

NFRS

Non-Financial
Reporting
Statement



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1. INTRODUCTION

The Consolidated Non-Financial Reporting Statement (hereinafter the "Non-Financial Reporting Statement", or "NFRS") has been prepared with the aim of providing significant information in relation to the activity of Hipoges Iberia, S.L. and Subsidiaries (hereinafter, "Hipoges" or the "Entity" or the "Group"), in accordance with the requirements of Act 11/2018, of 28 December 2018, modifying the Code of Commerce, the consolidated text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July 2010, and Act 22/2015, of 20 July 2015, on Accounts Auditing, regarding non-financial reporting and diversity.

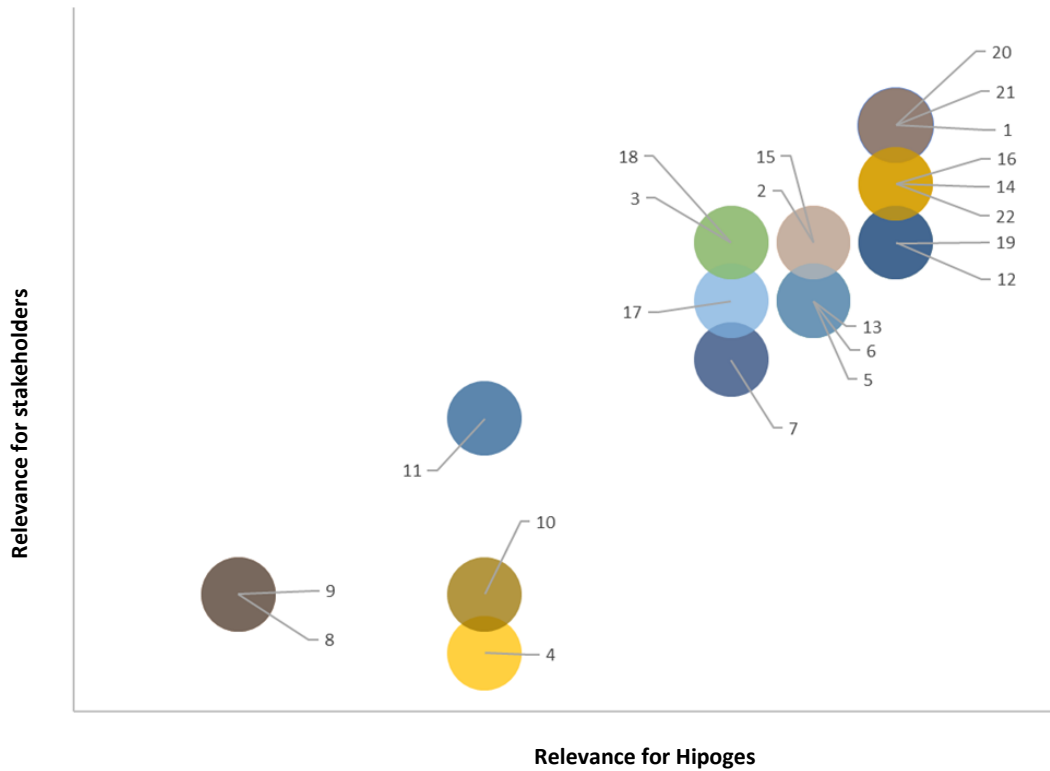
In preparing this document, the guidelines on the presentation of non-financial reports of the European Commission (2017/C 215/01) were considered in accordance with European Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information by certain large undertakings and groups, as well as the Guide for the preparation of sustainability reports of the Global Reporting Initiative ("GRI Standards").

Through the NFRS, Hipoges aims to report on environmental, social, ethics and compliance, personnel and human rights issues relevant to the Group in the performance of its business activities. All of which takes into account the impact that the military conflict in Ukraine has had on each of these issues.

Thus, and in accordance with the Hipoges business model, different ESG (Environmental, Social and Governance) factors have been identified, such as those shown below:

1	Economic performance.
2	Market presence (scope, where the Entity operates, salaries, local Management Committee).
3	Indirect economic consequences of the Entity where it operates (economic development, services, infrastructure, job creation).
4	Procurement practices: procurement and purchasing from local suppliers.
5	Materials used in workplaces (consumption, toxicity, renewable, recyclable).
6	Energy efficient consumption (electricity, fuel, heating, cooling).
7	Efficient water consumption (source, quantity, reuse).
8	Impact on biodiversity by the facilities and activities of the Entity.
9	Emissions to the atmosphere and their impact on climate change (GHG: greenhouse gases).
10	Effluents and waste (quantity, quality of water discharged, type of waste and its management).
11	Environmental assessment of suppliers (consideration of environmental performance criteria in supplier selection).
12	Employment (quality, homogeneity by centre, churn rates, social benefits, right to leave and resume employment).
13	Relations between workers and management (collective agreements, consultations, negotiations).
14	Health and safety of employees at their workstations.
15	Training and professional development.
16	Promoting diversity and equal opportunities (gender, age, race, disability, sexual orientation, or other minority groups).
17	Human rights assessment (supply chain risk analysis)
18	Social action (focusing on social health, international cooperation, development programmes, investments)
19	Regulatory compliance in all areas (socioeconomic, environmental, service provision...).
20	Anti-corruption and anti-bribery.
21	Corporate governance and ethical conduct.
22	Customer service and claims.

After analysing the relevance of these aspects both for Hipoges and its stakeholders (people from the organisation, the organisation's governance, investors and clients, as well as external stakeholders), the following materiality matrix was obtained:



Based on these results, it has been determined that the main issues on which information needs to be presented in this NFRS relate to personnel aspects, health and well-being at work, prevention of money laundering, ethics and compliance. In this regard, given the characteristics of the Hipoges business, the Environment area has been identified as a non-significant area.

Lastly, with regard to the analysis of materiality and the corporate perimeter, the report includes all entities comprising the Group.

2. BUSINESS MODEL

2.1 MISSION AND VISION

Hipoges was created in 2008 as an alternative to the traditional pre-existing management of financial assets. Anticipating the arrival of new market players and new service needs, the Hipoges Group establishes itself with a clear **Mission and Vision**:

- **Mission:** Achieve world-class service status, focused on maximising the profitability of its clients' investments through the design and establishment of efficient management structures capable of responding to complex situations, in diverse environments, within the framework of professional ethics and social responsibility.
- **Vision:** Provide the best management solution for each situation, at all times and anywhere, offering the opportunity to grow, to explore new countries, to meet new customers, new products and, above all, to bring in new talent. The success of the Group is based on the success of its members.

Hipoges has defined values and pillars of action conceived and internalised throughout its human capital to help develop the “mission” and achieve the “vision” mentioned above.

The **4 values** of the Entity are:

- **Trust:** in relationships and through acts that inspire trust and confidence.
- **Commitment:** maximising capabilities to achieve goals.
- **Transparency:** clarity in actions, ideas and intentions.
- **Ambition:** improving day-to-day matters to meet objectives and exceed expectations.

The **4 pillars** of action of the Entity are:

- **Business diversification:** explore opportunities for vertical integration and new business lines, whether or not related to the core business, in order to obtain synergies and diversify the Entity's risk derived from external factors.
- **International expansion:** have operations and be present in more than one country and/or location, in order to explore opportunities and reduce systemic, political and macroeconomic risk.
- **Sustainable growth:** obtain and maintain a consistent growth rate and dynamic balance from sustainable operations using best market practices and responsible/safe actions.

- **Constant internal improvement:** elevate and maintain a global internal awareness in all employees to always look for ways to improve the activities performed and understand how the market and customer preferences/demands evolve.

With offices in Spain, Portugal, Greece and Italy, and over 1,500 employees, Hipoges works for leading international financial institutions and investors specialising in the "distressed assets" sector.

2.2 LINES OF ACTIVITY

The business model comprises a set of business lines for the Entity, including additional services incorporated in 2022:

- **Advisory/Underwriting:** Hipoges is involved in the generation of opportunities through ongoing contact with the various relevant agents (investors and banks), draws up pricing and asset valuation models, and accompanies the client in the investment acquisition process, providing support in the preparation of the binding offer, in the financing process, and with registration, delivery and takeover.
- **Asset management:** Hipoges dedicates specialist teams according to the type of assets throughout the entire investment recovery cycle. There are 3 significant areas within this line of activity:
 - **Retail & Corporate:** these areas are mainly structured by teams of lawyers and asset managers working on the resolution of debt and the allocation of guarantees where applicable, mainly on private portfolios, SMEs with a residential guarantee or without any guarantee, debt of large corporations such as Real Estate Developers, and which are characterised by higher-value and more complex guarantees.
 - **Real Estate:** responsible for the management of all Real Estate Units taken on by Hipoges with different returns strategies. The services include the entire registration and holding process, preparation for placing on the market, commercialisation, marketing of assets on platforms, and closure of transactions.
 - **Support Operations:** department responsible for providing operational support, with administrative teams in the different asset management tasks, including the registration and judicial possession of real estate assets and the registration of different tasks in the system for case files.
- **Securitisation:** Hipoges offers its clients the possibility of securitising their investments through the public or private issuance of securities registered under the supervision of regulatory bodies.

- **Corporate services:** Hipoges provides a full and comprehensive management service for special purpose vehicle ("SPV") companies owning real estate assets that clients establish in Spain and Portugal when they invest in the acquisition of portfolios in those countries.
- **Real estate valuation services:** execution of real estate asset valuation reports under certified "RICS Methodology", as well as valuations for regulated entities in Portugal subject to CMVM supervision.
- **Alternative finance:** team of analysts focused on providing an alternative finance platform operating in Portugal, providing services to the real estate development sector as well as providing access to flexible finance.

Through these business lines, and additional lines that the Entity continues to analyse as part of the strategic plan, Hipoges aims to consolidate and improve its competitive position within the sector in markets where it already has a strong presence, such as Spain, Portugal, Greece and Italy, as well as to expand its activity into new international markets where it can create added value thanks to the opportunities they offer.

2.3 SITUATION ARISING FROM THE MILITARY CONFLICT IN UKRAINE

On 24 February 2022, Russia's invasion of Ukraine began, leading to a war between the two countries the consequences of which still remain uncertain today. In this regard, having evaluated the possible impact that this situation could have, the Entity considers that it would in principle have no impact on its activities, since they are not dependent on commodities that could be affected by supply disruptions. Without prejudice to this, given the existing geopolitical uncertainty and volatilities, and their possible impacts on the global economy, as well as the prices of energy, transport, products and commodities, the Directors and Management of the Entity have implemented a system for monitoring, assessing and mitigating risks, and are constantly monitoring the evolution of the conflict and its consequences, in order successfully to address any possible future impacts that may arise.

In this regard, Hipoges has been adapting its strategic plan in line with the situation caused by the military conflict in Ukraine and its impact on the issues mentioned above in this NFRS, due to its direct consequences on economic activity.

For Hipoges, 2022 was a year full of challenges and innovative and complex projects - in a post-pandemic situation and with the aforementioned military conflict in Ukraine still not over - requiring it to constantly adapt. The mission of the Entity is to continue its work of consolidating

and expanding the existing client portfolio and business lines, having finalised contracts for the management of new "distressed debt" portfolios during the initial months of 2022.

2.4 FUTURE

2023 is expected in the market where the Entity operates to be a year of further disinvestments in the market for defaulting or doubtful loans, as well as in sales of real estate assets, with 2022 having seen a very positive growth rate in housing sales, leading to the consequent increase in business.

Taking into account the current situation of the sector, the Entity has the following overall objectives for the year 2023:

- Greater collaboration with the banking sector due to the growing interest that Spanish banks are showing in managing their own portfolios of non-performing loans ("NPL").
- Investment in technology with the aim of increasing the operational efficiency of processes through automation and greater flexibility.
- Adaptation of talent management models, developing the skills required and demanded by the market reality, attracting those profiles that provide the skills that cannot be developed internally, guaranteeing an inclusive and diverse working environment and focusing on employee experience, as levers of consolidation, growth and development.
- Intensification of Marketing work, gaining visibility, projecting the Hipoges brand as a byword on the market and actively participating in the dynamics of the markets where it operates or expects to operate.
- Enhance the rotation of real estate assets under management through its real estate tool ***Portal Now***.

