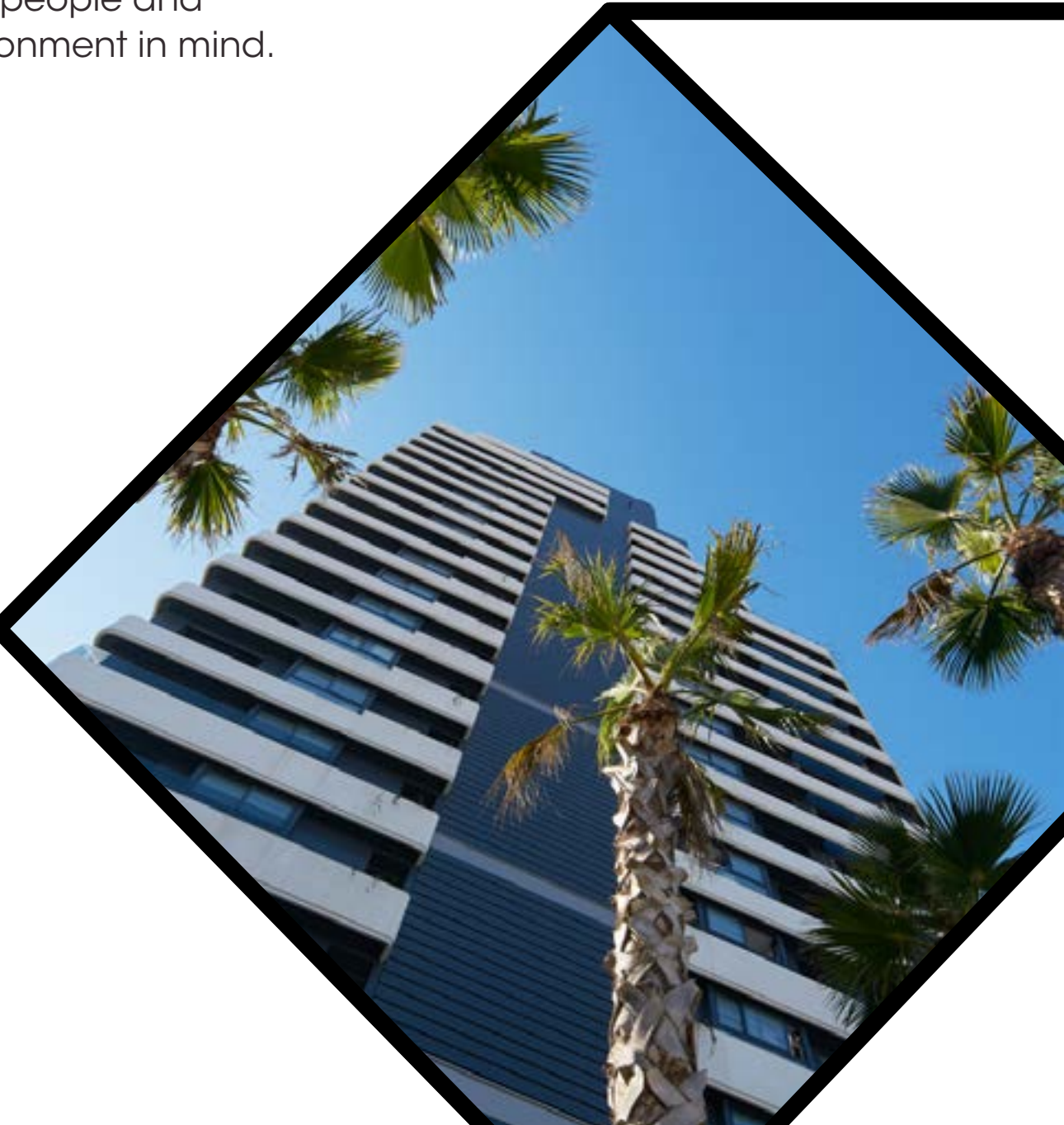


SUSTAINABILITY

REPORT

2020

Keeping people and
the environment in mind.



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01

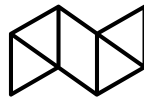
EXECUTIVE SUMMARY



WHO ARE WE?

Neinor Homes, the developer with the ambition to transform the sector

STRATEGIC PILLARS



VISION

Stand out as the **benchmark** in residential property development

MISSION

Generate **suitable value** for stakeholders

VALUES

Products designed for **our customers**

Multidisciplinary Talent

Permanent innovation strategy

Sustainability, key to our DNA

Responsability with the sector

Good **Government**

HOW DO WE CREATE VALUE?

We create value based on a responsible business model.

EMPLOYMENT GENERATION



¹According to Asociación de Promotores Inmobiliarios de Madrid (ASPRIMA), 2.4 indirect jobs are generated for each dwelling.

ECONOMIC
VALUE
GENERATED

574
million euros

EBITDA

101
million euros

INDUSTRIALIZED MODEL

Development of first and second homes, construction, rental management of own and third-party homes, servicing management.

Systematization

Standardization

Rigor

Surroundings

Innovation

Technology

Neinor Homes also manages **all the phases of its value chain** residential promotion process.



1.1 millions m²
land bank



169 developments and
more than 9,700 homes
ready for development



More than 1,600 homes
delivered in 2020

QUALITY AND ENVIRONMENT MANAGEMENT



Quality, safety
an Environmental
Policies



ISO 14001 Environmental
Management Certification
ISO 9001 Quality
Certification



278,501 kWh
consumed



1,860 kg
paper
consumed



39%
reduction
in paper
consumption

WHAT ROLE DOES SUSTAINABILITY PLAY AT NEINOR HOMES?

CORPORATE SOCIAL RESPONSIBILITY AS INTERNAL ACTIVITY FRAMEWORK

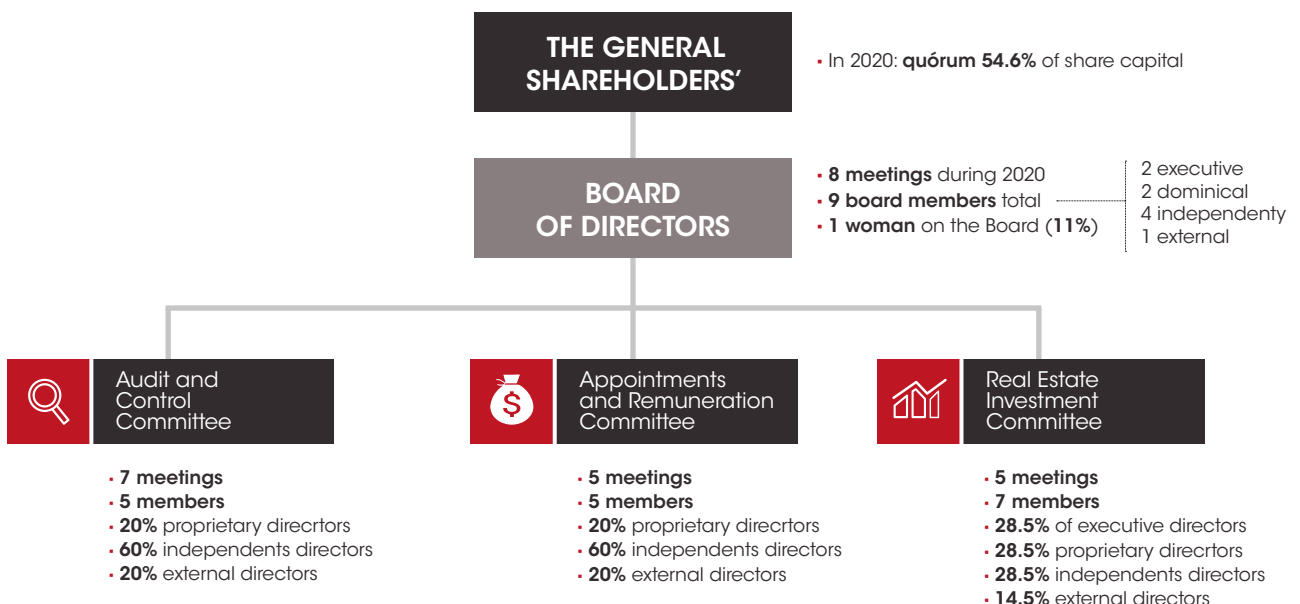


Corporate Social Responsibility Master Plan: Visión 2021



WHAT SI THE BASIS FOR OUR GOVERNANCE MODEL?

our activities are based on a responsible governance model

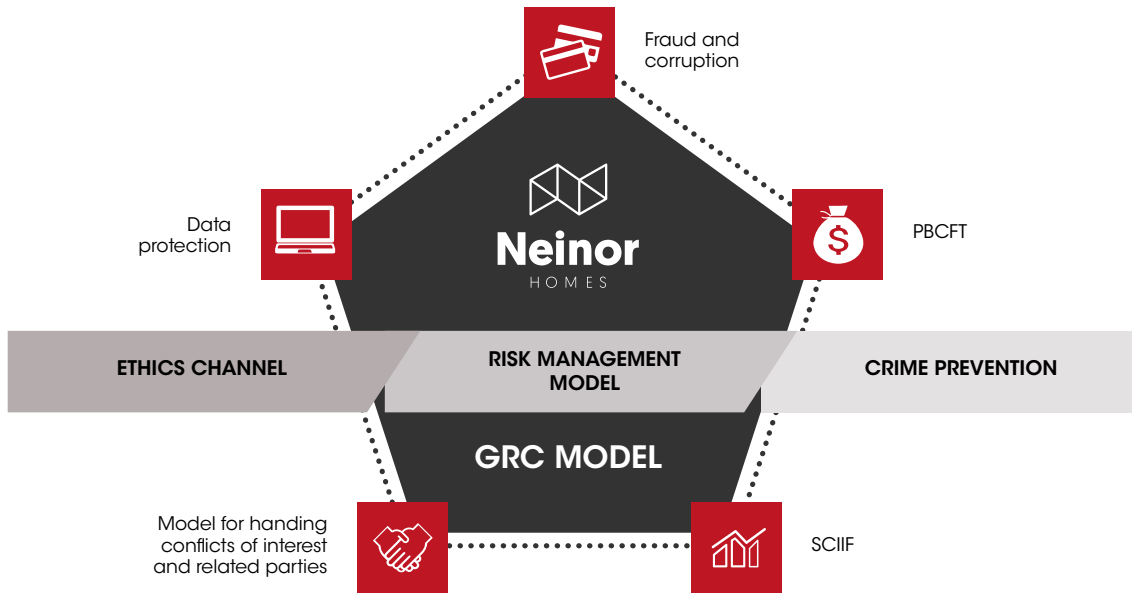


AN INTEGRAL CONTROL, COMPLIANCE AND ASSURANCE MODEL

GOVERNANCE, RISK AND COMPLIANCE MODEL (GRC)

Based on best practices from companies in this and other sectors

CORPORATE SOCIAL RESPONSIBILITY CORPORATE GOVERNANCE



Ethics Channel and management Procedures

- Code of ethics
- Third-party code of conduct
- Ethics channel
- Promotion of good practices in real estate intermediation de la intermediación inmobiliaria

Risk management model

- Integrated Internal Control System
- Updated Corporate Risk Map
- Risk plan (Covid 19)

Crime prevention

- Task risk policy
- Workplace Risk Prevention Policy

Zero tolerance to corruption

- Anti-corruption policies
- Transparency award Integrity and Fighting Corruption

Handling conflicts of Interest

Policies for handling conflicts of interest and transactions with related parties

Data protection, confidentiality and information security

- Confidentiality and Personal Data protection Policies
- Procedures for filling in ownership information

