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## REPORT BY THE APPOINTMENTS AND REMUNERATION COMMITTEE ON THE ASSESSMENT OF ITS PERFORMANCE IN 2019

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### 1. INTRODUCTION

The Appointments and Remuneration Committee of Inmobiliaria Colonial, SOCIMI, S.A (the “**Company**” or “**Colonial**”) has issued this report on its performance and the fulfilment of its responsibilities throughout 2019 (the “**Report**”). For the purposes of drawing up this report, the members of this Committee were sent a questionnaire about its structure, performance and the fulfilment of responsibilities. The questionnaire was previously revised in terms of methodology by an external expert, Spencer Stuart.

The report will be submitted to the Board of Directors of the Company, which, on the basis of the information contained therein, will be the body entrusted with assessing the performance of the Appointments and Remuneration Committee (the “**Committee**”) by virtue of Article 34 of the Regulations of the Board of Directors.

### 2. CONCLUSIONS DRAWN FROM THE ASSESSMENT PROCESS

From the assessment process carried out by the Committee regarding its performance, some positive conclusions have been drawn, both in relation to its members and internal organisation and in the performance of the responsibilities bestowed upon it.

In relation with Recommendation 48 of the Code of Good Governance for listed companies approved by the Spanish Securities Market Commission in February 2015, which stipulates that large-cap companies should have separate appointments committees and remuneration committees, it was felt that a single committee was appropriate in view of the Company’s organisational structure.

#### 2.1. Members of the Committee

The Committee is made up of 6 members, thereby complying with the minimum and maximum required by Article 33 of the Regulations of the Board of Directors, which establishes that the Committee must be made up of a minimum of 3 and a maximum of 8 directors.

All members of the Committee are non-executive directors, 4 of whom are independent directors and 2 are proprietary directors. The Committee is chaired by an independent director. Therefore, the Committee has been formed in accordance with Article 33 of the Regulations of the Board of Directors.

The current members of the Company Committee are as follows:

<u>Name/Company name</u>	<u>Position</u>	<u>Category</u>
Mr. Carlos Fernández-Lerga Garralda .....	Chairman	Independent director
Mr. Adnane Mousannif .....	Member	Proprietary director
Mr. Juan Carlos García Cañizares .....	Member	Proprietary director
Mr. Javier Iglesias de Ussel Ordís .....	Member	Independent director
Mr. Luis Maluquer Trepal .....	Member	Independent director
Ms. Ana Bolado Valle .....	Member	Independent director

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During 2019 there was one change in the composition of the Committee as a result of the appointment by the Board of Directors of Ms. Ana Bolado Valle as a member, during its meeting of 25<sup>th</sup> of July 2019.

Committee members have the necessary knowledge, skills and experience to discharge their duties. In this regard, the academic and professional background of the directors are available on the Company's corporate website (link).

On the basis of this, it can be concluded that the Committee is duly organised and made up of directors who have the skills and qualifications required for their roles.

## **2.2. Performance of the Committee**

In 2019, the Committee met on 8 occasions. The meetings were held on the following dates: 22 January, 21 February, 26 February, 2 April, 30 April, 16 July, 9 October and 11 December.

Consequently, the Appointments and Remuneration Committee has fulfilled its duty to meet as often as necessary to effectively carry out its functions.

Regarding the preparation and development of the meetings, the Committee Chairman calls them with sufficient notice, and they are regularly attended by the Directors and in cases where, for justified reasons, they cannot attend, they delegate their vote to another Director, including instructions to the representative. In this regard, during the 2019 financial year, all the Committee members have attended, in person or through electronic means, 100% of the meetings, with the exception of Mr. Adnane Mousannif, who attended all of them, except the meeting of 21 February for a justified reason.

Additionally, prior to each meeting, the members of the Committee are provided with the information on the agenda, thereby encouraging them to participate actively and to make informed agreements.

In addition to the members of the Commission, they have attended as guests, among others: (i) the Chairman of the Board of Directors; (ii) the Chief Executive Officer; and (iii) the Human Resources Director.

Lastly, it must be pointed out that the Secretary took minutes of all the meetings held, including how they developed, their contents, discussions and the agreements reached. The Committee's minutes are at the disposal of its members and those on the Board of Directors.

In accordance with the foregoing, it has been concluded that the Committee complies with the Operating Rules established by the Company Bylaws and the Regulations of the Board of Directors, and it is organised correctly and efficiently to perform its duties and for its purposes.

## **2.3. Responsibilities of the Committee**

The Committee efficiently fulfils the duties it has been entrusted with in accordance with Article 33 of the Regulations of the Board of Directors.

Likewise, the Committee performed the following functions in the course of 2019:

- Coordinated and submitted to the Board its reports, assessing the Board of Directors and the Committee, and the performance of the Chairman of the Board, the CEO, the Independent Lead Director and the Secretary of the Board, with the advice of Spencer Stuart.
- Promote the Training and Knowledge Updating Plan for Board Members. In this regard, the following presentations have been made at the meetings of the Committee: (i) "Macroeconomic risks", (ii) Artificial Intelligence; (iii) "ESG/ODS Sustainability ", and (iv) "Responsibility of directors ".
- Promote ESG (Environment, Social and Governance) policy. The Company aspires to clear leadership in ESG, having obtained in 2019 (i) for the fourth consecutive year the classification of EPRA Gold sBPR which certifies the highest standards of reporting on ESG. The high quality of Colonial's portfolio; and (ii) recognition by BREEAM/GRESB as the number one leader in Europe in responsible investment through the "Award for Responsible Real Estate Investment".
- Examined the qualifications of the members of the Board of Directors in accordance with their corporate documents, the Spanish Limited Liability Companies Law and the corporate governance recommendations.
- Issued a favourable report and proposed to the Board of Directors approval of the Annual Report on Directors' Remuneration.
- To ensure compliance with the remuneration policy established by the Company and, in particular, to propose to the Board of Directors the variable remuneration of the Chairman and the Managing Director.
- Issued a favourable report and proposed to the Board of Directors the approval the approval of the directors' remuneration policy for the years 2020, 2021, 2022.
- Analyse the objectives of variable remuneration for the 2019 year to enable the performance of the Management Committee to be evaluated.
- Review the succession plan for the Chairman of the Board of Directors and the CEO.
- Sent the proposed schedule for the Committee's annual meetings to all the directors.
- Proposed, based on the achievement of the indicators, the number of shares owed to the beneficiaries of the share allocation plan approved at the General Meeting of Shareholders on 21 January 2014.
- Issued a proposal to the Board of Directors to be tabled at the General Meeting to set the number of Board members as thirteen.
- Proposed to the Board of Directors the appointment of Mr. Pedro Viñolas Serra as Vice-Chairman of the Board of Directors of the Company.
- Proposed a report for the Board of Directors on the appointment of: (i) Ms. Silvia Monica Alonso-Castrillo Allain as independent Director of the Company; (ii) Ana Bolado Valle as an independent Director of the Company and; (iii) Ms. Ana Peralta Moreno as an independent Director of the Company.
- Proposed to the Board of Directors the appointment of members of the Audit and Control Committee and the Appointments and Remuneration Committee.

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- Issued a favourable report on the fixed and variable remuneration of the Company's management team as proposed by the CEO.
- Reported to the members of the Committee on the activities of the Corporate Governance Unit.

In accordance with the foregoing, it may be concluded that the Committee efficiently undertakes and fulfils the responsibilities assigned to it by the regulations applicable and by the Company's corporate documents.

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