

ANNEX I TEMPLATE

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED CORPORATIONS**

ISSUER'S PARTICULARS

END OF FINANCIAL YEAR

31 December 2020

Tax ID: A- 87471264

Registered name:

METROVACESA, S.A.

Registered offices:

C/ QUINTANAVIDES, 13, 28050, MADRID (SPAIN)

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED CORPORATIONS**

A OWNERSHIP STRUCTURE

A.1 Complete the table below concerning the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
18-feb-16	492,044,505	3,075,278,154	3,075,278,154
6-jul-17	956,243,497.28	5,976,521,858	5,976,521,858
27-oct-17	956,279,346.72	5,976,745,917	5,976,745,917
28-nov-17	1,092,016,664.48	6,825,104,153	6,825,104,153
08-jan-18	1,092,069,657.44	6,825,435,359	6,825,435,359
11-jan-18	1,092,069,657.44	151,676,341	151,676,341

Remarks
"Share Capital" and "Number of Shares" refer to the capital and number of shares resulting from the change in question (and not the number of shares issued in said change).

State whether or not there are different classes of shares conferring different rights:

Yes

No

Class	Number of shares	Par value	Number of voting rights	Associated rights and obligations

Remarks

A.2 Please provide details of the company's direct and indirect shareholders at year-end date, excluding directors:

Name or corporate name of the shareholder	% of voting rights attributed to the shares		% of voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
Banco Santander Group	31.938%	17.423%			49.362%
Banco Bilbao Vizcaya Argentaria Group	9.442%	11.407%			20.849%
Inversora de Carso, S.A. de C.V.	0.000%	5.495%			5.495%
Quasar Investment, S.a.r.l	0.000%	3.950%			3.950%
Helikon Investments	3.274%	0.000%			3.274%

Remarks

Details of the indirect shareholding:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights through financial instruments	Total % of voting rights
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	ANIDA OPERACIONES SINGULARES, S.A.	10.641%	0.766	11.407%
BANCO SANTANDER, S.A.	ALTAMIRA SANTANDER REAL ESTATE, S.A.	17.423%	0	17.423%
Quasar Investment, Sarl	Aliseda, S.A.	2.208%	0	2.208%
Quasar Investment, Sarl	Inversiones Inmobiliarias Canvives, S.A.	1.742%	0	1.742%
Inversora de Carso, S.A. de C.V.	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	3.633%	0	3.633%

Inversora de Carso, S.A. de C.V.	SOINMOB INMOBILIARIA ESPAÑOLA S.A. CAPITALES, S.A. DE C.V.	1.862%	0	1.862%
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Remarks

State the most significant movements in the ownership structure during the year:

Most significant movements

In accordance with the filings with the CNMV, the most significant movements in 2020 are as follows:

(i) on 9 March 2020, acquisition by Inversora de Carso, s.a. de C.V. of up to 5.495% of voting rights;

(ii) on 4 November 2020, acquisition by Helikon Long Short Equity Fund Master ICAV of up to 3.274% of voting rights;

(iii) on 22 April 2020, Schoders Plc reported that it had reduced its shareholding to below 3%; and

(iv) on 18 November 2020, Julius Baer Ltd reported that it had reduced its shareholding to below 3%.

A.3 Complete the tables below concerning the members of the company's Board of Directors who hold voting rights on shares in the company:

Name or corporate name of the director	% of voting rights attributed to the shares		% of voting rights through financial instruments		Total % of voting rights	% of voting rights <u>that can be transmitted</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr Vicente Moreno García-Mansilla	0.007%				0.007%		
Mr Javier García-Carranza Benjumea	0.002%				0.002%		
Mr Carlos Manzano Cuesta	0.001%				0.001%		
Mr Ignacio Moreno Martínez	0.006%				0.006%		
Mr Mariano Olmeda Sarrión	0.010%				0.010%		
Mr Jorge Pérez de Leza Eguiguren	0.049%		0.066%		0.115%		

Total % of voting rights held by the Board of Directors	0.141%
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Remarks

The voting rights through financial instruments belonging to Mr Jorge Pérez de Leza Eguiguren correspond to cycles 2 and 3 of the company's long-term incentive plan (LTIP), expiring on 31 December 2021 and 31 December 2022, respectively.

Details of the indirect shareholding:

Name or corporate name of the director	Name or corporate name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights through financial instruments	Total % of voting rights	% of voting rights <u>that can be transmitted</u> through financial instruments

Remarks
Not applicable, as no member of the Board of Directors holds an indirect shareholding in the Company.

- A.4 State, where applicable, any family, commercial, contractual or corporate relationships between the owners of significant shareholdings, to the extent that they are known to the company, unless they are of little relevance or derive from the ordinary course of trade or business, except those disclosed in section A.6:

Related name or corporate name	Type of relationship	Brief description

- A.5 State, where applicable, the commercial, contractual or corporate relationships between the owners of significant shareholdings and the company and/or its group, unless they are of little relevance or derive from the ordinary course of trade or business:

Related name or corporate name	Type of relationship	Brief description

- A.6 Describe any relationships, unless of little relevance to both parties, that exist between significant shareholders or shareholders represented on the Board and the directors, or their proxies in the case of directors who are legal entities.

Explain, where applicable, how significant shareholders are represented. Indicate specifically those directors who are appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies belonging to their group, providing the specific nature of said relationship. In particular, where applicable, mention the existence, identity and positions of members of the Board of Directors or representatives of the directors, of the listed company who are themselves members of the governing body, or representatives thereof, in companies owning significant shareholdings in the listed company or in companies belonging to the group of said significant shareholders.

Name or corporate name of the related director or representative	Name or corporate name of the related significant shareholder	Corporate name of the company belonging to the significant	Description of the relationship / position

		shareholder's group	
Mr Javier García-Carranza Benjumea	Banco Santander, S.A.		He is currently Deputy General Director of Banco Santander, in overall charge of Restructuring, Investees, Assets, Recovery Strategy and Loan and Asset Divestments.
Mr Carlos Manzano Cuesta	Banco Santander, S.A.		He is currently Head of the Investee area within the Restructuring, Investee, Assets, Recovery Strategy and Loan and Asset Divestment department at Banco Santander
Ms Ana Bolado Valle	Banco Santander, S.A.		She has been linked to the Santander Group for more than 31 years, where she has served, among other positions, as Corporate Director of Strategy and Digital Business in Santander Universities, Director of Commercial Strategy and Business Development in Commercial Banking in Spain, a member of the Management Committee of Banco Santander Spain and Corporate Director of Human Resources in the Santander Group. Ms Bolado worked in various areas relating to financial products, investment banking and capital markets.
Mr Mariano Olmeda Sarrión	Banco Santander, S.A.		He has served as Deputy General Manager of Banco Santander's Global Banking & Markets division. In particular, for 30 years he was the global head of the Credit area, which includes primarily Structured Finance, Bonds and Syndicated Loans. Subsequently, he headed CIB (Corporate & Investment Banking) in Spain and Portugal. For the last eight years in which he was linked to Banco Santander, he was responsible for Global Credit Watch (Restructuring).
Mr Cesáreo Rey-Baltar Oramas	Banco Bilbao Vizcaya Argentaria, S.A.		He is currently Director of Real Estate Holdings at BBVA
Mr José Ferrís Monera	Banco Bilbao Vizcaya Argentaria, S.A.		He is currently General Manager of Strategy and M&A at BBVA and is in charge of M&A execution in Latin America and Asia, and of the real estate portfolio and asset sales.

Remarks

A.7 State whether the company has been notified of any shareholders' agreements affecting it in accordance with Articles 530 and 531 of the Corporate Enterprises Act. If applicable, briefly describe them and list the shareholders bound by the agreement:

Yes **No**

Parties to the shareholders' agreement	% of share capital affected	Brief description of the agreement	Expiry date of the agreement, if any

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Remarks

State whether the company is aware of the existence of concerted actions among its shareholders. If so, please describe them briefly:

Yes **No**

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

Remarks

Please expressly indicate any modification or termination of such covenants, agreements or concerted actions during the fiscal year:

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A.8 State whether any individual or legal entity exercises or may exercise control over the company in accordance with article 5 of the Securities Market Act. If so, please identify them:

Yes **No**

Name or corporate name

Remarks

A.9 Complete the tables below concerning treasury shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
228,420	-	0.151%

Remarks

(*) Through:

Name or corporate name of the direct shareholder	Number of direct shares

Total:	

Remarks

Explain any significant changes during the year:

Explain significant changes

A.10 Provide details of the conditions and term of the current mandate from the Shareholders' Meeting to the Board of Directors to issue, repurchase or transfer treasury shares.

<p>The Ordinary General Meeting of Shareholders of 25 May 2020, by outright majority and pursuant to Item 5 on the Agenda, authorised the Board of Directors, for a maximum period of five years as from the day after approving the resolution, for the derivative acquisition of treasury shares, itself or on the part of controlled companies, up to a maximum of 10% of share capital, and their subsequent disposal, thereby revoking the agreement adopted under item eleven on the agenda of the Extraordinary General Meeting of Shareholders held on 19 December 2017.</p> <p>Established as the price or exchange value of the shares will be the price of the Company's shares in the Electronic Market at the time of the acquisition or the closing price of the last trading session prior to the acquisition, if it is performed outside the trading hours of the Electronic Market, with a maximum upwards variation of ten percent (10%) and downwards variation of thirty percent (30%). The authorisation period is five years from 26 May 2020, the date of adoption of the authorisation agreement.</p> <p>It is expressly stated that at the Meeting the shares acquired as a result of said authorisation may be used for disposal or amortisation, or delivered directly to Company employees or directors, or as a result of their exercising options to which they are entitled.</p>

A.11 Estimated free float:

	%
Estimated free float	29.79%

Remarks

A.12 State whether there are any restrictions (statutory, legislative or otherwise) on the transferability of securities and/or any restrictions on voting rights. In particular, report the existence of any type of restrictions that may hinder the takeover of the company

through the acquisition of its shares on the market, as well as any prior authorisation or notification regimes applicable to the acquisition or transfer of the company's financial instruments under sector-specific regulations.

Yes

No

Description of restrictions
The Facility Agreement entered into by the company on 1 December 2017, as well as certain mortgage loans with various financial institutions, and for an amount of €275 million, provides that a change of control (defined as an entity other than Banco Santander or BBVA taking control of the Company) will entitle the financial institutions to accelerate the loan repayment.

A.13 State whether the General Meeting has agreed to adopt measures to neutralise a takeover bid pursuant to the provisions of Law 6/2007.

Yes

No

If so, explain the measures adopted and the terms under which restrictions would cease to apply:

Explain the measures adopted and the terms under which restrictions would cease to apply

A.14 State whether the company has issued securities that are not traded on a regulated market in the European Union.

Yes

No

If so, indicate the different classes of shares and, for each class of shares, the rights and obligations they confer.

Indicate the various classes of shares

B GENERAL MEETING

B.1 State and, if applicable, give details of any differences with the minimum requirements set out in the Corporate Enterprises Act (LSC) with regard to the quorum required for the constitution of the General Meeting of Shareholders.

Yes

No

	% quorum varies from that established in art. 193 LSC for general matters	% quorum varies from the quorum established in art. 194 LSC for special resolutions
Quorum required at 1st call		
Quorum required at 2nd call		

Description of the differences
N/A

- B.2 State and, if applicable, give details of any differences with the provisions of the Corporate Enterprises Act (LSC) in regard to the adoption of corporate resolutions:

Yes **No**

Describe how the company's manner of adopting corporate resolutions differs from the manner stipulated in LSC.

	Qualified majority different from that established in art. 201.2 LSC for the cases provided in art. 194.1 LSC	Other cases requiring a qualified majority
% established by the company for the adoption of agreements		

Describe the differences
N/A

- B.3 State the rules applicable for amending the company's Articles of Association. In particular, state the majorities required to amend the Articles of Association and, where applicable, the rules provided for the protection of shareholders' rights in the event of the amendment of the Articles of Association.

Any amendment of the Articles of Association must comply with the provisions of the Corporate Enterprises Act pursuant to the adoption of resolutions by the General Meeting of Shareholders, as set forth in article 13.2 of the Articles of Association of Metrovacesa.

In any event, as stipulated in article 286 of the Corporate Enterprises Act, the directors or, as the case may be, the shareholders proposing the amendment of the Articles of Association must draw up the full text of the proposed amendment and the corresponding report justifying it, which must be made available to the shareholders when the General Meeting is called.

- B.4 Provide the attendance figures for the general meetings held during the fiscal year to which this report refers and for those of the two previous years:

Date of General Meeting	Attendance figures				Total
	% physically present	% present by proxy	% remote voting		
			Electronic voting	Other	
19 June 2018					90.112%
29 April 2019					91.354%
25 May 2020					81.482%

Remarks
<p>The Ordinary General Meeting of 19 June 2018 was held before 104 shareholders, present or represented by proxy, representing a total of 136,678,427 voting shares and 90.112% of the Company's share capital. This rate attendance can be broken down as follows:</p> <ul style="list-style-type: none"> - 23,994,907 shares, or 15.820% of share capital, corresponding to shareholders who delegated their vote to the Board of Directors of one of its members. - 200,238 shares, or 0.132% of share capital, corresponding to shareholders present at the Meeting. This figure includes remote voting. - 112,483,282 shares, or 74.160% of share capital, corresponding to shareholders represented by other shareholders or third persons not sitting on the Board of Directors. <p>The Ordinary General Meeting of 29 April 2019 was held before 118 shareholders, present or represented by proxy, representing a total of 138,561,985 voting shares and 91.354% of the Company's share capital. This rate attendance can be broken down as follows:</p> <ul style="list-style-type: none"> - 22,447,619 shares, or 14.8% of share capital, corresponding to shareholders who delegated their vote to the Board of Directors of one of its members. - 672,740 shares, or 0.444% of share capital, corresponding to shareholders present at the Meeting. This figure includes remote voting. - 115,441,626 shares, or 76.111% of share capital, corresponding to shareholders represented by other shareholders or third persons not sitting on the Board of Directors. <p>The Ordinary General Meeting of 25 May 2020 was held before 79 shareholders, present or duly represented by proxy, representing a total of 123,589,524 voting shares and 81.482% of the Company's share capital (of which 37.838% corresponds to free float), broken down as follows:</p> <ul style="list-style-type: none"> - 10,420,586 shares, or 6.870% of share capital, corresponding to shareholders who delegated their vote to the Board of Directors or one of its members. - 32,308,554 shares, or 21.301% of share capital, corresponding to shareholders present at the Meeting. This figure includes remote voting. - 80,860,384 shares, or 53.311% of share capital, corresponding to shareholders represented by other shareholders or third persons not sitting on the Board of Directors.

B.5 State whether any items on the agenda at the general meetings held during the year have not been approved by the shareholders for any reason.

Yes

No

Agenda items that have not been approved	% vote against (*)

(*) If the item is not adopted for reasons other than a “no” vote, this should be explained in the text section and the column “% voting against” should be marked “n/a”.

B.6 State whether there are any restrictions in the Articles of Association establishing a minimum number of shares required to attend the general meeting, or to vote remotely:

Yes **No**

Number of shares required to attend the general meeting	10
Number of shares required to vote remotely	N/A

Remarks
Section 1 of article 12 of the Articles of Association provides that shareholders owning 10 or more shares and registered as their holders in the relevant non-certificated book entry ledger five days prior to the date on which the General Meeting is scheduled, shall be entitled to attend.

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

Yes **No**

Explanation of the decisions to be submitted to the General Meeting of Shareholders, other than those provided by law

B.8 Enter the address and manner of access, on the company's website, to information on corporate governance and other information on general meetings that must be made available to shareholders through the company's website.

