

## **Statement of Compliance with the QCA Corporate Governance Code**

“Arricano” or the “Group” or the “Company” means Arricano Real Estate PLC or the group of companies controlled by it.

### **Chairman’s Introduction**

It is the Board’s responsibility to ensure that the Arricano Group is managed for the long-term benefit of all shareholders, with an effective and efficient decision-making process. Corporate governance is an important part of that responsibility, reducing risks and adding value to our business.

AIM Rule 26 requires AIM companies to adopt a recognised corporate governance code. The Arricano Board has decided to adopt the Quoted Companies Alliance (“QCA”) Corporate Governance Code (“QCA Code”). This Statement incorporates disclosures in accordance with the QCA Code.

**Georgios Komodromos**

### **Independent Non-Executive Director Chairman**

## **DELIVER GROWTH**

<b>QCA Code Principle</b>	<b>How the Principle Should be Applied</b> (as set out by the QCA Corporate Governance Code)	<b>What We Do and Why</b>
<b>2. Seek to understand and meet shareholder needs and expectations</b>	<p>Directors must develop a good understanding of the needs and expectations of all elements of the company’s shareholder base.</p> <p>The board must manage shareholders’ expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>The Board is committed to the continuous growth of Arricano’s business.</p> <p>The Group encourages communication with investors, to enable it to understand the needs and expectations of shareholders, and responds quickly to all queries received. The Chairman, the Chief Executive Officer and the Chief Financial Officer talk regularly with the Group’s major shareholders and ensure that their views are communicated fully to the Board.</p>

		<p>The Board recognizes the Annual General Meeting (“AGM”) as an opportunity to encourage Arricano’s shareholders to express their views both formally and informally immediately following the AGM.</p> <p>Where voting decisions are not in line with the Company’s expectations, the Board will contact those shareholders to understand and address any issues.</p>
<p><b>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</b></p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company’s stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company’s impact on society, the communities within which it operates or the environment have the potential to affect the company’s ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company’s strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>Arricano Group is committed to sustainability progress in all aspects of our business.</p> <p>Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, as well as to enable the Board to understand and consider these issues in its decision-making process.</p> <p>In addition to its shareholders, the Group believes its main stakeholder groups are its employees, tenants, suppliers, service providers, visitors, partners and the communities we work in.</p> <p>The representatives of the Group regularly collect feedback from stakeholders through email communication, website, collaborative events, face-to-face calls and discussions.</p> <p>The Group recognises the increasing importance of corporate social responsibility (“CSR”) and endeavours to consider it as part of the operation of its business.</p>

