

**ANNUAL REPORT ON DIRECTOR REMUNERATION AT  
LISTED COMPANIES**

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Registered Business name:

**LAR ESPAÑA REAL ESTATE SOCIMI, S.A.**

Registered Business office:

**MARÍA DE MOLINA 39, PLANTA 10 MADRID**

## **ANNUAL REPORT ON DIRECTOR REMUNERATION AT LISTED COMPANIES**

### **A REMUNERATION POLICY OF THE COMPANY FOR THE YEAR IN PROGRESS**

**A.1.1 Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.**

**The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.**

**In any event, the following aspects should be reported:**

- Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.**
- Indicate and, where applicable, explain whether comparable companies have been taken into account to establish the company's remuneration policy.**
- Information on whether any external advisors took part in this process and, if so, their identity.**
- Procedures contemplated in the current directors' compensation policy for applying temporary exceptions to the policy, conditions under which such exceptions may be used, and components that may be subject to exception under the policy.**

On the occasion of the amendments introduced to the Capital Companies Act by Law 5/2021, of April 12, amending the Capital Companies Act, and other financial regulations, regarding the promotion of the long-term involvement of shareholders in listed companies (hereinafter, the "Law 5/2021"), on April 27, 2022, the Annual General Meeting of Shareholders of LAR ESPAÑA REAL ESTATE SOCIMI, S.A. (hereinafter, "Lar España" or the "Company") approved the Remuneration Policy of the Board of Directors for the financial years 2022 to 2024 (hereinafter, the "Remuneration Policy" or the "Policy"), replacing the remuneration policy previously approved on April 22, 2021, as a separate item on the agenda, with 95.43% of the votes in favor.

This Policy, which, without modifying the spirit or the essential contents of the Company's previous policy, includes the aforementioned new features introduced by Law 5/2021 and determines the remuneration of the directors of Lar España in their capacity as such, within the remuneration system set forth in the Company's Bylaws.

Specifically, the new Remuneration Policy is a continuation of the previous one, without incorporating significant changes, although (i) some policy sections are reinforced, among others, its contribution to the company's strategy and to the interests and long-term sustainability of the Company, and its alignment with the conditions of remuneration and employment of the Company's employees, in line with the requirements established in the current Capital Companies Act; and (ii) an increase of 25,000 euros per year in the remuneration of the Chairman of the Board of Directors is contemplated, which is determined by qualitative issues relating to the specific person occupying the position, such as the degree of dedication, experience, knowledge, the criticality at relevant moments, the importance from an institutional perspective and the relevance of the attributed corporate functions, in a Company that is externally managed and where there are no executive directors.

The policy is aligned with approved corporate governance rules and recommendations. In its elaboration, a conservative and containment perspective in the context of uncertainty (which still persists to some extent) caused by the pandemic, the significance of the Company, its economic situation, its condition as a Listed Real Estate Investment Company (SOCIMI) externally managed, the market standards for other comparable listed companies, Spanish SOCIMIS and Real Estate Investment Trusts (REITs) from the rest of Europe, and the particular dedication of the directors of the Company, were taken in account.

The aforementioned Policy has been configured on article 40 of the Company's Articles of Association and article 27 of the Board of Directors' Regulations of the Company, which regulate the remuneration of the directors of Lar España, and which differentiate, as the policy does, between executive and non-executive directors, as described below.

### **Principles and criteria guiding the Remuneration Policy**

The remuneration policy for the Board of Directors of Lar España is based on the following principles:

- Independent judgment.
- Attraction and retention of the best professionals.
- Long-term sustainability.
- Transparency.
- Simplicity and individualization.
- Fairness and proportionality of compensation.
- Relationship of the Policy to the conditions of remuneration and employment of the Company's employees.

### **Criteria used to determine the Remuneration Policy**

The remuneration regime established by the current Policy is designed to promote the long-term profitability and sustainability of the Company, injecting the safeguards needed to prevent the assumption of too much risk or the reward of adverse results and ensuring the alignment of the interests of the directors with those of the Company and its shareholders, without compromising the independence of the directors.

The guiding principles of the Remuneration Policy for the directors of Lar España are approved and updated by the Appointments, Remuneration and Sustainability Committee and the Board of Directors, in order to keep the Policy in line with the evolution of the market and the best practices of competitors in remuneration matters.

### **Procedures and bodies involved in determining and approving the Remuneration Policy**

According to article 15.4.f.ii of the Board Regulations, the Appointments, Remuneration and Sustainability Committee shall periodically review the remuneration policy for the directors and senior managers, including share-based remuneration systems and their application, ensure that their individual remuneration is proportionate to others directors and senior managers of the Company, and shall ensure compliance therewith and may propose amendments and updates to the Board of Directors.