<p>The home page of the Company's website (www.metrovacesa.com) features the option "Corporate Governance". Clicking on this heading displays a menu with the available information. It can also be accessed directly at the following address: https://metrovacesa.com/en/shareholders-and-investors/corporate-governance/</p> <p>Once this report has been approved and published by the CNMV, both the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration for the current year will be posted on the website.</p>
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C THE COMPANY'S MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors stipulated in the Articles of Association and the number established by the general meeting:

Maximum number of directors	15
Minimum number of directors	5

Number of directors established by the general meeting	12
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Remarks

C.1.2 Complete the following table with the members of the Board of Directors:

Name or corporate name of the director	Representative	Category	Position on Board	Date first appointed	Date last appointed	Appointment method	Date of birth
Mr Ignacio Moreno Martínez	N/A	Other external	Chairman	18 February 2016	-	On the Company's incorporation date	30 July 1957
Mr Mariano Olmeda Sarrión	N/A	Proprietary	Vice-Chairman	27 April 2017	27 April 2017	Cooptation, subsequently ratified at the Ordinary General Meeting of 30 June 2017	02 August 1961
Mr Jorge Pérez de Leza Eguiguren	N/A	Executive	Chief Executive Officer	22 November 2016	22 November 2016	Cooptation, subsequently ratified at the Ordinary General Meeting of 30 June 2017	21 November 1967
Mr Javier García-Carranza Benjumea	N/A	Proprietary	Director	06 April 2016	06 April 2016	At the General Meeting of Shareholders on 6 April 2016	08 December 1971
Mr Carlos Manzano Cuesta	N/A	Proprietary	Director	19 September 2017	19 September 2017	Cooptation, subsequently ratified at the Extraordinary General Meeting of 24 November 2017	08 June 1972
Ms Ana Bolado Valle	N/A	Proprietary	Director	30 June 2017	30 June 2017	Ordinary General Meeting of 30 June 2017	22 October 1958
Mr Cesáreo Rey-Baltar Oramas	N/A	Proprietary	Director	28 March 2017	28 March 2017	Cooptation, subsequently ratified at the Ordinary General Meeting of 30 June 2017	25 February 1964

Mr José Ferris Monera	N/A	Proprietary	Director	30 June 2017	-	Ordinary General Meeting of 30 June 2017	30 April 1971
Ms Beatriz Puente Ferreras	N/A	Independent	Director	06 February 2018	19 February 2018	Cooptation, subsequently ratified at the Ordinary General Meeting of 19 June 2018	03 February 1972
Ms Emma Fernández Alonso	N/A	Independent	Director	06 February 2018	19 February 2018	Cooptation, subsequently ratified at the Ordinary General Meeting of 19 June 2018	04 December 1963
Mr Vicente Moreno García-Mansilla	N/A	Independent	Director	06 February 2018	19 February 2018	Cooptation, subsequently ratified at the Ordinary General Meeting of 19 June 2018	01 July 1959
Mr Juan Béjar Ochoa	N/A	Independent	Director	06 February 2018	19 February 2018	Cooptation, subsequently ratified at the Ordinary General Meeting of 19 June 2018	14 November 1957

Total number of directors	12
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State if any directors, whether through resignation or by agreement of the general meeting, have left the Board during the period to which this report refers:

Name or corporate name of the director	Category of director at the time of departure	Date last appointed	Date of departure from the board	Specialist Committees of which the director was a member	Indicate whether the director left before the end of his/her term
N/A	N/A	N/A	N/A	N/A	N/A

Cause of departure, if before the end of the term of office, and other remarks; information on whether the director sent a letter to the other members of the board and, in the case of removals of non-executive directors, explanation or opinion of the director who has been removed by the general meeting
N/A

C.1.3 Complete the following tables regarding members of the Board of Directors and their various categories:

EXECUTIVE DIRECTORS

Name or corporate name of director	Position in the company's organisation chart	Profile
Mr Jorge Pérez de Leza Eguiguren	Chief Executive Officer	<p>Prior to his appointment as Chief Executive Officer of the Company, Mr Pérez de Leza was Managing Director for Europe at Lar Group from April 2005 to November 2016, Managing Director of European Operations at Excite @ Home from September 1998 to December 2005 and worked at Boston Consulting Group from September 1991 to September 1998.</p> <p>In addition, Mr Pérez de Leza is a member of the Harvard Real Estate Alumni Association and an associate professor in the Master in Real Estate Development at IE University.</p> <p>Mr Pérez de Leza holds a degree in Industrial Engineering from ICAI University (Madrid) and an MBA (general management) from Harvard Business School.</p>

Total number of executive directors	1
% of total board members	8.3%

Remarks

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Name or corporate name of the significant shareholder he/she represents or who proposed his/her appointment	Profile
Mr Mariano Olmeda Sarrión	Banco Santander, S.A.	<p>Mr Mariano Olmeda began his professional career at Arthur Andersen, where he worked for almost six years.</p> <p>He has served as Deputy General Manager of Banco Santander's Global Banking & Markets division. In particular, for 30 years he was the global head of the Credit area, which includes primarily Structured Finance,</p>

		<p>Bonds and Syndicated Loans. Subsequently, he headed CIB (Corporate & Investment Banking) in Spain and Portugal. In his last few years at Banco Santander, he was responsible for Global Credit Watch (Restructuring).</p> <p>He is currently a member of the Board of Directors of CESCE and of INFORMA D&B.</p> <p>He is also a member of the Advisory Board of ITHAKA TPG (Texas Pacific Group), the Taiga Mistral Fund, and the online training company Tutellus.</p> <p>Mr Olmeda holds a degree in Economics and Business Administration from Madrid's Universidad Complutense and is also a graduate of IESE's General Management Programme (PGD).</p>
Mr Javier García-Carranza Benjumea	Banco Santander, S.A.	<p>Mr Javier García-Carranza Benjumea is currently Deputy General Director of Banco Santander, in overall charge of Restructuring, Investees, Assets, Recovery Strategy and Loan and Asset Divestments.</p> <p>Prior to joining Banco Santander in February 2016, he worked at Morgan Stanley in London as Joint Manager of the Real Estate Investment Banking business in EMEA (Europe, Middle East and Africa).</p> <p>He is currently the Chairman of the Board of Directors of Merlin Properties SOCIMI, S.A. and director of Banco Santander Mexico, Sociedad De Gestión De Activos Procedentes De La Reestructuración Bancaria, S.A. and Project Quasar Investments, S.A., among other companies.</p> <p>Mr García-Carranza holds a degree in Business Administration from Madrid's Universidad Carlos III.</p>
Mr Carlos Manzano Cuesta	Banco Santander, S.A.	<p>Mr Manzano is currently Head of the Investee area within the Restructuring, Investee, Assets,</p>

		<p>Recovery Strategy and Loan and Asset Divestment department at Banco Santander.</p> <p>Prior to joining Banco Santander in 2017, Mr Manzano worked at Deutsche Bank as Head of Real Estate for Spain and Portugal and, before that, at BAMI, Gecina and the former Metrovacesa.</p> <p>He is currently a member of the Board of Directors of Compañía Española de Viviendas de Alquiler, S.A., Altamira Santander Real Estate, S.A. and Aliseda Servicios de Gestión Inmobiliaria, S.L., among other companies.</p> <p>Mr Manzano holds a degree in Economics and Business Administration from the University of Valladolid and an MBC from ESADE (Barcelona).</p>
Ms Ana Bolado Valle	Banco Santander, S.A.	<p>Ms Ana Bolado has more than 31 years of experience at the Santander Group, where she has served as Corporate Director of Strategy and Digital Business in Santander Universities, Director of Commercial Strategy and Business Development in Commercial Banking in Spain, and as a member of the Management Committee of Banco Santander Spain.</p> <p>Ms Bolado is currently a member of the Board of Directors of Unicaja Banco, S.A. (and of the Risk; Remuneration; and Appointments Committees), and is an independent director of Inmobiliaria Colonial, S.A. (where she chairs the Appointments and Remuneration Committee and is a member of the Sustainability Committee) and of CACEIS and CACEIS BANK (based in France), focusing on securities custody and depositary services, where she is also a member of the Strategic, Audit, Risk and Compliance and Appointments and Remuneration Committees.</p>

		<p>Additionally, Ms Bolado is a member of the Advisory Board of Fellow Funders, an equity crowdfunding platform to support the financing of startups and SMEs, as well as of the Institute of Directors and Administrators (ICA) and Women Corporate Directors. She holds a degree in Pharmacy from Madrid's Universidad Complutense and an MBA from IE Business School (IE).</p>
Mr Cesáreo Rey-Baltar Oramas	Banco Bilbao Vizcaya Argentaria, S.A.	<p>Mr Cesáreo Rey-Baltar is currently Director of Real Estate Holdings at BBVA. Mr Rey-Baltar has also served as Director of Industrial Investees and Head of e-Business Projects at BBVA. Prior to joining BBVA in 1999, Mr Rey-Baltar worked at Générale de Banque (now BNP Paribas). He is currently a member of the Board of Directors of Desarrollos Metropolitanos del Sur, S.L., Distrito Castellana Norte, S.A. and Anida Grupo Inmobiliario, S.L., among other companies. Mr Rey-Baltar holds a degree in Business Administration and Insurance Actuary from the University of the Basque Country and an MBA from IE Business School (IE).</p>
Mr José Ferris Monera	Banco Bilbao Vizcaya Argentaria, S.A.	<p>Mr José Ferris Monera is currently General Manager of Strategy and M&A at BBVA and is in charge of M&A execution in Latin America and Asia, and of the real estate portfolio and asset sales. He also heads the Equity Holdings department. Mr Ferris has had a long career at BBVA, where he has also served as Senior Vice-Chairman of M&A in the United States, Director of M&A origination in France and Manager of B2C projects and mobile commerce. Mr Ferris holds a degree in Economics and Business Administration from the</p>

		University of Valencia and an International MBA from IE Business School (IE).
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Total number of proprietary directors	6
% of total board members	50%

Remarks

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director	Profile
Ms Beatriz Puente Ferreras	<p>Ms At the end of 2020, Beatriz Puente was appointed Chief Financial Officer of Siemens Gamesa Renewable Energy. She was previously director and Chief Financial Officer of NH Hoteles, S.A., and prior to that she worked as CFO at AENA, S.A. (2013-2015), where she was responsible for preparing and coordinating the company's privatisation process and its stock market flotation and leading the negotiation on its debt restructuring. Previously, she was the Financial Director (2007-2013) and the Director of Investor Relations and Corporate Development (2005-2007) at Vocento, S.A. and was responsible for preparing the company's listing. Prior to Vocento, Ms Puente worked at Citigroup Global Markets (Spain) as the Vice-President of the M&A Division of investment banking (2003-2004) and as an Investment Banking Associate for Financial Institutions & Latam (2001-2003). She also worked as Financial Director at Quintiles, S.L. (1997-1998) and at Ernst & Young (Spain) (1995-1997). In addition to her work, Ms Puente has been a member of the advisory board of CUNEF since 2015 and Professor of the Mergers and Acquisitions module in the Master's Degree of Finance.</p> <p>Ms Puente has an MBA from the J.L. Kellogg Graduate School of Management (Northwestern University) (2000), where she was a Fulbright Scholar, and she holds a Bachelor's Degree in Business Studies from the University School of Financial Studies (CUNEF) (1995).</p>
Ms Emma Fernández Alonso	<p>Ms Emma Fernández founded Kleinrock Advisors, a platform for advising technology-based companies on business strategy and digital transformation, in 2016. Before founding Kleinrock, Ms Fernández worked at Indra Sistemas, S.A. as Managing Director and member of the Executive and Management Committees (2007-2015). She has served as global head of Strategy and Innovation, HR and Organisational Management, Corporate Governance, Corporate Responsibility and Brand. From 1991 to 2006, she held several executive positions in operations and at</p>

	<p>corporate level, such as Director of Marketing and Corporate Development, including M&A (2003-2006), and Director of Strategic Development (1995-2002).</p> <p>Before joining Indra, Ms Fernández worked at Telefónica R&D in the optoelectronics division (1988-1990) and at Alcatel as a research and development engineer (1986-1988).</p> <p>She is currently an independent director and member of the Audit Committee of EZENTIS, an independent director and member of the Remuneration Committee of Axway (in France), an independent director at ASTI Mobile Robotics Group, a member of the Strategy and Supervisory Board of the Aquae Foundation, a member of the Advisory Board of AERTEC Solutions and a mentor at Ashoka and Endeavour.</p> <p>She has also been a member of the Board of Directors of Sopra Steria (France) and of the Executive Committees of the Spanish Chamber of Commerce, Real Instituto Elcano, and the High Level Group on Aviation and Aeronautics Research of the EU and of the Advisory Council for Aviation Research and Innovation in Europe (ACARE).</p> <p>Ms Fernández holds an MBA from IE Business School (1987) and a degree in Telecommunications from Madrid's Universidad Politécnica (1987).</p>
<p>Mr Vicente Moreno García-Mansilla</p>	<p>Mr Vicente Moreno is a Director of Banca March, and a member of the Board of Trustees of the Accenture Foundation, the Professional Council of ESADE and the International Advisory Council of the Hispanic Society of America.</p> <p>He has previously served as CEO (2005-2015) and Executive Chairman (2007-2015) of Accenture Spain. During this period, he was also the Head of Accenture in Portugal, Israel, and Africa. Previously, he was the Director General at Accenture Poland SP. Z.O.O. (1994-1997). He joined Accenture in 1985.</p> <p>In the past he has been a Patron of the Princess of Asturias Foundation, Vice-President of the SERES Foundation and a member of the following institutions: American Chamber of Commerce, American Business Council, Business Council of the Spanish Confederation of Business Organizations (CEOE), Spain's Círculo de Empresarios, the Board of Protectors of the Madrid Opera House (Teatro Real), the Advisory Board of the Association of Naval Engineers (Colegio Oficial de Ingenieros Navales), the Advisory Board of the Spanish Engineering Institute (Instituto de Ingeniería de España) and the Spanish Consultancy Association (Asociación Española de Consultoría).</p> <p>Mr Moreno has a degree in Marine Engineering from the Superior School of Marine Engineers.</p>
<p>Mr Juan Béjar Ochoa</p>	<p>Mr Juan Béjar is currently Chairman of Globalvia Infraestructuras, S.A., Co-founder and Chairman of Bruc Management Projects, S.L. and Senior Advisor at Greenhill & Co. Europe LLP.</p>

	<p>From 2013 to 2015, Mr Béjar was the Chief Executive Officer and Vice-Chairman of Fomento de Construcciones y Contratas, S.A. (FCC). Before joining FCC in 2013, he was the Executive Chairman of Cementos Portland Valderrivas, S.A. (2012-2013) and of Globalvia Infraestructuras (2009-2012). Mr Béjar also worked at Citi Alternative Investment – Citigroup Infrastructure Management Company (London) as Chairman of the Citigroup Infrastructure Management Company (2007-2009) and at the Ferrovial Group as the CEO of Cintra Concesiones de Infraestructuras de Transporte, S.A., Ferrovial Infraestructuras and Ferrovial Aeropuertos (2002-2007), as Director General (1998-2002), and as Director of Diversification (1991-1998).</p> <p>Mr Béjar also worked at Holcim Trading, S.A. as Director General (1983-1991), at Enasa Pegaso as the Controller of the concessions network (1981-1983), and at Hornos Ibéricos Alba as the Director of Planning (1978-1981).</p> <p>He is currently Chairman of Globalvia Inversiones, S.A. and a director of Bruc Iberia, S.A., among other companies.</p> <p>Mr Béjar has degrees in Law and Business from the Instituto Católico de Administración y Dirección de Empresas.</p>
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Total number of independent directors	4
Total % of the Board	33%

Remarks

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

In this case, include a reasoned statement by the Board as to why it considers that such a director is able to perform their duties as an independent director.

Name or corporate name of the director	Description of the relationship	Reasoned statement

OTHER EXTERNAL DIRECTORS

Identify the other external directors and explain the reasons why they cannot be considered proprietary or independent, as well as detailing their links, either to the company, its management or its shareholders:

Name or corporate name of the director	Reasons	Company, executive or shareholder with whom there is a relationship	Profile
Mr Ignacio Moreno Martínez	See remarks	Banco Santander, S.A. Banco Bilbao Vizcaya Argentaria, S.A.	Degree in Economics and Business Administration from the University of Bilbao. Master in Business Administration (MBA) from INSEAD. Mr Moreno is currently Chairman of Metrovacesa, S.A., Director of Telefónica, S.A. (and member of the Quality and Sustainability Committee), Director of General de Alquiler de Maquinaria, S.A. (and Chairman of its Audit Committee) and member of the Board of Roadis Transportation Holdings SLU. He is also Senior Advisor to Apollo Investment Consulting Europe Ltd. for Spain. Until October 2016, he was Chief Executive Officer of Metrovacesa, S.A. He has also served as Director General of the Chairman's Area at Banco Bilbao Vizcaya Argentaria, S.A., Chief Executive Officer of Vista Capital Expansión, S.A., SGEGR - Private Equity and Chief Executive Officer of N+1 Private Equity. At Corporación Bancaria de España, S.A. - Argentaria he was Deputy General Director of Corporate and Institutional Banking, Chief Executive Officer of Desarrollo Urbanístico Chamartín, S.A., and Chairman of Argentaria Bolsa, Sociedad de Valores. He has worked at Banco de Vizcaya, Banco Santander de Negocios, and Mercapital, as Director of Corporate Banking and Private Equity.

Total number of other external directors	1
Total % of the Board	8.3%

Remarks
In accordance with the provisions of article 529 duodecies of the Corporate Enterprises Act, Mr Ignacio Moreno Martínez falls into the

category of other external directors, as he is neither a proprietary nor an executive director. Nor does he qualify as an independent director since, as explained in the IPO prospectus approved by the CNMV, Mr Moreno is a beneficiary of the incentive plan (“MIP”) granted by Banco Santander, S.A. and Banco Bilbao Vizcaya Argentaria, S.A., entitling him to receive amounts for items other than his remuneration as a director.

State any changes that have occurred in the category of each director during the period:

Name or corporate name of the director	Date of change	Previous category	Current category

Remarks
There have been no changes.

