



DIRECTOR SELECTION POLICY

Prepared by	Reviewed by	Approved by
Legal Department	CEO/GRC and Internal Audit Department	Board of Directors



Neinor
HOMES

Control of revisions

Review	Date*	
1.0	26/07/2017	Initial version of the Policy
1.01	10/05/2022	First revision of the Policy

*Date of the Board at which the procedure is submitted for approval

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1. General aspects

Recommendation 14 of the Good Governance Code for listed companies approved by the Board of the National Securities Market Commission (hereinafter, CNMV) in February 2015 and revised in June 2020 states:

"The board of directors should adopt a policy aimed at encouraging an appropriate composition of the board of directors and that:

a) is concrete and verifiable,

(b) ensures that proposals for appointment or reappointment are based on a prior analysis of the skills required by the board; and

c) favours diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The result of the prior analysis of the skills required by the board of directors should be included in the appointment committee's explanatory report published when convening the general shareholders' meeting at which the ratification, appointment or re-appointment of each director is to be submitted.

Compliance with this policy shall be verified annually by the appointments committee and reported in the annual corporate governance report."

In this regard, the Board of Directors of Neinor Homes S.A. (hereinafter, "Neinor Homes" or the "Company"), has approved this Policy in order to comply with the basic principles of transparency and information of the aforementioned Good Governance Code for listed companies.

2. Purpose

The purpose of this document is, therefore, to establish the criteria and guidelines for the selection process of Neinor Homes' directors.

3. Description of the Policy

3.1. Analysis of needs

The selection process is based on a prior analysis of the Company's needs and the skills required by the Board of Directors, carried out by the Board of Directors with advice and a report received from the Appointments and Remuneration Committee (ARC).

To this end, the Board will consider the elaboration of a matrix with the necessary skills of the Board, defining the skills and knowledge of the candidates for directors, especially those of executive and independent directors, and assisting the ARC in defining the functions that must correspond to each position to be filled, as well as the most appropriate skills, knowledge and experience for the position.

The ARC will therefore define the roles and capabilities of the candidates and assess the time and dedication required for each vacancy, taking into account, if prepared, the competency matrix referred to above, so that the responsibilities sought can be adequately covered.

In addition, the ARC will annually verify compliance with the director selection policy and report thereon in the annual corporate governance report.

In order to carry out the aforementioned needs analysis and its annual assessment, Neinor Homes may seek external advice.

3.2. Candidate requisites

Valued among the requisites that must be met by directors is that they should be persons of honour, of recognised solvency and competence, with experience (preferably in the sector and/or in administration, management, control or advisory functions) and that they have the qualifications, training, availability and commitment to carry out their duties. In addition, they will also need to know both Spanish and English in order to carry out their duties properly. They must also be professionals of integrity, whose conduct and professional career are in line with the principles set out in the company's Code of Ethics. (See Annex I)

A report will be prepared by the ARC on the competency analysis and will be made available to the General Shareholders' Meeting if deemed appropriate by the Board of Directors.

In this regard, candidates who meet any of the following conditions cannot be considered as directors:

- Persons who have a conflict of interest with the Company, including persons who are part of or have close links with competing companies in the sector, as well as persons who were proposed by them.
- Persons who are subject to any incompatibility or prohibition established in the applicable law¹.
- Persons who for any reason could affect the image and reputation of Neinor Homes or could in any other way jeopardise the interests of the Company, including any person with a criminal record and/or who has been charged in any legal proceedings.

3.3. Selection or re-appointment process for directors

With regard to the guidelines for the selection or re-appointment of directors, firstly, candidates must meet the requirements detailed in Section 3.2 of this Policy.

In addition, Neinor Homes, in compliance with the Capital Companies Law², in its search for candidates to fill new vacancies, will favour diversity of gender, experience, age and knowledge of its directors and will ensure that there are no implicit biases that could lead to any type of discrimination, especially that hinder the selection of female directors. In this regard, Neinor Homes is aware of the content of Recommendation 15 of the Code of Good Governance with regard to the recommended percentage of female directors, which will be duly taken into account for future appointments of new directors or the filling of any vacancies on the Board of Directors that may arise.

To this end, Neinor Homes will ensure that there are sufficient candidates in the market that comply with gender diversity, in addition to functional diversity and diversity of nationality, and will endeavour, as far as possible, to encourage the Company to have a significant number of senior managers. These criteria must be applied in the selection

¹ The directors will be subject, to the extent applicable to them, to Law 53/1984, of 26 December, on Incompatibilities of Personnel in the Service of Public Authorities, to Law 3/2015, of 30 March, governing the exercise of senior positions in the General State Administration, and other regulations on incompatibilities.

² The legislation referred to is Article 529 bis on "Necessary nature of the board of directors" of Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Capital Companies Law.

process and compliance with them will contribute to the efficiency of the Board's decision-making.

A proposal of candidates for director may be made by any director, provided that the person meets the conditions set forth in Section 3.2 of this Policy, although it is the ARC that will analyse the suitability of the candidacy in accordance with the guidelines of this Policy, before submitting it to the Board of Directors, which will formally approve it. As part of the selection process, the ARC, or at least its chairman or one of its members, will meet with each of the candidates for director before issuing its report or proposal, putting on record the meetings and at least the evaluation of the final candidates or those deemed suitable in the minutes of the meetings of the ARC.

The candidate will also be required to provide sufficient information about his/her other activities and potential conflicts of interest so that the ARC can assess the effect these may have on the candidate's ability to perform his or her duties under the stipulated conditions or on his or her current or future independence, and the candidate's formal written acceptance of the Group's policies for directors will be obtained.

4. Supervision and monitoring of the Policy

The ARC will ensure and verify compliance with and implementation of this Director Selection Policy on an annual basis, reporting periodically to the Board of Directors and in the Annual Corporate Governance Report.

5. Entry into force and term

This Director Selection Policy will enter into force as from its approval by the Board of Directors of Neinor Homes on 10 May 2022.

Annex I - Eligibility of candidates

Main requirements for new directors

- A person of honour, honesty, integrity and recognised prestige.
- Experience and qualified training in the following areas, preferably:
 - ✓ Real estate sector and market (operations and regulation).
 - ✓ Finance and accounting.
 - ✓ Risk management and control.
 - ✓ Cybersecurity.
- Experience in administration, management, control or advisory functions for other companies.
- Availability and commitment to carry out the role.
- Fluency in Spanish and English.
- Professional career aligned with the principles set out in the company's Code of Ethics.
- No conflicts of interest with Neinor Homes or with competing companies in the sector.
- Not to be in any situation of incompatibility or prohibition established in the applicable law.
- Not to affect the image and reputation of Neinor Homes for any reason or otherwise jeopardise the interests of the company, including not having a criminal record or not having been charged in any legal proceedings.