender of the directors, are not implicitly biased in any way that could lead to discrimination of any kind, and, in particular, facilitate the selection of female directors. Finally, the ARC has</p>

verified the compliance of the proposed candidates with the requirements of independence, in accordance with the legal and statutory provisions, as well as national and international standards.

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

Explanation of the reasons
Through its Selection and Diversity Policy, Colonial aims to promote an increase in all types of diversity, for example, related to knowledge, profile, and gender. In this regard, the Company has initiated the necessary actions to achieve the target of at least 40 % participation of women in its highest governing body by the end of 2022. As a result, the Company currently has three independent female directors, representing 75 % of the total number of independent directors. Therefore, in 2020, the Company has remained committed to continuing to increase the presence of female directors in the highest governing body, so that by 2022 the percentage of female directors will be at least 40 %.

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.

As part of the verification of compliance with Colonial's Selection and Diversity Policy, in 2020, the ARC analysed the composition of the Board of Directors, its needs and the shareholding structure of the Company, in order to assess the conditions that the directors should meet in the exercise of their duties and the dedication required for adequate performance. Accordingly, in order to continue promoting a diverse and appropriate composition of the Board of Directors, the ARC resolved to submit to the Board, for submission to the General Meeting of Shareholders, the proposal to re-elect Mr Sheikh Ali Jassim M. J. Al-Thani, Mr Adnane Mousannif, and Mr Carlos Fernández González as proprietary directors. Furthermore, it submitted, for approval by the Board of Directors, the appointment of Mr Luis Maluquer Trepas as a new independent lead director.

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.	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]

Name or company name of the shareholder	Explanation
[N.A.]	[N.A.]

C.1.9 Indicate, if any, the powers 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.
Mr JUAN JOSÉ BRUGERA CLAVERO	In his capacity as Chairman of the Board of Directors, he has been granted all the powers set forth in the regulations of the Board of Directors. He has also been granted broad executive powers.

C.1.10 Identify any Board members working as managing directors, representatives of managing directors or executives at other companies that are 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	Director	NO
Mr PEDRO VIÑOLAS SERRA	Inmocol Torre Europa, S.A.	Director	NO
Mr PEDRO VIÑOLAS SERRA	Colonial Tramat, S.L.	Individual representative of the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	YES
Mr PEDRO VIÑOLAS SERRA	Utopicus Innovación Cultural, S.L.	Director	NO
Mr JUAN JOSÉ BRUGERA CLAVERO	Société Foncière Lyonnaise	Chairman of the Board of Directors	NO
Mr LUIS MALUQUER TREPAT	Société Foncière Lyonnaise	Director	NO
Mr SHEIKH ALI JASSIM M.J. AL THANI	Société Foncière Lyonnaise	Director	NO
Mr PEDRO VIÑOLAS SERRA	Inmocol One, S.A.	Individual representative of the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	YES
Mr PEDRO VIÑOLAS SERRA	Inmocol Two, S.L.	Individual representative of the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	YES
Mr PEDRO VIÑOLAS SERRA	Inmocol Three, S.L.	Individual representative of the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	YES

Observations

C.1.11 Identify any directors, or representatives of directors who are legal entities, at your company who are also members of the Board of Directors, or representatives of directors who are legal entities, in other companies listed on regulated markets other than your group, which have been notified to the company:

Name or company name of the director	Company name of listed company	Position
Mr CARLOS FERNÁNDEZ GONZÁLEZ	AmRest Holdings SE	DIRECTOR
Mr JUAN CARLOS GARCÍA CAÑIZARES	Valorem, S.A.	DIRECTOR
Mr CARLOS FERNÁNDEZ GONZÁLEZ	Restaurant Brands New Zealand Limited	DIRECTOR
Ms ANA LUCRECIA BOLADO VALLE	Unicaja Banco, S.A.	DIRECTOR
Ms ANA LUCRECIA BOLADO VALLE	Metrovacesa, S.A.	DIRECTOR
Ms ANA CRISTINA PERALTA MORENO	Grenergy Renovables, S.A.	DIRECTOR
Ms ANA CRISTINA PERALTA MORENO	Banco Bilbao Vizcaya Argentaria, S.A.	DIRECTOR

Observations

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 [X]

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 pointed out that Board Regulations establish that they must carry out their functions and meet the obligations imposed on them by law, the Company Bylaws and other internal regulations with the diligence of an orderly entrepreneur, in due consideration of the nature of the post and the functions assigned to them; their dedication must be appropriate at all times, and they must take the necessary measures for proper management and control of the Company.	

C.1.13 Specify the amounts of the following items regarding the global remuneration of the Board of Directors:

Remuneration accrued by the Board of Directors during the fiscal year (thousands of euros).	5672
Amount of pension rights accumulated by the current directors (thousands of euros).	898
Amount of pension rights accumulated by the former directors (thousands of euros).	0

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)
Mr ALBERTO ALCOBER TEIXIDO	Business Manager
Mr CARLOS ESCOSA FARGA	Internal Auditor
Ms NURIA OFERIL COLL	Manager of Legal Counsel
Ms CARMINA GANYET CIRERA	Corporate General Manager

Number of women in senior management	2
Percentage of total members of senior management	50%

Total remuneration of senior management (thousands of euros)	2,324.5
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Observations

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

Yes []

No []

Description of changes
As reported at the General Meeting of Shareholders, Article 13 ("General duties") of the Regulations of the Board of Directors was amended to determine the number of additional Boards of Directors that the Directors may sit on. Furthermore, in December 2020, the aforementioned Regulations were modified to align with the amendments approved by the CNMV in June 2020 on certain recommendations of the Good Governance Code for Listed Companies.