#### Composition of the Appointments, Remuneration and Sustainability Committee

As stipulated in article 15 of the Board Regulations, the Appointments, Remuneration and Sustainability Committee must comprise a minimum of three and maximum of five directors, appointed by the Board of Directors itself, from among its external directors, at the proposal of the Board's Chairman. The majority of the members of the Appointments, Remuneration and Sustainability Committee must be independent directors. The Board of Directors must also appoint a committee chair from among the independent directors comprising the Committee. The positions of Secretary and Vice-Secretary of the Appointments, Remuneration and Sustainability Committee shall be held by those who hold such offices on the Board of Directors.

At 31 December 2022, Appointments, Remuneration and Sustainability Committee was configured as follows:

<b>Name</b>	<b>Position</b>	<b>Type</b>
Roger Maxwell Cooke	Chairman	Independent
Alec Emmott	Member	Independent
Miguel Pereda	Member	Proprietary
D <sup>a</sup> . Leticia Iglesias	Member	Independent
Juan Gómez-Acebo	Secretary	Non-director
D <sup>a</sup> . Susana Guerrero	Vice-secretary	Non-director

Notwithstanding the fact that during the aforementioned financial year, the Committee has verified that the members of the Appointments, Remuneration and Sustainability Committee have all the necessary skills for the best performance of their functions, the Committee itself analyzed the advisability of incorporating Ms. Leticia Iglesias, who was already a member of the Audit and Control Committee. As a consequence, the Board of Directors of Lar España, at the proposal of the aforementioned Committee agreed the incorporation of Ms. Leticia Iglesias as of May 2022 with the aim of ensuring greater coordination of ESG (Environmental, Social & Governance) aspects, in particular, sustainability, between the Appointments, Remuneration and Sustainability Committee and the Audit and Control Committee, which is ultimately responsible for the control and management of ESG risks.

In accordance with the foregoing, during the financial year 2022 the composition of the Committee has been consistent with the provisions of Article 529 quinquies.1 of the Capital Companies Act, with all the members of the Committee being non-executive directors and, since May 2022, the date on which Ms. Leticia Iglesias joined the Committee, three of them, including its Chairman, being independent director, thus complying with the recommendation 47 of the Good Governance Code of listed companies.

In this regard, it should be noted that the independence of the Committee's decisions has been guaranteed at all times, since there are no executive directors and the Chairman of the Appointments, Remuneration and Sustainability Committee, who is independent, has the tie-breaking vote in the event of a tie.

#### Functions of the Appointments, Remuneration and Sustainability Committee

The Appointments, Remuneration and Sustainability Committee will have the following basic responsibilities, without prejudice to other functions that may be assigned to it by the Board:

- Competencies relating to the composition of the Board of Directors and its committees.
- Competencies relating to the selection of candidates for directors and senior management.
- Competencies relating to the process of appointing internal positions on the Board of Directors.
- Competencies relating to the evaluation of directors.
- Competencies relating to the removal and dismissal of directors.
- Competencies relating to the remuneration of directors and senior management.
- Competencies relating to sustainability in environmental and social matters.
- Ensuring that possible conflicts of interest do not impair the independence of the external advice provided to the Committee in connection with the performance of its duties.
- Competencies related to the duties of loyalty, diligence, confidentiality, non-competition, information of the Board Members, etc. such as submitting to the Board the reports related to the performance of directorships or executive positions in companies that are competitors of the Company for the express authorization of the Board of Directors, as well as those reports for making decisions to be adopted in the event of situations affecting any board member, whether or not related to their performance in the Company itself, which may damage the credit and

reputation of the Company and, in particular, any criminal case in which they appear as investigated, as well as the procedural vicissitudes thereof.