It should lastly be pointed out, as in the above section, that the Entity is in 2023 committed to monitoring the consequences that may result from the economic effects arising from the war between Russia and Ukraine which began in February 2022, although in this regard, considering the activity developed by the Entity and the companies that comprise it, and the territorial scope in which it operates, the Group Directors consider that these economic effects do not pose a significant risk that could affect the business, the valuation of assets and liabilities and their assessment of the risks of the Group or of the companies that comprise it.

2.5 RISK MANAGEMENT

In relation to the risks arising from the above issues, Hipoges has a risk management framework composed of the following activities classified as essential:

- **Identification**, which includes a comprehensive and extensive analysis of the sectoral risks faced by the Entity.
- **Measurement**, performed by calculating possible probability and impact scenarios, the variables of which have previously been determined by Management. It is at this point that the “risk appetite” of the Entity is determined.
- **Prioritisation**, determining a Ranking on which to operate based on the criticality and manifestation of the risks identified.
- **Management**, defining this step as mitigation of the most important risks through the design and implementation of the respective controls: prevention, detection, offsetting/mitigation.
- **Reporting**, communicating the outcome of the mitigation to both the risk owner, and to the Risk Committee and the Management Committee of the Entity.
- **Supervision and monitoring**, ensuring that risks maintain an acceptable level of criticality by means of the periodic evaluation of mitigating controls, in other words reviewing their level of effectiveness. Related risk events are also monitored in case corrective actions are required.
- **Redefinition of controls**, which may arise if the level of effectiveness is not considered sufficient and the scope or objective of the control, or of the control activity, must be modified to ensure an acceptable minimum level.

Risk management has been identified as a primary factor in the growth and corporate strategy of Hipoges, so the scope includes not only corporate risks, but also criminal liability risks.

This function is currently undertaken by the "Risk Area", whose structuring and assignment of functions allows us to focus efforts on the aforementioned activities, which essentially comprise identifying, prioritising, managing and reporting the risks faced by Hipoges.

The list of risks identified by Hipoges is shown below:

Caption	Sub-heading	Risks
Business Model	Description of the group business model	Rapid growth Macroeconomic outlook triggered by Covid-19 and its effect on activity. Appropriate positioning when entering new markets
Information on environmental issues	Pollution	Given the activity performed by Hipoges, no relevant risks are identified in this regard
	Sustainable use of resources	
	Climate Change	
	Protection of biodiversity	
	Circular economy and prevention and management of waste	Inadequate waste management
Information on social and staff issues	Employment	Talent attraction and retention Discrimination Pay Gap Disconnection from work
	Working structure	Absence from work Lack of work-life balance measures
	Health and Safety	Non-compliance with the Occupational Risk Prevention Policy Insufficient training in occupational risk prevention and health and safety Workers not complying with Covid-19 prevention measures
	Labour relations	Employee job dissatisfaction
	Training	Inadequate training offered to new joiners. Lack of continuous and individualised training Inability to mobilise and manage talent internally
	Accessibility	Accessibility of facilities for people with disabilities
	Equality	Lack of diversity in team composition Discrimination on the basis of sexual orientation or gender Workplace harassment Sexual harassment
Information regarding respect for human rights	Human Rights	Given the activity performed by Hipoges, no relevant risks are identified in this regard
Information on combating corruption and bribery	Corruption and bribery	Unjustified benefits or advantages offered to some customers to the detriment of others. Unjustified benefits or advantages received from third parties. Bribes to public officials to obtain/expedite procedures. Breach of money laundering prevention regulations Breach of the criminal model
Information about the company	Company commitments to sustainable development	Image and reputation of Hipoges Iberia
	Subcontracting and suppliers	Inadequate management and monitoring of supplier relationships Corruption and bribery in the purchasing process
	Consumers	Breach of data protection regulations Image and reputation, resulting from inadequate attention to customers and interested third parties
	Tax information	Incorrect interpretation and application of applicable law according to applicable jurisdiction

3. SOCIAL AND STAFF-RELATED MATTERS

3.1 EMPLOYMENT

People management is particularly important at a service company like Hipoges, where people are the most valuable asset. Management that accompanies the business in its transformation enhances employees' commitment to the company's values and contributes to the development of their capabilities in a healthy, diverse and collaborative working environment.

The main aspects related to Hipoges staff are developed below.

Note: Employee disclosures include employees currently absent from work for any reason (including voluntary leave of absence). Professionals who provide services at one of the Hipoges companies but belong to another company (interns, professionals from temporary employment companies, etc.) are excluded.

3.1.1 Total number and distribution of employees by gender, age, country and professional classification

At the close of 2022, Hipoges had the following employees, with the gender and country breakdown shown:

	Spain		Portugal		Greece		Italy	
	Men	Women	Men	Women	Men	Women	Men	Women
Total	524	667	119	177	25	23	16	19

By **age group**, the distribution of the workforce is as follows:

	Spain		Portugal		Greece		Italy	
	Men	Women	Men	Women	Men	Women	Men	Women
30 or under	95	143	28	25	10	6	2	3
31 to 40	218	264	49	92	6	14	3	6
41 to 50	142	196	36	56	6	2	10	9
Over 50	69	64	6	4	3	1	1	1
Total	524	667	119	177	25	23	16	19

In terms of professional groups, the following table details the breakdown of the workforce by gender and country:

	Spain		Portugal		Greece		Italy	
	Men	Women	Men	Women	Men	Women	Men	Women
Staff and Middle Managers	497	661	115	174	23	23	11	18
Directors	14	3	3	2	1	0	0	0
Senior Management	13	3	1	1	1	0	5	1
Total	524	667	119	177	25	23	16	19

Using the **internal categories** employed at Hipoges, the employee data grouping all the countries are as follows:

	Men		Women	
	N	%	N	%
Junior	131	37%	225	63%
Specialist	266	40%	397	60%
Senior	126	47%	142	53%
Middle Management	123	52%	112	48%
Coordinator	75	48%	82	52%
Manager	18	67%	9	33%
Associate Director	29	58%	21	42%
Head	1	100%	-	-
Senior Management	38	79%	10	21%
Director	18	78%	5	22%
Chief	12	80%	3	20%
Managing Director	8	80%	2	20%
Total	684	44%	886	56%

Finally, considering the **years of service** at Hipoges, the following breakdown is given:

	Men	Women
Under 3 years	502	631
Between 3 and 6 years	142	191
Over 6 years	40	64
Total	684	886

3.1.2 Total number and distribution of employment contract types

The distribution of **types of working hours and contract** is reflected in the following tables:

	Men	Women
Permanent Contract	644	819
Temporary Contract	40	67
Total	684	886

	Spain		Portugal		Greece		Italy	
	Men	Women	Men	Women	Men	Women	Men	Women
Permanent Contract	509	644	101	145	25	23	9	7
Temporary Contract	15	23	18	32	-	-	7	12
Total	524	667	119	177	25	23	16	19

The percentage of permanent contracts is the most widely used type overall (93.8%) and particularly in Spain (96.8%). Temporary recruitment is a formula more commonly used in Portugal. The trial periods for less experienced profiles are not long enough to allow an assessment of suitability and adaptation within the organisation, so temporary recruitment formulas are used as an experimental period, usually culminating in permanent contracts being signed.

Type of working hours	Men	Women
	Full-time	682
Part-time	2	25
Total	684	886

Disclosure by age and type of contract	Full-time	Part-time
	30 or under	311
31 to 40	637	15
41 to 50	446	11
Over 50	149	-
Total	1,543	27

Disclosure by contract type and professional category	Full-time	Part-time
	Staff and Middle Managers	1,495
Directors	23	-
Senior Management	25	-
Total	1,543	27

3.1.3 Annual average for permanent, temporary and part-time contracts by gender, age and professional classification

With regard to contract types, the annual average figures, calculated on the basis of the **average of permanent and temporary contracts at the last day of each month**, are as follows:

Contract Type by gender (Average)

	Spain		Portugal		Greece		Italy	
	Men	Women	Men	Women	Men	Women	Men	Women
Permanent Contract	392.8	487.0	92.8	139.5	23.3	20.7	8.6	5.5
Temporary Contract	19.0	41.0	19.8	31.9	0.0	0.0	2.1	5.6
Total	411.8	528.0	112.5	171.4	23.3	20.7	10.7	11.1

Contract Type by age (Average)

	Spain				Portugal				Greece				Italy			
	30 or under	31 to 40	41 to 50	Over 50	30 or under	31 to 40	41 to 50	Over 50	30 or under	31 to 40	41 to 50	Over 50	30 or under	31 to 40	41 to 50	Over 50
Permanent Contract	156.8	383.0	250.8	89.2	31.8	116.9	74.3	9.3	12.3	20.4	7.3	4.0	2.0	4.2	6.9	1.0
Temporary Contract	20.3	19.0	14.8	5.9	17.2	18.1	14.1	2.3	0.0	0.0	0.0	0.0	1.3	1.0	4.5	0.9
Total	177.0	402.0	265.7	95.1	48.9	135.0	88.3	11.7	12.3	20.4	7.3	4.0	3.3	5.2	11.4	1.9

Type of Contract by professional category (Average)

	Spain			Portugal			Greece			Italy		
	Staff and Middle Managers	Directors	Senior Management	Staff and Middle Managers	Directors	Senior Management	Staff and Middle Managers	Directors	Senior Management	Staff and Middle Managers	Directors	Senior Management
Permanent Contract	849.3	15.7	14.8	225.6	4.7	2.0	41.9	1.0	1.0	8.1	-	6.0
Temporary Contract	60.0	-	-	51.7	-	-	-	-	-	7.7	-	-
Total	909.3	15.7	14.8	277.3	4.7	2.0	41.9	1.0	1.0	15.8	-	6.0

With regard to the type of working hours, the annual average figures, based on the same criterion as for the previous average, are as follows:

Type of Working Hours by gender (Average)

	Spain		Portugal		Greece		Italy	
	Men	Women	Men	Women	Men	Women	Men	Women
Full-Time	409.8	506.8	112.5	171.4	23.3	20.7	10.7	11.1
Part-Time	2.0	21.3	-	-	-	-	-	-
Total	411.8	528.0	112.5	171.4	23.3	20.7	10.7	11.1

Type of Working Hours by age (Average)

	Spain				Portugal				Greece				Italy			
	30 or under	31 to 40	41 to 50	Over 50	30 or under	31 to 40	41 to 50	Over 50	30 or under	31 to 40	41 to 50	Over 50	30 or under	31 to 40	41 to 50	Over 50
Full-Time	176.0	389.1	256.3	95.1	48.9	135.0	88.3	11.7	12.3	20.4	7.3	4.0	3.3	5.2	11.4	1.9
Part-Time	1.0	12.9	9.3	0.0	-	-	-	-	-	-	-	-	-	-	-	-
Total	177.0	402.0	265.7	95.1	48.9	135.0	88.3	11.7	12.3	20.4	7.3	4.0	3.3	5.2	11.4	1.9

Type of Working Hours by professional category (Average)

	Spain			Portugal			Greece			Italy		
	Staff and Middle Managers	Directors	Senior Management	Staff and Middle Managers	Directors	Senior Management	Staff and Middle Managers	Directors	Senior Management	Staff and Middle Managers	Directors	Senior Management
Full-Time	886.0	15.7	14.8	277.3	4.7	2.0	41.9	1.0	1.0	15.8	-	6.0
Part-Time	23.3	-	-	-	-	-	-	-	-	-	-	-
Total	909.3	15.7	14.8	277.3	4.7	2.0	41.9	1.0	1.0	15.8	0.0	6.0

3.1.4 Number of terminations by gender, age and professional classification

With regard to the number of **terminations** by gender, age and professional classification, the following breakdown is shown:

Gender breakdown

	Men	Women
Dismissals	28	22
Voluntary Terminations	91	90
Non-renewal (expired or unsuccessful trial period)	23	26
Churn rate (% calculated against total workforce)	9.04%	8.79%
Churn rate (% calculated against total category)	20.76%	15.58%

Breakdown by age

	30 or under	31 to 40	41 to 50	Over 50
Dismissals	6	13	22	9
Voluntary Terminations	52	89	30	10
Non-renewal (expired or unsuccessful trial period)	11	14	18	6
Churn rate (% calculated against total workforce)	4.39%	7.39%	4.46%	1.59%
Churn rate (% calculated against total category)	22.12%	17.79%	15.32%	16.78%

Breakdown by professional category

	Staff and Middle Managers	Directors	Senior Management
Dismissals	49	1	0
Voluntary Terminations	176	3	2
Non-renewal (expired or unsuccessful trial period)	49	0	0
Churn rate (% calculated against total workforce)	17.45%	0.25%	0.13%
Churn rate (% calculated against total category)	18.00%	17.39%	8.00%

The above data show that a similar number of women and men leave the Entity.

