

Auditor's Report on "Information Relating to Internal  
Control Over Financial Reporting (ICFR)" of AEDAS  
HOMES, S.A. for the year ended March 31, 2021



## AUDITOR'S REPORT ON "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Directors of AEDAS HOMES, S.A.

As requested by the Board of Directors of AEDAS HOMES, S.A. (hereinafter, the Company) and our proposal letter of March 10, 2021, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of AEDAS HOMES, S.A. for the year ended March 31, 2021, which summarizes the Company's internal control procedures in respect of its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance, and supervision of an adequate internal control system as well as developing improvements to that system, and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Company in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature, and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditor's Report on Information Relating to The Internal Control Over Financial Reporting of listed companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Entity's 2021 financial data described in the accompanying ICFR information. As a result, had we performed additional procedures to those stipulated in the abovementioned Guidelines report or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for in said regulations.

The procedures performed were the following:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is disclosed in the Annual Corporate Governance Report disclosure information included in the Directors' Report-and assess whether such information addresses all the required information which will follow the minimum content detailed in paragraph F, relating to the description of the ICFR, as per the model Annual Corporate Governance Report established by CNMV Circular nº 5/2013 of June 12, 2013 of the CNMV and subsequent amendments, the most recent being CNMV Circular nº 1/2020 of October 6 (hereinafter, the CNMV Circulars).
2. Making inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) Obtain an understanding of the process followed in its preparation; (ii) Obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework definitions; (iii) Obtain information on whether the control procedures described are implemented and in use by the Company.
3. Reviewing the explanatory documentation supporting the information detailed in item 1 above, including documents directly made available to those responsible for describing ICFR systems. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the audit committee.
4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit of the financial statements.
5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company to evaluate the consistency between the ICFR businesses transacted and the information detailed in item 1 above.
6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and authorizing the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV circulars on ICFR-related descriptions in listed companies' Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

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Alfonso Balea López

May 9, 2021



**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR LISTED COMPANIES**

**ISSUER'S PARTICULARS**

FINANCIAL YEAR ENDING (DATE)

**31/03/2021**

COMPANY TAX ID NO. (CIF)

**A87586483**

COMPANY NAME

**AEDAS HOMES, S.A.**

REGISTERED OFFICE

**Paseo de la Castellana, 42. 28046 Madrid.**

## ANNUAL CORPORATE GOVERNANCE REPORT AEDAS HOMES, S.A.

### A OWNERSHIP STRUCTURE

**A.1 Complete the following table on the company's share capital:**

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
19/10/2017	47,966,587.00	47,966,587	47,966,587
<b>Remarks</b>			
-			

Indicate whether different classes of shares exist with different associated rights:

Yes  No

**A.2 List the direct and indirect holders of significant shareholdings at year-end, excluding Board members:**

Personal or corporate name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
RORY JOSEPH O'NEILL	-	60.64%	-	-	60.64%
HELIKON LONG SHORT EQUITY FUND MASTER	5.04%	-	-	-	5.04%
T. ROWE PRICE ASSOCIATES, INC	-	4.93%	-	-	4.93%
T. ROWE PRICE INTERNATIONAL FUNDS, INC.	-	3.73%	-	-	3.73%
<b>Remarks</b>					
-					

**Breakdown of indirect shareholdings:**

Personal or corporate name of the indirect shareholder	Personal or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights
RORY JOSEPH O'NEILL	HIPOTECA 43 LUX, S.A.R.L.	60.64%	-	60.64%
FEDERICO RIGGIO	HELIKON LONG SHORT EQUITY FUND MASTER	5.04%	-	5.04%
T. ROWE PRICE ASSOCIATES, INC	T. ROWE PRICE INTERNATIONAL, LTD	4.93%	-	4.93%
T. ROWE PRICE INTERNATIONAL FUNDS, INC.	Through various fund managers and accounts	3.73%	-	3.73%

Indicate the most significant movements in the shareholding structure during the financial year:

Personal or corporate name of shareholder	Transaction date	Description of the transaction
UBS GROUP AG (UBS AG)	09/03/2021	Transfer of financial instruments, 5.18% position at closing of 31/03/2020 and 0.032% at closing on 31/03/2021.
DANIEL MARTÍN (RYE BAY EUROPEAN MASTER FUND LIMITED)	11/03/2021	Transfer of financial instruments, 5.08% position at closing of 31/03/2020 and 2.64% at closing on 31/03/2021.

**A.3 Complete the following tables detailing the members of the Board of Directors who own voting shares in the company:**

Personal or corporate name of board member	% of voting rights attributed to 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
Mrs. MILAGROS MÉNDEZ UREÑA			-	-	0.001%	-	-
Mr. DAVID MARTÍNEZ MONTERO			-	-	0.16%	-	-
Mr. EVAN ANDREW CARRUTHERS			-	-	0.06%	-	-
Mr. SANTIAGO FERNÁNDEZ VALBUENA			-	-	0.006%	-	-
Mr. JAVIER LAPASTORA TURPÍN			-	-	0.003%	-	-

<b>% of total voting rights held by the Board of Directors</b>	0.23%
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Remarks
-

**Breakdown of indirect shareholdings:**

Personal or corporate name of board member	Personal or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transferred through financial instruments
-	-	-	-	-	-

**A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except those reported under section A.6:**

Related-party name or corporate name	Type of relationship	Brief description
-	-	-

**A.5 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:**

Related-party name or corporate name	Type of relationship	Brief description
-	-	-

**A.6 Describe the relationships – unless they are insignificant to both parties – between the significant shareholders, or the shareholders represented on the board, and the directors, or their representatives, in the case of directors who are legal persons.**

Explain, if applicable, how the significant shareholders are represented. Specifically, the board members who have been appointed on behalf of significant shareholders, those whose appointment has been promoted by significant shareholders, or who are linked to significant shareholders and/or entities in their group, with specification of the nature of such relationships, are to be indicated. In particular, mention should be made, where appropriate, of the existence, identity and position of members of the board, or representatives of the directors, of the listed company who are, in turn, board members, or their representatives, in companies which hold significant shareholdings in the listed company or in entities of the group of such significant shareholders.

Personal or corporate name of the related board member or representative	Personal or corporate name of the related significant shareholder	Corporate name of company of the significant shareholder's group	Description of relationship/role
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX, S.A.R.L.	AEDAS HOMES, S.A.	Board Member

Remarks
The following Board Members represent Hipoteca 43 Lux, S.A.R.L. on the Board of Directors: Mr. Evan Andrew Carruthers and Mr. Eduardo Edmundo D'Alessandro Cishek. No other significant shareholder is represented on the Board of Directors of the Company.

**A.7 Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Spanish Capital Companies Act (LSC). If so, provide a brief description and list the shareholders bound by this pact:**

Yes  No

Shareholders bound by the agreement	% of share capital affected	Brief description of the agreement	End date of the agreement, if one exists
-	-	-	-

Remarks
-



Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description:

Yes  No

Shareholders involved in concerted action	% of share capital affected	Brief description of concerted action	End date of the concerted action, if one exists
-	-	-	-

Remarks
-

Expressly indicate any amendments to or termination of such agreements or concerted actions during the financial year, where applicable:

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A.8 Indicate whether there is any individual or legal entity that exercises or may exercise control over the company in accordance with article 5 of the Spanish Securities' Market Act. If so, give details:

Yes  No

Name or corporate name
<ul style="list-style-type: none"> <li>• HIPOTECA 43 LUX, S.A.R.L.</li> <li>• Mr. RORY JOSEPH O'NEILL</li> </ul>

Remarks
Hipoteca 43 Lux S.A.R.L. is the majority shareholder at AEDAS Homes with 60.64% of voting rights. Indirectly, Mr. Rory Joseph O'Neill could exercise control over the Company.

A.9 Complete the following tables on the company's treasury stock:

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
3,325,249	-	6.93%

Remarks
AEDAS Homes closed at 31 March 2021 with a treasury stock level of 6.93% over the capital as it has 3,325,249 treasury shares at an average price of 19.57 euros/share, representing a treasury stock balance of 65,075,384 euros.

(\*) Held through:

Personal or corporate name of the direct shareholder	Number of shares held directly
-	-
<b>Total:</b>	-

**Give details of any significant changes during the financial year:**

Details of significant changes
<p>The Board of Directors, on 25 July 2019, agreed to launch treasury stock operations, initially through a Discretionary Management Plan, and at its meeting held on 25 September 2019, approved a company Stock Buyback Plan for a maximum of 50,000,000 euros, until reaching a treasury stock of 2,500,000. This Buyback Plan will remain in force for a maximum term of 36 months and its main manager will be JB Capital Markets, S.V., S.A.U.</p> <p>On 25 February 2020, the Company's Board of Directors agreed to increase the limit of the stock buyback plan from 50 to 150 million euros, keeping the rest of the terms approved at the Board Meeting of 25 September 2019.</p> <p>In the context of AEDAS Homes treasury stock operations (discretionary management, buyback plan and block operations), which commenced on 7 August 2019, until 31 March 2021 a total of 3,325,249 shares had been purchased representing 6.93% of the share capital, at an average price of 19.57 euros/share.</p> <p>On 8 January 2020, the Company signed an Equity Swap agreement with Goldman Sachs International (GSI) for a maximum notional amount of 50 million euros and a maximum number of shares of 2,400,000. The settlement date was 8 January 2021. That same day, the first sale was made to GSI of 236,406 shares for a price of 4,999,987 euros further to such agreement. Given the obligation to buy back these shares, they were accounted for as an indirect position for treasury stock purposes. On 5 October 2020, AEDAS Homes proceeded to settle such Equity, and to buy back 236,406 shares for a price of 4,999,987 euros. No additional sales of treasury stock were carried out in the financial year ending 31 March 2021, or in the previous three-month financial year ending 31 March 2020.</p>

**A.10 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back or transfer treasury stock.**

<p>The General Shareholders Meeting held last 30 March 2020, in its seventh item of the Agenda, decided to authorise the Board of Directors of AEDAS Homes, S.A., in the broadest terms possible, in order to directly or indirectly, to the extent deemed appropriate in the circumstances, to carry out a buyback at any time and as often as necessary, of Company stock, within the legal limits existing at the time, all pursuant to the terms and conditions indicated below:</p> <p>(i) Types of acquisition: acquisitions may involve a sale and purchase, swap or any other transaction for consideration, as the circumstances advise.</p> <p>(ii) Maximum number of shares acquired: any treasury stock directly or indirectly acquired, in addition to the shares already held by the Company and its subsidiaries, may not exceed 10% of the share capital or other ceiling established by law.</p> <p>(iii) Minimum and maximum countervalue in purchases for consideration: the minimum price or consideration for the purchase will be equivalent to the face value of treasury stock acquired, and the maximum price or consideration for the purchase will be equivalent to the greater amount resulting between the face value of treasury stock acquired and its listed price at closing of the last trading session prior to the acquisition, increased by 15%.</p> <p>(iv) Length of the authorisation: the authorisation is granted for a five-year term, as of the date of this General Meeting.</p> <p>Likewise, the General Shareholders Meeting decided to authorise the Board of Directors so that it could use the shares acquired for disposal or redemption, to achieve potential corporate or business operations, or to directly grant stock options to the Company's workers or directors or, as a consequence of exercising the option rights held by the latter, as foreseen in paragraph three, section 1.a), Article 146 of the Spanish Capital Companies Act [Ley de Sociedades de Capital] (LSC).</p> <p>Approval of this resolution, as soon as it is approved by the General Shareholders Meeting, means that the former resolution authorising the Board of Directors to buy back treasury stock, approved as decision twelve of the Company's Sole Shareholder at the time, on 11 September 2017, is accordingly replaced. Consequently, any corporate resolution remaining in force at the approval date of this resolution and approved pursuant to decision twelve adopted by the Company's Sole Shareholder on 11 September 2017 will be deemed as made pursuant to this resolution from the moment it is approved by the General Shareholders Meeting.</p>
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**A.11 Estimated free float:**

	%
Estimated free float	13.47%

**A.12** Indicate whether there are any restrictions (Bylaws, legislative or of any kind) on the transferability of securities and/or any restrictions on voting rights. In particular, the existence of any type of restrictions that may hinder the takeover of the company through the acquisition of its shares on the market, as well as any systems of prior authorisation or communication that, regarding the acquisitions or transfers of the company's financial instruments, are applicable to it by sectorial regulations, are to be indicated.

Yes  No

Description of restrictions
-

**A.13** Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid pursuant to Law 6/2007.

Yes  No

Where applicable, explain the measures adopted and the terms under which the restrictions may be lifted.

Explain the measures adopted and the terms under which the restrictions may be lifted.
-

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

Yes  No

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

Indicate the various classes of shares
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## **B** GENERAL SHAREHOLDERS MEETING

**B.1** Indicate and outline any differences, where appropriate, between the required quorum for convening the General Shareholders' Meeting and the quorum required by the Spanish Capital Companies Act (LSC).

Yes  No

	% of quorum other than that established in Article 193 of the LSC for general cases	% of quorum other than that established in Article 194 of the LSC for special cases as described in Article 194 of the LSC
Quorum required for 1 <sup>st</sup> call	-	-
Quorum required for 2 <sup>nd</sup> call	-	-

Description of differences
-

**B.2 Indicate and describe, where appropriate, any differences between the company's system of adopting corporate resolutions and the framework established in the LSC:**

Yes  No

**Describe how they differ from the rules established in the LSC.**

	Qualified majority other than that established in Article 201.2 of the LSC for cases described in Art. 194.1 of the LSC	Other cases requiring a qualified majority
% set by company for adopting corporate resolutions	-	-

Description of differences
-

**B.3 Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, where applicable, the rules for protecting shareholders' rights when amending Bylaws.**

<p>The General Shareholders Meeting is responsible for making amendments to the Bylaws under Article 285 et seq. of the Spanish Capital Companies Act (LSC).</p> <p>The Regulations governing the General Shareholders Meeting set out the rules that apply to any amendment of the Company's Bylaws in Article 19, Constitution of the General Shareholders Meeting.</p> <p>"The General Shareholders Meeting shall remain validly constituted at first call when shareholders representing at least twenty-five per cent of the share capital with voting rights are present or represented. At second call, a General Meeting shall be validly constituted regardless of the share capital in attendance.</p> <p>Notwithstanding the contents of the preceding paragraph, in order for an ordinary or extraordinary General Meeting to validly agree on a capital increase or reduction or any other amendment of the Bylaws, the issue of bonds and securities for which competence has not been legally assigned to another Company body, the cancellation or restriction of the right of pre-emption over new shares, or the Company's transformation, merger or demerger or the global assignment of its assets and liabilities or the transfer of its registered office abroad, shareholders holding at least fifty per cent of the subscribed share capital with voting rights must be either present or represented at the Meeting at first call. At second call, the presence of twenty-five per cent of the share capital shall be sufficient, but when shareholders representing less than fifty per cent of the subscribed share capital with voting rights are present, the company resolutions referred to in this paragraph may only be validly adopted if they receive a favourable vote from two thirds of the share capital that is either present or represented at the General Shareholders Meeting.</p> <p>The provisions set out in this Article shall be understood to apply without prejudice to any qualified majorities that may be established in the applicable legislation or these Bylaws in respect of the constitution of meetings and votes."</p> <p>Article 29 of these Regulations establishes that proposals for resolutions on items included in the agenda shall be submitted to a vote, and any issues that are substantially independent of one another shall be voted on separately so that shareholders can exercise their voting preferences separately. This includes cases involving an amendment of the Bylaws.</p> <p>"The General Shareholders Meeting shall vote separately on any issues that are substantially independent of one another so that shareholders may exercise their voting preferences separately. In any case, even though they may be included in the same item on the agenda, the following must be voted on separately:</p> <ul style="list-style-type: none"> <li>(i) the appointment, re-election or ratification (in the case of co-optation) of directors, who must be voted on individually,</li> <li>(ii) votes relating to consultation on the annual report on directors' pay; and</li> <li>(iii) in the event of amendment of the Bylaws, each Article or group of Articles that is substantially independent.</li> </ul> <p>However, where the circumstances make it advisable, the Chairman may rule that proposals relating to several items on the agenda should be voted on jointly, in which case the result of the vote will be understood to be individually reproduced for each proposal, so long as none of the attendees expresses a wish to modify the way in which he or she has voted in respect to one of these proposals. Otherwise, the minutes will reflect the way in which each attendee has modified his or her vote, along with the results of the vote in relation to each proposal as a consequence of such modifications."</p> <p>The majorities required in order to amend the Bylaws are set out in Article 32 of the Regulations governing the General Shareholders Meeting, along with the majorities required to adopt the resolutions referred to in Article 19.2 of the aforementioned Regulations, indicating that, "if the share capital present or represented exceeds fifty per cent, it will be sufficient for the resolution to be adopted by an absolute majority. However, a favourable vote from two thirds of the share capital present or represented at the Meeting shall be required at second call when shareholders representing at least twenty-five per cent but less than fifty per cent of the subscribed share capital with voting rights are present."</p>
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**B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the financial year to which this report relates and during preceding years:**

Date of General Meeting	Attendance data				Total:
	% attending in person	% attending by proxy	% remote votes		
			Electronic vote	Others	
23/06/2020	65.20%	14.57%	0.000%	65.19%	79.76%
<b>Free float:</b>	1.85%	10.15%	0.000%	2.00%	12.00%

Remarks
<p>The Ordinary General Shareholders Meeting of AEDAS Homes, held on 23 June 2020, was broadcast through its website (<a href="http://www.aedashomes.com">www.aedashomes.com</a>), with real-time streaming of the Meeting, allowing the event to be attended remotely by all the shareholders, in compliance with:</p> <ul style="list-style-type: none"> <li>• The extraordinary provisional measures gathered in Royal Decree 463/2020, of 14 March, declaring a state of alarm in Spanish territory to handle the health crisis, classified as an international pandemic, triggered by the Covid-19 virus.</li> <li>• The considerations made by the Spanish Securities Market Commission (CNMV) on 10 March 2020 regarding the general meetings of listed companies, given the health crisis triggered by the Covid-19 virus.</li> </ul> <p>In this extraordinary scenario, the number of natural persons in attendance at the Ordinary General Shareholders Meeting, itemised in the table above, refers to the total shareholders who were present on-line.</p>

**B.5 Indicate whether at the General Shareholders' Meetings held during the financial year there were any items on the agenda that, for whatever reason, were not approved by the shareholders.**

Yes  No

Items on the agenda that were not approved	% of votes against (*)
-	-

(\*) If the non-approval of the item is for a reason other than a vote against, it should be explained in the text and "n/a" should be indicated under the column headed "% of votes against".

**B.6 Indicate whether there are any Bylaw restrictions requiring a minimum number of shares to attend the General Shareholders' Meeting, or to be able to vote remotely:**

Yes  No

Number of shares required to attend General Meetings	1
Number of shares required to be able to vote remotely	1

**B.7 Indicate whether it has been established that certain decisions, other than those established by Law, which involve the acquisition, disposal, contribution to another company of essential assets or other similar corporate operations, must be submitted for the approval of the General Shareholders' Meeting.**

Yes  No

Explanation of decisions to be submitted to the board, other than those established by Law
-

**B.8 Indicate the address of your Company's website and how to access the content on corporate governance, along with any other information on General Meetings which must be made available to shareholders on the Company website.**

Information relating to corporate governance and General Meetings is made available on the AEDAS Homes corporate website under the section "Shareholders and Investors", which can be accessed via [www.aedashomes.com](http://www.aedashomes.com).

This section sets out the most relevant information on corporate governance at the Company, and the different sections can be accessed under the following headings:

- General Shareholders Meeting
  - Rules and Regulations of the General Shareholders Meeting
  - Convening meetings, agenda and minutes of each GSM
- Board of Directors
  - Board Regulations and Organisational structure: Members and Committees
  - Regulations of the Appointments & Remuneration Committee
- Corporate Governance Reports
  - Annual Corporate Governance Report
  - Annual Report on Directors' Remuneration
- Bylaws
  - Articles of Association
- Corporate Policy
  - Code of Conduct
  - Anti-Corruption Policy
  - Policy on Communications with Shareholders and Investors
  - Third Party Code of Conduct
  - Corporate Social Responsibility Policy
  - Internal Regulations on Stock Market Conduct
  - Environmental Quality and Protection Policy
  - Health & Safety Policy
  - Directors' Remuneration Policy
  - Shareholders' Remuneration Policy

The Board of Directors has decided to call an Ordinary General Shareholders Meeting, and has approved the text of the call to be subsequently published in one of the most widely distributed newspapers in Spain, pursuant to Article 516 LSC, and on the CNMV website. This information is available on the corporate website ([www.aedashomes.com](http://www.aedashomes.com)), under "Corporate Governance", subheading "General Shareholders Meetings".

