



## **ANNUAL CORPORATE GOVERNANCE REPORT OF LIMITED LISTED COMPANIES**

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### **COMPANY INFORMATION**

Final date of the reporting period: 31/12/2021

Tax Number: A-81787889

Corporate Name:

**REALIA BUSINESS, S.A.**

Registered office:

AVENIDA DEL CAMINO DE SANTIAGO 40 MADRID

## A. OWNERSHIP STRUCTURE

**A.1** Complete the following table on the share capital of the company and the voting rights including, where applicable, the votes corresponding to the shares with vote of allegiance, at the reporting date:

State whether the bylaws of the company contain the possibility of double allegiance vote:

Yes

No

Date of last change	Share capital (€)	Number of shares	Number of voting rights
15/11/2018	196,863,767.52	820,265,698	820,265,698

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

Yes

No

**A.2** Detail the direct and indirect owners of significant ownership interest at the final date of the period, including directors who own a significant ownership interest:

Name or corporate name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
READE EUGENE GRIFFITH	0.00	0.00	0.00	15.00	15.00
BLACKWELL PARTNERS LLC	0.00	0.00	5.00	0.00	5.00
POLYGON EUROPEAN EQUITY OPPORTUNITY MASTER FUND	0.00	0.00	9.01	0.00	9.01
CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	0.00	73.33	0.00	0.00	73.33
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	0.00	50.10	0.00	0.00	50.10
SOINMOB INMOBILIARIA ESPAÑOLA, S.A.	23.23	0.00	0.00	0.00	23.23

Detail of indirect ownership:

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% of voting rights attributed to the shares	% of voting rights through financial instruments	% of total voting rights
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	F.C. Y C, S.L.U.	50.10	0.00	50.10
CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	F.C. Y C., S.L.U.	50.10	0.00	50.10
CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	SOINMOB INMOBILIARIA ESPAÑOLA, S.A.	23.23	0.00	23.23

State the most significant changes in the ownership structure in the year:

Main changes
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- Shareholder Fomento de Construcciones y Contratas, S.A. has increased its indirect (and total) ownership interest from 36.98% to 50.10%.
- A new partner has entered, Soinmob Inmobiliaria Española, S.A.U., with a direct (and total) ownership interest of 23.23%.

**A.3** Detail, regardless of the percentage, the participation at year-end of the members of the board who have voting rights attributed to company shares or through financial instruments, excluding the members of the board identified on section A.2:

Name or corporate name of the director	% of voting rights attributed to the shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MRS ALICIA ALCO CER KOPLOWITZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JUAN RODRÍGUEZ TORRES	0.15	0.00	0.00	0.00	0.15	0.00	0.00
MRS ESTHER ALCO CER KOPLOWITZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% total voting rights held by the board of directors							0.15

Voting rights held by the Directors identified in the previous table are the following:

- Mr. Juan Rodríguez Torres: 1,254,171

- Mrs. Esther Alcocer Koplowitz: 27,154
- Mrs. Alicia Alcocer Koplowitz: 18,014

Detail of indirect ownership:

Name or corporate name of the director	Name or corporate name of the direct owner	% of voting rights attributed to the shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights that <u>can be transferred</u> through financial instruments
No data					

State the total percentage of voting rights represented at the Board:

Total % of voting rights represented at the Board	73.48
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**A.4** State, the family, commercial, contractual or corporate relationships, if any, existing among the owners of significant interests, in as far as they are known by the company, unless they are irrelevant or result from the ordinary business of the company, except those reported in section A.6:

Names or corporate names related	Type of relationship	Brief description
MRS. ESTHER ALCOCER KOPLOWITZ, FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Corporate	Mrs. Esther Alcocer Koplowitz is the Chairwoman of the Board of majority shareholder Fomento de Construcciones y Contratas, S.A.
MRS. ALICIA ALCOCER KOPLOWITZ	Corporate	Mrs. Alicia Alcocer Koplowitz is a member of the board of majority shareholder Fomento de Construcciones y Contratas, S.A.
MR JUAN RODRÍGUEZ TORRES. FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Corporate	Mr. Juan Rodríguez Torres is a Member of the Board of majority shareholder Fomento de Construcciones y Contratas, S.A.
MRS. ALICIA ALCOCER KOPLOWITZ. MRS. ESTHER ALCOCER KOPLOWITZ	Familiar	They are sisters.

**A.5** State the commercial, contractual or corporate relationships, if any, existing among the owners of significant interest, the company and/or its group, unless they are irrelevant or result from the ordinary business or traffic of the company.

Names or corporate names related	Type of relationship	Brief description
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Contractual	Loan contract
FC Y C, S.L.U.	Contractual	Several contracts for the commercialization and integral management of property developments

**A.6** Describe the relationships, unless they are barely relevant for both parties, existing between the main shareholders or shareholders with representation on the board and the directors, or their representatives, in case of directors with legal entity.

Explain, where applicable, how the significant shareholders are represented. Specify the directors who have been appointed in representation of significant shareholders, those whose appointed was promoted by significant shareholders, or who were related to significant shareholders and/or entities of the group, specifying the nature of such relationship. State specifically, where applicable, the existence, identity and position of the members of the board, or representatives of directors of the listed company who are also members of the board of directors, or their representatives, in companies which have a significant ownership interest on the listed company or in entities of the group of such significant shareholders.

Name or corporate name of the director or representative related	Name or corporate name of the significant shareholder related	Corporate name of the company of the group of the significant shareholder	Description relationship/ position
MRS. ESTHER ALCO CER KOPLOWITZ	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	Mrs. Esther Alcocer Koplowitz is the individual representative of EAC Medio Ambiente, S.L., Director of Cementos Portland Valderrivas, S.A.
MRS. ESTHER ALCO CER KOPLOWITZ	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Mrs. Esther Alcocer Koplowitz is the Chairwoman of Fomento de Construcciones y Contratas, S.A.
MR. GERARDO KURI KAUFMANN	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	INMUEBLES CARSO, S.A. DE C.V.	Mr. Gerardo Kuri Kaufmann is a Member of the Board of Inmuebles Carso, S.A. de C.V. and its subsidiaries
MR. GERARDO KURI KAUFMANN	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	CARSO INFRAESTRUCTURA Y CONSTRUCCIÓN, S.A. DE C.V.	Mr. Gerardo Kuri Kaufmann is a Member of the Board of Carso Infraestructura y Construcción, S.A. de C.V., a company owned by the Majority Shareholder Control Empresarial de Captales, S.A. de C.V.
MR. GERARDO KURI KAUFMANN	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	ELEMENTIA MATERIALES, S.A.B. DE C.V.	Mr. Gerardo Kuri Kaufmann is a Member of the Board of Elementia Materiales, S.A.B. de C.V.
MR. GERARDO KURI KAUFMANN	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	MINERA FRISCO, S.A.B. DE C.V.	Mr. Gerardo Kuri Kaufmann is a Member of the Board of Minera Frisco, S.A.B. de C.V.
MR. GERARDO KURI KAUFMANN	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	TELESITES, S.A.B. DE C.V.	Mr. Gerardo Kuri Kaufmann is a Member of the Board of Telesites, S.A.B. de

			C.V. and its subsidiaries
MR. GERARDO KURI KAUFMANN	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	Mr. Gerardo Kuri Kaufmann is the Chairman of the Board of Cementos Portland Valderrivas, S.A.
MR. GERARDO KURI KAUFMANN	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Mr. Gerardo Kuri Kaufmann is Executive Director of Fomento de Construcciones y Contratas, S.A.
MR. JUAN RODRIGUEZ TORRES	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	CARSO INFRAESTRUCTURA Y CONSTRUCCION, S.A. DE C.V.	Mr. Juan Rodríguez Torres is a Member of the Board of Carso infraestructura y Construcción, S.A. de C.V.
MR. JUAN RODRIGUEZ TORRES	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	ELEMENTIA MATERIALES, S.A.B. DE C.V.	Mr. Juan Rodríguez Torres is a Member of the Board of Elementia Materiales, S.A.N. de C.V.
MR. JUAN RODRIGUEZ TORRES	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	MINERA FRISCO, S.A.B. DE C.V.	Mr. Juan Rodríguez Torres is a Member of the Board of Minera Frisco, S.A.B. de C.V.
MR. JUAN RODRIGUEZ TORRES	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	TELESITES, S.A.B. DE C.V.	Mr. Juan Rodríguez Torres is a Member of the Board of Telesites, S.A.B. de C.V.
MR. JUAN RODRIGUEZ TORRES	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	Mr. Juan Rodríguez Torres is a Nominee Director of Cementos Portland Valderrivas, S.A.
MR. JUAN RODRIGUEZ TORRES	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Mr. Juan Rodríguez Torres is a Nominee Director of Fomento de Construcciones y Contratas, S.A.
MR. GERARDO KURI KAUFMANN	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	FORTALEZA MATERIALES, S.A.B. DE C.V.	Mr. Gerardo Kuri Kaufmann is a Member of the Board of Fortaleza Materiales, S.A.B. de C.V.
MR. JUAN RODRIGUEZ TORRES	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	FORTALEZA MATERIALES, S.A.B. DE C.V.	Mr. Juan Rodríguez Torres is a Nominee Director of Fortaleza Materiales, S.A.B. de C.V.
MRS. ALICIA ALCOECER KOPLOWITZ	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Mrs. Alicia Alcocer Koplowitz is a Nominee Director of Fomento de Construcciones y Contratas, S.A.
MRS. ALICIA ALCOECER KOPLOWITZ	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	Mrs. Alicia Alcocer Koplowitz is the individual representative of EAC Inversiones Corporativas, S.L., Director of Cementos Portland Valderrivas, S.A.

MR. GERARDO KURI KAUFMANN	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	FCC AQUALIA, S.A.	Mr. Gerardo Kuri Kaufmann is a Member of the Board of FCC Aqualia, S.A.
MR. JUAN RODRIGUEZ TORRES	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	FCC AQUALIA, S.A.	Mr. Juan Rodríguez Torres is a Member of the Board of FCC Aqualia, S.A.

**A.7** State whether shareholders' agreements have been reported to the company that may affect it, according to the provisions of articles 530 and 531 of the Law on Corporations. If any, describe them briefly, and indicate the shareholders bound by the agreement.

Yes

No

State whether the company is aware of concerted actions among shareholders. If any, describe them briefly.

Yes

No

In case any change or breach of these agreements or agreed upon actions has taken place during the year, please specify them:

**A.8** State whether any individual or legal entity that exercises or can exercise control over the company pursuant to article 5 of the Stock Market Law. Where appropriate, identify the individual or entity:

Yes

No

Name or company name
CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.

**A.9** Complete the following tables on the treasury shares of the company:

At year-end:

Number of direct shares	Number of indirect shares (*)	% over total share capital
9,176,469		1.12

(\*) Through:

Name or corporate name of the direct owner of the interest	Number of direct shares
No data	



**A.10** Detail the conditions and the term of the current mandate of the general meeting of shareholders to the board of directors to issue, buyback or transfer treasury shares:

In relation to the power to issue treasury shares, on 27 June 2017, the ordinary session of the General Meeting of Shareholders resolved to delegate in the Board of Directors, for a term of five (5) years, the power to increase share capital up to a maximum amount of 77,376,954.72 €, equivalent to half the share capital on the date of such authorization.

Regarding the power to buy back or transfer shares, the ordinary General Meeting of Shareholders in its session held on 2 June 2020, approved by absolute majority to authorize Realia Business, S.A. and the companies of its Group which meet any of the conditions of article 42, paragraphs 1 and 2 of the Code of Commerce, the buyback of treasury stock, through purchase, swap or any of the transactions permitted by Law, at the price resulting from their share price at the date of purchase, which must be within the maximum and minimum values resulting from increasing or decreasing, where appropriate, by 20 per cent, the maximum share price in the first case, or the minimum share price, in the second case, during the three (3) months before the time of acquisition.

Pursuant to this authorization, the Board of Directors, the Executive Committee and the CEO can equally buy treasury shares, according to the terms provided in Art. 146 of the Law on Corporations.

This authorization was granted for the maximum period legally allowed of five (5) years, and the limit of share capital resulting from the application according to the current legislation at the time of the acquisition must also be respected, all of this notwithstanding the assumptions of free acquisition contemplated by the Law. The acquisition of the shares, which must be fully paid up, must allow the company to provide for the reserve prescribed by rule c) of article 148 of the Law on Corporations.

It was expressly noted that the shares acquired under this authorization can be used in their sale or amortization, for the fulfilment of the obligations inherent to the financial instruments of debt converted into Company shares, and also, where applicable, to the implementation of the remuneration systems contemplated in the final paragraph of article 146.1.a).

**A.11** Estimated free float

	%
Estimated free float	25.40

**A.12** State whether there is any restriction (statutory, legislative or other) to the transmission of securities and/or any restriction of voting rights. Especially, the existence of any type of restriction that may hinder taking over control of the company through the acquisition of its shares in the market, as well as the requirements of prior authorization or communication that are applicable from the industry regulation on the acquisition or assignment of financial instruments of the company.

Yes

No

**A.13** State whether the general meeting of shareholders has agreed to adopt measures to counter a takeover bid according to the provisions of Law 6/2007.

Yes

No

Where appropriate, explain the measures adopted and the terms in which the restrictions will be rendered ineffective:

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

Yes

No

Where appropriate, indicate the types of shares, and for each class of shares, the rights and obligations attached to them:

## **B. ANNUAL GENERAL MEETING**

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**B.1** State and where appropriate, detail whether there are differences in the quorum provisions according to the provisions of the Law on Corporations regarding the quorum necessary for the General Meeting.

Yes

No

**B.2** State and, where appropriate, detail whether there are differences with the quorum provided for in the Law on Corporations for the adoption of corporate agreements:

Yes

No

**B.3** State the rules applicable to the changes in the bylaws of the company. Specifically, the majorities necessary to change the bylaws and, where appropriate, the rules contemplated for the protection of the rights of the shareholders in case of reform of the bylaws.

Article 16 of the Bylaws, related to the constitution of the General Meeting, establishes that in order for the ordinary and extraordinary general meeting can agree on the increase or decrease of capital and any other change of the bylaws, the issuance of bonds, the suppression or limitation of the right of preferential acquisition of new shares, as well as the transformation, merger, spin-off or global transfer of assets and liabilities and the relocation of the corporate offices abroad, it will be necessary, at the first call, the attendance of shareholders present or represented who own a minimum of fifty per cent (50%) of the share capital with voting rights, and at the second call, it will be sufficient with the attendance of twenty five per cent (25%) of said capital. In case the attending shareholders represent less than fifty per cent (50%) of the share capital with voting rights, the agreements mentioned above can only be validly adopted with the vote in favour of two thirds of the share capital present or represented at the General Meeting.

Section 8.b) of article 15 of the General Meeting Regulation establishes the same requirements.

**B.4.** State the data of attendance to the general meetings of shareholders held in the reporting period and of the two prior periods:

Date general meeting	Attendance				Total
	% of attendance	% of representation	% distance vote		
			Electronic vote	Other	
27/06/2017	37.07	38.59	0.00	0.09	75.75
Of which free-float	0.05	4.06	0.00	0.09	4.20
27/06/2018	37.09	8.29	0.00	31.57	76.95
Of which free-float	0.00	8.14	0.00	0.00	8.14
05/05/2019	37.19	40.72	0.00	0.00	77.91
Of which free-float	0.03	9.10	0.00	0.00	9.13
02/06/2020	0.56	44.15	0.00	31.62	76.33
Of which free-float	0.00	7.17	0.00	0.00	7.17
29/06/2021	38.11	7.31	0.00	31.83	77.25
Of which free-float	0.02	7.31	0.00	0.22	7.55

**B.5.** State whether there has been any item in the agenda of the general meeting held during the period that, for whatever reason, has not been approved by the shareholders:

- ( ) Yes  
(✓) No

**B.6.** State whether there is any restriction in the bylaws that establishes a minimum number of shares necessary to attend the general meeting, or to cast a distance vote:

- ( ) Yes  
(✓) No

**B.7** State whether it has been established that some decisions, other than those established by Law, that entail an acquisition, pledge, contribution to another company of essential assets or other similar corporate operations, must be subject to the approval of the general meeting of shareholders:

- ( ) Yes  
(✓) No

**B.8** State the address and the access route to the company's web site that provides information on corporate governance and additional information on the general meetings that must be made available to the shareholders through the Company's web site:

Realia Business S.A.'s website ([www.realia.es](http://www.realia.es)) includes a section dedicated to Corporate Governance, which can be accessed via the homepage, through the section "Shareholders and Investors". This page includes the information on Governance Bodies, the General Meeting of Shareholders, the Social Regulations, the Annual Corporate Governance Reports, the Reports on the Remuneration of Directors and Internal Policies.



## C. GOVERNANCE STRUCTURE OF THE COMPANY

### C.1. Board of Directors

C.1.1 Maximum and minimum number of directors contemplated in the bylaws and number established by the general meeting of shareholders:

Maximum number of directors	15
Minimum number of directors	5
Number of directors established by the AGM	6

C.1.2 Complete the following table with the members of the board:

Name or corporate name of the director	Representative	Type of director	Position in the board	Date first appointment	Date last appointment	Election procedure
MR. ELIAS FERERES CASTIEL		Independent	DIRECTOR	08/05/2019	08/05/2019	AGM AGREEMENT
MR. GERARDO KURI KAUFMANN		Executive	CEO	27/02/2015	02/06/2020	AGM AGREEMENT
MR. JUAN RODRÍGUEZ TORRES		Nominee	CHAIRMAN	06/10/2015	02/06/2020	AGM AGREEMENT
MRS. XIMENA CARAZA CAMPOS		Independent	DIRECTOR	08/05/2019	08/05/2019	AGM AGREEMENT
MRS. ALICIA ALCOCER KOPLowitz		Nominee	DIRECTOR	29/06/2021	29/06/2021	AGM AGREEMENT
MRS. ESTHER ALCOCER KOPLowitz		Nominee	DIRECTOR	29/06/2021	29/06/2021	AGM AGREEMENT

Total number of directors	6
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State the exits, due to resignation, dismissal or AGM agreement, that have taken place in the board of directors during the reporting period:

Name or corporate name of the director	Category of the director at the time of exit	Date of last appointment	Date of resignation	Specialized committees of which they were a member	State whether the exit took place before the end of the term
No data					

C.1.3 Complete the following tables about the members of the board and their qualifications:

EXECUTIVE DIRECTORS		
Name or corporate name of the director	Name or corporate name of the significant shareholder whom they represent or who proposed their appointment	Profile
MR. GERARDO KURI KAUFMANN	CHAIRMAN OF THE BOARD	Degree in Industrial Engineering from the Universidad Anáhuac (Huixquilucna, Mexico), with extensive experience in the real estate sector, where he holds and has held senior positions. Former Procurement Manager of Carso

		Infraestructura y Construcción, S.A. de C.V., and current member of the board of the company, After the incorporation of Inmuebles Carso, S.A. de C.V., he was CEO of the company from 2010 to 2015, when he became a Member of the Board of the company and all its subsidiaries. Member of the Board of Elementia Materiales, S.A.B. de C.V. Chairman of the Board of Fortaleza Materiales, S.A.B. de C.V. Director and CEO of Telesites, S.A.B. de C.V. and subsidiaries. Director and CEO of Minera Frisco, S.A.B. de C.V. In Spain, he is a Member of the Board of Fomento de Construcciones y Contratas, S.A, where he is also a member of its Executive Committee. Member of the Board and CEO of the Board of Cementos Portland Valderrivas, S.A.
	<b>Total number of executive directors</b>	1
	<b>% of the total of the Board</b>	16.67
<b>Name or corporate name of the director</b>	<b>Name or corporate name of the significant shareholder whom they represent or who proposed their appointment</b>	<b>Profile</b>
MR. JUAN RODRÍGUEZ TORRES	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	Civil Engineer from the Universidad Autónoma de México (UNAM), Master Civil Engineer from the Universidad Nacional Autónoma de México (UNAM), Master Mathematician, Stage in France at the Beton Precontraint, Master in Engineering and Operational Planning and Research from UNAM, Senior Management Program AD-2 at the Instituto Panamericano de Alta Dirección de Empresas (IPADE Business School). Former Head of Production and Controller at Presforzados Mexicanos, S.A. de ICA and General Manager of the Domit Group, in the shoe sector. Founder and Manager of several shoe companies. Founder and Director of several shoe companies. Director of Procopor, S.A. de C.V., Sociedad de Inversión de Capitaless, Director at Minera Frisco, S.A.B. de C.V. and Chairman of its Audit Committee. Director of CICSA. Individual representative of the Director of Fomento de Construcciones y Contratas, S.A., Inmuebles Inseo, S.A. de C.V., and Member of its Audit and Control, Remunerations and Appointments Committee. Member of the Board of Cementos Portland Valderrivas, S.A. and member of its different Executive Committee, Audit and Control Committee and Remunerations and Appointments Committee.
MRS. ALICIA ALCOCER KOPLOWITZ	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Degree in Law. She started her professional career at the Banco Zaragozano, where she worked for four years at the Financial Department, the treasury desk and was a Director. CEO of Cementos Portland Valderrivas, S.A., member of its Executive Committee, and the Audit and Control Committee, Appointments, Remuneration and Corporate Governance Committee, which she chairs, and the Strategy Committee. She is also a Member of the Board of the Clinica Centro, Member of the Innovation Committee, under the authority of the State Secretary for Science Technology and Innovation. Member of the Board of Trustees of the Esther Koplowitz Foundation and the Valderrivas Foundation.