Particularly, in relation to the powers relating to the remuneration of directors and senior management, the functions of the Committee are as follows:

- i. Propose to the Board of Directors the remuneration policy for directors and senior management.
- ii. Periodically review the remuneration policy for directors and senior management, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to that paid to the Company's other directors and senior management, as well as ensure compliance therewith, and may propose amendments and updates to the Board of Directors.
- iii. Propose the basic conditions of the contracts to be entered into by the Company with the executive directors for approval by the Board of Directors, including their remuneration and any compensation that may be fixed in the event of early termination of their duties and the amounts to be paid by the Company as insurance premiums or contributions to savings systems, in accordance in all cases with the provisions of the Company's internal regulations and, in particular, in accordance with the remuneration policy approved by the General Shareholders Meeting.
- iv. Propose to the Board of Directors the individual determination of the remuneration of each director in his capacity as such, within the framework of the bylaws and the directors' remuneration policy, as well as the individual determination of the remuneration of each director for the performance of the executive duties attributed to him within the framework of the remuneration policy and in accordance with the provisions of his contract.
- v. Report and submit to the Board of Directors the proposals of the Chairman of the Board of Directors or the Chief Executive Officer, if any, regarding the remuneration structure of senior executives and the basic conditions of their contracts, including any compensation or indemnities that may be established in the event of dismissal.
- vi. Ensure compliance with the Company's remuneration programs and report on the documents to be approved by the Board of Directors for general disclosure with regard to information on remuneration, including the Annual Report on Directors' Remuneration and the corresponding sections of the Company's Annual Corporate Governance Report, as well as verify the information on remuneration of directors and senior management contained in the various corporate documents.
- vii. To report, on a mandatory basis and prior to approval by the competent corporate body, on the remuneration established for independent directors of other companies in the Group.

#### Meetings of the Appointments, Remuneration and Sustainability Committee

The Appointments, Remuneration and Sustainability Committee shall ordinarily meet at least three times a year. It shall also meet at the request of any of its members and whenever convened by its Chairman, who must do so whenever the Board of Directors or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions.

The Appointments, Remuneration and Sustainability Committee shall also draw up minutes of its meetings, a copy of which shall be sent to all members of the Board. The Board of Directors shall deliberate on the proposals and reports submitted to it by the Committee.

In the 2022 financial year, the Committee met on 8 occasions, submitting preparatory reports on the proposals submitted for the Committee's consideration for its subsequent submission to the Board of Directors, copies of which are kept with the minutes.

Consequently, the Appointments, Remuneration and Sustainability Committee has met as often as necessary for the proper performance of its duties and in accordance with the provisions of section three of the second section of the CNMV's Technical Guide 1/2019.

According to the schedule for the financial year 2023, the Appointments, Remuneration and

Sustainability Committee is expected to hold at least 7 meetings during the aforementioned financial year.

### **External advice**

The Appointments, Remuneration and Sustainability Committee may obtain the advice of external experts when it deems necessary for the best performance of its duties. Pursuant to the foregoing, the Company has received external advice from Willis Towers Watson for the review of the director's remuneration process and EY Abogados, S.L.P. for the preparation of this Report.

Likewise, when the Company has deemed it appropriate, external advisors or suppliers have participated in specific matters of the Appointments, Remuneration and Sustainability Committee.

### **Procedure contemplated in the Policy for applying temporary exceptions**

The current Remuneration Policy does not contemplate the possibility of applying temporary exceptions to the policy.

**A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee a suitable balance between the fixed and variable components of the 3 remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which will include, as the case may be, mention of any measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company, and any measures to avoid conflicts of interest.**

**Furthermore, state whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued and vested financial instruments, or if any clause has been approved reducing the deferred remuneration not yet consolidated or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate.**

### **Remuneration mix**

Inssofar as the Board of Directors of Lar España only has non-executive directors, the current Remuneration Policy does not include variable remuneration elements, so that the remuneration of non-executive directors consists entirely of fixed components, in accordance with best practices in corporate governance of remuneration.

### **Tailored actions to reduce risks**

Within the limits set forth in the Bylaws and in the Remuneration Policy, the Board of Directors of Lar España shall endeavor to ensure that remuneration is set taking into consideration the dedication, qualifications and responsibility required by the position, as well as the experience, functions and duties performed by each director. In this regard, remuneration shall maintain a balance between market competitiveness and internal equity.

In addition, the Policy aims to establish a compensation scheme appropriate to the dedication and responsibilities assumed by them, and is applied with the purpose of attracting, retaining, and motivating the members of Lar España's Board of Directors, all with the aim of having people with the right professional profiles to contribute the achievement of the Company's strategic objectives.

Furthermore, the aforementioned Policy does not contemplate any variable remuneration system, thus removing a large part of the risks derived from the remuneration system.