Internal Control over Financial Reporting System

Internal control over financial reporting (ICFR) systems



**ISO 27001
Certificate**
(Information Security)

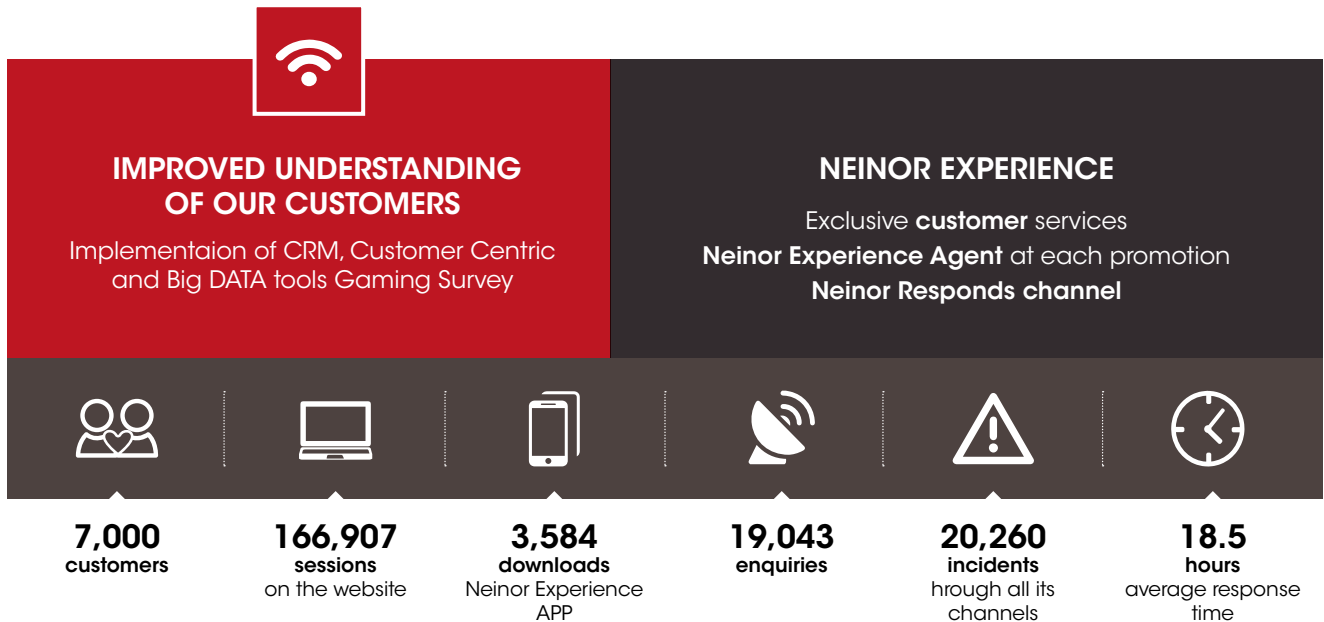
**ISO 9001
Certificate**
(Quality management)

**ISO 14001
Certificate**
(Environmental management)

**UNE 166002
Certificate**
(R&D management)

WHAT ADDED VALUE DO WE OFFER OUR CUSTOMERS?

We offer personalized, tailored service to our customers.



WE BUILD HOMES WITH ADDED VALUE

			VALUE-ADDED SERVICES
INSURANCE FAMILY HOME PROTECTION	GOOGLE MINI	NEINOR MOBILITY PACK	
			<ul style="list-style-type: none"> • Investigation + Listening + Development process • White paper standardization • Personalization alternatives • Sustainibility: BREEAM® Certification

INNOVATION DRIVING TRANSFORMATION

NEINOR NEXT

- Working with startups in the evaluation and development of improvements in our products.

INNOVATION IN PROCESSES

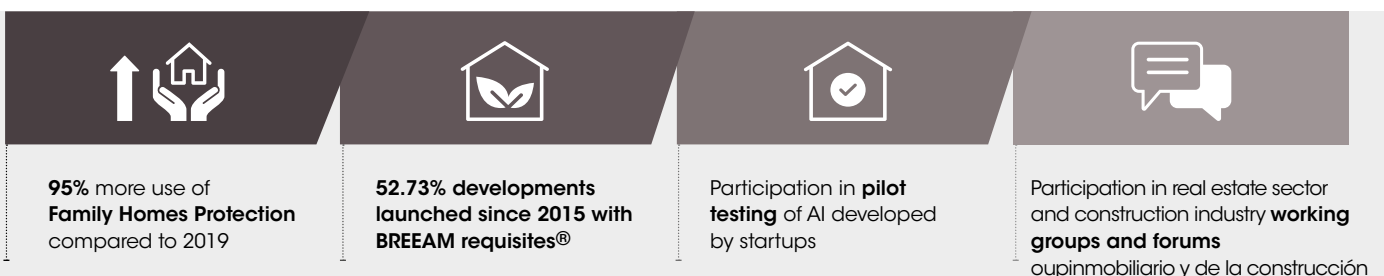
- Analysis of the integration and optimisation of the construction white paper in the adaptation to the technical code.

COOPERATIVE INNOVATION

- Participation in forums and working groups: Basque Construction Cluster, Platform for the Industrialisation of Housing and Cemex.

DIGITAL TRANSFORMATION

- Digital Transformation Plan
- Digital initiatives that provide added value



WHO FORMS PART OF NEINOR HOMES?

Our **employers** are committed



Neinor
HOMES

Strategic Human resources plan

Strategic Human plan
Loyalty Scheme
Specific Covid-19 measures

Professional and personnel development

Internal promotion
Welcome Pack
Atractiver and flexible remuneratio

Wellbeing and work-life balance

Work-life balance plan
Measures decalogue

Equality and diversity

Equality plan
Code of conduct
Code of ethics
Diversity and anti- discrimination policy
Code of Conduct for third parties

Training

Training platform
8,4h of training per employee and 11 training courses given to employees

Safety and health

PRL Audits
Life insurance
Works safety

Communication, satisfaction and initiatives for involving employees

Social initiatives
Workplace satisfaction survey
Management communications
Team competitions



288
employers
41.8
average age



44%
female
56%
male



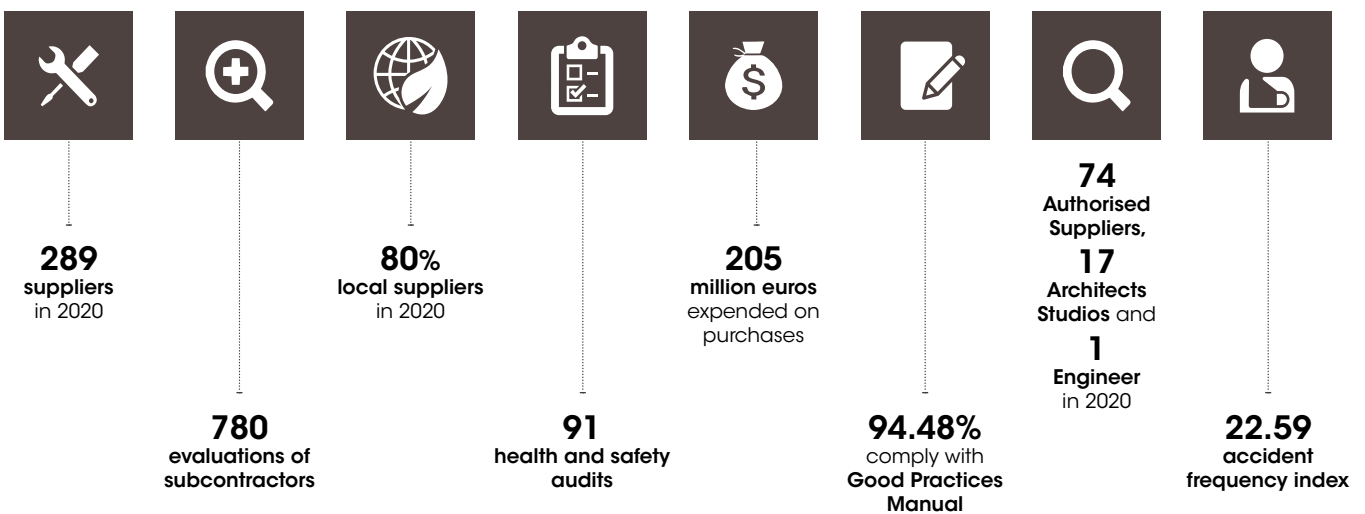
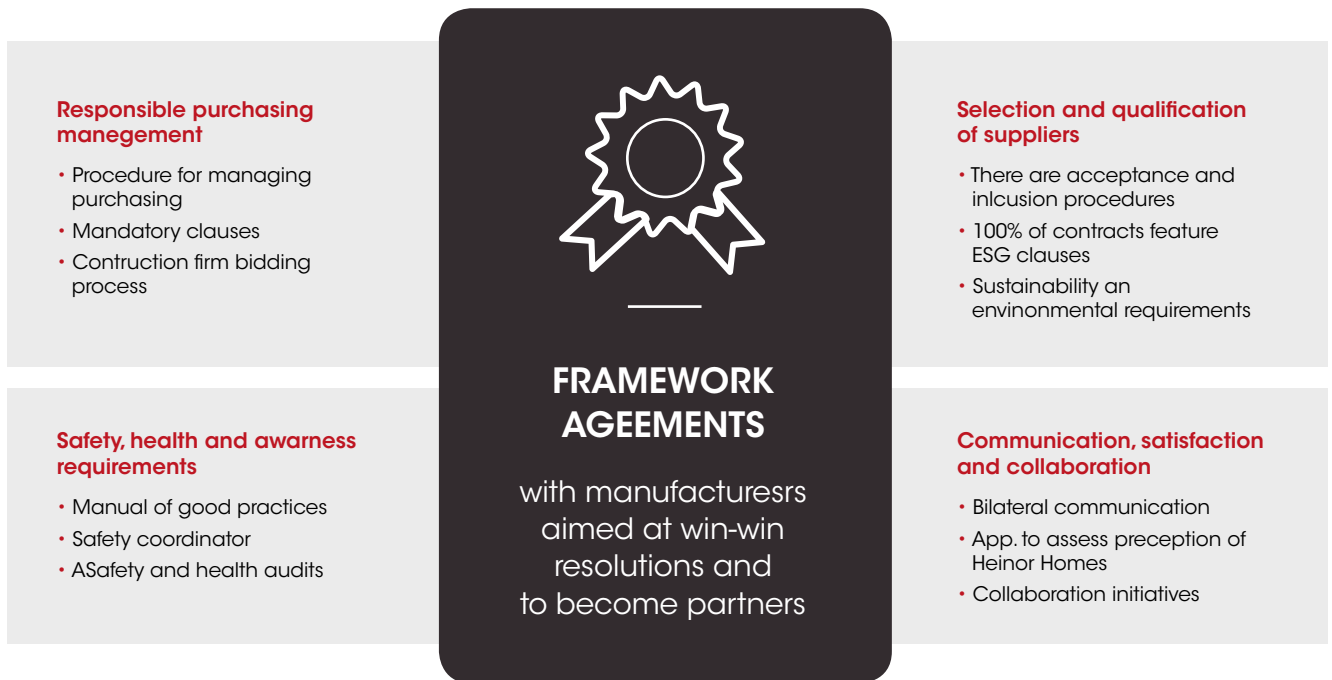
3.7%
absenteeism rate



