



## REPORT BY THE APPOINTMENTS AND REMUNERATION COMMITTEE ON THE ASSESSMENT OF ITS OWN PERFORMANCE IN 2020

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### 1. INTRODUCTION

The Appointments and Remuneration Committee of Inmobiliaria Colonial, SOCIMI, S.A (“**Colonial**” or the “**Company**”) has issued this report on its structure, organization and performance, as well as on the fulfilment of its responsibilities throughout 2020 (the “**Report**”). For the purposes of drawing up this report, the members of the Appointments and Remuneration Committee were sent a questionnaire about its structure, organization, performance and the fulfilment of responsibilities, which was reviewed in terms of methodology by Spencer Stuart, an external expert, and which was answered by each and every one of the members of the Appointments and Remuneration Committee.

The report will be submitted to the Board of Directors of the Company, which 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, in general terms, positive conclusions have been drawn, both in relation to its members and internal organization and in the performance of the responsibilities bestowed upon it.

#### 2.1 Members of the Committee

The Committee is made up of 5 members, thereby complying with the maximum and minimum limits required by Article 33 of the Regulations of the Board of Directors, which establishes that the Committee must be made up of at least 3 Directors but no more than 8.

All members of the Committee are Non-Executive Directors, including two Proprietary Directors and three Independent Directors. Furthermore, the Committee is chaired by an Independent Director in accordance with the provisions of 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>
Ana Bolado Valle	Chairwoman	Independent
Adnane Mousannif	Member	Proprietary
Juan Carlos García Cañizares	Member	Proprietary
Luis Maluquer Trepas	Member	Independent
Silvia Mónica Alonso-Castrillo Allain	Member	Independent

During 2020, the following changes in the composition of the Company's Appointments and Remuneration Committee took place:

- Mr Carlos Fernández-Lerga resigned as a Company Director and, consequently, as a member and Chairman of the Committee, at the Board meeting held on 30 June 2020, because the maximum period established by the regulations for a director to be considered independent had elapsed. The decision of Mr Carlos Fernández-Lerga Garralda was previously communicated to the Committee in its meeting of 29 April and to the Board of Directors in its meeting of 13 May, as well as to the market through a notification of Other Significant Information on 25 May 2020.
- Mr Javier Iglesias de Ussel resigned as a Company Director and, consequently, as a member of the Committee, at the Board meeting held on 30 June 2020, because the maximum period established by the regulations for a director to be considered independent had elapsed. The decision of Mr Javier Iglesias de Ussel was previously communicated to the Committee in its meeting of 29 April and to the Board of Directors in its meeting of 13 May, as well as to the market through a notification of Other Significant Information on 25 May 2020.
- Meanwhile, and as a result of the resignations indicated above, the Appointments and Remuneration Committee agreed (in its meeting of 29 April and informing the Board of Directors in its meeting of 13 May 2020) to appoint Ms Ana Bolado Valle as its Chairwoman and to submit to the Board the proposal to appoint Ms Silvia Mónica Alonso-Castrillo Allain as a new member of the Committee. Both appointments, which became effective as of 30 June 2020, were communicated to the market through a notification of Other Significant Information on 25 May 2020.

Committee members have the knowledge, skills and experience necessary for the performance of the Committee's duties. To this effect, the academic and professional profiles of the Directors are available on the Company's website ([link](#)).

Therefore, it may be concluded that the Committee is properly organized and comprises Directors with the skills and qualifications necessary for the fulfilment of its due ends.

## **2.2 Performance of the Committee**

In 2020, the Committee met on 10 occasions. The meetings were held on the following dates: 16 and 23 January, 26 February, 1 and 29 April, 12 May, 15 September, 28 October, 11 November, and 16 December.

In view of the special circumstances brought about by the COVID-19 health crisis in 2020, with the exception of the meetings held on 16 and 23 January, 26 February and, particularly, the meeting held on 15 September, which were attended in person by the members of the Committee, all other meetings were held by conference call or video conference using IT applications such as "Teams", in accordance with the measures adopted under *Royal Decree-Law 8/2020, of 17 March, on extraordinary urgent measures to address the economic and social impact of COVID-19*. At each of the aforementioned meetings, the Secretary acknowledged the identity of all present members of the Committee.

Consequently, the Appointments and Remuneration Committee fulfilled its obligation to meet with the regularity required to carry out its functions in an effective manner.