**A.1.3 Amount and nature of fixed components that are due to be accrued during the**

### **year by directors in their status as such.**

The current Remuneration Policy established the following:

- In relation to the remuneration of the members of the Board of Directors due to their status as such, the Policy intends to reward them in an adequate and sufficient manner for their dedication, qualifications, and responsibilities, without implying compromising their independence of criteria.
- Apart from proprietary directors, who are not compensated in any way, it is foreseen that each director of Lar España earn a fixed payment of 70,000 € per annum. The Chairman earns an additional 80,000€ per year of the remuneration paid to the remaining Board members (a total of 150,000 euros annually).
- Independent Board members serving on any of the Committees will be compensated with an additional 15,000 euros per year for participating in them. The President of the Audit and Control Committee will earn an additional 7,500 euros annually (a total of 22,500 euros annually) and the President of the Appointments, Remuneration and Sustainability Committee an additional 2,000 euros annually (a total of 17,000 euros annually).
- Lastly, the members of the Board who, at the appointment of Lar España, hold positions on the boards of company investees may receive additional fixed remuneration for attending those boards' meetings in an amount of 15,000 euros per year for each company.
- Likewise, Lar España will reimburse the directors for the travel expenses incurred in attending the meetings of the Board of Directors and the Committees of which the Company's directors are members.
- Lar España's Remuneration Policy stipulates a maximum annual amount payable to the Board of Directors for their status of 650,000 euros.

#### **A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.**

As Lar España has no executive directors, no amounts will accrue for the performance of senior management functions by executive directors in 2023.

#### **A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favor of the director.**

During the financial year 2023, the directors of Lar España do not plan to receive any remuneration in kind.

#### **A.1.6 Amount and nature of variable components, differentiating between those established in the short and long term. Financial and nonfinancial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the effective degree of compliance with the parameters used in the design of the variable remuneration explaining the criteria and factors applicable in terms of the time required and methods for verifying that the performance or other conditions to which each component of variable remuneration was linked have been effectively met the performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively fulfilled.**

**State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.**

The current Remuneration Policy does not provide for variable remuneration for directors. However, article 27.5 of Lar España's Board Regulations provides that any variable remuneration tied to the Company and/or the director's performance, the award of shares, options, or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans be confined to executive directors.

In this regard, in the event that Lar España contemplates the appointment of executive directors, the aforementioned Policy must be adapted in such a way as to specify the amount of the fixed annual remuneration and its variation in the period to which the Policy refers; the different parameters for setting the variable components; and the main terms and conditions of their contracts, including, in particular, their duration, indemnities for early termination or termination of the contractual relationship and exclusivity covenants, post-contractual non-competition and permanence or loyalty.

It should be noted that Lar España does not plan to have executive directors at the date of publication of this Report.

**A.1.7 Main characteristics of the long-term savings systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are vested for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided, between the Company and the director.**

**State if the accrual or vesting of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.**

The Company has no pension, retirement or similar obligations or commitments to any director.

**A.1.8 Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, continuance in office or loyalty, which entitle the director to any type of remuneration.**

There are currently no agreed severance payments related to the termination of the relationship with Lar España as a director.

**A.1.9 State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, any clauses or agreements on non-competition, exclusivity, continuance in office and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.**

Lar España does not plan to hire any executive directors in financial year 2023.

**A.1.10 The nature and estimated amount of any other supplementary remuneration**



**accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.**

The directors do not receive any additional remuneration for services other than those inherent to their position, which have not been described in this Report.

**A.1.11 Other items of remuneration like those deriving from the company providing advances, loans, guarantees or any other remuneration to the directors.**

At the date of approval of this report, there are no loans, advances granted or guarantees provided by the Company to members of the Board of Directors on the Company's balance sheet.

Likewise, the directors have not received any other remuneration in addition to that described in this Report.

**A.1.12 The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that is not included in the previous sections, whether payment is made by the company or another group company.**

At the date of approval of this Report, there are no other remuneration items other than those described in the previous sections.

**A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:**

- a) A new policy or a modification of the policy already approved by the General Meeting.**
- b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.**
- c) Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.**

As described above, the General Shareholder's Meeting held on April 27, 2022, approved the current Remuneration Policy for its adaptation to the modifications introduced by Law 5/2021, which is applicable from the moment of its approval and for the following two years, i.e. until 2024.

In this regard, the aforementioned Policy essentially includes the same terms and conditions of the previous remuneration policy approved in 2021, whose essential principles and amounts have not changed since 2018, with the purpose of the amendments introduced in the current Remuneration Policy being to (i) adapt section 3.3 relating to long-term sustainability to article 529 novodecies of the Capital Companies Act, (ii) to incorporate in a new section 3.7 the relationship of the Policy with the conditions of remuneration and employment of the Company's employees, (iii) to adapt section 4 relating to the remuneration of directors in their capacity as such to article 529 septdecies of the Capital Companies Act, (iv) to introduce in section 6 the need for a previous agreement of the General Shareholder's Meeting, upon request from the Appointments, Remuneration and Sustainability Committee regarding the other remuneration that may be received by directors for services rendered other than those inherent to their position, in accordance with article 529 novodecies.5 of the Capital Companies Act, and (v) to complete section 7.1 relating to the preparation, approval and review of the Remuneration Policy, in accordance with article 529 novodes.3 h) of the Capital Companies Act.

