

ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED COMPANIES



ISSUER IDENTIFICATION

YEAR-END DATE	11/30/2021
TAX IDENTIFICATION NO. [C.I.F.]	A28011153
COMPANY NAME	ZARDOYA OTIS, S.A.
REGISTERED OFFICE	CALLE GOLFO DE SALÓNICA, 73 MADRID

## A. CAPITAL STRUCTURE

### A.1 Complete the table below with details of the share capital of the company:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
07/14/2016	47,046,431.10	470,464,311	470,464,311

Remarks
N/A

Please state whether there are different classes of shares with different associated rights:

Yes  No

Class	Number of shares	Par value	Number of votes	Associated rights
N/A				

Remarks
N/A

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

Name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
OTIS WORLDWIDE CORPORATION (OTIS) (*)		50.018%			50.018%
CITIGROUP GLOBAL MARKETS LIMITED	1.020		0.001		1.021

EURO-SYNS, S.A.	11.345				11.345
NORGES BANK	1.105				1.105
SAMSON ROCK CAPITAL LLP			1.002		1.002
SETANTA ASSET MANAGEMENT LIMITED		1.529			1.529
BG MASTER FUND ICAV			1.169		1.169
BOUSSARD EMMANUEL			1.323		1.323

Remarks
<p>Figures as of December 2, 2021.</p> <p>(*) On October 28, 2021, the CNMV admitted for processing the application for authorization filed by Opal Spanish Holdings, S.A.U., whose indirect owner is Otis Worldwide Corporation (OWC), to issue a voluntary public tender offer for acquisition of Zardoya Otis, S.A. shares. To date, the prospectus of the public tender offer has not been published and the process has not been completed.</p> <p>After the closing date, on February 14, 2022, was reported to the CNMV a new significant participation of VARENNE CAPITAL PARTNERS with a 1.067% of direct voting rights.</p>

#### Breakdown of the indirect holding:

Name of indirect shareholder	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
OTIS WORLDWIDE CORPORATION (OWC)	ALDER HOLDINGS, S.A.S.	50.018%		50.018%

Remarks
N/A

#### State the most significant shareholder structure changes during the year:

Name of shareholder	Transaction date	Description of transaction
CITIGROUP GLOBAL MARKETS LIMITED	10/19/2021	As per the notification sent on 10/25/2021, a shareholding of 1.021% was reached
DWS INVESTMENT GMBH	11/25/2021	As per the notification sent on 12/07/2021, a percentage of 1.513% was reached
NORGES BANK		As per the notification sent on 09/24/2021, a percentage of 1.105% was reached
OTIS WORLDWIDE CORPORATION	10/06/2021	As per the notification sent on 10/22/2021, a percentage of 50.018% was reached
SAMSON ROCK CAPITAL LLP	10/05/2021	As per the notification sent on 10/06/2021, a percentage of 1.002% was reached
SETANTA ASSER MANAMENT LIMITED	09/23/2021	As per the notification sent on 09/30/2021, a percentage of 1.529% was reached

Most significant movements

**A.3 In the following tables, list the members of the Board of Directors (hereinafter “directors”) with voting rights in the company:**

Name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR BERNARDO CALLEJA FERNANDEZ*	0.015%	0.004%			0.019%		
EURO-SYNS, S.A.	11.186%				11.186%		
JOAO MIGUEL MARQUES PENEDO	0.002%				0.002%		

Total percentage of voting rights held by the Board of Directors	11.207%
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Remarks
N/A

**Breakdown of the indirect holding:**

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% of voting rights <u>that can be transmitted</u> through financial instruments
Mr Bernardo Calleja Fernández	Ms Piedad Garcia Diaz	0.004%		0.004%	

Remarks
N/A

**A.4 If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:**

Name of related party	Nature of relationship	Brief description
EURO-SYNS, S.A.	Family	This director is a company controlled by members of the Zardoya family.

**A.5 If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:**

Name of related party	Nature of relationship	Brief description
ALDER HOLDINGS, S.A.S.	OTIS ELEVATOR COMPANY	Commercial
		As of November 30, 2021, Zardoya Otis, S.A. (the “ <b>Company</b> ” has commercial and contractual

Name of related party		Nature of relationship	Brief description
		Contractual	relations with Otis Elevator Company and Otis Worldwide Corporation (OWC)
		Corporate	As of November 30, 2021, Otis Worldwide Corporation (OWC) held 100% of the shares of Otis Elevator Company and 50.01% of the Company's shares through Alder Holdings, S.A.S.

**A.6 Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of legal-person directors.**

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
Bernardo Calleja Fernández	OTIS WORLDWIDE CORPORATION	OTIS ELEVATOR COMPANY	Executive Director  President of Otis Group for the Europe, Middle East & Africa Area (EMEA)
Robín Fiala	OTIS WORLDWIDE CORPORATION	OTIS ELEVATOR COMPANY	Representative of proprietary director
Stacy Petrosky	OTIS WORLDWIDE CORPORATION	OTIS ELEVATOR COMPANY	Proprietary director
Alberto Zardoya Arana	EUROSYNS, S.A.	EUROSYNS, S.A.	Representative of proprietary director
Joao Miguel Marques Penedo	OTIS WORLDWIDE CORPORATION	OTIS ELEVATOR COMPANY	Executive Director  President of the Iberia & Africa Area

Remarks
See details in point C.1.10

**A.7 State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the Ley de Sociedades de Capital ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:**

Yes  No

Parties to the shareholders' agreement	Percentage of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable
N/A	N/A	N/A	N/A

Remarks
There are no shareholders' agreements

**State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:**

Yes  No

Parties to the concerted action	Percentage of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable
N/A	N/A	N/A	N/A

Remarks
N/A

**If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:**

There were no shareholders' agreements and, therefore, there was no change or breach of them during the period ended November 30, 2021.

**A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV"). If so, please identify them:**

Yes  No

Name of individual or company
OTIS WORLDWIDE CORPORATION (OWC)
Remarks
See details in point A. As of November 30, 2021, Otis Worldwide Corporation (OWC) was the indirect owner (through the French company Alder Holdings S.A.S.) of 50.01% of the voting rights in the Company..

**A.9 Complete the following table with details of the company's treasury shares:**

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
1,420,016		0.302%

Remarks
<p>At its meeting of May 23, 2018, the Company's Ordinary General Shareholders' Meeting authorized the Board of Directors to acquire, directly or indirectly, treasury shares up to a maximum percentage of 10% the share capital, observing the limits and requirements established in article 146 and related articles of the Capital Companies Law.</p> <p>Under this authorization, at its meeting of December 11, 2018, the Company's Board of Directors decided to acquire treasury shares so that they could be used in company acquisition transactions (or in executing already-existing acquisition agreements) of the type that the Company habitually carries out and which entail a share exchange (the "Purchase Program").</p> <ol style="list-style-type: none"> <li>The number of shares to be acquired under the Purchase Program may not exceed an upper limit equivalent to 2% of the Company's shares.</li> <li>The Purchase Program authorized includes a minimum price of two (2) euros per share and a maximum price of twenty-five (25) euros per share.</li> <li>The maximum term of the Purchase Program is five years as of the date of the aforementioned General Shareholders' Meeting.</li> </ol> <p>This decision was notified on December 14, 2018 (Material Event Register No. 272541).</p> <p>Acquisitions of treasury shares within the aforementioned "Purchase Program" were notified to the CNMV on a weekly basis. In 2021, these transactions took place between December 1, 2020</p>



and April 28, 2021, as per the breakdown shown below, and involved the acquisition of 2,126,813 treasury shares.

Subsequently, at the Company's Ordinary General Shareholders' Meeting held on May 19, 2021, the Board of Directors was granted authorization for a maximum term of five years to acquire, directly or indirectly, treasury shares up to a maximum percentage of 10% the share capital, observing the limits and requirements established in article 146 and related articles of the Capital Companies Law, making the unused part of the authorization granted at the Company's General Shareholders' Meeting of May 23, 2018 null and void.

As of November 30, 2021, Zardoya Otis, S.A. held 1,420,016 treasury shares.

(\*) through:

Name of direct shareholder	Number of direct shares
ZARDOYA OTIS, S.A.	1,420,016
<b>Total:</b>	1,420,016

Remarks

Explain any significant changes during the year:

Explain significant changes		
"Purchase program", executed between December 1, 2020 and April 28, 2021		
Date	Shares acquired	Average price
12/02/2020	55,346	5.90 €
12/02/2020	56,000	5.93 €
12/03/2020	46,212	5.95 €
12/04/2020	55,500	5.91 €
12/07/2020	56,500	5.92 €
12/08/2020	56,500	5.91 €
12/09/2020	57,000	5.91 €
12/10/2020	56,000	5.91 €
12/11/2020	55,500	5.83 €
12/14/2020	55,000	5.87 €
12/15/2020	54,000	5.80 €
12/16/2020	55,000	5.76 €
12/17/2020	55,000	5.77 €

Explain significant changes			
	12/18/2020	50,774	5.76 €
	12/21/2020	55,000	5.69 €
	12/22/2020	52,000	5.75 €
	12/23/2020	52,500	5.74 €
	12/24/2020	15,730	5.71€
	02/01/2021	35,000	5.55 €
	02/02/2021	36,000	5.67 €
	02/03/2021	37,676	5.74 €
	02/04/2021	33,767	5.76 €
	02/05/2021	33,444	5.74 €
	02/06/2021	37,000	5.73 €
	02/09/2021	30,453	5.72 €
	02/10/2021	34,193	5.72 €
	02/11/2021	37,500	5.75 €
	02/12/2021	28,438	5.76 €
	02/15/2021	37,000	5.78 €
	02/16/2021	36,000	5.70 €
	02/17/2021	37,000	5.70 €
	02/18/2021	36,500	5.71 €
	02/19/2021	37,000	5.65 €
	02/22/2021	37,500	5.54 €
	02/23/2021	37,300	5.52 €
	02/24/2021	37,000	5.50 €
	02/25/2021	18,010	5.53 €
	03/01/2021	39,600	5.48€
	03/02/2021	40,500	5.54 €
	03/03/2021	38,157	5.56 €
	03/04/2021	40,800	5.61 €
	04/19/2021	41,000	5.38 €
	04/20/2021	44,500	5.38 €
	04/21/2021	46,500	5.43 €
	04/22/2021	49,500	5.44 €
	04/23/2021	50,500	5.38 €
	04/26/2021	52,500	5.34 €
	04/27/2021	55,500	5.35 €
	04/28/2021	31,413	5.36 €
	<b>Total</b>	<b>2,126,813</b>	<b>€</b>

**A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.**

The Company's Ordinary General Shareholders' Meeting held on May 19, 2021 approved the proposal to authorize the Board of Directors, without consulting the General Shareholders' Meeting beforehand, to acquire, directly or indirectly, shares in the Company up to a maximum percentage of 10% of the share capital during a maximum period of five years as from the date of the aforementioned Ordinary General Shareholders' Meeting, making the unused part of the authorization granted at the Company's General Shareholders' Meeting of May 23, 2018 null and void.

The acquisition price of said shares could not be lower than 2 euros per share or higher than 25 euros per share and the Board was expressly authorized to set aside the reserves required under article 148 of the Capital Companies Law.

Furthermore, the same Ordinary General Shareholders' Meeting held on May 23, 2018 agreed to authorize the Board of Directors to, pursuant to the provisions of article 149 of the current Capital Companies Law, either directly or through any group companies, accept its own shares as a pledge or any other type of guarantee, observing the same limits and requirements as are applicable to the acquisition thereof. Specifically: (i) the maximum number of shares to be accepted as pledges must not exceed 10% of the Company's share capital; (ii) the shares accepted as pledges must be free from all charges and encumbrances, fully paid up and not attached to compliance with any obligation the beneficiary of which is not the Company; and (iii) the authorization will remain in force for the maximum period allowed by Law at any given moment (currently five years) as from the date of the aforementioned Ordinary General Shareholders' Meeting (i.e. until May 19, 2026).

In carrying out these transactions, the rules contained in the Company's Internal Code of Conduct and the Securities Market Law will also be observed.

**A.11 Estimated floating capital:**

	%
<b>Estimated floating capital</b>	32.37%

Remarks
N/A

**A.12 State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.**

Yes  No

Description of restrictions
N/A

**A.13 State if the shareholders have resolved at a meeting to adopt measures to neutralise a take-over bid pursuant to the provisions of Act 6/2007.**

Yes  No

**If so, please explain the measures approved and the terms under which such limitations would cease to apply:**

Explain the measures approved and the terms under which such limitations would cease to apply
No neutralization measures have been adopted. On September 23, 2021, Opal Spanish Holdings, a company indirectly controlled in full by Otis Worldwide Corporation, sent the CNMV a prior announcement of a public tender offer to acquire 100% of the share capital.

**A.14 State if the company has issued shares that are not traded on a regulated EU market.**

Yes  No

**If so, please list each type of share and the rights and obligations conferred on each.**

List each type of share
N/A

## B. GENERAL SHAREHOLDERS' MEETING

**B.1 State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:**

Yes  No

	% quorum different from that contained in Article 193 LSC for general matters	% quorum different from that contained in Article 194 LSC for special resolutions
Quorum required at 1st call	60.00%	66.66%
Quorum required at 2nd call	50.00%	50.00%

### Description of differences

For general decisions, a quorum of 60% is required on the first call (the Capital Companies Law establishes 25%) and 50% on the second call (the Capital Companies Law does not fix a minimum).

For the decisions mentioned in article 194 of the Capital Companies Law (capital increase or reduction and any other amendment to the Bylaws, debenture issues, the elimination or limitation of pre-emption rights over new shares, a change in the type of company, merger, spin-off or the global assignment of assets and liabilities, and moving the registered office abroad), a quorum of two thirds of the subscribed capital (66.66%) is required on the first call (the Capital Companies Law establishes 50%) and 50% on the second call (the Capital Companies Law establishes 25%).

**B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:**

Yes  No

**Describe how it is different from that contained in the LSC.**

	Qualified majority different from that established in Article 201.2 LSC for Article 194.1 LSC matters	Other matters requiring a qualified majority
% established by the company for adoption of resolutions	N/A	N/A

Describe the differences
N/A

**B.3 State the rules for amending the company’s Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders’ rights in the event of amendments to the Articles of Association.**

To amend the Bylaws of Zardoya Otis, S.A. (the “**Company’s Bylaws**”), the system set forth in article 285 et seq. of the Capital Companies Law and in the Company’s Bylaws themselves will be applied.

According to article 14 of the Company’s Bylaws, in order for a General Meeting (Ordinary or Extraordinary) to validly resolve to increase or decrease the capital or make any other amendment to the Bylaws, issue debentures, eliminate or limit pre-emption rights on new shares, change the type of Company, merge or spin off the Company or globally transfer its assets and liabilities, move its registered office abroad, or make any other amendment for which a qualified majority is legally required, it will be necessary, on the first call, for shareholders owning at least two thirds of the subscribed capital with voting rights to be present or represented. On the second call, it will be sufficient for fifty percent of said capital to be present or represented.

Additionally, in accordance with article 16 of the Company’s Bylaws, a separate vote will be taken on each one of the items on the agenda and on those matters which, although they form part of the same item on the agenda, are substantially independent, in order for the shareholders to exercise their voting preferences separately. In particular, separate votes will be taken on the appointment, ratification, re-election or removal of each director and, in the event of amendments to the Company’s Bylaws, separate votes will be taken on each article or group of articles that is substantially independent.

In order to adopt the resolutions to which article 194 of the Capital Companies Law refers, however, including those relating to amendment of the Company’s Bylaws, the vote in favour of two thirds of the capital present or represented at the General Shareholders’ Meeting will be required when, on the second call, shareholders are present representing twenty-five percent or more of the subscribed capital with voting rights but not reaching fifty percent. If the capital present or represented exceeds fifty percent, approval by absolute majority will be sufficient.

Finally, in accordance with article 286 of the Capital Companies Law, the Board of Directors will prepare a written report explaining any proposal to amend the Company’s Bylaws.

**B.4 Give details of attendance at General Shareholders’ Meetings held during the year of this report and the previous year:**

Date of General Meeting	Attendance data				Total
	% physically present	% present by proxy	% distance voting		
			Electronic voting	Other	
05/22/2019	13.38%	59.96%	0.00%	0.00%	73.34%
06/16/2019	11.36%	60.06%	0.00%	0.00%	71.42%
05/19/2021	11.37%	59.69%			71.06%
<b>Of which, free float</b>	0.03 %	9.67%			9.65%

Remarks
<p>As of 05/19/2021, the Company's floating capital was approximately 38.65%, since the rest of the capital was in the hands of Euro-Syns, S.A. (approx.. 11.35%) and Otis Worldwide Corporation (OWC) (50.01%). At said Shareholders' Meeting, Euro-Syns, S.A. was physically present and Otis Worldwide Corporation (OWC) was present by proxy.</p> <p>Consequently, to calculate the floating capital for the Meeting of 05/19/2021, the percentage held by Euro-Syns, S.A. was eliminated from among those physically present and the percentage held by Otis Worldwide Corporation (OWC) was eliminated from among those present by proxy.</p> <p>In relation to the percentage of electronic votes cast during the General Meeting held on 05/19/2021, only 18 shareholders cast their vote in this way.</p>

**B.5 State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason:**

Yes  No

Points on agenda not approved	% votes against (*)
N/A	N/A

(\*) If the non-approval of the point is for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

**B.6 State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:**

Yes  No

Number of shares required to attend General Meetings	N/A
Number of shares required for distance voting	N/A

Remarks
N/A

**B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.**

Yes  No

**Explain the decisions that must be subject to the General Shareholders' Meeting, other than those established by law**

N/A

**B.8 State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.**

The address of the Company's website for access to corporate governance content as of November 30, 2021 is: <http://www.otis.com/es/es/accionistas-inversores/>

This site contains a "Corporate Governance" section, where notice of general meetings, proposed resolutions, rules for granting proxy and distance voting, the reports that are to be presented and any other documentation required by the Capital Companies Law, the Company's Bylaws or the Regulations of the General Shareholders' Meeting are published. Among other documents, the 2019 Annual Corporate Governance Report, which was published in March 2021, is included.

The Annual Corporate Governance Report for 2021 will be duly published on the website in March 2022.



## C. COMPANY ADMINISTRATIVE STRUCTURE

### C.1 Board of Directors

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

Maximum number of directors	15
Minimum number of directors	3
Number of directors set by the general meeting	7

Remarks
The number of directors was fixed at the General Meeting of June 16, 2020.