34
incorporations
5
employees promoted

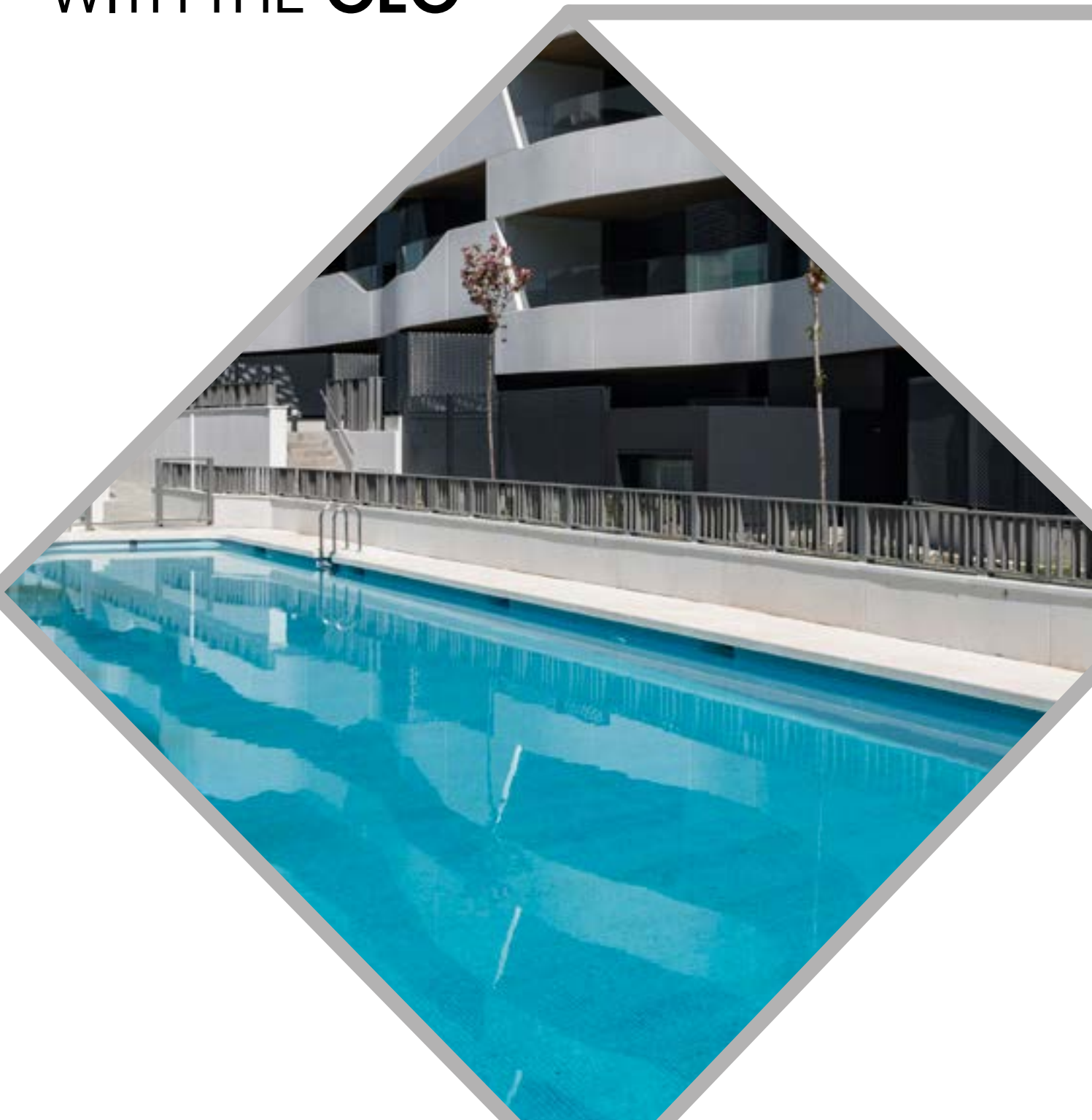
HOW DO WE WORK WITH OUR SUPPLIES?

We are strategid partners with our suppliers.



02

INTERVIEW WITH THE **CEO**



We are a company that is immersed in a period of **continuous growth**, which requires us to manage our human resources with the **utmost responsibility**.

Given this **year's health crisis**, how has the real estate sector performed in this new context?

The COVID-19 pandemic has undoubtedly been the salient feature of the macroeconomic context, not only in Spain but also worldwide, affecting all sectors to a greater or lesser extent. Fortunately, on this occasion, unlike the 2008 crisis, we have a real estate market in good shape and a healthy financial sector, where credit continues to flow at very low interest rates, and it is very likely that, after the COVID-19 crisis, it will remain at these levels for a long time, thus making buying a very interesting option. Furthermore, I have no doubt that this time our sector can act as the motor of economic recovery and, within a flexible framework of cooperation between the private sector and the public authorities, contribute to the recovery of the jobs lost in recent months and those that may continue to be lost in the future. And here it will be of great importance to focus on the younger generation, so that they are not left behind. We need to find formulas to give them access to housing and here, as we have said, public-private partnerships will be key.



BORJA GARCÍA-EGOTXEAGA
CEO

Focussing on the **activity of Neinor Homes**, how has the company dealt with this situation?

The company began 2020 having met its targets set for the previous year in terms of EBITDA and deliveries, so we were in a very healthy and robust situation within the sector. However, once the health crisis began, the company put responsibility and prudence foremost, drawing up a contingency plan that would allow us to deal with the situation in the best possible way. Cash preservation and a commercial policy adapted to the times, with the commitment to virtual visits or online pre-reservations, produced excellent results, which allowed us to close the year again meeting the objectives we had for the year, as well as with annual sales in line with what we had set ourselves before the pandemic.

As a leading company we have been aware at all times of the importance that our work has had and is having for the sector, which is why we have put a great deal of effort into keeping our construction works active, thus preserving the companies and the jobs of the companies that work with us, and at the same time contributing to building a strong sector that, as we say, can be part of the solution in this crisis that is also an economic one.

Internally, the company's objective has always been to take care of its workforce, by preserving all jobs and with prevention and health care policies, following the World Health Organisation's recommendations at all times.

What role does **sustainability** play in your strategy?

Sustainability has been one of the pillars of the company since its inception. We are fully committed not only to the sustainability aspects of our buildings - where, for example, we are leaders in BREEAM certifications for our developments within the sector - but also to a much broader vision. We are committed to meeting the 2030 Agenda, supporting the achievement of the SDGs, for which we are taking various measures both at sectoral and internal level within the company that we are increasing every year, as well as having a strong commitment to equality and diversity within the company. We firmly believe that a social and environmental commitment is fundamental in any company and we want to set an example in this respect. In this connection, a reflection of this is the Sustainability Report that we have prepared for the fourth consecutive year, which we have produced on a voluntary basis and which we also submit to an audit, the result of which has always been favourable, providing an accurate measure of the reliability and integrity of this document.

What **values** then define the company in this new context?

Our values have been unchanged since the beginning of this company. We firmly believe in what we do and that as a sector we can make a significant contribution to building a better society, for which we are basing ourselves on well-defined pillars.

We are committed to our team, to its stability and working environment, internally promoting the company's values of integrity, honesty, effort and solidarity, especially in the current social and health prevention context.

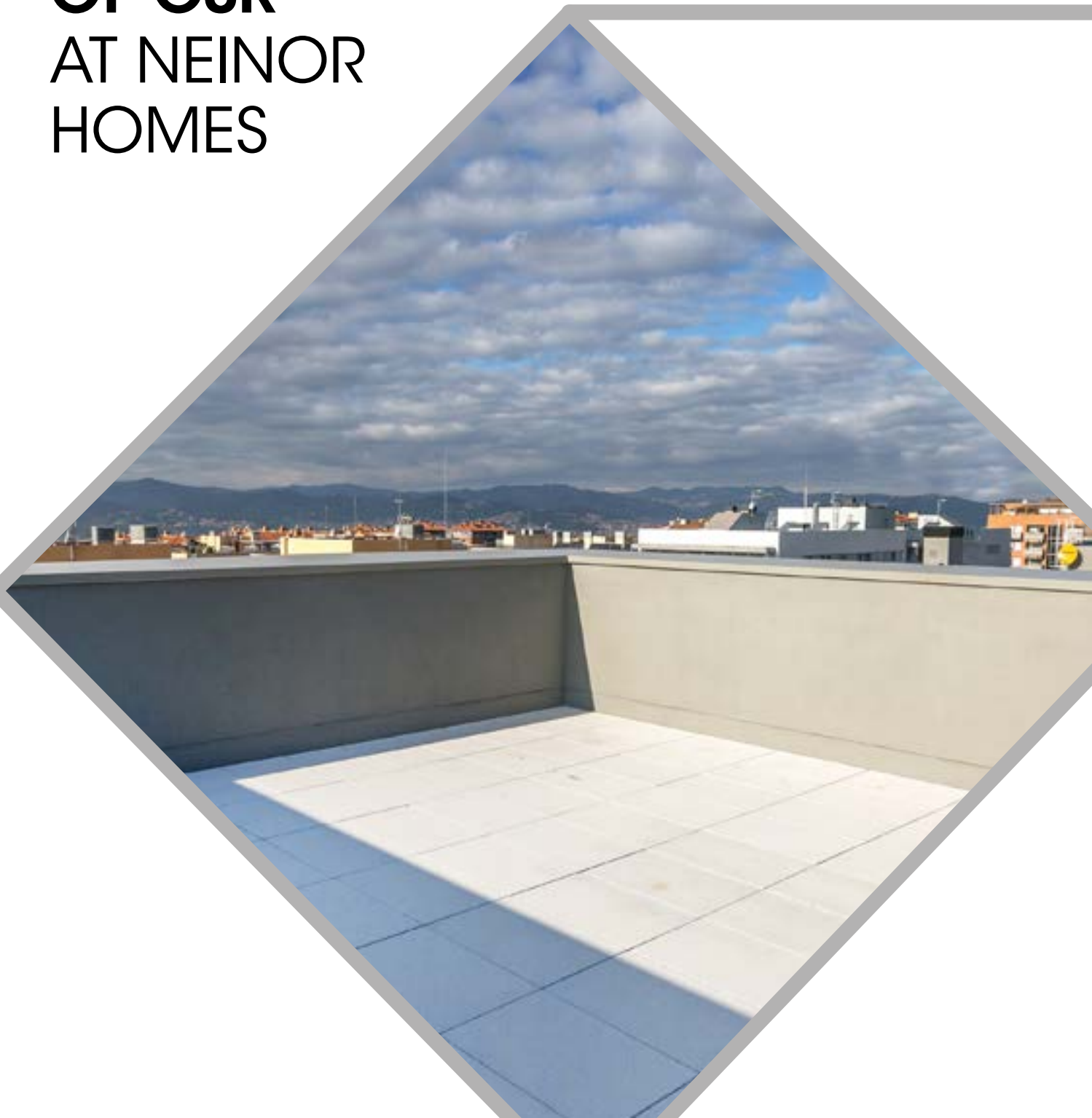
At the same time, we are committed to our shareholders - maximising the value of each transaction and always acting in accordance with ongoing market analyses - as well as to our customers, striving to build quality homes and providing them with a team that remains at their side throughout the process, to accompany them and assist them from the reservation to the delivery of their new home.

Finally, I would highlight our commitment to society, analysing every step taken by the company to ensure the utmost rigour, both legally as well as in terms of environmental impact and of social repercussions, aiming to contribute to better access to housing, creating jobs, developing the sector and, therefore, contributing to the generation of wealth in the country.

Neinor Homes is a **benchmark company**, both for its **own employees** and for the rest of the **companies in the sector**.

03

**EVOLUTION
OF CSR
AT NEINOR
HOMES**



2020 has been a year of change in terms of Corporate Social Responsibility at Neinor Homes, after a redefinition of the main trajectories for value creation in society with a focus on the contribution its business makes to society. In this way, the company's Master Plan establishes the main courses of action in order to contribute to Neinor Homes' commitment to others.

Specifically, the main advance in CSR strategy has been based on the definition of priorities and the linkage of CSR with the business, backed by an internal and external communication plan with different courses of action: sustainability, transformation of the sector and a social action axis structured around employees. In this way, we are responding to the most important issues for Neinor Homes and channelling its CSR strategy to achieve a greater impact.

Since the CSR strategy pivots on the **Business**, Neinor Homes seeks to generate a positive impact or footprint on society by contributing to the creation of a more sustainable environment, focusing on the environment, society, shareholders, clients, suppliers, employees and public bodies. In short, this Master Plan also seeks to respond to the expectations of stakeholders in relation to CSR.



SUSTAINABILITY

The first course of action focuses on the company's contribution to the environment and sustainable construction, aware that its business objective is to build homes, a basic need that should contribute to building the city of the present and of the future. For this reason, the company has made a voluntary commitment to consider BREEAM® certification requisites in the majority of its developments, such that since its foundation **52.73% of the developments launched (165 developments)** have included the requisites for obtaining BREEAM® sustainability certification at the Good or Very Good level from the design phase, which means more than **7,700 homes**. And of the total number of completed developments, 32 developments have achieved the final BREEAM® certification, representing **2,225 homes certified**. In 2020 we have made progress in fulfilling our commitment: of the total construction completed, 76% are BREEAM® certified.



TRANSFORMATION OF THE SECTOR

Since its foundation, Neinor Homes has acted as a spearhead for the sector, leading a necessary transformation process within an eminently traditional market. With the aim of contributing to the social and economic development of the places where it is located, together with its 288 employees, the company has generated indirect employment in 2020 for over 14,822 professionals. Likewise, in its commitment to transforming the sector, the Master Plan includes support for innovation start-ups, promotes customer focus and digitalization, and envisages *assurance* and *compliance* through collaboration with other companies and strengthening Good Corporate Governance, respectively.