**C COMPANY MANAGEMENT STRUCTURE**

**C.1 Board of Directors**

**C.1.1 Maximum and minimum number of board members stipulated in the Bylaws and the number set by the General Shareholders' Meeting:**

<b>Maximum number of Board Members</b>	15
<b>Minimum number of Board Members</b>	5
<b>Number of Board Members set by the General Shareholders' Meeting</b>	-

**C.1.2 Complete the following table with the Board Members' details:**

Personal or corporate name of board member	Representative	Category of Board Member	Position on the Board	Date of first appointment	Date of last appointment	Election procedure	Date of birth
Mrs. CRISTINA ÁLVAREZ ÁLVAREZ	-	Independent	Board Member	04/10/2017	20/05/2020	General Meeting	18/04/1969
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX S.A.R.L.	Proprietary	Board Member	27/09/2017	20/05/2020	General Meeting	12/03/1979
Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK	HIPOTECA 43 LUX S.A.R.L.	Proprietary	Board Member	27/09/2017	20/05/2020	General Meeting	17/12/1980
Mr. SANTIAGO FERNÁNDEZ VALBUENA	-	Independent	Chairman of the Board	27/09/2017	20/05/2020	General Meeting	22/04/1958
Mr. JAVIER MARTÍNEZ-PIQUERAS BARCELÓ	-	Independent	Board Member	21/10/2020	21/10/2020	Co-optation	15/03/1973
Mr. JAVIER LAPASTORA TURPIN	-	Independent	Board Member	27/09/2017	20/05/2020	General Meeting	05/09/1966
Mr. DAVID MARTÍNEZ MONTERO	-	Executive	CEO	27/09/2017	20/05/2020	General Meeting	07/11/1970
Mrs. MILAGROS MENDEZ UREÑA	-	Independent	Board Member	09/05/2019	09/05/2019	General Meeting	14/09/1960
Mr. MIGUEL TEMBOURY REDONDO	-	Independent	Board Member	27/09/2017	20/05/2020	General Meeting	01/04/1969

<b>Total number of Board Members</b>	9
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Indicate any termination, due to a resignation, dismissal or resolution of the general meeting, which has occurred on the Board of Directors during the reporting period:

Personal or corporate name of board member	Category of Board Member at the time of termination	Date of last appointment	Termination date	Specialised Committees of which he/she was a member	Indicate whether the termination took place before the end of his/her term
Mr. EMILE K. HADDAD	Independent	27/09/2017	27/09/2020	-	No

**Reason for termination, if occurring before the end of director term, and other remarks; Information on whether the director sent a letter to the other board members and, for dismissals of non-executive directors, explanation or opinion of the director dismissed by the general meeting**

Mr. Emile K Haddad confirmed his resignation as member of the Board of Directors of AEDAS Homes in a letter dated 2 February 2021, confirming the verbal notice he had provided before he waived office, on 27 September 2020.

**C.1.3 Complete the following tables on the Board Members and their respective categories:**

#### EXECUTIVE DIRECTORS

Personal or corporate name of director	Position in company's organisational structure
Mr. DAVID MARTÍNEZ MONTERO	Chief Executive Officer (CEO)



<b>Profile</b>	
<u>Mr. DAVID MARTÍNEZ MONTERO</u>	
<p>David Martínez Montero (7 November 1970), has been CEO of AEDAS Homes since September 2017 (Executive Director) and belongs to the Technology, Innovation &amp; Cybersecurity Committee. He was re-elected by the General Shareholders Meeting on 23 June 2020.</p> <p>David holds an MSc in Civil and Structural Engineering from the Polytechnic University of Madrid (UPM) and an Executive MBA from IESE Business School.</p> <p>During his professional career he has been CEO of Distrito Castellana Norte (BBVA - San José Group) between 2013 and 2016, CEO of Valdebebas between 2005 and 2013, CEO of 4 Torres Business Area (Urban Development) between 2002 and 2005, Project Manager at Bovis between 1998 and 2005 and Construction Engineer at Ferrovial between 1996 and 1998. In addition, he is a member of the Committee of the Urban Land Institute, Madrid. Since 19 February 2020, he is director and chairman of the company "Live Virtual Tours S.L." (part of the Aedas Homes, S.A. Group).</p> <p>He has owned 73,328 shares of AEDAS Homes since 23 November 2017 and acquired 3,000 additional shares on 4 October 2018 at a price of 26.66 euros per share. He has no call options on Company shares and has no relationship with other Board Members or Executives of the Company.</p>	
<b>Total number of Executive Directors</b>	1
<b>% of Board</b>	11.11%

### **EXTERNAL PROPRIETARY DIRECTORS**

<b>Personal or corporate name of director</b>	<b>Personal or corporate name of the significant shareholder that he/she represents or that proposed his/her appointment</b>
Mr. EVAN ANDREW CARRUTHERS	HIPOTECA 43 LUX, S.A.R.L.
Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK	HIPOTECA 43 LUX, S.A.R.L.

<b>Profile</b>
<u>Mr. EVAN ANDREW CARRUTHERS</u>
<p>Evan Andrew Carruthers (12 March 1979) joined AEDAS Homes as a Proprietary Director, representing Hipoteca 43 Lux S.a.r.l, in September 2017. He belongs to the Appointments &amp; Remuneration Committee and was re-elected by the General Shareholders Meeting on 23 June 2020.</p> <p>Evan holds a Bachelor's degree in Business Administration, majoring in Finance from the University of St. Thomas, Minneapolis, Minnesota (USA).</p> <p>Evan is co-founder of Castl lake (2005), along with his company partner Rory Joseph O'Neill (CEO and Managing Partner of Castl lake), and, as a Managing Partner, he is responsible for the company's global investment activities across all asset classes, guiding the company's relationship-driven approach, and leading all of the company's investment teams. He is also a member of the Castl lake Investment Committee with a right to speak and vote.</p> <p>Previously, Evan was investment manager at Cargill Value Investment (CVI, now called CarVal Investors), and was responsible for corporate and asset-based investments in North America and participated actively in the development of Cargill's global aviation investment activities. He also worked at Piper Jaffray, a Minneapolis-based business bank, where he held various positions.</p> <p>To highlight his recognised experience in the sector since 2000: he has led investments in more than 40 countries across multiple industries and has been directly involved in the development of both asset-based and credit-based investment activities.</p> <p>In addition, Evan has been an Independent Director of Five Point Holdings, LLC, a North American listed company, since May 2017, in which Emile Haddad is Chairman and Chief Executive Officer. He has also been a Proprietary Director since October 2014 of the following companies: Castl lake Lease Aircraft Trust 2014-1 (CLAS 2014-1); Castl lake Lease Aircraft Trust 2015-1 (CLAS 2015-1); Castl lake Lease Aircraft Trust 2016-1 (CLAS 2016-1); Castl lake Lease Aircraft Trust 2017-1 (CLAS 2017-1); and Castl lake Lease Aircraft Trust 2018-1 (CLAS 2018-1).</p> <p>He has a total of 27,000 shares of AEDAS Homes which were acquired on 15 and 16 October 2018, 10,400 and 16,600 shares respectively, at an average price of €23.99 per share for the former and €24.36 per share for the latter. He does not have share options on the Company.</p> <p>He also has a relationship with Eduardo D'Alessandro, Proprietary Director of AEDAS Homes (partner of Castl lake).</p>



**Mr. EDUARDO EDMUNDO D'ALESSANDRO CISHEK**

Eduardo Edmundo D'Alessandro (17 December 1980) joined AEDAS Homes as Proprietary Director, representing Hipoteca 43 Lux S.a.r.l, in September 2017. He belongs to the Technology, Innovation & Cybersecurity Committee and was re-elected by the General Shareholders Meeting on 23 June 2020.

Eduardo holds a degree in Finance (cum laude) from Manhattanville College and an MBA from the London School of Economics.

He joined Castlelake in 2011 and became partner in 2017. Eduardo leads the line of investment on a portfolio of land acquisition in Spain and is also responsible for strategy in Portugal, Italy, Greece, the United Kingdom and Ireland. His experience also includes direct real estate purchase opportunities and non-performing loans in Germany and Eastern Europe. As a partner in Castlelake, he is responsible for non-performing loans and real estate investment opportunities in Southern Europe, the United Kingdom and Ireland. He is also a rotating member of the Castlelake Investment Committee with a right to speak and vote.

Prior to joining Castlelake, he was an investment consultant at Deutsche Bank, in its special situations group, focusing on non-performing loan investments across Europe. Prior to that, he was an investment associate at CarVal Investors (CVI) within the Loan Portfolio Group. At CVI, he worked on non-performing loans and real estate investments in the United Kingdom, Germany and Spain.

Eduardo has neither shares nor share options on AEDAS Homes. He also has a relationship with Evan Andrew Carruthers through being a member of the Castlelake team.

<b>Total number of Proprietary Directors</b>	2
<b>% of Board</b>	22.22%

**EXTERNAL INDEPENDENT DIRECTORS**

<b>Personal or corporate name of the director</b>	<b>Profile</b>
Mr. SANTIAGO FERNÁNDEZ VALBUENA	Independent Director President of the Board of Directors
Mr. JAVIER LAPASTORA TURPÍN	Independent Director President of the Audit and Control Committee
Mr. MIGUEL TEMBOURY REDONDO	Independent Director President of the Appointments and Remuneration Committee
Mrs. CRISTINA ÁLVAREZ ÁLVAREZ	Independent Director President of the Technology, Innovation and Cyber-security Committee
Mr. JAVIER MARTÍNEZ-PIQUERAS BARCELÓ	Independent Director
Mrs. MILAGROS MÉNDEZ UREÑA	Independent Director

**Profile****Mr. SANTIAGO FERNÁNDEZ VALBUENA**

Santiago Fernández Valbuena (April 22nd, 1958). He is an Independent Director since September 2017 and the President of the Board of Directors of AEDAS Homes.

Santiago has a bachelor's degree in Economic Sciences of the Universidad Complutense, he has a PhD in Economics and also a master's degree from the Northeastern University de Boston (MS).

He has been the President of Telefónica Latinoamérica (2011 – 2014), General Director of Finance and Strategy (2010 – 2011) and General Director of Finance and Corporate Development (2002 – 2010) in Grupo Telefónica. Formerly he had been the President of Fonditel, General Director of Société Générale Valores and Head of Equities Beta Capital.

He's tenured Professor in Applied Economics (on personal leave) on the Universidad Complutense de Madrid, of the Universidad de Murcia and he has been a teacher on the IE Business School.

Santiago is Vice-president in EBN Banco de Negocios, while also being Proprietary Director of this entity from November 2015. He's also a Independent Director since 2008 and a member of the Audit Committee of Ferrovial, S.A. He had previously been the Vice-president of Metrovacesa (1999 – 2007).

He has 3,000 shares of AEDAS Homes purchased on October 3rd, 2018 at a price of €25.86 per share.

He has no purchase options over the shares of the Company, and he has no relationship with the other Directors or managers of the Company.

Mr. JAVIER LAPASTORA TURPÍN

Javier Lapastora Turpín (5 September 1966) joined AEDAS Homes as an Independent Director in September 2017, and is the Chairman of the Audit & Control Committee. He was re-elected by the General Shareholders Meeting on 23 June 2020.

He has a bachelor's degree in Economics and Business Administration from CUNEF (Universidad Complutense), and also has a PDD (Programa de Desarrollo Directivo or management development programme) from Instituto de la Empresa. He is a registered auditor in Spain (ROAC) and a member of the Expert Accountants Association of ICJCE.

He was partner at PwC between 2002 and 2015, where he led the real estate and construction area from 2007 to 2011, and from 2011 to 2015 he was Managing Partner of Audit and Quality.

He is currently an entrepreneur with interests in many companies dedicated to investment, project management, real estate or franchising, while also being a member of the Economic Board of the Archdioceses of Madrid.

He is an Independent Director in Banco Alcalá (Crédit Andorra Financial Group) since January 2021, Servicios Financieros Carrefour EFC, SA since June 2016 and Mostostal Warszawa, SA (Poland) since October 2017.

At the same time, he is Proprietary Director in Glendalough Investments, SL since March 2017, in Clonmacnoise Developments, SL since April 2015, in Bazkariak Kalitate, SL since May 2015, in Kilmore Managements Services, SL since May 2015, in Tullamore Properties, SL since May 2015, in Connemara Properties, SL since February 2018 and in Westhill Investments, SL since February 2017.

He has 1,579 shares of AEDAS Homes purchased on 19 October 2018 at a price of €31.65 per share.

He has no purchase options over Company shares, and he has no relationship with the other Directors or managers of the Company.

Mr. MIGUEL TEMBOURY REDONDO

Miguel Temboury Redondo (1 April 1969) joined AEDAS Homes as an Independent Director in September 2017. He chairs the Appointments & Remuneration Committee and was re-elected by the General Shareholders Meeting on 23 June 2020.

He has a bachelor's degree in Law and Business Administration and Management from ICADE (E-3).

He was Deputy Secretary of Economics and Competence for the Spanish government between 2011 and 2016, he was a member of the Board of FROB and SEPI between 2012 and 2016. Between 2004 and 2011 he practiced law in the private sector, first at Pérez-Llorca and, since 2007, he worked for his own firm (Temboury Abogados). Between 2007 and 2012 he was Chairman of the Court of Arbitration of the Official Chamber of Commerce and Industry of Madrid. Between 2002 and 2004, he was Cabinet Director for the Spanish Home Office.

Miguel served as a State Attorney from 1996 to 2002. He currently practices as a lawyer and arbitrator, in addition to acting as Senior Advisor in Barclays Bank España since September 2017. He is also an independent director of Singular Bank (and chairs its Appointments & Remuneration Committee) since February 2019.

Miguel has no shares or share options in AEDAS Homes, and he has no relationship with the other Directors or managers of the Company.

Mrs. CRISTINA ÁLVAREZ ÁLVAREZ

Cristina Álvarez Álvarez (18 April 1969), joined AEDAS Homes as an Independent Director in October 2017, and she is the Chairperson of the Technology, Innovation & Cybersecurity Committee and a member of the Appointments & Remuneration Committee. She was re-elected by the General Shareholders Meeting on 23 June 2020.

Cristina has a master's degree in Telecommunications Engineering from Universidad Politécnica de Madrid (UPM) 1987-1992 and a PDD from IESE (2001) and also works as an academic director of the Executive Master's at Instituto de Empresa: "Digital Transformation and Innovation Leadership". Cristina was awarded the "2016 Engineering of the Year" prize by COIT/AEIT, the "AUTELSI Award" in recognition of her professional career in TIC 2017, and "2016 Digital Leader" awarded by Cionet. She provides counselling to entrepreneurs.

She is a Senior Executive with more than 25 years' professional experience in the telecommunications and technology sectors in companies like Alcatel (Nokia) (1992 – 1995), Vodafone (1996 – 2006) where she worked as director of Product Engineering Investments, Telefónica (2006 – October 2017) where she worked as Director of Investment and General Director of Service Development, as part of the Executive Committee of Telefónica España since 2009. Since February 2019, Cristina Álvarez is Global Chief Technology Officer (CTO) for Banco Santander and since January 2020 she belongs to Openbank's Board of Directors.

Cristina has no shares or share options in AEDAS Homes, and she has no relationship with the other Directors or managers of the Company.

Mr. JAVIER MARTÍNEZ-PIQUERAS BARCELÓ

Javier Martínez-Piqueras Barceló (15 March 1973) joined AEDAS Homes as an Independent Director on 21 October 2020. Javier holds a double degree in Business Administration/Economics and Law from Universidad Pontificia Comillas (ICADE E-3).

Throughout his 22-year career in Investment Banking, Javier has specialised in Equity Capital Markets (ECM). In 1997, he joined Bank of America Merrill Lynch, where he was appointed General Manager of ECM and Corporate Equity Derivatives for Iberia (Spain and Portugal). In 2012, he moved to UBS, where he held various executive positions, such as Head of ECM and Corporate Solutions for EMEA and, more recently, Global Head of ECM, Corporate Solutions & Equity Linked, leading a 120-member team of professionals worldwide until December 2019.

He offers in-depth experience in advising boards of directors of large corporations worldwide on solutions related to capital, shares and participations. Javier has thorough knowledge of the real estate market and has followed AEDAS Homes closely since it was incorporated.

Since 1993, he belongs to the Board of OMEGA 93 S.L., a family-owned real estate business, and in July 2020 he joined the Board of Directors of Millenium Hotels Real Estate S.L. as an independent director and member of the Audit & Control Committee.

Javier does not have any shares in the Company, or any purchase options. Nor does he have any prior relationship with any other members of the Board of Directors or the Company.

Mrs. MILAGROS MÉNDEZ UREÑA

Milagros Méndez Ureña (14 September 1960) a Spanish national, joined AEDAS Homes as an Independent Director on 4 April 2019; this appointment was ratified by the General Shareholders Meeting on 9 May 2019. Milagros holds a Law Degree and is a Business Studies graduate of Universidad Pontificia de Comillas (ICADE) in 1982. Moreover, she attended a Master's on Derivatives at SDSU (San Diego State University).

Her professional career began as a peseta Market Broker at Intermoney. Milagros combined her work with writing a book entitled "Un año en el mercado monetario" (*A year on the money market*).

In 1986, she joined Continental Bank in the Capital Markets department, specialising in the Distribution of Fixed Income.

In 1988 she became Founding Partner and Director of Fixed Income at FG Inversiones Bursátiles, Sociedad de Valores y Bolsa.

In 1996, she joined Banco Urquijo as Head of Treasury.

In 1998, and for a brief period of one year, she was director of the Spanish Fixed Income Market at the Association of Financial Asset Intermediaries.

In 2000 she joined Afina, creating a Securities Company as Partner and General Manager.

In 2005 she was appointed Head of Institutional Distribution of Fixed, Variable Income and Derivatives at Interdin Sociedad de Valores y Bolsa.

In 2014, she joined Banco Sabadell, Ibersecurities SVB as Head of Business Development, New Markets and Agents.

In 2015 Milagros decided to set up Aldebaran Advisory by herself as partner and General Manager, working on projects for Sabadell.

In 2017 she was appointed Senior Advisor of Alma Capital Asset Management.

In 2018 she was appointed Senior Advisor of Innova Health Private Equity as representative for Spain, Portugal and the United Kingdom.

Recently, she has been hired by Mercer Asset Management to sell investment funds.

Milagros has consolidated, successful experience in financial markets, with a markedly commercial vocation and is very used to working with and managing teams.

She holds 300 shares in AEDAS Homes, of which 200 shares were acquired on 7 March 2019 at 22.70 euros per share, and 100 shares were acquired on 8 March 2019 at 22.00 euros per share.

Milagros has no options over AEDAS Homes or any relationship with other Company Directors or executives.

<b>Total number of independent directors</b>	6
<b>% over the total of the Board</b>	66.66%

Indicate whether any director classified as independent receives any amount or benefit from the Company, or from the group, in any concept other than their remuneration as a Board Member, or whether he/she maintains or has maintained a business relationship with the Company or with any company within its group during the last financial year, in his/her own name or as a significant shareholder, Board Member or senior executive of a company that maintains or has maintained such a relationship.

No independent director of the Company or Group receives any amount or benefit, for any item other than remuneration as a Board Member, nor do they maintain or have maintained a business relationship with the Company or with any company within its Group during the last financial year, either in their own name or as a significant shareholder, Board Member or senior executive of a company that maintains or has maintained such a relationship.

Where applicable, include a statement from the Board detailing the reasons why it believes the said director may perform their duties as an independent director.

Personal or corporate name of the Board member	Description of the relationship	Reasoned statement
-	-	-

#### OTHER EXTERNAL DIRECTORS

Identify the other external board members and explain the reasons based on which it was not possible to consider them as proprietary or independent, as well as their bonds, whether with the company, its managers or shareholders:

Personal or corporate name of the Board member	Reasons	Company, executive or shareholder with whom the bond is held	Profile
-	-	-	-
<b>Total number of other external directors</b>			-
<b>% total of the Board</b>			-
<b>Remarks</b>			
The Company has no other external directors.			