#### C.1.2 Please complete the following table on directors:

Name of director	Natural person representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board	Date of birth
MR BERNARDO CALLEJA FERNANDEZ	N/A	EXECUTIVE	CHAIRMAN & DIRECTOR	02/28/2012 (co-option)	06/16/2020	RESOLUTION GENERAL SHARE-HOLDERS' MEETING	02/23/1962
MS EVA CASTILLO SANZ	N/A	INDEPENDENT	DIRECTOR	05/22/2019	05/22/2019	RESOLUTION GENERAL SHARE-HOLDERS' MEETING	11/23/1962
MR JOSÉ MIGUEL ANDRÉS TORRECILLAS	N/A	INDEPENDENT	DIRECTOR/ LEAD DIRECTOR	05/26/2015	05/22/2019	RESOLUTION GENERAL SHARE-HOLDERS' MEETING	06/26/1955
EURO-SYNS S.A.	MR ALBERTO ZARDOYA ARANA	PROPRIETARY	DIRECTOR	05/31/1996	05/22/2019	RESOLUTION GENERAL SHARE-HOLDERS' MEETING	03/05/1961
OTIS ELEVATOR COMPANY	MS ROBIN FIALA	PROPRIETARY	DIRECTOR	05/30/1984	05/22/2019	RESOLUTION GENERAL SHARE-HOLDERS' MEETING	09/20/1968

Name of director	Natural person representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board	Date of birth
MS STACY PETROSKY	N/A	PROPRIETARY	DIRECTOR	07/26/2019 (co-option)	08/16/2020	RESOLUTION GENERAL SHARE-HOLDERS' MEETING	08/22/19/73
MR JOAO MIGUEL MARQUES PENEDO	N/A	EXECUTIVE	CHIEF EXECUTIVE OFFCER	01/26/2021 (Co-option)	01/26/2021	RESOLUTION GENERAL SHARE-HOLDERS' MEETING	06/26/1973
<b>Total number of directors</b>						7	

State if any directors, whether through resignation or as the result of a resolution of the General Shareholders' Meeting, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Data of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
ROBIN FIALA	PROPRIETARY	05/23/2018	01/26/2021	Nominating and Compensation Commission	YES

**Reason for leaving when this occurred before the end of the term and other remarks; information of whether the director sent a letter to the other board members and, in the case of non-executive directors, explanation or opinion of directors who were dismissed by the General Meeting**

Ms Robin Fiala resigned from her position as a member of the Board of Directors on January 26, 2021 and therefore, left her position on the Nominating and Compensation Commission. As of said date, she was appointed as the personal representative of the legal person director Otis Elevator Company (OEC), replacing Mr Toby Smith, who had represented said director since October 14, 2020 until said date.

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

### EXECUTIVE DIRECTORS

Name or company name of director	Post in organisational chart of the company
MR BERNARDO CALLEJA FERNANDEZ	CHAIRMAN OF THE BOARD OF DIRECTORS

<b>Profile</b>
<p>Engineering degree from the <i>Escuela Técnica Superior de Ingenieros Industriales de Gijón</i>. PADE (<i>Programa de Alta Dirección de Empresas</i>) at the IESE Business School. “Breakthrough Program for Senior Executives (BPSE)” at IMD, November 2018.</p> <p>He commenced his career with Otis in 1989 as an engineer at the Otis plant in San Sebastián. Subsequently, he moved to Barcelona as branch manager. Three years later, he returned to San Sebastián as Area Manager.</p> <p>From 2001 to 2005, he was the manager of Pertor, a Zardoya Otis Group company in Spain. He then become general manager of Rolltore-Portis, another Group company.</p> <p>In 2007, he was appointed Service and Operations Manager of Otis Italy and, a year later, become Chief Executive Officer of Otis in Italy.</p> <p>In February 2012, he was appointed Chief Executive Officer of Zardoya Otis and President of Otis South Europe and Near East (SEMA).</p> <p>In December of the same year, he became President of South Europe of UTC Building &amp; Industrial Systems, a division encompassing the brands: OTIS in elevators, Carrier in air-conditioning, Chubb and Marioff in fire protection and Portis in automatic doors, among others.</p> <p>In 2020, he was appointed President of the Otis Group for Europe, Middle East and Africa (EMEA), which he holds simultaneously with the position of President of SEMA.</p> <p>He is currently Chief Executive Officer and Chairman of the Board of Directors of Zardoya Otis, S.A. and President of OTIS South Europe and Africa and EMEA. He is likewise an Executive Manager of the Otis Worldwide Corporation (OWC) group, formerly United Technologies Corporation (UTC) group.</p>

<b>Name or company name of director</b>	<b>Post in organisational chart of the company</b>
MR JOAO MIGUEL MARQUES PENEDO	CHIEF EXECUTIVE OFFICER

<b>Profile</b>
<p>He holds a degree in Business Administration (ISCTE, Lisbon, Portugal) and an MBA from INSEAD (Fontainebleau-France). He has completed various leadership courses at prestigious business schools in Europe and the United States.</p> <p>During his professional career, he has held various positions, such as Senior Auditor and Chief Financial Officer at KPMG and Toyota in Portugal and Angola.</p> <p>In 2004, he joined United Technologies Corporation, where he has held a number of positions until becoming Chief Financial Officer for EMEA FOR Carrier Commercial Refrigerators, working in France and the Czech Republic.</p> <p>In 2014, he joined Otis, where he holds the position of Vice President, Finance, for the South Europe and Africa Region (SEMA). In January 2021, he was appointed Chief Executive Officer of Zardoya Otis, S.A. and President of Otis’s Iberia and Africa Region.</p>

<b>Total number of executive directors</b>	2
<b>Percentage of Board</b>	28.58%

<b>Remarks</b>
<p>On January 26, 2021, Mr Calleja left his position of Chief Executive Officer but remained as a director. The Company’s Board of Directors appointed him as the Executive Chairman of the Company. Furthermore, the Board co-opted Mr Joao Penedo as a new board member, likewise appointing him as the Company’s Chief Executive Officer (notified on January 27, 2021; register No. 6776). Since that date, the Company has had two executive directors.</p>

### PROPRIETARY DIRECTORS

Name of director	Name or company name of the significant shareholder represented or that has proposed their appointment
EURO-SYNS, S.A.	EURO-SYNS, S.A.

Profile
<p>Euro-Syns, S.A. is the financial investments holding company of the Zardoya family group. Its personal representative, Mr Alberto Zardoya Arana holds a BA Manufacturing Engineering, Boston University, Boston MA, U.S.A. and a Master's in the Stock Exchange from <i>IEB, Instituto de Estudios Bursátiles</i>, Madrid. During his professional career, he has held various positions in companies such as Savera, Elevator Guide Rails (Vera de Bidasoa, Navarra, Spain), Otis Elevator Company (Gien, France), Andersen Consulting (Madrid, Spain), UTC Research Center (San Sebastián, Spain), Sikorsky Helicopters (Stratford, CT, U.S.A.), Sikorsky Helicopters (Gamesa, Vitoria, Spain), UTC Aerospace (San Sebastián, Spain). He is currently a member of the Board of Directors of Mecalux, SA (Barcelona, Spain) and administrator of Euro-Syns, SA (Madrid, Spain)</p>

Name of director	Name or company name of the significant shareholder represented or that has proposed their appointment
OTIS ELEVATOR COMPANY	ALDER HOLDINGS, S.A.S.

Profile
<p>Otis Elevator Company ("Otis") (100% held directly or indirectly by the parent company of the Otis Worldwide Group -OWC- in the U.S.A.) is the largest elevator and escalator company in the world. Otis designs, manufactures, sells and installs a full range of passenger and goods elevators, escalators and moving walkways. In addition to new installations, Otis modernizes existing installations to improve their safety and performance and provides maintenance services for both its own products and those of other manufacturers. Otis is present throughout the world.</p> <p>Its personal representative, Ms Robin Fiala, holds a Bachelor's degree in mechanical engineering from Union College in Schenectady, New York and Master of Business Administration from Fordham University in New York City.</p> <p>Robin Fiala has more than 25 years of experience with Otis. She started at the Otis New York City branch where she held positions of increasing responsibility including Account Representative, Territory Manager and General Manager. She then joined Otis World Headquarters as Senior Manager of Modernization Products and later joined Otis North America Headquarters as Senior Product Manager, New Equipment and then Director, Service Marketing.</p> <p>In 2013, she was named Vice President of Service and Marketing responsible for Marketing and Communications for Otis Americas as well as Otis North America's service business, national account sales and OTISLINE® call center. In 2014, she was named Vice President, Worldwide Marketing and Field Support responsible for global marketing strategies, service transformation and the development and implementation of key field operations initiatives across Otis worldwide.</p> <p>Since 2014, Robin Fiala has been Vice President, Sales and Marketing for New Equipment. In this position, she leads the company's global teams to develop innovative market-leading products and services for our Otis customers. Her team partners closely with the Engineering, Operations and Product Management organizations, helping to set critical sales strategy, drive sales effectiveness, and inform decisions around the company's product strategy roadmap and full product lifecycle offerings.</p>

Name of director	Name or company name of the significant shareholder represented or that has proposed their appointment
MS STACY PETROSKY	ALDER HOLDINGS, S.A.S.

Profile
<p>Graduate in company management (specialized in accounting). Executive leadership programs at the Darden School of Business Administration (University of Virginia, U.S.A.) During her professional career, after a number of positions with growing responsibility in the firm PricewaterhouseCoopers (PwC), she joined Otis Elevator Co. as Manager of the Financial Planning &amp; Analysis area, where she became Senior Director in 2015, subsequently becoming Senior Director, Finance Transformation and then Assistant Controller and Executive Director, Finance Transformation.</p>

<b>Total number of proprietary directors</b>	3
<b>Percentage of the Board</b>	42.66%

Remarks
N/A

## INDEPENDENT DIRECTORS

Name of director	Profile
MR JOSÉ MIGUEL ANDRÉS TORRECILLAS	<p>Mr Andrés Torrecillas holds a degree in Economics and Business Studies from the <i>Universidad Complutense de Madrid</i>. He has postgraduate studies in Management Programs from IESE in Madrid, Harvard and IMD.</p> <p>He has spent most of his professional career with Ernst &amp; Young, where he was Partner/Director General of the Audit and Advisory practices and Chairman of Ernst &amp; Young Spain until 2014.</p> <p>In March 2015, José Miguel Andrés Torrecillas was appointed as an independent director by the General Shareholders' Meeting of Banco Bilbao Vizcaya Argentaria, S.A. He has been a member of the <i>Registro Oficial de Auditores de Cuentas</i> (ROAC – Official Account Auditors Register); the <i>Registro de Economistas Auditores</i> (REA – Economist/Auditor Register); the Board of Directors of <i>Instituto Español de Analistas Financieros</i> (Spanish Institute of Financial Analysts); the <i>Fundación Empresa y Sociedad</i> (Company and Society Foundation); the <i>Instituto de Censores Jurados de Cuentas de España</i> (Institute of Chartered Accountants of Spain); the Advisory Board to the <i>Instituto de Auditores Internos</i> (Internal Auditors Institute), the Institute of Chartered Accounts in England &amp; Wales (the ICAEW); the Board of Deusto Business School (DBS); and a patron of the SERES Foundation.</p> <p>He is classified as an “independent director” and holds the positions of Lead Director, Chairman of the Nominating and Compensation Commission of Zardoya Otis, S.A., and Deputy Chairman of its Audit Committee.</p>
MS EVA CASTILLO SANZ	<p>Ms Castillo Sanz Graduated in Law and Business Studies from the Universidad Pontificia de Comillas, ICADE (E-3), Madrid.</p> <p>She was a member of the Board of Directors of Telefónica, S.A. from January 2008 until May 2018, Chairperson of the Supervisory Board of Telefónica Deutschland Holding, AG from its IPO in 2012 until May 2018, and a member of the Board of <i>Fundación Telefónica</i>.</p> <p>From November 2014 until January 2017, she was an independent director of Visa Europe Limited.</p> <p>From September 2012 until February 2014, she was President and CEO of Telefónica Europa and a member of the Executive Committee of Telefónica S.A.</p> <p>From February 2011 until February 2013, she was a director of Old Mutual, Plc. and from May 2010 to January 2014, Chairperson of the Supervisory Board of Telefónica Czech Republic, a.s. Until December 2009, she was head of Merrill Lynch Private Banking for Europe, Middle East and Africa (EMEA), forming part of Merrill Lynch's EMEA Executive Committee and the Executive and Global Operations Committees of Merrill Lynch Private Banking.</p> <p>Previously, she held the dual position of head of the Capital Markets and Investment Bank Division of Merrill Lynch in the Iberian peninsula and Chairperson of Merrill Lynch España (October 2003). Likewise, she had formerly been Chief Operating Officer (COO) for Equity for Europe, Middle East and Africa. She joined Merrill Lynch in 1997 as head of Equity Markets for Spain and Portugal. In 1999, she was promoted to Country Head for Spain and Portugal and, in 2000, she was appointed Chief Executive Officer of Merrill Lynch Capital Markets España.</p> <p>Before joining Merrill Lynch, she had worked for five years in the International Equity Department of Goldman Sachs in London and, prior to that, a further five years in the Equity Sales and Analysis Department of the Spanish broker Beta Capital.</p> <p>Subsequently, she was a member of the Board of Directors of Bankia from January 2012 until 2021, when CaixaBank and Bankia merged. Since then she has been on the Board of CaixaBank.</p> <p>Likewise, she sits on the Boards of <i>Fundación Comillas-ICAI</i> and <i>Fundación Entreculturas</i>. Since December 2020, has been a member of the Board of International Airlines Group.</p> <p>She is classified as an “independent director” and holds the positions of chairperson of the Audit Committee of Zardoya Otis, S.A. and member of its Nominating and Compensation Commission.</p>

<b>Number of independent directors</b>	2
<b>Percentage of the Board</b>	28.57%

Remarks
N/A

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

No.

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director	Description of the relationship	Statement of the Board
N/A		

**OTHER EXTERNAL DIRECTORS**

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related
N/A		

Profile
N/A

<b>Total number of other external directors</b>	0
<b>Percentage of the Board</b>	-

Remarks
N/A

State any changes in status that has occurred during the period for each director:

Name of Director	Date of change	Previous status	Current status
ROBIN FIALA	01/26/2021	PROPRIETARY DIRECTOR	PERSONAL REPRESENTATIVE OF DIRECTOR

Remarks
Ms Robin Fiala resigned from her position as a member of the Board of Directors on January 26, 2021 As of said date, she was appointed as the personal representative of the legal person director Otis Elevator Company (OEC), replacing Mr Toby Smith, who had represented said director since October 14, 2020 until said date.

**C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:**

	Number of female directors				% of directors for each category			
	Year 2021	Year 2020	Year 2019	Year 2018	Year 2021	Year 2020	Year 2019	Year 2018
<b>Executive</b>	0	0	0	0	0.00%	0.00%	0.00%	0.00%
<b>Proprietary</b>	2 (*)	2	3	2	50.00%	50.00%	27.27%	18.18%
<b>Independent</b>	1	1	1	0	50.00%	50.00%	9.09%	0.00%
<b>Other external</b>	0	0	0	0	0.00%	0.00%	0.00%	0.00%
<b>Total:</b>	3	3	4	2	42.86%	33.33%	36.36%	18.18%

Remarks
(*) The above information includes Ms Robin Fiala as personal representative of the director Otis Elevator Corporation. As of November 30, 2021, the female directors of the Company were: (i) Ms Robin Fiala (personal representative of Otis Elevator Corporation), (ii) Ms Stacy Petrosky, and (iii) Ms Eva Castillo.

**C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.**

Yes  No  Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.



**Description of policies, objectives, measures and how they have been implemented, including results achieved**

The Board of Directors and the Nominating and Compensation Commission are aware of the importance of promoting gender diversity on the Board of Directors and are working to increase the presence of women on the Board. Article 5 of the Regulations of the Board of Directors states that the Board of Directors must ensure that the procedures for selecting its members favour diversity of gender, experience and knowledge and are not affected by any implicit bias that might suggest some kind of discrimination and, in particular, should not hinder the selection of women directors.

Likewise, article 12 B) 2 i) of the Regulations of the Board of Directors states that one of the duties of the Nominating and Compensation Commission Committee is to ensure that, when filling new vacancies or new directors are appointed, the selection procedures do not contain any implicit bias that might suggest some kind of discrimination and to report to the Board on gender diversity issues.

At the end of the 2021 period (November 30, 2021), three of the seven members of the Board of Directors were proprietary directors, two were independent and two were executive.

At its meeting of December 13, 2016, the Nominating and Compensation Commission decided that, when new vacancies on the Board of Directors arise, they would try to fill them with people who meet the requirements of competence, experience and merits, promoting, as far as possible, an increase in the presence of women on the Board of Directors in order to progress towards a Board with a more balanced composition.

To do this, the Commission itself will ensure that the policies for selecting Board members apply exclusively criteria of merit and capacity, avoiding any bias that might imply gender discrimination that hinders the selection of female directors.

This decision was notified to the Board of Directors by the Chairperson of the Nominating and Compensation Commission at the Board meeting on the same day.

At the same time, the director appointment mentioned in section C.1.4 above are consistent with the goal of both the Company and the Board of Directors to increase the presence of women on the Board and for the director selection policies to consider solely criteria related to merit and capacity, avoiding any bias that might imply discrimination on the grounds of gender, origin, race or religion in the selection of directors.

The foregoing means that, at the end of the 2021 fiscal year (November 30, 2021), women accounted for 42.86% of the Board of Directors, the same percentage as in the preceding year. Likewise, the Board secretary is a woman.

The Board of Directors and the Nominating and Compensation Commission are aware of the importance of all kinds of diversity and consider that the Board of Directors is diverse in terms of the directors' nationalities, ages, education and experience. In this respect, it should be noted that directors must have sufficient knowledge of both Spanish and English to enable them to perform their duties, since the Company's majority shareholder is American and, through its subsidiaries, it is present in other countries, such as Portugal, Morocco, Gibraltar and Andorra.

**C.1.6 Describe the means, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women. Also state whether favouring a significant number of women in senior management positions in the company is among these means:**

**Explanation of means**

At its meeting of December 13, 2016, the Nominating and Compensation Commission decided that, when new vacancies on the Board of Directors arose, they would try to fill them with people who met the requirements of competence, experience and merits, promoting, as far as possible, an increase in the presence of women on the Board of Directors in order to progress towards a Board with a more balanced composition.