Another of the main elements of the Master Plan is based on **employees**. Through CSR, Neinor Homes seeks to improve the satisfaction and well-being of its professionals through conciliation, training, remuneration and career planning.

The Plan is therefore developing a specific course of **social action**. The commitment to society in this area is implemented through the active participation of employees, having the professionals as ambassadors of the firm and promoting the feeling of belonging to the company. As a result, the necessary tools and means have been developed to channel the staff's desire to help others through various kinds of measures.

In this connection, together with sporting events linked to social measures that promote the team, health and sport (races, participation in leagues or office championships), the focus has been placed on developing measures with social commitment, which will involve both outside initiatives (spending a day at school with disabled people, helping in orphanages to cover basic needs, training and supporting the unemployed to find jobs and housing, or helping to replant forest areas or urban parks, among others); to inside measures, which allow the whole staff to join efforts with common awareness objectives (reduction of the use of plastic in the office, arrangements for commemorative days, web page accessible to disabled people, etc.).

04

TRANSFORMATION OF THE SECTOR



We are a **residential developer** in which, through the application of best practices in the various areas of our activity, we seek to **accompany our clients** in a **close and responsible manner** in one of the most important decisions of their lives, the **choice of their home**.

4.1. OUR IDENTITY

Neinor Homes is a listed company dedicated to the **residential development** in Spain of first and second homes for customers in the medium or medium-high segment and homes for rent through specialized managers. One of our pillars is the customer, based on our deep conviction that **the customer must be at the centre** of each and every decision.

Neinor Homes has the aim and ambition to back a culture of permanent and pragmatic innovation in all areas of the company. It also has a vision oriented towards a new, more professional **business model**, based on the customer, rigour, ethics, transparency and a clear commitment to industrialisation.

The company's raison d'être is based on **three strategic pillars**:



CUSTOMERS

At Neinor Homes, we create new Homes with peoples' **real needs** in mind, and that's why we pay attention to their request and demands. Our **customers** are at the heart of this strategy, and we proactively accompany the throughout the sale and after they have been presented their keys.



PRODUCT

At Neinor Homes we take special care with the **design and distribution** of our new homes, forging a close bond through our **quality, innovation and sustainable construction**, characterized by maximum energy efficiency and user comfort. They all have energy ratings of A or B, BREEAM® Certificates, and the Spartium safety and health seal of excellence.



INSTITUCIONALIZATION

We try new approaches and continually optimize our processes thanks to a business model based on **process-systematization, rigor and transparency**. As a result, we can evolve and become more efficient by always offering our customers quality unlike any other on the market.

4.2. A NEW PATH, A LONG JOURNEY

Neinor Homes S.A. began trading in **May 2015** with the clear objective of leading the **transformation of the real estate sector** and becoming a **benchmark in quality and customer service**. In addition, the firm has the almost 30 years of experience of its predecessor, the Kutxabank real estate subsidiary, from which Neinor Homes was spun off to become an **independent real estate development firm**. Currently, strategic cooperation is maintained with the financial entity, as Neinor Homes is acting as a Servicer.

Neinor Homes reached a new dimension on 29 March 2017 with its **entry into the Spanish Stock Market**, being admitted to trading on the secondary markets of Madrid, Barcelona, Bilbao and Valencia. It thus became the first stock market launch by a residential developer in Europe in the last decade.

The **company's achievements** to date and the **rapid growth** it has experienced since its creation (more than 1,600 homes delivered in the last year) are due to a firm strategy, very significant investment in innovation and technology and the talent of its professionals, making it a **benchmark company in the sector**. In this way it has managed to increase its workforce 3.6 times, from 80 to 288 employees.

Neinor Homes
has become
the leading real
estate developer

4.3. MISSION, VISION Y VALUES

Neinor Homes conducts its activity in a highly competitive environment based on a mission and a vision that shows its **aspirations** and **objectives**, which are based on **values** that are intimately linked to the 3 strategic pillars of customer, product and institutionalization.

VISION



To be the **benchmark residential developer in Spain**, leading the market, not only from the perspective of the volume of homes delivered but also setting the rules for a radical transformation of the sector towards a new, more institutional model, based on the customer, rigour, ethics, transparency; and with a clear commitment to an industrial model.

MISSION



To embrace the enormous opportunity represented by the transformation and consolidation of the real estate sector to **generate sustainable value for all our stakeholders**, with margins and returns in accordance with the risk of the development business, building houses with people in mind, establishing stable relationships with suppliers and increasing the value of employees.



PRODUCTS DESIGNED FOR OUR CUSTOMERS

Neinor Homes **places the client at the centre of its activity**, responding to the current needs of society and trying to listen carefully to detect their expectations.



MULTIDISCIPLINARY TALENT

Neinor Homes is committed to the diversity of professional profiles and encourages teamwork of different talents to **develop the potential of employees.**



ONGOING INNOVATION

Neinor Homes is committed to **promoting innovation in a sector traditionally resistant to change**, backing a culture of ongoing innovation and promoting the exchange of knowledge, experiences and technologies with other actors in this and other sectors.



SUSTAINABILITY, THE KEY TO OUR DNA

Neinor Homes develops a product linked to the needs of the customer and society, **working on sustainable, accessible and energy efficient projects.**



RESPONSIBILITY TO THE SECTOR

Neinor Homes humbly assumes **the responsibility of being one of the driving forces behind the new Spanish residential real estate sector**, taking advantage of the opportunity to set new values in the sector, being the driving force behind its reactivation and exponent of the return to the capital market.



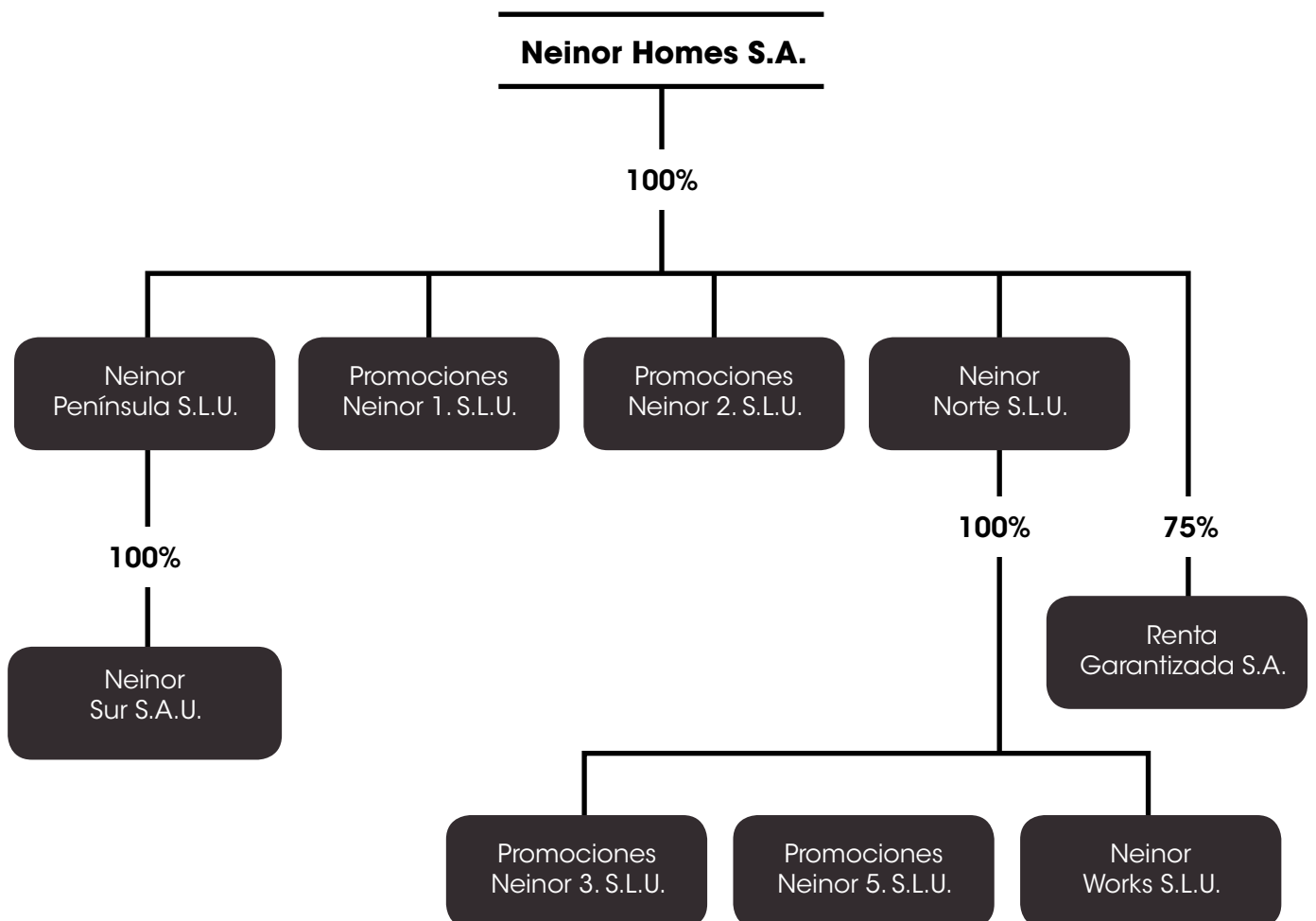
GOOD GOVERNANCE

Neinor Homes is a proponent of creating value through non-negotiable institutional principles such as **transparency, ethics, integrity and good governance.**

4.4. OWNERSHIP STRUCTURE

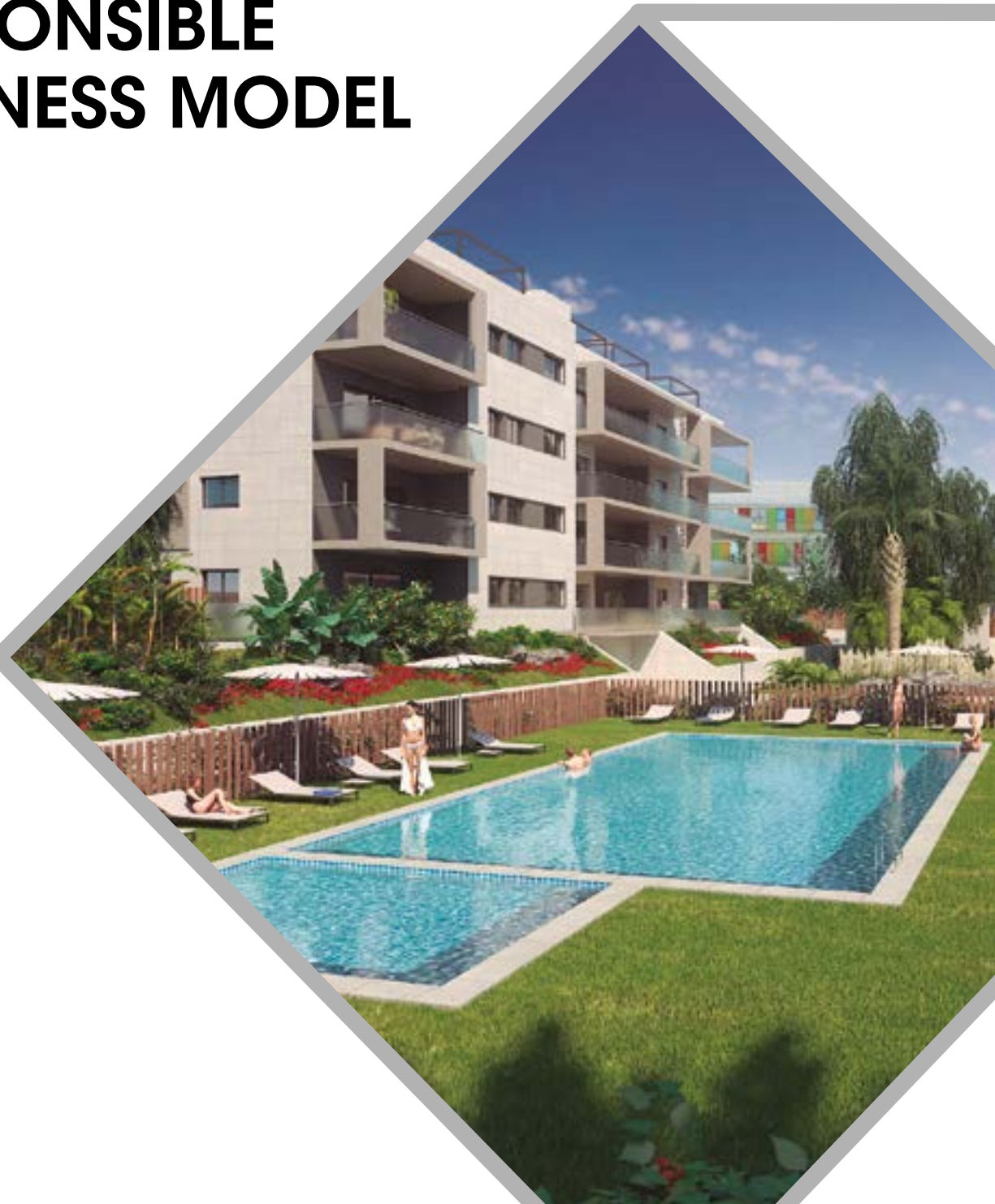
Neinor Homes has its main base in the **Basque Country**, from where it has extended its activity throughout the **rest of the Peninsula**, concentrating on the markets with the highest demand and the lowest stock, with a particular presence in Madrid, the Basque Country, Catalonia, Andalusia, the Valencian Region and the Balearic Islands. It has **offices** in Bilbao, Barcelona, Madrid, Cordoba, Malaga and Valencia.