Generation Z people account for the highest churn percentage. This trait is very characteristic of younger people in the labour market in general, with very short-term career ambitions and aspirations.

The data also shows high stability in the Entity's management team.

3.1.5 Remuneration policy

Hipoges develops a remuneration policy based on the following principles:

- **Results-oriented:** recognition of excellence.
- **Loyalty:** recognition of seniority and contribution to the Entity.
- **Internal fairness:** the remuneration received is in accordance with the value that the Entity ascribes to each position within the organisation.
- **External competitiveness:** the salary ranges established allow us to attract and retain talent based on what the market offers.
- **Regulation:** salary ranges are always fixed within the existing legal framework

The remuneration of each professional has the following elements:

- **Fixed remuneration:** defined by the position held and the functional and personal increments applicable in each case.
- **Variable remuneration:** linked to additional and extraordinary contribution in the performance of the job, of an amount determined by the degree of achievement of the objectives established.

The assessment of people's performance, for the purposes of determining variable remuneration, takes into account not only quantitative criteria but also other qualitative criteria.

For the purpose of determining the percentage represented by variable remuneration relative to fixed remuneration, target percentages of variable remuneration relative to fixed remuneration have been established for each job level.

The allocation and settlement of the annual variable remuneration is carried out through a model that determines the weighting of the different categories of objectives for each job level. This means that each person is aligned with the strategic objectives: those of Hipoges as a whole, assigning a higher weighting to these types of objectives the greater the responsibility of the position, and in the case of technical teams giving a higher weighting related to the specific functions with which they contribute to the general objectives.

Additional corporate benefits

Hipoges remuneration policies also include social benefits for its employees, such as:

- Health insurance.
- Parking space on the premises according to internal policy.

- Scholarships for postgraduate studies.

In addition, employees may participate in the flexible remuneration system under which they may substitute part of their remuneration for certain goods and services (remuneration in kind), such as childcare vouchers, transport card or restaurant vouchers in the case of Spain, and 'ticket à infancia, educação e ensino' in Portugal. This allows workers to improve their pay through the tax advantages of certain products contracted under this system. Some 20% of employees in Spain use this "flexible remuneration" tool.

3.1.6 Average pay and changes in pay, broken down by gender, age and professional classification or equivalent

The detail of the **gross average annual remuneration**, calculated as the sum of all payments as fixed and variable salary and remuneration in kind (*), is as follows:

() For those cases where the data for the full year are not available (those joining during the current year, paternity leave and voluntary leave of absence), an estimate has been made based on the gross annual salary corresponding to said persons at the close of each of the years analysed. Likewise, in order to determine the remuneration, consideration has been given to the amounts actually paid to the employee during the financial year, irrespective of their accrual.*

Gender breakdown

	Men	Women
Average remuneration (€) 2022	45,918	33,046
Average remuneration (€) 2021	43,586	31,927

Breakdown by age

	30 or under	31 to 40	41 to 50	Over 50
Average remuneration (€) 2022	27,360	39,107	46,088	37,520
Average remuneration (€) 2021	25,666	39,996	41,865	31,785

Breakdown by professional category

	Staff and Middle Managers	Directors	Senior Management
Average remuneration (€) 2022	34,194	111,203	243,460
Average remuneration (€) 2021	33,973	106,320	170,657

Average remuneration is slightly higher in 2022 compared with 2021, mainly due to the impact of the highly competitive corporate remuneration policy on the market.

3.1.7 Average remuneration of directors and executives broken down by gender

The **remuneration of Senior Management and Managing Partners** corresponds to the dedication and responsibility taken on, and is in line with market rates at comparable companies, taking into account the long-term interest of all shareholders.

The data, broken down by type of remuneration, show the remuneration received by the Directors for the performance of said position, and the average remuneration received in the form of fixed and variable remuneration, allowances, compensation and payment to long-term savings schemes for Senior Management, likewise including, in this case, those received by Directors holding executive positions at the Group as remuneration for the work performed.

Gender breakdown

	Men	Women
Average remuneration received by Senior Management	262,371	167,812

3.1.8 Pay Gap

The Hipoges remuneration policy promotes equal treatment between men and women, so as not to establish or promote pay differentiation. The remuneration model rewards the level of responsibility and career track, ensuring internal fairness and external competitiveness.

The pay gap is calculated as the percentage resulting from dividing the difference between men's average pay less women's average pay by men's average pay.

() Data calculated on the basis of the remuneration under the annual average remuneration subsection of the above subsection, and the following formula:*

$$(Average\ men's\ pay - Average\ women's\ pay) / Average\ men's\ pay$$

Breakdown by age

	30 or under	31 to 40	41 to 50	Over 50	Total
Pay gap	9.56%	21.70%	41.60%	27.80%	28.03%

Breakdown by professional category

	Staff and Middle Managers	Directors	Senior Management
Pay gap	15.36%	(17.39%)	36.04%

The aim of Hipoges' commitment to equality is to reduce the percentage pay gap and to analyse the causes or factors affecting its existence.

Pay gap does not mean direct pay discrimination, and in fact no difference is observed between men and women when they hold the same position, but is due to the greater number of the most senior positions held by men who, in turn, receive the highest salary in correlation with the greater responsibility assumed, which generates this relative inequality.

As a result of the pay gap analysis, structural challenges and challenges are identified, as faced by most companies:

- **The higher proportion of men holding senior positions and the lower female representation on the Management Committee**, although in recent years women have been hired or promoted to senior positions, their lower experience within the role or the Entity, all justify their salary still being lower than that of their male colleagues.

Breakdown by ungrouped category 2022

	Men		Women	
	N	%	N	%
Junior	131	37%	225	63%
Specialist	266	40%	397	60%
Senior	126	47%	142	53%
Middle Management	123	52%	112	48%
Coordinator	75	48%	82	52%
Manager	18	67%	9	33%
Associate Director	29	58%	21	42%
Head	1	100%	-	-
Senior Management	38	79%	10	21%
Director	18	78%	5	22%
Chief	12	80%	3	20%
Managing Director	8	80%	2	20%
Total	684	44%	886	56%

- **Work-life balance measures:** despite the promotion of shared parental responsibility, today the vast majority of people on reduced working hours are women.

Type of working hours

	Men	Women
Full-time	682	861
Part-time	2	25
Total	684	886

- **Low presence of women** in careers categorised within the **STEM** group (science, technology, engineering and mathematics), positions that are remunerated above the Entity average:

Gender and area distribution

	Men	Women	% Men	% Women
Advisory	13	11	54.2%	45.8%
Closing	6	16	27.3%	72.7%
Construction & Building Management	20	3	87.0%	13.0%
Corporate & Bank Servicing	12	23	34.3%	65.7%
Corporate Loans	61	52	54.0%	46.0%
Corporate Services	15	29	34.1%	65.9%
Executive Support	-	10	-	100.0%
Finance	21	25	45.7%	54.3%
Health & Safety	1	1	50.0%	50.0%
Human Resources	7	18	28.0%	72.0%
Information Systems & Data Analytics	48	23	67.6%	32.4%
Internal Audit	6	2	75.0%	25.0%
IT	37	-	100.0%	-
Legal Advisory & Compliance	5	16	23.8%	76.2%
Management	20	5	80.0%	20.0%
Marketing & Communication	0	3	0.0%	100.0%
Office Management	1	24	4.0%	96.0%
Portfolio Administration	12	53	18.5%	81.5%
Procurement	1	1	50.0%	50.0%
Production & Manufacturing	6	6	50.0%	50.0%
Project Management	-	1	-	100.0%
Project Management Sareb	-	1	-	100.0%
Real Estate	187	223	45.6%	54.4%
REs	33	34	49.3%	50.7%
REOs	55	69	44.4%	55.6%
Retail Loans	72	143	33.5%	66.5%
Strategy & Development	6	7	46.2%	53.8%
Support Operations	23	72	24.2%	75.8%
Valuation & Technical Due Diligence	14	15	48.3%	51.7%
Valuations & Due Diligence	2	-	100.0%	-

3.1.9 Remuneration of equal or average jobs at the Entity

Below is the indicator “Remuneration of equal or average company jobs” (*).

(*). Data calculated on the basis of the minimum salary received by the lowest-paid employee working full time. The formula used is as follows:

$$(Minimum\ Pay\ Received - 2022\ National\ Minimum\ Wage) / Minimum\ Pay\ Received$$

Breakdown by country

	Spain	Portugal	Greece	Italy
Remuneration of equal or average company jobs	6.7%	36.8%	4.4%	-
Minimum Wage	14,000	9,870	9,982	-

3.1.10 Right to disconnect policies

In response to Article 88 of Act 3/2018 on Data Protection and Guarantee of Digital Rights in Spain, Article 18 of Remote Working Act 10/2021, governing the right to digital disconnection, and Act 83/2021 in Portugal modifying the Teleworking regime, work is under way to draw up and implement an internal policy governing procedures to exercise the right to disconnect, and staff training and awareness-raising actions regarding reasonable use of technological tools to avoid the risk of digital burnout.

Workers have the right, once their working hours have ended, for their time off and holidays to be respected, as well as their family and personal life, which means not handling telephone communications, messages or emails, assessing the different circumstances and different treatments that may exist. In this regard, since 2021 when a person sends an email outside working hours, an alert appears to warn them of this.

The implementation of physical and mental well-being actions also aims to encourage disconnection. For further details, see the section “Health and Safety” in this NFRS.

3.1.11 Employees with disability

Hipoges has measures to promote functional diversity:

- Personalised care for people with disabilities.
- Review the accessibility of workplaces and working environments in order to propose the necessary reforms and adaptations.

- Periodic information campaigns to uncover possible cases of people with disabilities who have not yet informed the company, with the aim of providing them with the necessary support and access to all measures available to them.

The Group currently has 15 people with a disability in service, 10 of them from Spain and the other 5 from Portugal.

3.2 ORGANISATION OF WORKING TIME

3.2.1 Policies

In Spain, the maximum annual working time is as established in the respective applicable Collective Bargaining Agreements, in the case of Spain for Office Workers in the Autonomous Community of Madrid (1,765 hours), the Autonomous Community of Valencia (1,767 hours), Barcelona (1,764 hours) and the Region of Murcia (1,792 hours).

In Portugal, the working day is a maximum of 8 hours per day and 40 hours per week, with a maximum annual calculation of 1,900 hours for 2022.

In Greece, the working day is a maximum of 8 hours per day and 40 hours per week.

In Spain, the company has defined a generic schedule from 9:00h to 14:00h, lunch break until 16:00h, and continuation of the working day until 19:00h. In Portugal, the generic schedule is from 9.00h to 18:00h, with an hour off for lunch.

As long as business needs are met, **flexibility** is allowed in terms of arrival and departure times. This is an initiative that aims to make work easier and more comfortable without reducing capacity and/or productivity. The approach is based on trust, responsibility and coordination between the company and staff.

Flexible hours aim to improve quality at work by helping to balance family, personal and working life, without affecting the fulfilment of established results and objectives.

Flexible working hours:

- Start of the day: Between 8:00h and 10:00h.
- Mealtimes: choose between a 1hr or 2hr break.
- End of working day: Between 17:00h and 19:00h depending on arrival time.

Flexible working hours on Fridays

- Start of the day: Between 7:00h and 9:00h.
- 20 minute break.

- End of working day: Between 14:00h and 16:00h depending on arrival time.

From Monday to Thursday, an 8-hour and 15-minute schedule is established to compensate for the 7-hour non-stop working day on Fridays, thus making up the 40-hour working week for full-time staff.

Flexible summer hours

- Start of the day: Between 7:00h and 9:00h.
- 20 minute break.
- End of working day: Between 14:00h and 16:00h depending on arrival time.