MRS. ESTHER ALCOCER KOPLOWITZ	FOMENTO CONSTRUCCIONES CONTRATAS, S.A.	DE Y	Degree in Law, Diploma in Business Management (PADE) by IESE, Madrid. Member of the Board of FCC since 2000, and CEO of the FCC Group since 2013. Member of the Board of Cementos Portland Valderrivas, and Caixa Bank-Banca Privada. Member of the Board of Trustees of the Princesa de Asturias Foundation, Member of the Chamber of Commerce and the Executive Committee of the Alumni Association of IESES (Madrid). Her international experience includes: Director of FCC Environment, FCC's environmental services subsidiary in UK, and Director of SmVaK Ostrava a.s. (integral water cycle, Czech Republic) and member of the Monitoring Committee of A.S.A. Abfall Service AG (Infrastructures, Central and Eastern Europe)
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Total number of nominee directors	3
% of the total number of directors	50.00

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of the director	Profile
MR. ELÍAS FERERES CASTEL	Ph. D. in Agricultural Engineering from the Escuela Técnica Superior de Ingenieros Agrónomos of the Universidad Politécnica de Madrid. Master in Risks (1974) and PhD in Ecology (1976) from the University of California, Davis (USA). Former Professor at the University of California (Davis), current Professor Emeritus of the Escuela Técnica Superior de Ingenieros Agrónomos of the University of Córdoba. Since 1983, he has held several administrative positions related to the management of research in Spain. In 1991 he was appointed Chairman of the Consejo Superior de Investigaciones Científicas (CSIC), and held this position until 1992, when he was appointed Secretary of State for Universities and Research of the Ministry of Education and Science of Spain, until 1994. From 1995 to 2003 and from 2011 to 2019 he was President of the Royal Academy of Engineers of Spain. Former Director of the Institute of Sustainable Agriculture (CSIC), and member of the Scientific Committee of the Consultative Group of International Agricultural Research (TAC/CGIAR, Washington DC). From 2000 to 2002 he was the President of the European Agricultural Society. He has been a Consultant of the Office of Technology Assessment of the US Congress, of the International Development Agency of the US, the World Bank, and of the United Nations Organization for Agriculture and Food (FAO). Recipient of the Andalusia Prize for research in Architecture and Engineering in 2012.
MRS. XIMENA CARAZA CAMPOS	Degree in International Relations from the Universidad de las Américas (Mexico), Master in Business Administration from the Instituto de Empresa (Spain). She started her career at the Secretariat of Foreign Relations in Mexico, where she held several positions until she was appointed Consul of Mexico in Milano (Italy) in 1996. In 1998, she was appointed Economic Affairs Advisor at the Mexican Embassy in Spain. She was awarded the Gran Cruz de la Orden de Isabel la Católica by King Juan Carlos I. In 2004, she was appointed Director of the Tourist Promotion Council of Mexico for Spain and Portugal, and in 2005 she was appointed Regional Director for Europe of the Council. From 2009 to 2017, she was the Director of the ProMexico Delegation in Spain of the Economic Council of the Mexican Embassy in Spain. Since 2018, she is the General Manager of the Casa de Mexico in Spain.

Total number of independent directors	2
% of the total number of directors	33.33

State whether any of the directors qualified as independent receives from the company, or any company of the same group, any amount or benefit for a concept other than the

remuneration of the directors, or holds or has held during the last period, a business relationship with the company or any of the companies in its group, either in its own name or as a significant shareholder, director or senior manager of an entity which has or has had such a relationship.

Where appropriate, a reasoned statement by the director must be included on the reasons why he/she considers that they can perform their duties as an independent director.

Name or corporate name of the director	Description of the relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS			
All other external directors will be identified, and the reasons why they cannot be considered proprietary or independent will be detailed, as well as their links with the company, its managers or shareholders			
Name or company name of the director	Reason	Company, manager or shareholder related	Profile
No data			

Total number of external directors	N/A
% of the total number of directors	N/A

State the changes, if any, during the period in the category of each director:

Name or corporate name of the director	Date of the change	Former category	Current category
No data			

C.1.4 Complete the following table with the information on the number of women directors at the end of the last 4 reporting periods, and their category:

	Number of female directors				% of the total number of directors in each category			
	2021	2020	2019	2018	2021	2020	2019	2018
Executive					0.00	0.00	0.00	0.00
Nominee	2	2	2	2	33.33	33.33	33.33	28.57
Independent	1	1	1	2	16.67	16.67	16.67	28.57
Other external					0.00	0.00	0.00	0.00
Total	3	3	3	4	50.00	50.00	50.00	57.14

C.15. State whether the company has diversity policies in the board of directors regarding questions such as, for example, age, gender, disability or qualifications and professional experience. Small and medium sized companies, pursuant to the definition



contained in the Law on Account Auditing, must report, at least, of their gender diversity policy.

- Yes
- No
- Partial policies

If the answer is yes, describe these diversity policies, their goals, the measures and the way they have been applied, and their results in the year. State also the specific measures adopted by the board of directors and the appointments and remunerations committee to achieve a balanced and diverse presence of directors.

In case the company does not apply a diversity policy, explain the reasons for this.

Description of the policies, goals, measures and way in which they have been applied, and the results achieved

Indeed, one of the characteristics of the governance body of Realia is its diversity. The company has a Board with the same number of men and women (three), with ages ranging from 37 of the CEO to 83 of the Chairman, and where the professional experience of its members covers sectors as diverse as real estate, shoes, energy or new technologies, international relations, agriculture and ecology or energy and includes lawyers and senior managers, and executives of the economy and finance sectors, who have spent their professional lives in the public and private spheres.

Therefore, even though the Company does not have a formalized diversity policy in its governance body, which refers to issues such as age, gender, disability, qualification and professional experience, it is obvious that diversity policies have been applied to determine the composition of the Board of Directors.

C.1.6. Explain the measures, if any, adopted by the appointments committee to ensure that the selection procedures do not suffer from inherent bias that hinder the selection of women directors, and that the company seeks deliberately and includes among the potential candidates, women with the desired professional profile, and which allows to achieve a balanced presence of men and women. State whether one of these measures is the promotion of a significant number of female senior managers:

Explanation of measures

Due to the gender diversity that characterizes the Board of Directors of Realia Business, S.A. (where the representation of women has grown in recent years from 40% to 57.14%, and currently stands at 50%), and taking into account the fact that one third of the senior managers of the company (not including the head of internal audit) are women, the Appointments and Remuneration Committee has not deemed it necessary to approve any specific measure to favour the onboarding of women directors.

When, despite the measures adopted, if any, the number of female directors is low or non-existent, explain the reasons:

Explanation of reasons

The number of female directors and senior managers is considered to be appropriate.

C.1.7. Explain the conclusions of the appointments committee on the verification of compliance with the policy of selection of directors addressed at favouring an appropriate composition of the board.

According to the report submitted by the Appointments and Remuneration Committee to the Board of Directors for review regarding diversity, it is important to note that the Board of the Company has an identical number of men and women directors. Additionally, their age ranges from 37 (CEO) to 83 (Chairman). Regarding the professional profile of the members of the board, this covers such diverse sectors as real estate, shoes, international relations, agriculture and ecology, or new technologies, it also includes professionals in the fields of law, senior management, economy and finance, and expert engineers in several disciplines, who have developed their professional lives both in the public and the private spheres.

In summary, the Members of the Board of Directors have the knowledge, the skills and the necessary experience to perform the obligations of their position, and have committed formally to meet their obligations and duties. Similarly, the Board of Directors does not only meets the requirements established by the Law and the Bylaws, and those contemplated in its Regulation, but also meets the principle of diversity which must govern its composition, according to the rules of good governance.

Accordingly, the Board of Directors meets the composition and qualification requirements established by the Board Regulation and the good governance standards of the Company, and it considers them appropriate and optimal for the efficient and diligent fulfilment of its obligations.

C.1.8. Explain, where appropriate, the reasons why proprietary directors have been appointed at the request of shareholders with ownership interests below 3% of the share capital.

Name or corporate name of the shareholder	Explanation
No data	

State whether formal requests have been received for the presence in the board made by shareholders whose ownership interest is equal or higher than others at whose request proprietary directors have been appointed. Where applicable, explain the reasons for not responding to these requests.

( ) Yes

(√) No

C.1.9 State the powers and authority, if any, granted by the board of directors to directors or board committees:

Name or corporate name of the director or committee	Brief description
GERARDO KURI KAUFMANN	All of the powers granted by the Board of Directors, except those that cannot be delegated. This agreement was notarized by the Madrid Notary Public Mr. Jaime Recarte Casanova on June 5 2020, with protocol No. 2333, filed at the Mercantile Register of Madrid, volume 33719, folio 169, page M-197745, entry 360.

C.1.10. Identify, where appropriate, the members of the board who take on positions as directors, directors' representatives or managers in other companies belonging to the group of the listed company.

Name or corporate name of the director	Corporate name of the company of the group	Position	With executive duties?
MR. GERARDO KURI KAUFMANN	HERMANOS REVILLA, S.A.	REPRESENTATIVE OF THE CHAIRMAN OF THE BOARD	NO

MR. GERARDO KURI KAUFMANN	PLANIGESA, S.A.	REPRESENTATIVE OF THE CHAIRMAN OF THE BOARD	NO
MR. GERARDO KURI KAUFMANN	BOANE 2003, S.A.U.	REPRESENTATIVE OF THE CHAIRMAN OF THE BOARD	NO
MR. GERARDO KURI KAUFMANN	REALIA PATRIMONIO, S.L.U.	REPRESENTATIVE OF THE SOLE DIRECTOR	YES
MR. GERARDO KURI KAUFMANN	AS CANCELAS SIGLO XXI, S.L.	REPRESENTATIVE OF A MEMBER OF THE BOARD	NO

C.1.11 Detail the position of director, manager or executive, or their representative, of the directors or representatives of members of the board of directors of the company in other entities, regardless of whether they are listed companies or not:

Name or corporate name of the director	Corporate name of the listed company, listed or not	Position
MRS. ALICIA ALCOCER KOPLOWITZ	DISEÑO ESPECIALIZADO EN ORGANIZACIÓN DE RECURSOS, S.L.	JOINT ADMINISTRATOR
MRS. ALICIA ALCOCER KOPLOWITZ	ORDENAMIENTOS IBÉRICOS, S.A.	JOINT ADMINISTRATOR
MRS. ALICIA ALCOCER KOPLOWITZ	DÓMINUM DESGA, S.A.	JOINT ADMINISTRATOR
MRS. ALICIA ALCOCER KOPLOWITZ	EJECUCIÓN ORGANIZACIÓN DE RECURSOS, S.L.	JOINT ADMINISTRATOR
MRS. ALICIA ALCOCER KOPLOWITZ	SAMEDE INVERSIONES 2010, S.L.	JOINT ADMINISTRATOR
MRS. ALICIA ALCOCER KOPLOWITZ	NUEVA SAMEDE 2016, S.L.	JOINT ADMINISTRATOR
MRS. ALICIA ALCOCER KOPLOWITZ	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	BOARD MEMBER
MRS. ESTHER ALCOCER KOPLOWITZ	EAC INVERSIONES CORPORATIVAS, S.L.	JOINT ADMINISTRATOR
MRS. ESTHER ALCOCER KOPLOWITZ	EAC MEDIO AMBIENTE, S.L.	JOINT ADMINISTRATOR
MRS. ESTHER ALCOCER KOPLOWITZ	MELILOTO, S.L.	JOINT ADMINISTRATOR
MRS. ESTHER ALCOCER KOPLOWITZ	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	CHAIRWOMAN
MR. GERARDO KURI KAUFMANN	ELEMENTIA MATERIALES, S.A.B. DE C.V.	BOARD MEMBER
MR. GERARDO KURI KAUFMANN	MINERA FRISCO, S.A.B. DE C.V.	BOARD MEMBER
MR. GERARDO KURI KAUFMANN	FORTALEZA MATERIALES, S.A.B. DE C.V.	BOARD MEMBER
MR. GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	BOARD MEMBER
MR. GERARDO KURI KAUFMANN	TELESITES, S.A.B. DE C.V.	BOARD MEMBER
MR. GERARDO KURI KAUFMANN	FCC AQUALIA, S.A.	BOARD MEMBER
MR. GERARDO KURI KAUFMANN	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	FCC AQUALIA, S.A.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	ELEMENTIA MATERIALES, S.A.B. DE C.V.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	MINERA FRISCO, S.A.B. DE C.V.	BOARD MEMBER

MR. JUAN RODRIGUEZ TORRES	FORTALEZA MATERIALES, S.A.B. DE C.V.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	TELESITES, S.A.B. DE C.V.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	GRUPO SANBORNS, S.A.B. DE C.V.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	PROCOPOR, S.A.B. DE C.V.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	IMPULSADORA DEL DESARROLLO Y EL EMPLEO EN AMÉRICA LATINA, S.A.B. DE C.V.	BOARD MEMBER
MR. JUAN RODRIGUEZ TORRES	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	BOARD MEMBER
MRS. XIMENA CARAZA CAMPOS	NILAYA PROPERTIES, S.L.	BOARD MEMBER

Additional information:

- 1) Mr. Juan Rodríguez Torres is a representative of the following companies:
  - Calzado Técnico, S.A. de C.V.
  - Calzado Rohcal, S.A. de C.V.
  - Calzado y Componentes, S.A. de C.V.
  - Inmobiliaria Inro, S.A. de C.V.
  - Inmobiliaria Calro, S.A. de C.V.
  - Inmobiliaria Proii, S.A. de C.V.

All the positions held by Mr. Juan Rodríguez Torres identified in this section C.1.11 are remunerated, except his position as a Member of the Board of FCC Acqualia, S.A.

- 2) All the positions held by Mr. Gerardo Kuri Kaufmann identified in this section C.1.11 are remunerated, except his position as a Member of the Board of FCC Acqualia, S.A.
- 3) Mrs. Esther Alcocer Koplowitz holds the following positions:

- Joint representative of the following companies:
- Diseño Especializado en Organización de Recursos, S.L.
  - Ordenamientos Ibéricos, S.L.
  - Dominum Desga, S.A.
  - Ejecución Organización de Recursos, S.L.
  - Samede Inversiones 2010, S.L.
  - Nueva Samede 2016, S.L.

She is also a member of the Board of Trustees of the Esther Koplowitz Foundation.

The only remunerated positions held by Mrs. Esther Alcocer Koplowitz are those held in Fomento de Construcciones y Contratas, S.A. and Cementos Portland Valderrivas, S.A.

- 4) Mrs. Alicia Alcocer Koplowitz holds the following positions:

Joint representative in the following companies:

  - EAC Inversiones Corporativas, S.L.
  - EAC Medio Ambiente, S.L.
  - Meliloto, S.L.

She is also a member of the Board of Trustees of the Esther Koplowitz Foundation and the Fundación Hispano Judía.

The only remunerated positions held by Mrs. Alicia Alcocer Koplowitz are those held in Fomento de Construcciones y Contratas, S.A. and Cementos Portland Valderrivas, S.A.

State, where appropriate, the rest of remunerated activities of the directors or directors' representatives, regardless of their nature, other than those described in the previous table.

Director or representative	Other remunerated activities
MRS XIMENA CARAZA CAMPOS	General Manager of the Fundación Casa México in Spain
MR ELÍAS FERERES CASTIEL	Advisor in International Projects (University of Córdoba)

C.1.12 State and where appropriate, explain whether the company has established rules about the maximum number of companies that its directors can have a presence, and identify, if any, where is this regulated:

- ( ) Yes  
(✓) No

C.1.13 State the following amounts corresponding to the global remuneration of the board of directors:

Remuneration accrued in the year by the board of directors (thousands of euros)	675
Amount of the sums accrued by the current directors in long-term savings plan with consolidated economic rights (thousands of euros)	
Amount of the sums accrued by the former directors in long-term savings plans with non-consolidated economic rights (thousands of euros)	
Amount of the sums accrued by senior directors in long-term savings systems (thousands of euros)	

C.1.14 Identify the members of the senior management which are not executive directors at the same time, and state the total remuneration accrued in their favour during the year:

Name or corporate name	Position/s
MRS. ANA HERNÁNDEZ GÓMEZ	CHIEF BUSINESS OFFICER
MR. FILOMENO ORTIZ ASPE	DIRECTOR OF ADMINISTRATION AND FINANCE
MR ANTONIO ROMÁN CALLEJA	HEAD OF INTERNAL AUDIT
MR. JOSÉ MARÍA RICHI ALBERTI	DIRECTOR OF THE LEGAL DEPARTMENT
Number of women senior managers	1
Percentage over the total number of senior managers	25.00
Total remuneration of senior management (thousand euros)	712

C.1.15 State whether there has been any change in the Board Regulations in the year:

- ( ) Yes  
(✓) No

C.1.16 State the procedures for selection, appointment, reelection and removal of board members. State the competent bodies, the procedures and the criteria to be used in each of the procedures.

Selection of Board members:

The Appointments and Remuneration Committee is responsible for the evaluation of skills, knowledge and expertise required by the Board and to define, ultimately, the qualifications and skills that the candidates to fill any vacancy must have, and to evaluate the time and dedication required to enable them to carry out their tasks efficiently.

Appointment of Board members:

According to article 16 of the Board Regulations, the proposal for the appointment of Directors submitted by the Board of Directors to the consideration of the General Meeting of Shareholders, and the decisions made by that body pursuant to the co-opting powers to which it is entitled, the appointees must be individuals of proven integrity, solvency, technical competence and experience, after a report from the Appointments and Remuneration Committee, in the case of executive and proprietary directors, and after a proposal from this Committee, in the case of independent directors.

The Directors affected by the proposals for appointment, re-election or removal will abstain from participating in the discussions and votes that refer to them.

Reelection of Directors:

Directors shall hold office for the term established in the Bylaws; i.e. for a period of four (4) years, and they can be re-elected one or more times for periods of the same length (article 22 of the Articles of Association). However, according to article 19 of the Board Regulations, before any reelection of Directors that is submitted to the General Shareholders' Meeting, the Appointments and Remuneration Committee must issue a report evaluating the quality of the performance and the dedication to their duties of all Directors proposed for reelection during the previous term.

Removal of Directors:

Directors shall cease to hold office when the period for which they were appointed has elapsed or when so decided by the General Shareholders' Meeting using the powers conferred on it by law and the Articles of Association. The Board shall not propose the removal of any independent director before the end of the statutory period for which it was appointed, except when just cause is found by the Board following a report from the Appointments and Remuneration Committee. In particular, just cause shall be understood to exist when the director has failed to comply with the duties inherent to his office or incurred in any of the circumstances that would have prevented his 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 that involve a change in the company's capital structure when such changes in the structure of the Board are brought about by the criterion of proportionality of proprietary and independent directors according to the capital represented on the Board.

When, through resignation or for any other reason, a Director leaves office before the end of his mandate, they must explain the reasons in a letter that they will send to all the members of the Board.

C.1.17 Explain to what extent the annual Board review has resulted in major changes in its internal organization and in the procedures applicable to its activities.

Description of the changes
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No deficiency that made it necessary to prepare a plan to correct and/or modify the current procedures was detected in 2021.

Describe the evaluation process and the areas evaluated by the board of directors with the assistance, if any, of an external consultant, related to the operation and composition of the board and its committees and any other area or aspect subject to evaluation.

## Description of the assessment process and areas assessed

The performance of the Board of Directors has been evaluated through a formal process of assessment of several aspects affecting the efficacy and quality of the actions and decision-making by the Board of Directors, and the contribution of its members to the fulfilment of its duties. On the other hand, the evaluation took into account, naturally, the Board Regulations and the Bylaws of the Company.

The evaluation analysed the duties and competences of the Board of Directors, its current composition, its operation and the actions carried out by it.

Regarding the current composition of the Board, five (5) of its six (6) members are external, and two (2) of these are independent and only one (1) is an executive director. Considering the shareholding structure of the company, the current composition of the Board is considered to be adjusted to that structure.

Independent directors meet the requirement of being able to perform their duties without being influenced by their relations with the Company, its significant shareholders or its managers. Proprietary directors meet the requirement of representing significant shareholders. Additionally, the executive director meets the requirement of performing the senior management duties of the Company.

Regarding diversity, it is worth noting that the Board of the Company has the same number of male and female directors. Their age ranges from 37 (CEO) to 83 (Chairman). As to the professional experience of its members, this covers sectors as diverse as real estate, shoes, energy or new technologies, international relations, agriculture and ecology or energy and includes lawyers and senior managers, and executives of the economy and finance sectors, who have spent their professional lives in the public and private spheres.

Therefore, the members of the Board of Directors have the necessary knowledge, skills and experience to perform their duties, and have formally undertaken to meet their corresponding duties and obligations. Similarly, the Board of Directors, besides meeting the requirements of the Law and its bylaws, and the requirement of its own Board Regulations, meets the principle of diversity which, according to the rules of good governance of listed companies, must govern its composition.