	<p>The Group supports CSR projects which contribute to the development of Arricano as a stable and reliable business partner and employer.</p> <p>The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals. The Group treats each person equally, irrespective of their origin, nationality, gender, religious beliefs and sexual orientation.</p> <p><b>Health and safety</b></p> <p>The Group is committed to ensuring the highest standards of health and safety for all employees, tenants and visitors.</p> <p>The Group seeks to meet legal requirements aimed at providing a healthy and secure working environment to all employees, visitors and tenants. Arricano understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all parties.</p> <p>The operational activity of the Group has been dramatically impacted by the military invasion of Ukraine by Russia.</p> <p>In response to war and martial law, the Group's shopping malls strictly adhere to prescribed rules and requirements. In prioritising the safety of the workers and visitors, the Group pays special attention to warning systems and evacuation processes to designated shelters. The Group has</p>
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	<p>developed instructions for tenants and visitors regarding their actions during air alarms and conducted first aid training. There are information signs with the addresses of the nearest shelters, as well as a regional map of shelters at shopping centers. All individual stores within the shopping centers are expected to evacuate their staff and visitors and to terminate their work during any air or other alarm periods in the interest of safety and discipline.</p> <p>Responding to Covid-19 challenges, there are points at the entrances in shopping malls where visitors can disinfect their hands with appropriate facilities. The Group's shopping malls thoroughly disinfect the premises in several ways, which ensures the quality and cleanliness of public spaces. Furthermore, during periods when the state authorities advise so, the shopping centers follow the requirements in respect of face masks, social distancing, monitoring the number of visitors and any other measures imposed by the state authorities.</p> <p><b>Environmental, social and governance (“ESG”) practices</b></p> <p>With the global Covid-19 pandemic, the retail industry has had to face major new challenges and, as a result, has undergone significant change. At the same time, it has been presented with a powerful opportunity to demonstrate responsibility, sustainability, resilience and to emerge stronger.</p> <p>Arricano's ESG policy, which was adopted in 2021, and strategy was supported by a series of social and cultural projects relating to environmental factors, communities, operational and governance excellence. The Group continuously participates in different events devoted to environmental</p>
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		<p>safety, studying environmental cases and implementing them. One of the Group's considerations which it continues to follow is waste management. The Company will continue to promote best ESG practices by encouraging Group tenants to integrate them in their policies. The Group encourages separate collection of waste at its malls and offices and encourages its employees to responsibly use office facilities (including re-using paper, printing double-sided etc.). The Group is considering using certification for assessing the ecological footprint of both new and existing projects.</p> <p>The Group will further commit to community cultivation through social and educational programmes that tend to develop human potential, individual self-sufficiency and diversity.</p> <p>The Group commits to embrace corporate responsibility, accountability, ethics and transparency in stakeholder relationships, with ESG being central to Arricano's goals and assets. Embracing these shifts will prove that by reducing our environmental and social impacts, the Company can become stronger.</p> <p>Education, ecology and communities are key elements of Arricano's new social responsibility programme.</p>
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**MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK**

QCA Code Principle	Application (as set out by QCA)	What we do and why
<p><b>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b></p>	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.</p>	<p>The Board takes into account the performance of its individual Directors internally before taking decisions on their re-appointment. This enables the Board to ensure that the Directors' performance is, and continues to be, effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role.</p> <p>In addition, the Board evaluates the performance of the Chief Executive Officer, taking into consideration the fulfilment of the Company's annual goals.</p> <p>At every Annual General Meeting of the shareholders of the Company, all of the Directors shall retire from office and be eligible for re-election.</p> <p>The Company has not adopted a strict performance evaluation procedure with criteria against which effectiveness is considered and with frequency of evaluation process, because it believes that its internal approach of succession planning and the processes by which the Board and other senior management appointments are determined constitutes sufficient motivation and performance assessment, which results in the achievement of the Company's goals and its long-term growth. The Company does not regularly review the performance of its committees or individual Directors other than described above. The Directors consider it appropriate to review the Terms of Reference of the Audit and</p>

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		Remuneration Committees once every two years.
<p><b>8. Promote a corporate culture that is based on ethical values and behaviours</b></p>	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</p>	<p>Arricano promotes a strong innovative results-oriented corporate culture. The culture of the Group is to go the extra mile for its customers, suppliers and shareholders.</p> <p>The Board aims to lead by example and to do what is in the best interests of the Company and its stakeholders.</p> <p>The Group maintains its focus on motivated and inspired people, ensuring competitive compensation through an effective pay system based on results.</p> <p>In order to increase Arricano's tenant and visitor bases which are loyal to the Group, it is vital that all of the Group's employees act in a way that reflects Arricano's values.</p> <p>Our corporate behaviour guidelines, which are read by all employees as part of their induction, provide further specific details of the aforementioned values and principles of ethical behavior promoted in the Group.</p> <p>The Board authorised the CEO to manage the Group's day-to-day business according to the decisions considered and adopted by the Board. The CEO regularly arranges meetings both with senior management and with other Group staff and articulates how the Group's objectives, strategy and business model should be consistent with the Group's corporate culture. The CEO and senior</p>