Write the variations that, where appropriate, had been made during the period in the category of each director:

Personal or corporate name of the Board member	Date of the change	Prior category	Current category
-	-	-	-
<b>Remarks</b>			
-			

C.1.4 Complete the following table with information on the number of female Board members at the close of the last 4 financial years and their category:

	Number of female Board members				% of total directors of each type			
	Financial year 2020-21	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2020-21	Financial year 2020	Financial year 2019	Financial year 2018
<b>Executive</b>	-	-	-	-	-	-	-	-
<b>Proprietary</b>	-	-	-	-	-	-	-	-
<b>Independent</b>	2	2	2	1	33.3%	33.3%	33.3%	20.00%
<b>Other external:</b>	-	-	-	-	-	-	-	-
<b>Total:</b>	2	2	2	1	22.22%	22.22%	22.22%	11.11%

Remarks
-

**C.1.5 State whether the Company has diversity policies in place relating to the Board of Directors of the Company with respect to issues like, for example, age, gender, disability, education or professional experience. Middle and small entities, according to the definition stated in the Lay on Account Audit, must have to report at least about the policy they have in place with respect to gender diversity.**

Yes  No  Partial policies

**If so, describe the diversity policies, their objectives, their measures and the way they've been applied, as well as the results for the fiscal year. You should also state the specific measures taken by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of Directors.**

<p>The Directors Selection Policy of AEDAS Homes, in force at the reference date of this report, was approved on 5 November 2019 by the Board of Directors.</p> <p>Such policy seeks to ensure that all proposed director appointments respond to the needs of the Board of Directors and the Company, as well as good governance recommendations, and represent reasoned decisions, able to be audited by the shareholders.</p> <p>➤ General principles:</p> <p>The Board of Directors should have the necessary size to ensure effective operation and participation, with an adequate proportion of different Director categories. Thus, it is recommended that the Board at all times consist of between nine and fifteen members, i.e., over the by-law minimum but never over the maximum.</p> <p>Proprietary and Independent Directors will make up the majority of the Board of Directors.</p> <p>The proportion of Proprietary Directors over the total number of Directors may not exceed the ratio between the Company share capital (represented by such Directors) and the remaining share capital.</p> <p>➤ Conditions to be met by all candidates:</p> <p>Any candidates to Company director office should be honourable and suitable individuals with renowned professional solvency, competence, experience, qualifications, credentials, availability and committed to office, ensuring knowledge and gender diversity.</p> <p>In particular, they should be honest professionals whose conduct and professional track record follow the principles gathered in AEDAS Homes' Code of Conduct and the Company's values.</p> <p>Furthermore, when selecting candidates, the aim will be to achieve an adequate balance on the Board of Directors as a whole, to enrich decision-making and to provide diverse points of view when discussing matters within its remit.</p> <p>➤ Diversity objectives:</p> <p>The Directors Selection Policy will continue pursuing its objective: that the number of members belonging to the under-represented gender reflect the percentage determined from time to time by the Good Governance Code for Listed Companies.</p>
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**In case the Company does not apply any diversity policy, explain the reasons for that measure.**

Description of the policies, objectives, measures and form of application, as well as the results obtained
-

**C.1.6 Explain any measures taken by the Appointments Committee to ensure that selection processes are not subject to any implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile, allowing a balanced presence of men and women. Also indicate whether these measures include the company's effort to have a significant number of female senior executives:**

Explanation of measures
<p>At the Board meeting of 5 November 2019, the Director Selection Policy was approved, point 7 of which "Diversity Targets" stated: the Director Selection Policy will encourage the appointment of members belonging to the under-represented gender. The Board of Directors urges the Shareholders with proprietary representation on the Board to take this target into account when submitting requests.</p> <p>In July 2019, the ARC approved the Regulations of the Appointments &amp; Remuneration Committee in order to address the recommendations contained in Technical Guide 1/2019 from the CNMV (20 February 2019). In addition, Title II Article 3 establishes that the mission of the ARC is to ensure the consistency of selection and remuneration policies for the Board, Senior Management and all other employees, including diversity, among other matters.</p>

**When, despite the measures taken (where applicable), there are few or no female directors or senior executives, explain why:**

Explanation of reasons
<p>Pursuant to Article 5 of the Board of Directors Regulations, any proposals for the appointment or re-election of board members must be based on a prior analysis of the Board's needs, with preference given to a diversity of knowledge, experience and gender.</p> <p>In addition, the Company has taken steps and obtained specific results with a view to achieving greater gender diversity on the Board (as it is already highly diverse in many respects: training, professional experience, age, sector of origin, etc.).</p>

**C.1.7 Explain the conclusions reached by the Appointments Committee on verified compliance with the policy seeking to encourage an adequate composition of the Board of Directors.**

<p>The Appointments &amp; Remuneration Committee has actively participated in the search and selection of a candidate to Independent Director office, covering the vacancy left by Mr. Emile K. Haddad. Its Chairman hired an independent expert firm to find a candidate who, in addition to offering the required qualifications, professional experience and other candidacy requirements, also sought to encourage diversity (gender diversity included) on the Board of Directors.</p> <p>It should also be noted that during the last two director selection processes, the independent expert has been expressly requested to include female candidates, as a result of which one female joined the Company, and the other vacancy was covered by a man.</p>
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**C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the request of shareholders who hold less than 3% of the share capital:**

Personal or corporate name of the shareholder	Reason
-	-

**Detail any failure to address formal requests for Board representation from shareholders with stakes equal to or exceeding that of others at whose request proprietary members were appointed. If so, explain the reasons why the request was not addressed:**

Yes  No

Personal or corporate name of the shareholder	Explanation
-	-

**C.1.9 Indicate what powers, if any, have been delegated by the Board of Directors to directors of board committees.**

Personal or corporate name of the Board member or committee.	Brief description
-	-



**C.1.10 List, where applicable, the Board Members, if any, who hold office as directors, director representatives or managers in other companies belonging to the listed company's group:**

Personal or corporate name of the Board member	Corporate name of the entity of the Group	Title	Does he/she have executive powers?
Mr. DAVID MARTÍNEZ MONTERO	Aedas Homes, S.A.	Director	Yes
Mr. DAVID MARTÍNEZ MONTERO	Live Virtual Tour, S.L.U.	Director	Yes

Remarks
<p>Pursuant to the Deed for the Appointment of a CEO dated 12 September 2017, signed by the Company "Aedas Homes, S.L.", Sociedad Unipersonal, which publicly recorded the resolution adopted on 11 September 2017 by the Board of Directors, the Company appointed Mr. David Martínez Montero as CEO, permanently delegating all of its powers and competencies to him, except for the powers that cannot be delegated under the Act (Article 529 ter of the Spanish Capital Companies Act) or the Company's Bylaws (Articles 5.3 and 5.4 of Title II of the Board of Directors Regulations).</p> <p>Article 21 of the Bylaws establishes that the Board of Directors may permanently delegate all or some of its powers, except for those that may not be delegated under the Act, the Bylaws or the Board of Directors Regulations, to an Executive Committee and/or one or more CEOs, and it may also choose the members of the Board of Directors who will sit on the delegated body, as well as, where appropriate, the way in which the powers delegated to the CEOs are to be exercised.</p> <p>In turn, pursuant to the public deed for the appointment of office dated 4 March 2020, executed by the company "Live Virtual Tours, S.L. Unipersonal", incorporated on 3 December 2019, Mr. David Martínez Montero's appointment as director and chairman of the board of directors was raised to public document status.</p>

**C.1.11 Indicate any Board members or representatives of legal entities that act as directors of their company who are also members of the Board of Directors or representatives of legal entities that act as directors in entities listed on regulated markets other than their group, notified to the Company:**

Personal or corporate name of the Board member	Corporate name of the entity of the Group	Title
Mr. EVAN ANDREW CARRUTHERS	Five Point Holdings, LLC	Director
Mr. SANTIAGO FERNÁNDEZ VALBUENA	Ferrovial, S.A.	Director
Mr. JAVIER LAPASTORA TURPÍN	Mostostal Warszawa, S.A.	Director
Mr. JAVIER LAPASTORA TURPÍN	Banco Alcalá	Director
Mr. MIGUEL TEMBOURY REDONDO	Singular Bank	Director

Remarks
-

**C.1.12 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit, identifying, where appropriate, where it is regulated:**

Yes

No

Explanation of the rules and identification of the governing document
Pursuant to Article 33 of the Board of Directors Regulations, company Board Members may not sit on more than four boards (or administrative bodies) in other companies that do not belong to the Company's Group.

**C.1.13 State the amounts of the following concepts relating to the global remuneration of the Board of Directors:**

<b>Remuneration paid during the fiscal year to the Board of Directors (thousands of euros)</b>	1.930,12
<b>Amount of accrued rights by the current directors relating to pensions (thousands of euros)</b>	0
<b>Amount of accrued rights by the former directors relating to pensions (thousands of euros)</b>	0
<b>Remarks</b>	
-	

**C.1.14. List any members of senior management who are not executive directors and indicate the total remuneration paid to them during the year:**

<b>Personal or corporate name</b>	<b>Title</b>
Mr. ALBERTO DELGADO MONTERO	Head of Business
Mrs. ESTHER DUARTE I MACARRO	Head of Corporate Resources
Mr. SERGIO GÁLVEZ CAPÓ	Head of Strategy, Investment & Alternative Developments
Mrs. CORO MORALES ASÚA	Head of the Legal Department
Mr. LUIS VEGA SORROSAL	Head of the Legal Department
Mrs. MARÍA JOSÉ LEAL DE CARLOS	Finance Director
Mrs. RAQUEL PILARES GUTIÉRREZ	Head of Internal Audit
Mr. JAVIER SÁNCHEZ GUTIÉRREZ	Head of Innovation & Branding

<b>Total remuneration received by senior management (thousands of euros)</b>	1,940.61
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**C.1.15 Indicate whether any changes have been made to the board regulations during the year:**

Yes  No

<b>Description of changes</b>
-

**C.1.16 Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, the procedures to be followed and criteria used in each of these procedures.**

<p>Article 4 of the Director Selection Policy describes the procedure, which is set out below:</p> <p>➤ Analysis of competences, knowledge and experience of directors who already form part of the Board</p> <p>The ARC will maintain an up-to-date analysis of the competences, knowledge and experience of the Directors who already form part of the Board. In doing so, in addition to the information available at the moment each Director joins the Board of Directors, it will use any other relevant information emerging subsequently.</p> <p>As part of this analysis, it will assess the rest of the occupations of each Company Director, in particular the maximum number of Boards of which the Director can reasonably form part, ensuring that, in practice, Directors devote sufficient time and proposing appropriate measures if they do not.</p> <p>In this way, the ARC may contribute to defining the functions and aptitudes of the candidates that should fill the vacancies arising from time to time and help to assess, both during the selection process and on an annual basis, the time and dedication necessary for each Director to effectively perform his/her duties. To that end, account should be taken of the diversity objectives set by the Company.</p> <ul style="list-style-type: none"> <li>▪ Competence matrix</li> </ul> <p>The ARC will keep an up-to-date a competence matrix (the "Matrix") for the Board of Directors which defines the aptitudes and knowledge of the candidates to become Directors, Executive directors in particular, and Independent directors, and which helps</p>
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the ARC to define the functions that correspond to each position to be filled, as well as the most appropriate competences, knowledge and experience.

This Matrix will be updated periodically in line with the challenges and opportunities it is deemed the Company will be facing in the short, medium and long term.

The Matrix will take into account the Competence Matrix generally approved for the employees of AEDAS Homes, but adapted to the needs of the Board of Directors.

The Range will distinguish personal aptitudes (such as capacity for teamwork, business outlook, decision-making ability, etc.) as well as prior professional and learning experience (such as experience in AEDAS Homes' sector of activity, or in financial, legal, auditing matters, etc.), as well as any others that may be deemed appropriate.

- Start of the procedure

The Selection Procedure for Independent or Executives Directors will be initiated by a request from the Company Chairman sent to the ARC (the "Start Request"), following deliberation by the Board of Directors. The aim will be for the process to commence three months in advance of when the vacancy is to arise, when this is known.

In order to do so, the Chairman will submit to deliberation by the Board of Directors the advisability of filling all the vacancies and will ask the ARC for its opinion in this regard.

When selecting candidates to become Directors, whether by appointment, ratification or re-election, the starting point will be an analysis of the needs of the Company and its Group, which will be carried out by the Board of Directors with the advice and opinion from the Appointments & Remuneration Committee. This Report, which the Chairman will send to the ARC together with the Start Request, will be published when the General Meeting is called, to approve the ratification, appointment or re-election.

Any Director can submit names of possible candidates. However, when candidates have been submitted for assessment by the ARC by significant Shareholders, Proprietary Directors or Executive Directors, the ARC will gather as much information as it deems appropriate in order to ensure that the proposed candidate has no links that could compromise his/her independence. The candidates proposed by the Directors will also be included in the Start Request.

- ARC Procedure: hiring an independent expert

The ARC will take responsibility for hiring the services of an Independent External Expert (the "Expert"), which will not provide other material services to the Company that could compromise its independence. In any event, the Activities Report of the ARC will inform of all the services provided by the Expert and its remuneration. The ARC will have autonomy to agree on the Expert's fees payable by the Company.

The Expert will propose candidates according to the report analysing the needs of the Company and its Group. The Expert will also analyse all the candidates proposed by the Directors. The Expert will make a reasoned proposal that contains at least three candidates for each vacancy to be filled, being entitled to express its order of preference.

The candidates proposed by the Expert will be interviewed by the members of the ARC.

In the context of these interviews, the ARC will ask the candidate for sufficient information on the rest of his/her activities and any potential conflicts of interest that may affect him/her, so that the ARC can assess the effect they may have on the ability of the candidate to perform his/her duties in the conditions established or on his/her current or future independence. This information should also be gathered on a regular basis and at least annually thereafter. In the assessment of independence, the ARC will go further than merely verifying that none of the specific situations envisaged in Article 529 duodecies of the Spanish Companies Act ("LSC") exist, analysing in general terms whether the candidate is going to be able to perform his/her functions without being compromised by his/her relations with the Company or its Group, its Significant Shareholders or its Executives.

Before proposing its appointment to the Board of Directors, the ARC will inform the candidate on what is expected of him/her in terms of dedication, participation in Specialist Committees and his/her commitment to the Company.

Once the ARC procedure is complete, it will propose the name of the candidate to be appointed to the Board of Directors, identifying who put forward the name of the candidate selected for assessment by the ARC. The ARC can propose a shortlist of up to three candidates per vacancy and indicate its order of preference.

- Executive Directors

In the case of Executive Directors, the provisions set out in the Succession Plan for the Chairman of the Board and the CEO, approved by the Board of Directors of the Company, will be followed and, subsidiarily, the rules contained in this Selection Policy.

- Proprietary Directors

When the Director to be appointed is a Proprietary Director, the party putting him/her forward will ensure that the person meets the requirements of competence, knowledge, fit and proper status and aptitude that would be required of a candidate to become an Independent Director, according to the terms of this Selection Policy.

For the selection of Proprietary Directors, application of the regulations on proportional representation notwithstanding, account will be taken of the requests from Shareholders who hold significant stakes in the capital of the Company, as well as the formal petitions for presence on the Board of Directors from Shareholders whose shareholding is equal to or higher than that of others at whose request Proprietary Directors were appointed.

In the event the appointment of a Proprietary Director is proposed by a shareholder whose shareholding is lower than 3%, the ARC will gather information on the reasons for the proposal and explain them in the report that it has to draft in relation to the appointment.

- Special conditions applicable in the case of director re-election

In proposals for the re-election of Directors, account will be taken of the same factors as for the first election and, moreover, performance and assessment of the Director during the time he/she held the position will be taken into account, in addition to his/her ability to continue performing it satisfactorily.

Moreover, in the re-election proposals, the ARC will take into account the need for a progressive renewal of the Board of Directors. In this regard, account should be taken of factors such as the diversity targets established by the Company, potentially considering, among other aspects, the time each Director has held his/her position and the possibility of establishing a term which is shorter than the legally stipulated one, such as the age factor, both individually and in relation to the average age of the Board as a whole.

- Special conditions for director severance

Except for the powers that correspond to the General Meeting, any proposal to sever Independent Directors that the Board of Directors is to submit to the General Meeting must be at the initiative of the ARC, once the existence of just cause has been assessed.

- Coordinator Director and Secretary of the Board of Directors

The appointment of the Coordinator Director, in the event there is one and given the responsibilities and functions of the position, will be at the proposal of the ARC.

The appointment of the Secretary to the Board of Directors will be the subject of a report from the ARC.

➤ Conditions the candidates must meet

Candidates to become Company Directors will be suitable, fit and proper persons, with recognised professional solvency, competence, experience, qualification, training, availability and commitment to their duty, seeking to ensure a diversity of knowledge and gender.

In particular, they will be sound professionals, whose conduct and professional background is in line with the principles contained in the Code of Conduct of AEDAS Homes and the Company's values

Moreover, when selecting candidates, the aim will be to achieve a proper balance on the Board of Directors as a whole, which enriches decision-making and offers multiple points of view when discussing matters within its remit.

➤ Restrictions affecting candidates

Persons affected by legal prohibitions or incompatibility for the position are not entitled to director office, such as the following:

i. Those persons who have held positions as Senior Executives in Spanish Public Administrations or Companies or in National or Regional Governments which are legally incompatible with the performance of Director functions in a Listed Company, pursuant to Spanish state or regional legislation.

ii. Natural or legal persons affected by any other scenario of incompatibility or prohibition regulated in general provisions.

iii. Persons who hold administrator positions on Governing Bodies or other companies constituting a number that exceeds the limits established by the Regulations of the Board of Directors of the Company, or that would exceed the same if appointed Director in the latter, unless they undertake to comply with the number indicated in the event they are appointed.

iv. Those who perform similar functions or hold similar positions or responsibilities in companies that are direct competitors of the Company, in entities that control such companies and, in general, those persons whose position could potentially constitute a permanent conflict of interest.

v. Those who have reached 72 years of age at the moment of the appointment, ratification or re-election.

The Director Selection Policy was approved by the Board on 5 November 2019, and the Competence Matrix was approved by the ARC on 20 May 2020, duly notifying the Board that same day.

**C.1.17 Explain the extent to which the annual evaluation of the Board has prompted significant changes in its internal organisation and the procedures that apply to its activities:**

Description of changes
<p>The Board of Directors, at its meeting held on 24 November 2020, agreed to complete an annual evaluation on the Board and its Committees for the 2020-21 financial year, for internal purposes only.</p> <p>AEDAS Homes, as a listed company, was assisted in 2018 by an independent external expert for its evaluation of the Board. In 2019, this evaluation was completed for internal purposes only, albeit with experience acquired further to its first self-evaluation. In the next 3-month period (from 1 January to 31 March 2020), no evaluation was carried out.</p> <p>During the 2020-21 financial year, the Appointments &amp; Remuneration Committee (ARC), in conjunction with the Board Chairman and the Committee Chairmen, circulated questionnaires during the first few weeks of December 2020; all Directors fully collaborated, just as they had in previous self-evaluations.</p> <p>At the Board meeting of 23 March 2021, the ARC Chairman presented the results of the 2020-21 Board Self-Evaluation, explaining that the scores assigned to the questionnaire replies were generally very high, as in previous years. He pointed out the evaluations conducted on the Audit &amp; Control Committee, which produced excellent results. He also highlighted the active participation of all Directors, who submitted their comments and suggestions for improvement.</p> <p>As a result of the evaluation, steps for improvement were proposed, briefly summarised below:</p> <ul style="list-style-type: none"> <li>▪ Greater interaction with the executive team, insofar as deemed appropriate by the CEO.</li> <li>▪ More courses to be scheduled in matters of interest for Directors, to be implemented in 2021-22, which should also be consistent with the Company's staff policies.</li> <li>▪ Periodic reporting from the CEO to the Board, on investor opinions and patterns.</li> <li>▪ More frequent reporting on market strategy and trends.</li> <li>▪ Regarding Board evaluations, to consider whether more qualitative methodologies exist for added value.</li> </ul> <p>This same Board of Directors' Meeting, of 23 March 2021, unanimously approved the actions proposed for the 2021-22 financial year, in order to continue improving operation of the Board and its Committees.</p>

**Describe the evaluation process and the areas evaluated by the Board backed up, where appropriate, by an external consultant with respect to the performance and composition of the Board and its committees, as well as any other area or aspect evaluated.**

Description of the evaluation process and areas evaluated
<p>The Self-Evaluation Process for the Board of Directors and its Committees was carried out internally during 2020-21 under the management of the Chairman of the Appointments &amp; Remuneration Committee. This evaluation was not backed up by an external consultant, as such consultancy had been obtained in the first evaluation carried out during the 2018 financial year.</p> <p>The process basically involved the following:</p> <ul style="list-style-type: none"> <li>▪ Drafting and distributing a questionnaire amongst the various Directors. The questionnaire gathered general matters, others related to operation and responsibilities, and relations with the Senior Management.</li> <li>▪ At all times the anonymity of those questioned has been ensured, with support from the Technology &amp; Cybersecurity Management, when channelling the process and results in aggregate form.</li> <li>▪ The replies were used to draw up a self-evaluation report by Commission (ACC, ARC and ITCC).</li> <li>▪ An aggregate evaluation report was issued for the Board.</li> <li>▪ The Chairman of the ARC forwarded the Self-Evaluation Report to the Board of Directors.</li> <li>▪ Action plans were proposed, for approval by the Board of Directors.</li> </ul>

**C.1.18 Break down, in those fiscal years in which the evaluation has been supported by an external facilitator, the business relations that the facilitator or any company of their external group maintains with the Company or any other company of its group:**

During the 2018 financial year, the Board of Directors was backed up by an external consultant when evaluating the Board and its members. Subsequently, internal evaluations were carried out. In compliance with good practices in corporate governance, the Board will again seek an external consultant for the forthcoming financial year 2021-22.

**C.1.19 State the cases in which the Directors are forced to resign.**

Pursuant to Article 20 of the Board Regulations, all directors should waive office before the Board of Directors and, where deemed necessary by the Board, submit their resignation in the following cases:

- (i) When they cease to hold the executive positions associated to their appointment as board members.
- (ii) When they are affected by any of the grounds for incompatibility or disqualification set out in the Act or the Company's Bylaws.
- (iii) When they are severely reprimanded by the Board of Directors because they have infringed their obligations as board members.
- (iv) When their presence on the Board could endanger or harm the interests, credit or reputation of the Company, or when the reasons for their appointment no longer apply, including (though not limited to) the occurrence of significant changes in their professional situation or conditions under which they were appointed board members.
- (v) When they are convicted of a criminal offence or are the subject of disciplinary proceedings by supervisory authorities as a result of serious or very serious misdemeanours.
- (vi) In the case of proprietary directors: (i) when the shareholder they represent sells its entire stake or reduces it significantly, and (ii) in the corresponding number, when the shareholder reduces its stake to a level that requires a reduction in the number of proprietary directors.
- (vii) When they sit on the boards of directors of more than four other listed companies (apart from the Company).
- (viii) When for reasons attributable to the board member, his/her presence on the Board causes serious harm to the Company's corporate equity or reputation, in the Board's opinion.

**C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?**

Yes  No

If so, describe the differences.

Description of differences
-

**C.1.21 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman of the Board of Directors.**

Yes  No

Description of the requirements
-

**C.1.22 Indicate whether the Bylaws or the board regulations set any age limit for Directors:**

Yes  No

	Age limit
<b>President</b>	-
<b>Board Director</b>	-
<b>Director</b>	-
<b>Remarks</b>	
-	

**C.1.23** Indicate whether the Bylaws or the board regulations set a limited term of office or additional and more restricted requirements for independent directors, other than those set out by law:

Yes  No

<b>Additional requirements and/or maximum number of years for the term of office</b>	-
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**C.1.24** Indicate whether the Bylaws or the Board regulations stipulate specific rules for delegating voting rights to other directors on the Board of Directors, how this is done and, in particular, the maximum number of times that voting rights may be delegated to a board member, as well as whether there is any limitation on the categories to which proxies can be delegated, in addition to any restrictions imposed by law. If so, provide brief details of said rules.