Regarding the preparation and running of the meetings, the Chair of the Committee calls meetings with sufficient notice, which are attended regularly by the Directors. In accordance with Article 35 of the Regulations of the Board of Directors, in the event that Committee members are unable to attend, for justified reasons, they may delegate their vote to another Director, providing instructions to their chosen representative. In this regard, during 2020, all the members of the Committee attended all of the meetings in person or through electronic means, with the exception of one Director who delegated their representation at a meeting of the Committee to another non-executive Director, as well as a Director who did not attend a meeting of the Committee for justified reasons.

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

In addition to the members of the Committee, other people invited to attend the meetings were the Chairman of the Board of Directors, the CEO, and the Head of Human Resources and General Services of the Company, as well as Ms Cristina Martín and Mr Juan Guerero, representatives of Willis Towers Watson (the latter only to the meetings held on 15 September, 28 October and 16 December).

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 minutes of the Committee meetings were given to all members of the Committee and are available to all Directors.

Accordingly, it is hereby concluded that the Committee complies with the operating rules set out in the Bylaws and in the Regulations of the Board of Directors and organizes itself in a correct and efficient manner for the performance of its duties and the ultimate attainment of its ends.

### **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. In this regard, throughout 2020, the Committee carried out the functions described below, among others, taking into account the special circumstances of the global health and economic crisis caused by COVID-19 and the consequent extraordinary measures adopted by the Spanish Government and the Autonomous Communities:

#### **A) Day-to-day management**

- Coordinating and submitting to the Board its reports, assessing the Board of Directors and the Committee, and the performance of the Chairman of the Board, the CEO and the Secretary of the Board, with the advice of Spencer Stuart.
- Promoting the directors' Skills Update and Training Plan, proposing the following subjects to be included in the Board members' skills update plan for 2020: (i) performance and actions of proxy advisors; (ii) ESG and efficiency applied to the operation of buildings; (iii) macroeconomic analysis; (iv) new business and work organization models in the real estate sector; and (v) impact of digitalisation in the real estate sector at Colonial (the functioning and structure of IT at Colonial).
- Examining 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.

- Sending the proposed schedule for the Committee's annual meetings to all the directors.
- Reporting favourably to the Board of Directors regarding the motions to re-elect Sheikh Ali Jassim M. J. Al-Thani, Mr Adnane Mousannif and Mr Carlos Fernández González as Proprietary Directors.
- Proposing to the Board of Directors (i) the appointment of Ms Silvia Mónica Alonso-Castrillo Allain as a member of the Appointments and Remuneration Committee, and (ii) the appointment of the new Independent Lead Director, Mr Luis Maluquer Trepát, and his appointment as a member of the Executive Committee.
- Reporting to the members of the Committee on the activities of the Corporate Governance Unit.

B) Corporate governance

- Issuing a favourable report to the Board of Directors on the section of the Annual Corporate Governance Report regarding compliance with corporate governance recommendations.
- Reviewing the succession plan for the Chairman of the Board of Directors and the CEO.
- Preparing a competency matrix of the members of the Board of Directors that is included in the corporate social responsibility report.
- Issuing a favourable report to the Board on the amendments to the Regulations of the Board of Directors in matters of corporate governance and proposing to the Board of Directors the modification of the Company's Selection and Diversity Policy, adapting said internal texts to the reform of the Code of Good Governance for listed companies published by the CNMV in July 2020.
- Issuing a favourable report to the Board of Directors on the proposed constitution of the Sustainability Committee, its composition and appointment of its members, as well as their remuneration.

C) Remuneration matters

- Issuing a favourable report and proposing to the Board of Directors the approval of the Annual Report on Directors' Remuneration.
- Ensuring that the remuneration policy established by the Company was being observed and, in particular, tabling a proposal to the Board of Directors concerning variable remuneration for the Chairman and CEO.
- Analysing the 2021 variable remuneration targets to assess the performance of the Management Committee.
- Proposing, 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.
- Issuing a favourable report on the fixed and variable remuneration of the Company's management team as proposed by the CEO.
- Proposing to the Board of Directors the extension, for two additional years, of the Share Allocation Plan that was approved by the General Meeting of Shareholders on 21 January

2014, without prejudice to the recommendation that a new share allocation plan be submitted for approval by the Ordinary General Meeting of the Company to be held next year.

- Analysing and discussing the proposed amendment to the Directors' remuneration policy, as well as the long-term incentive plan that will mainly affect executive Directors and senior management, presented by Willis Towers Watson, for the purpose of referring them, once approved by the Committee, to the Board of Directors.

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

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