The following is a list of Neinor Homes S.A.'s **subsidiaries**:



05

WE CREATE VALUE
THROUGH A
**RESPONSIBLE
BUSINESS MODEL**



The priority of our **business model** is to meet the needs of our customers based on responsibility in the **exercise of our activities** and the **commitments** we have made to our stakeholders.

5.1. ECONOMIC AND SOCIAL ENVIRONMENT

At Neinor Homes, we are focused on satisfying the needs, changing appetites and aspirations of our customers. We have a superior first home product, the best locations in Spain and a bank of land acquired for the best prices. In an environment of uncertainty, Neinor Homes is well-prepared to face the changes of the post-Covid world. We have never been better positioned financially, operationally and technologically to face this challenge.

Moreover, **interest rates have remained low**, which increases the accessibility of home ownership for Spaniards. In addition, financial institutions continue to **offer easier access to mortgages**. All of this has meant that the fundamental data on home sales and purchases remain solid in the current situation.

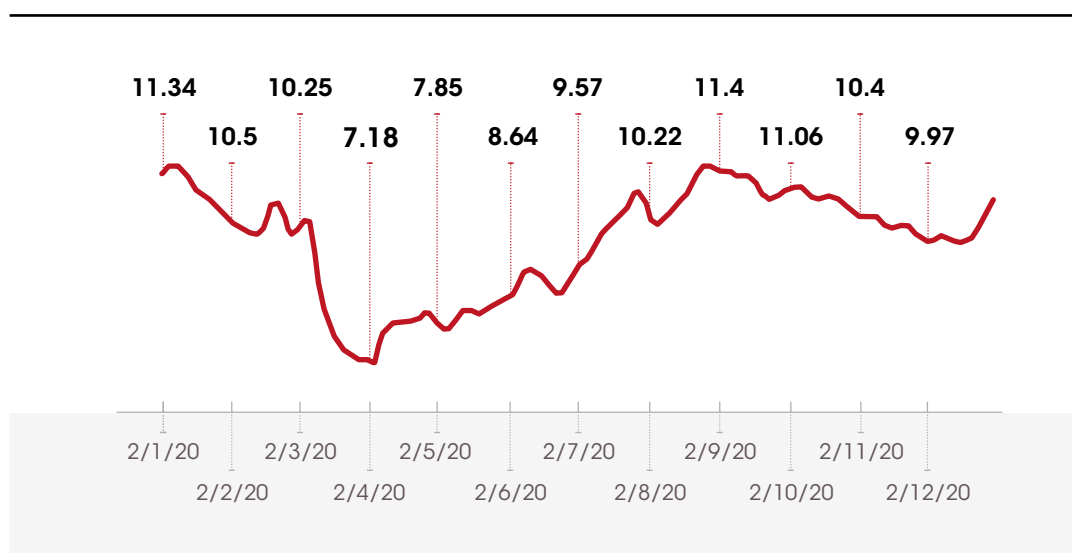
Within this **context of a degree of economic stability** and taking into account that residential development is a sector with a complex value chain in which many agents intervene, Neinor Homes deals with all these factors through a critical analysis that is mainly based on **new technologies, innovation and sustainability**. The improvement of **ongoing listening to current and potential customers**, virtual visits and online pre-reservations are other factors that allow us to better understand the direction the market is taking. **In 2020 Neinor Homes has delivered 2,438 homes** (including more than 1,600 new-build homes, together with those of retail and servicing).

We have never been better positioned financially, operationally and technologically to meet the post-Covid challenge.

5.2. DEVELOPMENTS IN THE STOCK MARKET

Neinor Homes was floated on the stock exchange on 29 March 2017 **with a value of 16.46 euros per share**. After a complicated 2018 for the financial markets and a 2019 marked by the country's political and economic uncertainty, 2020 was a year affected by the COVID-19 crisis, and this health emergency had a social and economic impact which was reflected in the markets. After the sudden drop in March, the second half of the year saw a strong recovery as the virus was brought under control and progress was made with vaccine development, which underpinned a return of investor confidence.

STOCK VALUE TREND



In this context, Neinor's performance during 2020 outperformed the Ibex 35 index by 7 percentage points and its main competitors by between 7 and 22 percentage points, due to greater visibility, credibility and stable cash flows for the coming years.

The sector's discounts with respect to the value of its assets varied notably throughout the year, as did the share prices of the various companies. In the case of Neinor, the current situation is similar to that at the end of 2019, having recovered a large part of its stock market value from the lows of June, and currently it stands at around 33%.

At the start of 2020, Neinor presented its annual results and announced its entry into the residential rental market, a new line of business that allows it to participate in one of the most attractive real estate sectors at the moment. This decision has been welcomed by analysts and investors alike, who understand the value of a line of business that reduces the cyclicity of a developer's results through recurring income from a portfolio of rental properties.

The number of analysts covering the company increased to 13. Credit Suisse initiated coverage of Neinor with a "Hold" recommendation and a 10% above average price target. The average price target stands today at 10.81 euros per share. In total, Neinor's shares had 3 "Buy", 6 "Hold" and 4 "Sell" recommendations.

In March 2020, Neinor Homes carried out a shareholder ledger study, entrusted to CMI2I, to analyse the estimated composition of the company's shareholding. This study was complementary to the one carried out prior to the annual results presentation. The next one will be conducted prior to the 2020 financial year presentation in February 2021.

The distribution of shareholders is estimated as follows:

MAIN SHAREHOLDERS AS AT MARCH 2020

Shareholder's name or corporate name	Total % of voting rights
Orion European Real Estate Fund IV, SLP	28.01%
Adar Capital Partners LTD	19.34%
Bank of Montreal	5.21%

5.3. INDUSTRIALIZED BUSINESS MODEL WITH THE CUSTOMER IN MIND

Neinor Homes is dedicated to **residential development in Spain of first and second homes**. Unlike other companies in the sector, it **buys land ready for building** at its market value and **strategic land with a highly developed degree of urban infrastructure**, without running financial risks in the event it does not attain the ready for building status, obtaining a profit margin from the transformation of that land into housing. In addition, Neinor Homes **manages all phases of the value chain of the residential development process**, including land acquisition and management, design, construction and marketing of the product and after-sales service. Its business model is based on the industrialization and systematization of processes, involving the whole company in the objectives and business strategy. In this way, **all employees are involved in the aim of creating a different developer**.

Neinor Homes manages all phases of the value chain of the residential development process.

Neinor Homes uses an **industrialized model based on 6 main pillars**:

SYSTEMATIZATION

The systematization of the company's processes allows **working with defined rules** in all developments.

STANDARDIZATION

Neinor Homes has developed the **White Book on Construction**, in which it establishes the company's own design criteria and product attributes that are adapted and applied to all products.

RIGOUR

Strict compliance with development deadlines and a focus on the margin are clear principles of the company's industrial model, which enables it to fulfil its commitment to customers and shareholders.

ENVIRONMENT

The Neinor Homes team is part of the same **production chain**, made up of different roles and processes.

INNOVATION

Through **innovation**, Neinor Homes **optimizes** the development of different processes, incorporates new services, construction systems, technologies and materials.

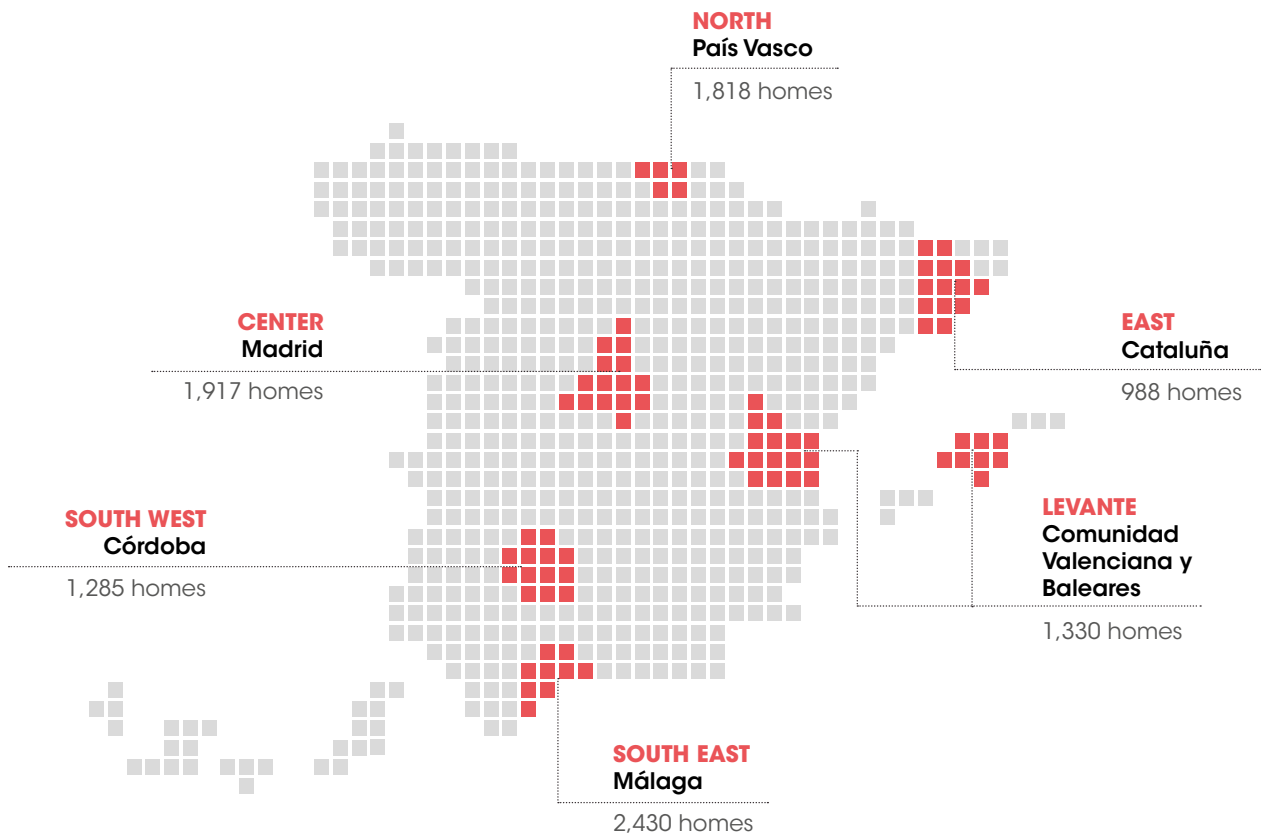
TECHNOLOGY

Integration of the entire value chain in a **digital environment**, with the aim of increasing productivity, promoting collaborative work and decision making based on reliable data.