To do this, the Commission itself will ensure that the policies for selecting Board members apply exclusively criteria of merit and capacity, avoiding any bias that might imply gender discrimination that hinders the selection of female directors.

This decision was notified to the Board of Directors by the chairperson of the Nominating and Compensation Commission at the Board meeting held on the same day.

In 2021, the percentage of female directors remained at 42.86%, which shows that, as a result of applying the aforementioned policies, the number of women on the Board has been gradually increasing, rising from 18% in 2017 and 2018 to 36.36% in 2019 and 42.86% in 2020 and 2021.

Likewise, the Company's Code of Ethics, called "The Three Otis Absolutes", extends this diversity policy to all areas of the company, expressly stating that *"We do not discriminate, whether on the basis of race, religion, nationality, gender, age, ability, veteran status, marital status, citizenship, creed, sexual orientation or any other bias." ... We also make sure all our hiring and promoting is based fairly on skill and performance. And as champions of diversity and inclusion, we make accommodations for employees or job candidates who are alter-abled and observe all applicable labour and employment laws*".

Applying the foregoing, the Nominating and Compensation Commission promote the inclusion of women with a professional profile showing merits and ability among the potential candidates.

**When, in spite of any measures that have been adopted, the number of women directors is scant or nil, explain the reasons that justify this.**

**Explanation of the reasons**

N/A

**C.1.7 Describe the conclusions of the nomination committee regarding verification of compliance with the selection policy aimed at promoting an appropriate composition of the board of directors.**

The Company is firmly committed to promoting diversity in all its manifestations and this forms part of the Code of Ethics (section C.1.6). As a consequence of this goal, the Board of Directors, jointly with the Nominating and Compensation Commission, succeeded in having the Board of Directors reach a percentage of female directors of 42.86% in 2020, which was maintained in 2021. This, together with the fact that the director profiles are varied and they come from different cultural environments and have experience in different sectors and areas of knowledge that may be related to the Company, the diversity goal is deemed to have been reached satisfactorily.

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

No proprietary directors were appointed at the proposal of shareholders whose shareholding interest was less than 3% in the period ended November 30, 2020.

Name of shareholder	Reason
N/A	

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

Yes  No

Name of shareholder	Explanation
N/A	

**C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:**

Name of director	Brief description
MR JOAO MIGUEL MARQUES PENEDO	The CEO holds all the powers that can be delegated in accordance with the law or Bylaws, with the exception of the purchase/sale of real estate (article 7 bis of the Regulations of the Board of Directors) as well as the financial disbursement faculty, limited to joint powers for 50 million euros per transaction
MR BERNARDO CALLEJA FERNÁNDEZ	Under the resolution passed by the Company's Board of Directors on January 26, 2021, all the powers of the Board of Directors that could be delegated in accordance with the law the Bylaws were delegated to MR BERNARDO CALLEJA FERNÁNDEZ on a permanent basis.

**C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:**

Name of director	Name of group member	Position	Does the director have executive powers?
MR BERNARDO CALLEJA FERNANDEZ	OTIS ELEVADORES LDA. (PORTUGAL)	CHAIRMAN	NO
MR BERNARDO CALLEJA FERNANDEZ	OTIS SERVIZI S.R.L.	CHAIRMAN	NO
MR BERNARDO CALLEJA FERNANDEZ	BUGA OTIS ASANSOR SANAYI VE TICARET AS	DIRECTOR	NO

Name of director	Name of group member	Position	Does the director have executive powers?
MR BERNARDO CALLEJA FERNANDEZ	ZARDOYA OTIS, S.A.	CHAIRMAN	YES
MR BERNARDO CALLEJA FERNANDEZ	OTIS WORLDWIDE CORPORATION (EEUU)	President for the Europe, Middle East and North Africa area (EMEA)	YES
MR ALBERTO ZARDOYA ARANA	OTIS ELEVADORES LDA. (PORTUGAL)	DIRECTOR	NO
JOAO MIGUEL MARQUES PENEDO	OTIS LIMITED (KENIA)	DIRECTOR	NO
JOAO MIGUEL MARQUES PENEDO	OTIS ELEVADORES LDA. (PORTUGAL)	DIRECTOR	NO
JOAO MIGUEL MARQUES PENEDO	BUGA OTIS ASANSOR SANAYI VE TICARET AS (TURQUIA)	DIRECTOR	NO
JOAO MIGUEL MARQUES PENEDO	OTIS MAROC S.A. (MARRUECOS)	CHAIRMAN	NO
ROBIN FIALA	OTIS ELEVATOR COMPANY (EEUU)	VICE PRESIDENT, SALES AND MARKETING	YES

**C.1.11 List any directors or representatives of legal-person directors of your company who are members of the Board of Directors or representatives of legal-person directors of other companies listed on regulated markets other than group companies, and have communicated that status to the Company:**

Name of director	Name of listed company	Position
MR JOSÉ MIGUEL ANDRÉS TORRECILLAS	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR / DEPUTY CHAIRMAN
MS EVA CASTILLO SANZ	CAIXABANK, S.A.	DIRECTOR
MS EVA CASTILLO SANZ	INTERNATIONAL AIRLINES GROUP	DIRECTOR

Remarks
N/A

**C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:**

Yes  No

Explanation of the rules and identification of the document where this is regulated
<p>Article 19.1 of the Regulations of the Board of Directors expressly establishes the directors' obligation to devote sufficient time to their work as a Board member and adopt the measures necessary for proper management and control of the Company.</p> <p>Notwithstanding, it has not been seen fit to limit the number of Boards of Directors of which the directors may form party, since a large number of the proprietary directors are executives of the parent group, Otis Worldwide Corporation, and, therefore, are members of Boards of Directors of other companies belonging to the group of which Zardoya Otis, S.A. itself is a member.</p>

**C.1.13 State total remuneration received by the Board of Directors:**

Board remuneration in financial year (thousand euros)	1,624
Amount of vested pension interests for current members (thousand euros)	856
Amount of vested pension interests for former members (thousand euros)	-

Remarks

**C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:**

Name	Position
MR FRANCISCO JAVIER BARQUIN	GENERAL MANAGER
MR DOMINGOS EDMUNDO DA ASCENÇÃO OLIVEIRA	GENERAL MANAGER
MR HICHAM EL MOUSSAIF	GENERAL MANAGER

Number of female senior management staff	0
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Percentage of total members of senior management staff	0%
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<b>Total senior management remuneration (thousand euros)</b>	915
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**C.1.15 State whether the Board rules were amended during the year:**

Yes  No

Description of amendment
N/A

**C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.**

**1. SELECTION, APPOINTMENT AND RE-ELECTION OF DIRECTORS**

According to article 20 of the Bylaws, directors will be designated by voting pursuant to the rules established by law.

It is not necessary to be a shareholder in order to be appointed as a director, even in the event of provisional appointment (co-option) made by the Board of Directors itself, as stated in respect of listed companies in the Capital Companies Law, article 529 decies 2 a).

In addition, article 13 of the Board of Directors Regulations states that directors will be designated by the General Meeting or, provisionally co-opted, by the Board of Directors, pursuant to the provisions of the Capital Companies Law and the Bylaws.

Likewise, article 5 of the Board of Directors Regulations states that the Board of Directors must ensure that the procedures to select its members favour diversity of gender, experience and knowledge and are not affected by any implicit bias that might suggest some kind of discrimination and, in particular, that they do not hinder the selection of women directors.

The Nominating and Compensation Commission is responsible for proposing the appointment or re-election of independent Directors. The appointment or re-election proposal must, in all cases, be accompanied by an explanatory report from the Board of Directors in which the competences, experience and merits of the proposed candidate are evaluated and which will be attached to the minutes of either the General Shareholders' Meeting or the meeting of the Board of Directors itself. The proposal to appoint or re-elect any non-independent director must, furthermore, be preceded by a report from the Nominating and Compensation Commission. The foregoing will likewise be applicable to the natural persons who are designated as personal representatives of a legal person. The Nominating and Compensation Commission must report on the proposal of a personal representative.

Article 13 of the Regulations of the Board of Directors states that the Board of Directors (i) will endeavour to ensure that the candidates elected are persons with recognized competence and experience; (ii) will establish a guidance program for new directors to provide them swiftly with

sufficient knowledge of the Company and its corporate governance rules; and (iii) will likewise have programs to update knowledge when the circumstances make this advisable.

Article 14 of the Board of Directors Regulations states the Directors will hold office for an initial term of four years, in accordance with the Bylaws (article 21), and may be renewed, on one or more occasions, for successive periods of up to a maximum of four years. Directors appointed by co-option will hold office until the date of the first General Meeting held after they are appointed.

## **2. REMOVAL OF DIRECTORS**

Article 15 of the Regulations of the Board of Directors states that directors will leave office when the term for which they were appointed has expired or when the General Shareholders' Meeting so decides using the attributions conferred on it by law or the Bylaws.

The Board of Directors will not propose the removal of independent directors before the term for which they were appointed has expired, except where the Board finds just cause, based on a report from the Nominating and Compensation Commission. Just cause will be deemed to exist when directors take up new posts or responsibilities that prevent them from devoting sufficient time to their work as Board member, or are in breach of their fiduciary duties or are disqualified from acting as an independent according to the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar transaction alters the Company's capital structure, applying the proportionality principle.

Directors must place their position at the disposal of the Board of Directors and, if the latter sees fit, resign in the following cases:

(a) When they are affected by any of the circumstances of incompatibility or prohibition legally provided for.

(b) When they may harm the Company's good name or reputation.

(c) When they are investigated or prosecuted, in the process of trial in ordinary proceedings, or found guilty in summary criminal proceedings in relation to any serious crime, in particular, any of the crimes stated in article 213 of the Capital Companies Law. In these cases, the Board of Directors will investigate the case as soon as possible and, in the light of the specific circumstances, will decide whether or not the director should remain in office. The Board of Directors will inform of any such decisions in the Annual Corporate Governance Report.

(d) When they have been seriously admonished by the Audit Committee or because they have breached their duties as directors.

(e) When an external proprietary director transfers his or her shareholding in the Company or when the shareholder which proposed his appointment to the Company sells its entire shareholding interest or reduces it to a level that requires the reduction or removal of its proprietary directors.

Members of any Committees or Commissions that may exist will automatically resign when they cease to be directors.

The Nominating and Compensation Commission will report to the Board of Directors on any proposals to remove directors, in accordance with article 12 (B) 2 (c) of the Regulations of the Board of Directors.

### **C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:**

According to article 12 bis of the Regulations of the Board of Directors, the Board of Directors must conduct an annual evaluation of its own performance and of that of its commissions and, on the basis of the result, propose an action plan to improve how it operates, in accordance with the Law.

The Board of Directors evaluated the performance of both the Board itself and its commissions very favourably in the 2021 annual self-evaluation process, maintaining the trend seen in previous years. Therefore, no significant changes have derived in its internal organization or the procedures applicable to its activities. Notwithstanding the foregoing, in 2021, work was carried out on the areas for improvement identified in the Action Plan that resulted from the Board's self-evaluation in the preceding year.

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

In accordance with article 529 *nonies* of the Capital Companies Law and article 12 bis of the Regulations of the Board of Directors, at its meeting of April 12, 2021, the Board of Directors evaluated the results of the annual evaluation of its own performance and that of its commissions during 2020, analyzing the directors' replies to a questionnaire with almost a hundred questions and issuing a report which was prepared with the active participation of all the members of the Board of Directors. Likewise, the report took account of all the comments, suggestions and opinions expressed during the preparation process.

The questionnaire was distributed and supplemented through an information system, implemented in 2020, that guarantees the confidentiality of the opinions expressed by the directors. Through the questionnaire, it was possible to evaluate aspects that might affect the operation and composition of the Board of Directors, since it included questions on the work and performance of the Chairman of the Board of Directors, the Secretary of the Board of Directors and the Legal Advisor. Likewise, for the members of the different committees, the questionnaire also asked about the operation of the Audit Committee and Nominating and Compensation Commission.

Likewise, the Audit Committee and Nominating and Compensation Commission prepared reports on their own evaluations as well as an action plan to improve the way they operate pursuant to the results of said evaluations and, in the case of the Nominating and Compensation Commission, on the operation of the Board of Directors, all of which was in compliance with Recommendation 36 of the Good Governance Code.

After the end of the 2021 reporting period, the Board of Director reviewed the status of compliance with said plan, the goals that had been met during the 2021 period and the issues that could be improved in the following period.

**C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.**

The Board of Directors of the Company decided not to engage any consultant or external advisor for the 2021 evaluation

**C.1.19 State the situations in which directors are required to resign.**

Article 15 of the Regulations of the Board of Directors states that directors must place their position at the disposal of the Board of Directors and, if the latter sees fit, resign in the following cases:

(a) When they are affected by any of the circumstances of incompatibility or prohibition legally provided for.

(b) When they may harm the Company's good name or reputation.

(c) When they are investigated, prosecuted, in the process of trial in ordinary proceedings or found guilty in summary criminal proceedings in relation to any serious crime, in particular, any of the crimes stated in article 213 of the Capital Companies Law. In these cases, the Board of Directors will investigate the case as soon as possible and, in the light of the specific circumstances, will decide whether or not the director should remain in office. The Board of Directors will inform of any such decisions in the Annual Corporate Governance Report.



(d) When they have been seriously admonished by the Audit Committee or because they have infringed their duties as directors.

(e) When a proprietary director transfers his or her shareholding in the Company or when the shareholder which proposed his appointment to the Company sells its entire shareholding interest or reduces it to a level that requires the reduction or removal of its proprietary directors.

Members of any Committees or Commissions that may exist will automatically resign when they cease to be directors.

**C.1.20 Are qualified majorities other than those established by law required for any specific decision?:**

Yes  No

**If so, please describe the differences.**

Description of differences
No, both the company Bylaws (art. 22) and the Regulations of the Board of Directors (art. 11) follow the criteria of articles 247, 248 and 249 of the Capital Companies Law.

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

Yes  No

Description of requirements
N/A

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

Yes  No

	Age limit
Chairman	N/A
CEO	N/A
Directors	N/A

Remarks
N/A

**C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:**

Yes  No

<b>Additional requirements and/or maximum number of term limits</b>	N/A
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**C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.**

Article 22 of the Bylaws states that any director may grant written proxy to any other director. However, non-executive directors may only grant proxy to another non-executive director.

In addition, article 11 of the Regulations of the Board of Directors states that each director may authorize another director to represent him and give instructions, without any limit on the number of proxies that one director may hold at a Board meeting. Absent directors may authorize another director to represent them using any written means and telegrams, e-mails or faxes addressed to the Chairman of the Board of Directors are valid.

These are the same rules as those imposed by the Capital Companies Law.

**C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.**

<b>Number of Board meetings</b>	10
<b>Number of Board meetings without the chairman</b>	0

<b>Remarks</b>
N/A

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

<b>Number of meetings</b>	0
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<b>Remarks</b>
N/A

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

Number of meetings held by the Executive Committee	N/A
Number of meetings held by the Audit Committee	7
Number of Meetings held by the Nomination and Remuneration Committee	5
Number of meetings held by the Nomination Committee	N/A
Number of meetings held by the Remuneration Committee	N/A
Number of meetings held by the ____ Committee	N/A

Remarks
N/A

**C.1.26** State the number of meetings held by the Board of Directors during the year in which all of its directors were present.

Number of meetings when all directors attended	10
% of attendance over total votes during the year	99%
Number of meetings in situ or representations made with specific instructions of all directors	10
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	100%

Remarks

**C.1.27** State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

Yes  No

Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the Board:

Name	Position
Mr Joao Penedo Marqués	Chief Executive Officer
Mr Francisco Bilbao Antón	Chief Financial Officer

Remarks
The Company's individual and consolidated annual financial statements are certified by the Chief Executive Officer and Chief Financial Officer before they are presented to the Board for approval.

**C.1.28 Explain any measures established by the board of directors to ensure that the financial statements that the board of directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation:**

The Board of Directors controls, through the Audit Committee, the whole process of drawing up and formulating the annual financial statements of the Company S.A. and its Group.

Article 12 A) 2.d) of the Regulations of the Board of Directors states that the Audit Committee's duties will include receiving information on and overseeing the process of preparing and presenting financial reporting, reviewing compliance with legal requirements and the correct application of accounting principles. Likewise, sub-paragraph (i) of article 12.A) 2.j) of said Regulations establishes that the Audit Committee must ensure that the interim financial statements are prepared using the same accounting principles as the annual financial statements, and the last paragraph of article 12.A) 3 of the Regulations of the Board of Directors states that the Audit Committee will strive to ensure that the Board of Directors seeks to present the annual statements to the General Shareholders' Meeting without reservations or qualifications in the audit report, and in the exceptional case that these may be included, the chairperson of the Audit Committee and the auditors will give a clear explanation to the shareholders on the content and extent of said reservations and qualifications.

Likewise, article 11.1.g) of the Regulations of the Audit Committee, approved by the Board of Directors on October 9, 2018, entrusts the Audit Committee with the task of ensuring that the Board of Directors endeavours to submit the financial statements to the General Meeting without any reservations or qualifications in the audit report and, in the exceptional cases where these exist, the Chairperson of the Audit Committee and the auditors will give a clear explanation to the shareholders on the content and extent of said reservations or qualifications.

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

Yes  No

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

Name of secretary	Representative
Ms Lorea García Jauregui	N/A

Remarks

N/A
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**C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.**

**1. INDEPENDENCE OF THE EXTERNAL AUDITORS**

Firstly, article 12 A) 2 f) of the Regulations of the Board of Directors states that the Audit Committee must receive information on any other questions that might jeopardize the Independence of the external account auditor in order to examine them.

Likewise, the Regulations of the Board of Directors state, among other items, that the Audit Committee must propose to the Board of Directors, for submission to the General Shareholders' Meeting, the selection, appointment, reappointment and replacement of the external account auditor, in accordance with the applicable legislation, being responsible for the selection process, and must also propose its engagement conditions. Furthermore, the Audit Committee must regularly obtain from the external auditor information on the audit plan and its execution, preserving its independence in the performance of its duties.