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. For legal entities, information should be included on the individual designated for the permanent exercise of the functions of the post.

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 tenure as mandated by the Company Bylaws, except where just cause is found by the Board, based on a report by the ARC. It will 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. Also, the Board of Directors may propose the removal of other directors prior to expiry of the statutory period for which they were appointed for exceptional and justifiable reasons as approved by the board, subsequent to 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 notification of the departure as a regulatory announcement, and 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:

Description of changes
In accordance with the spirit of permanent improvement that Colonial pursues in the fulfilment of its corporate governance functions, extending the requirements that by regulation or recommendation of good practices are applicable to listed companies, through regulation and internal policies committed to progress in this area and transparency in its dissemination, it is noted that the annual evaluation of the Board for the 2019 financial year was satisfactory. However, in order to maintain the Company's objective, the recommendations for improvement proposed for 2020 included [implementing a greater degree of gender diversity on the Board of Directors and maintaining the level of commitment to the Company's strategic issues, among others.

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 assessed its composition and competences, the operation and composition of committees and the performance of the Chairman, CEO, and Board Secretary. In addition, the transition processes regarding the functions of the Independent Lead Director and the Chairpersons of the ARC and ACC that took place in 2020 were evaluated. In this regard, questionnaires were sent to all directors for these evaluations, covering various matters and collecting general recommendations for improvement. Once the responses were received, the ARC prepared the related reports assessing the Board of Directors, Chairman, CEO, and Board Secretary, as well as its own composition, competences and operation, for submission to the Board of Directors. Similarly, the ACC formulated the assessment report on its composition, competencies and functioning. The ARC commissioned the

services of the Spencer Stuart as an external consultant in this evaluation process. This entity issued a report on the adequacy of the procedure and methodology applied by Colonial in the assessment processes and on the conclusions regarding the same. Following the assessment, the Board of Directors approved the assessment reports for the Board, its committees, the Chairman, the CEO, and the Secretary.

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.

The annual business relationship with the consulting firm Spencer Stuart has been as an external consultant in relation to the assessment of the Board of Directors, its committees, the Chairman of the Board, the CEO, and the Board Secretary, as well as the transitions of the positions of Committee Chairpersons and Independent Lead Director, in which the consulting firm has maintained its independence at all times while evaluating the process related to the aforementioned assessment.

C.1.19 Indicate the cases in which the directors must resign.

In order to preserve the independence and the best performance of their duties by Colonial's directors, the company regulates in its internal rules (Regulations of the Board of Directors), that directors must place their position at the disposal of the Board of Directors and tender, if the latter deems it appropriate after a report from the ARC, their resignation 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 events in which, notwithstanding the foregoing paragraph, the Board of Directors considers that there are reasons that justify that the Director remain in office, it will take into particular account the impact that the new circumstances may have on the Director's qualification.

3. When they have been seriously reprimanded by the ARC for having infringed any of their duties as directors.
4. When their remaining as 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 situations arising which affect them and which are related, or not, to their performance in the Company, which 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.

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]

Description of the requirements

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

Yes []

No [X]

	Age limit
Chairman	
CEO:	
Director	

Observations

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]

Additional requirements and/or maximum number of years in office	
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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 rules for the functioning of the Board that allow the effective performance of its functions within the framework of the governance requirements that, both in internal rules and in legislation, are applicable to the Company, the Regulations of the Board of Directors allow, in accordance with the Spanish Limited Liability Companies Law, that representation shall be conferred in writing and specifically for each meeting, and only in favour of another member of the Board. Under Board Regulations, proxy shall be granted in writing and specifically for each meeting, and only in favour of another member of the Board.

Likewise, in cases of delegation, the directors must give specific instructions to the proxy on how to vote on the matters submitted for discussion.

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 shall also include proxies appointed with specific instructions.

Number of board meetings	13
Number of board meetings not attended by the chairman	0

Observations

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:

Number of meetings	3
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Observations

Indicate the number of meetings of the various board committees held during the year:

Number of executive committee meetings	0
Number of audit committee meetings	9
Number of appointments and remuneration committee meetings	10
Number of appointments committee meetings	N.A.
Number of remuneration committee meetings	N.A.
Number of sustainability committee meetings	0

Observations
Due to the recent creation of the Sustainability Committee in December 2020, no meetings were held during the year.

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:

Number of meetings where at least 80% of directors attended in person	13
% of attendance in person out of the total votes during the fiscal year	99.00
Number of meetings with attendance in person, or by proxy with precise instructions, of all the directors	13
% of votes cast with attendance in person, or by proxy with precise instructions, out of the total votes during the year	100.00

Observations

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 ANGELS ARDERIU IBARS	Chief financial officer

Observations

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 submits 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 granted to it in this regard by Board Regulations, the Audit and Control Committee constantly monitors the process of preparing the individual and consolidated financial statements to prevent them from being prepared with reservations in the audit report. In any case, there were no reservations in the year ended 31 December 2020.

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	

Observations

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.

<p>Among the obligations of the ACC is to preserve the independence of the external auditor in the performance of its duties. Furthermore, the ACC will: (i) should the external auditor resign, examine the circumstances that led to such resignation; (ii) ensure that the external auditor's compensation for his/her work does not compromise his/her integrity or independence; (iii) supervise that the Company reports as additional information to the Spanish Securities Market Commission (CNMV) the change of auditor alongside a statement on the likeliness of a disagreement on the contents with the outgoing auditor; and (iv) ensure that the Company and the external auditor adhere to the current regulations on the provision of non-audit services as well as the limits on the auditor's business concentration and, in general, all the other rules on auditor independence.</p> <p>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.</p> <p>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.</p>
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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]

Outgoing auditor	Incoming auditor

Observations

Explain any disagreements with the outgoing auditor and the reasons for same:

Yes []

No [X]

Explanation of the disagreements
N.A.