In Portugal, the non-stop working day on both Fridays and in the summer has the following peculiarity:

- Start of the day: Between 8:00h and 10:00h.
- From 30 minutes to 2 hours for lunch
- End of the day from 15:30h onwards, depending on arrival time and break taken.

The person responsible for each area may by mutual agreement determine alterations in working hours, at all times for reasons of suitability or production, and respecting the overall calculation of weekly working hours.

There will be personnel with specific working hours different from the defined standard, according to contract.

The person responsible for each area and Management will analyse and evaluate possible alterations to standard hours, due to specific needs on an individual basis, in accordance with the personal circumstances of each person.

3.2.2 Absence

With regard to **absence**^(*), the following table shows the total hours of absence, including hours corresponding to paid leave and maternity/paternity leave taken.

() This figure includes leave and leave of absence. Holidays, Personal Affairs Days, Birthday Days, Flex Holidays and hours of Voluntary Leave are excluded.*

Gender breakdown	Men	Women	Total
Number of hours of absence	40,474	83,032	123,506

The gender breakdown shows a higher rate of absence among women for several reasons:

- The medical time off which most women take prior to childbirth.
- The number of maternity leave periods taken is higher than for paternity leave.
- Maternity and paternity leave entitlements are not yet an equal number of weeks in Portugal. Mothers have 150 days off, compared with 25 for fathers.

3.2.3 Measures to facilitate work-life balance

In addition to the flexitime mentioned above, Hipoges carries out the following actions:

- Teleworking policy: The Covid-19 crisis has consolidated the teleworking model across all departments and geographical regions where Hipoges operates, relying on digital tools that allow for teamwork and secure information sharing.
- Possibility of teleworking on 24 and 31 December.
- Ability to "buy" additional days of vacation.
- Day off on birthdays.
- In Spain, the possibility of accumulating the breastfeeding leave, by taking 15 days off work.
- Death leave.
- Divorce leave.
- Unpaid leave to complete higher education or perform charitable activities with non-profit entities.

3.3 HEALTH AND SAFETY

3.3.1 Health and safety at work conditions

The Occupational Risk Prevention policy is managed on the basis of the current legislation applicable at each workplace.

Occupational Risk Prevention is managed through an external prevention company focused on optimising the health of Hipoges employees by adopting effective prevention measures to help improve the competitiveness and productivity of workers, while reducing the risks of accidents and occupational diseases.

The following points are managed for this purpose:

- **Health monitoring:** annual, voluntary medical examinations for workers.

- **Facility Risk Review and Assessment:** Technical visits to workplaces.
- **Job Risk Review and Assessment:** assessment of risks and preventive measures to avoid or reduce them.
- **Occupational Risk Prevention training.**
- **Conducting emergency drills:** emergency training of the “Evacuation and Emergency Team” and drills in the offices.
- **Audit management and review.**

A. Health Monitoring – Spain:

Every year, Hipoges offers the possibility of a medical examination paid for by the company and managed through an external company contracted for this purpose.

Two types of medical examinations are performed:

- **Initial medical examination:** this is voluntary and offered to new recruits.
- **Regular medical examination:** this is voluntary and is offered to those who, due to the specific characteristics of their position, want more continuous health monitoring, those who have been with the Entity for some time and have not done so, or who wish to have one.

B. Health Monitoring – Portugal:

Every year, Hipoges is obliged to offer a medical examination paid for by the company and managed through an external company contracted for this purpose.

Three types of medical examinations are performed:

- **Initial medical examination:** this is mandatory before the start of the employment relationship or, if the urgency of recruitment would so justify, within a maximum period of 15 days.
- **Regular medical examination:** this is mandatory for workers over 50 years of age, and every two years for other workers.
- **Occasional medical examination:** when there are substantial changes in the material components of the work that may have a detrimental effect on the health of the worker, as well as in the case of return to work after more than 30 days of absence due to illness or accident.

C. Occupational Risk Prevention (“ORP”) Training - Spain:

- **Emergency Team Training:**
All offices have an Emergency Team responsible for emergency intervention and evacuation. The team must be specially trained to be able to respond as quickly as

possible to any incidents that may arise. They are given knowledge of first aid, fire extinguisher handling and activities in response to an emergency situation. They are also given an explanation of the emergency protocol to follow, prescribed in the Safety and Internal Protection Plan of the building.

Drills are carried out annually, involving the risk prevention service, the Emergency Team and other personnel at the facilities.

This drill results in a report prepared by the Valora Prevención technician (the company assisting Hipoges in ORP-related aspects), reflecting the actions performed by personnel and the preventive and improvement measures in response to future drills or real emergency situations.

- **Health and Safety training for employees:**

Each year, the Human Resources team is responsible for managing Occupational Risk Prevention training, establishing an item within the annual budget dedicated to employee training in this field. This training is mandatory for all internal staff of Hipoges. For those hired through a temporary employment agency or through Outsourcing, the entity itself is responsible for training its staff made available.

The Occupational Health and Safety training course is online and integrated into the internal training platform.

D. Occupational Risk Prevention (ORP) audit and technical inspections:

Each year, Hipoges must undergo external ORP audits, carried out by an independent expert at the offices/workplace.

In addition, when there are significant changes in the layout of offices as a result of building work, a change occurs at the facilities, or a new workplace is opened, Hipoges informs its external advisor, depending on the country, as to the changes that have been made. The assigned prevention officer performs a technical inspection of the facilities, assessing whether there are significant changes and therefore re-evaluating them, as well as changes in job evaluation.

E. Well-being Plan

At Hipoges, employee well-being is a key factor, and it is therefore committed to being one of the healthiest Entities in the sector. The Hipoges Well-being Plan takes a holistic view of health. The plan's actions are focused on 3 areas:

- **Well-being:** Implement regular physical activity programmes and combat sedentary behaviour.

- **Nutrition:** Educate on the benefits of healthy eating.
- **Environment:** Implement an environmental management system that allows efficient control of resources.

The Entity has a digital space www.hipocareplan.com where all staff can access and find the keys to better performance, both personal and professional, promoting healthy habits.

Almost all staff have participated in activities related to the key pillars of the programme.

In 2020, the Hipoges Plan won the Mutua Universal Innovation and Health award in the Big Business category. <http://premios.mutuauniversal.net/es/>

In 2022, the Hipoges Plan was recognised as a finalist in the 9th RRHH Digital Health and Company Award.

3.3.2 Accidents at work and occupational diseases

The accident rate in Spain is low, especially if absence derived from coronavirus assimilated under occupational accidents is excluded. The Entity had 28 absences of this type in 2022 (22 women and 6 men). Fewer casualties than in the previous year despite having a much larger workforce.

There were 3 accidents travelling to and from work (3 women). There is no record of any occupational illnesses.

In Portugal, there is only one woman suffering from an occupational illness. In addition, in Portugal there were 3 accidents travelling to and from work (2 women and one man).

3.4 LABOUR RELATIONS

Dialogue and negotiation are part of addressing any differences or conflicts within the Entity.

In Spain, the respective collective agreements of the office sector of the different Autonomous Communities where Hipoges is present apply to 100% of the workforce, supplemented by company policies developing and improving on the provisions of these agreements.

Collective agreements include, among other aspects, minimum standards for occupational risk prevention.

In Portugal, there is no applicable Collective Bargaining Agreement, since there is no trade union representation that has negotiated a Collective Bargaining Agreement, nor is there an applicable sectoral Agreement, as no such agreement exists.

In Greece, there is no Collective Bargaining Agreement applicable at the company level or at the sectoral level.

Hipoges has defined a comprehensive framework of actions that puts its people at the centre, as its main asset, understanding that their satisfaction and involvement are decisive for the success of the Entity, which represents the main risk of internal social management. To monitor this aspect, **work climate surveys** have been carried out for all staff since 2012. Based on the findings of these surveys, action plans are put in place to improve the lowest rated attributes.

In addition, several programmes have been carried out in recent years related to communication and the proximity of the people management area to the workforce, such as workshops, working breakfasts or follow-up meetings during the on-boarding process.

Every year, Hipoges has been holding **Town Hall meetings** at all its venues. One change in 2022 was that a virtual Town Hall was held. The event involves the Management Committee presents the Group's economic and business information. Everyone who works at Hipoges attends, and can contribute by raising issues over the course of the meeting.

Each quarter, all those working at Hipoges receive the **Corporate Newsletter**, a periodic email communication setting out the most relevant news of interest to the business, as well as the activities carried out internally at Hipoges.

Hipoges develops and fosters honest and equitable relationships with its stakeholders, seeking spaces for dialogue that help advance and address sustainable development. It also identifies topics that are material for the company and stakeholders, and engages with global challenges by seeking solutions through its business.

3.5 TRAINING AND DEVELOPMENT

In order to promote employee training and development, Hipoges has an on-boarding, training and development policy that provides criteria for the design, review, implementation and supervision of training actions.

Continuous training is the key to helping Hipoges employees adapt to a rapidly and constantly changing work environment.

The key tool to detect training needs is the **Individual Development Plan**, identifying individual deficiencies in job performance or areas where a given individual can continuously improve.

This is a structured personal plan that defines medium- and long-term career goals and objectives, as well as strategies to round out the plan. It also helps to align learning activities with personal and professional objectives or specific competencies. The existence of Individual Development Plans ensures that the necessary knowledge and skills exist, as well as covering strategic needs and the Management succession. The plans include training, shadowing, on the job training, mentoring, mobility, etc.

The objectives of the training plan are:

- Equip the professionals who make up Hipoges with the skills required to do their job effectively.
- Facilitate professional development and promotion, as well as the career of all those working in Hipoges.
- Facilitate the adaptation of the workforce to technological, information systems, legal or other innovations in their jobs, and promote knowledge of specific aspects of the operational sector.
- Contribute to increased staff motivation.
- Promote the competitive leadership of Hipoges in terms of offering more and better training opportunities than its competitors.

The training plan will cover the following general training approaches:

- ***Mandatory generic or cross-functional training.***
- ***Specific training***, either technical, by area of activity, or based on skills development.

As for the type of training seen today at Hipoges, a distinction may be made in organisational terms between internal training/Smart Learning and external training; and in terms of teaching format, face-to-face and online training.

In 2020, Hipoges launched a new HR management software, the knowledge warehouse called **L+Earn**. It offers employees training content through open catalogues so they can design their own learning path according to their interests. More than 2,000 training resources are available. Accessibility allows employees to access mini training modules via any device to learn about a topic in a friendly and quick way.

Relevant training data

During this year, Hipoges provided training to 100% of the workforce through hours of training (onboarding, internal, external and online), representing more than 13.5 hours of training per

employee on average. The average number of hours of training for men is slightly higher than for women (13.6 hours versus 13.4 hours, respectively)

Training	Men	Women	Total
People Trained	695	918	1,613
Training Hours	9,446	12,331	21,777

2 global development programmes for managerial and cross-functional aspects have been developed.

Training hours by category

	Men	Women	Total
Staff and Middle Managers	9,126	12,291	21,417
Directors	221	31	252
Senior Management	99	9	108
Total	9,446	12,331	21,777

Development policies

For Hipoges, it is essential to identify talent with leadership potential and give employees the possibility of new career opportunities and career advancement.

The main programmes to identify and develop the best talent are:

- **Succession planning** in key company positions to ensure business sustainability.
- **“Key people” programme** to identify key people at the organisation and implement a specific programme of actions linked to their development and commitment to the Entity.
- **You Next:** launched in 2019, this is a 6-month programme of professional development in all areas of operations, aimed at young talent who stand out for their skills and alignment with the Group’s culture.

Talent mobility

The overall mobility of people at Hipoges is considered an essential tool for developing talent. Hipoges thus offers employees the possibility of having new career opportunities and professional progress in the different geographical regions and companies of the Group, which increases team diversity by providing professionals with different profiles and experiences in each area.

Attracting external talent

Selection is undoubtedly one of the most important people management areas in terms of volume of activity and impact on the organisation. Identifying talent and incorporating it within the structure is a constant demand throughout all areas of the Entity, not only because of the needs inherent in the increase in turnover, but also because of the need to incorporate profiles providing new and necessary capabilities in order to evolve and adapt to the demands of our clients.

