



REPORT BY THE APPOINTMENTS AND REMUNERATION COMMITTEE ON ITS OWN PERFORMANCE IN 2024

1. INTRODUCTION

The Appointments and Remuneration Committee of Inmobiliaria Colonial, SOCIMI, S.A. (“**Colonial**” or the “**Company**”) has issued this report on its structure, organisation and performance, and on the fulfilment of its responsibilities throughout 2024 (the “**Report**”). For the purposes of this Report, the members of the Appointments and Remuneration Committee (the “**Committee**”) received a questionnaire about its structure, organisation and performance and the fulfilment of its duties. The questionnaire was drawn up by the external expert Georgeson and answered by all members of the Committee.

The Report will be submitted to the Company’s Board of Directors, who will be in charge of assessing the performance of the Committee pursuant to Article 35 of the Company’s Board Regulations.

2. COMPOSITION, PERFORMANCE, POWERS AND MAIN ACTIVITIES

2.1. Committee Composition

In accordance with Article 33 of the Regulations of the Board of Directors, the Committee must be composed of a minimum of three and a maximum of eight Directors, all of whom must be non-executive Directors. Additionally, the Committee must appoint a Chairperson from among its members, who must be an Independent Director in any case.

The Committee currently has four members following: (i) the resignation as directors of the Company of Mr Luis Maluquer Trepas and Mr Juan Carlos García Cañizares in May and September 2024, respectively; and (ii) the appointments as members of the Committee of Ms Elena Salgado Méndez and Ms Ana Peralta Moreno in July 2024. All Committee members are non-executive Directors. They are also independent Directors except for Ms Elena Salgado Méndez, who is a proprietary Director. The Committee is chaired by an Independent Director in compliance with Article 33 of the Regulations of the Board of Directors.

The current members of the Company Committee are as follows:

NAME	POSITION	CAPACITY
Ms Ana Bolado Valle	Chairwoman	Independent
Ms Silvia Mónica Alonso-Castrillo Allain.....	Member	Independent
Ms Ana Peralta Moreno	Member	Independent
Ms Elena Salgado Méndez	Member	Proprietary

Committee members have the knowledge, skills and experience necessary for the performance of the Committee’s duties. In this regard, the directors’ academic and professional profiles, as well as information on the amount of time served as directors of the Company, are available on the Company website ([link](#)).

The Secretary to the Committee is Mr Francisco Palá Laguna, as he is the Secretary to the Company’s Board of Directors.

2.2. Committee Functioning

The Committee held eleven meetings in 2024, all of which were held via video conference using computer software, in accordance with Article 35 of the Regulations of the Board of Directors. At each of the aforementioned meetings, the Secretary acknowledged the identity of all present members of the Committee.

The Committee has therefore fulfilled its duty to meet with the frequency required to carry out its functions in an effective manner.

Regarding the preparation and progress of meetings, the Chairperson of the Committee called meetings with sufficient notice. Directors must attend such meetings regularly. Without prejudice to the foregoing, any Committee members who are unable to attend for justified reasons may delegate their vote to another director, providing such proxy with specific instructions. In 2024, all members of the Committee attended 100% of meetings in person, with the exception of the meeting held on 8 May, for which one of the directors was absent, although he had previously told the Chairwoman how he wished to vote on each of the various items on the agenda to be submitted for approval at the meeting.

In addition, the members of the Committee were provided with information on the items on the agenda prior to each meeting, thereby encouraging them to participate in the meetings and adopt informed resolutions.

In addition to the members of the Committee, one or more Committee meetings were attended, as necessary or appropriate, and following an invitation from the Chairwoman of the Committee to attend parts of the meeting other than deliberation and voting, by: (i) the CEO; and (ii) the Director of Human Resources and General Services of the Company. Some meetings were also attended by representatives of the external auditor (PwC), Willis Towers Watson and Georgeson.

Finally, it must be stipulated that the Secretary recorded the minutes of all the meetings held, setting out the proceedings, contents, deliberations and agreements adopted. The minutes of Committee meetings were given to all members of the Committee and are available to all directors.