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 the fees received for such work and the percentage that this amount represents of the fees billed to the company and/or its group for audit work:

Yes []No []

	Company	Group companies	Total
Amount for non-audit work (thousands of Euros)	146	87	233
Amount for non-audit work/Amount for audit work (in %)	54.07	25.82	38.39

Observations

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 []

Explanation of the reasons and direct link to the document made available to shareholders at the time of the call in relation to this matter.

C.1.34 Indicate the number of consecutive years that 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	4	4

	Individual	Consolidated
Number of years audited by the current audit firm/number of years the company or its group has been audited (in %)	11.76	11.76

Observations

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 []

Detail of the procedure
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, 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.

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

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 were prosecuted or had 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, in view of the particular circumstances, decide whether or not he or she should remain in office, providing reasonable reasons therefor in the Annual Corporate Governance Report.

C.1.37 Indicate, unless special circumstances have arisen which have been recorded in the minutes, 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

Name of director	Nature of the situation	Observations

In this instance, indicate whether the Board of Directors has examined the case. If it has, provide a reasoned explanation of whether, in view of the specific circumstances, it has taken any actions, such as opening an internal investigation, requesting the resignation of the director, or proposing the director's dismissal.

In addition, indicate whether the board's decision has been subject to a report issued by the Appointments Committee.

Yes

No

Decision/action taken	Reasoned explanation
N.A.	N.A.

C.1.38 Detail any significant resolutions taken by the company which will come into force, are amended or terminated in the event of a change of control of the company following a takeover bid and the effects thereof.

The Company has signed a credit facility amounting to 1 billion euros. The loan is structured in two 500 million EUR tranches, both of which mature in 2025, with the option to extend the second tranche until 2027. Colonial had an available balance of 875 million EUR through two credit facilities maturing in 2022 and 2023, which were cancelled and replaced by this new line of financing. The financing has been secured through a banking pool involving different national and international financial institutions, some acting as financing brokers and others as sustainability agents.

On 20 February 2020 Colonial signed a bilateral loan for an amount of 75.7 million euros which provides for acceleration in the event of a change of control.

Both loans are based on sustainability and related to recognising the impact of Colonial's sustainability strategy through the GRESB (Global Real Estate Sustainability Benchmark) sustainability rating.

In addition, the Company has made several issues of fixed-income securities which provide 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 total amount of emissions is 2.7995 billion euros.

C.1.39 Identify, separately when referring to directors, and aggregated when referring to all other cases, and provide detailed information on agreements between the company and its officers, executives and employees that provide for indemnities 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 operations.

Number of beneficiaries	3
Type of beneficiary	Description of the agreement
Chairman of the Board, CEO and Corporate General Manager.	This would also accrue (i) in the event of a waiver or departure from their posts due to a change of control at the Company or significant change in the composition of the Board and (ii) in the event of amendment of the terms and conditions agreed in their employment contracts without their consent, among other scenarios established by the Board. The compensation consists of, (a) in relation to the Chairman, a gross amount equivalent to two years' fixed and variable remuneration, with a minimum of €1,650,000, and (b), in relation to the CEO, a gross amount equivalent to two years' fixed and variable remuneration, with a minimum of €1,920,000. The amounts shown are automatically renewed on an annual basis by applying the CPI or any another official benchmark that may ultimately replace it. In the case of the Corporate General Manager, the guarantee or golden parachute clause triggered in the event of termination under certain circumstances or change of control gives rise to compensation for termination of functions for an amount equal to 3 years' salary. The beneficiaries of the plan are the Chairman of the Board, the CEO and the members of Colonial's Management Committee, which includes the Corporate General Manager. The plan provides that the Board of Directors shall agree early settlement of the plan and the award of a maximum number of outstanding shares to each beneficiary if a "substantial liquidity event" occurs. "Substantial liquidity events" shall occur (i) when a takeover bid is authorised to acquire all Colonial's share capital, or (ii) when refinancing of all Colonial's debt is authorised. In the latter case, early settlement of the Plan is subject to the ARC's ratification. If, during the term of the Plan, the Chairman or CEO were unfairly dismissed, the General Meeting did not extend their term or they were dismissed from their positions without just cause, they shall be entitled to early settlement of the Plan and to delivery of the maximum number of shares outstanding in the years remaining until the end of the Plan. Beneficiaries shall lose their right to the delivery of shares in the event of justified dismissal, termination for cause or if they resign on their own initiative, and in case of breach of contract in respect of confidentiality, non-solicitation of services or competition. In these cases, the beneficiaries shall lose any rights to shares that have been granted.

Indicate whether, beyond the assumptions foreseen by the regulations, these agreements 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:

	Board of Directors	General Meeting
Body which authorises the clauses	X	

	Yes	NO
Is the general meeting informed of the clauses?		X

Observations

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	EXECUTIVE
Mr PEDRO VIÑOLAS SERRA	MEMBER	EXECUTIVE
Mr CARLOS FERNÁNDEZ GONZÁLEZ	MEMBER	PROPRIETARY
Mr ADNANE MOUSANNIF	MEMBER	PROPRIETARY
Mr JUAN CARLOS GARCÍA CAÑIZARES	MEMBER	PROPRIETARY
Mr LUIS MALUQUER TREPAT	MEMBER	INDEPENDENT

% of executive directors	33.33
% of proprietary directors	50.00
% of independent directors	16.67
% of other external directors	

Observations

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 the Board so resolves. 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 directors concerned 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 Executive Committee did not meet in 2020, due to the increased activity of the Board of Directors over the financial year as a consequence of the Covid-19 crisis.