C.1.4 Complete the following table with information on the number of female directors at the end of the last 4 financial years, as well as the category of each:

	Number of female directors				% of total number of directors in each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executive	0	0	0	N/A	0%	0%	0%	N/A
Proprietary	1	1	1	N/A	17%	17%	0%	N/A
Independent	2	2	2	N/A	50%	50%	50%	N/A
Other external	0	0	0	N/A	0%	0%	0%	N/A
Total:	3	3	3	N/A	25%	25%	25%	N/A

Remarks
Only information relating to the years 2018, 2019 and 2020 is included as the Company's shares were admitted to trading on 6 February 2018.
The Board of Directors of Metrovacesa, S.A. currently comprises 12 members, 3 of whom are women. The presence of women and men on the Board is considered to be balanced. Additionally, two of the Board of Directors' committees (the Audit and the Appointments and Remuneration Committees) are chaired by women.

C.1.5 State whether the company has diversity policies in relation to its Board of Directors in areas such as age, gender, disability, training and professional experience. Small and medium-sized enterprises as defined in the Audit Act should report at least the policy they have implemented in relation to gender diversity.

Yes **No** **Partial policies**

Should this be the case, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over

the financial year. Also state the specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors.

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

Description of policies, objectives, measures and how they have been implemented, including results achieved
<p>In 2018, in line with corporate governance best practices, particularly Guideline 14 of the Good Governance Code of Listed Companies, the Board of Directors developed a Diversity Policy, approved in early 2019 and available on the Metrovacesa website:</p> <p>https://metrovacesa.com/en/shareholders-and-investors/corporate-governance/internal-rules-of-corporate-governance/diversity-policy</p> <p>The Diversity Policy in relation to the Board of Directors of Metrovacesa and the selection of directors was endorsed by the Appointments and Remuneration Committee.</p> <p>The aim of the Diversity Policy is to ensure that appointments and re-elections to the Board are based on a preliminary analysis of the needs of the Board, favouring diversity in knowledge, training, professional experience, age and gender, and rejecting any implicit biases which could entail discrimination of any kind, particularly on the basis of gender, disability or other personal conditions.</p> <p>The selection, appointment and renewal procedures of members of the Board of Directors must be aimed at achieving a diverse and balanced composition, adequate to discharge the duties attributed to the Board by Law, the Company's Articles of Association, and its Regulations, all in the best corporate interest. In particular, selection procedures must not entail any kind of discrimination by reason of gender, fostering the selection of female directors such that a balance of genders is obtained among members of the Board of Directors.</p> <p>As part of the Board's annual assessment of its own performance, it must especially assess the application of the various aspects of diversity. The findings of the assessment will be recorded in the meeting minutes or attached to them as an annex.</p> <p>At least every three years the Board of Directors must be helped by an external consultant in conducting its performance assessment, and the consultant must be expressly instructed to supervise the degree of compliance with this Diversity and Selection Policy.</p> <p>The Company must adhere to the core objectives of the Diversity and Selection Policy when recruiting any executive and employee of Metrovacesa and its Group, to ensure full diversity of knowledge, training, professional experience, age and gender. The Appointments and</p>

Remuneration Committee shall be informed, at least once a year, in regard to compliance with the foregoing.

- C.1.6 Describe any measures agreed by the Appointments Committee to ensure that selection procedures do not contain hidden biases which hinder the selection of female directors and that the company deliberately seeks out and includes women who meet the target professional profile among potential candidates and makes it possible to achieve a balance between men and women. Also state whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures
Article 15.5 of the Regulations of the Board of Directors establishes, among the basic functions of the Appointments and Remuneration Committee, the following: - Assess the competencies, expertise and experience necessary in the Board. For this purpose, define the necessary abilities and skills for candidates to fill each vacancy and evaluate the precise time and dedication required to efficiently discharge their duties.

- Establish a target representation of the gender least represented on the Board of Directors and develop guidelines as to how to achieve that target; and
- Submit to the Board of Directors the proposed appointments of independent directors for appointment by cooptation or for discussion at the General Meeting of Shareholders, as well as proposals for the re-election or removal of said directors by the General Meeting of Shareholders.

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

Explanation of reasons
<p>The number of female directors is considered adequate as they represent 25% of the composition of the Board of Directors, i.e. close to 30%, and two female directors chair the only two Committees of the Board of Directors.</p> <p>Furthermore, the number of female directors at the time of the IPO, as described in the Listing Prospectus and verified by the CNMV, has been maintained, and no vacancies have arisen on the Board since then.</p>

C.1.7 Explain the conclusions reached by the appointments committee on verification of compliance with the director selection policy aimed at achieving an appropriate composition of the Board of Directors.

The Board of Directors of the Company currently comprises 3 female directors, i.e. 25% of the total. Furthermore, given the current composition of the Board, the relatively recent appointment of female directors (February 2018), and the absence of vacancies during the 2020 period, no special measures are necessary at this time.

In any event, at no time is the selection of female directors hindered and, in this respect, we refer to what has already been stated in the previous paragraph.

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

Name or corporate name of the shareholder	Reason
N/A	N/A

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, explain the reasons why such requests were not met:

Yes **No**

Name or corporate name of the shareholder	Explanation

C.1.9 State any powers delegated by the Board of Directors to directors or Board committees:

Name or corporate name of the director or committee	Brief description
Mr Jorge Pérez de Leza Eguiguren in his capacity as Chief Executive Officer.	<p>The Board of Directors has granted the Chief Executive Officer the necessary powers to perform his executive duties, i.e. all powers other than those which, in accordance with applicable corporate law, cannot be delegated by the Board of Directors.</p> <p>The Company does not have an Executive Committee and the two existing committees (Audit and Appointments and Remuneration) do not have delegated executive functions.</p>

C.1.10 Identify members of the board who are also directors, representatives of directors or executives in other companies in the group of which the listed company is a member:

Name or corporate name of the director	Corporate name of the group company	Office	Does he/she have executive functions?

Remarks
N/A

C.1.11 Provide details of any directors or representatives of legal person directors of your company who are members of the Board of Directors or representatives of legal person directors of other companies listed on official securities markets other than companies in your group which have been reported to the company:

Name or corporate name of the director	Name of the listed company	Office

Mr Ignacio Moreno Martínez	Telefónica, S.A.	Director Chairman of the Regulation and Institutional Affairs Committee, Member of the Audit Committee and Member of the Quality Committee.
Mr Ignacio Moreno Martínez	GAM, General de Alquiler de Maquinaria, S.A.	Independent Director and member of the Audit Committee.
Emma Fernandez Alonso	Grupo Ezenties. S.A.	Independent Director and member of the Audit and Compliance Committee
Emma Fernandez Alonso	Axway Software	Independent Director and member of the Remuneration Committee
Mr Javier García Carranza Benjumea	Merlin Properties, SOCIMI, S.A.	Chairman
Mr Javier García Carranza Benjumea	Banco Santander México	Director
Mr Carlos Manzano Cuesta	Compañía Española de Viviendas En Alquiler, S.A.	Director and member of the Audit Committee
Ms Ana Bolado Valle	Inmobiliaria Colonial, SOCIMI, S.A.	Independent director and member of the Appointments and Remuneration Committee.
Ms Ana Bolado Valle	Unicaja Banco, S.A.	Independent Director. Member of the Risk Committee. Member of the Remuneration Committee. Chairperson of the Appointments Committee

Remarks

Ms Beatriz Puente Ferreras served as executive director of NH Hotel Group, S.A. in the financial year 2020, until 28 September 2020.
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C.1.12 State and explain, if applicable, whether the company has rules on the number of boards on which its directors may sit, and if so specify where this is regulated:

Yes **No**

Explanation of the rules and identification of the document where this is regulated
Article 33.2 of the Regulations of the Board of Directors stipulates that directors must disclose the positions they hold on the governing bodies of other companies and in any case provides that they may not sit on more than four boards of other listed companies. This last provision has been replicated in the Diversity Policy.

C.1.13 State the overall remuneration of the Board of Directors:

Board of Directors remuneration in the year (thousands of euros)	2,138
Amount of vested pension interests for current directors (thousands of euros)	0
Amount of vested pension interests for former directors (thousands of euros)	0

Remarks
The Company has taken out civil liability insurance for the directors, in accordance with the usual market conditions, the total cost of which is €195,000, with coverage of up to €70 million. Furthermore, the Company has arranged accident insurance for members of the Board at an annual cost of €6,655 in 2020.

C.1.14 Identify the senior managers who are not executive directors and indicate the total remuneration accrued by each one during the year:

Name or corporate name	Office
Mr Borja Tejada Rendón-Luna	Chief Financial Officer
Mr Juan Núñez Berruguete and Mr Eduardo Carreño Orgaz	Directors of Operations
Mr Miguel Ángel Melero Puerta	Director of Resources and of the Organisation, Resources and Quality Department

Ms Raquel Bueno Montávez	Corporate Development Director
Ms Pilar Martín Bolea	Legal, Compliance and Insurance Director
Ms Carmen Chicharro Sanz	Innovation and Marketing Director
Ms María Pilar Ruiz Gallardo	Tertiary Director
Mr Miguel Díaz Batanero	Land Director
Mr Juan Carlos Calvo Mateos	Director of Strategy and Investor Relations
Total remuneration of senior management (in thousands of euros)	1,947

Number of women in senior management	5
Percentage of total members of senior management	50%

Remarks
N/A

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

Yes

No

Description of amendments
The Regulations of the Board of Directors approved by the Extraordinary General Meeting of Shareholders on 19 December 2017, which came into force on 6 February 2018, have not been amended since their approval and subsequent registration with the Madrid Companies Register.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. Include competent bodies, procedures to be followed and criteria to be applied in each of the procedures.

Selection of directors
In any event, to the extent possible, the starting point shall be a prior analysis of the needs of the Company and its Group. Said analysis will be conducted by the Board of Directors of the Company, with advice and a prior explanatory report from the ARC.

Pursuant to Article 8.2 of the Regulations of the Board of Directors, the category of each director must be explained by the Board to the General Meeting of Shareholders, which must effect or ratify their appointment, and shall be confirmed, or, if applicable, reviewed annually in the annual corporate governance report, subject to prior verification by the Appointments and Remuneration Committee. If there are any external directors that cannot be proprietary or independent, the Company shall explain the circumstances and the directors' links, either to the Company or its executives, or to its shareholders. (In this connection, note that the status of Mr Ignacio Moreno Martínez as an external director was explained in the Company's IPO Prospectus and the circumstances set out therein have not changed).

The Diversity Policy also contains rules on the selection and appointment of members of the Board of Directors:

- i. In the case of independent directors, the Appointments and Remuneration Committee will propose the appointment and the General Meeting of Shareholders will, if applicable, approve said proposal; exceptionally, the director may be appointed by the Board of Directors through cooptation in accordance with the provisions of article 18.1 of the Regulations of the Board of Directors and of section 4 of article 529 decies LSC.
- ii. For the rest of directors, the Board of Directors will propose the appointment on the basis of a prior favourable report by the ARC, and the General Meeting of Shareholders will, if applicable, approve the proposal; exceptionally, the director may be appointed by the Board of Directors through cooptation.
- iii. Regardless of whether an appointment is approved by the General Meeting of Shareholders or by the Board of Directors, the proposal must be accompanied, in all cases, by an explanatory report assessing the competency, experience and merits of the proposed candidate, which will be attached to the minutes of the General Meeting or the Board meeting in accordance with section 5 of article 529 decies LSC.

For the purpose of the selection of candidates for the Board of Directors, the ARC may commission the services of one or more external consultants specialising in seeking and selecting candidates with a view to strengthening the objectivity, efficiency, efficacy and impartiality of the procedures to find the best candidate.

In identifying candidacies, consultants must assess the requirements set forth in the Diversity Policy.

Appointment of directors

Directors affected by proposed appointments, re-election or removal shall refrain from intervening in the deliberations and votes concerning them.

Re-election of directors

Directors hold office for the term of office established in the Articles of Association, i.e. for a period of four (4) years, and may be re-elected one or more times for periods of the same duration (article 16 of the Articles of Association). In this regard, note that the directors whose

term of appointment exceeded four (4) years on the IPO date will in no case exceed that period after that date.

Removal of directors

Directors shall cease to hold office once the period for which they were appointed has expired and when so resolved by the General Meeting of Shareholders in the exercise of the powers granted to it by law or by the Articles of Association. The Board shall not propose the removal of any independent director before the expiry of the term of office for which he or she has been appointed, except where just cause is found by the Board on the basis of a report from the Appointments and Remuneration Committee. In particular, just cause shall be deemed to exist when the director has failed to fulfil the duties inherent to their office or has incurred in any of the circumstances that would have prevented their appointment as an independent director.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate operations involving a change in the Company's capital structure when such changes in the structure of the Board are brought about by the proportionality criterion of proprietary and independent directors in accordance with the capital represented on the Board.

When a director resigns or otherwise leaves office before the end of his/her term, he/she shall explain the reasons in a letter to be delivered to all members of the Board.

- C.1.17 Explain to what extent the annual assessment of the Board has led to important changes in its internal organisation and the procedures applicable to its activities:

Description of amendments
Taking into account the shareholding structure of the Company and the recent configuration of the Board, it is considered to be reasonable and compliant with the recommendations of good corporate governance.
Independent directors, appointed through a rigorous selection process, perform their duties without being conditioned by relationships with the Company, its significant shareholders or its management.
Proprietary directors fulfil the requirement to represent significant shareholders.
Finally, the Chief Executive Officer fulfils the requirement to perform senior management duties for the Company.
Therefore, the Board of Directors complies with the composition and qualification requirements set out in its own Regulations, which are considered adequate and optimal for the effective and diligent fulfilment of its competences.
The Directors have fulfilled the duties stipulated by law, the Articles of Association and the Company's Regulations, with loyalty to the Company's interests. In the performance of their duties, each and every member of the

Board has acted with the diligence of an orderly businessperson and with the loyalty of a faithful representative, always acting in good faith and in the best interests of the company.

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

C.1.18

Description of the evaluation process and evaluated areas
<p>For the Company's first, second and third financial years after admission to trading in official secondary markets, it was decided that the evaluation process be based on a self-assessment questionnaire approved by the Board, following a report by the Appointments and Remuneration Committee, until the Board's operating regime is consolidated, when it would be submitted for analysis by an external consultant.</p> <p>The personal and individual questionnaire was addressed to all directors and they were asked to give their opinion on the composition, competences and functioning of the Board of Directors and its committees, as well as concerning the Chairman and the Chief Executive of the Company. In particular, impressions are sought, including as provided in the applicable regulations and/or the Good Governance Code of Listed Companies and the Company's usual practice, on the composition of the Board of Directors, the rules of procedure of the Board, the powers of the Board, the information provided to the Board for holding meetings and other ancillary matters such as, for example, assessment of the breadth and openness of the debates, including the degree of harnessing of valuable contributions and avoiding "groupthink".</p> <p>The committees have also issued the corresponding reports on their activities, as well as reports on the assessment of and compliance with their obligations under the Articles of Association, under the law and under the principles of good corporate governance.</p> <p>Accordingly, the Board of Directors and its Committees have carried out their evaluation of the functioning of the Board, its Chairman and its Committees.</p>

Describe, for those financial years in which the evaluation has been assisted by an external consultant, the business relationships that the consultant or any company in its group has with the company or any company in its group.

N/A

C.1.19 State the cases in which directors are obliged to resign.

Article 12 of the Regulations of the Board of Directors provides that directors shall cease to hold office once the period for which they were

appointed has expired and when so resolved by the General Meeting of Shareholders in the exercise of the powers granted to it by law or by the Articles of Association.

Moreover, directors must tender their resignation to the Board of Directors and formally resign from their position if the Board of Directors considers this to be appropriate, in the following cases:

- When they leave the executive posts to which their appointment as directors was associated.
- When they are involved in any of the circumstances of incompatibility or prohibition provided by law or by the Articles of Association.
- When they are severely reprimanded by the Board of Directors for having breached their obligations as directors.
- When their continued presence on the Board of Directors might jeopardise or harm the interests, credit or reputation of the Company, or when the reasons for which they were appointed no longer apply, including, but not limited to, if there are significant changes in their professional situation or in the conditions pursuant to which they were appointed directors.
- When they are prosecuted for alleged criminal offences or are the subject of disciplinary proceedings for serious or very serious misconduct investigated by the supervisory authorities in connection with the securities market.
- In the case of proprietary directors (i) when the shareholders they represent sell their entire shareholdings or significantly reduce them, and (ii) by the relevant number, when said shareholders reduce their shareholdings to a level that requires a reduction in the number of proprietary directors.
- When they belong to more than four boards of directors of listed companies (other than the Company).
- When, due to events attributable to the director, their remaining on the Board causes serious harm to the corporate wealth or reputation in the Board's view.

C.1.20

If any of the circumstances for resignation apply, the Board shall examine the case as soon as possible and, based on the specific circumstances, shall decide whether or not the director should continue to hold office. The Board shall provide a reasoned explanation of this in the Annual Corporate Governance Report.

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

Yes

No

If any, please describe the differences.

Description of the differences

The Regulations of the Board of Directors provide that, except when specifically otherwise established by law or mandated by the Articles of Association, agreements shall be adopted by an absolute majority of the directors present or represented at the meeting. In particular, the appointment, removal and severance agreements for Chief Executive Officers, and the prior approval of contracts between the Company and those of its directors to whom executive duties are to be attributed, shall require the favourable vote of at least two-thirds of the Board members, with the abstention, where applicable, of the affected director. In the event of a tie, the Chairman shall not have a casting vote.