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		<p>management receive feedback from the Group's employees on their vision of how corporate values are used in the operational activities and how they may improve the effectiveness of the Group's performance.</p> <p>The Group communicates elements of its corporate culture with its visitors and shoppers both online (via social networks, internet platforms, internet forums etc.) and offline in its malls. Online we provide business to consumer communication, promotion and feedback in relation to the goods and the services of the tenants. Arricano enhances its online presence to promote both online and offline engagement, as well as to welcome visitors to its malls.</p> <p>The Group holds regular lectures for its staff about self-confidence, self-development and corporate safety.</p>
<p><b>9. Maintain governance structures and processes that are fit for purpose and support good decision- making by the board</b></p>	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> <li>• size and complexity; and</li> <li>• capacity, appetite and tolerance for risk.</li> </ul> <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>The Board is responsible for the long-term success of the Company. It comprises three non-executive Directors, two of which are independent, which the Group considers appropriate in light of its size and complexity, with various stakeholders being represented sufficiently.</p> <p>There is a formal schedule of matters reserved for the Board. It is responsible for overall Group strategy; approval of major investments (whether capex or opex); approval of the annual and interim results; annual budgets; dividend payments and Board structure. It monitors the Group's exposure to key business</p>

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		<p>risks and regularly reviews the strategic direction of all operating subsidiaries, their annual budgets in addition to their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for implementing the Company's strategy once it has been approved by the Board and overseeing the management of the Group.</p> <p>All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings for prior consideration. The Company reports monthly on its headline performance against its agreed budget and the Board regularly reviews updates on performance, with any significant variances being reviewed at meetings. Senior Group executives below Board level attend Board meetings where appropriate to present business updates or any issues regarding their zone of responsibility.</p> <p>The Remuneration Committee comprises two non-executive Directors. It is chaired by Mr. Frank Lewis; Mr. Georgios Komodromos is its another member. The committee is responsible for the provision of specialized and independent advice, review and recommendation for matters relating to the</p>

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		<p>scale and structure of remuneration for the Directors and the CEO, including any bonus arrangements or the award of share options with due regard to the interests of the shareholders and the performance of the Company. The CEO also joins Remuneration Committee when the remuneration of the Remuneration Committee members is determined. <b>Audit Committee</b></p> <p>The Audit Committee comprises three non-executive Directors. It is chaired by Mr. Frank Lewis; Mr. Georgios Komodromos and Mr. Volodymyr Tymochko are the other members. The Audit Committee meets at least four times per year or more frequently, as circumstances require. The committee is responsible for conducting or authorizing investigations into any and all aspects of the Company's operations, making recommendations to the Board on the appointment of the auditors and the audit fee and for monitoring the integrity of the financial statements of the Company. In addition, the Audit Committee will receive and review reports from the management and the auditors relating to the interim report, the annual report, legal issues and accounts and shall review the internal controls and risk management systems of the Company. Since 22<sup>nd</sup> September 2021 the audit committee held 4 meetings.</p> <p>The Directors consider it appropriate to review the Terms of Reference of the Audit and</p>

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		Remuneration Committees once every two years.

### **BUILD TRUST**

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<p><b>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</b></p>	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.</p> <p>In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> <li>the communication of shareholders' views to the board; and</li> <li>the shareholders' understanding of the unique circumstances and constraints faced by the company.</li> </ul> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The Company communicates with shareholders through the Annual Report and Accounts, website, announcements (including annual and interim reports), the AGM and one-to-one meetings with large existing or potential new shareholders.</p> <p>The Company encourages two-way communication with investors and aims to respond quickly to all queries received. The Board members talk regularly with the Group's major shareholders and ensure that their views are communicated fully to the whole Board.</p> <p>The Board recognizes the AGM as an opportunity to encourage Arricano's shareholders to express their views both formally and informally immediately following the AGM.</p> <p>The Group's communication practices are outlined [on its website at the following link: <a href="https://arricano.com/en/investors#notice">https://arricano.com/en/investors#notice</a>].</p>