AUDIT COMMITTEE

Name	Position	Category
Ms ANA PERALTA MORENO	CHAIRWOMAN	INDEPENDENT
Mr LUIS MALUQUER TREPAT	MEMBER	INDEPENDENT

Mr JAVIER LÓPEZ CASADO	MEMBER	PROPRIETARY
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% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	

Observations

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, Company Bylaws, or other corporate agreements.

<p>The ACC comprises a minimum of 3 and a maximum of 8 non-executive directors, appointed by the Board, with the number of independent directors determined 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.</p> <p>The ACC members shall have relevant technical knowledge in relation to the Company's sector of activity. The ACC shall appoint a Chairperson (independent director), who shall be replaced every 4 years, and may be re-elected after 1 year has elapsed from the date on which their term of office expired; and a Secretary, who may be Secretary to the Board. The members shall be relieved of their duties once their directorships expire, or when the Board agrees so. The ACC shall have the following functions, among others:</p> <ul style="list-style-type: none"> - Report to the General Meeting on any questions posed in relation to those matters for which the Committee is responsible, particularly the result of the audit. - Supervise the effectiveness of internal control, the internal audit and the risk management systems, and discuss with the auditor any significant weaknesses detected. - Supervise the drawing up and presenting of required financial information and submit recommendations and proposals to the Board to safeguard its integrity. - Propose to the Board the selection, appointment, re-election and replacement of the auditor, taking responsibility for the selection process, as well as the terms of its engagement, and regularly gather information from it regarding the audit plan and the implementation thereof, and preserve its independence. - Establish appropriate relationships with the auditor to receive information on any issues which may jeopardise its independence and issues relating to the audit process, and, as appropriate, the authorisation of non-prohibited services, among others. In any event it must, on an annual basis, receive from the auditor a statement of its independence with respect to the Company or entities directly or indirectly related thereto, as well as information on any type of additional services provided and the related fees received by the auditor or by persons or related entities. - Issue, on an annual basis and prior to the issuance of the annual audit report, a report expressing an opinion on whether the independence of the auditor or audit companies has been jeopardised, which must in all cases contain a reasoned evaluation of the provision of additional non-audit services in respect of the independence rules or audit standards. - Inform the Board of all matters established by law, the Bylaws and Board Regulations. - Prepare an annual report on its activities, which must be included in the directors' report. <p>The ACC meets whenever requested to do so by at least 2 of its members, or at the behest of the Chairman, who is responsible for convening it in accordance with the Board regulations. The ACC is validly convened when the majority of its members are present or represented, adopting resolutions by majority of those present or represented. The member affected must abstain from participating in the deliberation and voting on resolutions in which the member or a person related thereto has a conflict of interest. In the event of a tie, the Chairman has the casting vote. Minutes are taken of ACC meetings and are made available to the Board.</p> <p>The major activities of the ACC in 2020 were as follows:</p> <ul style="list-style-type: none"> - Served as a communication channel between the Board and the external auditor. - Issued a report prior to issuing the audit report on the independence of the auditors, in accordance with all legal and statutory requirements. - Supervised the effectiveness of the internal control, internal audit, and, in particular, risk management systems, including tax risks, and discussed with the auditor any significant weaknesses detected in the internal control system during the course of the audit. - Approved the internal audit plan for 2020, the proposal for the re-election of the statutory auditor for 2021, and the report on the risk management and control policy.
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<ul style="list-style-type: none"> - Monitored corporate social responsibility practices and strategy. - Monitored compliance with internal rules of conduct and the financial information preparation and reporting process. - Promoted and encouraged a culture of compliance with the company regulations and corporate texts. - Reported on the Annual Corporate Governance Report. - Evaluated its own performance within the framework of the self-evaluation of the Board and its committees. - Analysed and reported on treasury share operations to be submitted to the Board of Directors. - Informed the Board of the contents of the ACC meetings. - Updated the risk map. - Monitored compliance with the measures agreed within the framework of the action plan to improve cybersecurity. - Analysed the reports submitted by the internal audit and business departments on the contracting of works and construction suppliers. - Appointed Ms Ana Peralta as Chairwoman as of 30 June. - Submitted a proposal to the Board of Directors to amend the Board Regulations to align Article 13 and other articles with the new good governance recommendations approved in June by the CNMV. - Approved the policy on reporting economic/financial, non-financial and corporate information to shareholders, institutional investors, and proxy advisors for approval by the Board of Directors.

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.

Names of directors with experience	DON LUIS MALUQUER TREPAT / DON JAVIER LÓPEZ CASADO / DOÑA ANA CRISTINA PERALTA MORENO
Date the Chairman was appointed as such	12/05/2020

Observations
The appointment of Ms Ana Peralta Moreno as the new Chairwoman took place on 12 May 2020, with effect from 30 June 2020.

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
Ms ANA BOLADO VALLE	CHAIRWOMAN	INDEPENDENT
Mr ADNANE MOUSANNIF	MEMBER	PROPRIETARY
Mr JUAN CARLOS GARCÍA CAÑIZARES	MEMBER	PROPRIETARY
Mr LUIS MALUQUER TREPAT	MEMBER	INDEPENDENT
Ms SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	MEMBER	INDEPENDENT

% of proprietary directors	40.00
% of independent directors	60.00
% of other external directors	

Observations

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, Company Bylaws, or other corporate agreements.