Furthermore, Neinor Homes is an **environmentally responsible** company with a strong commitment to **sustainable building**, with all its homes being **eco-efficient** and thus offering its customers maximum energy efficiency and user comfort.

> NEINOR HOMES MAIN FIGURES

Neinor Homes currently has **one of the largest banks of quality finalist land in Spain**, with a surface area of **1.1 million m²**



The other fundamental component of Neinor Homes' business model and its value chain is the **launch of residential developments**. 2020 was a year of very considerable institutional evolution with the consolidation of Neinor Homes as a leading developer thanks to the **delivery of more than 1,600 homes and having 1,522 in the launch phase and 4,324 homes in production**.

> CREATING VALUE FOR OUR STAKEHOLDERS



ECONOMIC VALUE

Neinor Homes is one of the most important drivers of economic progress in the real estate sector in Spain. In 2020 it has not had any pressure to buy land as it has a sufficient land portfolio. Total income for the year was 573 million euros, which meant that the net profit was positive, 101 million euros. Additionally, the net book value of Neinor Homes' stock at December 31, 2020 amounted to €1,208 million, in line with 2019*.

In fiscal 2019, the economic value generated was **€489 million** and the economic value distributed was **€409 million**, with a net result of **€80 million**.

*For more information see Financial Statements.

**ECONOMIC VALUE
GENERATED**
574 M€

million euros (ordinary income + other income + profit on sale of fixed assets)

**ECONOMIC VALUE
DISTRIBUTED**
497 M€

million (inventory costs + operational costs + financial costs + personnel costs) + costes financieros + costes de personal)

**ECONOMIC VALUE
RETAINED**
77 M€



SOCIAL VALUE

Neinor Homes seeks to sell homes to meet the **needs of its customers** and to contribute to the **social and economic development** of the places where they are located.

Since its creation, Neinor Homes has maintained a strong commitment to outsourcing. Its **288 employees** work alongside the **best external professionals in the sector**, from architects to project managers, construction companies, quality control, geologists, etc. Neinor Homes therefore acts as a driving force in the sector, with a strong national presence and has currently generated indirect employment for **10,339 professionals**.

¹According to the Association of Real Estate Developers of Madrid (ASPRIMA), indirect jobs = 7,094 homes launched in 2019 x 2.4



288
DIRECT JOBS

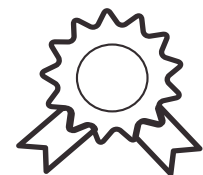
10,339
INDIRECT JOBS¹



ENVIRONMENTAL VALUE

Neinor Homes is a company committed to the environment that surrounds it and promotes the **preservation of and respect for the environment**, setting itself demanding challenges to work in a more sustainable way and find solutions that allow it to reduce the environmental impact of all its corporate activity. This commitment is reflected in the fact that most of its homes take into account the requirements of the prestigious **BREEAM® sustainability certificate**. Of the 70 developments that have obtained the final BREEAM® certificate in Spain, 40% are from Neinor.

Neinor Homes has a **Quality and Environmental Policy** and is ISO 14001 certified for promoting the use of sustainable techniques in homes and in its daily activities. In addition, environmental awareness campaigns are carried out to reduce energy and paper consumption, establishing a *paperless* policy since 2017 with recommendations to reduce consumption. **In this atypical pandemic year in which teleworking has been continuously implemented, we have been able to internalise the company's paperless policy even more.**



**QUALITY,
ENVIRONMENT
AND INNOVATION
POLICY**

ISO 14001
**ENVIRONMENTAL
MANAGEMENT CERTIFICATE**

*For more information see pages 32 and 33.

5.4. SUSTAINABILITY AS A FRAMEWORK FOR IN-HOUSE ACTION

> GOVERNANCE OF SUSTAINABILITY

The management of Sustainability at Neinor Homes is carried out by the **Sustainability Committee**, which leads the GRC management, which depends on the Audit and Control Committee as the supervisory body for this matter, in line with the principles established in the **General Policy on Corporate Social Responsibility**.

Neinor Homes has a General Corporate Social Responsibility Policy that establishes the **general principles and in-house action framework** for the integration and management of social responsibility with respect to people, operations and stakeholders, pivoting on the company's strategic pillars: customer, product and institutionalization. The supervision and monitoring of the implementation of the Policy is the responsibility of the Audit and Control Committee.

> SUSTAINABILITY MASTER PLAN: OUR VISION FOR 2030

In October 2016, Neinor Homes defined its 2020 strategy in terms of sustainability, through the **Corporate Social Responsibility Master Plan**. The aim of the Plan is to create a single, cross-cutting framework that enables the **integrated management of all social**, environmental and good governance initiatives, identification of specific objectives and the designing of specific short-, medium- and long-term actions. For each of the company's strategic pillars, a **set of courses of action and operational monitoring indicators are established**.

In the 2021 financial year, the company, without losing sight of the previous Strategic Plan's premises and objectives, will proceed with the creation of a new "Responsible Business" Strategic Plan, in which it will incorporate into the analysis the various measures, business lines, corporate transactions, public-private agreements and other areas of action that it is carrying out (rental business line, agreement with institutions for the development of social rental, new servicing services, integration of part of the construction in the value chain, acquisition of other companies, etc.).

STRATEGIC PILLARS	LINES OF ACTION	ACTIONS
 <p>CUSTOMER</p> <hr/> <p>Customers are the focus of the company's decisionmaking processes</p>	<ul style="list-style-type: none"> • Decisionmaking • Experience • Communication 	<ul style="list-style-type: none"> • To continuously pursue customer satisfaction, aligning their expectations with the profitability of the projects. • To continuously monitor the quality of service provided through surveys that measure satisfaction and provide excellent customer service. • To develop a strategy of continuous, transparent and two-way communication with the customer throughout the entire life cycle of the purchase of the property.
 <p>PRODUCT</p> <hr/> <p>Efficient and sustainable homes, in which innovation is part of Neinor Homes' essence</p>	<ul style="list-style-type: none"> • Product excellence • Product sustainability • Social and economic contribution 	<ul style="list-style-type: none"> • To impose the highest standards of quality and excellence in all developments to ensure the recognition of sustainability. • To continue to build houses with the least environmental impact and in the most sustainable way possible. • To create homes that help to develop a more sustainable environment, promoting social cohesion and improving people's quality of life.
 <p>INSTITUCIONALIZATION</p> <hr/> <p>Business model based on process systematization, rigor and transparency</p>	<ul style="list-style-type: none"> • Suppliers • Innovation • Investors and interest • Governance, transparency and integrity • ESG risks • People as strategic assets 	<ul style="list-style-type: none"> • To ensure an internal management and control system for outsourced services and establish close relationships with suppliers. • To bet on development and innovation, counting on the best technical and human resources and through the exchange of experiences with other companies and entities. • To promote a transparent business management model, consulting stakeholders, keeping them properly informed and placing them at the centre of corporate decisions. • To ensure a diligent, integral and transparent management of the company, promoting the dissemination of ethical and integral conduct on the part of all employees, clients and suppliers. • To identify, analyse and mitigate possible events that may affect the company and integrate such risk management within its own. • Equip employees with the necessary skills to confront an increasingly demanding and innovative context.

Neinor Homes, as a property developer, is a member of various associations linked to the construction sector within its area of work. It is also aware of the importance of sustainability and the environment, and is a member of the BREEAM® Advisory Board and participates in several associations, following its Corporate Governance, ethics and compliance policy.

SECTORAL ALLIANCES AND MEMBERSHIP OF ASSOCIATIONS

Association of Builders and Developers of **Bizkaia** (ASCOBI)

Association of Real Estate Developers of **Madrid** (ASPRIMA)

Basque Construction Cluster (ERAIKUNE)

Provincial Association of Real Estate Developers
and Building and Renovation Agents of **Valencia**

Provincial Association of Builders and Developers of **Málaga**

Association of Construction Employers of **Córdoba**

Association of Developers and Builders of **Barcelona**

ASCOM (through Informa Consulting)

Association of **In-house Auditors**

Institute of Compliance Officers (**IOC**)

BREEAM® Advisory Board Members

Spain **Green Building Council**

United Nations Global Compact (Sustainable Development Goals (SDGs))

ASVAL (Rental Homeowners Association, spanish acronym)

> QUALITY AND ENVIRONMENTAL MANAGEMENT

As a result of the application of established CSR principles together with its commitment to offer stakeholders maximum excellence in the quality of its products and its activities, Neinor Homes conducts efficient quality and environmental management in its daily activities. The Quality, Environment and Innovation Policy is focussed on achieving excellence in management to meet these expectations.

Neinor Homes has a **Quality Committee** which, since 2016, has been in charge of setting the annual objectives of Quality, Environment and Innovation, in order to make progress towards excellence and to follow up on these objectives, having meetings as necessary. It also approves the company's procedures, keeping them up to date and in a process of continuous improvement. The Committee is made up of the general management, regional directors and the company's CEO.

In 2019, the Quality area has been transferred from the Operations General Management to the Corporate General Management, within the GRC department, thus having a more aseptic position that facilitates decision making without being influenced by the general management to which it belongs. Among the tasks carried out, priority has been given to updating and improving the company's processes and the procedures that support them, in the search for continuous improvement and to improve the efficiency of all areas. The re-certification of the Integrated Management System for Quality, Environment and Innovation has been successfully carried out, according to the reference standards shown below.

Neinor's activity involves a large number of suppliers and contractors who collaborate in the development of the projects. In order to ensure the **highest quality standards**, all of them have the obligation to comply with what they have signed in the contracts and with the implications included in the White Book. Of the developments currently under construction, 71.43% include the requisites for obtaining **BREEAM® sustainability** certification. Currently, 54% of our developments have Energy Certificate BB. 29.5% of our developments have the AA+AB Energy Certificate.

Reducing the **environmental impact in all of its offices** is another key point for Neinor Homes, so important efforts are made to minimize energy consumption and the consumption of materials such as paper or toner.

CERTIFICATIONS

Quality Management
(ISO 9001)

Environmental Management
(ISO 14001)

R&D&I Management
(UNE 166002)

Information Security Management
(ISO 27001)



SIGNING UP TO GREEN ENERGY

The Bilbao, Barcelona, Cordoba, Valencia and Malaga offices currently have green energy. The company, as part of its green energy commitment, aims to standardise its provider in all branches possible.



MEASURES TO REDUCE ENERGY CONSUMPTION

When replacing lights, the installation of **new lights with LED technology** is taken into account. In addition, motion sensors have been installed in the Bilbao office.



DUAL SCREEN STATIONS

The addition of more stations with double screens **avoids unnecessary printing.**



PAPERLESS POLICY

In 2017, a company-wide paperless policy was established, with recommendations to **reduce paper consumption**.

Double display at each workstation

Sharing of documents in digital format

Possibility of presenting the documentation of the Boards by means of tablets, avoiding printing of all the documentation

Default option of printing on both sides with printe

Recycled paper use in certain documents




The application of all these measures has resulted in a continuous improvement in the **environmental indicators** of the Neinor Homes offices. Office energy use decreased by **2.5%** in 2020 compared to 2019, despite a 5.5% increase in staff and a total **energy use** of **278,501 KWh**. **Paper use** was reduced by 39% in 2020 compared to 2019, with a total of **1,860 kg**, 775 packs and average use per person of 2.7 packs (1,269 packs in 2019).



Neinor Homes is very aware of the environment and of sustainability and has therefore adapted all its work centres to be able to recycle any type of waste. In addition, Neinor Homes applies the legislation applicable to the collection and treatment of confidential paper, fluorescent tubes, toner, batteries and sanitary ware, with an external treatment company collecting all waste in the offices. In 2020, **2,460 kg of confidential paper, 78 kg of toners, 23.5 kg of metal used in key production, 26 kg of batteries and 111.5 kg of toilet paper were generated**.

5.5. THE IMPORTANCE OF COMMUNICATION WITH OUR STAKEHOLDERS

Communication in Neinor Homes is the visible face of the work carried out by the company, both at a business, corporate and professional level. In this connection, communication takes on a leading role, focusing especially on the company's contribution to the improvement and professionalization of the sector. Neinor Homes focuses its efforts on **effective communication that enhances its brand attributes** with the ultimate goal of **generating change in the sector and generating trust and closeness to customers**.

