



*Millenium*  
*Hospitality Real Estate*

**DIVERSITY POLICY WITH REGARD TO THE  
COMPOSITION OF THE BOARD OF DIRECTORS AND  
THE SELECTION OF ITS MEMBERS**

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## **1. Introduction**

The Board of Directors of Millenium Hospitality Real Estate, SOCIMI, S.A. (henceforth, “**MHRE**” or the “**Company**”) is competent to design and approve the governance system of the Company and, in particular, to approve and update the corporate policies which contain the guidelines that govern the action of the Company and its group.

During the exercising of these competences, within the framework of the law and its Bylaws, and recognising as key elements of its corporate governance strategy transparency in all its actions, including the process to select applicants to perform the post of director and diversity in the heart of the Board of Directors, the latter has approved the present “Diversity policy with regard to the composition of the Board of Directors and the selection of its members”.

## **2. Applicant selection objectives**

The director selection or re-election process must be guided by the purpose of attaining an appropriate balance and the diverse composition of the Board of Directors as a whole, enriching decision-making and contributing plural perspectives to the discussion of those matters falling under its competence.

The diversity principle regarding the composition of the Board of Directors will have to apply in its broadest sense and, with this in mind, people will be sought who meet the conditions foreseen in the present Policy and whose appointment promotes the diversity of knowledge, experience, origin, age and gender in the Board of Directors, in accordance with the Sustainable Development Goals (SDG) approved by the United Nations Organisation. In this regard, the Board of Directors shall take into account the recommendations on corporate governance applicable to it.

Basically, the present Policy sets out (i) to ensure that the director appointment and re-election proposals of the Company are based on a prior analysis of the needs of the Board of Directors with regard to the size and balance between the various classes of directors in place at any time; and (ii) to promote the diversity of knowledge, experience, age and gender on said board, in such a way as to enrich decision-making and contribute plural perspectives to the discussion of those matters falling under its competence.

## **3. Director selection or re-election process**

The Board of Directors, with advice and a report from the Appointments and Remunerations’ Committee, shall carry out an analysis of the needs and competences required by the Board of Directors, bearing in mind the requirements of the Company and of its group and in line with the areas that it is worth strengthening, which shall serve as the point of departure in the director re-election process or the selection of new applicants to be a director.

The Appointments and Remunerations’ Committee shall evaluate the competences, knowledge and experience required on the Board, based on the competency matrix that this committee draws up and which is updated periodically to adapt to the needs of the Company. With this in mind, it shall define the duties and skills necessary in the applicants that have to cover each vacancy and it shall evaluate the time and dedication needed so that they can carry out their mission smoothly.

It shall be sought, with the selection of applicants, to achieve a composition of the Board of Directors which is diverse and balanced as a whole, which enriches decision-making and contributes plural perspectives to the discussion of those matters falling under its competence. In this regard, the Board of Directors assumes the commitment to promote the diversity of its composition and, with this in mind, in the selection of applicants to director, applicants shall be appraised whose appointment promotes directors having different capacities, knowledge, experience, origins, age and gender.

In this applicant selection process, any type of bias which may involve any discrimination shall be avoided and what will have to prevail, in the corporate interest, is a meritocracy as the main selection criterion, being a process focused on the search for better qualified applicants.

The diversity criteria shall be defined in terms of the nature and complexity of the businesses carried out by the business group whose parent company, according to the meaning determined by law, is the Company, as well as the social and environmental context in which the group is inserted. Also, in line with the needs of the Board of Directors, other criteria may be taken into account.

Pursuant to the stipulations of the Board of Directors' Regulations, it shall fall to the Appointments and Remunerations' Committee to carry out any proposals, in the case of independent directors, and to inform the proposals submitted to the Board, in the case of the other directors, for the appointment and re-election of directors for their designation through co-opting or for their submission to a decision by the General Meeting of Shareholders.

The director appointment proposals must be accompanied, in any case, by a substantiating report from the Board of Directors which, for these purposes, could assume upon the report issued by the Appointments and Remunerations' Committee.

All the proposals and reports for the appointment of directors, both those issued by the Board and by the Appointments and Remunerations' Committee, must consider the suitability of the profile of the applicant proposed for the exercising of the post of director, paying particular attention to his/her competence, experience and merits, as well as his/her capacity to be devoted to the duties pertaining to him/her.

Any director may suggest applicants for director provided that the procedures and requirements are followed which are determined in the Board of Directors' Regulations and in this Diversity policy with regard to the composition of the Board of Directors and selection of directors.

#### **4. Conditions to be met by the applicants for director:**

The applicants for director of the Company must meet the following requirements:

- **Good personal and professional repute and qualifications**
  - i) They must be prestigious, trustworthy and endowed with recognised professional solvency, competence, experience, qualifications, training, availability and commitment to their post, with a personal and professional background which respects good commercial practices and laws and they must necessarily comply with the precepts laid down by law at any time in order to be able to form part of an administration body.
  - ii) They must be upright professionals whose conduct and professional path is aligned with the ethical duties and principles set out in the various internal regulations of the Company and endowed with the vision and values of the Company.
- **Capacity and compatibility**
  - i) Not be involved in any grounds for incompatibility, disqualification or prohibition in accordance with the laws.
  - ii) Not exercise the post of director in any companies other than those permitted in accordance with the provisions of the Board of Directors' Regulations.

- iii) Not carry out any activities, on an employed or self-employed basis, which entail effective competition, whether real or potential, with the Company or any entity in its group or which otherwise place him/her in a permanent or insurmountable conflict with the interests of the Company, unless he/she informs the Board and, where applicable, obtains authorisation by the competent governing body.
- iv) Not have been involved in any circumstances which may give rise to his/her participation on the Board jeopardising the interests of the Company.

## **5. External validation**

The Company may work alongside external advisors to validate that the applicants for director meet the conditions referred to in section 4 above.

## **6. Supervision of the application of this Policy**

The monitoring and evaluation of the application of this policy shall be carried out by the Appointments and Remunerations' Committee of Millenium Hospitality Real Estate, SOCIMI, S.A. which shall verify compliance therewith on an annual basis.

## **7. Approval, validity and review of the Policy**

This Policy has been approved by the Board of Directors of MHRE, subject to a report by the Appointments and Remunerations' Committee, at its meeting held in Madrid on 16 March 2022 and it shall come into force on the date on which the Company shares are admitted to trading on Spanish Stock Exchanges.