Pursuant to Article 17 of the Board of Directors Regulations, board members shall make every effort to attend Board meetings, and when they are unavoidably unable to attend in person, they shall grant a proxy, in writing and specifically for each session, to another member of the Board, including the relevant instructions and notifying the Chairman of the Board of Directors of the grant of this proxy. In the case of non-executive directors, they may only be represented by another member of the Board of Directors who is classified in the same category. A record of the number of absences at Board of Directors meetings shall be included in the Annual Corporate Governance Report.

**C.1.25** State the number of board meetings held by the Board of Directors during the year. Also, state, where applicable, how many times the board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

<b>Number of Board meetings</b>	10
<b>Number of Board meetings without the President's attendance</b>	0
<b>Remarks</b>	
-	

State the number of meetings held by the coordinating director with the rest of the directors and without the attendance or representation of any executive director:

<b>Number of meetings</b>	-
<b>Remarks</b>	
-	

State the number of meetings held in the fiscal year by the different Committees of the Board:

<b>Number of meetings of the Audit and Control Committee</b>	9
<b>Number of meetings of the Appointments and Remuneration Committee</b>	8
<b>Number of meetings of the Technology, Innovation and Cyber-security Committee</b>	3

Remarks
The Technology, Innovation & Cybersecurity Committee held 3 meetings during 2020-21. It decided not to convene a fourth time, as provided in its Internal Regulations, due to taking other more important steps over the financial year. These steps sought to define and develop a Digital Transformation Plan, exceeding the scope of Technology & Innovation, by serving as a tool to transform and digitalise the Company, its processes and activity.

**C.1.26 State the number of board meetings held by the Board of Directors during the year and the assistance data of their members:**

Number of meetings with a personal attendance rate of at least 80% of the members	10
% of attendance over the total of votes during the fiscal year	100%
Number of meetings with personal attendance or proxies appointed with specific instructions of all the directors	10
%of votes cast with personal attendance and proxies appointed with specific instructions over the total of votes during the fiscal year.	100%
Remarks	-

**C.1.27 State whether the consolidated and individual financial statements submitted for authorisation by the board are previously certified:**

Yes  No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements for authorisation by the board:

Name	Title
-	-
Remarks	-

**C.1.28 Explain the mechanisms, if any, put in place by the board of directors to ensure that any annual accounts submitted by the Board to the general shareholders meeting are drawn up in accordance with accounting regulations.**

<p>Article 38.2 of the Board of Directors Regulations establishes that "The Board of Directors shall endeavour to prepare the annual accounts definitively in a way that does not give rise to reservations or qualifications by the auditor. In the exceptional case that such qualifications exist, both the Chairman of the Audit &amp; Control Committee and the external auditors should give a clear account to shareholders of such reservations or qualifications. However, when the Board believes that its own criteria should prevail, it shall publicly explain the scope and contents of the disagreement."</p> <p>In this regard, the Audit &amp; Control Committee, comprising mostly independent directors, holds a meeting with the external auditors in order to review the Company's annual accounts and some of the periodic financial information that must be reported by the Board of Directors to the markets and their supervisory authorities, confirming compliance with any legal requirements and the correct application of generally accepted accounting principles in the preparation of accounts. Such meetings anticipate, if necessary, any debate or difference of opinion between AEDAS Homes' Management and the external auditors, in such a way that the Board of Directors may take appropriate measures to ensure that the auditor's report is issued without reservations.</p> <p>The Audit &amp; Control Committee holds meetings with the Auditor, CFO and Head of Internal Audit. In turn, in compliance with regulations governing listed companies, the Internal Audit Management checks the effectiveness of the system for Internal Control on Financial Reporting (ICFR) in order to provide reasonable certainty about the reliability of any financial-economic reports issued by a listed company and addressed to the market.</p> <p>Further to good practices in corporate governance, an external auditor reviews this ICFR Model, the outcome of which is attached.</p>
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**C.1.29 Is the Board Secretary also a member of the board?**Yes No 

Complete the following table if the Board Secretary is not a board member:

Personal or corporate name of the secretary	Representative
Mr. ALFONSO BENAVIDES GRASES	-
Personal or corporate name of the deputy secretary	Representative
Mr. LUIS VEGA SORROSAL	-
Remarks	
-	

**C.1.30 Indicate, where applicable, the specific mechanisms implemented by the company to preserve the independence of the external auditors, as well as the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including the way in which the legal provisions have been applied in practice.**

Under Article 38 of the Board of Directors Regulations, the Audit & Control Committee is responsible for submitting a proposal to the Board of Directors, which will in turn submit it to the General Shareholders Meeting, for the appointment (with details of the contractual conditions and the scope of the professional duties engaged), or the renewal or revocation of the auditor for the Company's annual accounts. It is also responsible for overseeing compliance with the auditing agreement under Article 14 of the Regulations and the terms of the Committee's own internal regulations, which in the latter case are approved by the Board of Directors.

The Audit & Control Committee shall refrain from proposing to the Board of Directors (and the latter shall in turn refrain from proposing to the General Shareholders Meeting) the appointment as the Company's auditors of any auditing firm that is affected by any incompatibility pursuant to the regulations governing accounts auditors, or any firm that charges the Company fees, in respect of all items, that exceed five per cent of its total income during the last financial year.

The Board of Directors shall provide a full itemised breakdown, publicly and in the manner set out in applicable regulations, of the fees paid for accounts auditing and any other services provided by the auditor, along with details of the fees paid to people or organisations connected with such auditor.

In addition, under Article 14 of the Board of Directors Regulations, the Audit & Control Committee must ensure the independence of the accounts' auditor in the performance of its duties.

**C.1.31 State whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors.**Yes No 

Outgoing auditor	Incoming auditor
-	-
Remarks	
-	

If there have been disagreements with the outgoing auditor, explain the content thereof:

Yes No 

Explanation of disagreements
-



**C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:**

Yes  No

	Company	Group	Total
<b>Fees for non-audit work (thousands of euros)</b>	61	-	61
<b>Fees for non-audit work/total amount invoiced by the audit firm (%)</b>	24.98%	-	24.98%

Remarks
<p>During the period reported in this Annual Corporate Governance Report, between 1 April 2020 and 31 March 2021, the Company has hired its auditing firm for non-auditing work in order to meet the requirements established in Article 540 of the consolidated version of the Spanish Capital Companies Act and Spanish Securities Market Commission Circular No. 7/2015, of 22 December, when describing the Internal Financial Reporting Control System in this Annual Corporate Governance Report, as well as the certification of certain financing limits and ratios required to apply for an ICO surety as the issuer of promissory notes on the Alternative Fixed Income Market and to review certain parts of the consolidated current balance sheet and consolidated profit &amp; loss account for the group headed by AEDAS Homes for the first and third quarter of the financial year ending 31 March 2021.</p> <p>The auditing firm works according to the procedures agreed, based on international standard ISRS 4400.</p>

**C.1.33 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. If so, indicate the reasons given by the Chairman of the Audit Committee to the shareholders to explain the content and scope of those reservations.**

Yes  No

<b>Explanation of reasons and direct link to the document made available to the shareholders at the time that the general meeting was called in relation to this matter</b>
-

**C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the individual and/or consolidated financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:**

	Individual	Consolidated
<b>Number of consecutive years</b>	6	6
<b>Number of years audited by current audit firm / Number of years the company's financial statements have been audited (%)</b>	100%	100%

**C.1.35 Indicate whether there are procedures for directors to receive the information they need in enough time to prepare for meetings of the governing bodies and, where applicable, give details:**

Yes  No



Description of the procedure
Article 16 of the Board of Directors' Regulations establishes that notices convening meetings of the Board of Directors shall be sent out at least seventy-two hours before the date of the meeting. The notice will always include the agenda for the meeting and will be accompanied by the relevant information, duly prepared and summarised.

**C.1.36 Indicate and describe any rules established by the company that force directors to inform the board of any circumstances that might harm the company's name or reputation, resigning as the case may be, whether or not related to their conduct in the company itself:**

Yes  No

Explanation of the rules
Pursuant to Article 20 of the Board of Directors' Regulations, board members must place their position at the disposal of the Board of Directors when their presence on the Board could endanger or harm the interests, credit or reputation of the Company, or when the reasons for their appointment no longer apply, including (though not limited to) the occurrence of significant changes to their professional situation or to the conditions under which they were appointed to the position of board member.

**C.1.37 Indicate, unless there are special circumstances reflected in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to his/her conduct in the company itself, which could harm its creditworthiness and reputation:**

Yes  No

Name of the Director	Type of situation	Remarks
-	-	-

**In the foregoing situation, indicate whether the Board of Directors has examined this matter. If so, explain in a reasoned manner whether, in light of specific circumstances, any measure has been adopted, such as filing an in-house investigation, requesting that the director resign or proposing his/her dismissal. Also indicate whether the board's decision was based on an opinion issued by the appointments committee.**

Yes  No

Decision/action taken	Reasoned explanation
-	-

**C.1.38 List the significant agreements that have been signed by the company and have come into force, have been modified or have been terminated in the event of a change in the company's control through a hostile takeover bid, and their effects.**

Development loan agreements usually contain standard clauses relating to the change of control over a Company. These clauses may apply in the event of a change of control over AEDAS Homes, but they do not apply to the company's internal restructuring. However, the most important aspect of these agreements is the guarantee of the Company's assets, not the control structure.
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**C.1.39 Identify individually, when referring to Directors, in aggregate for the rest of the cases and provide detailed information on agreements between the company and its officers, executives and employees that provide compensation, guarantees or protection clauses in the event of their resignation, unfair dismissal or termination as a result of a takeover bid or other kinds of operations.**

<b>Number of beneficiaries</b>	8
<b>Type of beneficiaries</b>	CEO Part of the Management Committee

<p><b>Description of the agreement of the CEO</b></p> <p>In the potential event of the agreement's termination as a result of the CEO's unilateral resignation, the CEO will not be entitled to receive any compensation or indemnification, unless his/her resignation is caused by a change in control over the Company. To this end, it shall be understood that there has been a change of control when either of the following two situations arises: (i) a third party directly or indirectly acquires more than 50% of the Company's voting rights; or (ii) a third party appoints half plus one of the members of the Board of Directors. In this case, provided that the CEO's resignation occurs within six months following the change of control, the CEO shall be entitled to receive gross compensation equivalent to two years' fixed salary in the amount he is receiving at the time of termination.</p> <p>In the event of the agreement's termination at the unilateral request of the Company, the CEO shall be entitled to receive gross compensation equivalent to two years' fixed salary in the amount he is receiving at the time of termination.</p> <p>In cases in which the agreement is terminated at the sole request of the Company, as set out in a resolution passed by the Board of Directors or as a result of a partial or total revocation by the Board of Directors of the powers delegated by the Board or the Company to the CEO, three months' advance notice must be given. During the advance notice period, the Company may release the CEO from the performance of his/her duties, though it shall continue to pay him/her the usual salary. In the event of a breach of the obligation to give the required advance notice, the Company must compensate the CEO in an amount equivalent to the fixed payment applicable at the time the agreement was terminated for the advance notice not given.</p> <p>Notwithstanding the foregoing, the CEO shall not be entitled to any compensation or indemnification, nor shall the Company be obliged to uphold any advance notice, in the event that his termination is caused by an infringement of the Act, the Company's Bylaws, the Board of Directors Regulations, the Regulations governing the General Shareholders Meeting or any other company rule or resolution that applies to the performance of his duties, or that is caused by a breach of his obligations under the terms of this Agreement, including the duty of contractual good faith, provided that the infringement or breach in question is classified as very serious and can be attributed to the CEO in the form of a serious or wilful offence.</p> <p>By way of compensation for his non-compete obligation, the CEO shall receive a gross amount equivalent to one year's fixed salary in the amount he is being paid at the time of termination. This amount shall be paid in full at the time when the Agreement is terminated.</p>
<p><b>Description of the Management Committee agreement</b></p> <p>➤ Termination of the contract by unilateral decision of the Company, based on a change of control thereof, merger or acquisition by another company that forces a workforce restructuring.</p> <p>In the termination scenarios provided, a worker will have the right to receive a gross amount equivalent to two years' fixed salary in the amount he/she was being paid at the time of termination, with a mandatory three-month notice.</p> <p>The agreement shall be binding during the following three years and shall be rendered void afterwards.</p> <p>➤ Post-contractual non-compete obligation.</p> <p>Given the interest of the Company in the worker not competing therewith after the termination of this Contract, provided the cause is one of those set out herein, both parties have agreed that the worker shall refrain from carrying out activities that compete with those of the Company, either on his/her own account or on behalf of a competing company, using the knowledge or specific practices the worker had acquired either directly or indirectly during the term of the contract in his/her benefit or to the benefit of a competitor.</p> <p>In particular, the worker shall refrain, on behalf or on account of a third party, directly or indirectly, from carrying out offers, propositions, inducing or requesting a person who at the contractual termination date is hired by the Company to leave it, to hire or give employment for another person or make her/him be hired or employed by another natural or legal person that carries out business competing with any of the Company's business activities.</p> <p>The worker shall refrain from competing in the terms stated for the duration of a year, to be counted from the contractual termination date.</p> <p>In case the worker fails to refrain from competing after termination of the Agreement in the terms stated, he/she shall return to the Company any amount accordingly paid.</p>

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group beyond the assumptions set out by the regulation: If so, specify the proceedings, the stipulated assumptions and the nature of the bodies responsible for their approval and communication:

	The Board of Directors	General Meeting
Body which authorizes the clauses	Yes	No

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		x

Remarks
Protection clauses were approved at a meeting of the Board of Directors held on 22/03/2018 for two members of the Management Committee, and were extended on 19/02/2019 to all members of the Management Committee bound by such clause.

## C.2 Fees of the Board of Directors

C.2.1 Give details of all the fees paid to the Board of Directors, its members, and the proportion of executive, proprietary, independent and other external directors that they represent:

### AUDIT AND CONTROL COMMITTEE

The Audit & Control Committee (ACC) of AEDAS Homes was appointed by the Board of Directors at a meeting held on 27 September 2017. Its composition, general delegated powers and regulations are set out below. On 23 June 2020, the Ordinary General Shareholders Meeting of AEDAS Homes re-elected all the Directors belonging to the ACC for the 3-year term foreseen in the Bylaws.

Name	Title	Category
MR. JAVIER LAPASTORA TURPÍN	Chairman	Independent
MR. SANTIAGO FERNÁNDEZ VALBUENA	Member	Independent
MR. EDUARDO EDMUNDO D'ÁLESSANDRO CISHEK	Member	Proprietary

% of Proprietary Director	33.33%
% of Independent Director	66.67%
% other external members	0.00%

Remarks
-

Explain the duties attributed to this committee, including, where applicable, those additional to the ones set out by law, and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.

Pursuant to Article 14 of the Board of Directors Regulations, the Audit & Control Committee shall comprise a minimum of three and a maximum of five members, who shall be appointed by the Board of Directors and who must be non-executive directors. The majority members of the Audit & Control Committee shall be independent, and one of them shall be appointed in consideration of his/her knowledge and experience in accounting or auditing matters, or both.

The Board of Directors shall also appoint a Chairman of the Audit & Control Committee from among the independent directors who sit on said Committee. In addition, the Board of Directors may appoint a Vice-Chairman if it deems this appropriate, and the rules governing the appointment of the Vice-Chairman shall be the same as the rules governing the appointment of the Chairman.

Members of the Board of Directors who sit on the Audit & Control Committee shall continue in office for the term of their appointment as directors of the Company, unless otherwise agreed by the Board of Directors. The renewal, re-election and dismissal of the Committee's members shall be governed by the decisions of the Board of Directors.

The position of Chairman shall be held for a maximum of four years, and the same person may not be re-elected at the end of this term until a year has passed following the date he was no longer in office, without prejudice to remaining or being re-elected as a Committee member.

The Audit & Control Committee shall meet at least once every three months in order to review the periodic financial information that is to be submitted to the stock market authorities, along with any other information that the Board of Directors is required to approve and include among its annual public documentation. It shall also meet when requested by any of its members and whenever it is convened by its Chairman, who shall call a meeting whenever the Board or the Chairman of the Board requests the issue of a report or the adoption of proposals and, in all cases, when this is advisable for the proper performance of its duties.

The Audit & Control Committee shall issue an annual report on its own activities, specifically referring to any incidents that have arisen, where applicable, in relation to the duties for which it is responsible. In addition, when the Audit & Control Committee deems this appropriate, its report shall include proposals for improvement in the Company's governance rules.

Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Audit & Control Committee shall be responsible for the following basic duties:

- (i) Informing the General Shareholders Meeting on questions raised by shareholders at the Meeting, where such questions fall within its competence and, in particular, on auditing results, explaining how this has contributed to financial information integrity and the role that the Audit & Control Committee played in the process.
- (ii) Overseeing the efficacy of both the Company's and the group's internal monitoring, internal auditing and risk management systems, and discussing with the external accounts auditor any significant weakness in the internal monitoring system that it has detected during its own audit, without compromising its independence. To this end, in the event that it identifies significant weaknesses, it shall submit recommendations or proposals to the administrative body and provide a monitoring timeframe.
- (iii) Overseeing the process for the preparation and submission of regulatory financial information and submitting recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of such information.
- (iv) Proposing to the Board of Directors, for submission to the General Shareholders Meeting, the selection, appointment, re-election or replacement of accounts auditors, pursuant to applicable regulations, along with the conditions for their engagement, and regularly compiling information on the audit plan and its execution, as well as ensuring their independence in the performance of their duties.
- (v) Establishing an appropriate relationship with the accounts auditors in order to receive information on any matters that could endanger their independence, so that such information may be examined by the Audit & Control Committee, along with any other matter relating to the accounts auditing process and, where applicable, authorising services other than those that are prohibited, in the terms set out in applicable regulations in Article 5, section 4, and Article 6.2.b) of Regulation (EU) No. 537/2014, of 16 April, and in the provision of the 3<sup>rd</sup> section, chapter IV, title IV of Spanish Auditing Act 22/2015, of 20 July, , on the independence regime directly or indirectly affecting auditing firms, along with any other communications provided for in the auditing regulations and other provisions governing accounts audits. In any case, the Audit & Control Committee must receive an annual written declaration from the auditor confirming its direct and indirect independence from the Company and its related organisations, together with detailed and personalised information on any additional services whatsoever provided and the relevant fees received from these organisations by the auditor, or by related persons or organisations, in accordance with the provisions contained in auditing legislation.
- (vi) Issuing an annual report, prior to the external auditor's report, expressing an opinion as to whether the independence of external auditors or auditing firms has been compromised. This report must contain information, in all cases, on the provision of any additional services referred to in the preceding paragraph, both individually and jointly, aside from the legal audit itself, regarding the rules governing independence and auditing regulations.
- (vii) Providing prior information to the Board of Directors regarding all the matters required by the Act, the Company's Bylaws and the Board of Directors Regulations, with regard to:
  - a) the financial information that the Company is required to publish periodically;
  - b) the creation or acquisition of shares in special purpose vehicles or organisations domiciled in countries or territories classified as tax havens; and
  - c) operations with related parties.

- (viii) Overseeing the Company's internal auditing activities.
- (ix) With regard to internal reporting and monitoring systems:
  - a) monitoring the preparation and integrity of financial information relating to the Company and, where appropriate, the group, checking for compliance with legal provisions, a properly defined consolidation perimeter, and adequate application of accounting principles.
  - b) monitoring the independence of the internal auditing unit; proposing the selection, appointment, re-election and removal of the head of the internal audit service; proposing a service budget; approving its guidelines and working programmes, receiving regular information on its activities, and ensuring that the senior management considers the findings and recommendations of its reports; and
  - c) establishing and overseeing a mechanism whereby staff can confidentially or anonymously report any potentially significant irregularities detected within the Company, particularly financial or accounting irregularities.
- (x) With regard to the external auditor:
  - a) in the event of resignation by the external auditor, examining the circumstances that gave rise to its decision;
  - b) ensuring that payment does not compromise its quality or independence;
  - c) ensuring that the Company notifies any change of external auditor to the CNMV as a significant event, accompanied, where applicable, by a statement regarding any potential disagreements with the outgoing auditor and the relevant reasons;
  - d) ensuring that the external auditor has an annual meeting with the plenary session of the Board of Directors to report on the work undertaken and any developments in the Company's situation;
  - e) ensuring that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on auditor business concentration and other requirements concerning auditor independence.
- (xi) Monitoring compliance with the Company's internal codes of conduct and corporate governance rules, and any information relating to compliance with the foregoing.
- (xii) Monitoring compliance with the Corporate Social Responsibility Policy and evaluating relations with various stakeholder groups.
- (xiii) Meeting with any Company employee or manager, and even summoning them without the presence of another senior officer.
- (xiv) Any other duties entrusted by the Board of Directors in the relevant Regulations.