We have different sources for talent attraction and candidate identification:

- **Internal database** supplied and prepared by the human resources department, based on social media contacts, applications submitted and even former employees.
- **Internal references:** our internal references programme is streamlined, simple and highly effective. There is an incentive system for these references.
- **Internal talent:** through PeopleGes we have a talent map that is always updated and segmented by what are known as talent pools.
- **External agencies:** which we use in cases where we cannot access the required talent, in cases of confidentiality, in cases of urgency and incapacity due to workload.

The selection process at Hipoges is parametrised and defined within our PeopleGes platform (*Cornerstone*), irrespective of internal or external development, guaranteeing a personnel selection process that:

- Improves candidate experience.
- Allows us to quickly identify the most important information for each candidate.
- Schedules interviews automatically.
- In short, quickly locates the best candidates.

The selection process developed at Hipoges is based on constant interaction between the parties involved, both internally (recruiter, hiring manager, head of department) and externally (recruitment agency or head-hunter). This means we can identify and include new needs within the vacant position, and even redefine the needs as we develop an understanding of the talent available on the market.

3.6 ACCESSIBILITY

In order to facilitate travel to and use of offices, Hipoges has the following measures in place:

- Public transport nearby.
- Lobbies and entrance doors are adapted for people with disabilities.
- There are lifts.
- Wide corridors at the facilities allow for the movement of people with disabilities.
- Toilets for people with disabilities in Spain.

3.7 EQUALITY, DIVERSITY AND INCLUSION

Hipoges is committed to diversity in its workforce as one of the key elements in attracting and retaining the best talent and providing the best service to its clients. Teams made up of people with different ways of thinking, addressing problems and making decisions are proven to achieve better results.

Within the talent attraction strategy, Hipoges ensures that it has diverse profiles in terms of gender, **nationality** (19 are represented on the workforce), ethnic or racial origin, sexual orientation... An inclusive working culture serves to make the most of each individual's difference and talent.

When it comes to **sexual diversity**, Hipoges promotes an inclusive working environment for the LGBTI+ community.

In Portugal, Hipoges is part of the **Associação ILGA Portugal - Intervenção Lésbica, Gay, Bisexual, Trans and Intersex**, which fights for equality and against discrimination against LGBTI+ people.

In terms of **gender diversity**, women account for 57% of the Hipoges workforce (886 women out of 1570). Women hold 40% of Senior and Mid Management positions (69 women out of 169). In 2021, Hipoges became a signatory to the WEP (**Women Empowerment Principles**)

Breakdown by ungrouped category 2022

	Men		Women	
	N	%	N	%
Junior	131	37%	225	63%
Specialist	266	40%	397	60%
Senior	126	47%	142	53%
Middle Management	123	52%	112	48%
Coordinator	75	48%	82	52%
Manager	18	67%	9	33%
Associate Director	29	58%	21	42%
Head	1	100%	-	-
Senior Management	38	79%	10	21%
Director	18	78%	5	22%
Chief	12	80%	3	20%
Managing Director	8	80%	2	20%
Total	684	44%	886	56%

Workforce parity is significant in both the support areas and the operations area. In Front Office there is almost total parity in both Spain and Portugal (44% versus 56%). In Back Office, both in Spain and Portugal, there is a higher percentage of women than men.

Distribution by gender and grouped area

	Men		Women	
	N	%	N	%
Front Office	466	44%	583	56%
Back Office	198	40%	298	60%
Management	20	80%	5	20%
Total	684	44%	886	56%

However, an analysis of the above groups reveals the need to continue work in strengthening the female presence in management positions. Meanwhile, there are departments in which one gender significantly outweighs over the other. The Administration, Human Resources and Portfolio Administration teams are predominantly female, for example, for historical reasons. Whereas the areas of IT, Analysis and Advisory are more male-oriented. The aim is to correct this trend in order to achieve greater parity, as far as possible and in accordance with natural evolution, since measures must not be taken as knee-jerk reactions but on the basis of meritocracy. In any case, Hipoges aims to ensure that new people entering the workforce comply with this diversity approach.

Gender and area distribution

	Men	Women	% Men	% Women
Advisory	13	11	54.2%	45.8%
Closing	6	16	27.3%	72.7%
Construction & Building Management	20	3	87.0%	13.0%
Corporate & Bank Servicing	12	23	34.3%	65.7%
Corporate Loans	61	52	54.0%	46.0%
Corporate Services	15	29	34.1%	65.9%
Executive Support	-	10	-	100.0%
Finance	21	25	45.7%	54.3%
Health & Safety	1	1	50.0%	50.0%
Human Resources	7	18	28.0%	72.0%
Information Systems & Data Analytics	48	23	67.6%	32.4%
Internal Audit	6	2	75.0%	25.0%
IT	37	0	100.0%	0.0%
Legal Advisory & Compliance	5	16	23.8%	76.2%
Management	20	5	80.0%	20.0%
Marketing & Communication	0	3	0.0%	100.0%
Office Management	1	24	4.0%	96.0%
Portfolio Administration	12	53	18.5%	81.5%
Procurement	1	1	50.0%	50.0%
Production & Manufacturing	6	6	50.0%	50.0%
Project Management	0	1	0.0%	100.0%
Project Management Sareb	0	1	0.0%	100.0%
Real Estate	187	223	45.6%	54.4%
REs	33	34	49.3%	50.7%
REOs	55	69	44.4%	55.6%
Retail Loans	72	143	33.5%	66.5%
Strategy & Development	6	7	46.2%	53.8%
Support Operations	23	72	24.2%	75.8%
Valuation & Technical Due Diligence	14	15	48.3%	51.7%
Valuations & Due Diligence	2	-	100.0%	-

Taking into account the above, selection and remuneration policies ensure criteria of merit and ability. In recruitment processes, vacancies are always drafted in an inclusive manner, aiming to include both genders in the pool of shortlisted candidates. The performance appraisal model is one and the same for all employees.

As for the presence of women in management positions, since 2018 Hipoges has been implementing initiatives to break down barriers that prevent women from accessing positions of responsibility. These include:

- **Sponsorship of the Smart Women Programme:** participation by four female executives from Hipoges in recent editions.
- **Coaching programme for high-potential women** to help them take on top positions.

Hipoges fully shares the importance of the principle of equality, and expresses its willingness to implement a series of measures aimed at improving the current conditions for equal

opportunities in its establishments. Not only this, but the Entity also declares its commitment to reconciliation and excellence, as it believes it is possible to maintain the highest level of professional excellence while at the same time ensuring that its working people enjoy the necessary balance between their professional, personal and family life.

In accordance with all the above, Hipoges is proceeding to approve an Equality Plan, with the requirements and on the basis of the matters explicitly set out in Article 46.2 of the Spanish Equality Act and Articles 7 and 8 of Royal Decree 901/2020.

The Equality Plan is an ordered set of measures intended to achieve equal treatment and opportunities between women and men at the Entity, and to eliminate discrimination on the basis of sex. This involves incorporating the gender perspective in the management of the Entity in the corresponding policies and levels.

Achieving genuine equality involves incorporating the gender perspective in the management of the Entity in its policies and levels and in all matters: access to the Entity, recruitment and working conditions, promotion, training, remuneration, reconciliation of personal, family and working life, occupational health, etc.

Aware of the importance of the establishment and implementation of an Equality Plan, Hipoges undertakes not only to establish this Plan, but also to implement the measures and comply with the obligations agreed therein.

All measures established will be implemented by the means and persons established for this purpose, with the utmost diligence and skill, with the firm aim of avoiding any type of employment discrimination between women and men, and achieving a balanced situation between the sexes.

Hipoges has been a signatory to the **Diversity Charter** since 2017. There is no specific "Policy against all types of discrimination and, where applicable, diversity management", since these needs are covered by all the plans and protocols set out above.

Functional diversity

Hipoges is committed to the labour integration of people with functional diversity, based on the conviction that employment is a fundamental pillar in promoting equal opportunities for all.

Despite the difficulty of integrating people with functional diversity, due to the specific nature of the profiles, there are various initiatives aimed at promoting greater knowledge and awareness of the needs and potential of people with disabilities.

The target for 2023 remains to increase the percentage of disabled people on the workforce. To achieve this, Hipoges is undertaking a specialised partner identification exercise and disability mapping to ensure compliance with regard to employability and accessibility. In addition, there are awareness sessions through workshops and training actions aimed at demonstrating how diverse teams, including people with disabilities, can be stronger and more efficient.

4. RESPECT FOR HUMAN RIGHTS

4.1 POLICIES

Given the activity performed by Hipoges, no relevant risks are identified in this regard. Nonetheless, the Hipoges "Code of Ethics and Conduct" includes respect for the dignity of the person and fundamental rights as a basic and fundamental pillar of behaviour that must be fulfilled by all those that are to engage in any type of relationship with Hipoges. This Code includes an explicit reference to respect for Human Rights.

Hipoges' commitment to the efforts and guarantees for the protection of human rights is demonstrated by the creation of a Compliance Committee to manage the promotion, monitoring and fulfilment of the "Code of Ethics and Conduct".

4.2 APPLICATION OF DUE DILIGENCE PROCEDURES

Priority is given to the requirement for anyone wishing to provide professional services for the Group to understand, fulfil and enforce the Hipoges Code of Ethics and Conduct.

Internally, in confirmation of this commitment to Human Rights, all employees are obliged to be aware and comply, either through an email announcement to all staff indicating inclusion of the matter on the corporate intranet, or through six-monthly communications reminding them of their obligation to comply with this Code, as well as with the Hipoges "Whistleblowing Channel". New recruits must sign an acknowledgement of receipt of information, one of the documents being the "Welcome Manual" which sets out the values, principles and internal compliance of Hipoges.

Externally, all internal suppliers authorised to provide services at Hipoges receive a corporate email reminding them of their obligation and commitment to act in accordance with the Code of Ethics and Conduct, as well as with the Hipoges "Whistleblowing Channel". Finally, in its

commitment to Human Rights, Hipoges plans to develop mandatory acceptance of the Code and the Whistleblowing Channel via its website, prior to the hiring of suppliers.

4.3 REPORTS OF CASES OF HUMAN RIGHTS ABUSES.

All those providing services to Hipoges are committed to acting in accordance with the "Code of Ethics and Conduct" and reporting possible breaches of the Code, thus including any violations of human rights of which they might be aware. A "Whistleblowing Mailbox" is available on the public website and is freely accessible via: <https://www.Hipoges.com/rsc/rsc-nuestro-compromiso/canal-de-denuncias/>, as well as via an email address.

No complaints of human rights violations were filed during 2022.

4.4 PROMOTION AND ENFORCEMENT OF THE PROVISIONS OF THE ILO CORE CONVENTIONS

The Hipoges "Code of Ethics and Conduct" includes as a fundamental point the commitment to the defence, respect and protection of basic labour rights, and of the human rights and public freedoms recognised in the Universal Declaration of Human Rights.

Within this commitment, respect for others is imposed together with the prohibition and express rejection of any manifestation of harassment, violent or offensive behaviour towards the rights and dignity of the person.

This point is supplemented by the Protocol for the Prevention of Bullying, Sexual Harassment, Harassment on the Basis of Sex and Sexual Orientation and Gender Identity, which includes, among other aspects, the types of conduct that are prohibited, together with a brief description, as well as the prevention measures applied, such as, for example, awareness-raising and training, advice, inclusion of this type of conduct as a serious offence for the purposes of disciplinary action.

5. ANTI-CORRUPTION AND ANTI-BRIBERY

The risk of corruption and bribery has been identified as a significant risk due to the activity undertaken by Hipoges and its commercial and business relationships with third parties.

As a result, the fight against possible acts or conduct that could lead to corruption and bribery has become a crucial element to be combated on a daily basis, given its particular commercial and reputational importance.

5.1 MEASURES ADOPTED TO PREVENT CORRUPTION AND BRIBERY

The Hipoges "Code of Ethics and Conduct" is established as the basic and fundamental pillar to be fulfilled by any third party that is to undertake any activity for the benefit of the latter.

The Code establishes the development of a crime prevention system, by means of internal control standards and systems in order to guarantee compliance, and to prevent involvement by Hipoges in operations or transactions that could reveal evidence of a connection with criminal activities, which would include money laundering, the financing of criminal activities, fraud and any form of corruption, such as bribery or extortion.