In order to adequately fulfil its obligations and functions, the internal regulations have reinforced certain legal provisions on the ARC. The ARC comprises a minimum of 3 and a maximum of 8 directors, all of them non-executive directors, appointed by the Board, with the number of independents as determined by law. The ARC shall appoint from among its members (i) a chairman, who, in any case, shall be an independent director, and (ii) a secretary, or it may designate the Secretary to the Board. The ARC may appoint a deputy chairman, who shall also be an independent director. The members of the ARC shall leave office when they cease to be directors or when the Board so resolves. The functions of the ARC will be, among others:

- Evaluate the skills, knowledge and experience required of the Board, define the roles and capabilities required of the candidates and decide on the time and dedication necessary for them to effectively discharge their duties.

In 2020, the ARC analysed the composition, expertise, and experience of the Board, as well as the suitability of its members, in accordance with the provisions of corporate regulations, current legislation, and corporate governance recommendations.

- Submit to the Board reports on the evaluation of the Board of Directors, the ARC, and the performance of the Chairman, CEO, Independent Lead Director, and Board Secretary.

In this regard, in 2020, the ARC coordinated the preparation and submission of reports to the Board on the evaluation of the Board and the Committee and the performance of duties of the Chairman of the Board, the CEO and, the Secretary of the Board, as well as on the transition of the position of Independent Lead Director, with the advice of Spencer Stuart.

Establish a target representation rate for the less-represented gender on the Board, laying down guidelines to achieve it.

In this regard, the ARC submitted to the Board, after a period of analysis, a request to modify the Diversity Policy to align the policy with the new recommendations of the Good Governance Code approved by the CNMV in June 2020. In addition to the modification regarding gender diversity, one of the most significant changes is the inclusion of age as a criterion for the selection of directors.

- Report on proposals for the appointment of directors (excluding independent directors) to be co-opted or, if applicable, for submission to a decision by the shareholders at the General Meeting, and proposals for re-election and removal of those directors by the General Meeting.

In particular, the ARC resolved to submit to the Board, for submission to the General Meeting, a proposal to re-elect Mr Sheikh Ali Jassim M. J. Al-Thani, Mr Adnane Mousannif, and Mr Carlos Fernández González as proprietary directors. Furthermore, it submitted, for approval by the Board of Directors, the appointment of Mr Luis Maluquer Trepas as the new Independent Lead Director.

- Report the proposals for the appointment and removal of senior officers and the basic conditions of their contracts.

As proposed by the CEO, the 2019 performance was analysed in 2020 with a view to reporting favourably on the fixed and variable remuneration of the management team.

Make recommendations to the Board on remuneration policy for directors and general managers or other members of senior management reporting directly to the Board, for executive committees or the CEO, and for individual remuneration and other contractual conditions of Executive Directors, and ensure compliance with this policy.

In this regard, in 2020 the ARC has: (i) reported favourably and proposed to the Board the Annual Report on the Remuneration of Directors; (ii) ensured compliance with the remuneration policy established by the Company and proposed to the Board the variable remuneration of the Chairman and CEO; (iii) reported favourably and proposed to the Board the approval of the Directors' remuneration policy for 2020, 2021, and 2022; (iv) analysed the variable remuneration objectives for 2020 to assess the performance of the Management Committee; and (v) proposed the number of shares to be received by the beneficiaries of the Share Award Scheme approved by the General Meeting of Shareholders held on 21 January 2014.

In addition, other functions carried out in 2020 included:

- Refocusing the directors' refresher and training plan.
- Promoting the ESG policy.
- Sending the proposed schedule for the ARC annual meetings to all the directors.
- Proposing to the Board of Directors the appointment of members of the ACC, the ARC, and the Executive Committee.
- Reporting on and analysing the actions of the Corporate Governance Unit throughout the year.
- Assessing the suitability and proposing a Sustainability Committee to be approved and constituted by the Board.

Regarding its operation, the committee meets whenever requested by at least two of its members or agreed by the Chairperson, who is responsible for calling meetings. The call notice shall be valid provided it is sent by any means that allows acknowledgement of its receipt. The ARC shall be considered validly constituted when a majority of its members are present in person or by proxy.

APPOINTMENTS COMMITTEE

Name	Position	Category
N.A.		

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations

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, Company Bylaws, or other corporate agreements.

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REMUNERATION COMMITTEE

Name	Position	Category
N.A.		

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations

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, Company Bylaws, or other corporate agreements.

Sustainability Committee.

Name	Position	Category
Ms SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	CHAIRWOMAN	INDEPENDENT
Ms ANA PERALTA MORENO	MEMBER	INDEPENDENT
Ms ANA BOLADO VALLE	MEMBER	INDEPENDENT
Mr LUIS MALUQUER TREPAT	MEMBER	INDEPENDENT
Mr ADNANE MOUSANNIF	MEMBER	PROPRIETARY

% of executive directors	
% of proprietary directors	20.00
% of independent directors	80.00
% of other external directors	

Observations

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 was constituted by resolution of the Board on 17 December. Its functions include:</p> <ul style="list-style-type: none"> (i) Evaluate and periodically review the environmental and sustainable development policies approved by the company's Board of Directors, and ensure that the company's practices in environmental and sustainable
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development are in accordance with said policies.
(ii) Evaluate and monitor the proposals for incorporating the company into the most widely recognised international sustainability indices.
(iii) Advise the Board of Directors on environmental and sustainable development matters in accordance with internationally accepted best practices.
(iv) Analyse the draft bills, voluntary initiatives and recommendations in environmental and sustainable development matters and their possible effects on the company's activities, as well as report on the possible impact on the company of European regulations and national, regional and local legislation on environmental and sustainable development matters, in order to be able to take the appropriate decisions.
(v) Analyse the indices and measurement instruments commonly accepted in international practice to assess and measure the positioning of the company in environmental and sustainable development matters, as well as offer recommendations for improving the company's positioning.
(vi) Issue the reports and carry out the actions that correspond to it in environmental and sustainable development matters.