The main activities carried out by the ACC are gathered in the Activity Report of the Audit & Control Committee for the 2020-21 financial year, for the 12-month period ended 31 March 2021, as regards the following:

- In relation to financial information of the Company and reporting to the Board of Directors:
  - Issue of the 2020 Activity Report for the Audit & Control Committee.
  - Issue of the ACC Report on Related Operations in 2020.
  - Issue of the ACC Report on Auditor Independence in 2020.
  - Analysis of individual and consolidated annual accounts and management report for the financial year ended 31 March 2020, as well as the allocation of results, for subsequent formulation by the Board of Directors.
  - Analysis and approval of the 2020 Annual Corporate Governance Report.
  - Re-election of the auditing firm for the Company and its group.
  - Authorisation from the ACC in order for auditors to be able to provide certain non-audit services to the Company.
  - Presentation of the 2020-21 Business Plan and General Expenditure Budget.
  - Review of yearly Financial Reports.
- In relation to the Internal Audit function:
  - Approval of the Activity Report for Internal Audit in 2020.
  - Presentation of the outcome of various reviews completed by Internal Audit during the financial year, to include the annual internal audit report on the ICFR Model, and internal audit of the model to prevent money laundering and the financing of terrorism in the AEDAS Homes Group.
  - Approval of the 2020-21 Annual Internal Audit Plan.
- In relation to the Risk & Compliance function:
  - Approval of the 2020 Risks Report.
  - Approval of the 2020 Compliance Report.
  - Presentation of the results of various reviews completed by Risk & Compliance during the financial year, including a review of the corporate risk map and monitoring of risk indicators.
  - Approval of 2020-21 Annual Risk & Compliance Plans.

Name the Board Member who has been appointed to sit on the Audit Committee, bearing in mind his/her knowledge and experience of accounting matters, auditing, or both and state how many years the Chairman of this Committee has been in the post.

<b>Name of experienced Board Member</b>	MR. JAVIER LAPASTORA TURPÍN
<b>Date of appointment of the President in office</b>	23/06/2020
<b>Remarks</b>	
On 23 June 2020, the Ordinary General Shareholders Meeting of AEDAS Homes re-elected Mr. Javier Lapastora Turpín as an Independent Director for the 3-year term foreseen in the Bylaws, which is why he continued as ACC Chairman. Further to Art. 529 quaterdecies of the Spanish Capital Companies Act, the ACC intends to appoint another Chairman on this Committee before a 4-year term expires.	

### APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments & Remuneration Committee (ARC) of AEDAS Homes was appointed by the Board of Directors at a meeting held on 27 September 2017. On 23 June 2020, the Ordinary General Shareholders Meeting of AEDAS Homes re-elected all the Directors belonging to the ARC for the 3-year term foreseen in the Bylaws. Its composition, general delegated powers and regulations are set out below.

Name	Title	Category
Mr. MIGUEL TEMBOURY REDONDO	Chairman	Independent
Mrs. CRISTINA ÁLVAREZ ÁLVAREZ	Member	Independent
Mr. EVAN ANDREW CARRUTHERS	Member	Proprietary
<b>% of Proprietary Director</b>		33.33%
<b>% of Independent Director</b>		66.67%
<b>% other external members</b>		0.00%

Explain the duties attributed to this committee, including, where applicable, those additional to the ones set out by law, and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.

<p>The Appointments &amp; Remuneration Committee (ARC) is governed by the Board of Directors Regulations and by its own ARC Regulations, in relation to its composition, competencies and operation. The ARC Regulations were reviewed, updated and approved by the Board of Directors on 25 July 2019.</p> <p>The Appointments &amp; Remuneration Committee shall comprise a minimum of three and a maximum of five members, who shall be appointed by the Board of Directors at the proposal of the Chairman of the Board, and who must be non-executive directors. At least two members of the Appointments &amp; Remuneration Committee shall be independent directors.</p> <p>The Board of Directors shall also appoint a Chairman from among the independent directors who sit on said Committee. In addition, the Board of Directors may appoint a Vice-Chairman if it deems this appropriate, and the rules governing the appointment of the Vice-Chairman shall be the same as the rules governing the appointment of the Chairman.</p> <p>Members of the Board of Directors who sit on the Appointments &amp; Remuneration Committee shall continue in this post for the term of their appointment as directors of the Company, unless otherwise agreed by the Board of Directors. The renewal, re-election and dismissal of the Committee's members shall be governed by the decisions of the Board of Directors.</p> <p>Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Appointments &amp; Remuneration Committee shall be responsible for the following basic duties with total independence:</p> <ul style="list-style-type: none"> <li>(i) Assessing the skills, knowledge and experience required in the Board of Directors. To this end, it shall define the skills and duties required from candidates in order to fill each vacancy, as well as evaluating the time and dedication required for them to be able to effectively perform their duties.</li> <li>(ii) Establishing a target for representation on the Board of Directors of the under-represented gender and preparing guidelines on how to meet this target.</li> </ul>
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- (iii) Submitting proposals to the Board of Directors regarding the potential appointment of independent directors, either for appointment by co-optation or for submission for deliberation by the General Shareholders Meeting, along with proposals for the re-election or removal of such directors by the General Shareholders Meeting.
- (iv) Providing information regarding proposals for the appointment of remaining directors, either for appointment by co-optation or for submission for deliberation by the General Shareholders Meeting, along with proposals for the re-election or removal of such directors by the General Shareholders Meeting.
- (v) Providing information on proposals for the appointment and removal of management personnel and the basic terms of their engagement.
- (vi) Examining and organising the process for successors of the Chairman of the Board of Directors and the Company's chief executive and, where applicable, making proposals to the Board of Directors to ensure that succession occurs in a planned and orderly way.
- (vii) Submitting proposals to the Board of Directors regarding payment policy for directors and the general management and for persons entrusted with senior management duties who report directly to the Board of Directors, Executive Committees or CEOs, and regarding the individual payment and other contractual conditions for executive directors, confirming and monitoring the compliance thereof.
- (viii) Monitoring compliance with the Company's payment policy.
- (ix) Periodically reviewing the payment policy for directors and senior officers, including share-based payment systems and their application, and ensuring that their individual payment is proportionate to the amounts paid to other directors and senior officers.
- (x) Ensuring that conflicts of interest do not undermine the independence of any external advice provided to the Committee.
- (xi) Verifying the information on director and senior officer pay contained in various corporate documents, including an annual directors' payment statement.

Furthermore, the Appointments & Remuneration Committee will meet every three months, ordinarily, or at least four times a year. Moreover, it will meet at the request of any of its members and whenever called by its Chairman, which will occur whenever the Board or its Chairman requests the issue of a report or the adoption of proposals and, in any event, whenever this is advisable for the proper performance of its functions.

The main activities carried out by the ARC are gathered in the Activity Report of the Appointments & Remuneration Committee for the 2020-21 financial year, for the 12-month period ending 31 March 2021, related to the following:

- Taking of cognizance of the 2020 Annual Corporate Governance Report (ACGR), in matters related to the competence of this ARC.
- Taking of cognizance of the 2020 Annual Directors Remuneration Report (ADRR).
- Review of variable remuneration paid to the CEO in the 2020-21 financial year, for approval by the Board of Directors.
- Review of the Company's new Organisational Structure and recommendation made to the Board to appoint two General Managers, contractual terms included.
- Approval of remuneration paid to executives who directly report to the CEO.
- Approval of the 2020 ARC Activity Report.
- Approval of the ARC Activity Plan for 2020-21.
- Setting the targets of the CEO for 2020-21.

In addition, the ARC periodically reports to the Board of Directors (through its Chairman) on the most relevant tasks carried out by the Appointments & Remuneration Committee

### **TECHNOLOGY, INNOVATION, AND CYBERSECURITY COMMITTEE**

The Technology, Innovation & Cybersecurity Committee (TICC) held its first meeting on 14 November 2017. On 23 June 2020, the Ordinary General Shareholders Meeting of AEDAS Homes re-elected all the Directors belonging to the TICC for the 3-year term foreseen in the Bylaws. Its composition, general delegated powers and regulations are set out below.

<b>Name</b>	<b>Title</b>	<b>Category</b>
Mrs. CRISTINA ÁLVAREZ ÁLVAREZ	Chairman	Independent
Mr. DAVID MARTÍNEZ MONTERO	Member	Executive
Mr. EDUARDO EDMUNDO D'ÁLESSANDRO CISHEK	Member	Proprietary

<b>% of Executive Directors</b>	33.33%
<b>% of Proprietary Director</b>	33.33%
<b>% of Independent Director</b>	33.33%

<b>Remarks</b>
-

**Explain the duties attributed to this committee and describe the organization and performance procedures and rules thereof. For each of those duties, state their most important actions during the fiscal year and how they have executed in practice the duties assigned to them whether by law or by the Bylaws or any other corporate agreement.**

The Board of Directors established a permanent Technology Committee in November 2017, an internal body for information and consultation purposes, with no executive duties, entrusted with duties regarding information, advice and proposals within its scope of action indicated in its Regulations. This Committee has been renamed and is now known as the Technology, Innovation and Cybersecurity Committee (TICC), since February 2020.

The TICC shall be composed by a minimum of 3 members and a maximum of 8, 2 of them being directors appointed by the Board of Directors itself based on a proposal from the Board Chairman. At least one member of the Technology Committee shall be an independent director.

Even though they are not Directors, the Managers in the business lines that the Board of Directors considers relevant at the time for this Committee shall also belong thereto, such as the Company's Head of Technology, Head of Innovation & Marketing, etc.

The Technology Committee is responsible of the following duties:

To review and issue recommendations to the Head of Technology, the CEO and, where appropriate, the Board of Directors, in relation to the Strategic Technology Plan, in order for it to respond to the Company needs and also to provide a competitive advantage.

To supervise the execution of the Strategic Technology Plan, reporting on its progress to the CEO and the Board of Directors, proposing the necessary changes and adaptation of said Plan in order to comply with the Company's needs.

Advise the Head of Technology with respect to the selection of collaborators, design of tools, application of technologies, corrective and preventive measures, etc. ensuring that the Company incorporates technological tools and patterns allowing it to best support the performance of its tasks, as well as to keep a competitive and sustainable advantage.

With respect to its operating rules:

The Technology Committee shall ordinarily meet every three months or at least four times a year. It shall also meet when requested to do so by any of its members and whenever it is convened by its Chairman, who shall call a meeting whenever the Board or its Chairman requests the issue of a report or the adoption of proposals. In any case, the Committee shall meet each time it is deemed convenient for the smooth performance of its duties.

The Chairman of the Committee shall determine the agenda of each meeting.

The Technology Committee shall be validly constituted when the majority of its members are either present or represented by proxy. All resolutions will be adopted by the Committee with an absolute majority of those present.

The Secretary of the Committee shall record Minutes of each Committee meeting, a copy of which shall be sent to each and every member.

For the best fulfilment of its duties, the Technology Committee shall receive the advice of external experts when it is deemed necessary, ensuring that potential conflicts of interest do not harm the independence of any external advice provided to the Technology Committee.

The main activities carried out by the TICC are gathered in the Activity Report of the Technology, Innovation & Cybersecurity Committee for the 2020-21 financial year, in the 12-month period ending 31 March 2021, in relation to the following:

- Approval of the TICC Activity Report for 2020.
- Approval of the TICC Activity Plan for 2020-21.
- Follow-up of key Technology projects, to include automation, robotisation and internal technological developments.
- Supervision of critical Cybersecurity projects.
- Presentation of the new index of artificial intelligence in Boards in Spain.
- Report on the six key products in Technology.
- The four critical projects in Cybersecurity.



**C.2.2 Complete the following table with information on the number of female Board members sitting on the Board's committees at the close of the last four financial years:**

	Number of female Board members							
	Financial year 2020-21		Financial year 2020		Financial year 2019		Financial year 2018	
	Number	%	Number	%	Number	%	Number	%
<b>Audit and Control Committee</b>	-	-	-	-	-	-	-	-
<b>Appointments and Remuneration Committee</b>	1	33.33%	1	33.33%	1	33.33%	1	33.33%
<b>Technology, Innovation and Cybersecurity Committee</b>	1	20.00%	1	20.00%	1	20.00%	-	-

**C.2.3 Indicate, where appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any changes have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.**

The Board of Directors Regulations were revised, updated and approved on 25 July 2019, containing the regulations of two of the three Board of Directors committees, regarding the Audit and Control Committee and the Appointments and Remuneration Committee. This latter Committee is in turn regulated by the ARC Regulations in terms of its composition, competences and operation, approved on 25 July 2019. For amendments, see section C.1.15.

The regulations of the Committees are available for consultation on the Company website Sociedad ([www.aedashomes.com](http://www.aedashomes.com)) in the Shareholders and Investors section, Corporate Governance subsection, and therein under Board of Directors.

These committees, Audit and Control Committee, Appointments and Remuneration Committee and Technology, Innovation and Cybersecurity Committee will draw up an Activity Report each year.

**D RELATED PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS**

**D.1 Explain, where applicable, the procedures and relevant bodies for approving related party or intragroup transactions.**

Pursuant to Article 34 of the Board of Directors Regulations, the Company's engagement in any transaction with directors or shareholders who own stakes in an amount considered significant under the terms of the stock market regulations in force from time to time or, where applicable, with directors or shareholders who have proposed the appointment of any of the Company's directors, or a proposal of appointments of any Company directors, or respective related parties (understood to mean the parties listed in Article 28 of these Regulations), shall be subject to authorisation by the Board of Directors or, in emergency situations, the Executive Committee or the CEO, with the subsequent ratification by the Board or Directors, in each case following a report by the Auditing & Control Committee.

Prior to authorising the Company's engagement in transactions of this nature, the Auditing & Control Committee and the Board of Directors shall evaluate the transaction from the perspective of equal treatment of all shareholders and current market conditions.

The Board's authorisation shall not, however, be required for related party transactions that simultaneously comply with the following three conditions:

- (i) They are governed by agreements containing standard conditions that apply *en masse* to a large number of clients;
- (ii) They are completed at prices or rates that are generally established by parties acting as suppliers of the goods or services involved; and
- (iii) Their value does not exceed 1% of the Company's annual revenue.

If these transactions fall within the Company's ordinary business and involve usual or recurring activities, a general authorisation from the Board of Directors shall be sufficient. Authorisation shall necessarily be agreed by the General Shareholders Meeting when the transaction is made with a Board Member or related party in a value exceeding 10% of the Company's assets.

"Related parties" of the Group are understood to mean Dependent, Associated and Multigroup entities, partners, "key personnel" of the Company Management (members of its Board of Directors and the Administrators, together with their close relatives), as well as the entities over which key Management personnel may exert significant influence or control or be influenced by them. Specifically, related-party situations are understood to include those transactions carried out with agents that are external to the Group, but with whom there is a relationship according to the definitions and criteria derived from the provisions of the Ministry of Economy & Finance in order EHA 3050/2004 of 15 September and the Spanish Securities Market Commission in Circular 1/2005 of 1 April.

- D.2 Give details of transactions deemed significant due to their value, or relevant due to their subject matter, carried out between the company or companies in its group and significant shareholders in the company:**

Name or corporate name of significant shareholder	Name or corporate name of the group company or entity	Nature of the relationship	Type of operation	Amount (thousands of euros)
-	-	-	-	-
<b>Remarks</b>				
-				

- D.3 Give details of transactions deemed significant due to their value, or relevant due to their subject matter, carried out between the company or companies in its group and the company's administrators or executives:**

Name or corporate name of administrators or executives	Name or corporate name of the related party	Relationship	Nature of the operation	Amount (thousands of euros)
-	-	-	-	-
<b>Remarks</b>				
-				

- D.4 Report on any significant transactions between the Company and other entities in the same group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the company's normal business with regard to purpose and conditions.**

**In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:**

Name of the group company	Brief description of the operation	Amount (thousands of euros)
-	-	-
<b>Remarks</b>		
-		

- D.5 Give details of transactions between the Company or entities in its group and with other related parties that have not been communicated in the previous sections.**

Corporate name of the related party	Brief description of the operation	Amount (thousands of euros)
-	-	-
<b>Remarks</b>		
Section 20 of the 2020-21 Consolidated Annual Accounts for AEDAS Homes, for the financial year ended 31 March, itemises all related transactions carried out by the AEDAS Homes Group. These have not been included in this 2020-21 Corporate Governance Report as they do not constitute material transactions in terms of amount or based on their subject matter.		

- D.6 Provide details of any mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its group and its Board Members, executives or significant shareholders.**

Pursuant to the Conflict-of-Interest Policy established by AEDAS Homes, all the people bound by this Policy (directors, executives, employees and related parties) must adopt the measures required to ensure compliance with the criteria for action and decision-making set out in the Policy in order to avoid situations that may result in a conflict between their own personal interests and the corporate interest.
In this regard, all affected parties, particularly members of the Board of Directors, must refrain from the following:

- a) Entering into transactions with the Company, unless these relate to ordinary operations, made in standard client terms and of little importance (i.e., operations that do not have a significant impact on the Company's equity, financial position or results). In this regard, the affected parties may acquire housing developed by AEDAS Homes provided that it is acquired for their own residential use. All other requests (apart from purchases of a main home) shall require approval from the Compliance Committee, and when such requests are made by members of the Management Committee, approval from the Auditing & Control Committee shall be necessary.
- b) Using the name of the Company or referring to their condition as director, executive or employee to unduly influence private business.
- c) Making use of the company's assets, including confidential information, for private purposes.
- d) Taking advantage of the Company's business opportunities, whether current or under consideration.
- e) Obtaining benefits or payments from third parties other than the Company in relation to the performance of their duties, unless these are offered as a mere courtesy.
- f) Engaging in activities, either personally or on behalf of others, that effectively compete, either immediately or potentially, with the Company's activities, or which otherwise place them in permanent conflict with the corporate interest.
- g) Awarding any kind of agreement or order relating to AEDAS Homes to suppliers who have some kind of relationship with people who have a first or second degree of kinship with Company employees.

The foregoing provisions also apply in cases where the beneficiary of the prohibited act or activity is a person related to the affected person. AEDAS Homes, and specifically its Board of Directors, may analyse and dispense with such prohibitions in specific cases, considering in any case the principles contained in this Policy, and safeguarding the interests of AEDAS Homes.

#### Communication

The affected party must immediately give notice of any situation or circumstance that could give rise to a potential conflict of interest, indicating its scope, the situation that has given rise to the potential conflict and any related parties, where applicable. If there are doubts about whether or not this involves a conflict of interest, the affected party must refrain from continuing to engage in any activity relating to the situation in question and seek advice.

In the case of employees, they must give notice of the situation to their direct superior, who will analyse and resolve the situation together with the Compliance Management. Where necessary, the Compliance Committee shall be asked to make a decision. In the case of members of the Board of Directors, they must give notice of the situation to the Secretary to the Board of Directors, preferably in writing, and the Secretary shall pass on any communications received to the Board of Directors, which shall decide on the situation and, where necessary, seek an opinion from the Auditing & Control Committee.

In addition, AEDAS offers all affected parties a Whistleblowing Channel. This represents an additional channel to report any breach or infringement of the Code of Conduct, which includes the principle of objectivity and an obligation to prevent conflicts of interest.

Conflicts of interest that affect the Company's directors shall be reported in the notes to the Company's annual accounts and in the Annual Report on Good Corporate Governance, which shall give details of all related party transactions between the Company and its shareholders and directors.

#### Management of conflicts of interest

AEDAS Homes, through the Board of Directors or its employees' hierarchical superiors, as applicable in accordance with this Policy, has adopted a series of measures that are designed to ensure the correct management of conflicts of interest, thus ensuring the objectivity and transparency of the process. To this end, once the existence of a conflict of interest has come to light:

- a) We take all the measures necessary to distance the affected party from the management of the transaction or situation in question.
- b) We ensure independence in the decision-making process, in such a way that the affected party must take part in this process, and measures are employed to implement appropriate controls in order to ensure impartiality.
- c) Where required, the Board of Directors will take a decision on the potential conflict of interest, recording its decision and taking any appropriate measures.

#### Related party transactions

In line with the general principles set out above, affected parties must avoid any situation from which a conflict of interest might arise in relation to their participation in related party transactions, and they must comply with all previously established rules.

The Company's Board of Directors is the body responsible for approving any related party transactions, following a positive opinion from the Auditing & Control Committee. In addition, the Board of Directors may analyse and dispense with such prohibitions in specific cases, always taking account of the principles contained in this Policy.

In duly justified emergency situations, approval may be given by delegated bodies or persons/the Company's management, though it must be ratified at the first meeting of the Board of Directors held after the decision is adopted.

However, authorisation is not required from the Board of Directors for related party transactions in which the following three conditions are simultaneously met:

- a) They are governed by agreements containing standard conditions that apply *en masse* to a large number of clients,
- b) They are completed at market prices or rates that are generally established by parties acting as suppliers of the goods or services in question, and
- c) Their value does not exceed 1% of the Company's annual revenue

**D.7 Indicate whether the company is controlled by another entity, in the terms of article 42 of the Spanish Commercial Code, whether or not listed, and whether it holds, directly or through its subsidiaries, business relations with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those executed by any of the foregoing.?**

Yes  No

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**Indicate whether specific public information has been provided on their respective areas of activity and possible business relations between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries:**

Yes  No

**Describe their respective areas of activity and possible business relations, between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries, indicating where public information has been provided on the foregoing.**

Section 20 of the 2020-21 Consolidated Annual Accounts for AEDAS Homes, for the financial year ended 31 March, itemises all related transactions carried out by the AEDAS Homes Group. These have not been included in this 2020-21 Corporate Governance Report as they do not constitute material transactions in terms of amount or based on their subject matter.

**Indicate the mechanisms in place to resolve potential conflicts of interest between the other controlling company of the listed company and other group companies:**

**Mechanisms to resolve any potential conflicts of interest**

See section D.6 above, explaining the mechanisms in place in AEDAS Homes to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders.

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

**E.1 Explain the scope of the Company's Risk Control and Management System, including measures relating to tax risk.**

AEDAS Homes uses a risk management system that is regulated under the Company's Risk Management Policy.

The purpose of the risk management model is to create a corporate risk model used to identify, manage and report any risk factors that may affect the achievement by AEDAS Homes of its strategic, business and financial objectives.