2.3. Scope of powers of the Committee

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

- Evaluate the skills, knowledge and experience necessary on the Board of Directors. To this end, it shall define the functions and skills required of candidates to fill each vacancy, assessing the time and dedication required to perform their duties effectively.
- Establish a target for representation of the less represented gender on the Board of Directors and prepare guidelines on how to reach this target.
- Submit proposals for the appointment of Independent Directors to the Board of Directors through co-option or to be voted on at a General Meeting of Shareholders, in addition to proposals for the reelection or removal of these Directors.
- Report on the proposed appointments of other directors through co-option or to be decided by the General Meeting of Shareholders, in addition to proposals for their re-election or removal.
- Examine and organise the succession of the Chairman of the Board and the Company's CEO and, where applicable, make proposals to the Board of Directors in order for said succession to take place in an orderly and planned manner.
- Report on proposals to appoint or remove senior officers and the basic terms of their contracts.
- Propose to the Board of Directors which members should be part of each of the committees that have been created, in accordance with the provisions of the Board Regulations.
- Propose to the Board of Directors the Remuneration Policy for Directors and managing directors or senior officers who discharge senior management duties under the direct supervision of the Board of Directors, executive committees, or CEOs and the individual remuneration and other contractual conditions of the executive Directors, overseeing compliance therewith.
- Ensure the transparency of the remuneration and the inclusion in the annual report of information regarding the Directors' remuneration.

- Propose to the Board of Directors the standard conditions for senior officers' employment contracts.
- Check compliance with the remuneration policy set by the company.
- Periodically review the remuneration policy applied to directors and senior officers, including the remuneration systems that include shares and how they are implemented, and guaranteeing that their individual remuneration is proportional to that paid to other directors and senior officers of the Company.
- Ensure that the independence of the external advice provided to the Committee is not compromised by any conflicts of interests.
- Verify the information on the remuneration of Directors and senior officers found in various corporate documents, including the Annual Report on Directors' Remuneration.
- Propose a policy to the Board of Directors for its approval, aiming to facilitate an appropriate composition of the Board of Directors and annually verify compliance with it, making reference to this policy in the Annual Corporate Governance Report.
- Ensure compliance with the rules on corporate governance. For such purposes, the Committee will at least be assigned the following tasks: (i) check compliance with the Company's rules on corporate governance; and (ii) regularly check and review the Company's corporate governance.
- Propose to the Board of Directors any other matters deemed applicable in the matters within its scope of authority.
- Any other duties that, where applicable, are attributed thereto by the Company Bylaws or Board Regulations.

2.4. Main Activities Performed in 2024

Below are the main activities carried out by the Committee in 2024:

- **Appointments**
 - Issuing a favourable report to the Board of Directors on the proposed ratification and appointment of Mr Giuliano Rotondo as new proprietary Director of the Company, as put forward by Qatar Investment Authority (QIA).
 - Issuing a favourable report to the Board of Directors on the proposed re-election of Sheikh Ali Jassim M. J. Al-Thani and Mr Carlos Fernández González as proprietary Directors of the Company, as put forward by Qatar Investment Authority (QIA) and the Finaccess Group, respectively.
 - Issuing a favourable report to the Board of Directors on the proposed appointment of Ms Elena Salgado Méndez and Mr Felipe Matías Caviedes as proprietary Directors of the Company, as put forward by Criteria.
 - Issuing a favourable report to the Board of Directors on the proposed appointment of Ms Elena Salgado Méndez and Ms Ana Peralta Moreno as members of the Appointments and Remuneration Committee.
 - Producing a report for the Board of Directors supporting the proposed appointment of Mr Felipe Matías Caviedes and Ms Ana Bolado Valle as members of the Company's Executive Committee.
 - Acknowledging the appointment of Mr Juan Muñoz Jiménez as Chief Compliance Officer, with the duties previously performed by the Regulatory Compliance Unit.
- **Remuneration matters**
 - Issuing a favourable report and proposing to the Board of Directors the approval of the Annual Report on the Remuneration of Directors.
 - Examining the outcome of the votes on the remuneration policy and the resolutions on remuneration adopted at the various General Meetings.
 - Proposing to the Board of Directors the CEO's and the management team's variable remuneration for 2023.