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

Yes **No**

Description of requirements

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

Yes **No**

	Age limit
Chairman	
Chief Executive Officer	
Director	

Remarks

C.1.23 State whether the Articles of Association or the Regulations of the Board of Directors establish any term limits or other more stringent requirements in addition to those provided by law for independent directors other than those required by law:

Yes **No**

Additional requirements and/or maximum number of term limits	Article 19.4 of the Regulations of the Board of Directors provides that independent directors shall not remain in that post for a continuous period of more than 12 years.
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C.1.24 State whether the Articles of Association or the Regulations of the Board of Directors establish specific rules on proxy voting in the Board for other directors, the way to do this and, in particular, the maximum number of proxy votes which a director may have, as well as whether there is any limitation in place in terms of the categories for proxy voting, beyond the limits imposed by the legislation. If any, please briefly provide details of such rules.

Article 17.2 of the Regulations of the Board of Directors, in connection with proxy voting, provides that, when directors cannot personally attend Board meetings, they must grant their proxy in writing and on an ad hoc basis for each meeting to another member of the Board, including the appropriate instructions, and notify the Chairman of the Board of Directors thereof.

C.1.25 State the number of meetings held by the Board of Directors during the year. Additionally, mention, if applicable, the times that the Board has met without the attendance of its Chairman. Meetings where specific proxy instructions were sent are to be considered as attended.

Number of Board meetings	12
Number of Board meetings without attendance of the Chairman	0

Remarks
The Chairman of the Board of Directors has taken part in all the Board of Directors' meetings held in the year to which this report refers.

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

Number of meetings	N/A
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Remarks
There is no lead director.

State the number of meetings held by each committee of the Board during the year:

Number of meetings of the Executive Committee	0
Number of meetings of the Audit Committee	13
Number of meetings of the Appointments and Remuneration Committee	9
Number of meetings of the Appointments Committee	0
Number of meetings of the Remuneration Committee	0
Number of meetings of the _____ Committee	

Remarks
Given that the Company's capitalisation is not high, it is not necessary for the Appointments and Remuneration Committee to be two separate committees, in accordance with principle 22 of the Good Governance Code of Listed Companies.

C.1.26 State the number of meetings that the Board of Directors has held during the year and information about the attendance of its members:

Number of meetings attended in person by at least 80% of the directors	12
Personal attendance as a percentage of total votes during the year	93.056%
Number of meetings attended in person or via specific proxy instructions of all the directors	8
Votes cast with attendance in person and via specific proxy instructions as a percentage of total votes in the year	97.222%

Remarks
Meetings held remotely with the personal attendance of the directors are assimilated to in-person attendance, and this has been the usual system of meetings as a result of the effects of the Covid-19 pandemic.

C.1.27 State whether the individual and consolidated annual financial statements submitted to the Board for authorisation were previously certified:

Yes **No**

Identify, if applicable, the person(s) who certified the Company's individual and consolidated annual financial statements for authorisation by the Board:

Name	Office

Remarks

C.1.28 Explain any measures established by the Board of Directors to ensure that the annual financial statements presented by the Board to the General Meeting of Shareholders are prepared in accordance with accounting standards.

<p>Article 14 of the Regulations of the Board of Directors, which regulates the functioning of the Audit Committee, establishes, among others, the following functions:</p> <ol style="list-style-type: none"> 1. Oversee the process of preparing and presenting regulated financial disclosures and present recommendations or proposals to the Board of Directors aimed at ensuring the integrity of those disclosures. 2. Supervise the Company's internal audit activity. 3. Establish appropriate relations with the external auditor to receive information on matters that might jeopardise its independence, for examination by the Audit Committee, and any other information in connection with the process of account auditing and, where applicable, the authorisation of services other than those that are prohibited, in the terms envisaged in applicable regulations, as well as any other communications envisaged in account auditing legislation and other audit standards.

4. Annually issue, prior to the audit report, a report expressing an opinion on whether the independence of the external auditor or the audit firm has been compromised. In any event, this report must express an opinion regarding the provision of the non-audit services discussed in the previous paragraph, taken individually and as a whole, other than the statutory audit and in relation to the audit independence framework or regulatory standards.
5. In relation to the information and internal control systems: (a) supervise the process of preparation and the integrity of the financial information concerning the Company and, in the event, the group, reviewing compliance with regulatory requirements, proper demarcation of the consolidation scope and the correct application of accounting standards; (b) endeavour to ensure the independence of the unit undertaking internal audit duties, and propose the selection, appointment, re-election and removal of the head of the internal audit service, propose the budget for this service, approve its approach and working plans, receive periodic information on its activities and check that senior management takes into account the conclusions and recommendations of its reports; and (c) establish and supervise a mechanism to enable employees to confidentially or anonymously report any potentially significant irregularities, especially in relation to financial and accounting matters, that may come to their notice within the Company; and
6. With regard to the external auditor: (a) if the auditor resigns, examine the circumstances behind this; (b) ensure that the auditor's remuneration does not compromise its quality or its independence; (c) ensure that the Company files a regulatory disclosure when it changes auditor, accompanied, where applicable, by a statement regarding any disagreements with the outgoing auditor and the content thereof; (d) ensure that the external auditor meets with the Board of Directors (in full session) on an annual basis to inform it of the work carried out and the Company's situation; (e) ensure that the Company and the external auditor observe applicable rules concerning the provision of non-auditing services, limits on the concentration of business applying to the auditor and, in general, any other standards in connection with auditor independence.

Furthermore, Article 38.2 of the Regulations of the Board of Directors establishes that the Board must use its best efforts to prepare the annual financial statements such that there is no room for reservations or qualifications by the auditor. In exceptional cases where these do arise, both the Chairman of the Audit Committee and the external auditors shall clearly explain to shareholders the content of the reservations or qualifications. However, when the Board of Directors believes that its opinion must prevail, it shall provide a public explanation of the content and scope of the discrepancy.

In compliance with the aforementioned articles, the Audit Committee reports to the Board of Directors on the Company's quarterly, half-yearly and annual financial information, prior to its approval and submission to the National Securities Market Commission and the capital markets. In this regard, the purpose of the Audit Committee's reports is to highlight those accounting aspects which could, in the event, entail a risk of qualification in the external auditors' opinion, making such recommendations to the Board of Directors as it may deem appropriate for this purpose.

Accordingly, the Audit Committee reported to the Board of Directors concerning the Company's financial information for the years 2018, 2019 and 2020: on 27 February 2019 on the annual financial statements for the year 2018; on 27 February 2020 on the annual financial statements for the year 2019; on 12 May 2020 on the financial results for the first quarter of 2020; on 27 July 2020 on the interim financial statements for the first half of 2020; on 29 October 2020 on the financial statements for the third quarter of 2020 and on 17 February 2021 on the annual financial statements for 2020.

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

Yes

No

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

Name or corporate name of the secretary	Representative
Mr Lucas Osorio Iturmendi	
Remarks	
Mr Lucas Osorio Iturmendi, secretary (non-director) of the Company's Board of Directors, was appointed for an indefinite term on 18 February 2016.	

C.1.30 State any specific measures taken by the company to ensure the independence of its external auditors and, if applicable, financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

At its meeting of 24 February 2020, the Audit Committee analysed and discussed the terms of the Committee's report on the independence of the Company's external auditors in respect of the year 2019, and unanimously issued a favourable report to the Board of Directors. Subsequently, at its meeting of 27 February 2020, the Board of Directors unanimously ratified the criteria of the Audit Committee regarding auditor independence.

In respect of the year 2020, at its meeting of 17 February 2021, the Audit Committee analysed and discussed the terms of the Committee's report on the independence of the Company's external auditors, and unanimously issued a favourable report to the Board of Directors. At its meeting of 22 February 2021,

the Board of Directors unanimously ratified the Audit Committee's criteria on auditor independence.

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

Yes

No

Outgoing auditor	Incoming auditor

Remarks
N/A

If there were any disagreements with the outgoing auditor, explain the content of these disagreements:

Yes

No

Explanation of disagreements
N/A

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or its group:

Yes

No

	Company	Group companies	Total
Amount invoiced for non-audit work (thousands of euros)	44	-	44
Amount invoiced for non-audit services / Amount for audit work (%)	22.34%	-	22.34%

Remarks

C.1.33 State whether the auditors' report on the annual accounts for the preceding year contains qualifications. If so, please explain the reasons given by the Chairman of the Audit Committee to the shareholders at the General Meeting to explain the content and extent of such qualifications.

Yes

No

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

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

	Individual	Consolidated
Number of consecutive financial years	5	5

	Individual	Consolidated
No. of years audited by the current audit firm / No. of years that the company or its group has been audited (%)	100%	100%

Remarks
The Company was incorporated in 2016 and has since been audited by the same external auditor.

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

Yes **No**

Details of the procedure
<p>The sections below of article 16 of the Regulations of the Board of Directors establish the procedure for sending information to the directors for each Board meeting:</p> <p><i>“3. The meetings shall be called by the Secretary or, in the absence thereof, whoever replaces him, with the Chairman’s permission, using any means that enables the notice to be received by all members of the Board of Directors listed in the Company’s records. Notice of meetings shall be issued at least seventy-two hours in advance of the meeting date. The meeting notice shall always include the meeting date and all relevant information should be attached.</i></p> <p><i>4. The notice should provide information of those items in which connection the Board of Directors is expected to make a decision or approve a resolution so that the directors can first examine or compile the necessary information. When, exceptionally and for reasons of urgency, the Chairman wishes to submit decisions or agreements not listed in the meeting agenda for approval, the express prior consent of a majority of attending directors must be obtained, and a record thereof must be reflected in the minutes.</i></p> <p><i>5. The Chairman of the Board of Directors may call extraordinary Board meetings when, in his judgement, this is so justified, in which case the period of notice and other requirements outlined above may not apply.</i></p>

Notwithstanding the foregoing, the documentation which, where applicable, must be provided to directors shall be delivered sufficiently in advance, except when a meeting of the Board has been constituted or called exceptionally for reasons of urgency.”

C.1.36 State whether the company has established rules obliging directors to disclose any circumstance that might harm the organisation’s name or reputation, tendering their resignation as the case may be:

Yes **No**

Explain the rules
<p>Article 20.2 of the Regulations of the Board of Directors establishes that directors must tender their resignation to the Board of Directors and formalise, if the latter deems it appropriate, the corresponding resignation in the following cases, among others:</p> <ul style="list-style-type: none"> (i) When they are involved in any of the circumstances of incompatibility or prohibition provided by law or by the Articles of Association. (ii) When their continued presence on the Board of Directors might jeopardise or harm the interests, credit or reputation of the Company, or when the reasons for which they were appointed no longer apply, including, but not limited to, if there are significant changes in their professional situation or in the conditions pursuant to which they were appointed directors. (iii) When they are prosecuted for alleged criminal offences or are the subject of disciplinary proceedings for serious or very serious misconduct investigated by the supervisory authorities in connection with the securities market. (iv) When, due to events attributable to the director, their remaining on the Board causes serious harm to the corporate wealth or reputation in the Board’s view.

C.1.37 State, unless there have been special circumstances that have been recorded in the minutes, whether the Board has been informed or has otherwise been apprised of any situation affecting a director, whether or not related to his or her performance in the company, which could damage the credit and reputation of the company:

Yes **No**

Name of director	Nature of the situation	Remarks

In the above case, indicate whether the Board of Directors has examined the case. If the answer is yes, explain in a reasoned manner whether, in view of the specific circumstances, the Board has taken any action, such as opening an internal investigation, requesting the resignation of the director or proposing the director's removal.

Also state whether the Board's decision was grounded on a report from the Appointments Committee.

Yes

No

Decision made/action taken	Reasoned explanation

C.1.38 List any material agreements entered into by the company and which come into force, are modified or terminate in the event of a change of control of the company as a result of a takeover bid, and the effects thereof.

N/A

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

Number of beneficiaries	
Type of beneficiary	Description of the agreement
Mr Ignacio Moreno Martínez	Termination for any reason: 500 (thousand €)
Mr Jorge Pérez de Leza Eguiguren	Termination for any reason: 2 * Total annual remuneration received in the previous year
Mr Jorge Pérez de Leza Eguiguren	After-the-fact non-competition agreement: 1,090.50 (thousand €)
Mr Eduardo Carreño Orgaz	Termination for any reason: (except voluntary redundancy and disciplinary dismissal): Total annual remuneration received in the previous year.

State whether these agreements have to be reported and/or approved by management bodies of the company or of the group other than as required by regulation. If so, specify the procedures, scenarios and nature of the bodies responsible for their approval or for reporting them:

	Board of Directors	General Meeting of Shareholders
Body authorising the clauses	X	

	YES	NO
Is the General Meeting informed about the clauses?	X	

Remarks

C.2 Committees of the Board of Directors

C.2.1 List all the committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:

EXECUTIVE COMMITTEE

Name	Office	Category
N/A	N/A	N/A
N/A	N/A	N/A

% of executive directors	N/A
% of proprietary directors	N/A
% of independent directors	N/A
% of other external directors	N/A

Remarks
N/A

Explain the duties that have been delegated or attributed to this committee, other than those already described in section C.1.9, and describe the procedures and rules of organisation and operation of the committee. For each these duties, briefly describe its most important actions during the year and how it has performed in practice each of the duties assigned to it by law, the Articles of Association or other corporate resolutions.

N/A

AUDIT COMMITTEE

Name	Office	Category
Ms Beatriz Puente Ferreras	Chairperson	Independent
Mr Juan Béjar Ochoa	Member	Independent
Mr Carlos Manzano Cuesta	Member	Proprietary

% of proprietary directors	33.33%
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% of independent directors	66.67%
% of other external directors	0%

Remarks
There were no changes in the composition of the Committee in 2020.

Explain the duties assigned to this committee, including any in addition to those specified by law, and describe the rules and procedures it follows for its organisation and operation. For each of these duties, briefly describe its most important actions during the year and how it has performed in practice each of the duties assigned to it by law, the Articles of Association or corporate resolutions.

Notwithstanding any other tasks that may be assigned to it, the Audit Committee performs the following basic duties:

- i. Report to the General Meeting of Shareholders on matters raised by the shareholders within the scope of its competence and, in particular, concerning the outcome of the audit.
- ii. Supervise the efficacy of the internal control of the Company and its group, the internal audit and the risk management systems, and discuss with the external auditor any significant weaknesses in the internal control system. If material weaknesses are detected, it must present recommendations or proposals to the governing body, along with the corresponding follow-up period.
- iii. Oversee the process of preparing and presenting regulated financial disclosures and present recommendations or proposals to the Board of Directors.
- iv. Propose to the Board of Directors, for submission to the General Meeting of Shareholders, the selection, appointment, re-election or replacement of the auditors.
- v. Liaise with the auditors to receive information on issues that may jeopardise their independence and any other issues related to the process of carrying out the statutory audit and, where appropriate, the authorisation of non-prohibited services. In any case, on an annual basis, the Audit Committee receives from the auditors written confirmation of their independence vis-à-vis the Company, along with detailed and individualised information on the additional services and corresponding fees.
- vi. Annually issue, prior to the audit report, a report expressing an opinion on whether the independence of the external auditor or the audit firm has been compromised.
- vii. Report any matters so mandated by law, the Articles of Association or the Regulations of the Board of Directors, and in particular having regard to: (i) the financial information that the Company must publish periodically; (ii) the creation and acquisition of shareholdings in special-purpose vehicles or entities

with registered headquarters in countries or territories that are considered to be tax havens; and (iii) related-party transactions.

- viii. Supervise the Company's internal audit activity.
- ix. In relation to the information and internal control systems: (a) supervise the preparation process and the integrity of the financial information relating to the Company; (b) ensure the independence of the unit performing the internal audit function and propose the selection, appointment, reappointment and removal of the head of the internal audit service; and (c) establish and supervise mechanisms to enable employees to report, confidentially or anonymously, any potentially significant irregularities.
- x. With regard to the external auditor: (a) if the auditor resigns, examine the circumstances behind this; (b) ensure that the auditor's remuneration does not compromise its quality or its independence; (c) ensure that the Company files a regulatory disclosure when it changes auditor, accompanied, where applicable, by a statement regarding any disagreements with the outgoing auditor and the content thereof; (d) ensure that the external auditor meets with the Board of Directors (in full session) on an annual basis to inform it of the work carried out and the Company's situation; and (e) ensure that the Company and the external auditor observe applicable rules concerning the provision of non-auditing services.
- xi. Supervise compliance with the Company's codes of conduct and corporate governance regulations and oversee information relating to compliance therewith.
- xii. Endeavour to ensure compliance with the Corporate Social Responsibility Policy and assess processes relating to the various stakeholder groups.

The Audit Committee comprises three directors, the majority of whom are independent.

The Audit Committee meets at least quarterly to review the periodic financial information to be submitted to the securities market authorities. Moreover, it shall meet at the behest of any of its members and whenever convened by its Chairman, who must convene the Committee whenever the Board or its Chairman requests issuance of a report or the adoption of proposals.

The Audit Committee must prepare an annual report on its operations.

To best fulfil its purpose, the Audit Committee may call upon external experts for their advice when it deems necessary to properly discharge its duties.