Secondly, article 14 of the Regulations of the Audit Committee establishes, among others, the following duties for the Audit Committee in relation to the statutory audit:

- (i) To present to the Board of Directors, for submission to the General Shareholders' Meeting, the recommendations for the selection, appointment, reappointment and replacement of the statutory auditor in accordance with the provisions set out below and in the applicable law, being responsible for the selection process, and engagement conditions.

In the selection of the auditor, the Committee must take account of the scope of the audit, the capabilities, experience and resources of the auditor or audit firm, the fees, the auditor's independence and the effectiveness and quality of the auditing services to be provided, as well as any criteria set out in the Capital Companies Law, the Account Auditing Law and Regulation (EU) 537/2014 of April 16.

- (ii) To protect the independence of the statutory auditor in the course of its functions. For this purpose, the Committee must:
  - a) request and receive from the statutory auditor, on an annual basis, written confirmation of its independence in relation to the Company or any companies that may be related directly or indirectly thereto, together with detailed and specific information on the additional services of any nature rendered to said companies and the corresponding fees received from these entities by the auditors or by persons or entities related to the auditors in accordance with the provisions of the Account Auditing Law;
  - b) issue an annual report, prior to the issue of the statutory audit report, expressing an opinion on whether the independence of the account auditors is compromised. Said report must also always make a reasoned pronouncement on the additional services to which the preceding point refers, considered individually and as a whole, other than the statutory audit, in relation to the system of independence or the legislation regulating account auditing
  - c) establish appropriate contacts with the statutory auditor to receive information on any questions which might be a threat to the latter's independence, which will be examined by the Committee.
  - d) ensure that the Company and the statutory auditor respect the current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other requirements designed to safeguard auditor independence.

For this purpose, the Committee must:

- i. review and approve the Company's internal policies on personal situations and on prohibition on the provision of certain services by the auditor and approve the provision of non-audit services. In addition, the Audit Committee must ensure that the policies are known to the relevant officers of the Company so that they are correctly applied.
  - ii. introduce a guideline ceiling on fees receivable by the statutory auditor for non-audit services, having regard to the provisions of the applicable legislation.
  - iii. approve and review the Company's internal policies for compliance with the applicable legislation on prohibitions subsequent to the completion of the audit work.
- e) where applicable, authorize the services other than those prohibited in the terms set out in the applicable legislation.
  - f) in the event of the resignation of the statutory auditor, investigate the issues giving rise thereto.
  - g) ensure that the remuneration of the external Account Auditor does not compromise its efficiency or independence.
  - h) ensure that the Company notifies any change of auditor to the CNMV as a relevant event, accompanied by a statement of any disagreements that may have arisen with the outgoing auditor and, if such disagreements exist, the contents thereof.
- (iii) Regularly seek information from the auditor on issues related to the performance of the statutory audit, such as the audit plan, the results of its implementation and any other issue relating to the statutory auditing process, as set out in point 3 of article 14 of the Regulations of the Audit Committee. In particular, the Committee will seek information on any disagreement that may arise between the statutory auditor and company management
  - (iv) To encourage the statutory auditor of the Group to take on the auditing of all the Group companies.
  - (v) Upon completion of the audit, to review in conjunction with the statutory auditor the main findings of the audit work and the content of the audit report and of the additional report submitted to the Audit Committee.
  - (vi) If the Committee believes that there are causes for concern or unresolved issues as to the quality of the audit, the possibility should be considered of informing the Board of Directors and, if it is thought appropriate by the Board, supervisory authorities should likewise be informed on a timely basis.

Likewise, the Regulations of the Audit Committee provide that the Committee will maintain the communications with the statutory auditor required by accounting auditing legislation and technical audit rules, without undermining the auditor's Independence or the effectiveness of the audit, and will check that the Company's senior management is taking its recommendations into account. Communications with the auditor will be fluid and ongoing and must be planned in a timetable of activities and an annual schedule of meetings, most of which should be held without company management being present, to address all matters that might influence the audit opinion or the independence of the statutory auditor. In particular, the Committee must seek information on or discuss the following with the auditor:

- (i) the audit plan and its implementation, checking that senior management is taking its recommendations into account;
- (ii) the annual meetings that the statutory auditor holds with the Board of Directors in full to inform it of the work undertaken and developments in the Company's risk and accounting positions.

- (iii) fulfilment of the audit contract, endeavouring to ensure that the opinion on the annual financial statements and the main contents of the audit report are worded clearly and precisely in accordance with accounting standards, applying the highest international standards, establishing joint strategies, an appropriate methodology and work programs, all of which must be consistent with the appropriate materiality limits.

The actions taken by the Company to ensure auditor independence includes the in-person presence of the auditors at least once every fiscal year, in order to explain their actions. Specifically, in the period ended November 30, 2021, the auditors were present at the meeting of the Board of Directors that took place on February 23, 2021.

## **2. INDEPENDENCE OF FINANCIAL ANALYSTS, INVESTMENT BANKS AND RATING AGENCIES**

With regard to relations with financial analysts, the Company applies the principle of transparency, no discrimination and reliability of the information provided to the market. The Company has several communication channels, always complying with securities market legislation:

- E-mail on the corporate website ([info.accionista@otis.com](mailto:info.accionista@otis.com)).
- Contact person for information to shareholders:

Francisco Bilbao  
Zardoya Otis, S.A.  
C/ Golfo de Salónica, 73  
28033-Madrid  
Tel.: 91 343 51 05  
Fax: 91 343 51 89

Said information is available on the website in the section “Channels of Communication with the Company”.

In addition, the Company has an internal Code of Conduct that establishes the guidelines that the Company and the “**Obligated Persons**” (directors, managers, employees, advisors, etc.) must follow in the treatment of inside and relevant information, thus protecting the interests of those who invest in the Company’s securities (the “**Internal Code of Conduct**”). This Internal Code of Conduct was amended by the Board of Directors on February 21, 2017 in order to adapt its contents to Royal Legislative Decree 4/2015 of October 23, whereby the revised text of the Securities Market Law was approved, and Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of April 16 (the Market Abuse Regulation) and the related implementing legislation. The amendment was intended to improve protection of those who invest in the Company’s securities by avoiding any market abuse situation, establishing the set of rules applicable to the management and control of inside information by the Company and Obligated Persons in their actions related to the treatment of inside information, the securities, markets, transactions with the Company’s own shares and detecting and handling conflicts of interest, among other items.

The Internal Code of Conduct may be consulted on the Company’s website: (<http://www.otis.com/es/es/accionistas-inversores/>).

Any investment banks or rating agencies that advise the Company and have access to inside information are considered as “External Advisors” and, therefore, “Obligated Persons”. Consequently, the Secretary of the Board will warn the persons who must be included on the “Obligated Persons” Register as “Obligated Persons” that the information is inside information and of their duty of confidentiality and the prohibition on the use of said information, as well as the infringements and penalties derived from the improper use thereof. “Obligated Persons” must provide a declaration stating that they undertake to comply with the obligations contained in the Internal Code of Conduct.

### **C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:**

Yes  No

At the General Shareholders' Meeting of June 16, 2020, a resolution was passed to reappoint the Company's account auditor (PricewaterhouseCoopers Auditores, S.L.).

Outgoing auditor	Incoming auditor
PricewaterhouseCoopers Auditores, S.L.	KPMG Auditores, S.L.

Remarks
At the General Meeting held on June 16, 2020, a resolution was passed to re-elect the Company's account auditor for fiscal year 2020, PricewaterhouseCoopers Auditores, S.L. and appoint KPMG Auditores, S.L. as the auditor of the Company and its consolidated group for fiscal years 2021, 2022 and 2023. This appointment was the result of a selection process conducted by the Audit Committee in accordance with Regulation (EU) No. 537/201 of the European Parliament and of the Council and other related regulations.

**If there were any disagreements with the outgoing auditor, please provide an explanation:**

Yes  No

Explanation of disagreements
N/A

**C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:**

Yes  No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	48	0	48
Amount invoiced for non-audit services/Amount for audit work (in %)	22.97%	0	12.44%

Remarks
N/A



**C.1.33** Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes  No

Explanation of reasons
N/A

**C.1.34** State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	2.13%	2.13%

Remarks
N/A

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

Yes  No

Explanation of procedure
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In accordance with article 10 of the Regulations of the Board of Directors, Board meetings are called by sending a letter, e-mail, telegram or fax to each one of the directors, at the address he/she has previously provided for this purpose, at least ten days before the date fixed for the meeting, attaching the agenda for the meeting.

Thus, unless a Board meeting is held or called under exceptional circumstances for urgent reasons, the directors should previously have the information necessary for deliberations and the passing of resolutions on the matters to be discussed sufficient time in advance. The Chairman of the Board of Directors, with the assistance of the Secretary, must ensure compliance with this right.

When, under exceptional circumstances, for urgent reasons, the Chairman wishes to submit decisions or resolutions of items that are not included on the agenda to the approval of the Board, the express prior consent of a majority of the directors present will be required, which will be duly recorded in the minutes.

Article 6 of the Regulations of the Board of Directors expressly states that the Chairman of the Board of Directors is must ensure that all the directors receive sufficient information in advance to allow deliberations on the items on the agenda.

Finally, article 17 of the Regulations of the Board of Directors states that any director has the duty to require and the right to obtain, with the broadest authorization, any information or advice they he/she requires on any aspect of the Company, whenever this is required in order to perform his/her duties. The right to information covers subsidiaries, both national and foreign, and will be channelled through the Chairman of the Board of Directors, who will handle the requests of any director and provide the information directly, offering the appropriate contacts or taking any measures necessary for the examination requested.

In addition to the foregoing, the Board, at its first meeting of the year, approved a schedule of the meetings it is intended to hold during the year and the items to be discussed at the meetings, to permit better planning, and specific presentations at Board meetings are arranged on the Company's different business areas and other relevant aspects (regulatory compliance, cybersecurity, digitalization plans, data protection, changes in sector legislation, etc.), in order to improve the directors' knowledge of the Company. These presentations, which are given by the direct heads of the respective departments involved, also achieve greater communication between the directors and the Company's functional areas.

Likewise, to make the information and documentation necessary for deliberations and decision-making available to the directors, a specific software application is used. This facilitates the duties of the directors in general and, in particular, their right to information, since, through this software tool, they may access, from anywhere in the world and in multiple languages, the information necessary to prepare the forthcoming meetings of the Board of Directors and its committees as per the respective agendas, as well as the entire historical repository of corporate documentation and the aforementioned presentations that have been given to the Board, with the highest cybersecurity guarantees.

**C.1.36 State whether the company has established rules whereby directors must provide information regarding and, if applicable, resign, in circumstances that affect them, related or not to their actions in the company, and that may harm the company's name and reputation:**

Yes  No

**Explain the rules**

Article 15 of the Regulations of the Board of Directors states that directors must place their position at the disposal of the Board of Directors and, if the latter sees fit, resign in the following cases:

- (i) When they are affected by any of the circumstances of incompatibility or prohibition legally provided for;
- (ii) When they may harm the Company's good name or reputation;
- (iii) When they are investigated, prosecuted, in the process of trial in ordinary proceedings, or found guilty in summary criminal proceedings in relation to any serious crime, in particular, any of the crimes stated in article 213 of the Capital Companies Law. In these cases, the Board of Directors will investigate the case as soon as possible and, in the light of the specific circumstances, will decide whether or not the director should remain in office. The Board of Directors will inform of any such decisions in the Annual Corporate Governance Report;
- (iv) When they have been seriously admonished by the Audit Committee or because they have infringed their duties as directors; or
- (v) When an external proprietary director transfers his or her shareholding in the Company or when the shareholder which proposed his/her appointment to the Company sells its entire

shareholding interest or reduces it to a level that requires the reduction or removal of its proprietary directors.

Article 19.5 (f) of the Regulations of the Board of Directors states that directors must notify the Board of Directors as soon as possible and, if appropriate, resign if any circumstances affect them that might damage the good name and reputation of the Company, in particular when they are investigated in relation to criminal offences.

**C.1.37 State, unless there are special circumstances that have been recorded in the minutes, whether to board has been informed or otherwise become aware of any situation that affects a director, related or not to their actions in the company, that might harm the company's name or reputation.**

Yes  No

Name of director	Nature of the situation	Remarks
N/A		

State whether the Board of Directors has examined the case. If so, explain in detail whether, attending to the particular circumstances, it has adopted any measure, such as opening an internal investigation, calling on the director to resign or proposing his or her dismissal.

Also state whether the board's decision was supported by a report from the nominations committee.

Yes  No

Decision/Action taken	Explanation
N/A	

**C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.**

There are no agreements of this nature.

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

Number of beneficiaries	1
Beneficiary	Chief Executive Officer

<b>Description of agreement</b>	<p>The only director entitled to an indemnity in the event of termination of his/her contract is the CEO. The indemnity consists of 45 days' remuneration per year as from his appointment as the Company's CEO (i.e. January 26, 2021) until the contract termination date. This termination indemnity is additional to any indemnity to which he might also be legally entitled for termination of his previous employment relationship.</p> <p>Likewise, he has a non-competition clause with a term of 24 months as from finalization of his contract, receiving a sum equivalent to 12 monthly salary payments during that period.</p>
<b>Number of beneficiaries</b>	1
<b>Description</b>	Chairman
<b>Description of agreement</b>	Non-competition clause for 2 years as from finalization of his contract, receiving a sum equivalent to 12 monthly salary payments during that period.

<b>Number of beneficiaries</b>	2
<b>Beneficiary</b>	Managers
<b>Description of agreement</b>	<p>The Company pays the compensation of several Otis Elevator Company executives who are former employees of the Company, although the amount is reimbursed to the Company by Otis Elevator Worldwide Sprl.</p> <p>One of these executives is entitled, in the event of unfair dismissal that generates an indemnity, to a length of service -for the purposes of the indemnity- that dates from 4 years before he joined the Company.</p>

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group. If they have, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	<b>Board of Directors</b>	<b>General Shareholders' Meeting</b>
<b>Body authorising the severance clauses</b>	Yes	No

	<b>YES</b>	<b>NO</b>

<b>Are these clauses notified to the General Shareholders' Meeting?</b>	NO
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<b>Remarks</b>
N/A

## C.2 Committees of the Board of Directors

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

### EXECUTIVE COMMITTEE

N/A

### AUDIT COMMITTEE

Name	Post	Category
MS EVA CASTILLO	CHAIRPERSON	Independent
MR JOSÉ MIGUEL ANDRÉS TORRECILLAS	DEPUTY CHAIRPERSON	Independent
MS STACY PETROSKY	MEMBER	Proprietary
<b>% of proprietary directors</b>		33.33%
<b>% of independent directors</b>		66.66%
<b>% of other external directors</b>		0.00%

Remarks
N/A

**Explain the duties exercised by this committee, other than those established by law, and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.**

Without prejudice to the Law or the Company's Bylaws, the Regulations of the Audit Committee and article 12, section A, of the Regulations of the Board of Directors contains all the information and regulations on the composition, operation and duties of the Audit Committee, as summarized below:

#### 1. Composition

The Board of Directors will form a permanent Audit Committee.

The Audit Committee will be formed by three directors, appointed by the Board of Directors from among the non-executive directors. Its members must include a majority of independent directors. The Audit Committee, taken as a whole, must have the relevant technical expertise in relation to the sector in which the Company operates.

The Board of Directors will likewise appoint a Chairperson from among its members and a Secretary, who need not be a director, at the proposal of the Nominating and Compensation Commission. The Chairperson of the Audit Committee will be appointed by the Board of

Directors from among its independent members and will be changed every four years, although the same Chairperson may be reappointed one year after his/her removal.

The members of the Audit Committee, especially its Chairperson, must have knowledge and experience in accounting, auditing or risk management.

The directors who sit on the Audit Committee will hold office while they remain in office as directors of the Company and maintain the status of external directors, unless the Board of Directors decides otherwise.

The appointment, re-election and removal from office of the directors who form the Committee will be governed by the decisions of the Board of Directors. Likewise, in order to promote scepticism, a critical approach and differing points of view, diversity should be sought, especially as to gender, career experience, skills, sector-specific knowledge and geographical origin. At least one of the Committee members should have experience in information technology (IT)

Directors forming part of the Audit Committee who are re-elected as directors of the Company in a resolution adopted by the General Shareholders' Meeting will continue to hold office on the Committee without the need to be re-elected thereto, unless the Board of Directors decides otherwise.

## **2. Duties**

The Audit Committee will have the following functions:

- (a) To report, through its Chairperson, to the General Shareholders' Meeting with respect to matters relating to its functions raised thereat by the shareholders and, in particular, on the result of the audit process, explaining how the audit has contributed to the integrity of the financial information and the Audit Committee's role in the process.
- (b) To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the recommendations for the selection, appointment, reappointment and removal of the external account auditor, in accordance with the applicable legislation, being responsible for the selection process and also proposing its engagement conditions. Furthermore, the Audit Committee must regularly obtain from the external auditor information on the audit plan and its execution, preserving its independence in the performance of its duties.

During the 2020 period, the Audit Committee led the process of selecting and engaging new auditors, which was carried out in accordance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council and other related regulations. It concluded with the appointment of the new external account auditor at the General Shareholders' Meeting of June 16, 2020, where the change of auditor for the years 2021, 2022 and 2023 was approved (See C.1.31)

- (c) To regularly supervise the efficacy of the Company's internal control, internal audit and risk control systems, including tax compliance risks, and, in particular: i) to ensure the independence and efficacy in its functions of the internal audit service and, in particular, monitor the independence of the unit responsible for the internal audit function; (ii) to propose the selection, appointment, reappointment and removal of the head of the internal audit service; (iii) to propose the budget for said service; (iv) to approve its priorities and work programs, ensuring that it focuses primarily on the main risks the Company is exposed to; (v) to receive regular report-backs on its activities; (vi) to review the annual work program and the yearly activities report of the internal audit service; (vii) to be informed of any incidents arising during the implementation

of the internal audit service's yearly work program; (viii) to verify that senior management acts in accordance with the conclusions and recommendations contained in its reports; and (ix) to discuss any significant weaknesses detected in the internal control system in the course of the audit with the account auditors, all of which must not diminish its impartiality. For this purpose, the Audit Committee may submit recommendations or suggestions to the Board of Directors and the corresponding deadline for the follow-up

In particular, at its meeting of December 14, 2020, the Audit Committee reviewed and supervised the effectiveness of internal control, internal audit and risk control management during 2020, and supervised the proposals and approved the plan and budget of the internal audit service for 2021. Likewise, throughout the year, it monitored the actions take by the internal audit service.

