



## **POLICY ON PROVISION OF NON-AUDIT SERVICES BY THE EXTERNAL AUDITOR**

| <b>Prepared by</b>   | <b>Revised by</b>                  | <b>Approved by</b> |
|----------------------|------------------------------------|--------------------|
| Financial Department | Internal Audit and Risk Department | CEO                |



**Neinor**  
HOMES

| Revision control |            |                               |
|------------------|------------|-------------------------------|
| Revision         | Date*      | Description of changes        |
| Rev 0            | 31/10/2017 | Initial version of the Policy |
|                  |            |                               |
|                  |            |                               |
|                  |            |                               |
|                  |            |                               |

\* Date of the Committee at which the procedure is presented for approval

### TABLE OF CONTENTS

|   |          |
|---|----------|
| <b>1. General features .....</b>                        | <b>3</b> |
| <b>2. Purpose .....</b>                                 | <b>3</b> |
| <b>3. Scope.....</b>                                    | <b>3</b> |
| <b>4. Description of the Policy .....</b>               | <b>3</b> |
| 4.1. Services not permitted for external auditors ..... | 3        |
| 4.2. Services permitted for external auditors .....     | 5        |
| <b>5. Supervision and Control of the Policy .....</b>   | <b>7</b> |
| <b>6. Entry into force and validity .....</b>           | <b>7</b> |

---

## 1. General features

---

As established in the approved Audit and Control Committee Regulations, this Committee "will develop and apply a policy on the provision of non-audit services by the external auditor to avoid any threat to the objectivity and independence thereof, taking into account the relevant ethical guidelines on the matter".

In this connection, 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 business ethics and professional integrity.

---

## 2. Purpose

---

The purpose of this document is to determine the services other than the external audit of the financial statements that cannot be provided by Neinor's external auditor, as well as to delimit the remaining services that are compatible and that the aforementioned external auditor could perform.

---

## 3. Scope

---

This Policy is applicable to the outsourcing by Neinor, to the external advisors and consultants who perform the external audit, of other different support, collaboration and/or implementation work.

---

## 4. Description of the Policy

---

### 4.1. Services not permitted for external auditors

As established in the applicable rules for account auditors<sup>1</sup>, Neinor prohibits the external auditor from performing the following services:

---

<sup>1</sup> The regulations referred to are mainly:

- Article 5 on "Prohibition of providing non-audit services" of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.
- Article 39 on "Incompatibilities and prohibited services" of Law 22/2015, of July 20, on Audit of Accounts.

- Tax services relating to:
  - The preparation of tax forms (\*).
  - Income tax on work.
  - Customs duties.
  - The search for public subsidies and tax incentives (unless the legislation requires the auditor to provide support in relation to these services) (\*).
  - Assistance regarding tax inspections of the tax authorities (unless the legislation requires the auditor to provide support in relation to these services) (\*).
  - The calculation of direct and indirect taxes and the deferred payment of taxes (\*).
  - Tax advice (\*).
- Services that involve any kind of intervention in the Company's management or taking of decisions.
- Services of accounting and preparation of accounting records and financial statements.
- Services relating to payrolls.
- Design and implementation of internal control or risk management procedures relating to the preparation and/or control of financial information or of the design or application of financial information computer systems.
- Valuation services, including valuations made in relation to actuarial services or litigation assistance services (\*).
- Legal services relating to:
  - The provision of general advice.
  - Negotiation on behalf of the audited entity.
  - The defence of the client's interests in the resolution of litigation.

*N.B.: The jobs marked with a (\*), although a priori prohibited for the external auditor, could be done by it if the requirements listed in section 4.2 of this Policy are met.*

*"Hard copies may not be the latest version; consult the documentation on line"*

- Services related to the company's internal audit function.
- Services linked to the financing, structure and distribution of capital, and the investment strategy of Neinor, with the exception of the provision of verification services in relation to financial statements, such as the issuance of compliance letters in relation to any prospectus issued by Neinor.
- Services for the marketing, trading or subscription of shares of Neinor.
- Human resources services related to:
  - Managerial positions that could exert a significant influence on the preparation of accounting records or financial statements subject to legal audit, if such services include: search or selection of candidates for these positions, or verification of references of candidates for these positions.
  - The structuring of the design of the organisation.
  - Cost control.
- Any work that may compromise the auditors' independence.

*N.B.: The jobs marked with a (\*), although a priori prohibited for the external auditor, could be done by it if the requirements listed in section 4.2 of this Policy are met.*

#### **4.2. Services permitted for external auditors**

In accordance with the applicable legislation<sup>2</sup>, some situations are established in which the non-permitted services mentioned in the previous point could be carried out by the external auditor. For this, the following requirements must be fulfilled:

- That the services do not have a direct effect or have an effect of little relative importance, separately or in an aggregate form, on the audited financial statements.

---

<sup>2</sup> The regulations referred to are mainly:

- Article 5 on "Prohibition of the provision of non-audit services" of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

- Article 39 on "Incompatibilities and prohibited services" of Law 22/2015, of July 20, on Audit of Accounts.

- That the estimate of the effect on the audited financial statements is documented in a comprehensive manner and explained in an additional report<sup>3</sup> prepared by the external auditor on the scope of its services for the Audit and Control Committee.
- That the external auditors abide by the principles of independence established in Directive 2006/43/EC<sup>4</sup>.

In particular, the external auditor of the financial statements could perform, if the above requirements are met, the work indicated below:

- Tax services relating to:
  - The preparation of tax forms.
  - The search for public subsidies and tax incentives.
  - Assistance relating to tax inspections of the tax authorities.
  - The calculation of direct and indirect taxes and the deferred payment of taxes.
  - Tax advice.
- Valuation services, including valuations made in relation to actuarial services or services of assistance in matters of litigation.

---

<sup>3</sup> The additional report of the external auditor referred to is described in Article 11 on "Additional report to the audit committee" of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

<sup>4</sup> The regulations referred to are Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EC and 83/349/EC and repealing Council Directive 84/253/EC.

---

## **5. Supervision and Control of the Policy**

---

The Audit and Control Committee, through the Internal Audit Department and the Finance Department, will monitor and verify the compliance with and application of this Policy for the provision of non-audit services by the external auditor, reporting periodically to the Board of Directors.

---

## **6. Entry into force and validity**

---

This Policy comes into force upon its approval by the Board of Directors of Neinor Homes on 31 October 2017.