Main actions performed in 2020

The most significant actions implemented in 2020 were as follows:

- a. Annual financial statements for the year ended 31 December 2019

The Committee has reviewed and approved the Company's 2019 annual financial statements. It also endorsed the 2019 Annual Corporate Governance Report, the 2019 report on the Committee's own activity, the report concerning the

independence of the external auditor PriceWaterHouseCoopers ("**External Auditor**") and the 2019 report on related-party transactions.

b. Financial information.

The Committee has periodically reviewed the Company's financial information, particularly that which is made public on a quarterly basis, and has issued a favourable report prior to its submission to the Board of Directors. On the occasion of the 2019 annual and 2020 half-yearly financial reporting, the Committee met with the External Auditor and the property valuation firms Savills and CBRE.

c. Related-party transactions

The Committee has been regularly informed of related-party transactions carried out by the Company with certain significant shareholders and other companies related to directors.

In particular, the Committee has reported favourably on related-party transactions carried out by the Company with financial institutions that are shareholders of the Company (Banco Santander, S.A. and Banco Bilbao Vizcaya Argentaria, S.A.) or in which a director of the Company also serves as a director (Unicaja Banco, S.A.), the vast majority of these transactions relating to financing (renewal of credit facilities, project financing, etc.). However, other transactions have also been reported, such as the provision of services as agent bank (Banco Santander) or the approval of a commercial paper programme (Banco Santander).

d. External advisors, valuers and external auditors. Recruitment, meetings and remuneration.

The Committee has reported favourably on the engagement of certain external advisors in connection with matters falling within the scope of its duties. In particular, it has reported favourably on the renewal of the External Auditor and the renewal of contracts with the Company's valuers for the financial year 2020, including their respective remuneration.

e. Risk analysis and risk control systems. Risk map.

Over the course of 2020, the Committee carried out control and monitoring work on the most significant financial aspects of the Company, such as asset valuation, risk hedging policy and liquidity, reporting on specific rules and procedures to ensure their monitoring and supervision. The Committee was also apprised of, and reported favourably on, the compliance processes for internal control over financial reporting (ICFR).

f. Compliance

The Committee has regularly monitored fulfilment of compliance requirements, mainly in the areas of anti-money laundering and combating the financing of terrorism (AML/CFT), criminal risks and data protection, supervising the actions carried out by the Company in these areas and issuing reports endorsing various modifications introduced to adapt to regulatory changes or improvements in

internal regulations. It also reported favourably on the strategic sustainability plan, which was subsequently approved by the Board of Directors.

g. Treasury stock

The Committee regularly supervised transactions with treasury shares at its meetings, monitoring ownership, average acquisition price and trading ratios. The Company agreed to suspend the liquidity contract it had arranged with Banco Sabadell, effective 31 December 2019, and entered into an equity swap contract with the financial institution Goldman Sachs. The Committee regularly monitored the transactions carried out under this contract during 2020.

h. Internal Audit

The Company's internal auditor has informed the Committee with regard to all the actions, procedures and controls that it carries out on a regular basis.

Among other matters, it has submitted reports on compliance with the ICFR systems; reviewed and updated the Company's risk map; monitored the most significant risks and established the necessary action plans to mitigate them; and supervised the operational controls associated with the foremost business processes. Results in the spheres of AML and CFT have also been reported.

In addition, the Internal Auditor's planned actions were reported in a timely manner.

Identify the directors who serve on the Audit Committee and who were appointed on the basis of their knowledge and experience in accounting, auditing or both, and state the date when the chair of this Committee was appointed.

Names of experienced directors	Mr Juan Béjar Ochoa, Mr Carlos Manzano Cuesta and Ms Beatriz Puente Ferreras.
Date of appointment of Committee chairperson	Ms Beatriz Puente Ferreras was appointed Chairperson of the Audit Committee on 6 February 2018, her appointment being formalised in a public deed on 19 February 2018 before the notary public of Madrid, Mr Francisco Miras Ortiz, under number 533 of his protocol, and logged in the Company's official records as entry 43.

Remarks

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Office	Category
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Ms Emma Fernández Alonso	Chairman	Independent
Mr Ignacio Moreno Martínez	Member	Other external director
Mr Cesáreo Rey-Baltar Oramas	Member	Proprietary
Mr Vicente Moreno García-Mansilla	Member	Independent

% of proprietary directors	25%
% of independent directors	50%
% of other external directors	25%
Remarks	

Explain the duties assigned to this committee, including any in addition to those specified by law, and describe the rules and procedures it follows for its organisation and operation. For each of these duties, briefly describe its most important actions during the year and how it has performed in practice each of the duties assigned to it by law, the Articles of Association or corporate resolutions.

<p>Without prejudice to other competences that may correspond to it, the ARC's duties include the following:</p> <ol style="list-style-type: none"> i. Assess the competencies, expertise and experience necessary in the Board. ii. Establish a target representation of the gender least represented on the Board of Directors and develop guidelines as to how to achieve that target. iii. Submit to the Board of Directors the proposed appointments of independent directors for appointment by cooptation or for discussion at the General Meeting of Shareholders, as well as proposals for the re-election or removal of said directors by the General Meeting of Shareholders. iv. Report the proposed appointments of the remaining directors for appointment by cooptation or for discussion at the General Meeting of Shareholders, as well as proposals for their re-election or removal by the General Meeting of Shareholders. v. Report proposed appointments and removals of management staff and the basic terms and conditions of their contracts. vi. Examine and organise the succession of the Chairman of the Board of Directors and the Chief Executive of the Company.
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- vii. Propose to the Board of Directors the remuneration policy of directors and managing directors or whomsoever discharges duties as management staff reporting directly to the Board of Directors
- viii. Verify that the Company's remuneration policy is observed.
- ix. Periodically review the remuneration policy applied to directors and senior executives, including share-based remuneration schemes and their application.
- x. Prevent any potential conflicts of interest from undermining the independence of the external advice provided to the Committee.
- xi. Verify the information on the remuneration to directors and senior executives contained in the various corporate documents, including the annual remuneration report.

The Appointments and Remuneration Committee comprises four directors, two of whom are independent.

The ARC shall ordinarily meet every three months or at least four times a year. Moreover, it shall meet at the behest of any of its members and whenever convened by its Chairperson, who must convene the Committee whenever the Board or its Chairman request it.

The ARC may call upon external experts for their advice when it deems this necessary to properly discharge its duties, preventing any potential conflicts of interest from undermining the independence of the external advice provided to the Appointments and Remuneration Committee.

Main actions performed in 2020

Among others, the Committee carried out the following activities in 2020:

- i. It reviewed and reported favourably on good corporate governance documentation for 2019, specifically: (i) the annual remuneration report; (ii) the Committee's annual activity report; and (iii) the annual corporate governance report;
- ii. It worked on a new Remuneration Policy and a new long-term incentive plan for the Chief Executive Officer and members of the management team to be submitted for approval at the Company's 2021 Ordinary General Meeting, with the external assistance of a consultant (Garrigues law firm);
- iii. It reviewed the fulfilment of objectives for the financial year 2019 by the management team (including the CEO), and reported favourably on the related variable remuneration;
- iv. It reviewed and reported favourably on the proposed salary increases for the management team for 2020 and approved the objectives for the annual variable remuneration and extraordinary multi-year incentive for the Chief Executive Officer and the Company's management team;

- v. It reviewed and proposed third cycle Long-Term Incentive Plan (LTIP) compliance metrics and parameters for the Chief Executive Officer and management team;
- vi. It periodically reviewed the employment plan for 2020;
- vii. It analysed the Board of Directors' skills map, conducted a competency assessment exercise of the CEO and the management team, and prepared the succession plan for the management team, including the Chief Executive Officer and key management personnel;
- viii. It led the process of evaluating the operation and performance of the Board and Committees, by means of a self-assessment procedure;
- ix. It monitored share purchase transactions by Company executives in the context of the variable remuneration plan approved by the Company;
- x. In relation to Covid-19, it reviewed the measures implemented by the Company, established contingency plans and set up plans for the reintroduction of the workforce into their places of work;
- xi. It reviewed operational efficiency plans, analysed the quality of the sales force, followed various recommendations from proxy advisors; and
- xii. It selected an external advisor to carry out the evaluation of the Board of Directors in the financial year 2021.

APPOINTMENTS COMMITTEE

Name	Office	Category
N/A	N/A	N/A
N/A	N/A	N/A

% of proprietary directors	N/A
% of independent directors	N/A
% of other external directors	N/A

Remarks

Explain the duties assigned to this committee, including any in addition to those specified by law, and describe the rules and procedures it follows for its organisation and operation. For each of these duties, briefly describe its most important actions during the year and how it has performed in practice each of the duties assigned to it by law, the Articles of Association or corporate resolutions.

N/A

REMUNERATION COMMITTEE

Name	Office	Category
N/A	N/A	N/A
N/A	N/A	N/A

% of proprietary directors	N/A
% of independent directors	N/A
% of other external directors	N/A

Remarks
N/A

Explain the duties assigned to this committee, including any in addition to those specified by law, and describe the rules and procedures it follows for its organisation and operation. For each of these duties, briefly describe its most important actions during the year and how it has performed in practice each of the duties assigned to it by law, the Articles of Association or corporate resolutions.

N/A

_____ COMMITTEE

Name	Office	Category
N/A	N/A	N/A
N/A	N/A	N/A

% of executive directors	N/A
% of proprietary directors	N/A
% of independent directors	N/A
% of other external directors	N/A

Remarks
N/A

Explain the duties assigned to this committee and describe the rules and procedures it follows for its organisation and operation. For each of these duties, briefly describe its most important actions during the year and how it has performed in practice each of the duties assigned to it by law, the Articles of Association or corporate resolutions.

N/A

- C.2.2 Complete the following table with the information on the number of female directors in the committees of the Board of Directors at the end of the last four financial years:

	Number of female directors							
	Year 2020		Year 2019		Year 2018		Year 2017	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	N/A		N/A		N/A		N/A	
Audit Committee	1		1		1		N/A	
Appointments and Remuneration Committee	1		1		1		N/A	
Appointments Committee	N/A		N/A		N/A		N/A	
Remuneration Committee	N/A		N/A		N/A		N/A	
_____ Committee	N/A		N/A		N/A		N/A	

Remarks
Information is only provided for the financial years 2018, 2019 and 2020, as the shares were admitted to trading with effect from 6 February 2018.

- C.2.3 State, where applicable, the existence of any regulations governing the Board's committees, where these regulations are available for consultation, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

<p>The Regulations of the Board of Directors' Committees are provided in the Articles of Association and the Regulations of the Board of Directors (article 14 for the Audit Committee and article 15 for the Appointments and Remuneration Committee).</p> <p>Both texts are published on the Company's corporate website.</p> <p>In addition, the Board of Directors of the Company has approved the two regulations governing the composition, functioning, competences and powers of the Audit Committee and the Appointments and Remuneration Committee. These two committees also issue annual activity reports.</p> <p>There were no amendments to the regulations in 2020, as the Company's shares were admitted to trading effective on 6 February 2018, and the information provided here is limited to the period since admission to trading.</p>
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D RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

- D.1 Outline, if applicable, the procedure and competent bodies for the approval of related-party and intra-group transactions.

Article 5.4. (xiv) of the Regulations of the Board of Directors reserves for the Board of Directors the non-delegable competency to approve, based on a prior report by the Audit Committee, related-party transactions as defined by applicable legislation in this regard in force at each given time.

Furthermore, article 14.5 (vii) establishes that the Audit Committee is responsible for informing the Board of Directors in advance of related-party transactions.

In practice, the Audit Committee examines and analyses all related-party transactions and reports to the Board of Directors for approval or rejection of the transaction in question.

D.2 Describe any transactions that are significant, either because of their amount or subject matter, carried out between the company or entities in its group, and the significant shareholders of the company:

Name or corporate name of the significant shareholder	Name or corporate name of the company or group entity	Nature of the relationship	Type of transaction	Amount (in thousands of euros)
Banco Bilbao Vizcaya Argentaria, S.A.	Metrovacesa, S.A.	Corporate	Loan	23,100
Banco Santander, S.A.	Metrovacesa, S.A.	Corporate	Loan	17,800
Banco Bilbao Vizcaya Argentaria, S.A.	Metrovacesa, S.A.	Corporate	Loan	6,000
Banco Bilbao Vizcaya Argentaria, S.A.	Metrovacesa, S.A.	Corporate	Loan	6,500
Banco Bilbao Vizcaya Argentaria, S.A.	Metrovacesa, S.A.	Corporate	Derivative	37,000
Banco Santander, S.A.	Metrovacesa, S.A.	Corporate	Loan	15,500
Banco Santander, S.A.	Metrovacesa, S.A.	Corporate	Loan	27,600

Remarks

- D.3 Describe any transactions that are significant, either because of their amount or subject matter, carried out between the company or entities in its group, and the directors or executives of the company:

Name or corporate name of the directors or executives	Name or corporate name of the related party	Relationship	Type of transaction	Amount (thousands of euros)
N/A	N/A	N/A	N/A	N/A

Remarks

- D.4 Report on significant transactions carried out by the company with other entities belonging to the same group, provided these are not eliminated in the preparation of the consolidated financial statements and do not form part of the usual course of business of the company in relation to its purpose and condition.

In any event, provide information on any intra-group transaction carried out with entities based in countries or territories considered as tax havens:

Corporate name of the group company	Brief description of the transaction	Amount (thousands of euros)
N/A	N/A	N/A

Remarks

- D.5 Describe any significant transactions conducted between the company or entities in its group with other related parties that have not been reported in the previous sections.

Corporate name of the related party	Brief description of the transaction	Amount (thousands of euros)
Unicaja Banco, S.A.	Loan granted to Metrovacesa, S.A.	7,600

Remarks
Given that the Company director Ms Ana Bolado is also a director of Unicaja Banco S.A., the aforementioned transactions have been considered to be related-party transactions. The transaction is a developer loan for a real estate development project. This loan was signed in February 2021

- D.6 Describe the mechanisms in place to detect, determine and solve possible conflicts of interest between the company and/or its group, directors, executives or significant shareholders.

Article 28 of the Regulations of the Board of Directors defines and regulates the concept of conflict of interest.

A conflict of interest shall be considered to exist in those situations in which the interests of the Company or companies belonging to its Group clash, directly or indirectly, with the personal interest of a director. The personal interest of a director means that a matter affects him or a person related to him, or, in the case of a proprietary director, the shareholder or shareholders who proposed or effected his appointment, or persons directly or indirectly related thereto.

For the purposes of this Regulation, the following terms shall have the meaning set forth below:

- (i) Persons related to the director as a natural person:
 - a) The director's spouse or someone with a similar bond of affection.
 - b) The director's parents, children and siblings or those of his spouse or person with a similar bond of affection.
 - c) The spouse (or person with a similar bond of affection) of the director's parents, children and siblings.
 - d) Companies or entities in which the directors or any of the persons related thereto, directly or by means of an intermediary person, are in any of the situations provided in article 42 of the Commercial Code.
 - e) In the case of proprietary directors, in addition, shareholders on the basis of whose proposals they were appointed.
- (ii) Persons related to the director as a legal entity:
 - a) Shareholders who, in respect of the director as a legal entity, are in any of the situations provided in article 42 of the Commercial Code.
 - b) Companies belonging to the same group, as defined in article 42 of the Commercial Code, and their shareholders.
 - c) The natural person who is the representative, the corporate directors, *de jure* or *de facto*, the liquidators or the persons with broad powers of attorney granted by the legal entity.
 - d) Persons whom, with respect to the representative of the director as a legal entity, are considered to be related persons in accordance with the provisions of section 2.(i) of this article concerning directors as natural persons.

Directors must report the existence of a conflict of interest, whether direct or indirect, to the Board of Directors, and must refrain from intervening as representatives of the Company in the transaction to which the conflict refers, with the exceptions established in applicable legislation. Moreover, the Company shall inform, when it is legally so mandated, in regard to any conflict of interest in which directors (or their related persons) have been involved during the fiscal year in

question and of which it is aware pursuant to a notification from the affected person or by any other means. Conflicts of interest involving directors shall be notified in the report accompanying the Company's annual financial statements.

Likewise, article 15, concerning the Appointments and Remuneration Committee includes the competence of ensuring that possible conflicts of interest do not undermine the independence of the external advice provided to the Company. Moreover, it may call upon external experts for their advice when it deems this necessary to properly discharge its duties, preventing any potential conflicts of interest from undermining the independence of the external advice provided to the Appointments and Remuneration Committee.

In addition, Metrovacesa's Internal Regulation of Conduct, available on its website, establishes the rules of conduct applicable in relation to proprietary trading, insider information, market manipulation and treasury share transactions, and applies to, among others, the members of the Company's Board of Directors and senior management.

- D.7 State whether the company is controlled by another entity within the scope of meaning of article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to any of them.

Yes

No

N/A

State whether the respective areas of activity and any business relationships between the listed company or its subsidiaries on the one hand, and the parent company or its subsidiaries on the other hand, have been accurately and publicly disclosed:

Yes

No

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries on the one hand, and the parent company or its subsidiaries on the other hand, and identify where these aspects have been publicly disclosed
N/A

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

Mechanisms to resolve potential conflicts of interest
This question has been answered in section D.6 above in connection with possible conflicts of interest between the Company and/or its group, and its directors, executives or significant shareholders.