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 directors			
	Year Q Number %	Year Q1 Number %	Year Q2 Number %	Year Q3 Number %
Executive Committee	0 / 0.00	0 / 0.00	0 / 0.00	0 / 0.00
Audit Committee	1 / 33.33	1 / 20.00	1 / 25.00	1 / 25.00
Appointments and Remuneration Committee	2 / 40.00	1 / 16.67	0 / 0.00	0 / 0.00
Appointments Committee	-	-	-	-
Remuneration Committee	-	-	-	-
<i>Sustainability Committee.</i>	3 / 60.00	N.A.	N.A.	N.A.

Observations

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.

<p>Reports have been prepared on the activities, structure and organisation of Colonial's Board Committees. In this regard, the Audit and Control Committee has prepared a report on its assessment of the structure and functions it carries out, which includes a list of the most significant functions it performed in 2020. Likewise, the Appointments and Remuneration Committee carried out the same assessment of its structure, organisation, performance, and competences, and the evaluation report lists the significant actions carried out in 2020. Both reports are made available to shareholders, together with the other documentation for the Colonial Ordinary General Meeting, on the Company's corporate website. Regarding the existence of committee regulations, the Company has regulations for the functioning</p>

of the Audit and Control Committee, in addition to those laid down by the Regulations of the Board of Directors.

Furthermore, the regulations on the powers and functioning of the Audit and Control Committee and the Appointments and Remuneration Committee have been aligned with the new recommendations published by the CNMV in June 2020, by means of the corresponding amendment to the Board Regulations approved by the Board of Directors on 17 December. The Board Regulations are available on the Company's corporate website.

D. RELATED-PARTY TRANSACTIONS AND INTRACOMPANY TRANSACTIONS

D.1 Explain, where appropriate, the procedure and competent bodies for the approval of related-party transactions and intracompany transactions.

In accordance with the Regulations of the Board of Directors, express authorisation is required from the Board of Directors, which cannot be delegated, following a favourable report from the ACC, in the following cases, among others:

- Provision of professional services by a director to Colonial companies. The employment or any other type of relationship that executive directors have with the Company is exempt for these purposes.
- Sale, or transfer of any kind, in exchange for any form of remuneration, by a director, significant shareholder, shareholder represented on the Board, or with persons related to them, Colonial, or other Group companies, of supplies, materials, assets, or rights. - Transfer by Group companies to a director, a significant shareholder, or shareholder represented on the Board, or with persons related to them, of supplies, materials, assets, or rights, outside the ordinary course of business of the transferring company.
- Provision of works, services or sale of materials by Inmobiliaria Colonial Group companies to a director, significant shareholder or a shareholder represented on the board, or a related person, and which, being part of their ordinary business, is carried out under economic conditions below market rates.
- Any other legal business with Group companies in which the director or a related person has a direct or indirect interest.

The aforementioned approval by the board of directors will not be necessary when such transactions simultaneously meet the following three characteristics:

1. They are carried out under contracts with standard terms and conditions and are applicable across-the-board to many customers;
2. They are carried out at market prices, generally set by the person supplying the goods or services; and
3. The amount of the operation does not exceed 1% of the Company's annual revenue.

D.2 State any operations which are significant in terms of their value or relevant due to their contents, carried out between the company or companies in its group, and significant shareholders of the company:

Name or company name of the significant shareholder	Name or company name of the company or company in its group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
[No data]				

Observations

D.3 State any operations that are significant in terms of their value or relevant due to their contents, carried out between the company or companies in its group, and company directors or managers:

Name or company name of the directors or executives	Name or company name of the company or company in its group	Link	Nature of transaction	Amount (thousands of euros)
[No data]				

Observations

D.4 State any significant transactions carried out by the company with other companies in the same group, provided they are not eliminated during the process of drawing up the consolidated financial statements and do not form part of the company's usual business in terms of its corporate purpose and conditions.

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	Amount (thousands of euros)
[No data]		

Observations

D.5 Detail any significant operations carried out between the company or group companies and other related parties that have not been reported in the previous sections.

Company name of the related party	Brief description of the transaction	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, managers or significant shareholders.

<p>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 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. Resolutions or decisions that affect directors</p>
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in their capacity as directors, such as the appointment or revocation of positions in the governing body or others of a similar nature, are excluded from this obligation to abstain.

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. In particular, the duty to avoid conflicts of interest requires that directors abstain from:

- a) conducting transactions with the Company, with the exception of regular operations performed under standard conditions for customers and which have little relevance, defined as those operations whose information is not required to demonstrate the Company's equity, financial position and results;
- b) using the Company's name or relying on their status as directors to unduly influence private transactions;
- c) using the Company's assets, including its confidential information, for personal gain;
- d) taking advantage of the Company's business opportunities;
- e) obtaining advantages or remuneration from third parties other than the Company and its Group in connection with the performance of their duties, unless considered an act of mere courtesy;
- f) carrying out activities as independent professionals or as employees that involve effective competition, be it present or potential, with the Company, or that, in any other way, place the directors in an ongoing 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 when its purpose is to waive the prohibition of obtaining an advantage or remuneration from third parties, or when it affects a transaction the value of which is greater than 10% of the Company's assets. 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]

Indicate whether the respective business areas and possible business relations between the listed company or its subsidiaries and the parent company or its subsidiaries have been publicly and accurately disclosed.

Yes []

No []

Report on the respective business areas and possible business relations between the listed company or its subsidiaries and the parent company or its subsidiaries. Specify where these aspects have been publicly disclosed.

N.A.

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

Mechanisms to resolve any conflicts of interest

N.A.

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Describe the Risk Management and Control System in place at the company, including 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 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.