- (d) To be informed of and oversee the process of preparing and presenting the mandatory financial reporting of the Company and, where appropriate, the Group, checking for compliance with legal requirements, the accurate demarcation of the consolidated group and the correct application of accounting policies and ensuring the integrity of said financial reporting, and to submit recommendations or proposals aimed at ensuring its integrity to the Board of Directors. If, after the review conducted by the Audit Committee in the course of its oversight of the financial and non-financial reporting, it is dissatisfied with any aspect, it must express its opinion to the Board of Directors. In particular, at its meeting of February 23, 2021, the Audit Committee reviewed the annual financial statements (statement of financial position, income statement and the notes thereto) and management reports of both the Company and its consolidated group. It also issued a report on the third quarterly interim dividend payment charged to the 2020 profit at its meeting of December 14, 2020 and regarding payment of the first quarterly interim dividend charged to the 2021 profit at the Audit Committee meeting held on March 22, 2021. Lastly, it reported on payment of the second quarterly interim dividend charged to the 2021 profit at the Audit Committee meeting held on September 21, 2021.
- (e) To review internal control and risk management systems on a regular basis, so that main risks are properly identified, managed and disclosed. In particular, control and risk management policy must identify, at least:
  - (i) the different types of risk (operational, technological, financial, legal, reputational, social, environmental, political, etc.) the Company is exposed to, including contingent liabilities and other off-balance sheet risks among the financial and economic risks;
  - (ii) the determination of the risk level the Company sees as acceptable;
  - (iii) the measures in place to mitigate the impact of the risks identified, should they materialize; and
  - (iv) the internal reporting and control systems which will be used to control and manage said risks, including the aforementioned contingent liabilities and off-balance sheet risks. In this respect, the Audit Committee received information on and assessed the security control systems of the Company's information and/or technological systems (cybersecurity) at its meeting of October 13, 2021.

Likewise, at its meeting of January 26, 2021, the Audited Committee reviewed and assessed the actions taken in compliance with the following corporate policies: corporate social responsibility, tax policy, investment and financing policy, dividend



policy, control and risk policy, and crime prevention policy, also evaluating whether it was necessary to update them.

- (f) To hold a meeting at least annually with the officers heading up business units, at which those officers can explain business trends and the related risks. At its meeting of October 13, 2021, the Audit Committee received a presentation given by the Manager of the Systems Department on the identified risks present in relation to said Department. Likewise, during the year, the Compliance Officer (ECO) gave several presentations to the Audit Committee on the activity of his department, specifically at the meetings of January 26, March 22, July 27 and October 13, 2021.
- (g) To be in contact with the external account auditor in order to receive information on any matters related to the process of performing the account audit, such as the progress and findings of the audit program, to maintain with the external account auditor any other communications required by the account auditing legislation and technical audit rules and check that the Company's senior management is acting in accordance with its recommendations. Likewise, to receive information on any issues which may place the external account auditor's independence at risk for review by the Committee. To this effect:
  - (i) the Company will notify any change of external auditor to the Spanish National Securities Market Commission (CNMV) as a material event, accompanied by a statement of any disagreements that may have arisen with the outgoing auditor and, if such disagreements exist, the contents thereof;
  - (ii) the Audit Committee will ensure that the Company and the external account auditor respect current rules on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditor independence. To do so, the Audit Committee must:
    - i. review and approve the Company's internal policies on personal situations and on prohibition on the provision of certain services by the auditor and approve the provision of non-audit services. In addition, the Audit Committee must ensure that the policies are known to the relevant officers of the Company so that they are correctly applied.
    - ii. introduce a guideline ceiling on fees receivable by the statutory auditor for non-audit services, having regard to the provisions of the applicable legislation (in line with the content of point (g) (vi) below. In particular, the non-audit work carried out by the external auditor was approved by the Audit Committee at its meeting held on February 23, 2021.
    - iii. approve and review the Company's internal policies for compliance with the applicable legislation on prohibitions subsequent to the completion of the audit work.
  - (iii) the Company must establish appropriate contacts with the account auditor to receive information on any questions which might place the latter's Independence at risk, which will be examined by the Audit Committee, and when authorization of non-audit services other than those prohibited is required, in the terms contained in account auditing legislation, as well as any other matters provided for in account auditing legislation and audit rules. In particular, the Audit Committee will receive from the account auditors, on an annual basis, written confirmation of their independence in relation to the Company or any companies that may be directly or indirectly related thereto, as well as detailed

information on the individual additional services of any kind provided to said companies and the fees received from these entities by the auditors or by persons or entities related to the auditors, in accordance with the provisions of the Account Auditing Law. In relation to this section, the outgoing external auditors attended the Audit Committee meeting on January 28, 2021. Subsequently, at the Audit Committee meeting of February 23, 2021, the outgoing and incoming auditors attended, in order to report on the actions taken to make an orderly transition in the change of audit firm. (See C.1.31). The Audit Committee met with the auditors again on April 12 and July 27, 2021, as recorded in the minutes of said meetings.

- (iv) if the external account auditor resigns, the Audit Committee will investigate the issues that gave rise to said resignation;
  - (v) prior to issuance of the audit report, the Audit Committee must issue an annual report expressing an opinion as to whether the independence of the account auditors has been compromised. Said report must express an opinion on the provision of additional services to which point (iii) above refers, considered individually and overall, other than the statutory audit, in relation to the system of independence or the legislation that regulates the activity of account auditing. In this respect, the Audit Committee issued this report on February 23, 2021 in relation to PricewaterhouseCoopers Auditores, S.L., expressly stating its opinion on said firm's independence.
  - (vi) the Audit Committee must ensure that the remuneration of the external auditor does not compromise its quality or independence; and
  - (vii) the Audit Committee must ensure that that external auditor has a yearly meeting with the Board of Directors in full to inform it of the work undertaken and developments in the Company's risk and accounting positions. In particular, in 2021, meetings were held with the current auditor on April 12, 2021 and July 27, 2021.
- (h) Encourage the group auditor to take on the auditing of all the Group companies. In this respect, the account auditors review the individual financial statements of each one of the subsidiaries as part of their audit process at consolidated level.
- (i) To establish and supervise a mechanism whereby employees can report, confidentially and, if seen fit, anonymously, any potentially serious irregularities that they note within the Company, especially financial and accounting irregularities. The Chairperson of the Audit Committee will inform the Board of Directors on any reports received on the first Board meeting following receipt thereof. In this respect, the Company has various complaints channels (at least one of which guarantees anonymity if the complainant so requires), all of which guarantee the confidentiality of the complaint and investigation processes. In addition, the Head of Internal Audit appears before the Committee at all its meetings to explain the audit, communication and training work, etc. carried out since the previous committee meeting, always including a summary of the department's participation in the investigation of the complaints or cases received regarding any potential irregularities encountered in finance or accounting. Finally, the Chairperson of the Audit Committee regularly receives copies of the minutes of the meetings of Compliance Council, which give details of all the queries answered, training carried out and events organized, as well as all the complaints of any nature that may have been made and the related investigations, findings, etc. This process concludes with the annual appearance of the Ethics Compliance Officer (ECO) before the Audit Committee to give a detailed presentation of the actions carried out throughout the year (communication plans and

training carried out to prevent irregularities and/or infringement, as well as any action plans agreed in the event that it is been observed that the processes in place could be improved, etc.). In this respect, at its meeting of September 15, 2020, the Audit Committee proposed to the Board of Directors that a Coordinator or Compliance Officer (ECO) should be appointed for all the companies that form part of the Company's consolidated group, which was effectively approved by the Board of Directors on the same date. Specifically, the Audit Committee was informed directly by the group ECO on the actions taken by the Compliance Department at the Committee meetings held on January 26, 2021, March 22, 2021, July 27, 2021 and October 13, 2021.

- (j) To supervise compliance with the internal codes of conduct and corporate governance rules and recommendations in force at any given moment. At its meeting of February 23, 2021, the Audit Committee reviewed the 2020 Annual Corporate Governance Report. Likewise, at its meeting of December 14, 2020, it reviewed the actions taken to implement the distribution of and compliance with the Internal Code of Conduct and, at its meeting of January 26, 2021, it reviewed and assessed compliance with corporate policies.
- (k) To inform the Board of Directors, before the decision-making, on all the issues provided for in the Law, the Company's Bylaws and these Regulations and, in particular, on the following issues:
  - (i) the financial information that the Company must periodically disclose. The Committee will ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review. At its meeting of January 26, 2021, the Audit Committee approved the financial reporting for the fourth quarter of 2020, which was then sent to the CNMV. Likewise, at its meeting of April 12, 2021, the information for the first quarter of 2021 was reviewed and then sent to the CNMV after it had been approved by the Board. The same was done at the meeting of July 27, 2021 in relation to the first semester of 2021. Lastly, at its meeting of October 13, 2021, the Audit Committee reviewed the information for the third quarter of 2021, subsequently sent to the CNMV after approval by the Board of Directors.
  - (ii) the creation or acquisition of shares in special-purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity may detract from the transparency of the Group;
  - (iii) any structural changes or corporate transactions the company is planning and, in particular, on their economic conditions and accounting impact and, when applicable, the exchange ratio proposed; and
  - (iv) related-party transactions. At its meetings of December 14, 2020, January 26, 2021 and July 27, 2021, the Audit Committee studied related transactions, making a detailed analysis of the most significant ones. Likewise, in addition to the two regular reviews, this type of agreements are reviewed whenever necessary and the Committee's opinion is submitted to the Board of Directors.
- (l) Any others that may be attributed to them by the Bylaws, these Regulations, the Board of Directors or the law.

Others:

- The Audit Committee approved a meeting schedule for 2021 and reviewed the status of compliance with the action plan to implement improvements as a result of the previous evaluation at its meeting of December 14, 2020.
- The Audit Committee issued a report on the payment of the quarterly interim dividends on each occasion.
- Lastly, in relation to the situation created by COVID-19, the Audit Committee carried out regular monitoring throughout the year in order to analyze the situation, studying the legal regulations that affected the Company in order to review the evolution of the pandemic regularly and be able to adopt measures to minimize the potential impact.

### **3. Rules of operation**

In the performance of its activities, the Audit Committee will be governed by the following rules of operation:

- (a) The Audit Committee will meet at least quarterly and whenever the Chairperson considers convenient or at least two members of the Committee so request. At least part of these meetings with the internal auditor or the statutory auditor should take place without the presence of the Company's management team, so that the specific issues emerging from the reviews carried out can be discussed.
- (b) Meetings of the Audit Committee will reach a quorum when a majority of the members are present or represented. Its decisions will likewise be adopted by a majority of the members.
- (c) The Chief Executive Officer will provide the Audit Committee with the information it requires to perform its duties in relation to the directors and senior management of the principal companies in which interests are held.
- (d) The Audit Committee will have free access to any kind of information or documentation held by or available to the Company that it considers necessary in order to perform its duties.
- (e) The Committee may require the presence at any of its meetings of any employee or officer (and may order them to appear without the presence of any other officer, in which case, their attendance will be requested through the General Manager), any executive director, the external account auditor and/or the legal advisor to the Board of Directors, who should be invited to attend through the Chairperson of the Committee and whose presence should be circumscribed to those items of the agenda for the purpose of which they were called to attend and should not be a regular practice.
- (f) Minutes of Audit Committee meetings will be taken and a copy will be sent to all the members of the Board and to the Board of Directors, sending the full contents of the minutes of the Committee meetings. Furthermore, the Chairperson of the Audit Committee will, if applicable, report on any decisions and/or significant events that may have occurred at the Committee meetings at the first Board meeting to take place after the Committee meeting in question.
- (g) The Committee will review the financial information that is sent on a quarterly basis to the CNMV.

- (h) The Board of Directors will discuss the proposals and/or reports presented by the Audit Committee and the Chairperson of the Audit Committee will act as its spokesperson at meetings of the Board of Directors and, as applicable, at the Company's General Shareholders' Meeting.

In the absence of any specific rule or in the absence of any provision in the Regulations of the Audit Committee, the Regulations of the Board of Directors will be applicable to the Audit Committee to the extent that they are not incompatible with the nature thereof, in particular, the rules on calling the meetings, granting proxy to another director, universal meetings, written ballots without holding a meeting, the persons acting as chairperson and secretary of the meetings and the approval of the minutes.

The Audit Committee will strive to ensure that the Board of Directors seeks to present the annual statements to the General Shareholders' Meeting without reservations or qualifications in the audit report, and in the exceptional case that these may be included, the Chairperson of the Audit Committee and the auditors will give a clear explanation to the shareholders on the content and extent of said reservations and qualifications.

#### **4. Internal audit**

The Company will set up, under the supervision of the Audit Committee, a unit to carry out internal audit function to monitor the effectiveness of reporting and control systems.

The head of this unit will present an annual work program to the Audit Committee, will inform it directly of any incidents arising during its implementation and will submit an activities report at the end of each reporting period.

See section 2.c) above.

#### **5. Risk control and management function**

Under the supervision of the Audit Committee or of a specialized committee of the Board of Directors, there will be an internal department of the Company in charge of the risk control and management function which will have the following duties:

- (a) To ensure that risk control and management systems are functioning correctly and, specifically, that major risks the Company is exposed to are correctly identified, managed and quantified.
- (b) To participate actively in the preparation of risk strategies and in key decisions about their management.
- (c) To ensure that risk control and management systems are mitigating risks effectively in the framework of the policy drawn up by the Board of Directors.

See section 2.e) above.

The Audit Committee met on 7 occasions in the 2021 reporting period.

When the 2022 Ordinary General Shareholders' Meeting is called, a report on the operation of the Audit Committee during the period ended November 30, 2021 will be placed at the shareholders' disposal.

Identify the members of the audit commission who were appointed due to their knowledge and experience in accounting, auditing or both and state the date on which the chairperson of this commission was appointed.

<b>Names of directors with experience</b>	MS EVA CASTILLO SANZ (Chairperson) MR JOSÉ MIGUEL ANDRÉS TORRECILLAS MS STACY PETROSKY
<b>Date of appointment of chairperson</b>	June 20, 2019

<b>Remarks</b>
The three members of the Audit Committee have extensive experience and knowledge in the accounting and auditing fields and are professionals of recognized prestige in their specific sectors of activity.

### **NOMINATION AND REMUNERATION COMMISSION**

<b>Name</b>	<b>Post</b>	<b>Category</b>
MR JOSÉ MIGUEL ANDRÉS TORRECILLAS	CHAIRPERSON	Independent
OTIS ELEVATOR COMPANY (represented by Ms Robin Fiala)	DEPUTY CHAIRPERSON	Proprietary
MS EVA CASTILLO SANZ	MEMBER	Independent
MS STACY PETROSKY	MEMBER	Proprietary
<b>% of proprietary directors</b>		50.00%
<b>% of independent directors</b>		50.00%
<b>% of other external directors</b>		0.00%

<b>Remarks</b>
There is a vacancy on the Nominating and Compensation Commission due to the resignation of Ms Robin Fiala from her position on the Board of the Company and, consequently, from her position on the Committee (notwithstanding her subsequent appointment as the personal representative of the director Otis Elevator Co. to replace Mr Toby Smith on January 26, 2021).

**Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or in other corporate resolutions.**

Without prejudice to the Law or the Company's Bylaws, the Regulations of the Audit Committee and article 12, section B, of the Regulations of the Board of Directors regulates the composition, operation and duties of the Nominating and Compensation Commission, as summarized below:

## **1. Composition**

The Board of Directors will create a permanent Nominating and Compensation Commission.

The Nominating and Compensation Commission will be formed by five directors, appointed by the Board of Directors from among the non-executive directors. At least two of its members must be independent. The Board of Directors will likewise appoint a Chairperson from among the members, who must be independent, and a Secretary, who need not be a director, at the proposal of the Nominating and Compensation Commission itself.

The Board of Directors will strive to ensure that the directors who form part of the Nominating and Compensation Commission have appropriate knowledge, capacities and experience for the functions they are to perform.

The directors who form part of the Nominating and Compensation Commission will hold office while they remain in office as directors of the Company and maintain the status of external directors, unless the Board of Directors decides otherwise.

The appointment, re-election and removal from office of the directors who form the Commission will be governed by the decisions of the Board of Directors.

Directors forming part of the Nominating and Compensation Commission who are re-elected as directors of the Company in a resolution adopted by the General Shareholders' Meeting will continue to hold office on the Commission without the need to be re-elected thereto, unless the Board of Directors decides otherwise.

## **2. Duties**

The Nominating and Compensation Commission will have the following functions:

- (a) To assess the competence, knowledge and experience necessary on the Board and, in consequence, to define the functions and capacities necessary in the candidates who are to fill any vacancies and assess the time and effort required for them to carry out their duties properly.
- (b) To establish a representation target for the gender that is less represented on the Board of Directors and prepare guidelines on how to reach such target.
- (c) To report to the Board of Directors on the proposals for appointment of independent directors in order for them to be appointed by co-option or for their appointment to be submitted to the decision of the General Meeting, as well as proposals for the re-election or removal of said directors by the General Meeting.

- (d) To report on the proposals for appointment of other directors in order for them to be appointed by co-option or for their appointment to be submitted to the decision of the General Meeting, as well as proposals for the re-election or removal of said directors by the General Meeting.

In particular, the Nominating and Compensation Commission:

- at its meeting of January 26, 2021, issued a reports on:
  - the appointment of Mr Bernardo Calleja as Executive Chairman after his resignation as Chief Executive Officer,
  - the appointment of Ms Robin Fiala as the personal representative of the director Otis Elevator Company, and
  - the co-option of Mr Joao Miguel Marques Penedo as a new member of the Board of Directors and Chief Executive Officer.
- at its meeting of April 12, 2021, in order to approve the notice of the General Meeting:
  - it proposed the ratification and re-election of Mr Joao Miguel Marques Penedo as an executive director,
  - reported on the acknowledgement of the appointment of Ms Robin Fiala as the personal representative of the director Otis Elevator Company,
- at its meeting of May 19, 2021, after the pertinent approvals/ratifications by the General Meeting, it reported favourably on the re-election of Mr Joao Miguel Marques Penedo as Chief Executive Officer.

To report on the proposal for appointment of internal positions within the Board of Directors.