The risk management model comprises of the following pillars:

- Identification: the senior management of the Company identifies any relevant risks for AEDAS Homes. This risk identification is carried out each year in order to locate any possible new risks that could hinder the achievement of the Company's strategic, business or financial objectives, not considered in the risk management model.
- Evaluation: inherent probability, inherent impact and the strength of control surroundings are evaluated for all significant risks. The AEDAS Homes risk management model includes three risk categories: "critical", "to be monitored" and "to be maintained".
- Management: risks classified as "critical" and "to be monitored" are included as part of the risk management mechanism, which means:
  - Identifying specific risk events
  - Establishing follow-up indicators for each risk event and associated tolerance values
  - Establishing action plans for any indicators above the tolerance threshold established by the Company.
- Updating: the model is subject to an annual review and update.

## E.2 Identify the bodies responsible for preparing and implementing the Risk Control and Management System, including measures relating to tax risk.

The following AEDAS Homes S.A. bodies are involved in activities related to the risk management model:

- Board of Directors

Defines, updates and approves the Risk Management and Control Policy in AEDAS Homes and sets the acceptable risk level at all times.

- Audit & Control Committee

Oversees the internal monitoring and management of risk, ensuring that the main risks are identified, managed and maintained at the planned levels.

- Management Committee

Assigns responsibility for the risks, receives the results of risk assessments to determine how critical the risk level is, and approves actions or responses to the risk defined.

- Risk & Compliance Management

The Compliance Management provides support for the Audit & Control Committee and the Management Committee in the performance of its duties, particularly by coordinating the activities set out in the Risk Management and Control Policy, ensuring the correct implementation of the risk management system and consolidating reports relating to the risk model.

- Managers and other parties responsible for risks

Identify and evaluate the risks that fall within their area of responsibility. In addition, they propose and report on the indicators used to monitor risk, in addition to proposing and implementing plans of action to mitigate risk and reporting on the effectiveness of such plans.

## E.3 Indicate the main risks, including tax risk and, to the extent they may be significant, those arising from corruption (these latter understood as within the scope of Royal Decree Law 18/2017) which may prevent the company from achieving its business targets.

The Company's risk catalogue contemplates the following risk categories:

- Strategic risks

- Real estate market
- Portfolio of land
- Competition
- Availability of financing
- Reputation
- Stock markets

- Operational risks

- Acquisition of land
- Transformation of land
- Development
- Marketing
- Securing and retaining talent
- Technology
- Cybersecurity
- Occupational safety
- Asset security

- Financial risks

- Interest rates
- Liquidity
- Credit risk
- Asset valuation
- Reliability of financial information

- Compliance risks

- Breach of the Money Laundering Prevention Act
- Breach of criminal regulations (including risks related to a breach of anti-corruption legislation)
- Breach of the Spanish Stock Market Act
- Breach of tax regulations
- Breach of environmental regulations

#### E.4 Indicate whether the company has a risk tolerance level, including against tax risk.

During the 2020-21 financial year, AEDAS Homes has carried out the monitoring and management of risks considered critical based on the risk assessment carried out by the members of the Management Committee.

The risks considered critical have been as follows:

- A fall in demand for newly constructed housing
- Stock performance
- Land portfolio
- Development
- Client satisfaction
- Occupational safety
- Cybersecurity
- Land transformation
- Available financing
- Marketing

The risks included in the list above have been supervised on a quarterly basis, establishing action plans for indicators that have exceeded the tolerance threshold established.

#### E.5 Identify any risks, including tax risks, that have emerged during the year.

With respect to the risks materialising during the financial year of reference, of interest is the significant impairment registered by macroeconomic indicators due to the impact of the Covid-19 pandemic. Some specific examples of this are the negative performance of housing prices in some provinces where the Company is present and a lower number of foreign purchasers in these same provinces.

By reference to Covid-19 risks, the Group's Directors and Management have been constantly supervising how the Covid-19 global pandemic is progressing, in order to handle any potential financial and non-financial impact that may arise with the maximum certainty. Such activities have played a key role in the risk management activities carried out by the Company during the financial year of reference.

The Company has been monitoring the status of its main risk categories in order to adequately appraise the potential impact of the pandemic on the performance of AEDAS Homes' business, and thus be able to adopt adequate measures to mitigate such risks. In particular, during the 2020-2021 financial year, the Company has completed an extraordinary review of its corporate risk map in order to identify any possible risks and strengthen the monitoring thereof; such risks essentially refer to commercial risks and access to funding. Specifically, the following main risk categories in Covid-19 terms have been moved to the top of the corporate risk map schedule, as a result of the valuation completed by the Senior Management of AEDAS Homes:

1. A fall in demand for newly constructed housing: volatility or external factors that may affect supply and demand on the real estate market, which may hinder achievement of the growth forecasts included in the Company's strategic plan. As indicated, the Covid-19 pandemic has impaired macroeconomic indicators in Spain, which could have a negative effect on achievement of the Company's business objectives; however, such risk has been reduced due to the type of product offered by AEDAS Homes and the fact that our developments are in prime locations.
2. Available funding (clients): difficulties encountered by AEDAS Homes' clients to obtain the necessary funding to purchase the Company's homes, which could hinder the future achievement of AEDAS Homes' sales targets and, even, encourage the termination of downpayment or sale and purchase agreements by our clients, due to the difficulty in obtaining a loan, although mortgage loan costs are considered low right now.
3. Available facilities (AEDAS Homes): a shortage of possible facilities or the existence of unacceptable financing terms that increase loan costs, reducing the Company's profitability. Specifically, such risk may materialise through stricter terms imposed by financial institutions in order to grant development loans to AEDAS Homes, which could have a negative impact on the profit margin obtained on its developed projects, although at present there is a huge liquidity surplus on the market, and financing costs are currently considered low.
4. Equity market risks: negative impact on the Company's capitalisation value due to negative performance in the equity market or regulatory changes, making it difficult to attract or retain investors. Specifically, there is evidence of market volatility at certain times since the health crisis broke out in March 2020.
5. Liquidity: insufficient liquid funds that make it difficult to meet obligations and payment commitments on the date agreed. During the financial year of reference, the Company has adopted adequate measures to generate cash and thus ensure compliance with its financial obligations.



6. Marketing: establishing inappropriate marketing policies or inadequate sales management, with a negative impact on the level of sales and closed operations. Specifically, this risk could materialise through changes in client preferences and/or needs due to patterns triggered by the pandemic, such as teleworking.

During the 2020-21 financial year, AEDAS Homes has taken the following measures in order to monitor and manage the risk categories indicated in the preceding section:

- Identifying adequate monitoring indicators. Some examples of indicators currently monitored by the Company are:
  - macroeconomic indicators (GDP, unemployment rate performance, Consumer Confidence Index, etc.)
  - rates of sales
  - delays in works
  - percentage of cancelled down payments
  - percentage of terminated private agreements
  - percentage of prior sales required by the banks to grant a loan
  - stock behaviour with respect to competitors and the IBEX 35 benchmark
  - commencement of projects before funding is received
- Establishing tolerance values reflecting the Company's risk appetite in relation to each risk category
- Regularly monitoring the status of risk indicators
- Implementing and supervising action plans in order to mitigate risks

In addition, the Company started up its Crisis Committee in early March 2020 in order to adopt all the necessary measures to guarantee business continuity and employee wellbeing. Amongst others, the Crisis Committee took action regarding the implementation of teleworking *en masse* and to guarantee continued construction activity in the Company's projects.

AEDAS Homes will continue taking all the necessary measures to monitor and manage any risks derived from the Covid-19 pandemic, in order to guarantee the achievement of its business objectives, to the extent possible.

Furthermore, it has implemented a capital preservation policy since March 2020 as a means to protect and safeguard the Company's solvency, continuously supervising liquidity performance in all AEDAS Group companies. A solid position has been registered at all times.

## **E.6 Explain the plans for responding to and monitoring the main risks facing the company, including tax risk, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges appearing.**

AEDAS Homes has defined action plans designed to respond to the risks that have exceeded the level of tolerance during the financial year. These action plans have been agreed with global risk managers and have been presented to the Audit & Control Committee. Moreover, the status of their implementation is reviewed periodically.

## **F INTERNAL RISK MONITORING AND MANAGEMENT SYSTEMS RELATING TO THE FINANCIAL REPORTING PROCESS (ICFR)**

**Describe the mechanisms that form part of the risk monitoring and management system relating to the company's financial reporting (Internal Control over Financial Reporting, ICFR) process.**

### **F.1 The company's control environment**

**Provide information on at least the following, describing their main characteristics:**

#### **F.1.1. The bodies and/or officers responsible for: (i) the existence and maintenance of appropriate and effective ICFR; (ii) its implementation; and (iii) its monitoring.**

The model of responsibilities of AEDAS Homes' Internal Control over Financial Reporting is deployed through the following bodies and function that development, maintain and monitor the process of preparing the financial information:



BODIES		FUNCTIONS
Management Bodies	Board of Directors	<ul style="list-style-type: none"> <li>• Preparing financial information.</li> <li>• Ensuring correct functioning of the ICFR.</li> </ul>
	Audit and Control Committee	<ul style="list-style-type: none"> <li>• Supervising financial information.</li> <li>• Supervising auditing activities.</li> <li>• Approving what to supervise and when, and how to evaluate ICFR supervision</li> <li>• Supervising ICFR effectiveness</li> </ul>
Finance Department	Finance Department	<ul style="list-style-type: none"> <li>• Designing, implementing and evaluating ICFR and its overall monitoring.</li> <li>• Reporting on ICFR operation to the Audit &amp; Control Committee.</li> </ul>
Department and Divisions	Parties responsible for processes	<ul style="list-style-type: none"> <li>• Identifying any risks in their processes that may affect the Financial Information.</li> <li>• Proposing and implementing the most suitable controls to mitigate risk.</li> <li>• Ensuring that these controls are working effectively.</li> <li>• Reporting on the design and operation of internal controls in their processes.</li> <li>• Resolving incidents in their processes.</li> </ul>
	Parties responsible for control	<ul style="list-style-type: none"> <li>• Executing the controls for which they are responsible.</li> <li>• Reporting on any incidents that arise.</li> </ul>
Internal Audit Department	Internal Audit	<ul style="list-style-type: none"> <li>• Planning ICFR audits as part of the monitoring delegated by the Audit and Control Committee.</li> <li>• Report and communication of the results to the Audit and Control Committee and the Finance Department.</li> <li>• Following up recommendations and plans for improvement.</li> </ul>

### **Board of Directors**

The Board of Directors of Aedas Homes, S.A. is ultimately responsible for monitoring the ICFR, as set out in Article 5.4.viii) of the Board of Directors Regulations.

To this end, the Board of Directors has established the organisational structure necessary to allow monitoring by delegating this duty to the Audit & Control Committee. Thus, the Audit & Control Committee must ensure due compliance with the responsibilities defined and assigned to the Finance Department and other departments and divisions with regard to the Company's Internal Financial Control Reporting System.

### **Audit & Control Committee**

To achieve reasonable security with regard to the reliability of financial information, the Audit & Control Committee will oversee:

- The proper definition of the consolidation perimeter.
- The correct application of accounting principles.
- The suitability of any control policies and procedures implemented.
- The process for preparing and reporting financial information, reviewing the correct design, implementation and efficient operation of the ICFR System and compliance with regulatory requirements.

The Audit & Control Committee has various sources that it uses to ascertain whether the Management has implemented an effective system for supervising the ICFR. The main sources for its analyses are:

- Asking questions and observing how the Management manages the Company.
- Engaging specialists or specialist resources.
- External auditors.

The Audit & Control Committee will principally rely on the work of the internal auditor and hold any necessary meetings with external auditors.

The duties entrusted to the Audit & Control Committee with regard to internal controls, set out in the AEDAS Homes Board of Directors Regulations, are as follows:

- Regularly reviewing the Company's internal monitoring and risk management systems and, in particular, the correct design of the internal monitoring system and management of financial reporting (ICFR), to ensure that the main risks are identified, managed and appropriately known.
- Approving the internal audit plan for evaluation of the ICFR System and its modifications and receiving regular information on the results of this work, as well as approving an action plan to correct any weaknesses observed.
- Reviewing, analysing and commenting on the Financial Statements and other relevant financial information with the senior management and internal and external auditors, in order to confirm that this information is reliable, comprehensible and relevant, and that the accounting principles followed are consistent with those applied at the close of the preceding year.

### **Finance Management**

The Group's Finance Management is responsible for identifying any risk of error or fraud in financial information using the entire range of the ICFR System and for documenting control design. It is also responsible for informing the internal and external auditors of any changes in the perimeter of the Internal Financial Control Reporting System.

The AEDAS Homes Finance Management is responsible for establishing the design, implementation and global follow-up of the Internal Control System for the Group's financial reporting. It will therefore establish the system and implement the structure required for its supervision, thus ensuring that said system operates effectively.

In order to comply with this responsibility, the people in charge of each associated process or sub-process and any key controls must monitor these and report back to the AEDAS Homes Financial Management.

### **Internal Audit Management**

The Internal Audit Management is responsible for planning the supervision and evaluation of the ICFR System with the scope and frequency required to ensure its effectiveness, taking account of the duties included in the Annual Internal Audit Plan, subject to approval by the Audit & Control Committee (ACC).

Internal audit must determine the nature and extent of the tests to be carried out in order to identify any potential weaknesses in the relevant controls, and it will analyse the causes giving rise to these weaknesses in order to determine the control systems' level of compliance and efficacy.

To this end, the parties responsible for these controls must keep and review the relevant documentation and/or evidence that show that controls have been carried out, under supervision by Internal Audit.

As part of this supervision by Internal Audit, the results obtained will be reported as follows:

- Communication of the results related to the findings in control performance to the person responsible for the process and to his/her department.
- Communication of the findings and action plans agreed with the division to the Finance Management, the CEO and the Audit & Control Committee.
- In the event of any suspicion of fraud, the person directly responsible for the control operation should not be notified, but this information should instead be passed on to higher levels including the General Management and the Audit & Control Committee.

Implementation of any action plans will be the responsibility of the Finance Department with the support of the various divisions involved in each process.

Internal Audit will also be responsible for following up and monitoring any incidents and effectiveness of the action/improvement plans proposed to mitigate these incidents.

### **F.1.2 The following elements, where they exist, especially in relation to the process of preparing the financial report:**

- **Departments and/or mechanisms in charge of: (i) designing and revising the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of duties and tasks; and (iii) ensuring the existence of sufficient procedures for their correct reporting throughout the company.**

The establishment of the bases of corporate organisation, with a view to guaranteeing greater efficiency, is the responsibility of the Board of Directors.

The Corporate Services Management is responsible for analysing, designing and developing the organisational structure of AEDAS Homes, ensuring that it is aligned with the Company's strategic objectives.

The lines of responsibility, lines of reporting and functions of each of the positions are defined by each Management, reflecting the existing hierarchical structure through an organisational chart and, through job description sheets, the objectives, functions and tasks of each one of the Company's positions of management and responsibility. All Company employees may access the organisational chart, directory and job description sheets via the Employee Portal.

For financial reporting purposes, the Company has clearly defined lines of authority and responsibility. Principal responsibility for the preparation of financial information lies with the Finance Management.

The formulation and review of criteria to be followed for the selection of managers for the Group is carried out by the Appointments & Remuneration Committee.

In order to comply with the obligations of transparency, access to public information and good governance, public access is established through the website to information on, the organisational structure, profile of the management team and senior management remuneration, which is presented in a clear, cost-free and structured manner.

- **Code of conduct, approval body, level of dissemination and instruction, principles and values included (indicating whether there is specific mention of the recording of transactions and the preparation of financial information), the body in charge of analysing breaches and of proposing corrective actions and sanctions.**

AEDAS Homes has a Code of Conduct that has been approved by the Company's Board of Directors. All of the Company's employees have been informed of this Code of Conduct, and it can be accessed via both the Employee Portal and on the investor pages of the AEDAS Homes website ([www.aedashomes.com/inversores.html](http://www.aedashomes.com/inversores.html))

The AEDAS Homes Code of Conduct includes the following values:

- Integrity: all members of AEDAS Homes undertake to behave with integrity and in a way that contributes to maintaining the Company's reputation.
- Excellence: AEDAS Homes has a team with wide-ranging experience in the residential real estate sector and trained to offer excellent client experience.
- At AEDAS Homes we carry out our duties with professionalism, respect and impartiality. We are committed to achieving our objectives through honest means and do not tolerate any unethical behaviour.
- Transparency: the Company undertakes to provide stakeholders with comprehensive, appropriate and truthful information in order to facilitate the decisions they need to make, in each and every one of the markets in which we operate.
- Innovation: we try to ensure that our residential properties incorporate innovations that will improve the quality of life of their residents, in terms of both their fittings and the materials used, equipping them with technologies that make life easier and more comfortable.

The Code of Conduct establishes the following principles:

- Regulatory compliance: AEDAS Homes' employees strictly comply with the provisions of all regulations in force in the performance of their duties.
- Fight against corruption: the Company adopts a zero-tolerance policy towards any kind of corruption. We are entirely honest in our dealings with both the public and private sectors, and integrity is one of the fundamental values in the way we conduct our business.
- Tax accountability: AEDAS Homes strictly complies with its tax obligations and works with the Tax Authorities to provide them with any information they may require.
- Healthy working environment: AEDAS Homes strictly complies with occupational health & safety regulations, and we have implemented initiatives both for the prevention of accidents and illness and to encourage a healthy lifestyle. We reject any kind of violation of basic human rights or public freedoms.
- Equal opportunities: AEDAS Homes promotes activities to encourage the professional advancement of its employees. Principles of fair treatment, non-discrimination and equal opportunities all form part of the Company's relations with its employees.
- Objectivity: at AEDAS Homes we anticipate and manage conflicts of interest with the aim of ensuring the impartiality and objectivity of any decisions taken.
- Gifts, considerations and entertainment: as a general rule, we do not accept gifts, favours or considerations from third parties, either in cash or in kind, unless these are merely symbolic in nature and not offered with the aim of influencing the objectivity that must govern all of our actions. It is absolutely forbidden to offer gifts, rewards, invitations or any other item of value to public officials, politicians and other representatives of public institutions that may compromise their independence or integrity. Similarly, no-one at AEDAS Homes may offer gifts or services in advantageous conditions to the employees of private institutions, aside from the consideration offered within the bounds of ordinary politeness whose corresponding financial value is symbolic and founded on principles of prudence and common sense.
- Use of AEDAS Homes equipment and assets: the items that AEDAS Homes makes available to its employees so that they may perform their duties may not be used for private or illegal purposes. Any expense incurred must conform to the principles of need and efficacy. The Company makes sure that its assets do not suffer any damage that could depreciate their value.
- Protection of the AEDAS Homes image: AEDAS Homes is committed to ensuring proper use of the Company's name, brand, image and reputation, acting in a way that is always faithful to AEDAS Homes and upholding its interests. We also respect the intellectual property rights of all third parties.
- Confidentiality and control of information: at AEDAS Homes we regard information as an intangible asset of great value, and we therefore believe that it is fundamental to preserve and manage it confidentially, especially where insider information is concerned. We also guarantee the protection of any personal data we may access as a result of the links between private individuals and our own business activities, and we undertake not to divulge their data unless we have obtained their consent or are bound by a legal obligation.

- True and fair view of financial information: at AEDAS Homes we have a control environment and specific procedures that ensure that our financial information is prepared in accordance with the applicable principles and rules governing valuation, in such a way that all of our transactions are clearly and accurately reflected in our accounting ledgers and records and in any financial reporting.
- Free competition: at AEDAS Homes we ensure the exercise of free competition through the application of ethical business practices and observance of the law. With a view to avoiding any unfair competition, we safeguard our own confidential information, along with that of our co-workers, suppliers, clients and any other third parties.
- Collaboration with official institutions and public bodies: at AEDAS Homes we work together with official institutions and public bodies, undertaking to provide any information that they may require, transparently and clearly.
- Respect for the environment and planning regulations: we comply at all times with laws governing protection of the environment and respect for planning regulations. Furthermore, AEDAS Homes goes beyond mere compliance with the law and is committed to the rational use of natural resources and the design and construction of sustainable and energy-efficient building projects that respect the environment. AEDAS Homes develops only projects that have been granted the relevant licences, and it expressly prohibits the development of building projects in specially protected areas or construction in common planning zones.

The Compliance Committee is the body responsible for managing any complaints received in relation to breaches of the Code of Conduct, the Company's internal policy or the legislation in force. The Committee may act at the request of any complainant or on its own initiative, and it will take the necessary measures in respect of any complaints in the event that the circumstances in question are confirmed.

- **Whistle-blowing channel, which enables the reporting of irregularities of a financial and accounting nature to the Audit Committee, in addition to potential breaches of the code of conduct and irregular activities in the organisation, indicating whether these are confidential.**

AEDAS Homes has a whistleblowing channel that can be used both by employees and by third parties outside the Company to report any behaviour that contravenes the Code of Conduct, the Company's internal policy or the legislation in force, including financial and accounting irregularities. Any information received as a result of such complaints is treated by the Compliance Committee in the strictest confidence, and all of the Company's employees have been informed of this fact.

- **Training programmes and regular updates for the personnel involved in the preparation and revision of financial information and evaluation of the Internal Control over Financial Reporting (ICFR) System, which should at least cover accounting regulations, auditing, internal risk monitoring and management.**

The Head of Corporate Resources works together with each of the areas that reports to the Finance Management to prepare training programmes and updates for the people involved in preparing and overseeing financial information.