This development is implemented through checks on: (i) Prevention of Money Laundering and Terrorist Financing, (ii) Management of Conflicts of Interest, (iii) Prevention of Criminal Risks, including the criminal compliance policy, the whistleblowing channel and the Annual Monitoring Plan (iv) Acceptance and Offering of Gifts and (v) Penalty Code.

All of them are reviewed and updated according to the applicable legal requirements, in addition to voluntary updates made as a result of the creation or improvement of controls, or in order to keep Hipoges informed and to strengthen its commitment to the rules and regulations in place at any given time.

1. Prevention of Money Laundering and of the Funding of Terrorism

In accordance with Article 2.1 b) of Act 10/2010, of 28 April 2010, on the prevention of money laundering and terrorist financing, Hipoges is subject to AML/TF obligations in connection with the sale of real estate assets belonging to the different portfolios under management, and the Compliance area therefore analyses the viability of the operation performed by a third party.

In accordance with Article 26 of the aforementioned Act, the composition and functioning of the AML/TF model of Hipoges is set out in the "Manual for the Prevention of Money Laundering and Terrorist Financing" (the "Manual").

The Manual collects and develops procedures for due diligence, information, document retention, internal control etc. The main purpose of this Manual is to establish the necessary standards and procedures to minimise AML/TF risks applicable to Hipoges.

Likewise, Hipoges periodically performs a joint risk self-assessment the conclusions of which are set out in a report entitled "Risk Self-Assessment Report", along with an Annual Report at the close of each financial year containing the most relevant statistical information regarding AML/TF.

In addition, the Entity has the following AML/TF control measures:

- A. Appointment of a representative before the SEPBLAC, to fulfil the information and communication obligations established in Act 10/2010.
- B. Designation of an Internal Control and Communication Body: Responsible for the review, approval and implementation of AML/TF procedures. It meets quarterly.
- C. Designation of a Technical Unit for information processing and analysis. Responsible for implementing due diligence measures, managing established AML/TF tools and applying the rules in force arising from Act 10/2010.

2. Management of Conflicts of Interest

The Entity has in place a Conflict of Interest Management Policy that is in force and available to all employees, the aim of which is to ensure that actions are taken at all times without favouring the private and personal interests of employees or their relatives or other related persons, with regard to the interests of Hipoges or its clients.

The required commitment is that in a situation of conflict of interest where interests may clash, the employee or supplier must refrain from involvement in reaching any decision that could be directly or indirectly binding. Hipoges periodically submits a form to be completed by all employees indicating whether they are in a potential conflict of interest situation under the terms understood as "conflict of interest" in the internal policy.

Compliance keeps track of situations that arise, whether through an employee or a collaborating third party, along with the proposed solution so that the risk of conflict of interest does not materialise.

3. Criminal Risk Prevention

The internal Criminal Risk Prevention model has been designed and implemented in order to prevent and mitigate any criminal risks applicable to the Group. The prevention model takes the form of a Protocol for the Prevention of Criminal Risks drawn up in accordance with the regulatory requirements demanded by Organic Act 1/2015, of 30 March 2015, in addition to Circular 1/2016 of the General State Attorney's Office, and the national practices defined in standard UNE 19601 on Criminal Compliance Management Systems.

Although this Model applies only to activities carried out in Spain, the Model has been replicated in the other geographical regions where Hipoges is present, adapting it to local regulatory requirements in this regard. This prevention model is therefore implemented at all the companies comprising the Entity.

The Prevention Model includes various offences connected with corruption and bribery, as well as Money Laundering and Terrorist Financing, which have been evaluated in accordance with commonly accepted risk management methodology, applying probability and impact criteria.

The elements comprising the Criminal Risk Prevention Model include the following measures contributing to the prevention of the risk of corruption and bribery:

- ***Compliance Policy:***

This is a mandatory policy for all employees. It contains all the policies in force, their mandatory nature, the composition of the Compliance Department, activities, management, reports, etc.

It is available on the intranet and requires explicit acceptance by all employees.

- ***Whistleblowing Channel and Whistleblowing Channel Protocol:***

A whistleblowing channel is available to all employees, as well as to any third party with which Hipoges has a contractual relationship, via the website www.Hipoges.com and also via an email address.

Two members of the Compliance Department have access to this channel and handle any grievances submitted, with the utmost confidentiality.

In addition, the protocol of the Whistleblowing Channel has been drawn up and is available to all employees, setting out in detail the procedure followed in the event of receipt of a grievance: the processing, investigation and resolution of the matter.

This whistleblowing channel is mandatory for anyone related to Hipoges who is aware of any wrongdoing being committed.

During the first quarter of the 2022 financial year, the whistleblowing management tool was outsourced, allowing for anonymisation. The management of the complaints themselves is carried out by the compliance department of Hipoges.

- **Annual Monitoring Plan:**

Hipoges has defined an "Annual Monitoring and Follow-up Plan" on the controls that make up the Prevention Model, including those controls that prevent and mitigate criminal risks. The controls associated with criminal risks are thus regularly assessed to ensure that they function properly, and to identify possible improvements that will allow the optimisation of the current control environment.

4. Acceptance and Offering of Gifts

The Acceptance and Offering of Gifts Policy is mandatory for all employees, and is available on the Corporate Intranet. This document sets out the basic rules for dealing with the acceptance or offering of gifts from/to third parties.

The policy establishes the accepted circumstances, those cases that must be approved by the Compliance Department and line manager before they can be accepted, and those cases that are explicitly prohibited.

5. Disciplinary Code

A new version of the disciplinary code for Spain was approved in December 2021. This approval was carried out in Portugal in early 2022, and in both countries it was communicated to all employees in the early months of 2022. Italy has its own disciplinary code and Greece has policies aligned with the Bank of Greece, rather than a replica of the Spanish disciplinary code.

This Code has been updated to take into account the provisions of the Workers' Statute, as well as the Collective Agreements applicable to workplaces in Spain, and the provisions of the Portuguese "Labour Code".

6. Prevention of Fraud, Bribery and Corruption

The Compliance Committee meeting in September 2022 approved a “Policy for the Prevention of Fraud, Bribery and Corruption” in Spain, and in Portugal it was approved in December 2022. It was also approved at the Board meeting in October the same year.

The policy identifies prohibited conduct for all employees and third parties, as well as the controls implemented by Hipoges to mitigate the commission of such offences.

In Portugal, this policy was approved by the committee in December 2022, since due to recent legislation passed at national level, the determination of a figure responsible for compliance is a mandatory requirement.

Meanwhile, with regard to the relationship maintained by Hipoges with the suppliers with which it works, during their approval process a comparison is performed against the FastCheck lists in order to comply with the policies for the prevention of money laundering and terrorist financing, and to avoid possible conflicts of interest and reputational risk that could result from such collaboration.

As part of this approval procedure, suppliers are registered through the tool <https://www.Hipogeworks.com/> where they must explicitly accept compliance with the "Code of Ethics" and the "Whistleblowing Channel", as their first point of control, and subsequently must gather the documentation required to duly complete the approval process, including, among others, signature of the contract, confirmation of up-to-date payments before the Tax Agency and Social Security, and civil liability insurance in force.

In addition, on an annual basis, Hipoges sends a notice to all previously approved suppliers for their re-approval, requiring them to provide an updated version of some of the documentation already provided on the date of the initial approval.

At the end of financial year 2022, Hipoges had the following approved suppliers:

- **Spain:**
 - HIPOGES IBERIA, S.L.: 2,084 approved suppliers, of which 2,069 are domestic and 15 are foreign.
 - DOMUS RESIDENTIAL SERVICES XXI, S.L.: 156 approved suppliers, of which 144 are domestic and 12 are foreign.
 - Cobo Group: 566 approved suppliers, all of which are domestic.
- **Portugal:** 719 approved suppliers, of which 700 are domestic and 19 are foreign.

- **Greece:**
 - HIPOGES HELLAS: 37 approved suppliers, of which 32 are domestic and 5 are foreign.
 - ALSVIT: 660 approved suppliers, of which 650 are domestic and 10 are foreign.
- **Italy:**
 - AXIS, S.p.A.: 43 approved suppliers, of which 35 are domestic and 8 are foreign.

In addition to the different mechanisms for the Prevention of Money Laundering and Terrorist Financing, the management of Conflicts of Interest for the Prevention of Criminal Risks, management for the Acceptance and Offering of Gifts and the Whistleblowing Channel, Hipoges has a regular schedule to send information to the entire workforce on those policies and procedures with the greatest internal relevance, which are also permanently posted on the corporate intranet. These information campaigns are sent every six months by the Compliance Department.

As an additional measure, Hipoges conducts specific training in Compliance Regulations (Prevention of Money Laundering and Terrorist Financing, General Data Protection Regulation), delivered online for 100% of the workforce, and face-to-face training in both subjects for those employees who, due to the activities they perform, are most exposed to a possible risk of non-compliance.

Lastly, in its active fight against corruption and bribery, the Entity has planned mandatory training for all staff members on the functioning of Compliance at the Entity, in online format and on a biannual basis. In addition, from the 2023 financial year onwards, in-person training in this field will be provided to the members most exposed to these risks, with Senior Management, the members of the "*Management team*" and all those holding "Director" status at Hipoges.

For those employees newly hired by Hipoges, mandatory training has been planned, covering money laundering, data protection and criminal compliance, which must be performed within 15 days of beginning work.

As an end point, it should be indicated that Hipoges is, in its commitment to risk prevention and criminal compliance, working with an external certification company to adapt to the ISO 37001 and UNE 19601 standards for Anti-corruption and bribery, and criminal matters, respectively.

5.2 CONTRIBUTIONS TO FOUNDATIONS AND NON-PROFIT ENTITIES.

As detailed in section 3 “Development of the environment”, continuing with the commitment to contribute positively to society and the environment, during 2022 Hipoges carried out a total of 15 Corporate Social Responsibility actions and initiatives (10 in Portugal and 5 in Spain) that created a positive impact for both external partners and staff.

The Associations with which such collaboration took place in 2022 included: GRACE, Inclusiva, APPDI, Banco Alimentar, ReFood, Unicef and AMI.

6. INFORMATION ON ENVIRONMENTAL ISSUES

Although the activity carried out by Hipoges has no significant impact on the environment, due to the firm commitment to effective conservation maintained and promoted by the company, Hipoges has launched a range of initiatives associated with environmental management.

We have an environmental policy as the main control mechanism, governed by the principle of responsibility, prevention and cooperation to ensure the minimisation of environmental impact, the strategic objectives of which are intended to make sustainable use of resources and comply with the regulations in force in this regard.

Given the activity in which the Entity is engaged, we do not need specific environmental assessment or certification procedures nor do we have a significant impact on biodiversity. However, in line with the commitment made in the environmental policy, we have a qualified person who dedicated in part to the prevention of any environmental impact that could arise from our activity. Hipoges embraces the precautionary principle.

6.1 POLLUTION

Although Hipoges operations do not directly generate atmospheric CO² emissions, the generation of the electricity we consume does, if it has not been produced from renewable energies, or in a thermal power plant, and the containment of energy expenditure thus indirectly contributes to the reduction of greenhouse gases that seriously affect the environment.

In this regard, the Group carries out the following actions to promote the minimisation of electricity consumption:

- **Periodic maintenance of machinery and equipment.** Equipment in poor condition has higher energy consumption. In addition, environmental maintenance prevents negative impacts, reduces the risk of catastrophic accidents such as fires, explosions, toxic substance emissions, etc.
- **Use of energy-efficient electrical appliances and equipment.** Our equipment and electronics include:
 - **Energy Star Certification.** Energy Star® certified products meet the accepted energy efficiency standard as set by the U.S. government, the Environmental Protection Agency (EPA) and U.S. Department of Energy.
 - **Energy label A and B,** an average energy consumption, i.e., with an energy efficiency index below 100 and above 50.
- **Adjustment of air conditioning temperatures** for summer and winter.
 - We have adopted the new energy saving standard, which sets a new temperature limit for businesses at:
 - Summer, air-conditioning season, 27°C.
 - Winter, heating season, 19°C.
 - Casual attire is permitted in summer to adjust to summer temperatures without lowering the overall office temperature.
- **Control of the switching off of lights and electrical appliances:**
 - We have motion detection sensors in the toilets to automatically switch lights on and off.
 - Office lights are turned off every day after work. In the 2021 financial year an automatic switch-off system was installed at the offices on Calle Albacete in Madrid, Spain.
 - The new plants opened in the 2022 financial year also have this automatic switch-off system.
 - Our computers are configured to enter energy-saving mode after a certain period not in use.
 - All monitors enter sleep mode if not in use.