Therefore, it can be stated that the Board of Directors meets the criteria of composition, qualification and diversity established in the Board Regulations and the good governance rules of the Company, and these are considered to be appropriate and optimal for the efficient and diligent fulfilment of their duties.

Directors have fulfilled their duties as required by the laws, the Bylaws and the Company Regulations, in keeping with the interests of the company. In carrying out their duties, each and every member of the Board has acted with the diligence of an orderly businessman and with the loyalty of a faithful representative, always acting in good faith and in the best interests of the company.

According to the self-assessment exercise, during 2021 the Board performed its duties with unity of purpose and independence criteria, treating all shareholders equally, and acting in the best interest of the company, understood as maximizing the economic value of the company in a sustained manner. Additionally, it has strived to make the company respect the laws and regulations in its relations with stakeholders, fulfil its obligations and contractual duties in good faith, respect the uses and good practices of the sectors and territories where it operates, and observe any additional social responsibility principles that may have voluntarily accepted.

Similarly, the Board of Directors has assessed the performance of the Executive Committee, the Appointments and Remuneration Committee and the Audit and Control Committee on the basis of the reports submitted by each one of these committees. Additionally, it assessed the performance of the Chairman of the Board and the CEO of the Company, based on the Reports drawn up by the Appointments and Remuneration Committee.

Regarding the three Committees of the Board, their duties and competencies have been analysed, their current composition and their actions. Regarding the Chairman of the Board and the Chief Executive Office of the company, their duties were analysed, as well as their dedication during the year, and their actions.

The conclusion of this evaluation is that the Committees assume and perform their duties and competences delegated to them by the Board of Directors responsibly, dealing diligently and efficiently with the Company matters that require constant attention and monitoring. Regarding the Chairman of

the Board and Chief Executive Officer of the company, the conclusion is that they have performed their respective duties, in line with the principles of Good Corporate Governance contained in the Bylaws and the Board Regulations.

C.1.18 Detail, in the years when the evaluation was conducted with the assistance of an external consultant, the business relations that the consultant or any company of the group hold with the company or any company of the group.

Taking into account, on one hand, the small size of the Board, which allows all its members to have accurate knowledge of the work of all other members and, therefore, to evaluate their performance and, on the other, the size and resources of the Company, it is deemed that the use of an external consultant infringes the principle of economic balance that must prevail in the management of these resources. .

C.1.19 State the cases where directors are obliged to resign.

Section 2 of article 20 of the Board Regulations establishes that Directors must offer their resignation to the Board and, if the Board deems it necessary, to formalize their resignation in the following cases;

- a) In case of executive directors, when they resign their positions, offices or functions to which their appointment as executive directors was related.
- b) In case of nominee directors, when the shareholder whose interests they represent transfer fully or reduce their interest in the Company in the appropriate proportion.
- c) When they fall in any of the cases of incompatibility or prohibition contemplated by the Law.
- d) When the Board requests it by a majority of a minimum of two thirds of its members, in the following cases.
  - (i) If, for having breached their obligations as Directors, they are seriously reprimanded by the Board, following a proposal or report from the Appointments and Remuneration Committee; or
  - (ii) When their permanence on the Board could jeopardize the interests of the Company.

In any case, according to article 29.2 of the Board Regulations, if a Director is indicted or tried for any of the offenses indicated on article 213 of the Law on Corporations, the Board will examine the case as soon as possible and in view of the specific circumstances, shall decide whether or not is appropriate for the director to continue in office. The Board of Directors shall give a reasoned account of all the foregoing in the Annual Corporate Governance Report.

C.1.20 Are reinforced majorities, other than legal majorities, required in any kind of decision?

- ( ) Yes  
(√) No

Where appropriate, describe the differences.

C.1.21 Explain whether there are specific requirements, other than those related to directors, to be appointed chairman of the board:

- ( ) Yes  
(√) No

C.1.22 State whether the bylaws or the Board Regulations establish any age limit to directors.



( ) Yes

(√) No

C.1.23 State whether the bylaws or the board regulations establish a limitation of the term or other additional requirements to those legally established for independent directors, other than those established by the regulation:

( ) Yes

(√) No

C.1.24 State whether the bylaws or the board regulations establish specific rules for delegation of votes in the board of directors in favour of other directors, the way to grant a proxy and specifically, the maximum number of delegations a director can have, and whether any limitation has been imposed on the categories where it is possible to vote by proxy, other than those established by the legislation. Where appropriate, describe these rules briefly.

Attending personally the meetings of the body of which they are members is one of the main duties of directors. Notwithstanding this, in case they cannot attend a meetings for reasons beyond their control, they can delegate the vote to another directors, through a written document addressed to the Chairman of the Board. In any case, non-executive directors can only give their proxy to another non-executive director.

C.1.25 State the number of meeting the board of directors has held during the reporting period. State the number of times the board has met without the attendance of its chairman. The total number shall include proxies made with specific instructions as attendances.

Number of board meetings	8
Number of board meeting without the attendance of the chairman	0

State the number of meetings held by the director in charge of coordination with the rest of directors, without the assistance or representation of any executive director:

Number of meetings	0
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State the number of meetings held by the different board committees during the reporting period:

Meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	5
Meetings of the EXECUTIVE COMMITTEE	3
Meetings of the AUDIT AND CONTROL COMMITTEE	7

The Board of Directors, besides the meetings held in the year, adopted agreements through the "in writing and without a session" procedure on two occasions, on 13 and 20 December 2021. Additionally, the Audit and Control Committee, apart from the meetings held, adopted agreements through the "in writing and without a session" procedure on one occasion, on 15 December 2021.

C.1.26 State the number of meetings held by the board of directors during the year, and the attendance of its members:

Number of meetings with the in-person attendance of at least 80% of directors	8
% of in-person attendance on the total number of votes during the year	97.92
Number of meetings with in-person attendance or proxies with specific instructions, of all the directors	7
% of votes issued with in-person attendance or proxies with specific instructions, of all the directors	97.92

C.1.27 State whether the annual individual and consolidated financial statements submitted to the Board for their preparation have been previously certified:

- Yes  
 No

Identify, where applicable, the person/s who certified the annual individual and consolidated financial statements of the company, for their preparation by the board:

Name	Position
MR FILOMENO ORTIZ ASPE	ADMINISTRATION AND FINANCE MANAGER
MR GERARDO KURI KAUFMANN	CHIEF EXECUTIVE OFFICER

C.1.28 Explain the mechanisms established by the board of directors, if any, for the financial statements that the board of directors submits to the general meeting of shareholders are drawn up in accordance with the accounting regulations.

According to article 44.4.a.i of the Board Regulations, the Audit and Control Committee has, among others, the duty of supervising the process of drawing up and presentation of the mandatory financial information on the Company and the Group, and to submit recommendations or proposals to the Board of Directors, in order to protect its integrity. Likewise, according to section c. of article 44.4, the Audit and Control Committee is responsible for the supervision of the process of drawing up the individual and consolidated Financial Statements and Management Report for their drawing up by the Board according to the Law, and also to inform the Board, for their drawing up according to the law, about the accuracy and reliability of the individual and consolidated financial statements and management report, and the financial information that is periodically disclosed to the markets.

Additionally, according to section 3 of article 15 of the Board Regulations, the Board will try to draw up the accounts in such a way that there are no reservations or qualifications in the audit report prepared by the auditor. However, when the Board deems that it must uphold its position, the Chairman of the Audit and Control Committee, just like the auditors, will have to explain to the shareholders the content and the scope of those reservations or qualifications.

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

- Yes  
 No

If the secretary is not a member of the board, complete the following table:

Name or corporate name of the secretary	Representative
MR JESÚS RODRIGO FERNÁNDEZ	

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors and the mechanisms, if any, to preserve the independence of the financial analysts, investment banks and rating agencies, including the implementation in practice of the applicable statutory provisions.

The Audit and Control Committee is responsible of ensuring the independence of the external auditor. The mechanisms used for this purpose are detailed in article 44 of the Board Regulations, which establishes that, regarding the external auditor, and in order to ensure its independence:

- Will establish the appropriate relationships with the external auditor to receive any information about matters that can threaten his independence, to be reviewed by the Committee, and on any other matters related to the process of drawing up of the audit and, where appropriate, the authorization of services other than those which are prohibited, according to the terms contemplated in the regulation of the account audit activity, and in any other communication related to it.
- It will request annually from external auditors a statement of independence from the entity or entities related directly or indirectly to it, as well as detailed information of the additional services of any kind provided, and the corresponding professional fees paid by these entities to the external auditor or the persons or entities related to him, according to the provisions of the regulation of the account audit activity.
- The company will report as relevant event to CNMV the change of auditor, and will complement it with a statement about the possible existence of disagreements with the outgoing auditor and, where applicable, of their content.
- In case of resignation of the external auditor, the Committee shall review the circumstances that caused it. Additionally, this Committee shall issue annually an opinion about the independence of the account auditors. This report must contain, in any case, an assessment of the additional services of any kind provided by the auditor, considered individually and globally, other than those related to the mandatory audit, and related to their independence or the audit regulation.

The Committee is also responsible for:

- The supervision of the process of drawing up the individual and consolidated Annual Financial Statements and Management Report, for their drawing up by the Board, according to the Law
  - To report to the Board, for their drawing up according to the Law, about the accuracy and reliability of the individual and consolidated financial statements and management report, and about the financial information that is periodically disclosed to the markets.
  - To ensure the independence and efficacy of the internal audit function;
  - To report to the Board, prior to the adoption of the corresponding decisions, on the financial due to its status as a listed company, the company must disclose periodically.
- For the best performance of its functions, the Committee may seek the advice of external professionals.

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

Yes

No

If there were disagreements with the outgoing auditor, explain the contents of the disagreements:

Yes

No

C.1.32 State whether the auditing firm performs other work for the company and/or its group /other auditing and, if so, state the amount of the fees received for

such work and the percentage it represents of the fees invoiced to the company and/or its group:

- (√) Yes  
( ) No

	Company	Companies of the group	Total
Amount of other work other than auditing (thousands of euros)	4	8	12
Amount of work other than auditing / Amount of auditing work (in %)	2.81	6.72	9.53

C.1.33 State whether the audit report on the previous year's annual accounts contains any reservations or qualifications. If so, indicate the reasons given to shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

- ( ) Yes  
(√) No

C.1.34 State the number of years that the current auditing firm has been auditing the company's individual and/or consolidated annual accounts without interruption. State the percentage represented by the number of years audited by the current auditing firm out of the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of years without interruption	5	5

	Individual	Consolidated
Number of years audited by the current audit firm/ Number of years that the company or its group have been audited (in %)	22.73	22.73

C.1.35 State and where appropriate, detail whether there is a procedure for directors to have all the necessary information required to prepare the meetings of the governance body with sufficient notice:

- (√) Yes  
( ) No

Detailed procedure
--------------------

Article 41 of the Board Regulations establishes that, in relation to the calling of such body, efforts shall be made to ensure that such calls are made no less than ten days in advance. Together with the notice of each

meeting, the agenda of the meeting and the documentation will always be included so that the members of the Board of Directors have the power to express their own opinion and, where appropriate, cast its vote on the matters submitted for its consideration.

In addition, the same article provides that when, at the request of the Directors, items are included on the agenda, and the Directors who have requested they be included shall either send the relevant documentation with the application or identify the application in order to send it to the rest of the members of the Board.

At the same time, Article 23 of the Bylaws states that one of the duties of the Chairman is to ensure that the Directors receive in advance the necessary information to deliberate on the items on the agenda; the Secretary has the duty of assisting the Chairman in the performance of that function.

C.1.36 State and where appropriate, detail whether the company has established rules that oblige the directors to report and, where appropriate, to resign in those cases that might harm the standing and the reputation of the company:

Yes

No

Explain the rules
-------------------

Section 2 of Article 20 of the Board Regulations states that the Directors are obliged to resign and formalize their resignation to the Board, if the Board deems it convenient, in the following cases:

(...)

(ii) when their presence in the Board may jeopardize the interests of the company.

Likewise, in accordance with section 2 of article 29 of the Board Regulations, relating to the directors' duty to provide information, the directors are obliged to inform of the criminal cases in which he appears as a defendant, as well as any subsequent court or legal proceedings. If a director is indicted or tried for any of the crimes listed on article 213 of the Law on Corporations, the Board shall review the case as soon as possible, and in view of the specific circumstances, will decide whether or not it is appropriate for the director to continue in office. The Board shall reasonably report all of the foregoing in the Annual Corporate Governance Report.

C.1.37 State, unless there were special circumstances reflected in the minutes, whether the board has been informed or has gained knowledge otherwise any situation affecting a director, related or not to their performance in the company, which may harm the credit or the reputation of the company:

Yes

No

C.1.38 Detail the significant agreements entered into by the company that come into force, are amended or terminate, in case of changes in the control of the company as a result of a takeover bid, and its effects.

No such agreements exist.

C.1.39 Identify individually, in the case of directors, and collectively in all other cases and state in detail the agreements between the company and its directors and managers or employees that establish compensations, guarantees or ironclad clauses, in case of resignation or wrongful dismissal or if the contractual relationship is terminated due to a takeover bid or other operations.

Number of beneficiaries	0
Type of beneficiary	Description of the agreement
NONE	NONE

State whether, beyond the cases contemplated in the regulations, these contracts must be reported/approved by the governance bodies of the company or its group. If so, specify the procedures, cases contemplated, and the nature of the bodies responsible for their approval or reporting:

	Board of Directors	General Meeting
Body that authorizes the clauses	√	

	Yes	No
Is the general meeting informed about the clauses?	√	

## C.2 Committees of the Board

C.2.1 List all the committees of the board of directors, their members and the proportion of executive, proprietary, independent and other directors who compose them:

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MR ELÍAS FERERES CASTIEL	MEMBER	Independent
MR JUAN RODRÍGUEZ TORRES	MEMBER	Nominee
MRS XIMENA CARAZA CAMPOS	CHAIRWOMAN	Independent
MRS ALICIA ALCOCER KOPLOWITZ	MEMBER	Nominee
MRS. ESTHER ALCOCER KOPLOWITZ	MEMBER	Nominee

% of executive directors	0.00
% of nominee directors	60.00
% of independent directors	40.00
% of other external directors	0.00

Explain the duties, including, if any, those other than the mandatory duties, attributed to this committee, and describe the procedures and rules of its organization and operation. For each of these duties, state the most relevant actions during the period, and how it has exercised in practice each of its duties, attributed by law or by the bylaws or other corporate agreements.

The Company shall have an Appointments and Remuneration Committee, composed by a minimum of three and a maximum of six Directors, appointed by the Board of Directors for a term no longer than their mandate as Directors, and notwithstanding the possibility of being re-elected indefinitely, to the extent that they are also re-elected as Directors. The Committee shall be composed exclusively by non-executive directors, two of which, at least, must be independent directors, and they will be elected taking into account their knowledge, skills and expertise.

The Committee shall elect a Chairman among its members, and can also elect a Vice chairman. The Secretary, and where applicable, the Vice chairman, will be the person appointed by the Committee for this office, and does not need to be a Director.

Its specific duties are those established by the laws and the Code of Good Governance (with the exception of those specifically mentioned in this Report).

The members of the Appointments and Remuneration Committee may be assisted during their sessions, by such persons as they deem appropriate, in the capacity of advisors, and up to a maximum of two for each member of said Committee. These advisors may speak, but not vote.

The Appointments and Remuneration Committee may seek the advice of external professional for a better performance of its duties.

The Committee shall meet with the frequency determined and every time the Chairman calls it, or is requested by two of its members. The Committee shall prepare an annual action plan for the period and will report its results to the Board.

All the members of the senior management and all the employees of the REALIA Group so requested, are obligated to attend the sessions of the Committee, and to provide their assistance and access to any information they possess.

The Appointments and Remuneration Committee shall have access to the information and documentation necessary to perform its duties.

The Appointments and Remuneration Committee shall consult with the Executive Chairman of the company, especially on matters related to executive directors and senior managers. Any director can request the Appointments and Remuneration Committee to consider, if they deem it appropriate, potential candidates to cover vacant directors' positions.

The Chairman of the Committee shall, at the first session of the Board after the meeting of the Committee, report on its activity and respond about the work done. The Committee will submit an annual report to the Board about the work done.

Regarding its activities during the year, the Committee met on five (5) different occasions in 2021, in January, February, April, May and December. In their meetings, the Committee discussed matters related to its areas of responsibility and carried out the following actions:

1. – Self-assessment

During the first meeting of 2021, the Committee assessed its own performance during 2020, analysed the different matters discussed and other circumstances related to its activity, in accordance with the provisions of article 45 of the Board Regulations.

2 – Evaluation of the Chairman of the Board and the CEO of the company

During its first meeting of 2021, the Appointments and Remuneration Committee assessed the performance of the Chairman of the Board (Mr. Juan Rodríguez Torres) and the CEO of the company (Mr. Gerardo Kuri Kaufmann), in accordance with the provisions of article 41.6 of the Board Regulations.

3 – Drafting of the Board of Directors Assessment Report

During the first meeting of the Committee, a Report that served as the basis for the self-assessment of the Board of Directors was drafted, according to Recommendation 35 of the Code of Good Governance of Listed Companies.

4 – Verification of Annual Reports

On February 2021, the Committee reported favourably, as far as its competences are concerned, on the Annual Corporate Governance Report and the Annual Directors' Remuneration Report of 2020, which were approved by the Board of Directors during its session held in February 2021.

5 – Review of the wage bill

On April 2021, the Committee approved to submit a proposal to the Board of Directors to review the wage bill of the Company for 2021.

6 – Appointment of new Members of the Board

On the occasion of the upcoming expiration of the terms of office of Directors AEC Inversiones Corporativas, S.L. and Meliloto, S.L., and in view of the new prohibition to re-elect legal entities as members of the board of directors of listed companies, on May 2021, the Appointments and Remuneration Committee issued two separate reports to propose the individual representatives of each

of the two companies mentioned before as new directors to fill in the vacancies left by the entities they represented until then, due to the expiration of both terms.

The proposals for the reelection of these Directors to the General Meeting of Shareholders were approved by that body on its meeting of 29 June 2021.

#### 7 – Verification of the category of the Members of the Board

On December 2021, the Committee analysed the category of each one of the Directors, to check whether any circumstance had changed their category of executive, nominee or independent directors. During that meeting, it was confirmed that there have been no changes in the circumstances of any of the Directors, and therefore they maintained their categories.

EXECUTIVE COMMITTEE		
Name	Position	Category
MR GERARDO KURI KAUFMANN	MEMBER	Executive
MR JUAN RODRÍGUEZ TORRES	CHAIRMAN	Nominee
MRS ESTHER ALCOCER KOPLOWITZ	MEMBER	Nominee
MRS ALICIA ALCOCER KOPLOWITZ	MEMBER	Nominee

% of executive directors	25.00
% of nominee directors	75.00
% of independent directors	0.00
% of other external directors	0.00

Explain the duties assigned or delegated to this committee other than those described in section C.19, and describe its organizational and operational procedures and rules. For each of these duties, state their most important actions during the year and how it has performed in practice each of the duties attributed either by law or in the bylaws or other corporate agreements.

The Board may delegate permanently on the Executive Committee all the duties of the Board of Directors, except those whose competence is reserved to the Board by virtue of the Law, the Bylaws or the Board Regulations. The Executive Committee shall be composed by a minimum of three (3) and a maximum of ten (10) members, including the Chairman, all of whom shall be Members of the Board.

Generally, it is responsible for the monitoring and supervision of the day-to-day management of the Company that require continued attention and, where appropriate, a prompt and diligent performance, as well as those matters that can influence the positioning and future prospects of the Company and its Group in the Market. Specifically, it is responsible to make decisions on investments, disinvestments, credit, loan, guarantee or credit lines or any other financial facility for a unit amount no higher than eighteen million euros.

The Executive Committee will meet whenever is so required by the corporate interests, as many times as it is called by its Chairman or when called by at least two of its members. The calls shall be made by letter, email, telegram, telefax or fax that acknowledges receipt by the director called with a minimum of 24 hours in advance of the meeting. Along with the call for each meeting, the appropriate documentation will be sent to the members of the Executive Committee so that they can form an opinion and cast their vote.

The Chairman and Secretary of the Committee shall be the Chairman and the Secretary of the Board of Directors, respectively. In the absence of the Chairman of the Executive Committee, his functions will be exercised by the member elected for that purpose.

The Executive Committee shall be validly constituted with the attendance, present or represented, of at least the majority of its members; and shall adopt its resolutions by an absolute majority of its members. The members of the Committee may delegate their representation to another of them, but none of them may assume more than two representations, in addition to their own.

The resolutions of the Committee shall be kept in a book of minutes, which shall be signed, for each of them, by the Chairman and the Secretary or, as the case may be, by those who have carried out these functions, in the session in question.



The Executive Committee has held four (3) sessions during 2021, in the months of January, May and October. The actions carried out were the following:

1. Self-assessment. In its first session of 2021, the Committee evaluated its own performance during 2020, and analysed the matters discussed, the meetings held and all other circumstances related to its activity, according to the provisions of article 41.6 of the Board Regulations.
2. Decision on the position to adopt on the resolutions submitted to the Committee. In each of the sessions, the Chairman of the Committee and the CEO report on the matters to be discussed at the next session of the Committee, always held right after the Committee meeting, in order to define a position regarding the possible resolutions to adopt.