Notwithstanding the above, the approved Policy also aims to update the remuneration of Lar España's Chairman, in accordance with the Company's current circumstances, thus adjusting the maximum amount of the remuneration of the members of the Board of Directors accordingly. In this regard, Lar España has assessed the Chairman's level of dedication, which far exceeds what would be customary for a non-executive Chairman in a similar company. On this matter, it should be noted that the Company's Remuneration Policy does not contemplate the existence of attendance fees for meetings, but only a fixed annual remuneration regardless of the number of meetings held.

In any case, the current Remuneration Policy has been drafted considering the applicable legal regulations, especially the Capital Companies Act as amended by Law 5/2021, the opinions of the Company's shareholders and other institutional investors received within the framework of its general engagement policies, the proxy advisor's recommendations and, in general, the market consensus regarding the best corporate governance practices by the stakeholders.

The Remuneration Policy Report presented by the Appointments, Remuneration and Sustainability Committee to the Board of Directors is available at 2022 shareholder's documentation on the Company's website.

**A.3 Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the web page of the company.**

<https://www.larespana.com/wp-content/uploads/2018/09/remuneration-policy-2022.pdf>**A.4 Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.**

The shareholders' vote was considered as ratification of the annual remuneration report of the previous year, as it obtained 99.33% of votes in favor.

## **B OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED**

### **B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.**

The remuneration policy for directors applied in financial year 2022 was the remuneration policy 2021-2023, approved by the General Shareholders' Meeting on April 22, 2021, which has been in force until April 27, 2022, date on which the new Remuneration Policy was approved by the General Shareholders' Meeting and will be in force from the date of approval and for the following two financial years (2023 and 2024).

As mentioned above, the current Remuneration Policy does not present significant changes with respect to the previous Policy, although certain modifications have been introduced to align it with the new regulatory framework.

The process followed to apply the remuneration policy of Lar España and determine individual remuneration during financial year 2022 has been carried out as indicated in the 2021-2023 remuneration policy, as well as in the current Remuneration Policy approved on April 27, 2022.

In particular with reference to financial year 2022, the Committee reviewed the annual report on directors' remuneration for financial year 2021 in accordance with the provisions of article 541 of Capital Companies Act, resolving to approve it and send it to the Board for its final approval and subsequent submission to the General Shareholders' Meeting.

The Appointments, Remuneration and Sustainability Committee plays a leading role in the application of Lar España's Remuneration Policy. The Committee met 8 times in fiscal year 2022. At the meetings, the preparatory reports of the proposals submitted for consideration by the Committee are presented and a copy is kept together with the minutes. The Appointments, Remuneration and Sustainability Committee in the 2022 financial year and with regard to remuneration has maintained a remuneration policy in line with those developed to date, in accordance with the criteria shown by the majority of the shareholders who have voted in favor of the Remuneration Policy proposed by the Board of Directors.

### **B.1.2 Explain any deviations from the procedure established for the application of the remuneration policy that have occurred during the year.**

There have been no deviations during financial year 2022.

### **B.1.3 Indicate whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Also quantify the impact that the application of these exceptions has had on the remuneration of each director during the year.**

No temporary exceptions have been applied to the remuneration policy in financial year 2022.

### **B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff**

**whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.**

Lar España's Remuneration Policy is compatible with adequate and effective risk management.

The different actions taken by the Company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the Company's objectives, values and long-term interests have been indicated in section A.1 of this report.

These actions are intended to control the Company's remuneration practices in order to align them with the business strategy, promoting the long-term profitability and sustainability of Lar España, and incorporating the necessary safeguards to avoid excessive risk-taking and the rewarding of unfavorable results.

**B.3 Explain how the remuneration accrued and consolidated over the year meets the provisions contained in the current remuneration policy and, in particular, how it contributes to the long-term and sustainable performance of company.**

**Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.**

The total remuneration accrued during 2022 does not exceed the maximum amount established in the Remuneration Policy approved by the General Shareholders' Meeting on April 27, 2022. In this regard, the current Policy contemplates a higher limit compared to what is foreseen in the 2021-2023 remuneration policy, in line with the remuneration increase made to the Chairman of Lar España, as indicated in section A.2 above.