The programmes include both general training programmes designed to provide a knowledge of the business and the various inter-related departments making up the Company, and specific programmes aimed at providing training and updates on any regulatory developments that have been newly introduced in relation to the preparation and supervision of financial information.

The topics covered by Finance Department courses arranged in the financial year ended 31 March 2021 include the following:

- Financial sector accounting.
- Monographic course on International Financial Reporting Standards (IFRS).
- Monographic finance course for persons not related to the finance sector.

## F.2 Financial reporting risk assessment

Provide information on at least the following:

### F.2.1. The main characteristics of the process for identifying risk, including risk of error or fraud, in respect of:

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

There is a risk identification process including risks such as mistakes and fraud documented in the General ICFR Policy of AEDAS Homes.

The scope of the ICFR allows for the identification of which accounts and breakdowns have a significant risk associated whose potential impact on the financial information may be material. To this end, Finance Management considers quantitative and qualitative factors:

➤ Quantitative criteria

Quantitative criteria are established by calculating materiality for the year, for which the forecast of the December closing of the Group's Financial Statements will be taken as a reference.

The materiality of AEDAS Homes will be calculated based on the Group's situation in said year; the headings which comply with the following must be chosen:

- In the event that Group has ordinary profit: those headings exceeding 5% of the results of ordinary or operating activities.
- In the event that Group has losses or is at the break-even point or below a low performance level: those headings greater than the most representative 1% of the following:
  - Total net turnover.
  - Total assets.
  - Shareholder's equity.
- Additionally, any headings meeting qualitative factors will be included in the scope of the ICFR.

Once the material headings have been defined, any impacted processes or sub-processes will be determined based on their activities.

With the closing Financial Statements, an update of the scope of the ICFR will be carried out each financial year to verify whether significant changes have occurred entailing the inclusion of any company or process.

➤ Qualitative criteria

To determine the processes to be included in the scope of the ICFR, the following qualitative aspects must also be considered:

- Size: account classified with respect to the materiality of "Material Error".
- Composition (volume and unit price): numerical volume of transactions in the financial year and unit price of each transaction.
- Automation of processes: automation vs manual processing. The greater the automation, the less the risk.
- Standardisation of operations: assessment of the homogenisation of registered operations. The greater the homogeneity, the less the risk.
- Susceptibility to fraud or error: risk of unintended error or fraud. To be considered: segregation of duties, level of supervision/approval, stringency of the review process.
- Accounting complexity: difficulty in the application of accounting processes due either to the interpretation of the standard or the complexity of associated calculations.
- Degree of estimation/judgment and valuations: consideration of the degree of estimation and/or judgment required for the recording of transactions.
- Risk of contingent losses or liabilities: asset associated to the account subject to potential value losses. Potential identification of contingent liabilities.
- Changes compared with the previous year: consideration of potential changes in accounting processes (e.g., new regulations, difficulty in obtaining the information required for account estimation), changes in the economic context or in the process itself.
- Adjustments to audit/control weaknesses: consideration of the control adjustments/weaknesses identified by internal or external auditors with an impact on this account in previous financial years.
- Criticality decision based on experience: consideration of accumulated experience in each item in previous financial years.
- As a result of this analysis, a total of seven processes have been identified with an impact on financial information; which cover both operating and support activities.

For each of these processes, a flowchart has been documented that facilitates understanding, along with a risk and control matrix, identifying any inherent risks and controls defined for mitigation.

- **Whether the process covers all financial reporting objectives (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.**

In each of the risk and control matrixes defined for each material process, the aims of all financial reporting are clearly identified, amongst other control data:

- Existence and occurrence: transactions, events and other occurrences included in the financial information actually exist and were recorded in a timely manner.
- Integrity: the information reflects all the transactions, events and other occurrences in which the Company is involved.
- Valuation: transactions, events and other occurrences are recorded and valued in accordance with current legislation.

- Rights and obligations: the financial information, at the date of reference, reflects all rights and obligations through corresponding assets and liabilities in accordance with current legislation.
- Cut-off date: all transactions and events were recorded in the correct period.
- Presentation, breakdown and comparability: transactions, events and other occurrences are classified, presented and disclosed in the financial information in accordance with current legislation.

AEDAS Homes analyses each of the material processes in order to ensure that the risks are reasonably covered with its Internal Control System, and that this works efficiently. It will be updated when significant variations in the processes occur or as a result of the regular reviews carried out during the financial year.

- **The existence of a process for identifying the consolidation perimeter, considering, among other things, the potential existence of complex corporate structures, vehicle companies or special purpose entities.**

The Group incorporates all the entities that make up the consolidation perimeter.

The Group has a corporate structure that is formed from all its individual organisations and that forms the basis for the consolidation perimeter. The management and updating of the corporate structure is carried out by the Legal Department.

In the event of any change to the consolidation perimeter, the Legal Department informs the Finance Management, with back-up documentation (articles of association, acquisition of shares, sales, mergers, liquidations, etc.).

- **Whether the process takes account of the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) in the manner in which they affect the financial statements.**

Any potential risk identified through the ICFR Risk Matrix is taken into account when preparing the Company's Risk Map. This Map is updated on an annual basis by the Finance Management, with support from all affected areas in the organisation.

This way, the Company can take account of the impact that other types of risk relating to categories such as Business Surroundings, Reputation, Legal & Regulatory, Human Resources, Operations, Finance, Information required for decision-making, Technology & IT Systems and Corporate Governance may have on financial statements.

- **Which corporate governance body supervises the process.**

Pursuant to Article 14 of the Board of Directors Regulations, the Auditing & Control Committee oversees the process for preparing and ensuring the integrity of financial information. These duties include reviewing compliance with legal requirements, such as an accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

### F.3 Monitoring activities

Provide information on at least the following, describing their main characteristics:

- F.3.1. **Procedures for reviewing and authorising the financial information and description of the ICFR to be disclosed to the markets, stating who is responsible in each case, along with the documentation describing the activities engaged in (including those relating to the risk of fraud) and the monitoring of the various types of transactions that could materially affect the financial statements, including account closure procedures and the specific revision of relevant opinions, estimates, valuations and forecasts.**

Pursuant to the Board of Directors Regulations, the Auditing & Control Committee is responsible for reviewing the annual accounts and the periodic financial information that must be reported by the Company to the markets and their supervisory authorities, at all times ensuring compliance with any legal requirements and the correct application of generally accepted accounting principles when preparing the accounts.

Said Regulations also indicate that this Committee must meet at least once every three months in order to review the periodic financial information that is to be submitted to the stock market authorities, along with any other information that the Board of Directors is required to approve and include among its annual public documentation. The Auditing & Control Committee submits this information to the Board of Directors, which has ultimate responsibility for approving it before it is made public to the markets.



The Company has an Accounting Policy Manual approved by the Auditing & Control Committee on 27 September 2018. This Manual was revised and approved by the Auditing & Control Committee on 26 September 2019. Based on this Manual, all economic-financial information is prepared by the Finance Department.

Quarterly, in line with the schedule for stock market reporting, data at closing of each quarter are overseen in accordance with the following procedure:

- Once the Head of Accounting has completed and verified the closing of the quarter in question, it is sent to the Finance & Tax Manager, who is responsible for verifying it and then proceeds to prepare the Group's consolidated information in accordance with International Financial Reporting Standard (IFRS).
- After the Finance Department's review and oversight, it is then presented to the Chief Executive Officer (CEO) for his approval.
- After approval, it is sent to the Auditing & Control Committee, which oversees the process of preparation, presentation and the integrity of required financial information, compliance with legislative requirements, the correct limits of the consolidation perimeter, and the correct application of accounting principles. It also includes a report on the procedures agreed on the review of certain consolidated financial information of the Group, prepared by the Group's external auditors. On closing dates that coincide with the end of a six-month period, the findings of the limited review carried out by the Group's external auditor are also included.
- Similarly, the Auditing & Control Committee is responsible for informing the Board of Directors, prior to the latter's approval of relevant decisions, of any financial information which, due to the Company's listed status, must be regularly reported.
- At year-end, the Board of Directors, in a plenary meeting, will approve preparation of the Annual Accounts, Management Report and the proposed allocation of the Company's results, as well as the consolidated annual accounts and report and presentation of the foregoing to the General Shareholders Meeting. Additionally, for quarterly and six-monthly closings, it is entrusted with approving the financial information that the Company must regularly report.
- Lastly, the information is published for the markets and other public bodies by the Head of Investor Relations, after being reviewed by the Finance Management.

In preparing the accounts, estimates made by the Group's Management and subsequently ratified by Company Directors are used to value some of the assets, liabilities, revenues, expenses and commitments reported therein. Essentially, these estimates refer to:

- Potential impairment of stock, tangible and intangible assets.
- Useful life of property, plant and equipment.
- Fair value of derivative financial instruments.
- Hypotheses used in determining liabilities for staff obligations.
- Assessment of litigation, provisions, commitments, assets and liabilities that are contingent at the closing date.

Some of these accounting policies involve the Management's personal judgment when selecting appropriate assumptions to determine these estimates. These assumptions and estimates are based on their experience, the advice of expert consultants, forecasts and other circumstances and expectations at closing of the period in question. The Management's assessment is considered in relation to the global economic scenario of the Group's sector, taking into account the future business progress. By nature, these judgments are subject to a degree of uncertainty, and thus the actual results could differ materially from the estimates and assumptions used. In this case, the values of the assets and liabilities will be adjusted.

AEDAS Homes has documented in its internal control model all the processes it believes involve material risks when preparing financial information. Specifically, the main processes related to the generation of economic information are: Closing & Consolidation, Investment & Real Estate Stock, Treasury Cash, Purchases & Accounts Payable, Sales & Accounts Receivable, Taxes & Payrolls.

Each ICFR process and sub-process is assigned a person in charge, ensuring an analysis and control of each of the risks associated to his/her department. Likewise, each identified control activity has two parties responsible for assessing its effectiveness, entrusted with documentation and oversight in accordance with the frequency scheduled.

These processes are represented through risk and control matrices, as well as flowcharts which describe any relevant control activities allowing an anticipated response to any risks associated to the reliability and integrity of financial information.

AEDAS Homes conducts periodic reviews with the support of its territorial branches to ensure that these descriptions reflect actual process operation.



**F.3.2. Policies and procedures for the internal monitoring of information systems (especially on safety and security of access, monitoring of changes, systems operation, operational continuity and separation of functions) that support the company's relevant processes relating to the preparation and publication of the financial report.**

The Policy for Internal Control over Financial Reporting (ICFR) establishes that safe access is defined by safety groups. Any change in a permit or role is subject to a written authorisation procedure, overseen by the Finance Management, in order to provide recorded evidence in relation to any change in user permits.

Roles and user groups with individual permits enable a separation of duties when approving any defined information flows. Any changes that may be made in the platform are recorded in the application to provide evidence of successive versions.

There is also a contingency plan to guarantee operational continuity of the ICFR System.

**F.3.3. Policies and internal control procedures aimed at supervising the management of activities outsourced to third parties, including matters relating to valuation, calculation or assessment entrusted to independent experts, which could materially affect the financial statements.**

Generally speaking, AEDAS Homes does not outsource any activity considered relevant and/or significant that could materially affect its financial reporting.

During the period transpiring between 1 April 2020 and 31 March 2021, activities in this field have only referred to an appraisal of the Group's real estate portfolio.

In any case, outsourcing to third parties is done by each division manager, ensuring any competency, technical and legal training and independence of such hired professionals.

The Company also has a Code of Conduct for third parties that establishes the principles that must be fulfilled. Compliance with this Code may be audited by AEDAS Homes

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

**Provide information on at least the following, describing their main characteristics:**

**F.4.1. A specific office that is responsible for defining and maintaining accounting policies (accounting policies division or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies that is regularly updated and communicated to all the company's operating units**

The Administrative and Tax Department that reports to the Finance Department is responsible for preparing, publishing, implementing and updating the Company's Accounting Standards Manual (described in section F.3.1).

The department analyses whether the new developments or changes in accounting matters have any effect on the Group's accounting policies, and the date of entry into force of each of the rules. When it is identified that the new regulations or the interpretation thereof affect the Group's account policies, they are added to the manual and they are reported to the parties responsible for preparing the Group's financial report by means of appropriate instructions.

**F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the company or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.**

The process for the consolidation and preparation of the consolidated financial statements is carried out centrally by the Administrative and Tax Department that reports to the Finance Department.

Preparation of the consolidated financial information begins with the aggregation of the individual financial statements for each of the companies included within the consolidation perimeter, for subsequent consolidation under the accounting regulations.

The financial information reported to the National Securities Markets Commission (CNMV) is prepared from the consolidated financial statements that result from this process, and from some additional information that is reported by the Management Control Department and is required for the preparation of the annual and/or half-yearly report.

## F.5 Monitoring the operation of the system

Provide information on at least the following, describing their main characteristics:

### F.5.1. The ICFR monitoring activities undertaken by the Audit Committee, and whether the company has an internal audit function whose powers include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Information will also be given on the scope of the ICFR system evaluation carried out during the year and on the procedure whereby the person in charge of performing the evaluation communicates the results, whether the company has an action plan detailing any corrective measures, and whether the impact on the financial reporting has been considered.

The Audit & Control Committee, in compliance with its ICFR supervision duties during the financial year ended 31 March 2021, has carried out the following activities:

- It has overseen the efficacy of AEDAS Homes Group's internal monitoring, internal audit and risk management systems, and has discussed the state of the internal monitoring system for financial information with the accounts auditor.
- It has overseen the process for preparing and submitting regulated financial information and has presented recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- It has overseen the mechanism whereby staff can confidentially or anonymously report any potentially significant irregularities that they detect within the Company, particularly in financial and accounting matters.
- It has provided prior information to the Board of Directors regarding all the matters required in the Act, the Company's Bylaws and the Board of Directors Regulations, with particular regard to the financial information that the Company is required to publish periodically and any operations with related parties.
- It has monitored compliance with the Company's codes of conduct, its corporate governance rules and its corporate social responsibility policy.
- It has overseen internal audit activities, to include reviewing the efficacy of the internal system to control financial information (ICFR), included as one of the action lines by the Internal Audit Management in the 2020-21 Annual Internal Audit Plan approved by the Committee on 26 December 2019.
- It has overseen any risk and compliance actions related to the Company's main risks and contingencies, as well as the systems established for their identification, management and control. Steps taken further to the risk and compliance function, under the 2020-21 Risk Plan and 2020-21 Compliance Plan, approved by the Committee on 26 December 2019.
- It has monitored the appearance of the accounts auditor before the ACC to report on the work carried out, accounting developments and Company risks.
- It has overseen, prior to its presentation to the Board of Directors, the 2020 Annual Corporate Governance Report.
- It has informed the General Shareholders Meeting, held on 23 June 2020, of matters within its remit, to particularly include the outcome of the 2020 audit (on the financial year ending 31 March 2020), explaining how the Group has contributed to the integrity of financial information and the role played by the Audit & Control Committee itself.

The Audit & Control Committee has entrusted the Internal Audit Department with overseeing the internal risk control and management systems, including reviewing and assessing the reliability of economic-financial information systems, as set out in AEDAS Homes' Internal Audit Statute approved by the Audit & Control Committee.

In compliance with its duties, Internal Audit has included in the 2020-21 Annual Internal Audit Plan a review of the effectiveness of Internal Control over Financial Reporting in the AEDAS Homes Group.

The outcome of this work and action plans has been reported to the Finance Management, CEO and Audit & Control Committee, issuing a report on Internal Audit of the Internal Control System for Financial Reporting in AEDAS Homes.

### F.5.2. Whether the company has a discussion procedure whereby the accounts auditor (pursuant to TAS), the internal audit office and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments to the company's senior management and its Audit Committee or Board of Directors. State also whether the Company has an action plan to correct or mitigate any weaknesses found.

The Internal Audit function reports any significant internal control weaknesses identified during its review processes to the Finance Management, CEO and Audit & Control Committee, along with the action plans proposed in order to mitigate such weaknesses. The proper implementation of any such actions plans to resolve or mitigate these weaknesses will also be monitored by Internal Audit.

**F.6 Other relevant information**

There is no further relevant information to report.

**F.7 External auditor's report**

State whether:

**F.7.1. If the ICFRS information disclosed to the markets has been reviewed by the external auditor, the Company must include the relevant report as an Appendix. Otherwise, explain the reasons for the absence of this review.**

The Group's Management has decided to subject the information relating to ICFR to review by an external auditor. The foregoing report has been annexed to this AEDAS Homes Corporate Governance Report.

**G COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the compliance of the company according to the recommendations of the Code of Good Governance of listed companies.

In the event that any recommendation is not followed or partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have enough information to assess the company's behaviour. Explanations of a general nature will not be acceptable.

1. That the by-laws of listed companies do not limit the maximum number of votes that may be issued by a single shareholder, nor contain other restrictions that hinder the seizing of the company through the acquisition of its shares on the market.

Complies  Explain

2. When the listed company is controlled, in the terms of Article 42 of the Spanish Commercial Code, by another listed or unlisted entity, and directly, through its subsidiaries, has business relations with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to any of the foregoing, publicly explain in detail: a) Respective areas of activity and possible business relations between, on the one hand, the listed company or its subsidiaries, and, on the other hand, the parent company or its subsidiaries. b) The mechanisms foreseen to settle any potential conflicts of interest.

Complies  Partially complies  Explain  Not applicable

3. That during an ordinary general meeting, as a complement to the dissemination in writing of the annual corporate governance report, the chairman of the board of directors verbally informs the shareholders, in sufficient detail, of the most relevant aspects of the corporate governance of the company and, in particular:

- a) On the changes that have occurred since the previous ordinary general meeting.  
 b) On the specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they should exist, the alternative rules that apply in that area.

Complies  Partially complies  Explain

4. That the company defines and promotes a policy of communication and contacts with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that is fully respectful of the rules against market abuse and provides similar treatment to shareholders who are in the same position. And that the company makes public this policy through its website, including information regarding the way in which it has been put into practice and identifying the interlocutors or those responsible for carrying it out.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate

**(communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders**

Complies  Partially complies  Explain

AEDAS Homes partly complies by having in place a "Policy for communication and contact with shareholders, institutional investors and voting advisors", approved by the Board of Directors on 27 September 2017. However, it does not have a general policy on the reporting of economic-financial, non-financial and corporate information.

- 5. That the board of directors does not submit to the general meeting a proposal to delegate powers, to issue shares or convertible bonds excluding the right of preferential subscription, for an amount greater than 20% of the capital at the time of delegation.**

**And when the board of directors approves any issue of shares or convertible bonds excluding the right of pre-emptive subscription, the company immediately publishes on its website the reports on said exclusion to which the commercial legislation refers.**

Complies  Partially complies  Explain

**6. That listed companies that prepare the reports listed below, whether mandatory or voluntary, publish them on their website sufficiently in advance of the ordinary general meeting, although their dissemination is not mandatory: a) Report on the auditor's independence. b) Performance reports of the audit and appointment and remuneration commissions. c) Report of the Auditing Committee on related-party transactions.**

Complies  Partially complies  Explain

- 7. That the company transmits live, through its website, the holding of General Shareholders Meetings. And that the company has mechanisms in place with which to grant a proxy and vote by remote means. Even in the case of highly capitalised companies and insofar as this is proportional, attendance and active participation at General Meetings.**

Complies  Explain

- 8. That the Auditi Committee ensure that the annual accounts submitted by the board of directors to the General Shareholders Meeting are drawn up in accordance with accounting regulations. And, in those cases where the auditors have issued a qualified auditing report, the chairman of the auditing committee must clearly explain at the general meeting the auditing committee's opinion on its content and scope, providing a summary of such opinion to the shareholders as soon as notice of called meeting is published, along with all other proposals and reports of the board.**

Complies  Partially complies  Explain

- 9. That the company make permanently public on its website the requirements and procedures it will accept to accredit the ownership of shares, the right to attend the general shareholders' meeting and the exercise or delegation of the right to vote.**

**And that such requirements and procedures favour the shareholders' assistance and exercise of their rights and are applied in a non-discriminatory manner.**

Complies  Partially complies  Explain

- 10. That when a legitimate shareholder has exercised, prior to the holding of the general shareholders' meeting, the right to complete the agenda or to submit new proposals for agreement, the company:**

**a) Immediately disseminates such complementary points and new proposals for agreement.**

- b) Makes public the model of attendance card or form of delegation of vote or remote vote with the precise modifications so that the new points of the agenda and alternative proposals can be voted according to the same terms as those proposed by the board of directors.
- c) Submits all those points or alternative proposals to a vote and apply the same voting rules to them as those formulated by the board of directors, including, in particular, presumptions or deductions regarding the direction of the vote.
- d) After the general shareholders' meeting, communicates the breakdown of the vote on such complementary points or alternative proposals.

Complies  Partially complies  Explain  Not applicable

11. That, in the event that the company plans to pay attendance premiums to the general shareholders' meeting, it establishes, in advance, a general policy on such premiums and that said policy is stable.

Complies  Partially complies  Explain  Not applicable

12. That the board of directors carries out its functions with unity of purpose and independence of judgement, dispenses the same treatment to all shareholders who are in the same position and is guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, that promotes its continuity and the maximisation of the economic value of the company.

And in the pursuit of social interest, in addition to respect for laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted good practices, try to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and those of other interest groups that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Complies  Partially complies  Explain

13. That the board of directors possess the precise dimension to achieve an efficient and participative operation. For this reason, it is it advisable that it has between five and fifteen members.