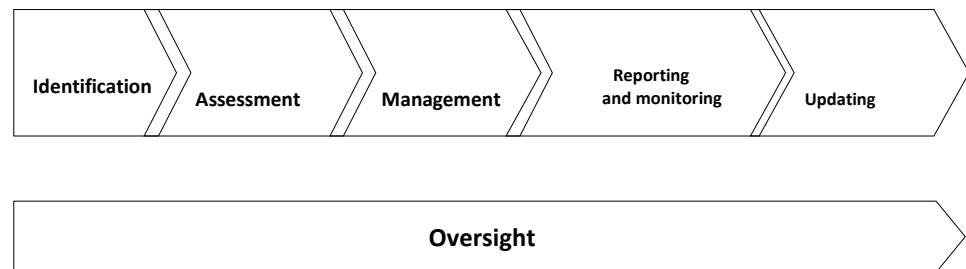
RISK MANAGEMENT AND CONTROL SYSTEMS

- E.1 Explain the scope of the Company's Risk Management and Control System, including tax risk.

The cornerstone of the Integral Risk Management System of Metrovacesa, S.A. and its subsidiaries (hereinafter and indistinctly “Metrovacesa”, “the Company” or “the Group”) is the Risk Management and Control Policy, approved by the Board of Directors. Its aim is to define the principles used to identify, analyse, assess, manage and communicate risks associated with Metrovacesa's strategy and operations, providing a general framework for managing the threats and uncertainties inherent to the Group's business processes and the environment in which it operates.

The Company implements an integral Risk Management Model, taking into account all significant risks to which it may be exposed, particularly any strategic or operational risks (financial or non-financial) or risks relating to compliance with the main standards and regulations concerning the Group.

The risk control and management model adopted by Metrovacesa is based on a continuous process that is developed over the following stages:



On the basis of this continuous risk control and management process, Metrovacesa's Risk Map was updated in the year, in a process involving the entire organisation, from the Management Committee to the managers of specific risks.

E.2 Identify the bodies in the company responsible for the development and execution of the Risk Management and Control System, including tax risk.

All Metrovacesa executives and employees are required to comply with the Risk Management and Control Policy in their operative areas and to coordinate risk response actions with any other departments or areas affected.

The following are the functions and duties of the bodies and persons involved in risk management:

Board of Directors

The Board of Directors of Metrovacesa has the non-delegable competency to determine the Risk Management and Control Policy, including tax risks, and to supervise the internal systems of information and control.

Audit Committee

The tasks relating to the supervision of internal control and risk management systems, aimed at ensuring that the main risks are identified, managed and maintained at approved levels, have been delegated to the Audit Committee, namely to supervise the effectiveness of the internal control of the Company and its group, the internal audit and the risk management systems.

The Audit Committee is also responsible for keeping the Board of Directors apprised of all matters resulting from monitoring and supervising the system which could affect Company management.

Management

Metrovacesa Management has the following responsibilities and duties in relation to the Risk Management and Control System:

- To define a plan for the identification and assessment of risks, to assign duties with regard to any risks identified, and to confirm the results of assessments in order to define their criticality level.
- To approve and apply the actions proposed by each risk manager, in order to evaluate them in depth and implement response plans.
- To facilitate the functions of the Internal Audit, giving it the necessary resources.
- To give the Audit Committee regular information on risk control and management in the Company.

Internal Audit

Internal Audit supports the Audit Committee in discharging its duties, by means of performing the following tasks:

- Coordinating and supervising the operation of the risk management and control system.
- Homogenising and consolidating risk identification and assessment reports and the results of the management plans drawn up by each risk manager.
- Ensuring the Risk Management and Control System operates correctly, providing methodological support to risk managers to identify and assess them.
- Monitoring the results of scheduled risk management actions in the annual work plan and report them to the Audit Committee.

Risk Managers

At Metrovacesa, risk management is undertaken by the heads of the business areas, information systems, legal, financial and other operating areas. As risk managers, it is their responsibility:

- To make an in-depth assessment of any risks falling within their scope of competence.
- To propose and report risk monitoring indicators.
- To propose and implement risk mitigation action plans.
- To report on the efficacy of said plans.

- E.3 State the primary risks, including tax risks, and those deriving from corruption (pursuant to Royal Decree Law 18/2017) to the extent that these are significant, which may affect the achievement of business goals.

Metrovacesa classifies risks into four categories: Strategic, Operational, Financial and Compliance.

Strategic risks are those associated with key long-term goals, and may arise from the actions of other key market stakeholders (customers, competitors, shareholders, regulators, investors or others), changes in the competitive environment or from the business model itself. The main risks in this category are the real estate market, land portfolio, competition and regulatory changes.

Operational risks relate to the usual operations carried out at Metrovacesa, including risks relating to the business itself and to operating procedures. The main such risks relate to operational project development, land transformation, marketing, talent on-boarding and retention, technology and cyber security.

Financial Risks are related to the financial management of Metrovacesa, as well as to the processes for obtaining financial information and its forecasts, the main ones being the reliability of this information, liquidity, credit and customer default, asset valuation and the availability of financing.

Compliance Risks relate to compliance by Company management or employees with internal and external rules and regulations.

For risks with higher impact and probability, the Company has put in place mechanisms to identify risk events. This helps provide continuous monitoring of risks and ongoing supervision of plans to prevent and mitigate risks.

- E.4 Identify whether the Company has a level of tolerance to risk, including tolerance for tax risk.

The Risk Management and Control Policy approved by the Board of Directors defines the guidelines to be followed to identify and maintain risks within tolerance limits and to determine the indicators so that the Board can decide on the level of risk acceptable to Metrovacesa at any given time.

In 2020, work continued on identifying, defining and adapting the quantitative and qualitative indicators of the most critical risks, with a special focus on those that have become more relevant as a result of Covid-19, facilitating monitoring and supervision, and setting tolerance levels. The findings of these risk monitoring reports have been periodically submitted to the members of the Management Committee and the Audit and Control Committee.

- E.5 State which risks, including tax risks, have materialised during the year.

In 2020 the Company updated the Risk Map as a result of the Covid-19 global pandemic which has affected the real estate market in which Metrovacesa operates, and consequently has impacted on its operations.

From the first quarter of 2020, as a result of Covid-19, Metrovacesa has focused its efforts on managing the risks arising from the delay in operating activity, shrinking demand in the real estate market (especially on the Costa del Sol due to

international mobility restrictions), the tightening of funding conditions that could affect the Company's liquidity and the corresponding downside impact on the market value of the assets affected as a result of a lengthening of the pre-construction and marketing periods, as well as the delay in processing and obtaining permits from the public authorities.

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

Internal Audit has reported to the Audit Committee on the functioning of the management and control system and its suitability to Metrovacesa's current circumstances.

All the risks considered significant by Metrovacesa in the current pandemic context have been duly monitored, having identified and, where appropriate, updated the associated controls, as well as implementing specific management procedures for which purpose a person responsible and action plans have been assigned. These action plans have been reported to the Audit Committee to respond to those risks that have exceeded the established tolerance level.

Metrovacesa has also strengthened its internal control system by reviewing and updating the management and control procedures in various areas and cycles, including the following: Invoicing and Receivables; Cash and Financing; Inventories and Investment Property; Valuation of Assets; and Third Parties, concerning construction and marketing companies.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms that make up the risk management and control systems regarding the Internal Control over Financial Reporting (ICFR) process of your company.

F.1 The company's control environment

Provide information, outlining their main characteristics, concerning, at least:

- F.1.1.** Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its oversight.

The Internal Control over Financial Reporting System (hereinafter ICFR) of Metrovacesa is designed as the set of processes carried out by the Company to provide reasonable assurance regarding the reliability of the financial information prepared and reported by the Group.

ICFR involves all echelons of the organisation and is carried out by all staff involved in operations and the preparation of financial information. The main duties and responsibilities relating to the Metrovacesa Group's Internal Control over Financial Reporting System are summarised as follows:

DUTIES		RESPONSIBILITIES
Management Bodies	Board of Directors	<ul style="list-style-type: none"> Preparation and approval of regulated financial disclosures as proposed by the Chief Executive Officer and the Finance Department.
	Audit Committee	<ul style="list-style-type: none"> Oversight of financial information. Supervision of internal audit activities and external auditors. Approve what and when to monitor and how to assess ICFR supervision. Supervision and conclusion on the effectiveness of the ICFR.
Finance Department		<ul style="list-style-type: none"> Design, implementation, evaluation and overall monitoring of the ICFR. Report on the effective operation of the ICFR to the CEO and the Audit Committee.
Departments and Areas	In charge of the process	<ul style="list-style-type: none"> Identify risks that may affect financial reporting in the process. Propose and implement the most suitable controls to mitigate risks. Ensure that controls are working effectively. Report on the functioning of internal control in the process. Implement recommendations.
	In charge of control	<ul style="list-style-type: none"> Execute controls. Report on any incidents that occur.
Internal Audit		<ul style="list-style-type: none"> Plan internal ICFR audits. Execute ICFR audit tests and report results. Follow-up of recommendations issued and areas for improvement. Report results to the Audit Committee and the Finance Department.

As provided in its Regulations, the Board of Directors is responsible for the following tasks, among others:

- Determination of the Risk Management and Control Policy, including tax risks, and supervision of the internal systems of information and control.
- Authorisation for issue of the annual financial statements, the directors' report and the proposed appropriation of the Company's profit, as well as the consolidated annual financial statements and directors' report for presentation to shareholders at their General Meeting of Shareholders.
- Approval of financial information which, as a listed company, the Company is required to publish periodically.
- Determination of the Corporate Governance Policy of the Company and the Group; its organisation and operation.

The tasks attributed to the Audit Committee in relation to internal control, as envisaged in the Regulations of the Board of Directors of Metrovacesa, are as follows:

- **Report to the General Meeting of Shareholders with regard to questions posed by shareholders concerning the Committee's sphere of competency and, in particular, concerning the result of the audit, explaining how the audit has contributed to comprehensive financial reporting and the role played by the Audit Committee in that process.**
- Supervise the efficacy of the internal control of the Company and its group, the internal audit and the risk management systems, and discuss with the external auditor any significant weaknesses in the internal control system detected during the course of the audit, all without compromising its independence. For this purpose, if material weaknesses are detected, recommendations or proposals must be presented to the governing body, along with the corresponding follow-up period.
- Oversee the process of preparing and presenting regulated financial disclosures and present recommendations or proposals to the Board of Directors aimed at ensuring the integrity of those disclosures.
- In relation to the information and internal control systems: (a) supervise the process of preparation and the integrity of the financial information concerning the Company and, in the event, the group, reviewing compliance with regulatory requirements, proper demarcation of the consolidation scope and the correct application of accounting standards; (b) endeavour to ensure the independence of the unit undertaking internal audit duties, and propose the selection, appointment, re-election and removal of the head of the internal audit service, propose the budget for this service, approve its approach and working plans, receive periodic information on its activities and check that senior management takes into account the conclusions and recommendations of its reports; and (c) establish and supervise a mechanism to enable employees to confidentially or anonymously report any potentially significant irregularities, especially in relation to financial and accounting matters, that may come to their notice within the Company.

F.1.2. State whether the following elements exist, especially with regard to the process of preparation of financial information:

- **Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) clearly defining lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for correct dissemination thereof in the company.**

The Board of Directors, which is the body ultimately responsible for financial reporting, has established the necessary organisational structure to enable it to be monitored by delegating this task to the Audit Committee. Accordingly, the Audit Committee ensures the proper fulfilment of the responsibilities defined and assigned to both the Finance Department (responsible for preparing financial information) and the other departments and areas related to the company's Internal Control over Financial Reporting System, which must ensure the transparency and veracity of this information.

- **Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific mentions of the recording of transactions and preparation of financial information), body responsible for analysing breaches and proposing remedial measures and sanctions.**

Metrovacesa has a Code of Ethics, available on its intranet and on the corporate website, which constitutes the reference framework in terms of the basic principles to which the Group's member companies and all its employees and directors must adhere in the performance of their activities.

The Code of Ethics must be accepted by all employees and persons who for any reason are bound by it.

Any amendment to this Code must be approved by the Board of Directors at the proposal of the Oversight Committee, subject to a report, where appropriate, from the Audit Committee, and must be communicated to employees via the intranet, so that such amendments may be immediately known to all persons bound by the Code.

• **Whistleblower channel, allowing the audit committee to be informed of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities at the organisation, informing, where appropriate, whether this is confidential.**

There is a Complaints Box available on the Company's website and its intranet, for anyone wishing to report irregular conduct, as well as other aspects related to the infringement of laws, internal regulations, the Code of Ethics and other similar circumstances.

Metrovacesa has a specific procedure that regulates the processing of the complaints received in such a way that any employee or third party who has well-founded knowledge of the commission of an unlawful act in the terms described above, must report it directly to the Oversight Committee through the Complaints Box so that an investigation can be launched and, where appropriate, suitable measures taken.

Metrovacesa has taken appropriate measures to guarantee the confidentiality of all data and will ensure that the data relating to the identity of the complainant will not be disclosed to the respondent during the investigation, respecting in all cases the fundamental rights of the individual, without prejudice to such actions that, where appropriate, may be taken by the competent judicial authorities.

The Oversight Committee keeps a record of all complaints and communications received. The Secretary of the Oversight Committee is responsible for keeping a record of the complaints, as well as any additional information received and the information gathered during the investigation phase. This information is processed in accordance with current data protection regulations.

On an annual basis, the Oversight Committee reports the list of complaints received, as detailed in its Annual Report, to the Audit and Control Committee; none have had an impact on the financial information.

• **Regular training and refresher programmes for the personnel involved in the preparation and review of financial information, as well as in the assessment of ICFR, at least covering accounting standards, auditing, internal control and risk management.**

Personnel involved in the Internal Control over Financial Reporting System received training in 2020 on the updated global model explaining the content, objective and scope of the ICFR Policy, as well as on the risk and control matrix, the reporting methodology, the process for filing and custody of the documentation evidencing the proper execution of the implemented controls.

F.2 Financial reporting risk assessment

Provide information at least on the following:

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

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

In 2020, the Company updated the Risk Map, which determines the new risks affecting the entire organisational structure, based on the new business strategy and market circumstances. This map has been submitted to the Audit Committee for review and subsequent approval by the Board of Directors.

In this connection, the Company has adopted a Risk Management and Control Policy, approved by the Board of Directors, which aims to establish the principles for identifying, analysing, evaluating, managing and communicating the risks associated with Metrovacesa's strategy and operations. The risks as covered in this policy have been assessed in terms of their impact, likelihood and management level.

There are also risk indicators and controls in place for each risk event, and guidelines have been defined to identify critical risks and keep them within approved tolerance limits, allowing the Board of Directors to decide on which risk levels are acceptable for the Company at any given time.

With a view to adhering to best corporate governance practices, the Company has a Criminal Risk Prevention System. The risk and control matrix on which the system is structured contains specific risks that impact financial reporting (including risks relating to tax, false accounting and fraud). Likewise, the Company's updated Risk Map identifies specific risk events that affect the reliability of financial information, as well as the controls necessary to mitigate these risks.

The Company has formalised a procedure specifying the quantitative and qualitative criteria for determining and annually updating the scope of ICFR, which enables it to identify the processes and sub-processes to be documented in relation to the headings of the balance sheet and income statement and the companies in the consolidation scope for which there may be a significant associated risk and whose potential impact on the financial information may be material.

The ICFR is properly supported by the conservation of sufficient documentary evidence. Similarly, for the efficient execution of the controls designed, the transactions recorded are traceable from the time the economic event occurs to its accounting entry.

• **If the process covers all of the objectives of financial information (existence and occurrence; completeness; valuation; presentation; breakdown and comparability; and rights and obligations), whether it is updated and how frequently.**

The risk identification process defined by Metrovacesa covers all financial reporting objectives:

- Existence and occurrence (E/O): The transactions, facts and other events covered by the financial information exist and have been recorded at the appropriate time.
- Completeness (C) of the information: The information reflects all transactions, facts and other events of economic or financial significance.
- Valuation (V): Transactions, facts and other events are recorded and valued in accordance with the applicable regulations.
- Presentation, breakdown and comparability (P, B and Comp.): Transactions, facts and other events are classified, presented and shown in the financial information in accordance with the applicable regulations.

- Cut-off (CO) of operations: The transactions and events were recorded in the correct period.
- Adequate reflection of rights and obligations (R, O): The financial information reflects, at the relevant date, the rights and obligations through the corresponding assets and liabilities, in accordance with the applicable regulations.

The safeguarding of assets, and the prevention and/or detection of fraud are also considered underlying objectives of the ICFR because of their impact on the basic objectives set out above.

Both the determination of the scope of the Internal Control over Financial Reporting System and the process of identifying and updating the documentation of risks and controls are carried out at least once a year and, in any case, whenever there is a significant change in the Group's consolidation scope.

• The existence of a process for identifying the consolidation scope, taking into account, among other aspects, the possible existence of complex corporate structures, shell companies or special purpose vehicles.