For its part, to the extent that the Board of Directors of Lar España only has non-executive directors, the Remuneration Policy does not contemplate variable elements of remuneration, so that the remuneration of non-executive directors is composed entirely of fixed components, in accordance with best practices in corporate governance of remuneration.

**B.4 Report on the result of the consultative vote at the General Shareholders Meeting on remuneration in the previous year, indicating the number of abstentions and negative, blank and affirmative votes cast that may have been cast:**

The annual report on directors' remuneration for the financial year 2021 was submitted to the advisory vote of the General Meeting of Shareholders on 27 April 2022, as the sixteenth item on the Agenda, with the following result:

	<b>Number</b>	<b>% of total</b>
<b>Votes cast</b>	57,059,221	68,17

	<b>Number</b>	<b>% of cast</b>
<b>Votes against</b>	1,650	0.003
<b>Votes in favour</b>	56,783,858	99.33
<b>Votos in blank</b>	0	0

<b>Abstentions</b>	273,713	0.479
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**B.5 Explain how the fixed components accrued and consolidated during the year by the directors in their capacity as such have been determined and how they have changed, the relative proportion for each director and with respect to the previous year.**

The fixed remuneration of the directors in their capacity as such in 2022 has been determined as indicated in section A.1. of this report.

On this matter, it should be noted that the remuneration established for the directors of the Company has been remained unchanged from 2018, except for the increase proposed in the current Remuneration Policy for the Chairman of Lar España. As previously announced, the aforementioned Policy contemplates an increase of 25,000 euros per year in the remuneration of the Chairman of the Board of Directors, which is determined by issues relating to the specific person who occupies the position, such as the dedication degree, experience, knowledge, the critically at relevant times, the importance from a institutional perspective and the relevance of the attributed corporate functions, in a Company that is externally managed and where there are no executive directors.

The amount paid to the directors for their membership of the Board and the Committees was 515,125 euros in 2022, lower than the maximum amount established in the current Remuneration Policy.

**B.6 Explain how the salaries accrued and consolidated by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.**

As Lar España has no executive directors, no amounts have been accrued for the performance of senior management duties by executive directors in 2022.

**B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and consolidated in the year ended.**

**In particular:**

- a) **Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, conditions in case of consolidation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated explaining conditions and criteria stipulated, with detailed explanations of the criteria and factors you have applied in terms of the time required and methods to verify that the performance or other conditions attached to the accrual and vesting of each component of variable remuneration have been effectively met.**
- b) **In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (vesting) and to exercise these options or financial instruments, including the price and term to exercise them.**
- c) **Each one of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of remunerations systems or plans that include variable remuneration.**
- d) **If applicable, information on the established accrual, vesting or deferral periods of consolidated amounts that have been applied and/or the periods**

**of withholding/non-disposal of shares or other financial instruments, if any, shall be disclosed.**

Remuneration policies applied during financial year 2022 do not provide for variable remuneration for directors. However, Lar España's Board Regulations in its article 27.5 provide that any variable remuneration tied to the company and/or the director's performance, the award of shares, options, or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans be confined to executive directors.

Likewise, non-executive directors may only participate in share-based remuneration schemes provided they retain such shares until the end of their mandate.

Notwithstanding the above, it should be noted that Lar España did not have any executive directors during the 2022 financial year.

**B.8 Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been vested and deferred or, in the case of the latter, vested and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.**

As described in the previous section, remuneration policies applied in financial year 2022 do not contemplate variable remuneration for directors.

**B.9 Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions for vesting economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.**

During the 2022 financial year, none of the directors of Lar España has been a beneficiary of long-term savings schemes, including retirement or any other survivor's benefits, financed in whole or in part by the Company.

**B.10 Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract upon the terms provided for therein, accrued and/or received by directors during the year ended.**

During 2022, no indemnity has been agreed or paid insofar as only one of the Company's proprietary directors has left the Company. In this regard, as determined by the remuneration policies applied during the financial year 2022, the proprietary directors of the Company do not receive any remuneration without prejudice to the fact that they are beneficiaries of civil liability insurance, in line with the provisions of Article 40 of the Bylaws of Lar España.

**B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.**

Lar España did not have any executive directors in 2022.

**B.12 Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.**

In 2022, the Lar España board members did not provide any services not inherent to their positions.