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 risks (including tax risks) and, when significant, those derived from corruption (as described in the 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 which influence and condition the company's operations.
- Internal risks: risks arising from the company's own activity and its management team.
- The main external risks faced by Colonial in achieving its targets include:
- Economic risks arising from the political and macroeconomic situation of the countries in which we operate

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 regulations (mainly due to the Socimi regime) and the counterparty risks of major clients.
- Environmental risks, such as those relating to the management of the crisis, those derived from more demanding ESG, and mainly those related to the impact of climate change on the Group's activity.
- 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 the maintenance of property occupancy levels and contracted rent levels, the development of projects within time and 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 subsidiary *Société Foncière Lyonnaise's* loss of its real estate investment trust (SIIC) status.

E.4 State whether the company has a risk tolerance level, including tax risks.

Colonial has established an appetite and tolerance for each risk area.

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 risks, including tax risks, which have occurred during the year.

The risks inherent in the business model and the various activities carried out by the Group are likely to materialise to some extent during each year. In 2020, the global health crisis caused by Covid-19 led to a great deal of uncertainty in many areas, particularly the economic arena, with different impacts on the various business sectors. In relation to this, and particularly in 2020, a number of risks inherent to the Company's activity have materialised, although the Company has shown great resilience in the face of the crisis, particularly in the strategic, operational and financial arenas, and the control systems in place have worked correctly, enabling the Company to manage these risks appropriately. The main risks that materialised during the aforementioned financial year include:

The emergence of the pandemic has resulted in an exceptional crisis unlike any seen in recent years, triggering the activation of the company's business continuity plan with the aim of keeping its staff and assets safe and ensuring the continuity of the Group's operations.

This health crisis has led to great financial uncertainty, and its true impact in terms of the destruction of jobs and the business fabric is not yet known.

The high social and economic uncertainty has increased the complexity of divestment operations for non-strategic assets and led to the development of a strategy for investment in new assets.

In this context, the real estate market has started to fluctuate, speeding up the change of cycle and leading to lower valuation of real estate assets.

Debt management has been a priority this year, and we have taken steps to strengthen the Group's financial structure and ensure its solvency and liquidity to address its medium- and long-term business plans.

The risks associated with the management of the customer portfolio in relation to the maintenance of building occupancy

and rent levels.

The risks associated with climate change have led to the implementation of policies and strategies in this field, with specific actions aimed at improving the quality of buildings and the measurement of their energy consumption levels, as well as optimising their environmental impact.

- Although regulatory risks are always present, they have been particularly relevant during this year 2020 due to the need to comply with the large body of regulations generated as a result of this Covid-19 crisis.

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 they own. 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 residual risk so that it is in line with the Company's risk tolerance.
- Share: The likelihood or impact of a risk is reduced by transferring or sharing part of the risk to reduce residual risk so that it is in line with the Company's risk tolerance.
- Accept: No action is taken which may affect the likelihood or impact of the risk as residual risk is already within the Company's risk tolerance.

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 tolerance 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 Which bodies and/or functions are responsible for: (i) the existence and maintenance of a proper 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. Determine the Company's general policies and strategies, approve the investment and financing policy, the strategic or business plan, the annual management targets and annual budgets, and the treasury share policy, determine the corporate governance policy of the Company and the Group and the dividend policy, and approve the corporate social responsibility policy. The Board of Directors also determines 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 ideal development.

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

2. Approval of the financial information that all listed companies must periodically disclose.

To this end, Colonial has published a Manual for Disclosure of Regulated Information that covers the aspects mentioned in this section and has been approved by the ACC.

3. Monitor the effective functioning of the Committees created by the Board and the performance of the delegated bodies and executives 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 risk control and management policy, which identifies at least: (i) types of financial and non-financial risks faced by the Company, including financial and economic risks, contingent liabilities and other off-balance sheet risks; (ii) the level of risk that the Company considers acceptable; (iii) the measures planned to mitigate the impact of identified risks, should they materialise; (iv) and the information and internal control systems to be used to control and manage these risks, including contingent liabilities and off-balance sheet risks.

2. Oversee the preparation and submission of the required financial information.

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 orientation and its 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) establish and supervise a method that allows employees to make confidential and, if possible and appropriate, anonymous, declarations on any irregularities, especially financial and accounting irregularities, that may potentially be important to the company.

4. It also receives regular information from the 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 will be taken of all committee meetings and will be made available to all board members.

The internal audit function is responsible for drawing up the annual Internal Audit Plan and submitting it to the ACC. 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.

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

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

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 guidelines of operation of the ICFR and senior-level roles and responsibilities.

b) Identification of major risk events, which, if they occur, may materially affect financial information.

c) For risks identified in the relevant processes, specific mitigating controls are implemented to reduce these risks to acceptable levels. The operational Departments concerned are responsible for adequately implementing these procedures.

d) The Financial Department is responsible for maintaining documentation on and keeping Colonial's accounting policies and manuals up to date and maintaining an environment of general controls of the IT systems.

e) Lastly, the Internal Audit function and the 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 which expresses 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 through the corporate intranet that enables employees to report irregularities and non-compliance identified in the organisation. It is presently in full and efficient operation for all employees, with all of them having been informed and trained in its use.

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, audit, 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.

To this end the managers of the various operating units cooperate in identifying and correcting risk 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 revised and periodically updated by Internal Audit and the Legal Advisory and Operations-Finance Departments, at the proposal of any 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 is changed.

- 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 risk.

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 CAC.

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 section 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 of reliable financial information to the market. In this regard, the Committee has approved a manual for disclosure of statutory information that regulates the procedure for preparing and approving this information.