To this end, a **360° communication strategy** has been set up, with the **involvement of various corporate departments**, to promote open and bilateral communication with the main stakeholders:

INTEREST GROUP	WHY IS IT IMPORTANT?	COMMUNICATION CHANNELS
 <p>INVESTORS AND SHAREHOLDERS</p>	<p>Shareholders are an excellent measure of a company's confidence and financial health.</p>	<ul style="list-style-type: none"> • Shareholder's Day • General Shareholders' Meeting • Investor Relations Website • Communications via email • Press releases • Corporate and product presentations
 <p>CUSTOMERS</p>	<p>Customers are the reason for Neinor Homes' existence, and we strive to offer them the best service and the highest quality possible to achieve their maximum satisfaction.</p>	<ul style="list-style-type: none"> • Open Day • Neinor Experience website • App Neinor Experience • Points of sale • Newsletters • Satisfaction surveys • Neinor Experience customer service agent
 <p>EMPLOYEES</p>	<p>Our employees are what make Neinor Homes, so achieving their satisfaction and pride in belonging to the company is key in order to achieve maximum efficiency and be competitive in the market.</p>	<ul style="list-style-type: none"> • Meetings with the CEO • Work climate survey • Ethical channel • Corporate newsletter • 60° performance evaluations • Channel of inefficiencies

 <p>SUPPLIERS</p>	<p>Neinor Homes works with a large number of suppliers and they are in charge of building the homes and are a key element in maintaining high quality standards.</p>	<ul style="list-style-type: none"> • Ongoing dialogue • Regular meetings • Application to evaluate Neinor Homes • Construction committees • Vendor evaluation • Third Party Code of Conduct
 <p>SOCIETY</p>	<p>The activity of Neinor Homes has an important impact on society, creating indirect jobs and contributing to the social and economic development of the places where the developments are located.</p>	<ul style="list-style-type: none"> • Corporate website • Participation in sectoral forums and associations • Collaboration with universities and associations • Social networking

In addition, communication through **social networks** has been boosted by generating higher quality content with an established and regular frequency, launching as a new development the Instagram corporate channel in 2019, in addition to having implemented an internal communications channel with employees. Finally, the presence of different company spokespersons at **events and forums in the sector** has increased, thus reinforcing Neinor Homes' leadership position in the market.



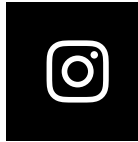
ON SOCIAL NETWORKS



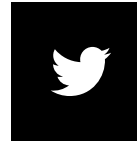
LINKEDIN
28,237
followers



FACEBOOK
7,437
followers



INSTAGRAM
5,454
followers



TWITTER
3,111
followers

06

OUR ACTIVITY IS
BASED ON A **MODEL**
OF RESPONSIBLE
GOVERNANCE



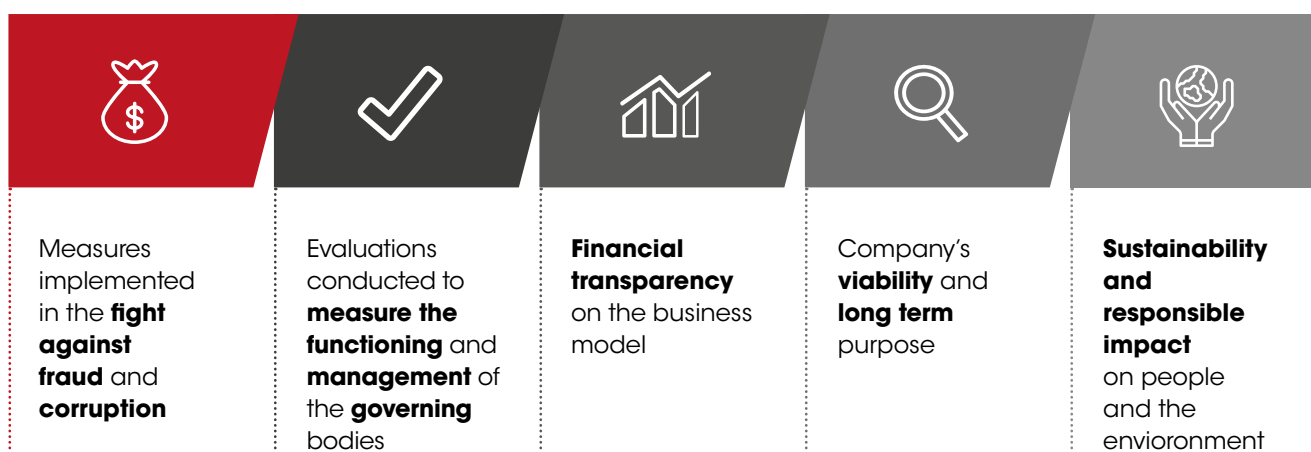
At Neinor Homes, when we talk about **Corporate Governance we are talking about people and decisions**, with the understanding that these people have been well chosen and that they make the right decisions. We firmly believe that it is not only important to do the right thing, but also to do it correctly and to be consistent with one's words, since they must be aligned with your acts and conduct.

6.1. PRINCIPLES OF CORPORATE GOVERNANCE

The company understands corporate governance to be the set of mechanisms designed to generate value in a simultaneous and sustained manner for all the organisation's stakeholders. For this reason, Neinor Homes carries out its activity in a **transparent and responsible** manner, with **good corporate governance** as one of the objectives of its Corporate Social Responsibility Policy.

Thus our aim is to provide an efficient response to one of the aspects that arouses most interest among investors, shareholders and other companies in the sector. Good corporate governance is now a key trend, and **stakeholders are increasingly demanding information** on various related aspects, to which Neinor Homes **responds in different ways**:

Neinor Homes is the benchmark in the real estate sector for good governance and management.



In addition, Neinor Homes monitors all recommendations and trends in good governance, orienting its practices to achieve the highest standards of compliance and competitiveness. A **corporate governance diagnostic procedure** is also regularly carried out, analysing, among other aspects, compliance with the CNMV's **Unified Code of Good Governance**. The latest diagnosis has confirmed that Neinor Homes complies with the applicable recommendations proposed by the CNMV in this code.

GOOD GOVERNANCE REGULATIONS AND POLICIES

- Company Bylaws
- Internal Audit Function Statutes
- Code of Ethics
- Third Party Code of Conduct
- Code of Good Practice for Real Estate Intermediation
- Anti-Corruption Fraud and Bribery Policy
- Diversity and Non-Discrimination Policy
- Manual of good practices in health and safety on construction sites
- Occupational Health and Safety Policy
- Rules of the General Shareholders' Meeting
- Internal Rules of Conduct in the Stock Markets
- Compliance Function Rules
- Operating rules of the Electronic Shareholders' Forum
- Corporate Governance Policy
- Corporate Risk Management Policy
- Corporate Social Responsibility Policy
- Policy on Communication and Contact with Shareholders, Institutional Investors and Voting Advisors
- General economic-financial and corporate communication policy.
- Fiscal Risk Control and Management Policy. Adherence to the Tax Agency's Code of Good Practice
- Policy for the Selection of Directors
- Policy on Directors' Remuneration and Reimbursement of Expenses
- Employee Remuneration Policy
- Investment Policy and Financing
- Treasury Stock Policy
- Dividend Policy
- Incentive Policy
- Tax policy and good tax practices
- Investor Communication Policy
- Policy on non-audit services to be provided by the auditor
- Employment policy for former auditors
- Equality Policy
- Quality, Environment and Innovation Policy

6.2. GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the **highest decision-making and control body** of Neinor Homes in the matters within its competence, through which the shareholder's right to intervene in decision-making is articulated.

The call, preparation and development of the Shareholders' General Meeting is governed by the **Rules of the General Shareholders' Meeting**. All of this in turn is subject to the provisions of current regulations and the **Articles of Association**. All shareholders have the **right to attend** the General Shareholders' Meeting regardless of the number of shares and all have the **right to exercise their vote**.

On 1 April 2020, the **third General Shareholders' Meeting** of Neinor Homes was held with a **quorum of 54.61% of the share capital** (6.63% present and 47.98% by proxy). The meeting was broadcast live on the corporate website, and could be followed later in deferred streaming. In addition, all documents generated from it have been publicly posted on the web.

Neinor Homes also has an **Electronic Shareholders' Forum where proposals** for inclusion on the agenda or **offers or requests for voluntary representation** can be **published**.

POWERS OF THE GENERAL SHAREHOLDERS' MEETING

Approval of company management

Approval of the individual and consolidated financial statements

Appointment and dismissal of the members of the Board of Directors and ratification or their appointments

Appointment and dismissal of the company's auditors

Agreement on the increase and reduction of the share capital

6.3. BOARD OF DIRECTORS

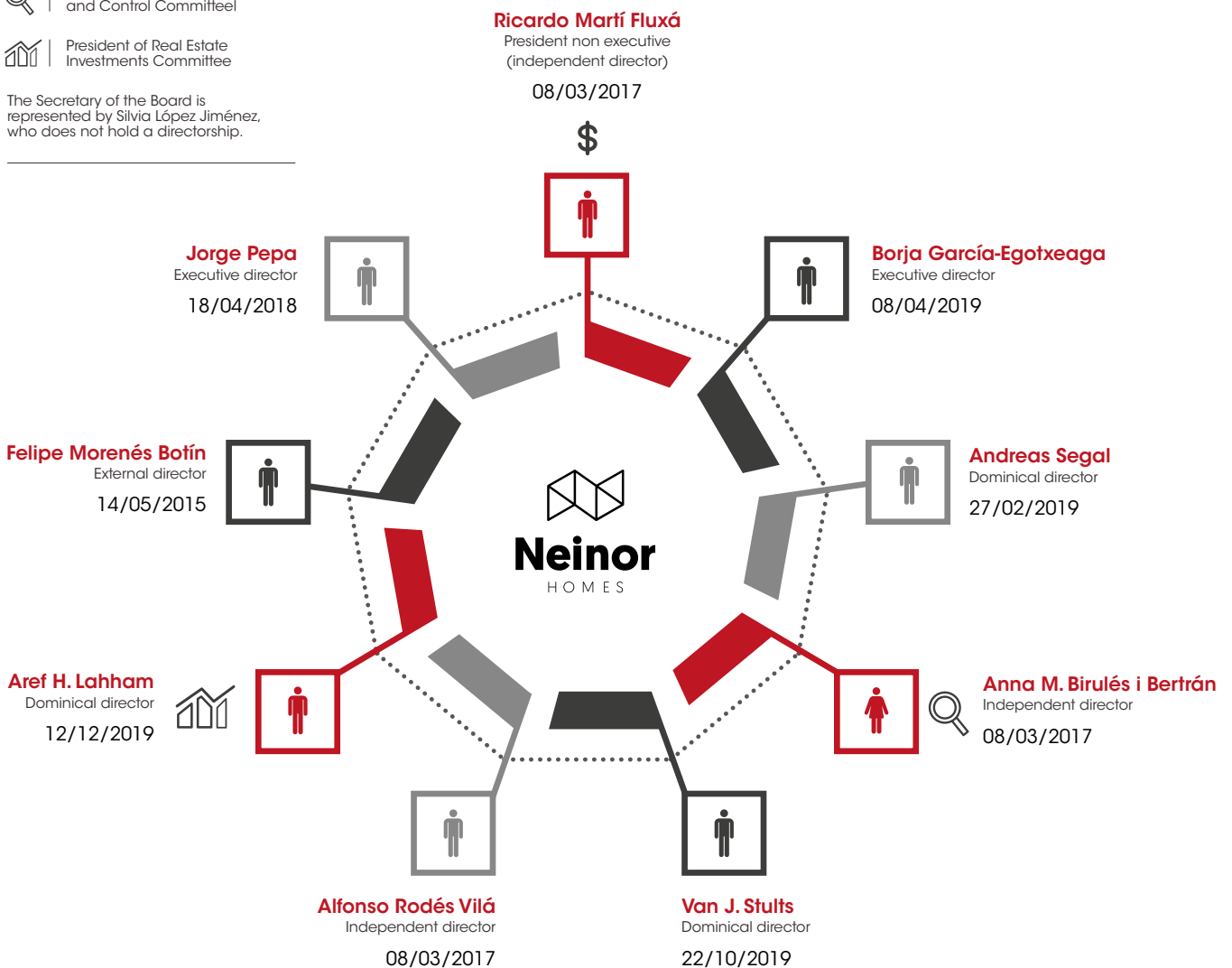
The Board of Directors is the highest governing body within the company and has the **broadest powers and authority to manage, direct, administer and represent** Neinor Homes. It thus approves the strategy of the company and its general policies. Its functioning is governed by the **Rules of the Board of Directors** and the **Bylaws**. The Board of Directors meets as often as is appropriate for the proper performance of its functions, at least every three months. In 2020, the Board met 8 times, 3 of which dealt with issues relating to Corporate Social Responsibility.