Notwithstanding the above, even though some investment proposals were received during 2021 that, due to their amount, should have been analysed by the Executive Committee, since they were related party transactions and given the existence of a conflict of interest of the nominee directors, these were approved by the Independent Directors within the Board of Directors.

AUDIT AND CONTROL COMMITTEE		
Name	Position	Category
MR ELIAS FERERES CASTIEL	CHAIRMAN	Independent
MR JUAN RODRÍGUEZ TORRES	MEMBER	Nominee
MRS XIMENA CARAZA CAMPOS	MEMBER	Independent

% of executive directors	0.00
% of nominee directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties attributed to this committee including, where appropriate, those other than the duties mandated by law, and describe its organizational and operational procedures and rules. For each of these duties, state their most important actions during the year and how it has performed in practice each of the duties attributed either by law or in the bylaws or other corporate agreements.

The Company shall have an Audit and Control Committee, composed by a minimum of three and a maximum of six Directors, appointed by the Board of Directors for a term no longer than their mandate as Directors, and notwithstanding the possibility of being re-elected indefinitely, to the extent that they are also re-elected as Directors. The Committee shall be composed exclusively by non-executive directors, the majority of which, at least, must be independent directors, and one (1) of them will be appointed taking into account their knowledge and expertise in accounting, auditing or both. Generally, the members of the Audit and Control Committee must have appropriate technical knowledge of the sector of activity in which the company operates.

The Committee shall elect a Chairman among its independent members, and can also elect a Vice chairman. The term of office for these positions, as their term as members of this Committee may not exceed four years, and they can be re-elected once after at least one year has elapsed since their termination.

The Secretary, and where appropriate, the Vice secretary shall be the person appointed by the Committee for this office, and it is not required that he is a Director.

The members of the Committee may be assisted during their sessions, by such persons as they deem appropriate, in the capacity of advisors, and up to a maximum of two for each member of said Committee. These advisors may speak, but not vote

The primary function of the Committee is to provide support to the Board in matters of oversight, through the periodic review of the process of drawing up of the economic-financial information, the internal audit function and the independence of the external auditor. Additionally, it will supervise the internal audit function, which will monitor the proper functioning of the information and internal control systems. The specific competences

allocated to this Committee are those established by the law and the Code of Good Governance (except those expressly mentioned in this report).

The Secretary, or whoever exercises his duties, will keep the minutes of the session, which will be signed by the Chairman, the Secretary and its Undersecretary, where appropriate. The Chairman of the Audit and Control Committee will report to the Board of Directors the matters discussed and the resolutions adopted by the Committee since the last meeting of the Board.

The Committee will meet at least quarterly and, additionally, every time is called by its Chairman, or at the request of two of its members. Annually, the Committee draws up an action plan for the year and reports it to the Board.

Any member of the management team or employee of the REALIA Group who is requested to do, is obliged to attend the sessions of the Committee and provide their collaboration and access to all information available to them; the Committee may also request the appearance of the employees without any other manager being present. The Committee may also request the auditors of the REALIA accounts to attend its sessions.

The Committee will have access to the information and documentation necessary for the performance of its duties.

The members of the Audit and Control Committee may be assisted during its sessions by the persons it deems appropriate as advisors, and up to a limit of two advisors for every member of the Committee. These advisors will have a voice in the meetings, but will not be entitled to vote.

(The information on this Committee is provided in greater detail on section H.1 of the attached document).

Identify the directors who are members of the audit committee who have been appointed based on their knowledge and experience in matters of accounting, auditing or both, and state the date of the appointment of the Chairman of this committee to the office.

Name of the experienced directors	MR ELÍAS FERERES CASTIEL
Date of appointment of the Chairman to the office	08/05/2019

C.2.2 Complete the following table with information related to the number of women directors who are members of the committees of the board of directors at the reporting date for the last four years:

	Number of women directors							
	2021		2020		2019		2018	
	Number	%	Number	%	Number	%	Number	%
APPOINTMENTS AND REMUNERATION COMMITTEE	3	60.00	3	60.00	3	60.00	4	80.00
EXECUTIVE COMMITTEE	2	50.00	2	50.00	2	50.00	2	50.00
AUDIT AND CONTROL COMMITTEE	1	33.33	2	33.33	2	33.33	2	66.67

C.2.3 State, if any, the existence of regulations on the board committees, where they can be consulted, and the changes made to them during the year. State also whether any annual report has been drawn up voluntarily on the activities of each committee.

EXECUTIVE COMMITTEE:

The Executive Committee is regulated under article 43 of the Board Regulations, and art. 25 of the Bylaws. Both documents can be consulted at the company's website ([www.realia.es](http://www.realia.es)).

According to the provisions of art 41.6 of the Board Regulations, the Board reviewed on 22 February 2022 the performance of the Executive Committee during 2021, based on the report presented to the Board by said committee.

Conclusions: During 2021, the Executive Committee has fulfilled adequately its duties arising from the Board Regulations and the articles of association. The Executive Committee assumes and performs responsibly the duties and competences delegated by the Board, diligently and efficiently dealing with Company matters that require constant attention and monitoring.

#### AUDIT AND CONTROL COMMITTEE:

The Audit and Control Committee is regulated by art. 44 of the Board Regulations, article 27 of the Bylaws and Title VIII of the Internal Code of Conduct. These documents are available at the company's website ([www.realia.es](http://www.realia.es)). Article 27 of the Bylaws was amended by the General Meeting of Shareholders held on 29 June 2021 in order to adapt its content to the new wording of article 529. quaterdecies of the Law on Corporations.

In accordance with the provisions of art 41.6 of the Board Regulations, on 22 February 2022, the Board assessed the performance of the Audit and Control Committee during 2021, based on the report submitted by the committee to the board.

Conclusions: The Committee has been in permanent contact with the head of internal audit and the external auditors, and has accordingly been able to check the quality and transparency of the financial information disclosed to the markets, and the efficiency of the internal control and risk management systems. In summary, it can be stated that the Committee assumes and performs responsibly the duties and competences delegated by the Board, diligently and efficiently dealing with Company matters that require constant attention and monitoring.

#### APPOINTMENTS AND REMUNERATION COMMITTEE:

The Appointments and Remuneration Committee is regulated by article 45 of the Board Regulations, and article 28 of the Bylaws. These documents are available at the company's website ([www.realia.es](http://www.realia.es)).

In accordance with the provisions of art 41.6 of the Board Regulations, on 22 February 2022, the Board evaluated the performance of the Appointments and Remuneration Committee during 2021, based on the report submitted by said committee to the board.

Conclusions: The Committee assumes and performs responsibly its duties of supporting and advising delegated by the Board, diligently and efficiently dealing with Company matters that require constant attention and monitoring.

## **D. RELATED PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS**

**D.1** Explain, where appropriate, the procedure and competent bodies to authorize operations with related parties and transactions within the group, stating the criteria and general rules of the entity that regulate the duties of abstention of the directors or shareholders affected, and detailing the internal information and periodic control procedures established by the company in relation with the related transactions whose approval has been delegated by the board of directors.

Article 25 of the Board Regulations states that the transactions that the company carried out with directors, significant shareholders or shareholders with representation at the Board or individuals related to them, must be authorized by the Board of Directors, following a report from the Audit and Control Committee.

The article adds that the directors affected by these transactions not only will not be able to exercise their right to cast or delegate their vote, but must also be absent from the meeting room while the Board discusses and votes on them. In any case, relevant transactions of any type carried out by any director with the company REALIA, its subsidiaries or investees, must be reported in the Annual Corporate Governance Report. This obligation covers also relevant transactions between the Company and its significant shareholders – direct and indirect.

**D.2** List the significant transactions as a result of their amount or relevant for their nature, carried out between the company or entities in its group, the shareholders of the company who have 10% or more of the voting rights or are represented in the board of directors of the company, stating the bodies competent for their approval, and whether there was any shareholder or director affected. In case the AGM was the competent body, state whether the proposed agreement was approved by the board without the vote against of a majority of independent directors:

	Name or corporate name of the shareholder or any of its investees	% ownership interest	Name or corporate name of the company or entity of the group	Amount (thousand euros)	Body that approved it	Identification of the majority shareholder or director who abstained	The proposal to the AGM, if any, was approved by the board without the vote against of the majority of independent directors
(1)	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	50.10	REALIA BUSINESS, S.A.	120,000	BOARD OF DIRECTORS	Mr. Juan Rodríguez Torres	NO
(2)	F C Y C, S.L.U.	50.10	REALIA BUSINESS, S.A.	2,722	BOARD OF DIRECTORS	Mr. Juan Rodríguez Torres	NO

	Name or corporate name of the shareholder or any of its investees	Nature of the relationship	Type of transaction and additional information necessary for assessment
(1)	FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	Contractual	Loan agreement
(2)	F C Y C, S.L.U.	Contractual	Marketing and integral property development services

In the transactions identified, apart from Director Juan Rodríguez Torres, the following Directors abstained from voting:

- Mr. Gerardo Kuri Kaufmann
- Mrs. Esther Alcocer Koplowitz
- Mrs. Alicia Alcocer Koplowitz

**D.3** List the significant transactions as a result of their amount or relevant for their nature, carried out between the company or entities in its group, and the managers or directors of the company, including the transactions with entities controlled or jointly controlled by the manager or director, stating the body competent for their approval, and whether any affected shareholder or director abstained. In case the competent body was the AMG, state whether the proposed agreement was approved by the board without the vote against of the majority of independent directors:

	Name or corporate name of the directors or managers or their controlled or jointly controlled investees	Name or corporate name of the company or investee	Relationship	Amount (thousand euros)	Body that approved it	Identification of the majority shareholder or director who abstained	The proposal to the AGM, if any, was approved by the board without the vote against of the majority of independent directors
No data.							

Name or corporate name of directors or managers or their controlled or jointly controlled investees	Nature of the transaction and additional information necessary for assessment
No data	

**D.4** Report on an individual basis on significant intra-group transactions due to their amount or relevant due to their subject matter carried out by the company with its parent company or with other entities of the Group, including the listed company own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or such subsidiaries are wholly owned by the listed company.

In any case, any transactions within the group carried out with entities established in countries or territories which are considered as tax havens must be reported:

Name or corporate name of the entity of the group	Brief description of the transaction	Amount (thousands of euros)
FCC CONSTRUCCIÓN, S.A.	Contract for the execution of construction work	12,140
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS, S.A.	Building maintenance services	1,069
FCC MEDIO AMBIENTE, S.L.	Property cleaning services	162
FEDEMES, S.L.	Property lease	231
SERVICIOS ESPECIALES DE LIMPIEZA, S.L.	Property cleaning services	663

Significant transactions have been considered to be those signed with the same company or entity that, as a whole, have a total amount of over 150 thousand euros.

**D.5** Report on an individual basis the significant transactions due to their amount or relevant due to their subject matter carried between the company or entities of its group and other related parties that are not conformant with the International Accounting Standards adopted by the EU, that have not been reported in the previous sub-paragraphs:

Name or corporate name of the entity of the group	Brief description of the transaction	Amount (thousands of euros)
No data		N/A

**D.6** List the mechanisms established to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, managers, significant shareholders or other related parties.

Article 25 of the Board Regulations, regarding conflicts of interest and related party transactions, states the following:

1. The Director shall abstain from participating in the discussion and vote on resolutions or decisions on which he or a related party has a conflict of interest, direct or indirect. Resolutions or decisions that affect him in his capacity as director, such as his appointment or revocation for office in the governing body or others of analogous meaning, will be excluded from the above obligation to abstain.
2. The Director must report to the Board, well in advance, of any situation that could potentially represent a conflict of interest of the Group and companies of Realia or related companies.
3. The transactions carried out between the company and directors, significant shareholders or shareholders with representation on the Board, and individuals related to them, must be authorized by the Board, following a report from the Audit and Control Committee.
4. The Board shall decide on related party transactions following a report from the Audit and Control Committee. The directors affected by these transactions will not be able to exercise or delegate their right to vote, and must also leave the meeting room during the discussion and vote of the Board on said transactions.



5. In any case, relevant transactions of all types carried out by any director with Realia, its subsidiaries or investees, must be reported in the Annual Corporate Governance Report. This obligation also includes relevant transactions carried out between the Company and its significant shareholders – direct and indirect.

Similarly, the Internal Code of Conduct, on section 4.7, on information related to conflicts of interest, states that the persons subject to the code (which include directors and senior managers of the Company), are obliged to report to the Chairman of the Audit and Control Committee the potential conflicts of interest they are subject to due to their family relations, their personal assets, or for whatever other reason, with any company of the Realia Group, through a document addressed to the Chairman explaining such conflicts of interest in sufficient detail. Any doubt about this matter must be consulted through a document addressed to the Chairman of the Audit and Control Committee before adopting any decision that may be affected by the potential conflict of interest.

A conflict of interest due to family relations shall not be considered to occur when, not affecting Related Persons, the relationship exceeds the fourth degree by consanguinity or affinity.

In any case, a possible conflict of interest deriving from personal assets shall be deemed to exist when it arises in relation to a company in whose capital the Person Subject has a stake, either alone or in conjunction with persons with whom he is related as defined in the preceding paragraph, by more than 15% of the political or economic rights, or when, without reaching such a percentage, it can appoint at least one member of its governing body.

The aforementioned information must be kept up to date, reporting any modification or cessation of the previously communicated situations, as well as of the emergence of new possible conflicts of interest.

**D.7** State whether the company is controlled by another entity, within the meaning of article 42 of the Code of Commerce, listed or not, directly or through its subsidiaries, business relations with that entity or some of its affiliates (other than the listed company) or develops activities related with those of any of them.

- Yes  
 No

State whether accurate information has been disclosed about the respective areas of activity and possible business relations between on the one hand, the listed company or its affiliates and on the other, the parent company or its affiliates:

- Yes  
 No

Report the respective areas of activity and the possible business relations between, on the one hand, the listed company or its affiliates and on the other, the parent company or its affiliates, and identify where this information has been disclosed
---

This information is provided in section D.2 of this Report.

Identify the mechanisms contemplated to resolve possible conflicts of interest between the other parent company of the listed company and the rest of companies of the group:

Mechanisms to resolve possible conflicts of interest
--

- 1) Before signing any service provision service, quotes are requested from different market operators.
- 2) All the agreements are signed in market economic conditions.
- 3) This type of transactions are approved only by the independent directors (and not executive and nominee directors), within the Board of Directors.

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

**E.1** Explain the scope of the Control and Risk Management System of the company, including fiscal risks:

The Realia Group has developed a risk management system that takes into account the characteristics of the Group itself, and those of the environments, both geographical and regulatory, in which it carries out its activities. The system is based on four aspects:

- 1) An organizational structure implemented by the CEO of the Group, in his capacity as Chief Executive Officer, under delegation from the Board of Directors, which clearly details the roles and functional responsibilities.
- 2) A framework for the identification, quantification and evaluation of the risks which may affect the Group; and
- 3) A response against the risks identified, supervised by the Audit and Control Committee.
- 4) A continuous review of the system, supervised by the Audit and Control Committee.

The Group's risk management system is currently in place at corporate level and work is underway to ensure that it operates in a comprehensive and continuous manner.

The company has developed a Model of Criminal Compliance and Prevention. In this context, a process for the "Identification, analysis and evaluation of criminal risks" was developed in order to manage this type of risks, resulting in the production of a "Criminal Risk Map". Additionally, it produced the "Inventory Control Matrix" and the Criminal Risk and Control Matrix", which serve as the basis for the operation of the criminal risk management system (including fiscal risks). Additionally, a number of policies and procedures related to the Model mentioned were approved, such as the "Anticorruption Policy" and the "Partners' Relations Policy". Finally, early in the year, the "Criminal Prevention Manual" was approved, a document of mandatory compliance defining the design, structure and the guidelines of the Model that details its bodies and procedures. The Board of Directors appointed a "Compliance Officer" who oversees the adequate operation of the Model. The purpose is that this Model complies with the requirements of Article 31.5 of the Criminal Code, and may even exonerate the Organization in the case of commission of a criminal offense committed within the company that could result in criminal liability for the company. The persons in charge of the processes and controls conduct a "self-assessment" of the Model every six months. Additionally, the Model is annually reviewed by the Head of Internal Audit, whose report is submitted to the Audit and Control Committee (compliance body).

**E.2** Identify the bodies of the company responsible for the production and implementation of the Financial and Non-Financial Risk Management and Control System, including fiscal risks:

In accordance with article 10 of the Bylaws, the Board of Directors is responsible for the management, administration and representation of the Company. Subparagraph 2 of article 7 of the Board Regulations grants the Board of Directors the duty of defining the risk management and control strategy, including the risks which may specifically affect the financial information that the Company must disclose as a listed company.

The Head of each of the functional areas, by delegation from the Board of Directors, will be responsible for its development and implementation, and the Risk Control and Management System (including fiscal and criminal risks) will be supervised by the Audit and Control Committee, as provided by article 44 of the Board Regulations.

**E.3** State the main risks, financial and non-financial, including fiscal risks, and the extent to which the risks resulting from corruption are significant (according to the scope of the Royal Decree Law 18/2017), which may affect the achievement of the business objectives:

In the performance of its activity, both residential homebuilding and property, we may come across different types of risks.

## 1. Financial risks.

Given its activity and the transactions through which it carries out these activities, the Group is currently exposed to the following financial risks:

### a) Credit risk.

The main activities of the Company are property development, the sale of land and the lease of properties through its subsidiaries and investees. The first of them does not entail any credit risk, since the delivery of the property automatically entails collection. As to the sale of land, it is customary to grant clients payment deferrals.

Currently, after the agreement reached with the debtor from the sale of land the Company had in 2020 for EUR 8,188 thousand, that the Company had fully provisioned for impairment, there are no unguaranteed commercial loans. Finally, in relation to the lease of property assets, the risk increased in 2020 due to the uncertainty brought about by Covid-19; in 2021, the Group continued to provide support to tenants, albeit not as much as in the previous year. In some cases, the lack of activity, especially commercial activity, made it necessary to grant aids to clients or deferrals in rent payments. The aid granted by all the companies in the group amounted to EUR 1.3 Million (EUR 3.4 Million in 2020); all these aids were charged to the results of 2021 and 2020. An additional EUR 0.2 Million were granted by the companies consolidated through the equity method (EUR 0.9 Million in 2020). Regarding payment deferrals, these were charged under "Customers" in the Annual Report, and amounted to EUR 0.9 Million, after deducting the estimated collection risks (EUR 0.9 Million in 2020), and will be collected in accordance with the agreements signed with customers.

The balance of arrears has decreased significantly from 2020, when it increased notably, as a consequence of the impact of COVID 19, from EUR 0.3 Million at year-end 2021, after the deduction of EUR 1.1 Million for impairment, versus EUR 0.5 Million in 2020, after the deduction of EUR 1.2 Million for impairment.

The evolution of this credit risk will be closely linked to that of COVID-19 and the recovery of GDP, consumption and unemployment, which will allow clients to meet their contractual obligations.

### b) Interest rate risk

The Group has interest rate hedges with 4 of the 5 banks that make up the syndicated loan of Realía Patrimonio, for an amount of EUR 465,189 Million. The total amount hedged covers 77% of the outstanding balance of the loan: at 31 December 2021, it amounted to EUR 356,524 thousand (EUR 370,979 thousand in 2020), due on 27 April 2024. The type of hedging instrument is an IRS plus a Euribor floor option at 0%.

The purpose of interest rate risk management is to reach a balance in the debt structure that allows to minimize borrowing costs in a multiannual horizon, with reduced volatility in the profit and loss account. The comparative analysis of the financial cost reported in its budget and the yield curve trends led the company to decide to hedge or not to hedge interest rate risk, with the purpose of minimizing borrowing costs for the period.

The Management of the Parent monitors closely the trend of the rate curves for coming years, and does not rule out the convenience of making new interest rate hedges in the future.

In 2021, this hedge, valued at market value, generated a negative impact on profit and loss of EUR 2,526 thousand, and negative on equity for EUR 2,621 thousand.

Interest rate risk has been limited through derivative contracts that act as a hedge on financing, ensure a maximum rate payable to the loans associated to rental assets. The effect of these instruments means that a one-point rise in the Euribor, the reference generic rate for financing, is cushioned by 60% by the effect of these instruments.

(The content of the rest of Risks is included in the document attached to this Report).

## **E.4** Identify whether the entity has risk tolerance levels, including fiscal risks:

The Realía Group designs its business plan according to the levels of tolerance to the different risks that affect its activities (financial, operational, technological and compliance risks, among others) as part of its value creation strategy. These tolerance and risk appetite levels, based on quantitative and

qualitative criteria, are reviewed taking into account that the factors that contributed to their determination may have changed over time.