**B.13 Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and the amounts eventually returned, as well as the obligations taken on by way of guarantee or collateral.**

In 2022, Lar España board members did not avail themselves of any advances, loans, or guarantees.

**B.14 Itemize the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components.**

In 2022, Lar España board members did not avail themselves of any remuneration in kind.

**B.15 Explain the remuneration accrued by directors by virtue of payments made by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.**

In 2022, no Lar España directors earned compensation by virtue of payments made by the listed company to a third-party entity in which the board members provide services.

**B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration item other than the above, whatever its nature or the group entity that pays it, especially including all benefits in any form, such as when it is considered a related-party transaction or when its issue distorts, in particular, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted or pending payment, the nature of the consideration received and the reasons why it would have been considered, as the case may be, that it does not constitute remuneration to the director in his capacity as such or in consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued under the "other items" section of section C.**

During 2022, no Lar España board members were remunerated through any other items apart from the abovementioned.

**C BREAKDOWN OF THE INDIVIDUAL REMUNERATION EARNED BY EACH BOARD DIRECTOR**

Name	Type	Accrual period 2022
José Luis del Valle	Independent Director (Chairman)	January – December 2022
Roger M. Cooke	Independent Board Member	January – December 2022
Alec Emmott	Independent Board Member	January – December 2022
Miguel Pereda	Nominee Director	January – December 2022
Isabel Aguilera	Independent Board Member	January – December 2022
Leticia Iglesias	Independent Board Member	January – December 2022
Laurent Luccioni	Nominee Director	January 2022

**C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.**

**a) Remuneration from the reporting company:**

**i) Remuneration in cash (thousand €)**

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total financial year 2022	Total financial year 2021
José Luis del Valle	142	0	15	0	0	0	0	0	157	140
Roger M. Cooke	70	0	17	0	0	0	0	0	87	87
Alec Emmott	70	0	15	0	0	0	0	0	85	85
Miguel Pereda	0	0	0	0	0	0	0	0	0	0
Isabel Aguilera	70	0	15	0	0	0	0	0	85	85
Leticia Iglesias	70	0	31	0	0	0	0	0	101	93
Laurent Luccioni	0	0	0	0	0	0	0	0	0	0

**ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments**

Name	Name of Plan	Financial instruments at start of financial year 2022		Financial instruments granted during financial year 2022		Financial instruments vested during the fiscal year				Instruments matured but not exercised	Financial instruments at end of financial year 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instrument	No. of equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent share
No data												

**iii) Long-term savings systems**

Name	Remuneration from vesting of rights to savings system
No data	



Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)				
	Savings systems with vested economic rights		Savings systems with non-vested economic rights						
	Financial year 2022	Financial year 2021	Financial year 2022	Financial year 2021	Financial Year 2022		Financial Year 2021		
					Savings systems with vested economic rights	Savings systems with non-vested economic rights	Savings systems with vested economic rights	Savings systems with non-vested economic rights	
No data									

**iv) Details of other items**

Name	Concept	Amount remunerated
No data		

**b) Remuneration of the company directors for seats on the boards of other group companies:**

**i) Remuneration in cash (thousand €)**

Name	Fixed compensation	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total financial year 2022	Total financial year 2021
José Luis del Valle	0	0	0	0	0	0	0	0	0	0
Roger Cooke	15	0	0	0	0	0	0	0	15	15
Alec Emmott	0	0	0	0	0	0	0	0	0	0
Miguel Pereda	0	0	0	0	0	0	0	0	0	0
Isabel Aguilera	0	0	0	0	0	0	0	0	0	0
Leticia Iglesias	0	0	0	0	0	0	0	0	0	0
Laurent Luccioni	0	0	0	0	0	0	0	0	0	0

**ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments**

Name	Name of Plan	Financial instruments at start of year 2022		Financial instruments vested during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)		No. of instruments	No. of equivalent shares

No data												
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### iii) Long-term savings systems

	Remuneration from vesting of rights to savings system
No data	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2022		Financial year 2021	
	Financial year 2022	Financial year 2021	Financial year 2022	Financial year 2021	Savings systems with vested economic rights	Savings systems with non-vested economic right	Savings systems with vested economic rights	Savings systems with non-vested economic rights
	No data							