- (e) To propose the members of each committee to the Board of Directors.
- (f) To report to the Board of Directors on the nomination and removals of members of senior management and propose and report to the Board of Directors on the basic conditions of their contracts. At its meeting of March 19, 2021, after the General Shareholders' Meeting had approved the new compensation policy for 2021, 2022 and 2023, it reported in favour of the conditions of the contracts of the Chief Executive Officer and the Chairman of the Board.
- (g) To examine or organize, in the manner seen fit, the succession of the Chairman and the CEO and, if applicable, make proposals to the Board so that said succession takes place in an orderly and well-planned manner.
- (h) To ensure that, when filling new vacancies or appointing new directors, the selection processes are not marred by any implicit bias that could imply any kind of discrimination and to report to the Board on gender diversity issues.
- (i) To propose to the Board of Directors the compensation policy for directors and general managers or persons who perform senior management duties and report directly to the Board, executive commissions or the CEO, as well as the individual compensation and other conditions of the contracts of executive directors, ensuring that they are respected. This policy will be reviewed periodically, including the systems of compensation with shares and the application thereof. In particular, the Nominating and Compensation Commission approved that a proposal be put to the Board for the modification of the contracts signed by the Company with the Chairman and the Chief Executive Officer, respectively.



The Nominating and Compensation Commission will ensure that the individual compensation of directors and members of senior management is proportionate to the amounts paid to other directors and managers in the Company. In particular, at its meetings held on December 15, 2020, January 26, 2021, February 23, 2021, April 12, 2021 and May 19, 2021, the Nominating and Compensation Commission made a director and senior management compensation proposal for 2021 (including a report in the incentive plan). Likewise, at the meeting of the Commission held on April 12, 2021, a new compensation plan applicable to Board members was proposed for the years 2021 to 2023, which was subsequently approved by the Board of Directors and then by the General Meeting of May 19, 2021.

- (j) To ensure that any potential conflicts of interest do not undermine the independence of any external advice provided to the Commission.
- (k) To verify the information on the compensation of directors and members of senior management contained in the various corporate documents, including the Annual Director Compensation Report. In particular, at its meeting of February 27, 2020, the Nominating and Compensation Commission reviewed the Annual Director Compensation Report for 2020.
- (l) To ensure that non-executive directors have sufficient time available to perform their duties properly.
- (m) Any others that may be attributed to it in the Bylaws, the Regulations of the Board of Directors or, if applicable, the law.

Likewise, the Nominating and Compensation Commission approved a meeting schedule for the 2021 period and reviewed the status of compliance with the action plan to implement improvements as a result of the previous evaluation at its meeting of December 15, 2020.

The Nominating and Compensation Commission will consult the Chairman and the Company's CEO, especially in relation to issues concerning the executive directors and members of senior management.

Any director may request the Nominating and Compensation Commission to consider potential candidates to cover vacancies on the Board, so that it may decide on their suitability.

### **3. Rules of operation**

In performing its activities, the Nominating and Compensation Commission will operate independently and will be governed by the following rules of operation:

- (a) The Nominating and Compensation Commission will meet before any Board of Directors meeting at which a proposal is to be put to the General Shareholders' Meeting for the appointment, removal from office, re-election or ratification of a director and before any Board of Directors meeting at which it is planned to co-opt a director to fill a vacancy. The Nominating and Compensation Commission will likewise meet whenever the Chairperson considers it necessary or when at least two members of the Commission so request.
- (b) Meetings of the Nominating and Compensation Commission will reach a quorum when a majority of the members are present or represented. Its decisions will likewise be adopted by a majority of the members.

- (c) The CEO will provide the Nominating and Compensation Commission with the information it requires to perform its duties in relation to the directors and senior management of the principal companies in which interests are held.
- (d) The Commission will have free access to any kind of information or documentation held by or available to the Company that it considers necessary in order to perform its duties.
- (e) The Commission may require the collaboration of any director, member of senior management or employee of the Company and/or its group to enable it to better perform its functions.
- (f) Minutes of Nominating and Compensation Commission meetings will be taken and a copy will be sent to all the members of the Board and to the Board of Directors itself, sending the full contents of the minutes of the Commission meetings. Furthermore, the Chairperson of the Nominating and Compensation Commission will, if applicable, report on any decisions and/or significant events that may have occurred at the Commission meetings at the first Board meeting to take place after the Commission meeting in question.

In the absence of any specific rule, the provisions of the Regulations of the Board of Directors on the operation of the Board of Directors will be applicable to the Nominating and Compensation Commission to the extent that they are not incompatible with the nature thereof, in particular, the rules on calling the meetings, granting proxy to another director, universal meetings, written ballots without holding a meeting, the persons acting as chairperson and secretary of the meetings and the approval of the minutes thereof.

The Nominating and Compensation Commission met on 8 occasions in 2020.

When the 2022 Ordinary General Shareholders' Meeting is called, a report on the operation of the Nominating and Compensation Commission during the period ended November 30, 2020 will be placed at the shareholders' disposal.

### NOMINATION COMMITTEE

N/A

### REMUNERATION COMMITTEE

N/A

**C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:**

	Number of female directors							
	Year 2021		Year 2020		Year 2019		Year 2018	
	No.	%	No.	%	No.	%	No.	%
<b>AUDIT COMMITTEE</b>	2	66.66%	2	66.66%	2	66.66%	2	66.66%
<b>NOMINATING &amp; COMPENSATION COMMISSION</b>	3 (*)	60.00%	3	60.00%	3 (*)	60.00%	3	60.00%

Remarks
(*) (**)The information refers to the personal representative of the director Otis Elevator Company, Ms Robin Fiala, Ms Eva Castillo Sanz and Ms Stacy Petrosky.

**C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.**

- a) The rules on the organization, operation and duties of the two committees (Audit Commission and Nominating and Compensation Commission) are included in the Regulations of the Board of Directors, which may be consulted on the Company's website: (<http://www.otis.com/es/es/accionistas-inversores/>) and did not change in the 2021 reporting period.
- b) When the General Shareholders' Meeting is called, reports on the activities conducted by the Audit Committee and the Nominating and Compensation Commission in the preceding reporting period are published annually. It is planned to prepare annual reports on their activities in 2021 to be published when the 2022 General Shareholders' Meeting is called.

## D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

### D.1 Describe, if applicable, the procedure and competent bodies for approval of related-party and intragroup transactions.

According to article 12 (A) 2 (j) (iv) of the Board of Directors Regulations and article 15.2(c) of the Regulations of the Audit Committee, the Audit Committee will provide a report to the Board of Directors prior to the latter's adoption of decisions on related transactions.

According to article 11 of the Board of Directors Regulations, the Board of Directors will adopt its decisions, including, therefore, the approval of related transactions, by an absolute majority of all the directors present or represented at the meeting.

Pursuant to the foregoing, the Audit Committee reviews all the Company's related transactions with its related parties each time it is applicable or necessary and, in any event, it reviews them in general at least twice a year and reports to the Board of Directors on the most important related-party transactions performed.

During 2021 in particular at its meeting of February 23, 2021, the Audit Committee reported to the Board of Directors on the review it had carried out on all the related transactions and, in particular, on the performance status and balance of compliance with the two main contracts with the majority shareholder (the TAC and the Technical Assistance Agreement). At its meetings December 14, 2020 and January 26, 2021 and July 27, 2021, it again reviewed related transactions in general, notwithstanding the fact that, throughout the year, contracts are analyzed by the Audit Committee whenever this is deemed necessary and the Committee's proposal or opinion is then submitted to the Board of Directors. All the transactions were subsequently approved unanimously by the Board of Directors.

Likewise, the directors' obligation to abstain in the event of a conflict of interest should be taken into account (see section D.6).

### D.2 Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
OTIS ELEVATOR COMPANY (OWC)	ZARDOYA OTIS, S.A.	Contractual	Licence agreements	19,964
OTIS WORDLWIDE CORPORATION (OWC)	ZARDOYA OTIS, S.A.	Transactions	Long-term incentive with OWC shares	832

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
OTIS WORDLWIDE CORPORATION (OWC)	ZARDOYA OTIS, S.A.	Corporate Services Agreement	Service agreement under which Otis Elevator Worldwide Sprl provides certain financial, management, human resources, legal, marketing, communication, operational, compliance, technological and business development services to certain companies, including the Company (service receiver).	484
OTIS WORDLWIDE CORPORATION (OWC)	ZARDOYA OTIS, S.A.	Corporate Services Agreement	Service agreement under which certain companies (including the Company) provide certain financial, management, human resources, legal, marketing, communication, operational, compliance, technological and business development services to Otis Elevator Worldwide Sprl	2,112
OTIS ELEVATOR COMPANY	Otis Intercompany Lending Ireland Designated	Contract for cash deposit made by Zardoya Otis, S.A. with Otis Elevator Company	Cash deposit made by Zardoya Otis, S.A. with Otis Elevator Company	20,500

Remarks
N/A

**D.3 Describe any transactions that are significant, either because of their amount or subject matter, entered into between the company or entities within its group and directors or managers of the company:**

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)
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OTIS ELEVATOR COMPANY		Director	Imports (from) Otis Elevator Company	46,356
OTIS ELEVATOR COMPANY		Director	Exports (to) Otis Elevator Company	165,708
OTIS ELEVATOR COMPANY		Director	ID charge back of the Company (to) Otis Elevator Company	4,233
OTIS ELEVATOR COMPANY		Director	Cash deposit made by Zardoya Otis, S.A. with Otis Elevator Company	20,500

Remarks
N/A

**D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.**

**In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:**

Name of entity within the group	Brief description of the transaction	Amount (thousand €)
Otis Elevator Company	Imports (from) Otis Elevator Company	46,356
Otis Elevator Company	Exports (to) Otis Elevator Company	165,708
Otis Elevator Company	ID charge back of the Company (to) Otis Elevator Company	4,233
Zardoya Otis (Gibraltar) Limited.	Exports and services (to) Zardoya Otis (Gibraltar) Limited	870
Otis Elevator Worldwide Sprl	Service contract (from) Otis Elevator Worldwide Sprl	484
Otis Elevator Worldwide Sprl	Service contract (to) Otis Elevator Worldwide Sprl	2,112
Otis Intercompany Lending Ireland Designated	Cash deposit made by Zardoya Otis, S.A. with Otis Elevator Company	20,500

Remarks
N/A

**D.5 State the amount of any transactions conducted between the company or entities belonging to its group and other related parties that have not been reported in the previous sections.**

Name of related party	Brief description of the transaction	Amount (thousand €)
N/A		

Remarks
N/A

**D.6 Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.**

In accordance with article 229 of the Capital Companies Act, directors affected by a conflict of interest must refrain from participating in resolutions or decisions that concern the transaction to which the conflict refers.

Article 19 of the Board of Directors Regulations formally establishes the obligation for the directors to refrain from participating in the deliberations or voting on resolutions or decisions in which he/she or a related person have a direct or indirect conflict of interest. The aforementioned obligation to refrain from participating will exclude any resolutions or decisions that affect him/her in his capacity as a director, such as his designation for positions on the Board of Directors, or the revocation thereof, or any others of a similar nature.

Likewise, article 19 of the Board of Directors Regulations states that the duty to avoid situations of conflict of interest obliges the director (without prejudice to the dispensation system provided for in the Capital Companies Law) to refrain from:

- (a) Performing transactions with the Company, except ordinary transactions carried out under standard conditions for customers and of little significance, defined as those on which information is not necessary in order to give a true and fair view of the Company's equity, financial situation and results.
- (b) Using the name of the Company or mentioning his/her status as a director to unduly influence the performance of private transactions.
- (c) Using the Company's assets, including the Company's confidential information, for private purposes.
- (d) Taking advantage of the Company's business opportunities.
- (e) Obtaining benefit or remuneration from third parties other than the Company and its group associated to holding office, except when they are matters of mere courtesy.

- (f) Carrying on activities, for his/her own account or for the account of third parties, that involve effective real or potential competition with the Company or that, in any other way, place him/her in permanent conflict with the Company's interests.

The above prohibitions will also be applicable in the event that the beneficiary of the prohibited actions or activities is a person related to the director.

At any event, directors must notify the other directors and the Board of Directors of any situation of direct or indirect conflict with the Company's interests that they or persons related to them may have.

Conflicts of interests affecting directors must be disclosed in the annual report.

Additionally, article 9 of the Internal Code of Conduct on issues relating to the securities markets states that Obligated Persons are obliged to inform the Secretary of the Board of Directors on any possible conflicts of interest to which they are subject. Any doubt on the possibility of a conflict of interest must be consulted with the Secretary of the Board of Directors before any decision that may be affected by said conflict is adopted.

The Secretary is responsible for keeping an updated register of conflicts of interests. The Secretary may periodically request the persons subject to the Internal Code of Conduct on issues relating to the securities markets to provide written confirmation that no conflicts of interest exist or that no new conflicts have arisen.

According to article 9.4 of the Internal Code of Conduct, in the event of a conflict of interest that the Secretary has been unable to solve and that requires an authorized decision to be made, it will be submitted to the Board of Directors, which will take the following rules into account in order to decide: (i) in the event of conflict between directors, members of management or significant shareholders and the Company, the interests of the Company will prevail; and (ii) in the event of conflict between the Company and a shareholder or customer or between the a shareholder and a customer, the fair criterion of the Board will be applicable.

At any event, the conduct of persons affected by a conflict must be governed by the principles of abstention and independence.

**D.7 State whether the company is controlled, pursuant to the meaning established in article 42 of the Commercial Code, by another listed or non-listed entity and has, either directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them.**

Yes  No

**State whether the respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries have been disclosed publicly with specific information:**

Yes  No

**State the respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries and identify where these aspects have been disclosed publicly.**

See sections D.2, D.3 & D.4

**Identify measures taken to resolve potential conflicts of interest between the other parent company of the listed company and the other group companies:**



**Measures taken to resolve potential conflicts of interest**

See section D.6 above for the solution of conflicts in general.

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

### **E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.**

Section F of this Annual Corporate Governance Report presents a description of the main features of the internal control and risk management systems in relation to the financial reporting process. In particular, the risk policy of the Company and its consolidated group is described.

In the Company, the Risk Management System works comprehensively and continuously, consolidating the management by activity, subsidiary, geographical area and support area.

The risk control and management policy contains:

- a) The different types of risk (operating, technological, financial, legal, reputational, etc.) to which the Company is exposed, including financial or economic risk, contingent liabilities and other off-balance-sheet risks;
- b) Fixing the level of risk that the Company considers acceptable;
- c) The measures in place to mitigate the impact of the risks identified, in the event that they materialize; and
- d) The internal reporting and control systems that are used to control and manage the aforementioned risks, including the contingent liabilities and off-balance-sheet risks mentioned above.

On December 13, 2016, the Company's Board of Directors formally approved a risk control and management system (including tax compliance risks). This policy is reviewed annually and an assessment is made as to whether the actions taken during the year comply with it. Specifically, at its meeting of December 13, 2021, the Audit Committee assessed the effectiveness of the internal control during the preceding reporting period and established an action plan for 2022.

### **E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.**

Article 3 of the Regulations of the Board of Directors states that the Board of Directors is competent to approve the risk control and management system, including tax compliance risks, and supervise the internal information and control systems.

Likewise, the Company has a unit that carries out the internal audit function and ensures the proper operation of the information and internal control systems under the supervision of the Audit Committee.

According to article 13 of the Regulations of the Audit Committee, the person responsible for said unit will submit its annual work program to the Audit Committee, report directly on any incidents that arise that arise in the course of its work and submit report on its activities at the end of each reporting period.

Article 13 of the Regulations of the Audit Committee and article 12 (A) 2 (c) of the Regulations of the Board of Directors entrust the Audit Committee with the function of supervising the efficacy of the Company internal control, internal audit and risk control systems, including tax compliance risks, and, in particular:

- a) ensuring the independence and efficacy of the internal audit service and, in particular, monitoring the independence of the unit handling the internal audit;
- b) proposing the selection, appointment, reappointment and removal of the head of the internal audit service;
- c) proposing the budget for this service;
- d) approving the priorities and work programs, ensuring that its focuses principally on the main risks the Company is exposed to;
- e) receiving regular report-backs on its activities;
- f) ensuring that the profiles of internal audit personnel are appropriate and that they are capable of performing their work objectively and independently.
- g) reviewing the internal audit service's annual work program and yearly activities report; and
- h) being informed of any incidents arising during the implementation of the internal audit service's yearly work program.

Likewise, article 12.1 of the Regulations of the Audit Committee and article 12 (A) 2 (e) of the Regulations of the Board of Directors state that the Audit Committee must regularly review the internal control and risk management systems, so that the main risks are properly identified, managed and disclosed.

Risk management is controlled by company Management and the Internal Audit Department in accordance with policies approved by the Board of Directors. Management and the internal audit service assess and hedge financial risks, in close co-operation with the operating units of the rest of the Group, in order to:

- a) Guarantee that the most important risks are identified, assessed and managed.
- b) Ensure a proper operating segregation of risk management functions.
- c) Ensure that the risk exposure level accepted by the Group in its operations is in line with its risk profile.

Likewise, from a tax standpoint, there is a series of special transactions that must be approved specifically by the Company's Board of Directors.

**E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.**

As mentioned in point E1 above, the risk control and management policy approved by the Board of Directors fixes the different types of risk, among which the principal ones are

- a) Operational and technological,
- b) Legal and tax compliance,
- c) Reputational and financial, and
- d) Crime risks.

From the financial point of view, the activities of the Company and the Group are exposed to a number of financial risks: market risk (including exchange rate risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's global risk management program concentrates on the uncertainty in the financial markets and tries to minimize any potential adverse effects on the Company's financial profitability. In the Notes to the Individual Annual Financial Statements and the Notes to the Consolidated Annual Financial Statements, management of each one of the financial risks is explained.

**E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.**

As stated in point E1 above, the risk control and management policy fixes the level of risk that the Company considers acceptable. In this respect, a Risk Management Committee has been defined, which identifies, assesses and reviews the risks existing in the Company.

The aforementioned Committee assesses the main risks based on two criteria: a) the probability of occurrence (on a scale of 1 to 5, where 1 is the lowest probability and 5 is the highest probability) and b) the impact that the risk would cause (also on a scale of 1 to 5, where 1 is the least impact and 5 is the most impact).

The Committee is formed by company Management and the Internal Audit Department.

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

As in the preceding reporting periods, the risks that materialized in the period referred to trade receivables.

Both the Company and the Group have customer credit analysis policies and regular debt monitoring procedures performed by the departments involved in collection management.