Regarding fiscal risks, the Board of Directors approved in 2016 the “Corporate Fiscal Policy”; a document that is part of the Corporate Governance and regulatory compliance policies of the Company and includes the implementation of good fiscal practices. The fiscal strategy of the Company seeks to ensure compliance of the applicable tax regulations and to coordinate its fiscal policy adequately, in line with the achievement of corporate goals and the creation of value for the shareholder. This document contains a number of “principles” and “good fiscal practices” which include, among others, “the prevention and reduction of significant fiscal risks”, “not using contrived or opaque structures”, “not establishing or acquiring companies based on tax havens”, or “conducting transactions with related parties always at market prices”. This document is available at the Company’s website.

As to regulatory risks – especially criminal offenses – the position of the Organization is very clear: “zero tolerance” against corruption, bribes, money laundering and any other offense listed in the Criminal Code which may entail liability for Realia. These principles are clearly described in the Ethical Code, and also in the “Anticorruption Policy” and the “Criminal Prevention Manual”, documents circulated to all employees asking for an acknowledgment of receipt and commitment to comply. Additionally, there is an obligation to report through the Ethical Channel any sign or suspicion of transactions that may imply the commission of an offence.

#### **E.5** State which risks, including fiscal risks, have materialized during the year:

Credit risks.

The balance of clients in default increased compared to the situation before the Covid-19 pandemic; in 2021, the balance decreased compared to 2020: it went from EUR 1.7 Million in 2020 to EUR 1.4 Million in 2021.

Market risks.

A reduction in income has taken place in the commercial premises and shopping centre rental business –albeit less marked than in 2020 - due to the restrictions applied in the different Autonomous Communities as a consequence of Covid-19, the drop in consumption and e-commerce. Also, although very occasionally, there have been rent defaults and it has been necessary to grant subsidies and other flexible assistance to facilitate the payment of rents.

#### **E.6** Explain the response and supervision plans for the main risks of the entity, including fiscal risks, and the procedures followed by the company to ensure that the board of directors responds to the new challenges:

Risk management and control in the Realia Group is structured on the basis of a number of policies and procedures adapted to the different risks that affect it or may affect it.

The Board of Directors of the company is committed to the risk management and control processes, adopting policies, procedures, limits and structures.

Corporate Management and Business Management analyse the situation and evolution of the main risks that affect the Group, taking corrective actions if deemed necessary; and discuss these matters in their regular meeting with the Chief Executive Officer.

The Internal Audit Area, under the supervision of the Audit and Control Committee, provides an independent evaluation of the adequacy, sufficiency and efficacy of the internal control and risk management system; proposing corrective or mitigating measures if necessary. These measures are discussed in the Audit Committee, and the decision to implement them is submitted to the Board of Directors.

Any risk considered as critical is discussed in the regular meetings of the Corporate Management and the Business Management with the Chief Executive Officer; proposing both to the Audit and Control Committee and the Board of Directors, the specific response plans against any critical risk. The Board of Directors ultimately considers the proposal, modifying or accepting it where appropriate,

## **F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE ISSUANCE PROCESS OF FINANCIAL INFORMATION (ICRMS)**

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Describe the mechanisms of the internal control and risk management systems (ICRMS) related to the issuance of financial information of the entity.

### **F.1 Control environment of the entity**

Detail, describing their main characteristics:

F.1.1 Bodies and/or functions responsible for (i) the existence and maintenance of an adequate ICRMS system; (ii) its implementation; and (iii) its supervision.

In accordance with article 10 of the Bylaws, the Board of Directors is responsible for the management, administration and representation of the Company. Section 2 of article 7 of the Board Regulations grants the Board of Directors the power to define the risk management and control strategy, including those that can specifically affect the financial information that the Company must issue, due to it being a listed company. The Direction of each of the functional areas, by delegation from the Board of Directors, will be responsible for its development and implementation, and the Risk Control and Management System shall be supervised by the Audit and Control Committee, according to article 44 of the Board Regulations.

F.1.2 Whether the following elements exist, especially in relation to the process of drawing up of the financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure, (ii) defining clearly the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) providing the necessary procedures for its adequate dissemination in the entity:

The person in charge of the design and review of the organizational structure is the Chief Executive Officer, under delegation from the Board of Directors. The organization of the Group was updated in December 2011, through the issuance of a Memorandum by the former Chairman that defined the specific responsibilities of the Heads of Departments and/or Business Areas regarding the management of the ICRMS. Subsequently, several restructurings were made on the Group organizational chart; these were designed by the Board of Directors through the CEO.

The current Organizational Chart presents two independent Directorates reporting to the CEO: "Business" ("Property" and "Developments" report to it) and "Administration and Finance" ("Human Resources", "IT" and "Investor Relations" report to it). The "Legal Counsel Directorate" and the "Internal Audit Department" also report directly to the CEO.

Additionally, there is a policy of granting of powers and duties defined within the Group, which is revised and updated, where appropriate, periodically.

- Code of conduct, approving body, degree of dissemination and guidance, principles and values included (stating whether there are specific mentions to the transaction log and the drawing up of financial information), body in charge of analysing non-compliances and to propose corrective actions and sanctions:

Ethical conduct and respect and compliance with the regulation, both internal and external, are the pattern of action of the REALIA Group, materialized in its Ethical Code. The commitment of the Senior Management with ethical values and regulatory compliance is reflected in its Ethical Code, one of the main pillars and the basis for the compliance and criminal prevention model and the compliance risk management system (especially criminal risks), that the Group has designed.

Since the first edition was drawn up (November 2010), there have been substantial changes in the regulation (especially relevant in the reform of the Criminal Code of 2015, with the introduction of the "criminal liability of legal entities"), and in the social, economic and technological context. As a result, the Board of Directors

of the REALIA Group, through the Audit and Control Committee, promoted a review and update of the Ethical Code to adapt it to the new business, regulatory and corporate reality; and to place it as the pillar of the compliance risk prevention system.

The current Ethical Code was approved by the Board of Directors of Realia on 4 April 2018, and is addressed to all directors, managers and employees of the Realia Group, regardless of the contractual arrangement that determines their employment relationship, their position, or the geographical area where they perform their work. It is complemented by the “Corporate Social Responsibility”, the “Internal Code of Conduct on matters related to Stock Markets”, and the “Board Regulations”. These, together with the legal regulations, compose the framework that must govern the conduct of its managers and employees.

For this reason, the Ethical Code is mandatory, and every Realia employee must formally accept it, and is given a copy of said Code, which is also available through REALIA’s intranet and its website. It is written in clear and concise language, easy to understand by all (senior managers, employees, business partners...).

The main goals of the Ethical Code are:

- To establish the principles, values and rules of conduct that must govern the actions of the companies of the REALIA Group and all its employees, in order to promote ethical and responsible conduct in the performance of their professional duties; additionally, it reflects the commitment of the company with the principles of corporate ethics and transparency, consolidating a shared culture and patterns of conduct, accepted and respected by all its employees.
- To define the criteria for the conduct of managers and employees, and set the lines that cannot be crossed even when they can generate profits for the company, to prevent and avoid conducts that may give rise to fraud, scams and corruption in business.
- The Code is the axis and the pillar of the regulatory compliance system: the basic rule that guides the conduct of all employees of the group in their activities and relations with third parties.

The Ethical Code is based is inspired by the values that define the Realia Group: Customer Service, Transparency, Leadership Vocation, Innovation and Dialogue.

The “basic principles of conduct and behaviour” included in the Ethical Code are classified into the following categories:

- Regulatory compliance and respect for ethical values. Integrity and honesty.
- Respect and commitment to people. Equal opportunities, professional development and non-discrimination. Commitment with health and safety of people.
- Prevention and fight against fraud and corruption. Zero tolerance for fraud, corruption and bribery. Policy for the acceptance of gifts and invitations. Money laundering prevention. Reliability of information (including specific mentions to the transactions log and the drawing up of financial information). Protection of the Organization’s assets and resources.
- Protection and confidentiality of personal data.
- Commitment to clients.
- Commitment to the market, the company and the community.
- Commitment to society and the environment.

The Ethical Code does mention specifically the register of transactions and the preparation of the financial information, especially in the chapter “Prevention and fight against fraud and corruption”, in the section dedicated to the “Reliability of information (patterns of conduct against the manipulation of information)”. The process of accounting, registering and documenting fully and adequately all transactions, income and expenditures at the time they occur, without omitting, concealing or changing any data or information, so that accounting and operational records show a true reflection of the reality and can be verified by the control areas and the auditors, both internal and external. Failure to comply with these guidelines may be considered as fraud. Evading the internal controls of the organization will be subject to penalties”.

In this context, the managers are the role models in their conduct and degree of compliance with the Ethical Code (“Tone from the Top”). The Board of Directors, through the Audit and Control Committee, checks its compliance, and analyses possible non-compliances, proposes the corrective measures and the sanctions appropriate to the extent and severity of the non-compliance. The Audit and Control Committee is assisted by the Compliance Officer in this task.

- Whistleblowing channel that allows reporting to the audit committee financial and accounting irregularities, possible non-compliances with the code of conduct and

irregular activities in the organization, reporting them confidentially, where appropriate, and reporting about its confidential nature and whether it allows to report anonymously respecting the rights of the whistle-blower and the reported party.

The Realia Group has an Ethical Channel, or Internal Whistleblowing Channel open to all employees of the Realia Group, allowing them to:

- Report to the Audit and Control Committee inappropriate actions and conducts in light of the prescriptions of the Ethical Code (non-compliances of the Ethical Code).
- To report potentially relevant irregularities relevance, especially of financial and accounting nature, and those related to (or showing signs of) the crimes of fraud, corruption, bribery, influence peddling, crimes against urbanism and the environment, and any other illicit conduct that may have criminal consequences for the Organization.
- To report, even confidentially, relevant information on possible non-compliance of the applicable legislation on money laundering and terrorism financing, and on personal data protection.
- To prevent and/or report situations of workplace and sexual harassment, and discriminatory conduct for reason of gender, ideology or race.
- To make proposals for the improvement of internal control procedures and systems in force in the Realia Group of the previous subjects.
- To raise questions about the implementation of the patterns of conduct described in the Code.

The principles governing this procedure are: confidentiality, no reprisals and the right to personal honour.

The document entitled "Regulation for the Procedure of the Internal Whistleblowing Channel (Ethical Channel)", approved by the Board on March 2019, lists the principles of its procedure, its scope and implementation in Realia. This document includes the procedures and actions that will be implemented from the reception of a report from an employee to the resolution of the matter. It was distributed to all Realia employees, together with an informative and explanatory note about the reporting procedure. It is available to all employees through the Realia INTRANET.

The Audit and Control Committee receives periodically information about the operation of the Channel, which includes the number of reports received detailed by source and type. If this happens, the Committee would receive information about the result of the enquiries and proposals for action, so that it if deems it necessary, proposes the appropriate actions to improve its operation and reduce the number of irregularities committed in the future. The Committee has delegated the management of this Channel to the Compliance Officer.

- Regular training and refreshment programs for the personnel involved in the drawing up and review of financial information, and in the evaluation of the ICRMS which cover, at least, accounting standards, audit, internal control and risk management:

Several training events have taken place during the year in the Realia Group related to accounting, fiscal, working and business standards, for a total of 64.5 hours of training.

The Internal Audit Department has attended seminars and events (mainly "online" through "webinars") related both to the internal audit profession and the role internal auditors must play in the new business and technological scenario; on regulatory compliance ("Compliance"), criminal risk prevention systems, standard UNE-19601, whistleblowing channels, money laundering and terrorism financing prevention, and personal data protection. The Annual Audit Plan includes the training that the compliance officer must receive.

## **F.2 Financial information risk assessment**

Report, at least:

F.2.1 The main characteristics of the risk identification process, including error or fraud risk, related to:



- Whether a process exists and is documented:

The risk identification process of the Realia Group starts with a preliminary identification of potential risks (including material error and fraud) by the heads of the Functional Areas, and subsequently they are assessed according to their likelihood of occurring and their economic impact if they were to materialize, generating risk maps. This procedure is performed for every key business and corporate process identified. This assessment prioritizes risks, analysing the need for potential improvements and proceeding to their implementation by the functional area, this process is fully documented in writing. The evolution of the risks that require greater attention as a result of their evaluation (“critical risks”) is subject to closer monitoring, complemented by a sensitivity analysis.

This procedure is performed annually, and whenever the risk environment has changed. In 2020, due to the uncertainty caused by the COVID-19 pandemic, two risk assessment exercises were conducted (an initial one and one at mid-year).

- Whether the process covers all of the goals of financial information (existence and occurrence; valuation; presentation; detail and comparability; and rights and obligations), whether it is updated and how frequently:

The risk identification process of the Realia Group covers all the goals of financial information and is updated at least once a year, and whenever the market and business circumstances warrant it. Two updates of the initial revision were carried out in 2021: the first at the beginning of the year and a mid-year review (as a result of the changing environment and the uncertainty created by the COVID-19 pandemic).

The guidelines for the achievement of these objectives are defined in the Ethical Code, specifically in the chapter on “Prevention and fight against fraud and corruption”, in its section on “Reliability of information (guidelines against the manipulation of information)”. This section establishes that the forgery, manipulation or deliberate use of false information represents a fraud. In order to prevent and mitigate it, the organization has integrated control procedures and activities with the purpose of producing reliable information, ensuring that:

- The transactions recorded actually exist and have been recorded at the appropriate time (“existence and occurrence”).
- The information covers all the transactions (“integrity”).
- Transactions, facts and events are recorded and valued according to the applicable regulations (“valuation”).
- Transactions are presented, classified and disclosed in the financial information according to the applicable regulations (“presentation, detail and comparability”).
- The financial information reflects the rights and obligations (assets and liabilities) according to the current legislation and in the appropriate time (“rights and obligations”).

In connection with this, one of the principles contained in the “Anticorruption Policy” (document approved by the Board in May 2019) is the “rigor in the control, reliability and transparency” according to which the personnel involved in the preparation of the financial information is committed to reflect truthfully and adequately all the actions, transactions and operations of the Company on its books and records, according to the principle of control, reliability and transparency of information of the Group.

- The existence of a process of identification of the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, or special purpose vehicles or entities:

The adequacy of the consolidation perimeter is assessed periodically (such adequacy is formalized within the process of “Accounting Close”), considering the effective investment and the degree of influence in every investee (according to the structure of approvals –majorities - defined in the bylaws of the investees).

Currently there are no complex structures in the Realia Group. One of the good fiscal practices included in the “Corporate fiscal policy” mentions: “not using contrived structures” and “avoiding opaque structures”.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) insofar as they affect the financial statements:



The Risk Control and Management Policy takes into account not only financial risks, but other types of risks such as operational, regulatory, fiscal, technological, reputational, fraud, human resources management, compliance risks, etc.

The management of regulatory risks is especially relevant nowadays, specifically criminal risk management, as a result of the last reform of the Criminal Code that contemplates the criminal liability of legal entities. Thus, Realia's Audit and Control Committee has agreed to adopt a Regulatory Compliance function in the Group that includes criminal risk compliance; the head of internal audit shall be, in principle, responsible for this function. The Compliance and Criminal Prevention Model is currently under planning and design; its first step was the adoption of the new Ethical Code. Accordingly, Realia developed a "Criminal Prevention Model" and a "Criminal Risk Management System", whose first step was the approval of the new Ethical Code and continued with the development of policies and procedures on this matter: the "Anticorruption Policy" and the "Partners Relations Policy", approved by the Board in 2019, establish a number of principles whose goal is to prevent, detect and manage the risk of committing a criminal offense. Finally, in February 2020, the Board of Directors approved the "Criminal Prevention Manual", a document that defines the structure and guidelines of the Model, and details and regulates its bodies and procedures. It is mandatory for all the employees.

In parallel, the criminal risks (risks of committing an offense) which may occur within the Organization have been identified, analysed and assessed. This work resulted in the drafting of an "inventory of criminal risks", a matrix describing the effect of these risks on the different processes identified at the ICRMS, which served as the basis for the assessment of risks and the drawing up of the "Criminal Risks Map" and the "Inventory of Criminal Risks" matrix and "Risk Matrix and Criminal Control" for the Organization. This assessment takes into account not only the direct economic impact on the Financial Statements, but also the impact on the reputation of the Group, which will result in future economic consequences reflected in the Financial Statements.

The Head of Compliance, appointed by the Board of Directors on February 2020, is responsible for the supervision of the proper operation and management of the Model.

This process will be reviewed and updated at least once a year and in case of significant changes in the structure, activities (products and services and/or geographic locations) or relevant changes in legislation. The persons responsible for these processes and controls conduct a "self-assessment" of the Model twice a year.

The Head of Internal Audit is in charge of conducting the annual revision of the Model, and reporting the relevant facts and incidences detected to the Audit and Control Committee.

- Which governing body in the entity supervises this process:

One of the duties of the Internal Audit area, under the supervision of the Audit and Control Committee, is to take responsibility for the supervision and periodic update of risk maps, in collaboration with the heads of each of the Functional Areas, who are ultimately responsible for the identification of the risks the Group is subject to, and evaluate them in relation to their likelihood of occurring and their economic impact in case they materialize.

Regarding the regulatory compliance risk management (especially criminal risks), the head of internal audit is in charge of reporting periodically to the Audit and Control Committee on the aspects related to regulatory compliance, and criminal risk management systems, and reports to the Committee the advances made and the results obtained, as well as the policies established in this matter. On the other hand, the Head of Internal Audit reports the results obtained in the annual revisions to this Committee.

### **F.3 Control activities**

State, listing their main characteristics, whether there are at least:

F.3.1 Procedures for the review and authorization of financial information and description of the ICRMS, to be disclosed to securities markets, listing the persons in charge, and descriptive documentation of the flows of activities and controls (including those related to fraud risk) of the different types of transactions that may have a material

impact on financial statements, including the accounting close procedure, and the specific review of the relevant forecasts, estimates and valuations.

The Realia Group has an internal review process of the financial information (including annual accounts, interim period accounts, management reports, and the Annual Corporate Governance Report) that monitors the process from its inception at the Administration and Finance Area and the Corporate Strategy and Investor Relations Department, until it is reviewed by the Audit and Control Committee, and finally approved by the Board of Directors before its publication.

On the other hand, the Risk Control and Management Policy of the Realia Group, whose strategy must be defined by the Board of Directors, implemented by the Heads of each of the functional areas, and supervised by the Audit and Control Committee, incorporates the need to establish a Financial Information Control System that brings together the corresponding criteria, policies, controls and documentation. The implementation of such System was made on the basis of the identification of a number of "Key Processes" that distinguish the duality of the businesses converging on the Realia Group; real estate development on one hand and property business on the other, as well as its common processes:

Property business:

- 1) Asset management (offices)
- 2) Contracts with client and collection management (offices)
- 3) Contracts with suppliers and payment management (offices)
- 4) Asset management (shopping centres)
- 5) Contracts with clients and collection management (shopping centres)
- 6) Contracts with suppliers and payment management (shopping centres)
- 7) Legal and tax advice (Property)

Real estate development business:

- 1) Purchase of land and urban development
- 2) Project development and after-sales management
- 3) Sale of land
- 4) Contracts with clients and collection management
- 5) Contracts with suppliers and payment management
- 6) Legal and tax advice (development).

Common processes:

- 1) HR management
- 2) IT systems
- 3) Accounting close

Narratives and flowcharts have been developed for each of the processes identified, containing a description of the flows of activities and control that have material impact on financial statements, and risk matrices and controls that summarize the risks identified in the narratives and controls implemented to mitigate them. These matrices include information on the nature of each control (manual/automatic, preventive/detective...) and include an additional mention to the risk of fraud where appropriate.

In 2021, the processes associated to the development for residential rent business ("build to rent"), a newly developed segment, have been incorporated. The relevant narrative, flowcharts and control matrices have been created, as well as the risk maps for these processes.

The "asset management" processes in the Property business develop the procedures established in asset sale transactions, direct sale and in-house asset development (land purchase and construction), and apply both to offices and shopping centres and any other asset not for operational lease to third parties. The key "common" processes included are: the process of "accounting close" that includes not only the flow corresponding to the acquisition, standardization and drawing up of the financial information, but also other items such as financing, and the relevant forecasts, estimates and valuations affecting the financial information. Additionally, the process of "information systems management" is included in relation to the financial and management information, which is mainly responsible for matters related to maintenance, in collaboration with external suppliers, of the applications, software, hardware, physical and logical security of the information, and the management of access to information systems by the Group personnel. The process of "human resources management" is considered a common process, even though it is mainly related to the development business.

All the narratives, flowcharts and risk and control matrices have been validated by the owners of the processes. The areas and/or departments are, in the different narratives, responsible for their compliance and to communicate any changes that may affect their design.

**F.3.2 Internal control policies and procedures of information systems (including access security, change control, operation of changes, operational continuity and segregation of functions) supported by the relevant processes of the entity related to the drawing up and disclosure of financial information.**

The internal control policies and procedures related to information systems are the responsibility of the Administration and Finance Department.

The policies and procedures associated to information systems are formalized, and similarly to the rest of key processes, include narratives, flowcharts and risk and control matrices. The main risks contemplated by the Realía Group, and to which it responds, affect the physical security (back-ups, server maintenance and access...), logical security (access controls, authorization and cancellation procedures, protection against malware and other malware...), segregation of functions, recording and traceability of the information, privacy (LOPDGDD), system development and systems maintenance. The Group has a Business Continuity Plan that details the current practices that allow it to respond to a potential disaster or accident that affects information systems. This Plan is currently being reviewed and updated, in order to adapt to the new environment of the Group's information systems.