Metrovacesa has a Policy for Review and Approval of the Information on the consolidation scope which envisages, among other aspects, the periodic review of the consolidation scope and the main changes that have occurred, in order to:

- Ensure the adequacy of the consolidation scope for companies in which it holds an equity interest and, specifically:
 - That information is available on all investees and on the percentages of capital held.
 - The existence of exceptions in which the percentages of ownership do not give Metrovacesa control or influence "proportional" to those percentages (for example, due to agreements with other shareholders or other types of conditions similar to those indicated for entities in which it does not hold an equity interest).
 - That the scope includes all investees, in accordance with the consolidation methods applicable to their control percentages, once the exceptions in the previous point have been reviewed.
- Ensure that the consolidation scope is appropriate for companies in which it does not hold an equity interest but over which there may be control or significant influence.
- The Finance Department periodically informs the Audit Committee of changes in the consolidation scope and their impact on the consolidated financial information. Likewise, control mechanisms have been established in the Finance Department to ensure on a monthly basis that the consolidation process has been carried out satisfactorily and that the consolidation scope recorded is in line with the corporate information provided by the Legal Department.
- **If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The Risk Management and Control Policy adopted by Metrovacesa covers all types of material risks that may threaten the achievement of the Group's objectives in such a way that not only financial risks are taken into account, but also non-financial, strategic and environmental risks, operational risks and compliance risks. Specifically, the Company has identified four categories of risks that it believes it must manage in order to effectively meet its objectives.

- Strategic: risks associated with key long-term goals. These risks may arise from the actions of other key market stakeholders (customers, competitors, shareholders, regulators, investors or others), changes in the competitive environment or from the business model itself.
- Operational: risks associated with the usual operations carried out at Metrovacesa, including risks relating to operating procedures.
- Financial: risks linked to Metrovacesa's financial management and to the processes of obtaining financial information.
- Compliance: risks relating to compliance by Company management or employees with internal and external rules and regulations

The risks comprised in the Risk Map align with the risks outlined in the Internal Control over Financial Reporting System (ICFR), insofar as they may affect how financial information is formulated.

• **Which of the company's governing bodies oversees the process.**

The Regulations of the Board of Directors grant the Audit Committee the power to supervise ICFR, in order to ensure that risks can be properly identified, managed, assessed and communicated. The entire risk control and management process is explained in section E of this report.

The Audit Committee has a number of ways to determine whether Management has implemented an effective system of ICFR oversight. The main sources for analysis are:

- Questions and observation of Management's performance.
- Reports from the Finance Department.
- Monitoring of ICFR effectiveness by internal audit.
- Reports by external auditors.

F.3 Control activities

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

- F.3.1.** Review and authorisation procedures for financial information published by the securities markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to fraud risks) of the various types of transactions that might materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and forecasts.

On a quarterly basis, in accordance with the securities market calendar of publication, quarterly accounts are subject to review in line with an established procedure:

After the quarterly accounting closing of each of the companies that make up the group, in accordance with a closing calendar established by the Finance Department, the Consolidation Unit prepares the Group's consolidated information in accordance with International Financial Reporting Standards (IFRS).

Once the Finance Department has reviewed and monitored the consolidated financial statements, it forwards the information to the Audit Committee, which is responsible for supervising the process of preparation, presentation and completeness of the regulated financial information, the proper delimitation of the consolidation scope and the proper application of accounting principles.

Once the periodic public information has been reviewed by the Audit Committee, the latter reports the findings of its review to the Board of Directors, which analyses, discusses, modifies where necessary and finally approves the information. On a quarterly basis, the Audit Committee also compiles the conclusions of the review conducted by Internal Audit. In the case of half-yearly/annual accounting closing, the conclusions of the audit carried out by the external auditor are also available.

For the closing of annual accounts, the Board of Directors authorises for issue the annual financial statements, the directors' report and the proposed appropriation of the Company's profit, as well as the consolidated annual financial statements and directors' report, for presentation to shareholders at their General Meeting.

The purpose of Metrovacesa's Policy for Review and Approval of Financial Information is to define the internal financial information review and approval practices necessary for the members of the Board of Directors and the Audit Committee to carry out their duties. The policy covers, among others, estimates involving subjective judgements or valuations (such as market value of real estate assets and provisions). In relation to these matters, given their importance, the policy addresses the control mechanisms in place for the review and approval of these judgements, provisions and estimates by the Company's governing bodies.

The Company also has an ICFR policy which is overseen by the Audit Committee and approved by the Company's Board of Directors. The purpose of this policy is to establish the basis for the design, maintenance, review, monitoring and supervision of the Metrovacesa Group's Internal Control System. As a result of this update, ten key processes have been identified that may have a significant impact on the Group's financial reporting:

- Investment Property and Inventories Cycle.
- Procurements and Payables Cycle.
- Budget and Business Plan Cycle.
- Invoicing and Receivables Cycle.
- Cash and Financing Cycle.
- Valuation of Assets Cycle.
- Taxation Cycle.
- Consolidation, Accounting Closing and Reporting Cycle.
- Human Resources and Personnel Cycle.
- Information System Cycle.

Each process identified in the ICFR is duly documented, with risk matrices and controls in place for all cycles. These matrices identify the inherent risks, including fraud, for each process/sub-process, the controls in place, the frequency of oversight activities, whether these are preventive or detective, manual or automated, the financial reporting objectives they cover and the evidence generated.

Each ICFR process and sub-process is assigned a person responsible for ensuring the analysis and control of each of the risks associated with their area. The heads of the various ICFR processes and

sub-processes keep the documentation for each cycle up to date, propose and implement the most suitable controls to mitigate risk and ensure that the controls are working effectively.

The assessment of performance is commenced by the Finance Department, which is responsible for reporting on the ICFR's effectiveness, by requesting reports on the status of the ICFR from each of the process controllers. In 2020, each of the persons responsible for the established controls submitted quarterly self-assessment reports to the Finance Department, confirming that the controls were operational during that period, that the controls adequately mitigate the risks identified, and reporting any modifications or incidents.

Over the course of the year, Metrovacesa has strengthened its ICFR by implementing a GRC tool that enables integrated management of the reporting and supervision of the system as a whole, as well as all the processes and sub-processes that comprise it.

New management procedures and controls have also been updated and documented in the cycles of Invoicing and Receivables; Cash and Financing; Consolidation, Accounting Closing and Reporting; Investment Property and Inventories; and Valuation of Assets.

- F.3.2.** Internal control policies and procedures regarding the information systems (including, but not limited to, access control security, change management, system operation, operational continuity and segregation of tasks) which support significant processes within the Company and relate to the creation and publication of financial information.

In the information systems environment, Metrovacesa has the policies, procedures and control matrices in place to cover the risks that may affect the systems in the process of preparing financial information and to obtain reasonable assurance on the effectiveness of the ICFR.

The main policies and procedures associated with the Company's information systems are described below:

- Access control security policy: The Company has a renewed procedure describing the management of user registrations, cancellations and modifications. There is also a user authentication procedure which specifies the required configuration of passwords (length, complexity, expiry, history, etc.) to access the Company's IT systems.
- Policy of segregation of tasks in SAP: aimed at ensuring that no single person has the authority in the system to perform two or more conflicting tasks that could affect the financial statements. The procedure for managing users and roles in the system to maintain adequate segregation of tasks is approved by appropriate personnel and reviewed annually.
- Policies relating to change management: Metrovacesa has specific policies and a clearly defined work methodology for the different types of changes carried out at the Company, including remedial and/or evolutionary maintenance, as well as the management of incidents generated in the systems and software.
- Specific policies in reference to operations and data centres: existence of daily backups of servers, physical access to the DPC located in top-level Tier 3 neutral node, protocol for best practices in using corporate devices.
- Vulnerability management procedure at network level: Network management is outsourced and the existing systems and communication lines are continuously monitored. Any incident detected is analysed and resolved, with full traceability.
- Policies concerning supplier management: Metrovacesa has agreements with various IT service providers who are responsible for providing certain services to the Company.

Outsourced services include:

- The Data Processing Centre (DPC).
- Maintenance and project management with IT technologies.
- Maintenance of software (SAP, Sharepoint, Taya, among others).
- User support.

In order to ensure compliance with the conditions stipulated in the contract and the service level agreements, on a monthly basis in meetings of the Operational Monitoring Committees, the Systems and Telecommunications Department reviews compliance by suppliers with the service level agreements. These committee meetings review the level of monitoring, the incident resolution times of the User Support Centre (USC), the delivery times of software maintenance service updates and the results of user satisfaction surveys. In addition, internal and external compliance audits are carried out at least once a year.

A Systems Plan is drawn up annually by the IT department and approved by the Company's Management Committee, evidencing Management's unwavering commitment and confidence in the Company's information systems, with the aim of optimising the organisation's business and support processes and reducing risk in the processes defined by the Company.

The Company's Business Continuity Plan contains an analysis of the systems and the impact on the business, as well as the protocol for action in case of disasters and, lastly, the recommendations to reduce the risk and improve recovery time in the event of disaster.

- F.3.3.** Internal control policies and procedures are designed to supervise the management of activities outsourced to third parties, as well as those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

One of the outsourced activities that has the greatest impact on the Group's financial information, and which also involves assessment by independent experts, is asset valuation. There is a specific Corporate Standard that regulates the activities involved in supervising this process, from selecting and hiring valuation firms to reviewing the results obtained, as well as the Company's governing bodies supervision of the entire process. In this regard, the standard takes into account the CNMV's recommendations to valuation companies and listed real estate companies in relation to the valuation of real estate assets.

The asset valuation process is one of the cycles that has been identified as a key process in Metrovacesa's ICFR. Accordingly, like the other processes, it has a specific risk and control matrix that includes a description of the activities and controls for risk mitigation that could materially affect the financial statements. In 2020, the Company carried out a review of the controls applicable in this cycle given the relevance of the cycle and its impact on the financial statements.

F.4 Information and communication

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

- F.4.1.** A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to

those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the Company operates.

The accounting policies implemented by Metrovacesa are adapted to the applicable accounting requirements (Spanish GAAP and IFRS). The Finance Department determines and periodically reviews any new developments and changes in accounting regulations that will be applicable to the entire organisation and all the companies managed by Metrovacesa. The Finance Department is also responsible for liaising between the various departments involved in preparing financial information, as well as for resolving any doubts arising from the interpretation of accounting policies, for which purposes it may request the advice of independent experts (tax advisors, legal advisors, internal auditors and others).

- F.4.2. Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the company or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

There is a centralised process of consolidation and preparation of financial information which is carried out by the Consolidation Unit. The entire process of aggregation and consolidation of the Group's financial statements is based on SAP BPC (Business Planning Consolidation) software. Data is uploaded to the consolidation software in a consistent manner for all subsidiaries included in the consolidation scope. SAP BPC is parametrised to run controls on checks and balances to detect errors in the data entered, before the data is approved.

In this regard, control mechanisms are in place in the Finance Department to ensure on a monthly basis that the consolidation process has been carried out satisfactorily. These controls are aimed at validating asset items, significant changes and other checks that the Consolidation Unit considers necessary to ensure that the financial information has been correctly captured.

The Finance Department conducts analytical reviews in the closing and consolidation process, as well as a review of the estimation and valuation criteria and the assumptions used.

The Finance Department also coordinates the process of reporting financial information and detailed disclosures, as well as information on the ICFR, ensuring its consistency. In 2020, in order to comply with ESEF regulations, the Finance Department implemented a software tool for marking up the Consolidated Financial Statements and Notes to the Annual Financial Statements with XBRL tags so as to publish them in XHTML format.

F.5 Supervision of system performance

Provide information, outlining their main characteristics, concerning, at least:

- F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function whose mandates include support of the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure whereby the person responsible for the assessment reports on the results thereof; state also whether the company has an action plan detailing any corrective measures, and whether its impact on financial reporting has been considered.

As detailed in the Regulations of the Board of Directors, the following tasks are attributed to the Audit Committee in relation to internal control and information systems:

- Oversee the process of preparing the financial information relating to the company and, where appropriate, the group, and of ensuring that it is complete, reviewing compliance with regulatory requirements, the proper delimitation of the consolidation scope and the correct application of accounting criteria.
- Ensure the independence of the unit performing the internal audit function and propose the selection, appointment, reappointment and removal of the head of the internal audit service; approve its approach and working plans, receive periodic information on its activities and check that senior management takes into account the conclusions and recommendations of its reports
- Establish and supervise a mechanism to enable employees to confidentially or anonymously report any potentially significant irregularities, especially in relation to financial and accounting matters, that may come to their notice within the Company.

The Company has an Internal Audit department which reports hierarchically to the Chairman of the Company and functionally to the Audit Committee.

In 2020, Internal Audit carried out tasks related to support for the design, implementation and operational effectiveness of the ICFR, reinforcement of the design, implementation and support of risk indicators, and updating of the Risk Map.

Specifically, a review was conducted of the design and implementation of those cycles that have recently undergone changes and testing was carried out of the operational effectiveness of the controls that belong to consolidated cycles and that are considered key due to their quantitative and qualitative significance.

In addition, Internal Audit performs end-of-period reviews of quarterly financial information to ensure the reliability, completeness, accuracy and reasonableness of the information published to the markets.

Over the course of 2020, Internal Audit has reported on the results and remedial actions arising from the aforementioned reviews and has followed up on recommendations identified in previous work by reporting their status to the auditees, the Finance Department and the Audit Committee.

- F.5.2.** Whether the company has a discussion procedure whereby the auditor (in accordance with the provisions of the Technical Audit Standards), the Internal Audit staff and other experts are able to inform senior management or company directors of any significant internal control weaknesses identified during the processes of review of the annual financial statements or any others entrusted to them. In addition, state whether there is an action plan to try to correct or mitigate any observed weaknesses.

The Policy for Review and Approval of Financial Information by the governing bodies approved by the Board of Directors of Metrovacesa stipulates that, to properly perform its supervisory duties, the Audit Committee must be aware of and understand Management's decisions concerning the application of the foremost criteria and the results of the reviews carried out by Internal Audit, by means of individual meetings with both. The Committee should also maintain regular communication with the external auditor to ascertain the auditor's opinion on the financial information.

Communications and meetings with the internal and external auditors, especially with the latter, are respectful of their independence, and address, among others, the following matters:

- Judgements, criteria, valuations and estimates made that have a significant impact on the related financial and non-financial statements.
- Changes in the main criteria applied.
- Significant internal control weaknesses.
- Significant adjustments identified by the auditor or resulting from reviews performed by Internal Audit and Management's position thereon. It must also address, respond to and properly take account of any requests or demands issued, in the current or in previous years, by the supervisory authority of financial reporting to ensure that the type of incident previously identified in such demands does not recur in the financial statements.

Internal Audit regularly follows up on the issues and recommendations included in its reports with the departments concerned.

Subsequently, the Management Committee and the Audit Committee are informed of the status of the main outstanding issues and the progress of the action plans resulting from the reviews carried out.

F.6 Other relevant Information

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F.7 External auditor's report

Report by:

F.7.1. Whether the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the company shall include its report as an annex. If this is not the case, it should explain why.

Metrovacesa asked the external auditor to issue a report on the information relating to the ICFR in accordance with the Guidance on the auditor's report concerning Information relating to the ICFR of listed companies, published by the National Securities Market Commission on its website.

G EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the extent to which the company has complied with the recommendations of the Good Governance Code of Listed Companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining why, in such a manner that shareholders, investors and the market in general have enough information to judge the company's actions. General explanations are not acceptable.

- 1. The Articles of Association 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 take-over of the company by means of share purchases on the market.**

Complies **Explanation**

- 2. When the listed company is controlled by another entity within the scope of meaning of article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to any of them, this should be publicly disclosed, including specific information about:**

- a) The respective areas of activity and any business relationships between the listed company or its subsidiaries on the one hand, and the parent company or its subsidiaries on the other hand.**
- b) The mechanisms established to resolve any conflicts of interest that may arise.**

Complies **Complies partially** **Explanation** **N/A**

- 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. In particular:**

- a) Changes taking place since the previous Ordinary General Meeting.**
- b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.**

Complies **Complies partially** **Explanation**

- 4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.**

And, without prejudice to the legal obligations to disclose insider information and other types of regulated information, the company should also have a general policy regarding the communication of financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies **Complies partially** **Explanation**

5. The Board of Directors should not make a proposal to the General Meeting of Shareholders for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board of Directors approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as provided in company law.

Complies **Complies partially** **Explanation**

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the Ordinary General Meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Report on the operation of the audit committees and appointments and remuneration committees.

c) Audit Committee Report on related-party transactions.

Complies **Complies partially** **Explanation**

7. The company should stream its General Meetings of Shareholders live on the corporate website.

The company should have mechanisms to enable proxy voting and remote voting and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the General Meeting.

Complies **Complies partially** **Explanation**

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 accordance with accounting standards. In the exceptional case in which the auditor has included a qualification in its audit report, the chairman of the Audit Committee should clearly explain at the General Meeting the Audit Committee's opinion on its content and scope, and a summary of the opinion should be made available to shareholders at the time of publication of the meeting notice, together with the rest of the Board proposals and reports.