- **Removal of various physical servers** to be included within virtualised infrastructure, thereby saving electricity. This requires less heat dissipation, which means that the cooling equipment has less work to do (and consumes less energy).

Just as we do not generate air pollution directly, we do not discharge directly into polluted waters, but, for example, the paper industry, which is one of the most polluting, does. By reducing paper consumption, we are helping to reduce waste from this industry by implementing the following measures:

- **2-sided printing.** Printers are set to print double-sided by default.
- **Control of accidental document printing.** We have a printing control system in place to ensure the confidentiality of documents. This system requires on-site control of document printing, which eliminates unnecessary or repeated document printing.
- **Encouragement for the use and sending of digitised documentation to our suppliers.**

6.2 CIRCULAR ECONOMY AND PREVENTION AND MANAGEMENT OF WASTE

The volume of waste we generate is insignificant, as it is limited to waste office equipment and the presence of our employees in the office. However, to minimise the impact on the environment, we base waste management on the 3Rs rule: Reduce, Reuse and Recycle:

- **Reducing waste generation:**
 - The use of disposable plastic products in meetings is prohibited.
 - In disposable products are needed, we only use cardboard/paper or wood.
- **Reuse.** We promote the use of reusable elements:
 - Coffee vending machines do not dispense cups, so employees must use their own.
 - Replacement of disposable crockery in meeting rooms with reusable: ceramic, glass, metal, etc.
 - Removal of plastic water bottles in meeting rooms, replacing them with reusable glass bottles.
- **Recycling.** Wherever products cannot be used any more and have to be disposed of, they will be sorted at source to facilitate recycling at treatment plants.
 - Information and awareness campaigns are carried out among employees for the proper separation of waste.

- We have separate waste containers: Lightweight packaging, paper-cardboard, and remainder.
- Confidential documentation is collected in specific bins for destruction and subsequent recycling.
- Hazardous substances such as toners, batteries, fluorescent tubes, electronic devices, etc. are stored properly and collected by authorised managers.

Lastly, we keep track of the number of toner cartridges generated per office per year, as such waste usually generates the greatest complications from a management perspective:

Financial Year	Spain	Portugal	Greece	Italy
2021	60	72	N/A	N/A
2022	135	70	12	5

6.3 SUSTAINABLE USE OF RESOURCES

The sustainable management and consumption of various resources is shown below:

- **Water consumption:**

Our water management policy is focused on sustainable use, avoiding waste.

The actions we have in place to ensure reasonable use and control water consumption are:

- Information and training campaigns among employees to promote water savings (turning off taps, not using toilets such as waste paper bins, rational consumption).
- Installation of taps with an aerator to reduce the amount of water used, and with a timer or motion sensor to prevent them from being left on.
- Installation of toilet cisterns with different flushing volumes according to need.
- Installation of a dishwasher for reusable crockery in meeting rooms.
- Plumbing is inspected to avoid faults and leaks.

- **Energy consumption**

We do not own or lease a fleet of vehicles, so the main energy consumption is indirect and comes from the electricity used in the different offices of the Group, detailed in the following table (kWh/year):

Financial Year	Spain	Portugal	Greece	Italy
2021	371,603	147,158	30,454	N/A
2022	538,631	55,499	85,775	11,294

Lastly, the Hipoges Group does not consume raw materials strictly speaking, other than the toner indicated above, and paper, the reduction measures for which are also mentioned in previous sections.

6.4 CLIMATE CHANGE

We remain firmly committed to reducing energy consumption and hence greenhouse gas emissions through the energy consumption minimisation measures outlined.

With regard to greenhouse gas emissions, based on electricity consumption, a conversion was conducted using the factor of 0.26 kg of CO² equivalent kWh, such that the tonnes of CO² generated by the office are as follows:

Financial Year	Spain	Portugal	Greece	Italy
2021	92.90	36.79	7.61	N/A
2022	139.51	14.37	22.22	2.93

7. INFORMATION ABOUT THE COMPANY

Hipoges strictly applies the legislation in force with regard to the various interest groups involved, to which it adds its own policies and codes that go beyond legal requirements, such as a Policy on the Fair Treatment of Debtors, among others.

7.1 COMPANY COMMITMENTS TO SUSTAINABLE DEVELOPMENT

7.1.1 Impact on employment and local development

At 31 December 2022, Hipoges has:

- a) In **Spain**, 23 company sites (at Hipoges, Cupatena, Cobo Group and Domus) and a network of more than 2,000 agents distributed nationwide, made up of 99% local suppliers distributed across much of the country, and 1% of international suppliers.
- b) In **Portugal**, 3 company sites and a network of more than 600 agents distributed nationwide, made up of 97% local suppliers distributed across much of the country.
- c) In **Greece**, 2 company sites and a network of more than 600 agents distributed nationwide, made up of 98% local suppliers distributed across the country and 2% foreign suppliers.

- d) In *Italy*, 1 company site and a network of 43 agents distributed nationwide, made up of 81% local suppliers and 19% foreign suppliers.

7.1.2 Relationships maintained with actors from local communities and means of dialogue with them

Regarding the local community, Hipoges is generally seen as a priority interlocutor. While it is true that its financial suppliers and customers are an interest group with which it maintains a continuous dialogue through regular meetings and calls that make up day-to-day operations, it also strives to make the rest of society aware of its activity:

- a) Promotional campaigns are launched so that citizens can benefit from such campaigns.
- b) Presence at conferences and media interviews about the sector in which Hipoges operates.
- c) The Hipoges of are constantly being reviewed and updated, to make all citizens aware of its news and updates. In addition, the Hipoges website www.hipoges.com has a contact form through which any member of the public can contact it directly and so build a channel of mutual communication.

7.1.3 Partnership and sponsorship actions

The contribution made by Hipoges in this context is summarised as follows:

- With the aim of actively working to offer value to young people, by maintaining relations with universities, business schools and training centres; and participation in **educational cooperation programmes and job fairs**.
- **Corporate Social Responsibility Programme**. Management has a commitment to provide the necessary means for long-term involvement.

The Group is committed to the **10 principles of the UN Global Compact** on human rights, labour, environment and anti-corruption.

The **Sustainable Development Goals** highlight a series of measures to end poverty, protect the planet and ensure the well-being of the global population.

For Hipoges, the two initiatives cited in the previous paragraphs are important in that they help to prioritise and identify opportunities, which involve improving sustainability and adapting the business model to the challenges set for 2030.

Since 2020, through its commitment to support the United Nations 2030 Agenda for Sustainable Development, and with regard for the priorities and needs of those countries where it has a

presence, Hipoges has assessed its contribution to the **Sustainable Development Goals**, taking into account its activity and mission as a company.

During 2022, the Hipoges Corporate Social Responsibility (“CSR”) initiatives thus focused on achieving the **SDGs: No Poverty and Zero Hunger**.

- Collaborating with Ukrainian NGOs to provide employee donations via UNICEF.
- Collaboration with a collection campaign for the **Food Bank**, to mark International Food Waste Awareness Day.
- Collaboration with **Diversión Solidaria** to help children at risk of social exclusion get a Christmas present. In Portugal, the collaboration was implemented through **AMI**.

7.2 SUBCONTRACTING AND SUPPLIERS

The relationship with suppliers and their selection based on objective criteria is a fundamental element for Hipoges. In this regard, the regulatory framework indicating the relationship between the supplier and Hipoges is set out below, with the aim of creating, developing and maintaining a close and fluid relationship with them.

7.2.1 Inclusion of social, gender equality and environmental issues in the purchasing policy.

With regard to the contracting of suppliers, the Group has its own Purchasing Department Manual and a Supplier Approval Policy, explicitly indicating that an analysis of different opinions and alternatives will be conducted, analysing different offers in order to obtain the best offer, i.e. the key points for the contract will not depend on the male or female gender of the supplier.

In addition, for a service proposal to be approved, a comparison of three suppliers must be performed, indicating the skills for which they are selected. This must be objective and on the open market, thus avoiding gender-based decisions.

7.2.2 Consideration in the relationship with suppliers and subcontractors of their social and environmental responsibility.

Suppliers performing their activities on behalf or for the benefit of Hipoges are aware of the Entity’s Code of Ethics and Conduct, and undertake to act in accordance with its values and principles.

The values and principles set out in the "Code of Ethics and Conduct" include environmental commitment and social commitments.

7.2.3 Systems for supervision and audits, and the corresponding results

The Hipoges purchasing policy itself has a first line of control or supervision as it has a segregated approval matrix, depending on the cost of the service.

In addition, as part of Hipoges' commitment to the supervision and audit of day-to-day procedures, other additional supervision measures should be highlighted:

- (i) Purchasing Audit: a purchasing audit was performed in Spain and Portugal during the 2021 financial year with a favourable result, the report being issued in December 2021. 2 recommendations remain pending closure.
- (ii) Approval Audit: a supplier approval process audit was performed in Spain and Portugal during the 2022 financial year with a favourable result, the report being issued in August 2022, with 4 recommendations pending closure.

7.3 CONSUMERS

Hipoges maintains current and constantly updated policies and procedures regarding the Protection of Personal Data of natural persons that directly affect them.

The privacy of third-party data is a fundamental pillar on which Hipoges' relationships are based, aware as it is of the value and importance of third parties in the business sphere. This is why Hipoges establishes its internal rules and policies based on the General Data Protection Regulation and the Organic Act on Data Protection and Guarantee of Digital Rights.

To this end, there are controls and mitigation measures to minimise any risk that may materialise in this area, both for its own benefit and for its clients and third parties.

Much of the application to these data protection rules can be seen in the clauses featured on the Hipoges websites, in contracts with customers, contracts with suppliers, etc.

7.3.1 Measures for health and safety of consumers

Through the suppliers responsible for the provision of maintenance services and conservation actions on real estate assets under management, the Group ensures that the contracted supplier

sends a report on the condition of the property and its surroundings to guarantee the absence of any possible risks for third parties who may acquire the assets.

Together with the asset report, the supplier also sends an economic assessment of the actions that may be necessary for each asset, indicating the minimum actions for use and/or operation under conditions suitable for sale.

7.3.2 Systems for claims, complaints received and resolution

As part of the business, Hipoges acts as an intermediary between its clients and the third parties that acquire the assets under management.

In order to contact any Hipoges employee, several channels have been enabled for seamless communication with the sender:

- **Social Media:** LinkedIn can be used to resolve employment or social issues, for example.
- **Web contact forms:** available at www.Hipoges.com or www.portalnow.com to facilitate communication.
- **Call Centre:** the customer service team may receive questions and complaints from any third party over the phone, putting them in direct contact with the manager where necessary.

The number of complaints received during 2022 totalled 63 in Spain, 130 in Portugal, 1 in Greece and 16 in Italy. These complaints were received either through the complaints channel or through the contact form on the Hipoges website. All of them were handled by the Compliance Department and referred to the competent managers or given a solution and direct response.

The total number of complaints received was specifically distributed as follows:

- **Spain:** 63
 - HIPOGES IBERIA, S.L.: 62
 - DOMUS RESIDENTIAL SERVICES XXI, S.L.: 1
 - Cobo Group: 0
- **Portugal:** 130
- **Greece:** 1
 - HIPOGES HELLAS: 0
 - ALSVIT: 1
- **Italy – AXIS:** 16

7.4 TAX INFORMATION

The entities comprising Hipoges determine their accounting result in accordance with the accounting standards in force in each jurisdiction and the profits tax in accordance with the tax regulations applicable to the type of company in the country of residence.