On the other hand, and as a complement to the Annual Account audit, information and technological systems related to the drawing up of financial information are also subject to an audit, performed by a specialized team of the external auditor of the Group, and is coordinated by the Internal Audit department.

**F.3.3 Internal control policies and procedures addressed at supervising the management of activities subcontracted to third parties, and the aspects related to evaluation, calculation or assessment commissioned to independent experts, which may have a material impact on financial statements.**

The activity subcontracted to a third party with the greatest impact on financial statements is the asset valuation conducted by an independent expert. The corresponding procedure implemented in the Realía Group mainly reflects the recommendations of the CNMV to valuation companies and real estate listed companies regarding the valuation of property. Realía's property assets (property investments – office buildings and shopping centres – and the land portfolio, product in progress and finished product) are valued by independent experts, prestigious entities with extensive expertise, which apply valuation methods nationally and internationally recognized. Additionally, and especially relevant in the Financial Statements audit, valuations are confirmed by the property asset experts of the Group's external auditor.

Control activities in this regard are the responsibility of the Administration and Finance Department, and are included with the process of "Accounts Close" which has its own narrative, flowchart and risk and control matrix that contain a description of the flows of activities and controls that have a material impact on financial statements. The procedure for the selection and contracting of a subcontractor is included in the processes related to the "Contracting of Suppliers and payment management".

## **F.4 Information and communication**

Report, listing their main characteristics, if there is at least:

**F.4.1** A function specifically in charge of the definition and update of accounting policies (accounting policies area or department) and the resolution of queries and conflicts about their interpretation, maintaining fluent communication with the persons in charge of operations in the organization, and an accounting policy manual updated and communicated to the units through which the company operates.

The Administration and Finance Department is in charge of defining and updating the accounting policies and responding to queries and doubts in the Realía Group. The Company has an Accounting Policies Manual which, among other matters, define the criteria used in drawing up the Financial Statements. This manual is

updated periodically, under the supervision of the Administration and Finance Department, according to new relevant regulations and/or legislation and the needs of the Realia Group itself.

Currently, accounting policies, their dissemination and the processes of drawing up the financial information are centralized at the Administration and Finance Department (central services).

There is direct continuous communication with the external auditor in relation to the changes in the applicable accounting regulation and their potential impact on the company, as well as to resolve whatever doubts may arise about their interpretation, which allow to anticipate potential problems that may arise from not updating it.

**F.4.2 Mechanisms for the acquisition and drawing up of financial information with homogenous formats, to be applied and used by all units of the entity or group, which support the financial statements and notes, as well as detailed information about the ICMRS.**

The Realia Group has several IT systems and resources planning systems (“erp’s”) for the preparation of the consolidated statements, which capture the information and consolidate it in a standard format through the SAP BPC software, based on which subsequent adjustments and eliminations inherent in the process of financial statement consolidation.

The processes related to the preparation of the financial information are centralized at the Administration and Finance Department (central services).

The Group has implemented a number of controls to ensure the reliability and adequate processing of the information received from each of the business units. These controls are associated to the “accounting close” and “information system” procedures.

## **F.5 System operation supervision**

State, listing their main characteristics, if there is at least:

**F.5.1** The supervisory activities of the ICRMS performed by the audit committee, and the entity, have an internal audit function whose competences include supporting the committee in its supervision of the internal control system, including the ICRMS. Additionally, the scope of evaluation of the ICRMS carried out during the year shall be reported, and the procedure through which the person responsible for the evaluation reports the results, and whether the entity has an action plan detailing possible corrective measures and its impact on financial information has been considered.

As described in article 44, section 4 of the Board Regulations, the Audit and Control Committee has, among other functions:

- The supervision of the process of the financial information on the company and its group, reviewing compliance with regulatory requirements, the correct demarcation of the consolidation perimeters and the correct application of accounting criteria.
- To review periodically the internal control and risk management systems to identify, manage and report the main risks adequately.

The Company has an Internal Audit function that reports both to the Audit and Control Committee and the Chief Executive Officer of the Group, the Annual Audit Plan, the work done, and the control weaknesses detected. At year end, it issues a comprehensive “Annual Report” of the work done and the reports issued, the adjustment of the activities carried out with the initial “Planning” and its updates, and a summary listing the incidences and control weaknesses detected, the existence of limitations to the scope, if any, control weaknesses detected, recommendations and proposed action plans.

As to the scope of the ICRMS evaluation, during 2021 additional work was carried out on the systematic assessment of the operational efficiency of the controls implemented, through the use of selective samples and specific analyses, and on the updating of the different activity cycles. The updating work mentioned above was performed with the collaboration of the different business areas, under the supervision of the

Audit and Control Committee through the Internal Audit function. It is worth noting that the narratives, flowcharts and control and risks matrices of the processes associated to the development for rent business (“built to rent”) have been created during the year, for this newly created business segment. Subsequently, the operational efficiency of the controls associated to these activities was assessed.

Thus, the Internal Audit function assesses periodically the operational efficiency of controls and procedures, and reviews and updates where necessary the narratives, flow charts and risk and control matrices. Any control deficiency with significant impact on financial information that may be detected is communicated to the persons in charge of the procedures, so that they draw up an appropriate joint action plan that includes the necessary measures to resolve them. Additionally, this review may reveal potential improvements in the controls and processes which will then be submitted to the persons in charge of the procedures so they can assess their possible implementation.

The ICRMS review activities are included as part of the Internal Audit Work Plan. The results of the ICRMS review are reported to the Audit and Control Committee and to the CEO.

F.5.2 Whether there is discussion procedure through which the account auditor (according to the provisions of the Technical Audit Standards), the internal audit function and other experts can report to the management and the audit committee or the directors of the company the significant internal control weaknesses detected during the process of reviewing the annual accounts or any other process they were entrusted with. Additionally, it will report whether it has an action plan that tries to correct or mitigate the weaknesses observed.

The Audit and Control Committee meets at least once every quarter and as many times as it deems appropriate to fulfil its main mission (it met on eight occasions in 2021 –one of them in writing without a session – both online due to the COVID-19 pandemic and in person), to perform its main duty, i.e. to support the Board of Directors in its oversight role, through the periodic review of the process of drawing up of the economic-financial information, the Internal Audit function and the independence of the External Auditor, carried out, among others, the following actions:

- 1) Continuous interaction with Internal Audit to:
  - Obtain information on the planning, scope and conclusions of the work done, checking that it focuses on the most relevant risks and activities. Gather information for the annual report
  - Obtain information about the status of the process of improvement of the weaknesses detected and the corresponding action plans.
  - Obtain an independent view of the financial function for specific matters.
  - Obtain the necessary information to check, according to the duties of the Audit and Control Committee, the independence of the Internal Auditor.
  
- 2) Relations with External Auditors (especially relevant when they have intervened: audit reports, limited reviews) to:
  - Obtain information about their independence, planning, materiality figures, scope and conclusions of the work carried out.
  - Obtain information about the most significant risks identified.
  - Obtain information about the internal control weaknesses identified during their work.
  - Inform the External Auditor of the matters that may affect their work.
  - Discuss with the External Auditor the preliminary content of their reports. To request and review the report for the Audit Committee, commenting on the incidences detected, especially the discrepancies that may arise with the company management (without prejudice to independence). To request explanation on how the most sensitive areas were approached.
  - Obtain the necessary information to check, in keeping with the duties of the Audit and Control Committee, the independence of the External Auditor.

Regarding this matter, it is worth mentioning that a specific procedure regulating the relations of the Audit Committee with the external auditor has been established, documented by a series of narratives, flowcharts and risk and control matrices. This procedure describes and details the actions of the Committee in the process of selection, proposal for appointment, hiring of services (paying special attention to “prohibited” services), and the relations with the account auditor during the performance of their work; the goal is to ensure compliance with the applicable regulation, and to follow as much as possible the recommendations contained in this respect on the Technical Guide of the CNMV dated March 2017 on Audit Committees in public interest entities, and the “Good Governance Code” (reviewed on June 2020). These actions are

governed by the principle of independence of the account auditor, who ensures the greatest transparency and reliability in the issuance and publication of economic and financial information to the Markets.

On the other hand, the Audit and Control Committee may request additional information or the participation of experts in the analysis of matters related to the performance of its duties.

During 2021, the Head of Internal Audit of the Group presented the Audit and Control Committee the Planning of the work to be done during the year, and periodically: reports of the work done and the conclusions and where appropriate, follow up of the suggested corrective actions. Additionally, the Annual Report was presented, a document that summarizes the activities, tasks and reports made during the year, and a summary of the incidences and relevant events detected and, where appropriate, recommendations and actions plans included in the reports and work carried out.

Finally, during 2021 the Audit Committee held several meetings with the external auditor of the Group to review the independence report, to collect the special report for the Audit Committee, analyse the result of the audit work and conclusions from the report; to explain the planning of work, review the independence of the auditor, report on the most significant risks identified – including the risk of fraud -, the new structure of the account audit report, and present the preliminary conclusions of the audit. The Committee held two meetings with external auditors, on the occasion of the issuance of the annual account audit report (and the submission of the complementary report for the Committee), and the issuance of the presentation of results of the limited review of the mid-year financial statements.

## **F.6 Other relevant information**

### **F.7 External auditor report**

Report:

**F.7.1** Whether the information of the ICRMS sent to the markets has been reviewed by the external auditor, and if so, the entity should include the corresponding report as an attachment. Otherwise, it should explain the reasons.

The Realia Group has not subjected the information on the Internal Control System of the Financial Information to review, since after evaluating the cost-benefit, it believes that given the size and the resources of the Company, it considers that using an external auditor for this purpose breaches the principle of economic balance that must prevail in the management of corporate resources.

The narratives, flow charts, risk matrices and controls of the processes identified within the framework of the ICRMS are shared with the external auditors. Interviews are held with the Head of Internal Audit and the external auditor's team to discuss the areas analysed and the results obtained in the review of the operational efficiency of controls.

Additionally, the External Auditor of the Company, in its additional report for the Audit and Control Committee, issued in accordance with art. 36 of the Account Auditing Law, has reported the following to the Committee:

“In our risk assessments, we have taken into account the relevant internal control for the drawing up of the financial statements by the Company and the accounting system, in order to design audit procedures adequate to the circumstances and not to express an opinion of the efficiency of the internal control of the company. However, we have the obligation of informing you of the internal control weaknesses detected and that we consider to be significant. In this respect, we have not identified aspects that required reporting”.

## **G. DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS**

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State the degree of compliance of the company of the good governance Code of listed companies.

In case any of the recommendations is not complied with or only partially, a detailed explanation should be included of the reasons, so that shareholders, investors and the market in general have enough information to assess the conduct of the company. Explanations of a general nature are not accepted.

1. The bylaws of listed companies do not limit the maximum number of votes that one shareholder can cast, or contain other restrictions that hinder the taking over control of the company through the acquisition of its shares in the market.

Compliant (X)      Explain ( )

2. When the listed company is controlled, according to the meaning of article 42 of the Code of Commerce, by another entity, listed or not, and has, directly or through its subsidiaries, business relations with the entity or one of its subsidiaries (other than the listed company) or develops activities related with those of any of them, must publicly report accurately about:

- a) Their respective areas of activity and potential business relations between on the one hand, the listed company or its subsidiaries, and on the other, the parent company or its subsidiaries.

- b) The mechanisms foreseen to resolve potential conflicts of interests that may arise.

Compliant ( )      Partially compliant (X)      Explain ( )      N/A ( )

The Company reports the related party transactions that the company or its investees conducts with its significant shareholders and/or its investees in its Annual Corporate Governance Report, in the "additional relevant information" section.

In order to resolve potential conflicts of interest that may arise:

- 1) Before signing any service provision agreement, quotes are requested from different market operators;
- 2) All the agreements entered into are signed under market economic conditions.
- 3) The Company has chosen to decide that this type of transactions can only be approved by the independent members of the Board of Directors (both the executive chairman and the nominee directors refrain from participating in the discussion and voting).

3. During the general shareholders' meeting, as an addition to the written disclosure of the annual corporate governance report, the general manager must inform orally to the shareholders, in sufficient detail, of the most relevant aspects of the corporate governance of the company, especially:

- a) The changes occurred since the previous general meeting of shareholders.

- b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and the alternative rules applied, if any.

Compliant (X)      Partially compliant ( )      Explain ( )

4. The company must define and promote a policy of communication and contact with shareholders, institutional investors and voting advisors that is fully respectful of the rules against market abuse and treats the shareholders in the same position equally. The company must publish that policy in its website, including information on the way it has been implemented, and identifying the persons responsible for its implementation.

Notwithstanding the legal obligations of disclosure of inside information and other types of regulated information, the company must also have a general policy related to the disclosure of economic-financial, non-financial and corporate information through the channels it deems appropriate (mass media, social media or other) that contributes to maximize the dissemination and quality of information disclosed to the market, the investors and other stakeholders.

Compliant ( )

Partially compliant (X)

Explain ( )

The relations of the company with shareholders, institutional investors and voting advisors is fully respectful of the rules against market abuse and tries to treat equally shareholders who are in the same position, even though it does not have a formally approved policy on this matter.

Regarding the disclosure of inside information, and in order to save resources, the policy of the company is to provide only the information that the market and investors need to know, and to use the institutional channels, the CNMV website and the corporate site for that purpose. This safeguards the equal treatment of all stakeholders mentioned in the previous paragraph.

5. The board of directors does not submit to the general shareholders' meeting a proposal for the delegation of powers to issue shares or convertible bonds excluding preferential subscription rights for an amount higher than 20% of the share capital at the time of delegation.

When the board of directors approves any issue of shares or convertible bonds excluding preferential subscription rights, the company shall publish immediately on its website the reports on such exclusion that the mercantile legislation refers to.

Compliant ( )

Partially compliant (X)

Explain ( )

In the General Shareholders' Meeting corresponding to the year 2017, the Board was delegated the power to increase share capital up to a maximum amount equal to half the share capital at the date of such authorization, and was also granted the power to exclude, totally or partially, the preferential subscription right. The delegation of the power to exclude such right is governed by the fact that in order for the Board to make efficient use of the delegation to increase capital, speed is essential, as well as the selection of the source of the resources that due to their immediate availability and temporary limitation, could make it necessary to exclude the preferential subscription right, in order to meet the objectives of the capital increase.

In any case, the delegation agreement contemplates the possibility that if the Board decides to exclude the preferential subscription rights, it will issue at the time of adopting it the corresponding agreement, a detailed report describing the specific reasons of shareholding interest that justifies such measure, which will be the subject of the corresponding report by an account auditor other than the Company auditor, described in article 506 of the Law on Corporations. These reports must be provided to the shareholders and reported to the first General Meeting of Shareholders held after the agreement to increase capital.

Notwithstanding the above, the Board of Directors of the company, making use of the power delegated by the Annual General Meeting, agreed a capital increase in 2018, and did not exclude the right of preferential subscription of the shareholders.



6. Listed companies that draw up the following reports, either voluntarily or mandatorily, must publish them in their websites with enough time in advance before the general meeting, even if their dissemination is not mandatory:
- a) Report on the auditor's independence
  - b) Reports on the performance of the audit and appointment and remuneration committees.
  - c) Report of the audit committee on related party transactions.

Compliant ( )                      Partially compliant (X)                      Explain ( )

In 2021, the Company drafted the reports mentioned in the previous sections, but it only published on its website the report on the auditor's independence.

The policy of the Company is not to publish documents that do not provide useful information to shareholders and investors. Accordingly, it has not published the reports on the Appointments and Remuneration Committee or the Audit and Control Committee, because they do not provide any additional relevant information not already included in other documents and in the Corporate Governance Report. Thus, all the information about the Appointments and Remuneration Committee and the Audit and Control Committee contained in these reports is the same that is provided in section C.2.1 of the Corporate Governance Report. Finally, the Report on related party transactions issued by the Audit and Control Committee provides a summary of the transactions analysed and approved during the year. The information about these transactions is already provided in the financial statements and the Corporate Governance Report, section D.

7. The company broadcasts live the general meetings of shareholders on its website.

The company has mechanisms that allow for the delegation of votes and to vote with telematics means and, in case of companies with high capitalization and to a proportionate extent, that allow for attending and actively participating in the AGM.

Compliant (X)                      Partially compliant ( )                      Explain ( )

8. The audit committee shall make sure that the board of directors submits financial statements to the general shareholders' prepared according to accounting regulations. In the cases in which reservations exist, the chairman of the audit committee must explain clearly the opinion of the audit committee about its content and scope during the AGM, and must provide a summary of this opinion, as well as the rest of proposals and reports of the board at the time of publication of the AGM call.

Compliant (X)                      Partially compliant ( )                      Explain ( )

9. The company must permanently publish in its website the requirements and procedures accepted to prove the ownership of shares, the right of attendance to the general meeting of shareholders and the exercise or delegation of voting rights.

Such requirements and procedures should favour the attendance and the exercise of its rights to shareholders and are applied in a non-discriminatory manner.

Compliant (X)                      Partially compliant ( )                      Explain ( )

10. When any shareholder entitled to do so has exercised, before the general shareholders' meeting, the right to complete the agenda or to submit new proposals for agreement, the company:

- a) Disseminates immediately such additional items and new proposals for agreement.
- b) Publishes the attendance card or proxy form or distance vote form with the appropriate modifications so that the new items in the agenda and alternative proposals for agreement can be voted on in the same terms as those proposed by the board of directors.
- c) Submits all these agenda items or alternative proposals to a vote, and applies to them the same voting rules than those formulated by the board of directors, including specially the assumptions and inferences on the sense of the votes.
- d) After the general meeting of shareholders, a breakdown on the vote of the additional agenda items or alternative proposals must be provided.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

11. In case the company plans to pay attendance bonuses for attendance to general meetings of shareholders, it must establish beforehand a general policy on these bonuses, and said policy must be stable.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

12. The board of directors must perform its duties with unity of purpose and independence, treats equally all the shareholders in the same position, and is guided by the interest of shareholders, understood as the achievement of a profitable and sustainable business in the long term, that promotes its continuity and the maximization of the company's economic value.

Additionally, in the benefit of shareholders, apart from complying with the laws and regulations and having a conduct based on good faith, ethics and respect for commonly accepted uses and customs, seeks to conciliate the social interest with the legitimate interests of its employees, suppliers, customers and the rest of stakeholders that may be affected, as well as the impact of the company activities on the community and the environment.

Compliant (X)                      Partially compliant ( )                      Explain ( )

13. The board of directors must be of an adequate size to achieve an efficient and participative operation, which makes it convenient for it to be composed of between five and fifteen members.

Compliant (X)                      Explain ( )

14. The board of directors must approve a director selection policy that:
- a) Is specific and verifiable.
  - b) Ensures that the proposals for appointment or re-election are based upon a prior analysis of the needs of the board of directors.
  - c) Favours the diversity of knowledge, experiences and gender. To that end, the measures that promote the presence of a significant number of female senior managers are considered to favour gender diversity.

The result of the prior analysis of the needs of the board of directors must be included in the explanatory report from the appointment committee published upon the call for the general shareholders' meeting in which the re-election, appointment or ratification of each directors is proposed.

The appointment committee will verify annually the compliance with the director selection policy, which will be reported in the annual corporate governance report.

Compliant ( )                      Partially compliant (X)                      Explain ( )

The Company does not have a Directors selection policy expressly approved; however, it does take into account a number of objectives in its process of directors' selection: 1) balance, with a great majority of non-executive directors and an adequate proportion of nominee and independent directors; 2) diversity in all its aspects; and 3) dedication, for the efficient and correct performance of their duties. Additionally, the Company does not only take into account the needs of the governance body before selecting a candidate, but all candidates are obligated to comply with the requirements of good repute and skills, dedication and specialization. These objectives and principles are clearly present in the current composition of the Board of the company, explained in further detail on section C.1.5 of this report.

15. Nominee and independent directors should make up an ample majority of the board of directors and the number of executive directors is the minimum necessary, in consideration of the complexity of the corporate group, and the percentage of ownership of executive directors in the capital of the company.

Additionally, the number of female directors represents at least 40% of the members of the Board before the end of 2022 and beyond, and no lower than 30% before then.

Compliant (X)                      Partially compliant ( )                      Explain ( )

16. The percentage of nominee directors on the total number of non-executive directors is no higher than the proportion existing between the share capital of the company represented by those directors and the rest of the share capital.

This criterion can be softened:

- a) In companies of a high capitalization in which there are few shareholding interests that are legally considered as significant.
- b) In the case of companies in which there is a large number of shareholders represented in the board of directors and there are no links between them.

Compliant (X)            Explain ( )

17. The number of independent directors represents at least one-half of the total number of directors.

However, when the company does not have a high capitalization or when, if even if it does, it has one or several shareholders acting jointly who control more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Compliant (X)            Explain ( )

18. The companies must publish and update the following information about its directors on its website:

- a) Professional and personal profile.
- b) Other boards of directors they are members of, regardless of whether they are listed companies or not, and all other remunerated activities they perform, whatever their nature.
- c) Type of director: in the case of nominee directors, the shareholder they represent or are related to must be mentioned.
- d) Date of their first appointment as director in the company, and date of the subsequent re-elections.
- e) Company shares, and share options, they own.