- Establishing the metrics, weightings and targets for the CEO's variable remuneration for 2024.
 - Agreeing on the structure of the targets to establish the management team's variable remuneration for 2024.
 - Proposing to the Board of Directors, for approval by the Ordinary General Meeting of Shareholders and with advice from Willis Towers Watson, a new long-term incentive plan (LTIP) for key staff at the Colonial Group, including the CEO of Colonial.
 - Proposing to the Board of Directors the wording of the new Regulations of the Company's Long-Term Incentive Plan applicable to the new 2024-2026 LTIP.
 - Proposing to the Board of Directors, with advice from Willis Towers Watson, and following the issue of a favourable report by the Sustainability Committee in relation to ESG matters, the metrics and parameters (including the number of shares to which beneficiaries will be entitled) of the first cycle (2024-2026) of the new long-term incentive plan, subject to the approval of the Ordinary General Meeting of Shareholders for 2024.
 - Proposing to the Board of Directors, based on the degree of compliance with the indicators and the achievement of certain milestones, the settlement agreement and the number of shares to which beneficiaries will be entitled under the 2021-2023 long-term incentive plan (LTIP), up to the maximum set by the General Meeting of Shareholders.
 - Ensuring compliance with the Remuneration Policy set by the Company.
 - Analysing and discussing the remuneration system and long-term incentive plan for Société Foncière Lyonnaise (SFL) in order to bring them into line with those of Colonial. This system is subject to approval by SFL's corporate bodies.
- **Corporate Governance**
- Analysing the degree of compliance with the corporate governance recommendations set out in the Annual Corporate Governance Report.
 - Reviewing the succession plan for the Chairman of the Board of Directors and the CEO of the Company. No significant changes were made as a result of the review.
 - Issuing a favourable report on the number of members of the Board of Directors within the minimum and maximum limits stipulated in the Company Bylaws.
 - Verifying the Company's compliance with the diversity policy and reporting its conclusions on this matter to the Board of Directors.
- **Ordinary Management**
- Coordinating, drawing up and submitting to the Board its reports for 2023 assessing the performance of the Board of Directors, the Committee and the Sustainability Committee, as well as of the Chairman of the Board, the CEO and the Secretary to the Board, with advice from the external expert Georgeson.
 - Promoting the Directors' refresher and training plan.
 - Examining the qualifications of the members of the Board of Directors in accordance with the corporate documents, the Spanish Limited Liability Companies Law and corporate governance recommendations.
 - Overseeing the HR strategy and management.
 - Monitoring, overseeing and acknowledging the analysis of SFL's organisational structure and the resulting reports, with particular emphasis on organisational changes and the changes that may take place if it merges with Colonial.
 - Coordinating the scheduling of the Committee's meetings for 2025.

3. ASSESSMENT OF THE PERFORMANCE OF THE COMMITTEE AND IMPROVEMENTS

The assessment of the Committee's performance carried out by the external expert Georgeson has led to positive conclusions, both in relation to its members and internal organisation and regarding the performance of its responsibilities.

The following improvements (among others) were thus made during the year, after identifying the areas for improvement with respect to 2023:

- the length of meetings, which adhered to the original plan;
- the timeframe in which supporting documentation was provided before meetings, as well as its quality;
- the definition of the Committee's functions taking into account those of other committees so as to avoid any overlaps; and
- increasing the amount of information provided to directors in relation to the integration and structure of SFL.

4. CONCLUSIONS

In view of the above, it can be concluded that the Committee:

- is duly organised and made up of directors who have the skills and qualifications required to fulfil its purposes;
- complies with the Operating Rules established by the Company Bylaws and the Regulations of the Board of Directors, and is organised correctly and efficiently to perform its duties and achieve its purposes; and
- efficiently assumes and fulfils the responsibilities assigned to it by the applicable regulations and various corporate texts.

5. FORMULATION OF THE REPORT

This report was drawn up by the Appointments and Remuneration Committee on 6 February 2025 and is expected to be approved by the Board of Directors on 27 February 2025.

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