**E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.**

As mentioned in section E2 above, the Company has an Internal Audit Department, with systems and processes that are intended to assess, monitor, mitigate or reduce the main risks of the Company and its consolidated group by preventive measures and alert of possible situations of risk. The Company has the risks that affect assets and liability covered by the appropriate insurance policies. Likewise, the Company and its consolidated group have processes that ensure control of any risk that may stem from trading operations.

Said risk policy is reviewed annually by the Board and the Audit Committee in collaboration with the Internal Audit Department, in order to assess the inclusion of new risks and measures to prevent and tackle them.

Section F of this Annual Corporate Governance Report describes the internal control and risk management systems in greater detail.

## **F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)**

**Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.**

### **F.1 Control environment**

**Report on at least the following, describing their principal features:**

#### **F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.**

Article 3 of the Board of Directors Regulations states that the Board of Directors is competent to approve the risk control and management policy, including tax compliance risks, as well as to regularly monitor the internal reporting and control systems.

According to articles 12 and 13 of the Regulations of the Audit Committee and article 12 (A) 2 (c) of the Regulations of the Board of Directors, the Audit Committee is competent to supervise the efficacy of the Company's internal control, internal audit and risk control systems, including tax compliance risks, and, in particular: i) to ensure the independence and efficacy in its functions of the internal audit service and, in particular, monitor the independence of the unit handling the internal audit function; (ii) to propose the selection, appointment, reappointment and removal of the head of the internal audit service; (iii) to propose the budget for said service; (iv) to approve its priorities and work programs, ensuring that it focuses primarily on the main risks the Company is exposed to; (v) to receive regular report-backs on its activities; (vi) to review the annual work program and the yearly activities report of the internal audit service; (vii) to be informed of any incidents arising during the implementation of the internal audit service's yearly work program; (viii) to verify that senior management acts in accordance with the conclusions and recommendations contained in its reports; and (ix) to discuss any significant weaknesses detected in the internal control system (the "Internal Control System") in the course of the audit with the account auditors, all of which must not diminish its impartiality.

In addition, the Audit Committee has the function of receiving information on and supervising the process of preparation of the mandatory financial reporting of the Company and the Group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting policies, and submitting recommendations or proposals to the Board of Directors aimed at safeguarding their integrity. In relation to the foregoing, the Audit Committee will analyse the relevant reports from the heads of the internal control and internal audit areas. In this respect, the Audit Committee also has the function of reviewing the clarity and integrity of all the financial reporting that the Company discloses, assessing in which cases it would be reasonable and possible to involve the statutory auditors in the review of some of the reports issued in addition to the financial statements.

Likewise, the Audit Committee will verify that the financial reporting published on the Company's website is permanently kept up to date and coincides with the reporting approved by the Company's directors and published on the website of the CNMV.

Lastly, article 12 of the Regulations of the Audit Committee and article 12 (A) 2. (e) of the Regulations of the Board of Directors states that the Audit Committee must periodically review the internal control and management systems in order for the principal risks to be properly identified, managed and disclosed (including financial and non-financial risks). In particular, the risk control and management policy must identify at least:

- a) the different types of risk (operating, technological, financial, legal, reputational, tax etc.) to which the Company is exposed, including the aforementioned financial or economic risk, contingent liabilities and other off-balance-sheet risks;
- b) fixing the level of risk that the Company considers acceptable;
- c) the measures in place to mitigate the impact of the risks identified, in the event that they materialize; and
- d) the internal reporting and control systems that are used to control and manage the aforementioned risks, including the contingent liabilities and off-balance-sheet risks mentioned above.

The Company's Audit Committee is formed by three directors: (i) Ms Eva Castillo Sanz (independent director), who is also the chairperson of the Audit Committee; (ii) Mr José Miguel Andrés Torrecillas (independent director), who is also the deputy chairperson of the Audit Committee; and (iii) Ms Stacy Petrosky (proprietary director).

**F.1.2.State whether the following are present, especially if they relate to the creation of financial information**

**Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.**

The design and review of the organizational structure is the responsibility of the Human Resources Department and, ultimately, the CEO, within his duties as an executive director.

More detailed definition of resource needs is carried out by the area in question, together with Human Resources, including, therefore, the areas related to the process of preparing the financial reporting and the rest of the Group's operational areas.

The Company and the Group have an organization chart including all the functional areas.

In relation to sufficient procedures for the information to be correctly known, all the information on the organization chart and organizational structure is in the Group intranet (the "Intranet"), to which all employees have access.

In addition, the Group Financial Department (the "Financial Department"), responsible for preparing the financial reporting, has a system of responsibilities and segregation of functions that fixes the different levels for approval for each one of the activities and processes of the financial and operating departments.

**Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analysing breaches and proposing corrective actions and sanctions.**

The Company and the Group have an Internal Code of Conduct on issues relating to the securities markets, approved by the Board of Directors, and a Code of Ethics (the "Code of Ethics"), notified to all the members of the organization through the intranet. Compliance with the Code of Ethics is mandatory (although it does not have to be formally signed). Likewise, annual courses on the subject are held for all employees. The courses must be completed by new recruits, while mandatory annual updates are included for all Company and Group employees.

The Code of Ethics is based on the following essential principles: (i) compliance with legal requirements; (ii) correct preparation of the financial statements, which must be complete and accurate; and (iii) fair treatment of customers and other interested parties. Thus, the Code of Ethics does not merely require compliance with the law, but represents a commitment to positive behaviour that forges trust, promotes respect and shows integrity.

The principles established in the Code of Ethics are: (i) loyalty to the Company; (ii) meeting commitments; (iii) acting bona fides; (iii) respect towards others; (v) accurate and true information; (vi) not to jeopardize safety or quality; and (iv) to help to detect and avoid bad practices.

The Group has an Ethics and Compliance Officer or ECO Coordinator for all the entities that form part of the group of which the Company is the parent, approved by the Board of Directors. The ECO Coordinator is responsible for coordinating the actions concerning the subject in all the companies over which effective control is held. The ECO Coordinator prepares the Annual Ethics and Compliance Plan to be submitted to and approved by the Audit Committee. His or her duties include supporting and coordinating management and employees in developing and administering effective compliance programs in group entities in the different countries, coordinating this task with the local ECOs. The ECO Coordinator regularly monitors the proper operation of the Crime Prevention Model, ensure compliance with the Code of Ethics: the OTIS Absolutes, and supervising all ethics and compliance issues, including the follow-up of any internal complaint received or investigation into criminal or compliance matters, as well as ethics training and communication for employees.

The Audit Committee makes an annual review of the plan for compliance with the Code of Ethics for each reporting period, covering the actions, those responsible for them, dates and current status, likewise obtaining information on the training and updating courses that each one of the organization's members must attend.

As stated in article 15 of the Regulations of the Audit Committee and article 12 (A) 2. (i) of the Regulations of the Board of Directors (the latter of which is mentioned in article 11 of the Internal Code of Conduct), the Audit Committee is responsible for supervising effective compliance with the obligations established in the Internal Code of Conduct.

In particular, as provided in article 10 of the Internal Code of Conduct, the Audit Committee must:

- a) Comply and ensure compliance with the securities market rules on conduct and the rules contained in the Internal Code of Conduct, the procedures thereof and any other present or future supplementary rules.
- b) Promote knowledge of the Internal Code of Conduct and other securities market rules on conduct on the part of the obliged persons, insiders and the Group.
- c) Develop, if applicable, the procedures and implementing rules deemed appropriate in order to apply the Internal Code of Conduct.
- d) Interpret the rules contained in the Internal Code of Conduct and solve any queries or issues raised by those subject to it and/or insiders.
- e) Conduct disciplinary procedures against obliged persons and insiders due to failure to comply with the rules of the Code of Conduct.
- f) Propose to the Company's Board of Directors any revisions or improvements to the Internal Code of Conduct..

**Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature and allowing communications to be made anonymously, respecting the rights of both the complainant and the accused party.**

The Group has a confidential communication channel that allows all Group employees to make suggestions and place complaints in such a way that their concerns can be heard swiftly, neutrally and in the strictest confidence.

The program provides:

- a) Anonymity: the identity of the person making a communication is protected.
- b) Confidential treatment.
- c) Neutrality: support is given neither to Management nor to the employee.
- d) Independence: there is no hierarchical relationship between the person responsible for the program and Management.
- e) Quality: the system operates as an intermediary between the employees and Management, while ensuring that communication is clear and comprehensible.

Thus, employees may make communications as follows:

- a) Through a direct telephone call – Ethics channel managed by an external provider who has translators available.
- b) Weblines – Reports sent through a secure dedicated website, provided by an external provider. <https://otis.weblines.saiglobal.com/>
- c) By email – Sending an email to [ethics@otis.com](mailto:ethics@otis.com).
- d) By post – Sending a letter or report form (translated versions are available) to Otis Global Ethics and Compliance.

The program ensures that no type of retaliation is taken against persons who, in good faith, report any irregularity or suspicion, in the event that their identity might be disclosed.

**Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.**

The employees involved in preparing and reviewing the financial information have a sound knowledge of financial and accounting matters. Additionally, the Group has a training program for its employees, supervised by the Human Resources Department.

Furthermore, courses, seminars and work groups related to updates of the accounting legislation, auditing, internal control and risk management are organized, since the Group holds agreements for regular training with a supplier specialized in the accounting, financial, legal, tax and labour areas, among others.

## **F.2 Assessment of financial information risks**



Report on at least the following:

**F.2.1. The main characteristics of the risk identification process, including error and fraud risk, as regards:**

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

The Group has a risk management system (the “Risk Map”), which is conducted by the Group’s different operating and functional units and submitted for review by the Audit Committee and Board of Directors. The Risk Map is based on integrated management of each and every one of the business processes and an appropriate segregation of the levels of risk, in order to achieve compliance with the strategic objectives fixed by the Group.

**If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.**

All the risks that could affect the financial reporting (principally operational risks) are assessed and quantified in order to carry out regular supervision of the controls designed to mitigate the risks identified. Operational risks cover the objectives of existence, occurrence, integrity, measurement, presentation, breakdown and comparability, and rights and obligations.

Risk management is based on dynamic analyses for each one of the processes that comprise the business units, meaning that those responsible for each one of the organization’s areas or departments identify and assess the potential risks.

**The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.**

The Group does not have a complex corporate structure. As may be seen from the consolidated annual financial statements, all the subsidiaries are consolidated. The Financial Department, through its Consolidation Department, carries out the consolidation process. In close collaboration with the Legal Department, on the basis of the decisions adopted by the Board of Directors on corporate transactions for acquisitions, business combinations, disposals and mergers, among others, the scope of the consolidation and the percentage interests held by each company in its subsidiaries are determined.

Likewise, following the best corporate governance practices, article 15.2.a) of the Regulations of the Audit Committee and article 12 (A) 2. (j). (ii) of the Regulations of the Board of Directors include, among the duties of the Audit Committee, the need to provide a report to the Board of Directors before the latter adopts any decisions on the creation or acquisition of shares or interests in special-purpose vehicles or entities resident in countries or territories considered tax havens, as well as any other similar transactions or operations that, given their complexity, could impair the Group’s transparency.

**If the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The different type of risk that comprise the Group risk management system are grouped principally into the following categories:

- a) Operational.
- b) Technological.

- c) Financial.
- d) Legal and tax.
- e) Reputational.

Each one of these categories has controls and mitigating actions, which are reviewed and included in annual work plan of the internal audit department (the “**Internal Audit Department**”).

### **The governing body within the company that supervises the process.**

In relation to the ICFR System, the Audit Committee is responsible for periodically reviewing the internal control and risk management systems, in order to identify and manage the principal risks that could affect the Group’s financial reporting. In particular, it is responsible for: (i) ensuring the independence and efficacy of the internal audit service; (ii) proposing the selection, re-election and removal of the head of the internal audit service; (iii) proposing the budget for this service; (iv) receiving periodic information on its activities; (v) reviewing the annual internal audit work program; (vi) being informed of any incidents that arise in the course of the annual internal audit work program; (vii) verifying that senior management take the findings and recommendations of its reports into account; and (viii) discussing any significant weaknesses in the internal control system noted in the course of the audit with the account auditors.

## **F.3 Control activities**

**Report on whether the company has at least the following, describing their main characteristics:**

### **F.3.1. Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.**

The Financial Department consolidates and reviews all the financial information of the Company and its subsidiaries, including, in this respect, the companies resident in Spain, Portugal and Morocco. Once said information is known, it prepares monthly, quarterly and six-monthly reports and annual financial statements, among other items.

Likewise, the Financial Department submits the annual, six-monthly and quarterly financial statements for review by the Audit Committee, as well as any other financial information that could subject to sent to regulatory bodies or publications. The Audit Committee checks that the information is complete, accurate and sufficient to provide a true and fair view of the Group’s equity, financial position and results and the cash flows, which are prepared in accordance with the legislation applicable to individual and consolidated financial statements.

The Board of Directors approves all the financial information that the Group publishes regularly and formulates the annual financial statements together with the Annual Corporate Governance Report.

The review of the estimates and assumptions used is based on the Group’s historical experience and other factors considered reasonable. Said procedure is included in the procedure manual for closing the accounts.

**F.3.2. Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.**

Systems management acts directly in accordance with the regulations on information security and, in addition, the Group Internal Audit Department authorizes all accesses to sensitive systems that may affect the financial information.

The regulations are based on establishing controls over access security, control of changes, operations, operational continuity and segregation of functions. All these rules are published in the intranet to enable all employees to access them.

The Group has a series of actions that guarantee that operations run correctly when an incident arises, in order to mitigate any possible materialization of an incident or reduce it to a minimum.

The Internal Audit Department's annual work program includes the review of the proper running of Internal Systems Control, both technologically and in relation to maintenance processes.

**F.3.3. Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.**

The relationship with any group supplier is conducted through those specifically responsible in each business unit, for both goods and services. Any selection of products or services subcontracted to third parties is conducted using technical, professional and economic criteria.

The Internal Audit Department's annual work program includes a review of compliance with the rules related to the main procedures for purchasing goods and services.

If valuations are contracted out to independent experts, this will be done through the Financial Department and notified to the Audit Committee, since they relate to valuations included in the Group's financial information. The Group Financial Department ensures that the provider is independent and has experience and prestige both nationally and internationally.

**F.4 Information and communication**

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

**F.4.1.A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.**

The Financial Department, through its Accounting and Consolidation Departments, is responsible for reviewing the accounting policies and rules and ensuring they are kept updated for each of the Group's processes and units. Likewise, the Internal Control Department maintains a smooth relationship with the Financial Department, those responsible for the financial area in each of the Group companies and other units and corporate areas, with whom they establish the procedure updates when applicable.

All the Group's manuals and procedures are available through the intranet and are reviewed annually to see whether it is necessary to update them.

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

The Financial Department, through the Consolidation Department, has the function of preparing the financial statements and the notes thereto. In relation to the mechanisms for capturing and preparing the financial information, except for Otis Elevadores Lda. (Portugal) and Otis Maroc, S.A. (Morocco), the companies that belong to the consolidated group use the same financial information system, the same policies and identical accounting procedures, which permits a unified capturing mechanism that is in accordance with the accounting rules in force at any given moment. Additionally, there are reporting packages for the companies resident in Portugal and Morocco, which allows the financial information to be unified and made consistent and to comply with the policies and bases of presentation used by the Group.

**F.5 Supervision of system performance**

**Describe at least the following:**

**F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.**

The Company has an Internal Audit Department, with systems and processes, which is intended to assess, mitigate or reduce the principal risks of the Company and Group through preventive measures and alerts of possible situations of risk.

The Audit Committee, among its ICFR supervision activities, reviews the financial reporting that is sent to the National Securities Market Commission on a quarterly basis.

Additionally, the Audit Committee supervises and monitors the annual audit program. The head of the Internal Audit Department presents the findings of the work plan and the tasks performed by said Department during the reporting period to the Audit Committee. Furthermore, the Audit Committee will evaluate whether the functions of the Internal Audit area are appropriate to the Company's real needs and will confirm that the activity of said area is mainly focused on the Company's principal risks.

The Group's Internal Audit Department has six members, who have extensive knowledge in the areas of internal and external auditing and management control, as well as experience in the operational part of the Group's units. The Audit Department has a work manual that fixes the procedures and duties that each of its members must perform. In addition, the Audit Committee has the function of selecting, appointing, re-electing and removing the head of the Internal Audit area, likewise verifying that the profiles of the Internal Audit Department's personnel are appropriate and that they are capable of performing their work objectively and independently.

The main functions of the Internal Audit Department are:

- a) To evaluate the appropriateness, sufficiency and efficacy of the Group's Internal Control System.
- b) To evaluate compliance with the Risk Management System.

The Group has an account auditor (the “Account Auditor”), who, as part of its procedures to audit the annual financial statements, reviews the Internal Control System. The Account Auditor has a meeting with the Audit Committee at least once a year (in the specific case of the period ended November 30, 2021, this being the first year of audit, several meetings took place, on February 23, April 12 and July 27, 2021 and on January 28 and February 25, 2022) and presents the findings of its work at said meetings (See C.3.31). In the event that any weakness or issue has been noted in the course of the work, the Audit Committee will establish actions and oblige management to consider the actions established. In the findings presented to the Audit Committee, the Account Auditor has not included any weaknesses or issues concerning the Internal Control System.

**F.5.2.If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - “Auditing Standards”), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.**

The Financial Department, the Internal Audit Department and the Audit Committee maintain regular and smooth communication with the Group’s account auditor.

At the beginning of the period, the account auditor presents its audit program to the Financial Department, containing the visit dates, objectives, companies to be audited and a list of audit fees, so that the Audit Committee can review it.

During the whole audit process, the account auditor holds regular meetings with key employees responsible for preparing the financial information, establishing preliminary findings in each one of the phases of the process. Throughout the reporting or in any phase of the external audit process, the Account Auditor may meet with the Audit Committee.

Upon conclusion of the audit, as stated previously, the account auditor presents its findings to the Audit Committee, which will evaluate any situation reported by the former. This will be considered by both the Internal Audit Department and the Audit Committee in order to undertake the appropriate actions.

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

N/A

## **F.7 External auditor’s report**

**Report from:**

**F.7.1.If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.**

The ICFR information submitted has been review by the external auditor which its report attached to this 2021 Corporate Governance Report on the Company.

**G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

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

1. That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

See sections: A.12, A. 13, B.1, B.2, B.6, C.1.20.

Complies  Explanation

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- a) The mechanisms established to resolve any conflicts of interest that may arise.

Complies  Complies partially  Explanation  Not applicable

See section D.