Compliant (X)            Partially compliant ( )    Explain ( )

19. The annual corporate governance report, following the verification by the appointment committee, must explain the reasons why nominee directors have been appointed at the request of shareholders with less than 3% of the share capital. Additionally, it must explain the reasons, when applicable, for not fulfilling formal requests of board representation from shareholders who represent an ownership interest equal or higher than that of others at whose request nominee directors were appointed.

Compliant ( )    Partially compliant ( )            Explain ( )            N/A (X)

20. Nominee directors must resign when the shareholder whom they represent transfers fully its ownership interest. They must also resign, in proportional numbers, when such shareholder reduces its ownership interest down to a level that requires the reduction of the number of its nominee directors.

Compliant (X)            Partially compliant ( )            Explain ( )            N/A ( )

21. The board of directors does not propose the removal of any independent director before the end of the statutory term for which they have been appointed, unless there is just cause, appreciated by the board of directors after receiving the corresponding report from the appointment committee. Especially, a just cause is considered to exist when the director takes on new positions or acquires new obligations that prevent them from dedicating the time necessary to perform their duties as director, does not comply with their duties or incurs in any of the circumstances that will make them lose their independence, according to the applicable legislation.

The removal of independent directors may also be proposed as a consequence of takeover bids, mergers or other similar corporate operations that entail a change in the capital structure of the company, when such changes in the structure of the board of directors are the result of the proportionality principle described under recommendation 16.

Compliant (X)                      Explain ( )

22. The companies must establish rules that mandate the directors to report and, if applicable, resign, in cases that may harm the standing and reputation of the company, and specifically, make it mandatory to inform the board of directors of the criminal proceedings in which they have been indicted, and of any subsequent legal procedures.

If a director were to be indicted or tried for any of the offences contemplated in corporate law, the board of directors must examine the case immediately and, in view of the circumstances, decides, after a report from the appointments and remuneration committee, whether any measure must be taken, such as opening an internal inquiry, request the resignation or propose the termination of the director. In addition, the board of directors must report all this in the annual corporate governance report, unless there are special circumstances that prevent it, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, where appropriate, at the time of adopting the corresponding measures.

Compliant (X)                      Partially compliant ( )                      Explain ( )

23. All the directors must express their opposition clearly when they consider that any proposal submitted to the decision of the board of directors may be contrary to the interests of shareholders. The same applies especially to independent directors and other directors unaffected by the potential conflict of interest, when those decisions may harm the interests of shareholders not represented on the board of directors.

Additionally, when the board of directors adopts significant or repeated decisions about which the director has expressed serious reservations, the director must draw the appropriate conclusions and, if they choose to resign, explain the reasons for their resignation in the letter to which the following recommendation refers.

This recommendation also includes the secretary of the board of directors, even if they are not members of the board.

Compliant (X)                      Partially compliant ( )                      Explain ( )                      N/A ( )

24. In case that a director, due to their resignation or for any other reason, steps down from their office before their term of appointment is completed, they must explain the reasons in a letter sent to all the members of the board.

Without prejudice of such removal being reported in the annual corporate governance report as a relevant event for investors, the company must make the removal public as soon as possible, stating the reasons or circumstances for the removal cited by the director.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

25. The appointment committee must make sure that non-executive directors have the necessary time available for the correct performance of their duties.

Additionally, the board regulations must establish the maximum number of company boards of which its directors can be members.

Compliant ( )                      Partially compliant (X)                      Explain ( )

The Board Regulations of Realia do not set a limit on the number of boards of which its directors can be members. However, this does not mean that the directors cannot be required to dedicate the necessary time and effort to perform their duties correctly.

The Company believes that the time availability of a director may not be directly related to the number of boards of which they are a member, but it can be influenced by many other factors, both personal and professional. Thus, limiting the number of Boards a director can be a member of does not ensure greater availability to the Company and may, on the contrary, deprive its own board of directors of the added value of the expertise its directors may acquire in the governing bodies of other entities

26. The board of directors must meet with the appropriate frequency required to perform their duties with efficacy, with a minimum of eight times a year, according to the schedule of dates and matters established at the beginning of the year, and each director may individually propose additional items to the agenda not contemplated initially.

Compliant (X)                      Partially compliant ( )                      Explain ( )

27. Nonattendance of directors must be reduced to the minimum number possible, and must be quantified in the annual corporate governance report. When directors cannot attend, they should grant a detailed proxy.

Compliant ( )                      Partially compliant (X)                      Explain ( )

Indeed, nonattendance of directors occurs in a minimum number of cases and have been quantified in this report (percentage of attendance), and proxies have been given in practically all cases to other directors,

according to the rules established in the Board Regulations. However, it is uncommon for written directions to be given on how to vote. This is due to the fact that one of the main features of the meetings of the Board of Directors of the Company is their deliberative nature: every director expresses their opinion and their position on the matters discussed. This implies that very often, the directors do not reach a decision about their vote until the deliberations end. Therefore, the Company does not think it is advisable to grant a proxy vote with precise instructions, since this deprives the director of the additional information provided by these deliberations that may influence on their voting decision. Additionally, so far the Directors have decided not to use this option.

28. When the directors or the secretary of the board express their concern about any proposal, or in the case of directors, on the running of the company and those concerns are not resolved at the board of directors, they must be recorded in the minutes, at the request of whoever expressed such concerns.

Compliant (X)    Partially compliant ( )    Explain ( )    N/A ( )

29. The company must establish the appropriate channels for directors to receive the necessary advice for the performance of their duties including, if the circumstances so warrant it, external advice at the company's expense.

Compliant (X)    Partially compliant ( )    Explain ( )

30. Regardless of the expertise required from directors for the fulfilment of their duties, the company must offer to directors knowledge update programs when the circumstances so warrant it.

Compliant ( )    Explain ( )    N/A (X)

31. The agenda of the sessions must indicate clearly the items on which the board of directors must make a decision or reach an agreement so that the directors may review or obtain beforehand the information required for their approval.

When, exceptionally, for reasons of urgency, the chairperson wants to submit to the approval of the board of directors, decisions or agreements not included in the agenda, it will be necessary to obtain the prior and express approval of a majority of the directors present, and it will be duly registered in the minutes.

Compliant (X)    Partially compliant ( )    Explain ( )

32. The directors must receive information periodically about the changes in shareholding structure, and the opinion that principal shareholders, investors and rating agencies have on the company and its group.

Compliant (X)    Partially compliant ( )    Explain ( )

33. The chairperson, as the person responsible for an efficient operation of the board of directors, apart from performing the duties established by the law and the bylaws, must prepare and submit to the board of directors a schedule of dates and matters to discuss; organize and coordinate the periodic evaluation of the board and the chief executive officer of the company; is responsible for the board and its efficient operation; makes sure the sufficient time is dedicated to the discussion of strategic issues, and agrees and reviews the knowledge update programs for each director, when the circumstances so warrant it.

Compliant (X)    Partially compliant ( )    Explain ( )

34. When one of the directors is a coordinator, the bylaws or the board regulations, grants the coordinator, apart from the duties they are legally entitled to, the following duties: to chair the board of directors in the absence of its chairperson and the vice-presidents, if any; to reflect the concerns of non-executive directors; to maintain contacts with shareholders and investors to find out their opinions for the purpose of forming an opinion about their concerns, especially in relation with the corporate governance of the company; and to coordinate the chairperson's succession plan.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

35. The secretary of the board of directors must take special care so that the board of directors takes into account in its actions and decisions the recommendations on good governance described in this good governance code that may be applicable to the company.

Compliant (X)                      Explain ( )

36. All of the members of the board of directors must evaluate once a year and approve, if appropriate, an action plan that corrects the deficiencies detected related to:

- a) The quality and efficiency of the performance of the board of directors.
- b) The performance and composition of its committees.
- c) The diversity in the composition and duties of the board of directors.
- d) The performance of the chairperson of the board and the chief executive officer of the company.
- e) The performance and contribution of each directors, paying special attention to the directors who chair the different board committees.

The basis for the evaluation of the different committees will be the reports submitted by these committees to the board of directors and, in the case of the latter, the report submitted by the appointment committee.

Every three years, the board of directors will receive the assistance of an external consultant for the evaluation report. The appointments committee will verify the independence of the consultant.

The business relations that the consultant or any company of its group holds with the company or any company of its group must be detailed in the annual corporate governance report.

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

Compliant ( )                      Partially compliant (X)                      Explain ( )



Even though the company fulfils practically all the aspects contained in this Recommendation, the Board evaluation is conducted on all of its members in general, and not individually. The Board has never used an external consultant for this assessment.

The Company believes that its Board of Directors is functional and efficient, thanks to the expertise and the knowledge that each one of its members contributes to this body in their direct relations with the rest of the directors. Therefore, it believes it is more accurate to assess the performance of the Board as a whole, rather than assessing each director individually, which could cast an incomplete picture of that body. This offers a more faithful image of the quality and efficiency of its operation, performance and composition.

Regarding the use of an external consultant to evaluate the performance of the Board, when one takes into account on the one hand, the small size of the Board, which allows to know the work that the rest of the members do and therefore, to assess their work more accurately and, on the other, the size and the resources of the Company, resorting to an external consultant is believed to infringe the principle of economic balance that must govern the management of such resources.

37. When an executive committee exists, the structure of participation of the different categories of directors must be similar to that of the board of directors, and the secretary of the executive committee must be the secretary of the board of directors.

Compliant ( )                      Partially compliant (X)                      Explain ( )                      N/A ( )

Both the Secretary and the Assistant Secretary of the Board hold the same positions in the Executive Committee. However, there are currently no independent directors in the Executive Committee. This is due to the fact that the Board believes that, given the duties assigned to this Committee, independent directors would not provide any added value to the Committee and if they were included, this would increase the global cost of this governing body for the Company with no additional benefit, which would infringe the principle of economic balance that must govern the management of its resources.

38. The board of directors must be informed at all times of the matters discussed and the decisions adopted by the executive committee, and all the members of the board of directors must receive copies of the minutes of the executive committee sessions.

Compliant (X)                      Partially compliant ( )                      Explain ( )                      N/A ( )

39. The members of the audit committee, especially its chairperson, are appointed taking into consideration their knowledge and experience in matters of accounting, audit or risk management, both financial and non-financial.

Compliant (X)                      Partially compliant ( )                      Explain ( )

40. Under the supervision of the audit committee, a unit must exist assuming the internal audit function that sees to the good operation of the information and internal control systems, functionally reporting to the non-executive chairperson of the board or of the audit committee.

Compliant (X)                      Partially compliant ( )                      Explain ( )

41. The person in charge of the unit that assumes the internal audit function must submit its annual action plan to the audit committee, report directly of any incidence arising in its development, and submits an activity report at the end of each year.

Compliant (X)                      Partially compliant ( )                      Explain ( )                      N/A ( )

42. Other than those contemplated by law, the audit committee must fulfil the following duties:

1. Regarding the information and internal control systems:

- a) To supervise the process of drawing up and the integrity of the financial and non-financial information related to the company, as well as the financial and non-financial risk management and control systems for the company and where applicable, to the group – including operational, technological, legal, social, environmental, political, reputational and corruption-related risks – reviewing compliance with the regulatory requirements, the adequate demarcation of the consolidation perimeter and the correct application of accounting standards.
- b) To protect the independence of the unit taking on internal audit function; to propose the selection, appointment, reelection and removal of the head of internal audit; to propose the budget for this service; to approve the guidelines and action plan, making sure its activity is mainly focused on the relevant risks for the company; to receive periodic information about its activities; and to verify that the senior management takes into account the conclusions and recommendations in its reports.
- c) To establish and supervise a mechanism that allows employees to communicate, confidentially and, if possible and considered as adequate, anonymously, potentially relevant irregularities, especially of a financial and accounting nature, detected in the company. This mechanism must ensure confidentiality and in all cases, contemplate cases in which these reports can be made anonymously, in respect of the rights of the whistle-blower and the reported party.
- d) To ensure that the internal control policies and systems established are implemented effectively in practice.

2. Regarding the external auditor:

- a) In case of resignation of the external auditor, to examine the circumstances that have prompted it.
- b) To make sure that the remuneration of the external auditor for its work does not jeopardize its quality or independence.
- c) To supervise that the company communicates the change of auditor to the CNMV as a relevant event, with an attached statement about the possible existence of disagreements with the outgoing auditor and about the content of the audit, if any.
- d) To make sure that the external auditor holds an annual meeting with the shareholders' meeting to report on the work done and the evolution of the accounting situation and the risks of the company.
- e) To make sure that the company and the external auditor comply with the existing rules on the provision of services other than audit, the limits to the concentration of business of the auditor and, in general, the rest of rules on the independence of auditors.

Compliant ( )                      Partially compliant (X)                      Explain ( )

- 1) The internal whistleblowing channel is currently designed to be used by company employees only, and not by third parties. The reason is because otherwise, it will provide a reduced benefit compared to the great damage that could result from an improper use of the tool.
- 2) To date, it is not customary for the external auditor to hold meeting with all the Members of the Board. The Company believes that if the Law on Corporations contemplates the creation of a specific committee to which the Board delegates, among other duties, its relations with the external auditor and the monitoring of their work, it makes no sense for the Board itself to do it directly, unless the work of its own Committee is subject to mistrust.

In Realia, given the degree of communication between the Audit and Control Committee and the Board of Directors and the relation between that Committee and the external auditor, the Board does not need to meet personally with the latter to be informed about the work done and the evolution of the accounting situation and its risk for the Company, since it is informed by the Chairman of the Audit and Control Committee on all matters discussed in their meetings. Additionally, the Board has the option of requesting the presence of the external auditor at any time to clarify all the matters it deems appropriate.

43. The audit committee may summon any employee or manager of the company, and even decide that they must appear without the presence of any other manager.

Compliant (X)                      Partially compliant ( )                      Explain ( )

44. The audit committee is informed about structural and corporate change operations planned by the company for their prior analysis and report to the board of directors about their economic conditions and accounting impact and, especially, if appropriate, about the exchange ratio proposed.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

45. The risk control and management policy should identify at least:
- a) The different types of risk, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational, including risks of corruption) that the company faces, including contingent liabilities and other off-balance risks among the financial and economic risks.
  - b) A risk control and management model based on different levels, of which any risk specialized committee will be a part of whenever it is so contemplated by the rules of the sector or the company deems it appropriate.
  - c) The level of risk the company deems acceptable.
  - c) The measures planned to mitigate the impact of the identified risks, in case they materialize.
  - d) The information and internal control systems that will be used to control and manage the risks, including contingent liabilities or off-balance risks.

Compliant (X)                      Partially compliant ( )                      Explain ( )

46. Under the direct supervision of the audit committee or, if appropriate, a specialized committee of the board of directors, there is an internal risks control and management function exercised by an internal unit or department of the company that has the following specific duties:
- a) To ensure the good performance of the risks control and management systems and, especially, that identify, manage and quantify appropriately all the major risks affecting the company.
  - b) To participate actively in the drawing up of the risks strategy and the relevant decisions about their management.
  - c) To make sure that the risks control and management systems mitigate risks adequately within the policy defined by the board of directors.

Compliant ( )                      Partially compliant (X)                      Explain ( )

The company meets this Recommendation in all of its proposals, with the exception of the last subparagraph of section b), since the decisions about the risk management strategy corresponds, where applicable, to the Chief Executive Officer or the Board of Directors itself.

47. The members of the appointment and remuneration committee – or the appointment committee and the remuneration committee, if they are separate – are appointed based on their knowledge, skills and experience adequate to the duties they have to perform, and that most of the members are independent directors.

Compliant ( )                      Partially compliant (X )                      Explain ( )

In view of the implications that the performance of the functions of this Committee (proposals for Directors' remuneration, for remunerations of the governing body, proposals of new directors...) may have for the Company, the Board deemed it appropriate to establish the number of its members to 5. Taking into account that there are 2 independent directors in the Board, it is not possible to comply with the recommendation that most of its members are independent. Notwithstanding the above, the Company has tried to follow this recommendation to a degree through the appointment of all of its independent directors as members of this Committee.

48. The companies with a high capitalization must have two separate committees, one for remunerations and the other for appointments.

Compliant ( )                      Explain ( )                      N/A (X)

49. The appointment committee must consult with the chairperson of the board and the chief executive officer of the company, especially on matters related to the executive directors.

Any director can request the appointment committee to consider, in case they find them suited for the job, potential candidates to cover vacant director positions.

Compliant (X)                      Partially compliant ( )                      Explain ( )

50. The remuneration committee must perform its duties with independence and, besides the powers granted to it by law, must have the following powers:

- a) To propose to the board of directors the basic conditions of the contracts of senior executives.
- b) To check compliance with the remuneration policy established by the company.
- c) To review periodically the remuneration policy applied to directors and senior executives, including the remuneration systems with shares and their application, and to guarantee that their individual remuneration is proportional to that paid to other directors and senior managers of the company.
- d) To make sure that potential conflicts of interest do not harm the independence of the external advice provided to the committee.
- e) To check the information on remunerations of directors and senior managers contained in the different corporate documents, including the annual report on directors' remuneration.

Compliant (X)                      Partially compliant ( )                      Explain ( )

51. The remuneration committee must consult with the chairperson of the board and the chief executive officer, especially on matters related to executive directors and senior managers.

Compliant (X)                      Partially compliant ( )                      Explain ( )

52. The rules for the composition and operation of the supervision and control committees must be included in the board regulations, and must be consistent with those applied to the legally mandatory committees, according to the aforementioned recommendations, including:

- a) The committees must be completely composed by non-executive directors, with a majority of independent directors.
- b) Their chairpersons must be independent directors.
- c) The board of directors must appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the duties of each committee, and must deliberate on their proposals and reports; and they must be accountable for their activity at the first board of directors session held after their own meetings, and they must respond for the work carried out.
- d) The committees can obtain external advice, when they deem it necessary for the performance of their duties.
- e) Minutes must be recorded of their meetings, and made available to all directors.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

53. The supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility is assigned to one or distributed among several board of directors committees, which may be the audit committee, the appointment committee, the corporate social responsibility committee, if any, or a specialized committee that the board of directors decides to create in use of its self-organization powers. Such committee should be composed exclusively by

non-executive directors, most of them independent, and must be specifically assigned the minimum duties described in the next recommendation.

Compliant (X)                      Partially compliant ( )                      Explain ( )

54. The minimum functions mentioned in the previous recommendation are the following:
- a) The supervision of compliance with the internal codes of conduct and the corporate governance rules of the company, ensuring that the corporate policy is in line with its purpose and its values.
  - b) The supervision of the implementation of the policy on disclosure of economic-financial, non-financial and corporate information, and on communication with shareholders and investors, voting advisers and other stakeholders. It will also monitor the way the company communicates and relates with small and medium shareholders.
  - c) The periodic evaluation and review of the corporate governance system and the environmental policy of the company, ensuring they fulfil their mission to promote the corporate interests and take into account, where appropriate, the legitimate interests of the rest of stakeholders.
  - d) The verification that the company's practices in the environmental and social areas are in line with the established policy and strategy.
  - e) The supervision and evaluation of the processes of relations with the different stakeholders.

Compliant (X)                      Partially compliant ( )                      Explain ( )

55. Sustainability policies related to social and environmental matters must identify and include at least:
- a) The principles, commitments, objectives and strategy in relation to shareholders, employees, clients, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal conducts.
  - b) The methods or system for monitoring compliance with policies, their associated risks and their management.
  - c) The mechanisms for the supervision of non-financial risk, including the risk related to ethical and corporate conduct aspects.
  - d) The channels for communication, participation and dialog with stakeholders.
  - e) The responsible communication practices that prevent the manipulation of information and protect honour and integrity.

Compliant (X)                      Partially compliant ( )                      Explain ( )

56. The remuneration of the directors is sufficient to attract and retain the directors of the desired profile and to remunerate the dedication, qualification and responsibility required by the position, but not as high as to compromise the independent judgement of non-executive directors.

Compliant (X)                      Explain ( )

57. Variable remuneration linked to the performance of the company and personal performance should be limited to executive directors, as well as the remuneration through shares, options or rights over shares or referenced instruments linked to the share price and long-term saving systems such as pension plans, retirement schemes or other social welfare systems.

Shares can be considered as a form of remuneration of non-executive directors when subject to the condition that they must hold the shares until they are no longer directors. This would not be applicable to the shares that the director needs to sell, where appropriate, to cover the costs of their acquisition.

Compliant (X)                      Partially compliant ( )                      Explain ( )

There was no variable remuneration in 2021.

58. In the case of variable remuneration, the remuneration policies must incorporate the limits and the necessary technical safeguards to ensure that such remunerations are linked to the professional performance of its beneficiaries and are not solely the result of the general evolution of the markets or the sector of activity of the company or other similar circumstances.