Complies  Explain

14. That That the board of directors approve a policy for aimed at favouring an appropriate composition of the Board and that:

a) is concrete and verifiable; b) ensures that the proposals for appointment or re-election are based on a prior analysis of the skills required by the board of directors; and c) favours the diversity of knowledge, experience, age and gender. For these purposes, any measures that encourage the hiring by the company of a high number of female senior executives will be considered to encourage gender diversity. That the result of the previous analysis of the skills required by the board of directors is included in the justification report of the appointments committee which is published when the General Shareholders Meeting is convened to which the ratification, appointment or re-election of each director is submitted. The appointments committee will annually verify compliance with the director selection policy and will be informed of this in the annual corporate governance report.

Complies  Partially complies  Explain

15. That the proprietary and independent directors constitute a large majority of the board of directors and that the number of executive directors is the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the capital of the company. And that the number of female directors

represent, at least, 40% of the total board members before the end of 2022 and thereafter, without being previously less than 30%.

Complies  Partially complies  Explain

AEDAS Homes partly complies by incorporating a Board of Directors with a broad majority of independent and proprietary directors. However, the percentage of female directors is less than 30%, during the period ended and reported here.

16. That the percentage of proprietary directors over the total of non-executive directors is not greater than the proportion between the capital of the company represented by said directors and the rest of the capital.

This criterion may be mitigated:

- a) In companies with large capitalisation in which shareholdings that are legally considered significant are scarce.
- b) In the case of companies in which there is a plurality of shareholders represented on the board of directors and have no links with each other.

Complies  Explain

17. That the number of independent directors represents at least half of the total number of directors.

That, however, when the company is not highly capitalised or when, even if it is, it has a shareholder or several acting in concert, who controls more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Complies  Explain

18. That the companies make public through their website, and keep updated, the following information about their directors:

- a) Professional and biographical profile.
- b) Other boards of directors to which they belong, whether they are listed companies or not, as well as other paid activities that they carry out, whatever their nature.
- c) Indication of the category of director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.
- d) Date of their first appointment as a director in the company, as well as of subsequent re-elections.
- e) Shares of the company, and options on them, of which they are holders.

Complies  Partially complies  Explain

19. That in the annual corporate governance report, after verification by the appointments committee, the reasons why nominee directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital are explained; and the reasons why formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed should not be addressed will be outlined.

Complies  Partially complies  Explain  Not applicable

20. That the proprietary directors present their resignation when the shareholder they represent transfers their shareholding in its entirety. And they also do so, in the corresponding number, when said shareholder reduces their shareholding to a level requiring the reduction of the number of its proprietary directors.

Complies  Partially complies  Explain  Not applicable



21. That the board of directors does not propose the separation of any independent director before the expiration of the statutory period for which he or she was appointed, except when there is a just cause, appreciated by the board of directors after a report from the appointments committee. In particular, it shall be understood that there is just cause when the director moves into new positions or obtains new obligations that prevent them from devoting the time necessary to carry out the duties of the position of director, breach the duties inherent to their position or incur in some of the circumstances that cause them to lose their status as independent, in accordance with the provisions of the applicable legislation.

Separation of independent directors may also be proposed as a result of public takeover bids, mergers or other similar corporate transactions that imply a change in the capital structure of the company, when such changes in the structure of the board of directors are favoured by the criterion of proportionality indicated in recommendation 16.

Complies Explain 

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the appointments & remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies Partially complies Explain 

23. That all directors clearly express their opposition when they consider that any proposal for a decision submitted to the board of directors may be contrary to the corporate interest. And, in particular, independent directors and other directors who are not affected by the potential conflict of interest, in the case of decisions that may harm shareholders not represented on the board of directors.

And when the board of directors adopts significant or repeated decisions on which the director has made serious reservations, the latter draws the appropriate conclusions and, if they opt to resign, must explain the reasons in the letter referred to in the following recommendation.

This recommendation also reaches the secretary of the board of directors, even if they do not have the status of a director.

Complies Partially complies Explain Not applicable 

24. That when, as a result of a resignation or if agreed by the general meeting, a director leaves office before the end of his/her term, that he/she sufficiently explain the reasons for his/her dismissal or, in the case of non-executive directors, their opinion on the reasons for their dismissal by the meeting, in a letter forwarded to all the members of the board of directors. Without prejudice to duly reporting on the foregoing in the annual corporate governance report and to the extent that this is relevant for investors, the company should publish the dismissal as soon as possible, sufficiently referring to the reasons or circumstances submitted by the director.

Complies Partially complies Explain Not applicable



25. That the appointments committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And that the regulations of the board establish the maximum number of board of directors of which its directors can be a part.

Complies  Partially complies  Explain

26. That the board of directors meet with the necessary frequency to perform its functions effectively and, at least, eight times a year, following the schedule of dates and matters established at the beginning of the year, each director being able to propose individually other points of order of the day initially not foreseen.

Complies  Partially complies  Explain

27. That any absences of the directors are reduced to indispensable cases and are quantified in the annual corporate governance report. And that, when they should occur, representation is granted with instructions.

Complies  Partially complies  Explain

28. That when the directors or the secretary express concern about any proposal or, in the case of the directors, about the progress of the company and such concerns are not resolved in the board of directors, at the request of the person who expressed them, a record is left of them in the minutes.

Complies  Partially complies  Explain  Not applicable

29. That the company establishes the appropriate channels so that the directors can obtain the necessary advice for the fulfilment of their duties, including, if required by the circumstances, external advice charged to the company.

Complies  Partially complies  Explain

30. That, regardless of the knowledge required of directors for the exercise of their duties, companies also offer directors refresher programmes when the circumstances warrant.

Complies  Explain  Not applicable

31. That the agenda of the sessions clearly indicates those points on which the board of directors must adopt a decision or agreement so that the directors can study or collect, in advance, the information required for its adoption.

When, exceptionally, on grounds of urgency, the chairman wishes to submit decisions or resolutions that are not included in the agenda for approval by the board of directors, the prior and express consent of the majority of the present directors must be obtained, which will be duly recorded in the minutes.

Complies  Partially complies  Explain

32. Directors shall be regularly informed of movements affecting shareholders, and opinions that significant shareholders, investors and rating agencies have on the Company and its group.

Complies  Partially complies  Explain

33. The chairman, as the person responsible for the effective operation of the Board, in addition to the duties legally and statutorily entrusted to them, must prepare and submit to the Board of Directors a program of dates and subjects to be discussed; to organise and coordinate the regular evaluation of the Board, as well as, where applicable, the Company's chief executive be responsible for managing the Board and the effectiveness of its operation; ensuring sufficient time is devoted to the discussion of strategic issues, and agree on and review knowledge updating programs for each director when circumstances so advise.

Complies  Partially complies  Explain

34. When there is a Coordinating Director, the Bylaws or the Regulations of the Board of Directors, in addition to the powers legally conferred upon him/her, the following duties must be assigned to the Coordinating Director: to preside over the Board of Directors in the absence of the Chairman and Vice Chairmen, in case of exist; to echo the concerns of non-executive Directors; to maintain regular contact with investors and shareholders, and understand their points of view in order to form an opinion about their concerns, in particular in relation to the Company's corporate governance; and coordinate the Chairman's succession plan.

Complies  Partially complies  Explain  Not applicable

35. The Secretary to the Board of Directors should exercise special care to ensure that the Board's actions and decisions take into account recommendations on good governance present in this Good Governance Code that are applicable to the Company.

Complies  Explain

36. The Board of Directors must evaluate once a year and adopt, where appropriate, an action plan to correct weaknesses detected with respect to:

- a) The quality and efficiency of the operation of the Board.
- b) The running and composition of its Committees.
- c) Diversity in the breakdown and competences of the Board of Directors.
- d) The performance of the Chairman of the Board and of the Company's chief executive.
- e) The performance and contribution of each director, paying special attention to the heads of the different Board Committees.

The assessment of the different Committees will be based on the report submitted by them to the Board of Directors, and for the latter, on the report submitted by the Appointments Committee.

Every three years, the Board of Directors will be assisted in the evaluation by an external consultant, whose independence will be verified by the Appointments Committee.

The business relationships that the consultant or any company in the group maintains with the Company or any company in the group should be broken down in the annual corporate governance report.

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

Complies  Partially complies  Explain

37. When there is an Executive Committee, the participation structure of the different classification of directors shall be similar to the structure of the Board of Directors, and the Secretary will be the Secretary of the Board.

Complies  Partially complies  Explain  Not applicable

38. The Board of Directors should always be aware of the matters dealt with and of the decisions adopted by the Executive Committee and all the Board members should receive a copy of the meeting minutes of the Executive Committee.

Complies  Partially complies  Explain  Not applicable

39. Members of the Audit Committee and in particular the Chairman, should be appointed based on their knowledge and experience in the areas of accounting, auditing or risk management, both financial and non-financial.

Complies  Partially complies  Explain

**40. Under the supervision of the Audit Committee, a unit will run the internal audit function to ensure correct management of the information and internal control systems and its performance will depend on the non-executive Chairman of the Board or the Audit Committee.**

Complies  Partially complies  Explain

**41. The person in charge of the internal audit function should present an annual work plan to the Audit Committee, directly reporting any incidents that arise during its development and submit an activities report at the end of each year.**

Complies  Partially complies  Explain  Not applicable

**42. In addition to the duties legally entrusted to them, the following responsibilities should correspond to the Audit Committee:**

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

- a) To supervise the preparation process and the integrity of the financial information related to the Company and, as appropriate, the group, and to verify compliance with regulatory requirements, the appropriate boundaries and the correct application of accounting principles.
- b) Ensure the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; to propose a budget for such service; to approve orientation and work plans, making sure that its activity is mainly focused on the relevant risk of the Company; receive regular information on its activities, and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and monitor a mechanism whereby employees can report confidentially and, if necessary, anonymously any potentially significant irregularities, particularly financial and accounting irregularities, detected within the Company,

**2. In relation to the external auditor:**

- a) In the event of the resignation of the external auditor, the circumstances motivating this must be reviewed.
- b) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.
- c) Ensure that the Company informs CNMV of a change of auditor as a significant event, accompanied by a statement on any disagreements that may have arisen with the outgoing auditor and their content.
- d) Ensure that the external auditor holds an annual meeting with the Board of Directors to inform them of work performed and evolution of the Company's accounting situation and risks.
- e) Ensure that the Company and the external auditor respect current regulations on the provision of services other than audit services, the limits on the concentration of the auditor's business, and, in general, other rules on the independence of auditors.

Complies  Partially complies  Explain

**43. The Audit Committee may meet with any Company employee or manager, even ordering their appearance without the presence of any other manager.**

Complies  Partially complies  Explain

44. The Audit Committee should be informed of any structural and corporate changes that the Company plans to carry out for its analysis prior to reporting it to the Board, on the Company's economic conditions and accounting impact and, especially, where applicable, on the proposed exchange ratio.

Complies  Partially complies  Explain  Not applicable

45. That the risk control and management policy identify at least:

- a) The different types of risks, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational) faced by the Company, including financial or economic liabilities, contingent liabilities and other off-balance sheet risks.
- b) The levels of risk that the Company considers acceptable.
- c) The measures established to mitigate the impact of identified risks, should they actually materialise.
- d) The internal control and reporting systems that will be applied to oversee and manage these risks, including contingent liabilities or off-balance-sheet risks.

Complies  Partially complies  Explain

46. There be an internal risk control and management function under the direct supervision of the Audit Committee or, as the case may be, a specialised committee appointed by the Board of Directors, run by a unit or internal department of the company and assigned the following functions:

- a) Ensure the smooth functioning of the risk management and control systems and, in particular, identify, manage and quantify all important risks that affect the Company.
- b) Actively participate in the risk strategy development and in important decisions about its management.
- c) Ensure that the risk management and control systems mitigate risks adequately and within the policy framework defined by the Board.

Complies  Partially complies  Explain

47. Members of the Appointments and Remuneration Committee - or of the Appointments Committee and the Remuneration Committee, if they are separate - be appointed based on their knowledge, skills and experience appropriate to the duties of their role and that the majority of these members be independent directors.

Complies  Partially complies  Explain

48. Companies with high capitalisation have a separate Appointments and Remuneration Committee.

Complies  Explain  Not applicable

49. The Appointments Committee should consult the Chairman and the chief executive of the company, especially when dealing with matters concerning the executive Directors.

And that any Director may request the Appointments Committee to take into consideration, if deemed suitable, potential candidates to fill director vacancies.

Complies  Partially complies  Explain

50. The Remuneration Committee should exercise its duties independently and that, in addition to the duties legally entrusted to them, the following responsibilities should correspond:

- a) Propose to the Board the basic contract conditions for senior management.
- b) Monitor the observance of the remuneration policy established by the Company.
- c) Regularly review the remuneration policy applicable to directors and senior management, including the remuneration systems consisting of shares and their application, as well as ensuring that individual remuneration is proportionate to that paid to other company directors and senior executives.

- d) **Ensure that any conflicts of interest do not prejudice the independence of external advice provided to the Committee.**
- e) **Verify remuneration information for directors and senior management contained within various corporate documents, including the annual report on the remuneration of directors.**

Complies  Partially complies  Explain

- 51. The Remuneration Committee should consult the Company Chairman and the chief executive, especially when dealing with matters relating to executive directors and senior management.**

Complies  Partially complies  Explain

- 52. The rules on the composition and running of the Supervision and Control Committees should appear in the Board of Directors regulations, and be consistent with the legally binding commissions in line with previous recommendations, including:**

- a) **That they be formed exclusively by non-executive directors, composed with a majority of independent directors.**
- b) **That the Committee Chairmen be independent directors.**
- c) **That the Board of Directors appoint committee members based on each director's knowledge, skills and experience and the tasks of each committee, to discuss their proposals and reports; taking into account the work carried out before the first plenary session of the Board of Directors subsequent to its meeting.**
- d) **That Committees may engage external advisors, whenever they see fit to perform their duties.**
- e) **That meeting minutes be prepared and made available to all directors.**

Complies  Partially complies  Explain  Not applicable

Partial compliance is due to the fact that the Board of Directors of AEDAS Homes is equipped with three Committees to which different supervision and control responsibilities are delegated.

Regarding the Committees constituted by legal requirements, corresponding to the Auditing & Control Committee; and Appointments & Remuneration Committee, it should be noted that they comply with all the recommendations established in recommendation 52.

As regards the Technology, Innovation & Cybersecurity Committee, it presents partial compliance with recommendation 52, since it does not follow the indication that it be composed exclusively of non-executive directors and a majority of independent directors, following other CNMV recommendations. The reason for not following the recommendation referred to in this section is that, when considering the Company's technological development, which is essential in order to reach its future strategic objectives, it is of vital importance that the Chief Executive Officer participate in the Committee to promote the implementation of key technological development plans for AEDAS Homes.

- 53. The supervision of compliance with the corporate governance rules, the internal codes of conduct and the corporate social responsibility policy be attributed to one or be distributed among several Board Committees including the Audit Committee, the Appointments or the Corporate Social Responsibility Committee, or a specialist Committee appointed by the Board of Directors for that purpose, to which specifically the following minimum duties apply:**

- a) **Supervise compliance with the internal code of conduct and the Company rules of corporate governance.**
- b) **Supervise communication strategy and relationship with shareholders and investors, including small and medium shareholders.**
- c) **Carry out regular evaluation of the adequacy of the company corporate governance system in order to promote social interest and take into account, as appropriate, the legitimate interests of other stakeholders.**
- d) **Review the company corporate responsibility policy, ensuring that it is directed towards the creation of value.**
- e) **Monitor the corporate social responsibility strategy and practices and assess their degree of compliance.**

- f) Supervise and evaluate relationship processes with the different stakeholders.
- g) Evaluation of everything related to the non-financial risks of the company including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the process of reporting non-financial information and diversity, in accordance with applicable regulations and international reference standards.

Complies  Partially complies  Explain

54. The corporate social responsibility policy must include the principles or commitments that the company assumes voluntarily in its relationship with different stakeholders and identify at least:

- a) The objectives of the corporate social responsibility policy and the development of support tools.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific issues on matters related to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conducts.
- d) Methods or systems for monitoring the application of results on the specific issues indicated in the previous point, the associated risks and their management.
- e) Monitoring mechanisms of non-financial risk, ethics and business conduct.
- f) The channels of communication, participation and dialogue with stakeholders.
- g) Responsible communication practices that avoid information manipulation and protect integrity and honour.

Complies  Partially complies  Explain

55. Company reports on matters related to corporate social responsibility to be submitted in a separate document or in the management report, using some of the internationally accepted methodologies

Complies  Partially complies  Explain

56. Remuneration for directors is necessary to attract and retain directors of the required profile and to reward dedication, skill and responsibility that the position requires, but should not be so high as to compromise the independence of directors and non-executives.

Complies  Explain

57. Variable remuneration should be linked to both company and personal performance, as well as remuneration through the delivery of shares options or rights over shares or tools referenced to the value of the share and the savings systems, and be limited to the executive directors in the long term in the form of pension plans, retirement schemes or other social welfare systems.

The delivery of shares may be considered as remuneration for non-executive directors when it is a condition to keep them until they step down as directors. This does not apply to shares that the director needs to transfer to cover any costs related to the acquisition of shares.

Complies  Partially complies  Explain

58. In the case of variable remuneration, the remuneration policies should incorporate limits and precise technical cautions to ensure that such remunerations are related to the professional performance of their beneficiaries and do not derive solely from the general evolution of the markets or the sector of activity of the company or other similar circumstances.

And, in particular, that the variable components of remuneration:

- a) Are linked to performance criteria that are predetermined and measurable, and that said criteria considers the risk assumed to obtain a result.



- b) **Promote the sustainability of the Company and include non-financial criteria adequate for the creation of long-term value, such as compliance with the Company rules and internal procedures and its policies for the control and management of risks.**
- c) **Are configured on the basis of a balance between the fulfilment of short, medium and long-term objectives, rewarding performance and motivating to encourage a continuous performance over a sufficient period of time to appreciate staff contribution to the sustainable creation of value, so that the elements of performance measurement do not revolve solely around specific, occasional or extraordinary events.**

Complies  Partially complies  Explain  Not applicable

AEDAS Homes cumple parcialmente al disponer de un modelo de retribución variable basado en métricas claras y precisas, si bien no se cumple la presente recomendación en su totalidad al quedar pendiente la incorporación de aspectos de sostenibilidad conforme al Plan Estratégico ESG 2021-2023.

59. **The payment of variable remuneration components is subject to sufficiently ascertaining that any previously established performance or other conditions have been effectively met. All entities will include in their annual directors' remuneration report the criteria followed as regards the necessary time and methods used for this verification, depending on the nature and characteristics of each variable component.**

In addition, all entities should consider including a “malus” clause based on a deferral over a sufficient period of time of payment of part of these variable components, which may be fully or partly lost.

Complies  Partially complies  Explain  Not applicable

60. **Remuneration based on the Company results should take into account any reservations stated in the external auditor's report that may reduce said results.**

Complies  Partially complies  Explain  Not applicable

61. **A significant percentage of the variable remuneration of executive directors be linked to the delivery of shares or financial tools referenced to their value.**

Complies  Partially complies  Explain  Not applicable

62. **Once shares options or rights based on the remuneration systems have been attributed, directors cannot transfer ownership of shares equivalent to twice their annual fixed remuneration, nor can they exercise the options or rights for at least three years from their allocation.**

**This does not apply to shares that the director needs to transfer to cover any costs related to the acquisition of shares.**

Complies  Partially complies  Explain  Not applicable

AEDAS Homes partly complies given that that under the Flexible Payment Plan, the CEO of AEDAS Homes will receive a block of shares in the third year of each plan cycle. Shares obtained under the Flexible Payment Plan must be kept for at least one year. This procedure is in accordance with recommendation 56 of the CNMV's Code of Good Governance of listed companies, which states that listed companies must offer directors adequate remuneration conditions to attract and retain the required profiles, in accordance with the conditions agreed with the CEO of AEDAS Homes.

63. **Contractual agreements should include a clause that allows the Company to reclaim variable components of remuneration when payment was not adjusted to the performance conditions, or that was paid on the basis of data that was subsequently proved inaccurate.**

Complies  Partially complies  Explain  Not applicable



**64. Payments for contract resolution must not exceed a fixed amount equivalent to two years of total annual remuneration and must not be paid until the Company has verified that the director has previously met the established performance criteria.**

Complies  Partially complies  Explain  Not applicable

AEDAS Homes partly complies given that the CEO of AEDAS Homes, in case of unilateral resolution of contract by the Company, will be entitled to two years' fixed remuneration (with three months' notice), receiving a higher compensation than two full years if the Board decides to activate the non-competition clause in which the Chief Executive Officer would receive a fixed remuneration annuity. Additionally, in accordance with recommendation 56 of the CNMV's Code of Good Governance of listed companies, which states that listed companies must offer directors adequate remuneration conditions to attract and retain the required profiles, in accordance with the conditions agreed with the Chief Executive Officer of AEDAS Homes.

**H OTHER INFORMATION OF INTEREST**

- 1. If you consider that there is any material aspect or principle relating to the corporate governance practices followed by your company or companies in its group that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or its group, explain briefly.**
- 2. This section may include any other information, clarification or observation related to the above sections of this report, to the extent that they are relevant and do not repeat information already provided.**

**Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.**

- 3. The Company may also indicate whether it voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the code in question and the date of its adoption. In particular, state whether the company has signed up to the Good Tax Practices Code of 20 July 2010.**

**This annual corporate governance report was approved by the company's Board of Directors at its meeting held on 18 June 2021.**

**Indicate whether any director abstained or voted against the approval of this Report.**

Yes  No

Personal or corporate name of board member that did not vote in favour of approving this report	Reasons (against, abstention, non-attendance)	Explain the reasons
-	-	-