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

- b) Changes that have occurred since the last General Shareholders' Meeting.
- c) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies  Complies partially  Explanation

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors within the framework of their involvement in the company, and proxy advisors that complies in all aspects with

rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its website, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

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  Complies partially  Explanation

The Company fully respects the anti-market abuse regulations and those on the equitable treatment of shareholders (in the same position), analysts and other third parties.

Given the Company's shareholder structure, where the number of institutional investors is very low, the Company has not, to date, prepared a formal policy of communication but, rather, employs general channels of communication, with practices and interlocutors appropriate to the specific case. Specifically, dates and meetings have been arranged for investors and shareholders who had expressed interest in attending meetings of this nature with the Company. All the information shared with them was public and could be accessed through the Company's website and the CNMV.

The Board of Directors made the decision not to adopt this recommendation on January 25, 2016, when the Good Governance Code recommendations were examined.

5. **That the Board of Directors should not make any proposal to the General Shareholders' Meeting for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of equity at the time of delegation.**

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies  Complies partially  Explanation

6. **That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:**
- a) **Report regarding the auditor's independence.**
  - b) **Reports regarding the workings of the audit committee and the nomination and remuneration committee.**
  - c) **Report by the audit committee regarding related-party transactions**

Complies  Complies partially  Explanation

Reports on auditor independence and the operation of the audit committee and nominating and compensation commission are prepared. The Audit Committee makes a detailed evaluation of both related-party transactions and the corporate social responsibility policy, although no ad hoc reports are prepared on these subjects.

**7. That the company broadcasts live, through its website, the proceedings of the General Shareholders' Meetings.**

**And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.**

Complies  Explanation

The Company made the decision not to adopt this recommendation on January 25, 2016, when the Good Governance Code recommendations were examined, since the attendance of the General Meetings in person or by proxy was higher than 70% (71.42% at the General Meeting held on June 16, 2020) and shareholders had made little or no use of the electronic forum that had been available for several years, given the present special circumstances of health alert and restrictions on movement and meetings established by the legislation applicable during the 2020 reporting period, both the 2020 General Shareholders' Meeting and the 2021 General Shareholders' Meeting were held on a mixed basis (in person and online) and were streamed on the Company's corporate website. An electronic platform was enabled in order to hold the 2020 and 2021 General Shareholders' Meetings, so as to encourage the participation of all the shareholders without the need to attend in person. Distance and online voting was also enabled.

**8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.**

See section: C.1.33

Complies  Complies partially  Explanation

**9. That the company permanently maintains on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

**And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.**

Complies  Complies partially  Explanation

**10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:**



- a) **Immediately distributes the additions and new proposals.**
- b) **Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.**
- c) **Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.**
- d) **That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.**

Complies  Complies partially  Explanation  Not applicable

The Company has adopted the above mentioned mechanisms in its internal rules. However, at the General Meetings held in preceding periods, no shareholder has exercised the right to supplement the agenda or submit new resolution proposals.

11. **That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.**

Complies  Complies partially  Explanation  Not applicable

12. **That the Board of Directors should perform its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximization of the economic value of the business.**

**And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the legitimate interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the broader community and the natural environment.**

Complies  Complies partially  Explanation

13. **That the Board of Directors is of an adequate size to perform its duties effectively and in a collegial manner, and that its optimum size is between five and fifteen members.**

Complies  Explanation

14. **That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:**

- a) **Is concrete and verifiable.**

- b) **Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and**
- c) **Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.**

**That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the nomination committee published upon call of the General Shareholders' Meeting to which it is to be submitted for the ratification, appointment or re-election of each director.**

**The nomination committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.**

See sections: C.1.5, C.1.6 & C.1.7

Complies  Complies partially  Explanation

The Board of Directors has decided not to formally approve a director selection policy at present. The criteria for selecting directors for the Board and Nominating and Compensation Commission included in the Regulations of the Board of Directors are deemed sufficient for this purpose.

Likewise, the Nominating and Compensation Commission has decided to establish, as one of its main objectives, an increase in the presence of women on the Board of Directors and to favour and improve the possibilities of women acceding to management positions, favouring a diversity of knowledge, experience and gender at Board level. An example of this line of action is that at the end of 2021, the percentage of female directors was 42.86%.

The Board of Directors made the decision not to adopt this recommendation on January 25, 2016, when the Good Governance Code recommendations were examined.

- 15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.**

**And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less than 30% prior to that date.**

Complies  Explanation

- 16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.**

**This criterion may be relaxed:**

- a) **In large-cap companies where very few shareholdings are legally considered significant.**

- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.**

Complies  Explanation

- 17. That the number of independent directors should represent at least half of the total number of directors.**

**Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.**

Complies  Explanation

At the end of the reporting period, the percentage of the full Board represented by independent directors is 28.57%. Therefore, the Company considers it has sufficient independent directors to ensure that the interests of the floating capital are protected appropriately and make independent judgements on tasks where a potential conflict of interest may exist.

As mentioned in the preceding explanation, we must remember that the Company's shareholders are very concentrated (two shareholders hold 61.35% of the share capital). The intention has been to provide the two main proprietary shareholders with representation, with the majority shareholder (OWC Group) keeping control, while, at the same time, not further increasing the size of the Board but, on the contrary, reducing it to enable the Board to operate more flexibly and efficiently. The result of this balance is the current composition..

Likewise, in spite of the foregoing, the percentage of independent directors rose from 18.18% in the years 2015 to 2019 to 28.57% in 2020, remaining stable in 2021.

Finally, the Company has rules and procedures in place to ensure the independence and abstention of all the directors in the event that they are affected by a conflict of interest.

The Board of Directors made the decision not to adopt this recommendation on January 25, 2016, when the Good Governance Code recommendations were examined.

- 18. That companies publish and update the following information regarding directors on the company website:**

- a) Professional profile and biography.**
- b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.**
- d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.**
- e) Company shares and share options that they own.**

Complies  Complies partially  Explanation

19. That the Annual Corporate Governance Report, after verification by the nomination committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

See section: C.1.8

Complies  Complies partially  Explanation  Not applicable

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

See sections: C.1.2 & C.1.9

Complies  Complies partially  Explanation  Not applicable

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his or her post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

See section: C.1.21

Complies  Explanation

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 nomination and 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  Complies partially  Explanation

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies  Complies partially  Explanation  Not applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

See section: C.1.9

Complies  Complies partially  Explanation  Not applicable

The Company has preferred not to oblige directors who leave the Board before their tenure expires, due to resignation or any other reason, to explain the reasons in a letter to be sent to all Board members.

The Company does not deem it appropriate to oblige directors to explain the reasons for their removal or resignation and for said reasons to be aired publicly, notwithstanding the right of each one of them to make the reasons for the removal or resignation public.

The Board of Directors made the decision not to adopt this recommendation on January 25, 2016, when the Good Governance Code recommendations were examined.

- 25. That the nomination committee ensures that non-executive directors have sufficient time available in order to properly perform their duties.**

**And that the Board rules establish the maximum number of company Boards on which directors may sit.**

See sections: C.1.13 & C.1.19

Complies  Complies partially  Explanation

The Company has not fixed a maximum number of company Boards on which its directors may serve.

This is because some of the directors are also members of the senior management of OTIS WORLDWIDE CORPORATION and sit on a number of Boards of the different companies that form said Group. Consequently, compliance with this recommendation would be too burdensome for the OTIS WORLDWIDE CORPORATION Group, since it would force it to modify a large part of its corporate structure.

The Board of Directors made the decision not to adopt this recommendation on January 25, 2016, when the Good Governance Code recommendations were examined.

- 26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.**

Complies  Complies partially  Explanation

- 27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.**

Complies  Complies partially  Explanation

- 28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.**

Complies  Complies partially  Explanation

- 29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

Complies  Complies partially  Explanation

- 30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require**

Complies  Complies partially  Explanation

31. **That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.**

**When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.**

Complies  Complies partially  Explanation

32. **That directors shall be periodically informed of changes in shareholdings and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

Complies  Complies partially  Explanation

No specific mechanism or department has been established for this purpose, taking into account the Company's shareholder structure, where there are scarcely any institutional investors and most of the shareholders with significant shareholdings are represented on the Board.

Directors have access to the same information as the rest of the market (for example, significant shareholdings are notified to the CNMV).

The Board of Directors made the decision not to adopt this recommendation on January 25, 2016, when the Good Governance Code recommendations were examined.

33. **That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.**

Complies  Complies partially  Explanation

34. **That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; 127 to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.**

Complies  Complies partially  Explanation  Not applicable

When the Bylaws and Regulations of the Board of Directors were last amended, the need for the Company to have a Coordinating Director did not exist.

When the need for a Coordinating Director arose (when the Company's CEO was appointed chairman of the Board), all these requirements were taken into account. Specifically, in accordance with article 529 *septies* of the Capital Companies Law, the Board meeting of March 20, 2019 decided (after a report in favour from the Nominating and Compensation Commission and with the appropriate abstention of the chairman) to appoint Mr José Miguel Andrés Torrecillas as the Coordinating Director. He was re-elected to this position at the Board meeting of July 28, 2020.

It was decided that the Coordinating Director's duties would include special authorization to request a Board meeting be called or include new items on the agenda of a meeting that had already been called, coordinate and meet with the non-executive directors and, where applicable, direct the periodic evaluation of the Chairman of the Board of Directors.

Likewise, the Board approved a decision that, in accordance with the Good Governance Code of Listed Companies, the Coordinating Director would have the following duties:

- a) to chair Board of Directors meetings in the absence of the Chairman and Deputy Chairman;
- b) to reflect the concerns of non-executive directors
- c) to hold contacts with investors and shareholders to find out their points of view in order to form an opinion on their concerns, in particular in relation to the Company's corporate governance; and
- d) to coordinate the chairman's succession plan

- 35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.**

Complies  Explanation

- 36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:**

- a) **The quality and efficiency of the Board of Directors' work.**
- b) **The workings and composition of its committees.**
- c) **Diversity of membership and competence of the Board of Directors.**
- d) **Performance of the chairman of the Board of Directors and the chief executive officer of the company.**
- e) **Performance and input of each director, paying special attention to those in charge of the various Board committees.**

**In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.**

**Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the nomination committee.**

**Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.**



**The process and the areas evaluated shall be described in the Annual Corporate Governance Report.**

See sections: C.1.20, C.1.20 bis y C.1.20 ter

Complies  Complies partially  Explanation

The Board of Directors has implemented an annual self-evaluation process for the Board and its committees, which is described in section C.1.20 bis. As a consequence of this self-evaluation, an action plan to correct the weaknesses detected is prepared annually.

The Board considers that its annual self-evaluation is sufficient, without the need to engage external consultants. According to the 2015 Good Governance Code, the objective of using said consultants is for the evaluation to be "*enriched with objective opinions*" and the Board considers this contribution to be made by the Company's independent directors.

The decision not to engage an external consultant every three years was made by the Board of Directors on January 25, 2016, when the 2015 Good Governance Code recommendations were examined.

- 37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.**

Complies  Complies partially  Explanation  Not applicable

- 38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

Complies  Complies partially  Explanation  Not applicable

- 39. That the members of the audit committee, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and that the majority of its members be independent directors.**

See section: C.2.1

Complies  Complies partially  Explanation

- 40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

Complies  Complies partially  Explanation

- 41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.**

Complies  Complies partially  Explanation  Not applicable

**42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

**1. With regard to information systems and internal control:**

- a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.**
- b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.**
- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.**
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.**

**2. With regard to the external auditor:**

- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.**
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.**
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.**
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and the development of its accounting and risks faced by the company.**
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing,**

**limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.**

Complies  Complies partially  Explanation

- 43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.**

Complies  Complies partially  Explanation

- 44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.**

Complies  Complies partially  Explanation  Not applicable

- 45. That the risk management and control policy identify, as a minimum:**

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.**
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.**
- c) The level of risk the company considers acceptable.**
- d) Measures in place to mitigate the impact of risks identified in the event that they should materialise.**
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities and other off balance sheet risks.**

Complies  Complies partially  Explanation

- 46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:**

- a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.**
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.**
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.**

Complies  Complies partially  Explanation

- 47. That in designating members of the nomination and remuneration committee -- or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, ability and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.**

See section: C.2.1

Complies  Complies partially  Explanation

The Nominating and Compensation Commission has five members, including two independent members, one of whom is the committee Chairperson.

The reason why the Commission does not have more independent members is that the Company does not have any more independent directors. Until recently, the percentage represented by independent directors of the Company's total directors was 18.18%, which has now increased to 28.57%.

The Company has decided to keep the number of members of the Nominating and Compensation Commission at five, in spite of the fact that it could have reduced it to three members in order to have a majority of independents, as has been done with the Audit Committee because it is legally obligatory. There is a dual reason for deciding to keep the number of members of the Nominating and Compensation Commission at five: first, the Company feels that 40% of independent directors is sufficient to guarantee the independence of the Commission's function and, second, the Company feels it is more useful for the Commission and its functions to have the opinion and experience of five members.

Finally, article 12 (B) of the Regulations of the Board of Directors states that the Board of Directors will ensure that the directors who sit on the Nominating and Compensation Commission have the knowledge, capacities and experience appropriate to the duties they are to perform.

- 48. That large-cap companies have formed separate nomination and remuneration committees.**

Complies  Explanation  Not applicable

High market capitalization companies are understood to be those that are listed on the Ibex-35, in accordance with the criteria of the CNMV and the Good Governance Code.

- 49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.**

**And that any director may ask the nomination committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.**

Complies  Complies partially  Explanation

- 50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:**

**a) Proposing basic conditions of employment for senior management.**

- b) **Verifying compliance with company remuneration policy.**
- c) **Periodically reviewing the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.**
- d) **Making sure that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.**
- e) **Verifying information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.**

Complies  Complies partially  Explanation

51. **That the remuneration committee should consult with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.**

Complies  Complies partially  Explanation

52. **That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the foregoing recommendations, including:**

- a) **That they be composed exclusively of non-executive directors, with a majority of independent directors.**
- b) **That their chairpersons be independent directors.**
- c) **That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after each committee meeting.**
- d) **That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.**
- e) **That their meetings be recorded and the minutes be made available to all directors.**

See: C.2.1

Complies  Complies partially  Explanation  Not applicable

The Company complies with all the above points except a) in relation to the Nominating and Compensation Commission.

53. **That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee**

of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of selforganisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies  Complies partially  Explanation  Not applicable

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) **Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.**
- b) **Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.**
- c) **The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.**
- d) **Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy**
- e) **Supervision and evaluation of the way in which relations with the various stakeholders are handled.**

Complies  Complies partially  Explanation

Currently, in accordance with article 8 of the Regulations of the Board of Directors, the Secretary of the Board of Directors will strive to ensure that the Board of Directors' actions take into account the good governance rules or recommendations in force at any given moment.

Likewise, the duties entrusted to the Audit Committee include:

- (i) Regularly reviewing the internal control and risk management systems, so that the main risks are properly identified, managed and disclosed.
- (ii) Receiving information on and monitoring the process of preparing and presenting the Company's financial information and, where appropriate, reviewing compliance with legal provisions, the accurate demarcation of the consolidated group and the correct application of accounting policies, ensuring the integrity thereof.
- (iii) Monitoring compliance with internal codes of conduct and the good corporate governance rules and recommendations in force at any given moment.

Lastly, the Board of Directors is responsible for approving the corporate social responsibility policy.

The Company has not yet approved a strategy for communication and relations with shareholders and investors or asked any commission to review the corporate social responsibility policy or monitor the corporate social responsibility strategy and practices and evaluate the extent of compliance therewith. However, both the policy and the activity in this area is evaluated annually by both the Audit Committee and the Board of Directors itself.

**55. That environmental and social sustainability policies identify and include at least the following:**

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct**
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.**
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.**
- d) Channels of communication, participation and dialogue with stakeholders.**
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.**

Complies  Complies partially  Explanation

**56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.**

Complies  Explanation

**57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.**

**Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.**

Complies  Complies partially  Explanation

**58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with**

the professional performance of its beneficiaries and not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous performance over a period long enough to assess its contribution to the sustainable creation value such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies  Complies partially  Explanation  Not applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies  Complies partially  Explanation  Not applicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies  Complies partially  Explanation  Not applicable

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or instruments referenced to share value.

Complies  Complies partially  Explanation  Not applicable

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.



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

**The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.**

Complies  Complies partially  Explanation  Not applicable

- 63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.**

Complies  Complies partially  Explanation  Not applicable

The Company has not seen fit to include this clause in the contract signed with its present CEO.

The Board of Directors made the decision not to adopt this recommendation on January 25, 2016, when the Good Governance Code recommendations were examined.

- 64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.**

**For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.**

Complies  Complies partially  Explanation  Not applicable

The termination payment agreed in the contract with the CEO is the same as was initially included in his employment relationship with the Company. Therefore, the Board considers it should be maintained.

## H. FURTHER INFORMATION OF INTEREST

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

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

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

The Company does not adhere to the Code of Good Tax Practices of July 20, 2010.

The company OPAL SPANISH HOLDINGS, S.A. (OPAL), an entity indirectly controlled by Otis Worldwide Corporation, has issued a voluntary public tender offer for the acquisition of the totality of the shares that represent the share capital of Zardoya Otis, S.A. In this respect, on September 23, 2021, OPAL sent the prior announcement of a public tender offer to the CNMV. Subsequently, on October 15, 2021, OPAL applied to the CNMV for the authorization necessary to issue the Offer (other relevant information register No. 12210) and said application was admitted for processing by the CNMV on October 28, 2021 (other relevant information register No. 12426). As of the date of issue of this report, the CNMV has not adopted a decision on said application.

Likewise, on December 21, 2021, the Company published inside information (register No. 1231) at the CNMV stating that OPAL had signed an agreement with Euro-Syns whereby the latter undertook to accept irrevocably the Offer for the totality of its shareholding at a price of 7.14 euros per share. Consequently, OPAL agreed to increase the price of the Offer to 7.14 euros per share, although, as of January 6, 2022, it will be adjusted to 7.07 euros per share due to the dividend announced by ZOSA on December 14, 2021.

This annual corporate government report was approved by the Board of Directors of the Company at its meeting held on February 25, 2022.

State whether any directors voted against or abstained from voting on this report.

Yes  No

<b>Name of director who has not voted for the approval of this report</b>	<b>Reasons (against, abstention, non-attendance)</b>	<b>Explain the reasons</b>