Specifically, the variable part of the remuneration must:

- a) Be linked to performance criteria that are predetermined and measurable, and such criteria must consider the risks assumed for the achievement of results.
- b) Promote the company's sustainability and include non-financial criteria adequate for long-term value creation, such as the compliance with the internal rules and procedures of the company and its risks control and management policies.
- c) Are designed on the basis of a balance between the fulfilment of short, medium and long term objectives, that allow remuneration for a continued performance during sufficient time to appreciate its contribution to sustainable value creation, so that the criteria for the measurement of such performance do not only refer to one-off, occasional or extraordinary events.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

59. Payment for a relevant part of the variable components of the remuneration is deferred for a minimum period, sufficient to check that the previously established performance requirements have been fulfilled. The entities shall include in the directors' annual remuneration report the criteria related to the time required and the methods used for such verification, according to the nature and characteristics of every component of the variable pay.

Additionally, the entities must contemplate the establishment of a reduction clause ("malus") based on the deferment for a sufficient period of time of the payment of a part of the variable pay components that implies their loss, totally or partially, in case that an event that occurs before the moment of payment that makes it advisable..

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

60. Remunerations linked to the company's results must take into account the possible reservations included in the external auditor report that reduce those results.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

61. A high percentage of the variable remuneration of executive directors is linked to the delivery of shares or financial instruments referenced to their value.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

62. Once the shares or share options or financial instruments corresponding to the remuneration system have been allocated, executive directors cannot transfer their property or exercise them until a minimum of three years have elapsed from their allocation.

This will not apply to the shares that the director holds at the time of assignment or exercise of its rights, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice their fixed annual remuneration through the ownership of shares, options or other financial instruments.

The former will not apply to the shares that the director needs to dispose of to pay the costs of their acquisition, or after a favourable opinion from the appointments and remuneration committee, to face any unexpected extraordinary situation that would so require.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

63. Contractual arrangements must include a clause that allows the company to demand the refund of the variable part of the remuneration when the payment has not fulfilled the performance conditions, or when payment has been made according to information that is subsequently proven inaccurate.

Compliant ( )                      Partially compliant ( )                      Explain ( )                      N/A (X)

64. Payments for contract termination must not exceed a pre-established amount equivalent to two years of the total annual remuneration, and must not be paid until the company has proven that the director has fulfilled the previously established performance criteria.

For the purposes of this recommendation, any payment whose accrual or payment obligation arises as a consequence or on the occasion of the termination of the contractual relation linking the director with the company will be included as termination payments, including the amounts of long-term savings and the amounts paid under non-competition post-contractual covenants not previously consolidated.

Compliant (X)                      Partially compliant ( )                      Explain ( )                      N/A ( )



## H. ADDITIONAL INFORMATION OF INTEREST

1. If there is a relevant aspect on the subject of corporate governance in the company or the group companies that is not included in the rest of sections of this report, but which is necessary to include to gather more complete and reasoned information on the government structure and practices of the company or its group, describe them briefly.
2. This section can also include any other information, clarification or qualification on the previous sections of the report in as far as they are relevant and not repetitive.

Specifically, state if the company is subject to a legislation other than the Spanish legislation on corporate governance and, where applicable, include the information it is required to report other than the information required by this report.

3. The company may also report if it has accessed voluntarily other international, sectoral or other ethical or good practice codes. In that case, the corresponding code must be identified, and the date of accession. Specific mention must be made of whether it has adhered to the Code of Good Tax Practices, of 20 July 2010:

In relation to the new wording of subparagraph 6 of article 540.4.c of the Law on Corporations, it is reported that Realia Business, S.A. is a medium-sized company, according to the definition of article 3.10 of the Account Audit Law, and therefore it is only obliged to provide information on the measures adopted on matters of gender.

Thus, as mentioned before, due to the current composition of the Board of Directors, in which 50% of its members are women, the Company did not need to apply any specific measure in favour of gender diversity in its governing body, since the diversity already exists.

This annual corporate governance report was adopted by the Board of Directors of the company, in its session held on

22/02/2022

Have any directors voted against or abstained in the approval of this report?

Yes

No

THIS DOCUMENT COMPLEMENTS THE INFORMATION PROVIDED IN THE ANNUAL CORPORATE GOVERNANCE REPORT INCLUDED IN THE MANAGEMENT REPORT AS AN APPENDIX THAT HAS NOT BEEN INCORPORATED TO THE FORM FOR REASONS OF CONFIGURATION OF THE PROGRAM.

### **C.2.1.) Additional information on Board Committees**

#### AUDIT AND CONTROL COMMITTEE:

(...)

As to their work during the year, the Committee has held seven (7) meetings during 2021, in the months of January, February, April, May, July, October and December. During its meetings, the Committee has dealt with matters related to their different areas of competence and, specifically, has undertaken the following actions:

#### 1. Internal Audit.

According to the provisions of the Bylaws and the Board Regulations, the Audit and Control Committee supervises the internal audit function of the Group. Thus, its competences include to protect the independence and efficiency of its work, to receive periodic information on its activities, and to verify that the senior management takes into consideration the conclusions and recommendations of its reports.

In keeping with the obligations mentioned above, in all the sessions of the Audit and Control Committee, the head of Internal Audit of Realia has submitted and explained one or several reports on different aspects related to the activities of the company or the companies in the Group. The members of the Committee have taken note of the incidences and risks detected, if any, on those reports, and have proposed the corresponding corrective measures to the Board of Directors.

#### 2. Self-assessment.

In its first session of 2021, the Committee evaluated its own performance during 2020, analysing the different matters discussed during the sessions and the rest of circumstances related to its activity, according to the provisions of article 44 of the Board Regulations.

#### 3. External auditor.

In 2021, just like in previous years, Ernst and Young, S.L. was the external auditor of Realia Business, S.A. and the companies of its Group, pursuant to the provisions of article 44 of the Board Regulations, according to which the Audit and Control Committee will support the Group's auditor taking charge of the audit of the companies in the group.

In the Committee sessions held on February and July 2021, the external auditor provided detailed information on the audit work performed. On these dates, the Committee, with the assistance of the auditor, analysed the audit reports corresponding to the individual and consolidated financial statements of the year 2020, and the six-month limited review of June 2021, respectively. On the basis of this analysis, it reported to the Board of Directors, according to article 44 of the Board Regulations, on the accuracy and reliability of the individual and consolidated financial statements and management report, and on the financial information that is periodically disclosed to the markets.

Finally, in the session held in February, the Committee issued a report on the independence of the external auditor, with a favourable opinion, in which it remarked on the assessment of the additional services other than legal audit, and on the rest of aspects contemplated by the Board Regulations.

#### 4. Financial information.

As is customary, the Audit and Control Committee has paid special attention to the review and analysis, before the review by the Board of Directors, of the individual and consolidated Financial Statements, the interim quarterly information (even though the information about the third quarter of 2021 was no longer mandatory), and the financial information corresponding to the first semester of 2021, before they are disclosed to the markets.

In its sessions held on April and October 2021, the Audit and Control Committee gave its favourable opinion to the Board of Directors on the economic information related to the first and third quarters, respectively, to be disclosed to the markets.

Regarding the Financial Statements and the Management Report corresponding to 2020, the Committee, on its session of February 2021, once the external auditor's report was analysed in depth, issued without reservations, reported favourably to the Board on its accuracy and reliability.

Lastly, in July 2021, it issued a favourable report to the Board about the financial information of the first semester of 2021 (in this case, after the limited review by the external Auditor).

#### 5. Internal control and risk management systems.

In its session of February 2021, the Audit and Control Committee analysed the description of the main features of the internal control and risk management systems in relation with the process of issuance of financial reporting contained in the Annual Corporate Governance Report for 2020, and issued a favourable opinion to the Board.

The conclusion of the analysis is that the Realia Group has developed a risk management system that takes into account the characteristics of the Group, and those of the economic, geographical and regulatory environments in which it carries out its activities. The system is based upon four aspects:

- An organizational structure implemented by the Chief Executive Officer of the Group, in his capacity as such, under delegation from the Board of Directors, in which the roles and functional duties are clearly specified;
- A framework for the identification, quantification and evaluation of the risks which may affect the Group, and
- A response against the identified risks, supervised by the Audit and Control Committee; and
- A continuous review of the system, supervised by the Audit and Control Committee.

The risk management system of the Group is implemented at a corporate level, and it aims to operate in a comprehensive and continuous manner.

6. Related party transactions.

In its first session of 2021, the Committee drew up a report on related party transactions carried out during 2020. Additionally, during 2021, the Audit and Control Committee analysed and proposed to the Board the authorization of several related party transactions.

7. Money laundering prevention.

In relation with the prevention of money laundering, the Audit and Control Committee (i) analysed the two updates of the Money Laundering Prevention Manual carried out by the Internal Control Body of the Company on this subject and proposed its approval to the Board for its distribution to the whole organization; (ii) reviewed the action plans for the correction of deficiencies detected by the auditors, and recommended their approval to the Board. Additionally, in July 2021, the Committee analysed the external report on money laundering prevention and prevention of terrorism issued by the auditor before its submission to the Board, according to current legislation.

8. Sundry items.

In its October session, the Audit and Control Committee agreed to propose the update of the Criminal Prevention Manual of the Group.

Additionally, we have continued to analyse in detail the impact that the COVID pandemic may have on the Company.

**E.3) Identify the main risks that can affect the achievement of the business objectives.**

c) Liquidity risk

The global financial system is characterized by its high level of liquidity. In the real estate sector, the liquidity is also high, but only for projects with a low level of commercial risk and for developers of financial solvency, which led some developers to resort to alternative sources of financing, albeit at much higher costs.

The Realia Business Group has leveraged itself financially with a loan for EUR 120 Million granted by Fomento de Construcciones y Contratas, S.A. for the purpose of partially financing the purchase of 37.11% of the shares of Hermanos Revilla, S.A.

Whenever any of its companies needed to renew or refinance some of the existing credit lines, it had no problem to do so within the traditional banking system, at very competitive low interest rates, thanks to the solvency of the Group and the commercial quality and

profitability of its projects and assets. It is worth noting that Realia Patrimonio reduced the spread payable over Euribor down to 120 basis points, since its LTV dropped below 40%.

Additionally, at year-end 2021, Realia Business has a positive working capital of EUR 259,569 thousand.

The main aggregates of the cash forecasts for the next 12 months of Realia Business, prepared on the basis of a recurrent business, dividends and other collections from services to other companies of the group, show estimated collections for EUR 154 Million, which together with estimated payments of EUR 111 Million, which include construction of new developments, result in a positive net cash flow of EUR 43 Million, which, together with the current cash position of the Company, EUR 52 Million, will allow to service the debt (interest plus amortization) and to tackle and fulfil the objectives of the new investments planned for residential homebuilding for rent, capex on buildings for rent, and new investment opportunities that arise in the market.

d) Foreign exchange risk

One of the consequences of the positioning of Realia Business Group in international markets was the exposure arising from net currency positions against euro or one foreign currency against another, when investment and financing of an activity cannot be made in the same currency. The Group does not have a significant foreign exchange risk, since most of its international operations takes place in the Euro zone.

e) Solvency risk

At 31 December 2021, net bank borrowings with credit institutions and other financial liabilities, plus the valuation of derivatives of the Realia Business Group amounted to EUR 575,327 thousand.

f) Concentration risk

This is the risk arising from the concentration of funding operations under common characteristics such as:

- Funding sources: The Realia Business Group obtains its funding mainly from 8 Banks, national and international, mainly through a syndicated loan. On December 2021, due to the rush to close the operation, it obtained financial support from the FCC Group to partially finance the purchase of 37.11% of Hermanos Revilla.
- Markets/Geography (domestic, foreign): The Realia Business Group operates in national and international market, and 100% of its debt is in euros.
- Products: The Realia Business Group contracts several financial products, such as loans, credits and syndicated loans, among others.
- Currency: The Realia Business Group manages income statements in different currencies. Investments are usually financed in local currency, provided this is possible in the country of origin.

## 2. Market risks

It is expected that the evolution of the sixth wave of Covid-19 we are currently going through, as well as any subsequent waves, will have a lesser impact, individually and on economic and productive activities, and therefore the prospects are more optimistic than in prior years. This improvement in health and production conditions will necessary give a strong boost to the Spanish economy, where GDP is estimated to grow around 5.6% in 2022.

If these trends are confirmed, their impact on the real estate sector can be summarized as follows:

- a) Maintenance of the demand for new housing, which will allow to continue with the developments in progress and to start new projects. Nonetheless, there is ha high risk due to the “raw materials” and “construction labour market” crises which, if they persist, will result in a strong increase of production costs which will also impact developers’ margins and/or the raise of final prices.
- b) The evolution of the market is uneven, depending on the geographical areas, locations and product types, since Covid-19 has forced the demand to rethink their preferred locations and product types.
- c) Tightening, to the point of disappearance, of funding for developers, with more strict requirements on economic and commercial viability of new developments, and on the financial strength of the developers.
- d) Scarce funding for the purchase of land, since banks currently think it should be financed with equity.
- e) Consolidation of other financial agents that may enter into some projects, which demand higher yields and interest rates way above those demanded by traditional banks.
- f) In the homebuilding assets for rent, rents tend to go down due to several factors: (i) greater housing stock for rent with new BTR projects and new policies for the development of social housing for rent; and (ii) new regulatory standards aimed at preventing tensions in rent prices.
- g) In the segment of assets for tertiary rental (offices, commercial premises and shopping centres), the impact of Covid-19 has been a crucial factor to reflect on possible future trends which will probably change the current business models and therefore, the needs for the appropriate space. The impact is different in offices or commercial premises and shopping centres: i) rent prices will remain stable in offices, with a slight downward trend in shopping centres and commercial premises due to rent reductions and rent-free period to help tenants to maintain their activity; ii) the volumes of contracts for space will tend to diminish both in offices (telework, unemployment, etc.) and in commercial premises and shopping centres (drop in consumption, @commerce, etc.); and iii) emergence of new contractual relations with tenants, incorporating the flexibility of the spaces in the contracts, shorter duration of contracts, and the inclusion of special clauses against exceptional circumstances (Covid-19 or similar). All these problems will

force landlords to resort to new asset management techniques and, in some cases, to adapt them to the new demands for space and the needs of tenants.

In the case of Realia, 291 housing units were delivered in 2021 for an amount of EUR 94.12 M, versus 99 units for EUR 21.12 M in 2020. Most of the deliveries were of units in the new developments “Realia Parque del Ensanche I”, “Valdebebas Único”, “Brisas de Son Dameto” and “Essencia de Sabadell”, with 208 units delivered for EUR 80.43 M. The rest correspond to completed developments, mainly in “Hato Verde V” and “Altos de Santa Bárbara”, with 52 units delivered for EUR 10.03 M.

Therefore, the impact of Covid-19 on the development business was not significant; the pace of deliveries has been maintained, and is expected to continue to do so in the coming months.

Realia continues with all of its projects in progress, in order to complete and deliver them in the next years (2022-2024) and keeps working on new projects, with an eye on the evolution of demand in the area where they are located, and on the potential impact on selling prices and construction costs.

The exceptional quality of the real estate portfolio gives the Group an outstanding position in the property area. However, it must optimize its asset management to meet the new demands from tenants and the demands arising from Covid-19. The impact of the pandemic has reduced in 2021 compared to 2020, although the Group continued supporting retailers through bonuses and aids for flexibility in rent payments, albeit in very specific cases and depending on the impact of the measures adopted in the Autonomous Communities where they are located for their activity. Additionally, the demand for space was affected by telework and e-commerce.

Finally, in the development and commercial operation of developments for housing rent, we must keep an eye on regulatory changes and their potential impact on the profitability and legal certainty of the business; nonetheless, its current developments in construction and in commercial operation should not be affected by these changes, since all of them are subsidized VPPB or VPPL housing projects.

Given the solid financial structure of the Group and its LTV level, it is estimated that if any unforeseen socioeconomic event that may affect the business occurs, it will have the possibility of resorting to the financial market to obtain the necessary resources to face such circumstances.

In view of the above, the Directors of the Parent Company believe that the activity is not compromised in the short term and therefore, neither is the application of the going concern principle.

### 3. Operational risks

Property development and sale is vulnerable to certain risks, such as the costs of the projects overrunning initial estimates, especially in an economic situation in which the construction labour costs may increase and the “materials supply crisis” may gain momentum, without the possibility of passing them on to final buyers, or cause delays in projects that may lead to having to pay penalties to homebuyers or to bear higher finance costs.

These risks are mitigated through contracting construction companies of proven solvency and prestige, which have on one hand the necessary solvency to meet their commitments and on the other, have enough solvency to respond to any potential harm that may be derived from their noncompliance.

#### 4. Legal and fiscal risks

The activities of the group are subject to legal and fiscal provisions, and urban development requirements. Local, regional, national and EU administrations may impose sanctions in case of noncompliance with these rules and requirements. A change in this legal and fiscal environment may affect the overall planning of the Group's activities. The group monitors, analyses and, where appropriate, takes the necessary measures through its corresponding internal departments.

The risks associated with compliance of the specific legislation include the following:

##### a) Judicial and extrajudicial claims

Realia's activities may give rise to legal actions being taken related to the material used or the finishing of the properties sold, even those resulting from the actions of third parties subcontracted by Realia (architects, engineers, contractors and subcontractors of the construction works).

In order to mitigate this risk, the Company is equipped with different mechanisms, some of them of a legal nature, and others of a contractual nature. The former include a Ten-Year Liability insurance, mandatory for property developers, before delivery of the properties to buyers. The latter include a 5% withholding on every certification issued by contractors, agreed in all work contracts, to respond to the fulfilment of their duties and, especially, of the defects detected at the provisional reception of the works, and of the repair costs resulting from deficient execution or quality defects of the works or installations during the warranty period from the date of the temporary delivery of the works. Additionally, during the execution of works, Realia's Technical Department monitors the progress of work in order to check that they are being carried out according to plan.

##### b) Realia's liability arising from litigations which may affect urban planning or construction permits.

Realia's activity may cause third parties to take legitimate legal action with the purpose of annulling the urban plan or the licenses granted.

In order to reduce this risk, Realia contracts architects and professionals of proven reputation and competence, and monitors their work thoroughly. In case these legal actions materialize, Realia commissions the corresponding legal proceedings to lawyers specialized in the field of competence and geographic area in which the litigation takes place, and their work is also supervised by the legal department of the company.

#### 5. Money Laundering and Terrorism Financing Prevention Risks

These risks are controlled through the money laundering and terrorism financing prevention and control system the Group has implemented, and has the corresponding Manual that establishes the internal rules on this matter and a Control, Information and Communication body that holds relations both with employees of the Company and with



the Prevention Services. Additionally, there is a Technical Unit for the processing and analysis of the information, in charge of analysing and channel communications about suspicious transactions, as well as an automated system for the detection of risky transactions. The Manual is updated annually, in order to adapt its text to the changes in legislation, the recommendations from the independent expert, or the application of the measures implemented the previous year.

Just like in prior years, in 2021 the company was subject to an annual audit by an independent expert as established by the Law, and the conclusion was that there are no significant risks for the company related to money laundering and monetary offenses prevention.

#### 6. Personal Data Protection risks

These risks are controlled through the personal data protection risk prevention system, adapted to the demands of the RGDP (Data Protection Regulation) and the LOPDGDD (Law on Personal Data Protection), a Data Protection Management System Manual, and a number of Standardized Data Processing Procedures for the different areas of activity, that facilitate compliance with the regulations on this matter by all employees. In 2021, the Group was subject of a biannual audit by an independent experts, as required by the Rule, with very satisfactory results.

#### 7. Consumer and user Protection risks

The Group meets the requirements of the different national and regional rules on consumer and user protection. In fact, it has specific contract templates for those Autonomous Communities with specific legislation on this matter. Furthermore, the Group has the rule of responding to any possible claims from public consumer bodies, in a spirit of conciliation and reparation.

Additionally, Realia Business, S.A. has equipped itself with a number of tools to ensure ethical conduct, the most important of which, besides those related to money laundering prevention mentioned above, are the following:

The Internal Code of Conduct was approved in April 2007 by the Board of Directors of Realia, which deals with matters related to the Stock Markets. The Internal Code of Conduct establishes the criteria for the conduct that must be followed in transactions, and the treatment, use and dissemination of relevant information, to promote transparency in its activities and the appropriate information and protection of investors. The Code is applied at least to the Directors and Managers of the Realia Group, external Advisors and the employees of the Stock Market and Investor Relations Departments.

The Ethical Code was adopted in November 2010, and a new version of this Code was adopted by the Board of Directors of the Company in its April 2018 session. Its main goal is to establish the principles, values and rules of conduct that must govern the actions of the companies of the Realia Group and all its employees, and to define the criteria for the actions of managers and employees of the Group. This Code is mandatory.

The Corporate Fiscal Policy, that establishes the commitment on the implementation of good tax practices.

The Anticorruption Policy, approved by the Board of Directors in May 2019, which establishes “zero tolerance” to fraud and corruption activities.

The Criminal Prevention Manual, approved early in 2020 and reviewed in the third quarter of 2021, defines the design, structure and guidelines for the operation of the Compliance and Criminal Prevention Model of the Group, and details and regulates its bodies and procedures. Additionally, Realia has a “Compliance Officer” who monitors the proper operation of the Model.

The PRINEX System is a global business solution that combines the features of a universal business management software with the advantages of an ERP customized to the needs of the companies operating in the property sector. It is especially useful to guarantee ethical conduct, for it allows the commercial area to identify customers that have performed fraudulent transactions in the past, in order to avoid doing business with them.