Complies **Complies partially** **Explanation**

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend General Meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies **Complies partially** **Explanation**

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the General Meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting of shareholders, disclose the breakdown of votes on these supplementary items or alternative proposals.

Complies Complies partially Explanation N/A

11. In the event that the company plans to pay for attendance at the General Meeting, it should first establish a general, long-term policy in this respect.

Complies Complies partially Explanation **N/A**

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that is sustainable in the long term, fostering its continuity and maximising the company's economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile the corporate interest with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies Complies partially Explanation

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies Explanation

14. The Board of Directors should approve an appropriate director selection policy that:

- a) is concrete and verifiable;
- b) ensures that appointment or re-election proposals are based on a prior analysis of the Board's needs; and
- c) favours a diversity of knowledge, experience and gender. In this connection, measures that encourage the company to have a significant number of female senior executives are considered to be conducive to gender diversity.

The results of the prior analysis of Board needs should be written up in the Appointments Committee's explanatory report, to be published when the General Meeting is convened that will ratify the appointment or re-election of each director.

The Appointments Committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies Complies partially Explanation

15. **Proprietary and independent directors should constitute an ample majority on the Board of Directors, while the number of executive directors should be the minimum practical number, bearing in mind the complexity of the corporate group and the ownership interests they control.**

The number of female directors should account for at least 40% of the members of the Board of Directors by the end of 2022 and thereafter, and no lower than 30% before then.

Complies Complies partially **Explanation**

The Board, the composition of which has not changed—there having been no vacancies since February 2020—currently has 25% female directors. However, they play a very prominent role in the performance of the duties of the Board and its Committees, as evidenced by the fact that the Audit Committee and the Appointments and Remuneration Committee are chaired by women. Moreover, women represent 50% of independent directors, the category where the Company has the most flexibility to make proposals.

16. **The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.**

This criterion may be relaxed:

- a) **In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.**
- b) **In companies with a plurality of shareholders represented on the Board of Directors but not otherwise related.**

Complies Explain

17. **Independent directors should be at least half of all Board members.**

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of Board places.

Complies Explanation

18. **Companies should disclose the following director particulars on their websites and keep them regularly updated:**

- a) **Background and professional experience.**
- b) **Other boards of directors to which they belong, whether at listed companies or not, and other remunerated activities they perform, regardless of their nature.**
- c) **Indication of the director category to which they belong, and, in the case of proprietary directors, of the shareholder whom they represent or with whom they are related.**

- d) Date of their initial appointment as a director at the Company, and of their subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Complies Complies partially Explanation

19. Following verification by the Appointments Committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of equity interest; and explain any rejection of a formal request for a Board place from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed.

Complies Complies partially Explanation **N/A**

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If these shareholders reduce their shareholding, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Complies Complies partially Explanation N/A

21. The Board of Directors should not propose the removal of any independent director before the expiry of the term of office for which he or she has been appointed, except where just cause is found by the Board on the basis of a report from the Appointments Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a Board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in Board membership ensue from the proportionality criterion set out in recommendation 16.

Complies Explanation

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the Board of any criminal charges brought against them and the progress of any subsequent judicial proceedings.

The moment the Board learns or is informed by any means of the situations to which the preceding paragraph refers, it should immediately open an investigation and, in light of the particular circumstances, and based on a report by the Appointments and Remuneration Committee, decide whether or not the director should be called on to resign or be removed. The Board should give a reasoned account of all such determinations in the annual corporate governance report, unless special circumstances so justify, in which case this should be placed on the record. This is without prejudice to the information to be provided by the company, if appropriate, at the time of adopting the relevant measures.

Complies Complies partially Explanation

23. Directors should express their clear opposition when they feel a proposal submitted for the Board’s approval might damage the corporate interest. In particular, independent and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the Board, even if he or she is not a director.

Complies **Complies partially** **Explanation** **N/A**

24. Directors who give up their place before the end of his/her term, through resignation or by agreement of the General Meeting of Shareholders, should state their reasons for resigning, or, in the case of non-executive directors, explain their view of the reasons for their removal by the General Meeting, in a letter to be delivered to all members of the Board of Directors.

Irrespective of whether the resignation has been reported as price sensitive information, it must be included in the annual corporate governance report, including sufficient reference to the reasons or circumstances provided by the director.

Complies **Complies partially** **Explanation** **N/A**

25. The Appointments Committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

And the Regulations of the Board of Directors should lay down the maximum number of company boards on which directors can serve.

Complies **Complies partially** **Explanation**

26. The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies **Complies partially** **Explanation**

27. Directors’ absences at meetings of the Board of Directors should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies **Complies partially** **Explanation**

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company’s performance, and such concerns are not resolved at the Board meeting, they should be recorded in the minute book if the person expressing them so requests.

Complies **Complies partially** **Explanation** **N/A**

29. The company should provide suitable channels for directors to obtain the advice they need to discharge their duties, extending if necessary to external consultancy payable by the Company.

Complies Complies partially Explanation

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies Explanation N/A

31. The agendas of Board meetings should clearly indicate on which items directors are expected to make a decision or approve a resolution so that they can first examine or compile the necessary information.

When, exceptionally and for reasons of urgency, the Chairman wishes to submit decisions or agreements not listed in the meeting agenda for approval, the express prior consent of a majority of attending directors must be obtained, and a record thereof must be reflected in the minutes.

Complies Complies partially Explanation

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies Complies partially Explanation

33. The Chairman, as the person responsible for the efficient running of the Board of Directors, in addition to discharging the duties mandated by law and by the Articles of Association, should prepare and submit to the Board of Directors a calendar with the dates and matters to be discussed; organise and coordinate the periodic assessment of the Board and, where appropriate, the company's Chief Executive Officer; be responsible for management of the Board and for its effective operation; ensure that sufficient time is allocated to discuss strategic matters; and agree and review the refresher programmes for each director, when circumstances so advise.

Complies Complies partially Explanation

34. When a lead director has been appointed, the Articles of Association or Regulations of the Board of Directors should grant him or her the following powers over and above those conferred by law: chair meetings of the Board of Directors in the absence of the Chairman and the Vice-Chairman, where applicable; reflect the concerns of non-executive directors; maintain contact with investors and shareholders to learn their viewpoints for the purposes of forming an opinion with regard to their concerns, in particular in relation to the Company's corporate governance; and coordinate the Chairman's succession plan.

Complies Complies partially Explanation **N/A**

35. The Board secretary should strive to ensure that the Board's actions and decisions are informed by the governance recommendations of the Good Governance Code applicable to the Company.

Complies Explanation

36. The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct any weaknesses detected in:

- a) The quality and efficiency of the Board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the Chairman of Board of Directors and the Chief Executive of the company.
- e) The performance and contribution of individual directors, with particular attention to those chairing Board committees.

The evaluation of Board committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report of the Appointments Committee.

Every three years, the Board of Directors must be helped by an external consultant in conducting its performance assessment. This consultant's independence should be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group has with the company or any company in its group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies Complies partially Explain

37. When an Executive Committee exists, it should comprise at least two non-executive directors, at least one of whom should be independent. The secretary of the Board should also act as secretary of the Executive Committee.

Complies Complies partially Explanation **N/A**

38. The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the Committee's minutes.

Complies Complies partially Explanation **N/A**

39. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and financial and non-financial risk management matters.

Complies Complies partially Explanation

40. There should be a unit in charge of the internal audit function, under the supervision of the Audit Committee, to monitor the effectiveness of information and internal control systems. This unit should report functionally to the Board's non-executive chairman or the chairman of the Audit Committee.

Complies Complies partially Explanation

41. The head of the unit handling the internal audit function should present an annual work plan to the Audit Committee (for the approval of the Committee or the Board), inform it directly concerning its implementation, including any incidents and limitations of scope arising, the results and follow-up of its recommendations, and submit an activities report at the end of each year.

Complies Complies partially Explanation N/A

42. The Audit Committee should have the following responsibilities over and above those legally assigned:

1. In relation to the information and internal control systems:

- a) Monitor the preparation and the completeness of the financial and non-financial information prepared on the company, as well as the control and management systems in place for financial and non-financial risk pertaining to the company and, where applicable, the group—including operational, technological, legal, social, environmental, political and reputational risks and those linked to corruption—checking for compliance with legal provisions, the accurate demarcation of the consolidation scope, and the correct application of accounting principles.**
- b) Ensure the independence of the unit performing the internal audit function and propose the selection, appointment and removal of the head of the internal audit service; propose the budget for this service; approve or propose that the Board approve its approach and work plans, ensuring that it focuses primarily on the main risks to which the company is exposed (including reputational risk); receive periodic information on its activities and check that senior management takes into account the conclusions and recommendations of its reports.**
- c) Establish and supervise a mechanism whereby employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, can report any significant irregularities that they detect at the company or its group in the course of their duties, in particular financial or accounting irregularities. This mechanism should ensure confidentiality and, in any event, provide for communications to take place anonymously, upholding the rights of the complainant and respondent alike.**
- d) Generally seek to ensure that the internal control policies and systems in place are effectively implemented in practice.**

2. With regard to the external auditor:

- a) Examine the issues giving rise to the resignation of the external auditor, should this come about.**
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.**
- c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied, where applicable, by a statement regarding any disagreements with the outgoing auditor and the content thereof.**
- d) Ensure that the external auditor meets with the Board of Directors (in full session) on an annual basis to inform it of the work carried out and the Company's risk and accounting positions.**
- e) Ensure that the Company and the external auditor observe applicable rules concerning the provision of non-auditing services, limits on the concentration of business applying to the auditor and, in general, any other standards in connection with auditor independence.**

Complies Complies partially Explanation

43. The Audit Committee should be empowered to call upon any company employee or executive, even ordering their appearance without the presence of another executive

Complies Complies partially Explanation

44. The Audit Committee should be informed of any structural changes or corporate transactions the company is planning, so the Committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies Complies partially Explanation **N/A**

45. The risk management and control policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, legal, social, environmental, political and reputational risks, and even those linked to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) A risk management and control model based on various levels, including a committee specialising in risks when so provided by sector-specific regulations or when the company deems this advisable.
- c) The determination of the risk level the company sees as acceptable.
- d) The measures in place to mitigate the impact of identified risk events should they occur.
- e) The internal control and information systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Complies Complies partially Explanation

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the Audit Committee or some other specialist Board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk management and control systems are functioning correctly and, specifically, that major risks to which the company is exposed are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk management and control systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Complies Complies partially Explanation

47. Appointees to the Appointments and Remuneration Committee (or of the Appointments Committee and Remuneration Committee, if separately constituted) should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies **Complies partially** **Explain**

All members of the Appointments and Remuneration Committee have in-depth knowledge and extensive experience of the duties they perform on the Committee. Notwithstanding the foregoing, only half of the members of the Committee are independent directors, although the Committee is chaired by an independent director.

48. Large cap companies should operate separately constituted appointments and remuneration committees.

Complies Explain N/A

Not applicable since the Company's capitalisation does not require the Appointments and Remuneration Committee to be segregated in two.

49. The Appointments Committee should consult with the company's chairman and chief executive officer, especially on matters concerning executive directors.

When there are vacancies on the Board, any director may approach the Appointments Committee to propose candidates that it might consider suitable.

Complies Complies partially Explanation

50. The Remuneration Committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the Board the standard conditions for senior executive contracts.
- b) Verify that the Company's remuneration policy is observed.
- c) Periodically review the remuneration policy applied to the directors and senior executives, including the remuneration schemes involving shares and their implementation, and ensure that their individual remuneration is proportionate to what other directors and senior executives of the company are paid.
- d) Prevent any potential conflicts of interest from undermining the independence of the external advice provided to the Committee.
- e) Verify the information on remuneration to directors and senior executives contained in corporate documents, including the annual report on directors' remuneration.

Complies Complies partially Explanation

51. The Remuneration Committee should consult with the company's chairman and chief executive officer, in connection with matters concerning the executive directors and senior executives.

Complies Complies partially Explanation

52. The terms of reference of supervision and control committees should be set out in the Regulations of the Board of Directors and aligned with those governing legally mandatory Board committees as specified in the preceding recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
- b) They should be chaired by independent directors.
- c) The Board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of

reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first Board plenary following each committee meeting.

- d) They may engage external advice, when they feel it necessary to discharge their responsibilities.
- e) Meeting proceedings should be minuted and a copy made available to all Board members.

Complies Complies partially Explain **N/A**

53. The task of supervising compliance with the company's environmental and social policies and corporate governance rules and internal codes of conduct should be assigned to one Board committee or split between several, which could be the Audit Committee, the Appointments Committee, a committee specialising in sustainability or CSR, or a dedicated committee established ad hoc by the Board under its powers of self-organisation. Said committee should comprise only non-executive directors, the majority independent, and it should be specifically attributed at least the responsibilities set out in the following recommendation.

Complies **Complies partially** **Explanation**

54. The minimum responsibilities to which the previous recommendation refers are as follows:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is fully aligned with its purpose and values.
- b) Oversee application of the general policy on the reporting of financial, non-financial and corporate information, and communication with shareholders and investors, proxy advisors and other stakeholders. Also monitor the manner in which the company communicates with and relates to small and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system and its environmental and social policies, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Ensure that the company's environmental and social practices are consistent with the established strategy and policies.
- e) Monitor and evaluate the company's interaction with its stakeholder groups.

Complies **Complies partially** **Explanation**

55. The environmental and social sustainability policies should identify and include at least:

- a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal conduct.
- b) The methods or systems for monitoring the compliance with policies, the associated risks and their management.
- c) The mechanisms for supervising non-financial risk, including relating to ethical and business conduct aspects.

- d) Channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies Complies partially Explanation

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies Explain

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or instruments linked to the price of shares, and membership of long-term savings schemes such as pension plans, retirement systems or other benefits schemes should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies **Complies partially** **Explain**

Both the Non-Executive Chairman and the Chief Executive Officer are beneficiaries of an incentive plan ("**Management Incentive Plan**" or "**MIP**") included in the prospectus for the Company's Initial Public Offering authorised by the CNMV.

The MIP comprises incentives in shares and cash, offered by Banco Santander, S.A. and Banco Bilbao Vizcaya Argentaria, S.A., as shareholders in the Company, in order to retain, engage, motivate and reward the specific beneficiaries of the MIP for managing to list Company shares for trading in official secondary markets.

In accordance with the above, and taking into account that it was granted prior to the Company's IPO, conditional upon its results and the beneficiaries' continued tenure in the Company during the 2018-2020 period, the MIP is not strictly variable remuneration linked to the Company's performance.

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor in the risk undertaken to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short-, medium- and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to

long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies **Complies partially** **Explanation** **N/A**

59. The payment of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance or other criteria have effectively been met. Companies shall include in the annual report on directors' remuneration the criteria relating to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, companies should consider introducing a malus clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that entails their total or partial loss in the event that an event occurs prior to the time of payment that makes it advisable to do so.

Complies **Complies partially** **Explanation** **N/A**

60. Remuneration linked to the Company's results shall take into account any qualified opinions in the external auditor's report that undermine its results.

Complies **Complies partially** **Explanation** **N/A**

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies **Complies partially** **Explanation** **N/A**

62. Following the award of shares, share options or financial instruments corresponding to the remuneration schemes, executive directors should not be allowed to transfer their ownership or exercise the share options or other rights on shares for at least three years after their award.

An exception is made where the director maintains, at the time of the transfer or exercise, a net economic exposure to share price variation of a market value equivalent to an amount of at least twice his or her annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing does not apply to shares that the director needs to dispose of in order to defray the costs related to their acquisition or, subject to the favourable opinion of the Appointments and Remuneration Committee, to tackle extraordinary situations that so require.

Complies **Complies partially** **Explanation** **N/A**

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies **Complies partially** **Explanation** **N/A**

64. Termination or severance payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined criteria.

Pursuant to this recommendation, contractual termination or severance payments are considered to include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the director's contractual relationship

with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies **Complies partially** **Explanation** N/A

Termination of the Chief Executive Officer's contract due to a unilateral decision of the Company will entitle the CEO to receive gross compensation equivalent to two annual payments of total remuneration received during the preceding financial year (fixed plus variable), which the CEO had been receiving at the time of contract termination, unless said termination was due to a legal violation, an infringement of internal regulations or corporate resolutions, or a breach of the Chief Executive Officer's obligations pursuant to the contract. A violation or breach must be very serious and be attributable in the form of fraud or serious negligence.

Notwithstanding the foregoing, the contract of the Chief Executive Officer includes, among other aspects, a one-year non-competition agreement, remunerated with half of the remuneration package corresponding to one financial year.

H. OTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. If so, name the code in question and the date the company began following it. If the company adheres to the Code of Good Tax Practices of 20 July 2010 it should be specifically mentioned.

This annual corporate governance report was approved by the Company’s Board of Directors at its meeting of 22 February 2021.

State whether any directors voted against or abstained in connection with the approval of this report.

Yes

No

Name or corporate name of the director who did not vote in favour of approving this report	Reasons (voted against, abstained, did not attend)	Explain the reasons
Remarks		