In the 2022 financial year, the profits earned, Corporate tax paid and public grants received in the different jurisdictions where the group operates are as follows:

Country	Aggregate profits / (losses) before taxes	Consolidated profits / (losses) before taxes	Corporate IncomeTax	Public grants
Spain	13,497,022	7,857,216	(2,363,145)	9,848
Portugal	3,335,468	4,282,224	(773,745)	-
Greece	86,909	3,770	(50,677)	-
Italy	1,258,504	871,337	(374,563)	-

8. TABLE OF CONTENTS

Contents of the Non-Financial Reporting Statement				
Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
Business Model	Description of the group business model	Brief description of the business model, including the business context, organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that could affect its future evolution.	GRI 2-1	2. Business model Page 6-11
			GRI 2-6	
			GRI 2-22	
Information on environmental issues	Policies	Policies applied by the group, including the due diligence procedures applied for identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI 3-3	6. Information on environmental issues Page 47
	Main risks	The main risks related with these matters connected with group activities, including, where relevant and proportionate, its commercial relations, products or services that could have negative impacts on these spheres, and how the group manages these risks, explaining the procedures employed to detect and evaluate them in accordance with the national, European or international reference framework for each topic. Information must be included as to the impacts detected, setting out a breakdown in particular with regard to the main short-, medium- and long-term risks.	GRI 3-3	6. Information on environmental issues Page 47
	General	Current and foreseeable impacts of the company's activities on the environment, and on health and safety where relevant	GRI 3-3	6. Information on environmental issues Page 47
		Environmental certification or evaluation procedures	GRI 3-3	6. Information on environmental issues Page 47
		Resources dedicated to environmental risk prevention	GRI 3-3	6. Information on environmental issues Page 47
		Application of the precautionary principle	GRI 2-23 GRI 3-3	6. Information on environmental issues Page 47

Contents of the Non-Financial Reporting Statement				
Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
		Provisions and guarantees for environmental risks	GRI 3-3	Annual Financial Statements
	Pollution	Measures to prevent, reduce or redress carbon emissions that seriously affect the environment, taking into account any form of activity-specific air pollution, including noise and light pollution.	GRI 3-3	6.1 Pollution Page 47-49
	Circular economy and prevention and management of waste	Measures to prevent, recycle, reuse; other forms of recovery and waste elimination. Actions to combat food waste.	GRI 3-3 GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5	6.2 Circular economy and waste management Page 49-50
	Sustainable use of resources	Water consumption of water and supply of water in accordance with local limitations.	N/A	Non-material aspect Page 49
		Consumption of raw materials and measures adopted to improve usage efficiency	N/A	Non-material aspect Page 50
		Energy: Direct and indirect consumption of energy; Measures taken to improve energy efficiency; Use of renewable energies.	GRI 302-1	6.3 Sustainable use of resources Page 50-51
	Climate Change	Greenhouse gas emissions	GRI 3-3 GRI 305-1 GRI 305-2	6.4 Climate change Page 51
		Measures adopted to adapt to the consequences of Climate Change	GRI 3-3	6.1 Pollution Page 47-49
		Reduction targets established voluntarily in the medium and long terms to reduce GHG emissions and resources implemented for this purpose.	GRI 3-3 GRI 305-5	6.1 Pollution Page 47-49
	Protection of biodiversity	Measures taken to preserve or restore biodiversity; impacts caused by activities or operations in protected areas	GRI 3-3	Non-material aspect Page 47

Contents of the Non-Financial Reporting Statement				
Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
Information on social and staff issues	Policies	Policies applied by the group, including the due diligence procedures applied for identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI 3-3	3. Social and staff-related matters Page 12
	Main risks	The main risks related with these matters connected with group activities, including, where relevant and proportionate, its commercial relations, products or services that could have negative impacts on these spheres, and how the group manages these risks, explaining the procedures employed to detect and evaluate them in accordance with the national, European or international reference framework for each topic. Information must be included as to the impacts detected, setting out a breakdown in particular with regard to the main short-, medium- and long-term risks.	GRI 3-3	3. Social and staff-related matters Page 12
	Employment	Total number and distribution of employees by gender, age, country and professional classification	GRI 2-7 GRI 405-1	3.1.1 Total number and distribution of employees by gender, age, country and professional classification Page 12-13
		Total number and distribution of employment contract types	GRI 2-7 GRI 405-1	3.1.2 Total number and distribution of employment contract types Page 14
		Annual average for permanent, temporary and part-time contracts by gender, age and professional classification	GRI 2-7 GRI 405-1	3.1.3 Annual average for permanent, temporary and part-time contracts by gender, age and professional classification Page 15-17
		Number of terminations by gender, age and professional classification	GRI 3-3 GRI 401-1	3.1.4 Number of terminations by gender, age and professional classification Page 18

Contents of the Non-Financial Reporting Statement				
Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
		Average pay and changes in pay, broken down by gender, age and professional classification or equivalent	GRI 3-3 GRI 2-21	3.1.6 Average pay and changes in pay, broken down by gender, age and professional classification or equivalent Page 20
		Pay Gap	GRI 3-3 GRI 405-2	3.1.8 Pay Gap Page 21-23
		Remuneration of equal or average company jobs	GRI 3-3	3.1.9 Remuneration of equal or average company jobs Page 24
		Average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term savings plans and any other benefit received, with a breakdown by gender	GRI 3-3 GRI 2-19 GRI 2-21	3.1.7 Average remuneration of directors and managers broken down by gender Page 21
		Implementation of right to disconnect policies	GRI 3-3	3.1.10 Right to disconnect policies Page 24
		Employees with disability	GRI 3-3 GRI 405-1	3.1.11 Disabled employees Page 24-25
	Working structure	Organisation of working time.	GRI 3-3	3.2.1 Policies Page 25-26
		Number of hours of absence	GRI 3-3 GRI 403-9	3.2.2 Absence rates Page 26-27
		Measures intended to assist in work-life balance and encourage joint responsibility by both parents.	GRI 3-3	3.2.3 Measures to facilitate work-life balance Page 27

Contents of the Non-Financial Reporting Statement				
Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
	Health and Safety	Health and safety at work conditions	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-8	3.3.1 Health and safety at work conditions Page 27-30
		Occupational accidents (frequency and seriousness) separated by gender	GRI 403-9 GRI 403-10	3.3.2 Accidents at work and occupational diseases Page 30
		Occupational diseases (frequency and seriousness) separated by gender		
	Labour relations	Organisation of industrial relations, including procedures to inform and consult with staff, and negotiate with them	GRI 3-3	3.4. Labour relations Page 30-31
		Percentage of employees covered by collective agreement in each country	GRI 2-30	3.4. Labour relations Page 30-31
		Account of collective agreements, in particular in the field of health and safety at work.	GRI 3-3	3.4. Labour relations Page 30-31
	Training	Policies implemented in the field of training.	GRI 3-3	3.5 Training Page 31-33
		Total quantity of hours of training by professional category	GRI 404-1	3.5 Training Page 31-33
	Accessibility	Universal accessibility for people with disability	GRI 3-3	3.6 Accessibility Page 35
	Equality	Measures adopted to promote equal treatment and opportunities for men and	GRI 3-3	3.7 Equality, diversity and inclusion Page 35-39
		Equality plans		3.7 Equality, diversity and inclusion Page 35-39

Contents of the Non-Financial Reporting Statement				
Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
		Measures adopted to promote employment.		3.7 Equality, diversity and inclusion Page 35-39
		Protocols against sexual and gender-based harassment		3.7 Equality, diversity and inclusion Page 35-39
		The integration and universal accessibility of people with disabilities		3.7 Equality, diversity and inclusion Page 35-39
		Policy for combating all types of discrimination and, where applicable, diversity management.	GRI 3-3	3.7 Equality, diversity and inclusion Page 35-39
Information regarding respect for human rights	Policies	Policies applied by the group, including the due diligence procedures applied for identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI 3-3	4. Respect for human rights Page 39
	Main risks	The main risks related with these matters connected with group activities, including, where relevant and proportionate, its commercial relations, products or services that could have negative impacts on these spheres, and how the group manages these risks, explaining the procedures employed to detect and evaluate them in accordance with the national, European or international reference framework for each topic. Information must be included as to the impacts detected, setting out a breakdown in particular with regard to the main short-, medium- and long-term risks.	GRI 3-3	4. Respect for human rights Page 39
	Human Rights	Application of due diligence procedures in human rights	GRI 2-23 GRI 2-26 GRI 412-2	4.2 Application of due diligence procedures Page 39-40

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Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
		Prevention of risks of human rights breaches and, where applicable, measures to mitigate, manage and remedy possible abuses committed		4.2 Application of due diligence procedures Page 39
		Reports of cases of human rights abuses.	GRI 406-1	4.3 Reports of cases of human rights abuses Page 40
		Promotion and fulfilment of the provisions of fundamental ILO conventions connected with respect for freedom of association and the right of collective bargaining, elimination of discrimination at work and in employment, elimination of forced or indentured labour and effective abolition of child labour.	GRI 3-3 GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1	4.4 Promotion and enforcement of the provisions of the ILO core conventions Page 40
Information on combating corruption and bribery	Policies	Policies applied by the group, including the due diligence procedures applied for identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI 3-3	5. Anti-corruption and anti-bribery Page 41
	Main risks	The main risks related with these matters connected with group activities, including, where relevant and proportionate, its commercial relations, products or services that could have negative impacts on these spheres, and how the group manages these risks, explaining the procedures employed to detect and evaluate them in accordance with the national, European or international reference framework for each topic. Information must be included as to the impacts detected, setting out a breakdown in particular with regard to the main short-, medium- and long-term risks.	GRI 3-3	5. Anti-corruption and anti-bribery Page 41
	Corruption and Bribery	Measures adopted to prevent corruption and bribery	GRI 2-23 GRI 2-26 GRI 205-2	5.1 Measures adopted to prevent corruption and bribery Page 41-46
Measures to combat money laundering		GRI 205-2	5.1 Measures adopted to prevent corruption and bribery Page 41-46	

Contents of the Non-Financial Reporting Statement				
Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
		Contributions to foundations and non-profit entities.	GRI 413-1	5.2 Contributions to foundations and non-profit entities. Page 47
Information about the company	Policies	Policies applied by the group, including the due diligence procedures applied for identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI 3-3	7. Information about the company Page 51
	Main risks	The main risks related with these matters connected with group activities, including, where relevant and proportionate, its commercial relations, products or services that could have negative impacts on these spheres, and how the group manages these risks, explaining the procedures employed to detect and evaluate them in accordance with the national, European or international reference framework for each topic. Information must be included as to the impacts detected, setting out a breakdown in particular with regard to the main short-, medium- and long-term risks.	GRI 3-3	7. Information about the company Page 51
	Company commitments to sustainable development	Impact of the company's activity on employment and local development.	GRI 203-1	7.1.1 Impact on employment and local development Page 51-52
		Impact of the company's activity on local populations and on the region.	GRI 203-1	7.1.1 Impact on employment and local development Page 51-52
		Relationships maintained with actors from local communities and means of dialogue with them	GRI 2-29 GRI 413-1	7.1.2 Relationships maintained with actors from local communities and means of dialogue with them Page 51-52
		Actions for partnership	GRI 2-28	7.2 Contributions to foundations and non-profit entities Page 52-53

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Contents of Act 11/2018 on Non-Financial Reporting			Standard used	NFRS Section
	Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in the purchasing policy.	GRI 3-3	7.2.1 Inclusion of social, gender equality and environmental issues in the purchasing policy Page 53
		Consideration in the relationship with suppliers and subcontractors of their social and environmental responsibility.	GRI 2-6 GRI 308-2 GRI 414-1	7.2.2 Consideration in the relationship with suppliers and subcontractors of their social and environmental responsibility Page 53-54
		Systems for supervision and audits, and the corresponding results	GRI 3-3	7.2.3 Systems for supervision and audits, and the corresponding results Page 54
	Consumers	Measures for health and safety of consumers	GRI 3-3 GRI 416-1	7.3.1 Measures for health and safety of consumers Page 54-55
		Grievance systems, complaints received and their resolution	GRI 3-3	7.3.2 Grievance systems, complaints received and their resolution Page 55
	Tax information	Profits obtained by country	GRI 207-4	7.4 Tax information Page 56
		Profits taxes paid	GRI 207-4	7.4 Tax information Page 56
		Public grants received	GRI 207-4	7.4 Tax information Page 56