### iv) Details of other items

Name	Item	Amount remunerated
No data		

### c) Summary of remuneration (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

Name	Remuneration accrued in the Company					Remuneration accrued at group companies					Total financial year 2022 in the Company + Group
	Total compensation paid in cash	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total financial year 2022 - company	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total financial year 2022 - group	
José Luis del Valle	157	0	0	0	157	0	0	0	0	0	157
Roger Cooke	87	0	0	0	87	15	0	0	0	15	102
Alec Emmott	85	0	0	0	85	0	0	0	0	0	85
Miguel Pereda	0	0	0	0	0	0	0	0	0	0	0
Isabel Aguilera	85	0	0	0	85	0	0	0	0	0	85
Leticia Iglesias	101	0	0	0	101	0	0	0	0	0	101
Laurent Luccioni	0	0	0	0	0	0	0	0	0	0	0
<b>Total:</b>	<b>515</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>515</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>530</b>

**c.2) Indicate the evolution over the last 5 years of the amount and percentage variation of the remuneration accrued by each of the listed company's directors who have been directors during the year, of the consolidated results of the company and of the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.**

	Total amounts accrued and % annual variation								
	Financial year 2022	% change 2022/2021	Financial year 2021	% change 2021/2020	Financial year 2020 <sup>1</sup>	% change 2020/2019	Financial year 2019	% change 2019/2018	Financial year 2018
<b>Non-executive Directors</b>	<b>530</b>	<b>5%</b>	<b>505</b>	<b>5%</b>	<b>479</b>	<b>-6%</b>	<b>510</b>	<b>14%</b>	<b>446</b>
D. José Luis del Valle	157	12%	140	6%	132	-6%	140	0%	140
D. Roger M. Cooke	102	0%	102	5%	97	-6%	103	0%	103
D. Alec Emmott	85	0%	85	5%	81	-7%	87	0%	87
D. Miguel Pereda	0		0		0		0		0
D <sup>a</sup> . Isabel Aguilera	85	0%	85	5%	81	-5%	85	0%	85
D <sup>a</sup> . Leticia Iglesias	101	9%	93	6%	88	-5%	93	389 <sup>2</sup>	19
D. Laurent Luccioni	0		0		0	-100%	2	-83%	12
<b>Consolidated results of the company<sup>3</sup></b>	<b>72,921</b>	<b>202%</b>	<b>24,160</b>	<b>-145%</b>	<b>-53,668</b>	<b>-167%</b>	<b>79,628</b>	<b>-41%</b>	<b>133,847</b>
<b>Average employee compensation<sup>4</sup></b>	<b>216<sup>5</sup></b>	<b>33<sup>6</sup>%</b>	<b>162</b>	<b>18%</b>	<b>137</b>	<b>11%</b>	<b>123</b>	<b>5%</b>	<b>117</b>

<sup>1</sup> As a consequence of the crisis caused by the Covid-19 pandemic, the remuneration of the members of the Board of Directors was reviewed and a temporary reduction of the remuneration of the directors of Lar España was agreed.

<sup>2</sup> The director's vesting period in 2018 was from October to December.

<sup>3</sup> In accordance with the provisions of Circular 3/2021, the profit before tax of the audited consolidated financial statements for each financial year is included.

<sup>4</sup> Pursuant to the provisions of Circular 3/2021, it is established that the average employee remuneration shall be calculated as the quotient between the amount of remuneration earned by staff in each year, determined in accordance with the accounting regulations applicable in the preparation of the consolidated and audited annual accounts for each year (discounting, where applicable, the remuneration of directors) and the weighted average number (excluding directors) of employees calculated on a full-time equivalent basis. In this regard, the heading "Wages, salaries and similar items" of the annual accounts has been included excluding directors' remuneration. However, and notwithstanding the fact that the calculation is made in accordance with the applicable regulations, it should be noted that the figure shown is distorted by the expiration of a 3-year long-term incentive plan, which has been fully paid to employees in 2022 and which significantly increases the figure for "Wages, salaries and similar items", without this figure corresponding to the reality of annual remuneration. In this regard, the average compensation of employees in 2022 (excluding the long-term incentive plan) is 175, with a % variation 2022/2021 of 8%.

<sup>5</sup> See note 4 above.

<sup>6</sup> See note 4 above.

**D OTHER INFORMATION OF INTEREST**

If there is any relevant aspect regarding the remuneration of directors that has not been included in the other sections of this report, but which is necessary to include in order to provide more complete and reasoned information on the structure and remuneration practices of the company in relation to its directors, briefly describe them.

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This remuneration report was approved by the Board of Directors of the Company, at the proposal of the Appointments, Remuneration and Sustainability Committee, at its meeting held on February 24, 2023.

Indicate whether any directors voted against or abstained from voting on the approval of this report.

Yes

No

Name or company name of the member of the Board of Directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
[.]	[.]	[.]