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

- a) Periodic Public Information (PPI) obligations of issuers:
 - 1) Quarterly Financial Report.
 - 2) Half-yearly Financial Report.
 - 3) Annual Financial Report and Annual Corporate Governance Report (ACGR).
- b) Annual Report on Directors' Remuneration (IAR).
- c) Registration document
- d) Other significant 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.

Monitoring of the Manual for Disclosure of Statutory Information as well as the completion of the specific internal control questionnaires are mandatory and subject to review by Colonial's internal auditor.

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.

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.

Colonial has determined what errors or inaccuracies in the financial statements and other public information could severely affect its reputation, image and share price and these are, therefore, included in the ICFR system for monitoring and supervision.

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, by complying therewith, complete and reliable financial information is obtained.

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) Manual for Disclosure of Statutory Information.
- g) Procedure for maintaining the Group's accounting policies and the Accounting Policies Manual.
- h) Taxes.
- i) Reporting systems, including capture and preparation mechanisms for supporting financial information to be issued.
- j) Investments and asset acquisitions.
- k) Purchases of goods and services.
- l) Human Resources.

All key processes are documented and are 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 activities of the processes.
- 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 must be adhered to. 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.

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

Any transactions with a substantial weight of critical judgments, estimates, measurements and projections are specifically monitored, as is the case with real estate asset valuations, the preparation of impairment tests and the preparation of effectiveness tests for derivative financial instruments.

F.3.2 Internal control policies and procedures for IT systems (including access security, control of changes, system operation, continuity and separation of duties) giving support to 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.

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, therefore, information is exchanged by exporting data to secure 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.

The internal audit's annual plan includes the monitoring activities needed to ensure the processes described are correctly executed.

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 and keeping the Group accounting policies manual up to date, 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 capture and prepare the financial information with consistent formats, to be implemented and used by all units in the Company or group, which support 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 and which 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 for Colonial's national companies, is coordinated centrally by the Finance Department and the 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.

Also, Colonial uses a GRC (Governance, Risk and Compliance) IT tool in order to monitor the information specific to ICFR management relating to compliance with the controls established for 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 and whether the entity 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 2020 consisted of approving the Internal Audit Plan for 2020, which includes monitoring ICFR and being apprised of the related degree of implementation, compliance and effectiveness.

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 2021, including the necessary actions necessary to guarantee monitoring and evaluation of the internal control procedures, the performance of one-off work to verify the operational effectiveness of Colonial's ICFR, with regular reporting of incidences detected and necessary improvement actions, as well as the potential impact on financial information, once verified 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:

"Dealings of the Board of Directors with the external auditor will be 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 proper relations with the external auditor to receive information on such matters as may imply threats to their independence for their examination by the Committee and any others relating to the process of development of the audit of accounts and, where applicable, the authorisation of services other than those prohibited, upon the terms established by current regulations, regarding the system of independence, and such other communications established in the accounts auditing laws and auditing standards.
3. Supervise the effectiveness of the Company's internal control, the internal audit and the risk management systems, and discuss with the auditor any significant weaknesses detected in the internal control system during the conduct of 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 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 relevant internal control 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. This policy should be disclosed on the company's website, including the details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.**

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 preemptive rights, the Company should immediately publish on its website the reports on this exclusion as laid down 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 will perform its duties with unity of purpose and independent judgment, and it will 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 maximise 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 annually verify compliance with this policy and inform thereof in the Annual Corporate Governance Report.

Compliant Partially compliant Explain

15. The proprietary directors and independent directors should 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

At present, female directors in the Company represent 27.27 % of the total, although Colonial's Director Selection Policy's aim is for female directors to be at least 40 % of the Board of Director's total before the end of 2022.

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 highly capitalized or where, still being so, 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

Compliant

Explain

EXPLANATION: The company has 4 independent directors out of a total of 11, one less than the number of proprietary directors and double the number of executive directors. Thus, although the percentage of independent directors does not reach the 50 % required by the recommendation, in accordance with the company's current shareholder structure it is estimated that representation of this type of directors is considerable, and thus all interests are duly 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 the secretary is 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. A Director's absence 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 programs 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 [X] Partially compliant [] Explain []

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

Compliant [X] 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 [X] 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 management and control systems 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

In view of the current structure of the Company, in particular the number of employees and executives, as well as its organisation and activity, it is considered appropriate to maintain 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 will not apply to shares that the director needs to dispose of, if appropriate, to meet the costs related to acquisition.

Compliant [X] 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 [X] 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 [X] Explain [] Not applicable []

EXPLANATION: The Company's Board of Directors, following the proposal made by the Appointments and Remuneration Committee, intends to put to the vote at the next Ordinary General Meeting a new director's remuneration policy for 2021, 2022 and 2023 (the "**New Remuneration Policy**"). According to this New Remuneration Policy, the Board of Directors would be able to, when proposed by the Appointments and Remuneration Committee, cancel (*malus*) all or part of the annual variable remuneration under certain circumstances.

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. OTHER INFORMATION OF INTEREST

1. 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 section C.1.3, although there were no changes in the director categories in 2020, a new Independent Lead Director was appointed, following the resignation as director of Mr Fernández-Lerga Garralda on 30 June. Accordingly, at the proposal of the Appointments and Remuneration Committee, the Board of Directors approved the appointment of Mr Luis Maluquer Trepas as Lead Independent Director, with effect from 30 June, following the resignation of Mr Carlos Fernández-Lerga Garralda as director.

4. Regarding the information on the Audit Committee in section C.2.1, other than auditing, the following main services were provided by the external auditor in 2020: the independent review of ESG indicators in the Annual Integrated Report and the study on the main characteristics of SOCIMIs (real estate investment trusts) in Spain.

4. This annual corporate governance report was approved by the Company's Board of Directors at its meeting held on 25 February 2021.
5. List whether any directors 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
Observations		

* * * * *