At the end of 2020, the **composition of the Board** was as follows:

44%
INDEPENDENT
DIRECTORS

11%
WOMEN

-  | President of Appointments and Remuneration Committee
 -  | President of Internal Audit and Control Committee
 -  | President of Real Estate Investments Committee
- The Secretary of the Board is represented by **Silvia López Jiménez**, who does not hold a directorship.



In 2020 Neinor Homes carried out the third **evaluation of the quality and efficiency of the functioning and performance** of its Board of Directors and its Committees. The evaluation process was carried out with the assistance of an independent third party, which employed four working approaches in its review with the aim of obtaining greater transparency and objectivity:

1

Carrying out an **evaluation**: Review by internal audit of documentation and **internal functioning**, as well as measuring the level of dedication, commitment, involvement and knowledge on the part of the directors and analysis of the fulfilment of responsibilities.

2

Carrying out of a **self-evaluation**: Evaluation and vision of the **effectiveness of the performance and functioning by the directors themselves**, through questionnaires of questions and personal interviews that will be treated respecting the anonymity of the answers. Finally, with the data obtained, various workshops were held.

3

Comparison with companies in the sector (benchmarking): Comparative analysis of the Corporate Governance practices of Neinor Homes compared to the measures taken by comparable companies and companies of the sector and others considered national/international benchmarks and best practices in the field.

4

Diagnosis of the company's situation in terms of Good Corporate Governance, considering national and international reference practices: CNMV, IC-A, EBA, KING IV, etc.

The areas of review that have been considered are:

Compliance with best practices

or analysis of “tone at the top”, awareness and interest on the part of the Board and its Committees with regard to matters of ethics, compliance, transparency and continuous improvement for the implementation of best practices in corporate governance.

Diversity

Analysis of the number of women on the Board and its Committees. Number of foreign members on the Board and its Committees.

Directors’ experience and knowledge

- Analysis of directors’ experience in the sector based on the information contained in their CVs.
- Analysis of the experience in Corporate Governance based on the number and type of Boards in which they participate other than that of Neinor Homes.
- Analysis of the training given to directors, within the framework of their membership of the Board and its Committees, in sectorial aspects and Corporate Governance.

Directors’ succession

Analysis of the existence of a succession plan for the CEO and other directors.

Quality and availability of information

- Analysis of the level of adequacy and quality of the information supplied to directors for decision-making.
- Analysis of the availability, in time and form, of the information supplied to directors for decision-making.

Functioning

- Analysis of the planning of the calendar of meetings and actual meetings held.
- Analysis of advance notice given when sending out notices of meetings, as well as the agenda of the meetings.
- Analysis of the duration of the meetings of the Board and its Committees.

Composition

- Analysis of the number of members of the Board and its Committees.
- Analysis of the number of directors by type: executive, proprietary, independent and other external.
- Analysis of the number of years in office of each director.

Connection with Senior Management and/or external

Analysis based on the information in the minutes of the Board and its Committees of the participation of General Management and/or external auditors in the meetings of the Board and its Committees without the presence of the CEO.

Dedication/involvement of directors

Analysis of the number of absences by directors at meetings of the Board and its Committees, also considering the analysis of non-executive directors in accordance with Art. 11 a) of the Regulations of the Appointments and Remuneration Committee.

Remuneration of directors

Analysis of the use of comparative market studies carried out by external experts on directors’ remunerations.

The Strengths in this evaluation identified by the external expert were:

1

Both in reference to the directors’ assessments and as a result of the analysis conducted by the external advisor, the structure of the Board of Directors of Neinor Homes is in line with good practice, in terms of its current size, with a high degree of diversity in terms of qualifications, experience, knowledge and nationalities. In this regard, the international diversity of the Board of Directors of Neinor Homes is above the national average for the sector, and very close to the benchmark companies of the Ibex 35.

2 Proper internal functioning of the Board of Directors with regard to the frequency of meetings, the call notice period and the level of attendance by directors. In this respect, several members of the Board of Directors have highlighted the proper functioning of the Governing Body, and even more so bearing in mind the restrictions stemming from COVID-19.

3 Efficient and satisfactory decision-making process of the Board of Directors, resolving differences of opinion within the Board in a smooth and orderly manner.

4 Good level of interaction between the Board of Directors and Senior Management, highlighting the availability of the company's executives, the rigour and preparation of their appearances and the good acceptance of the Board of Directors' role of guidance and supervision.

5 Through the analysis of the documentation provided to the external advisor, as well as the information available on the Neinor Homes website, the existence of a Policy relating to the communication of economic-financial, non-financial and corporate information, a Procedure for conflict of interest and related-party transactions, as well as a Model for the prevention of corporate criminal liability stand out very positively. In relation to the aforementioned policies and procedures and considering the results of the benchmark analysis carried out, Neinor Homes is one of the pioneering listed companies in complying with Recommendations 2, 4 and 22 of the Good Governance Code of Listed Companies (GGCLC), having defined and communicated mechanisms, or established rules, to prevent possible negative actions or attitudes by directors from affecting or potentially damaging the Company's credibility and reputation.

6 Although the Board of Neinor Homes has not needed the advice/collaboration of numerous external advisors or consultants during the year under evaluation, the directors' perception as to their availability is very adequate, highlighting the Board's access to this type of services when so required. In this regard, and as evidence of this accessibility, this self-assessment exercise of the Board of Directors of Neinor Homes and its Committees has been carried out with the support of an external consultant, thus complying with Recommendation 36 of the GGCLC, which states that every three years, the board of directors will be assisted in carrying out the assessment by an external consultant, whose independence will be verified by the appointments committee. In addition, and as an illustrative example of the access of the Board of Directors to external advisors, during the 2020 financial year the Appointments and Remuneration Committee had the assistance of a specialised firm to conduct analyses on the suitability and qualifications of the directors and on the entity's incentive plan.

7 Very positive assessment by the directors of the performance of the Neinor Homes Board of Directors' Committees.

8 Very positive assessment of the Chairman's performance with regard to the areas of responsibility falling under the remit thereof, highlighting in general terms the calling and chairing of meetings, coordination of the periodic evaluation of the Board and its Committees and the preservation of the independence of the Board.

9 Very positive assessment of the performance of the CEO with respect to the areas of responsibility falling under the remit thereof, highlighting aspects related to his performance with regard to extraordinary/urgent events, implementation of control systems and reporting to the Board.

10 Very positive evaluation of the performance of the Secretary of the Board with respect to the areas of responsibility falling under the remit thereof, highlighting assistance to the Chairman, advice to the Board, documentation in the Minutes and ensuring compliance with the CNMV's recommendations.

11 Very positive overall assessment of the quality and level of detail of the information and documentation made available to the directors for analysis and decision-making in the exercise of their functions.

12 Very positive and unanimous assessment of the performance of the head of Neinor Homes' GRC and Internal Audit Department, as a department reporting to the ACC, in relation to the support and reasonable assurance functions carried out with respect to the monitoring of good practices in corporate governance, compliance, risk management, internal control, internal audit and CSR, both from the perspective of the directors and through the analysis of Neinor Homes' internal documentation and regulations.

13 The analysis of the internal documentation and regulations of Neinor Homes shows a high degree of compliance with the recommendations of the GGCLC (54 compliances, 3 partial compliances and 7 not applicable due to the structure of the company).

In addition, as a result of this review, **opportunities for improvement** have been detected in aspects such as:

- Continuing the work on promoting gender diversity.
- Increasing the detail and depth of the Succession Plan.
- Increasing the level of disclosures on variable remuneration of executive directors in the annual remuneration report.
- Ensuring that commission meetings have sufficient space to ensure their independence.

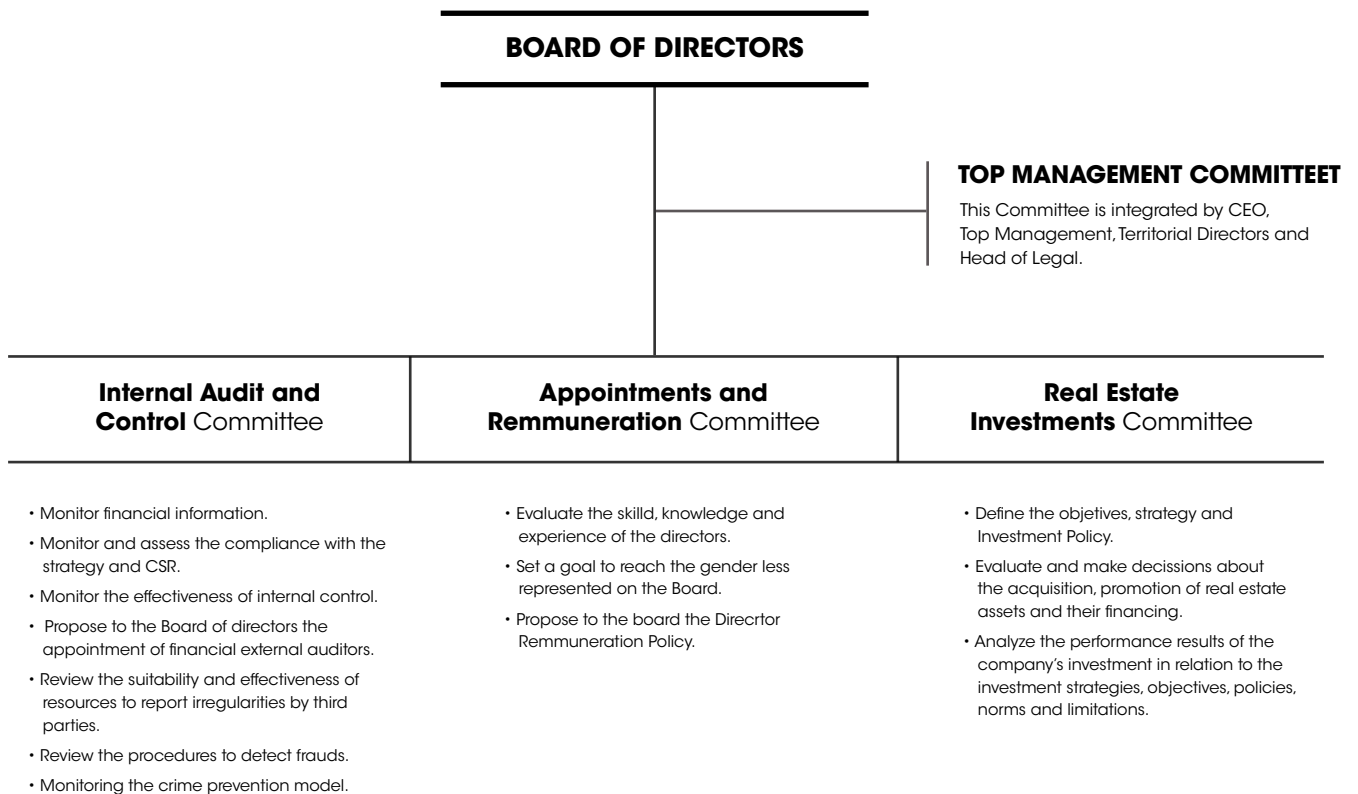
TRAINING IN THE BOARD OF DIRECTORS

Neinor Homes has defined a training **plan for its Board of Directors and its Committees**, in which it offers a program to update the directors' knowledge. During the 2020 financial year, the directors have received training on the following subjects:

- Corporate Governance: Modifications in the Good Corporate Governance recommendations and changes in the insider information designation and management
- Risks in the real estate sector
- Situation of the residential market
- Relevance, responsibilities and risks at the supervision of the non-financial information

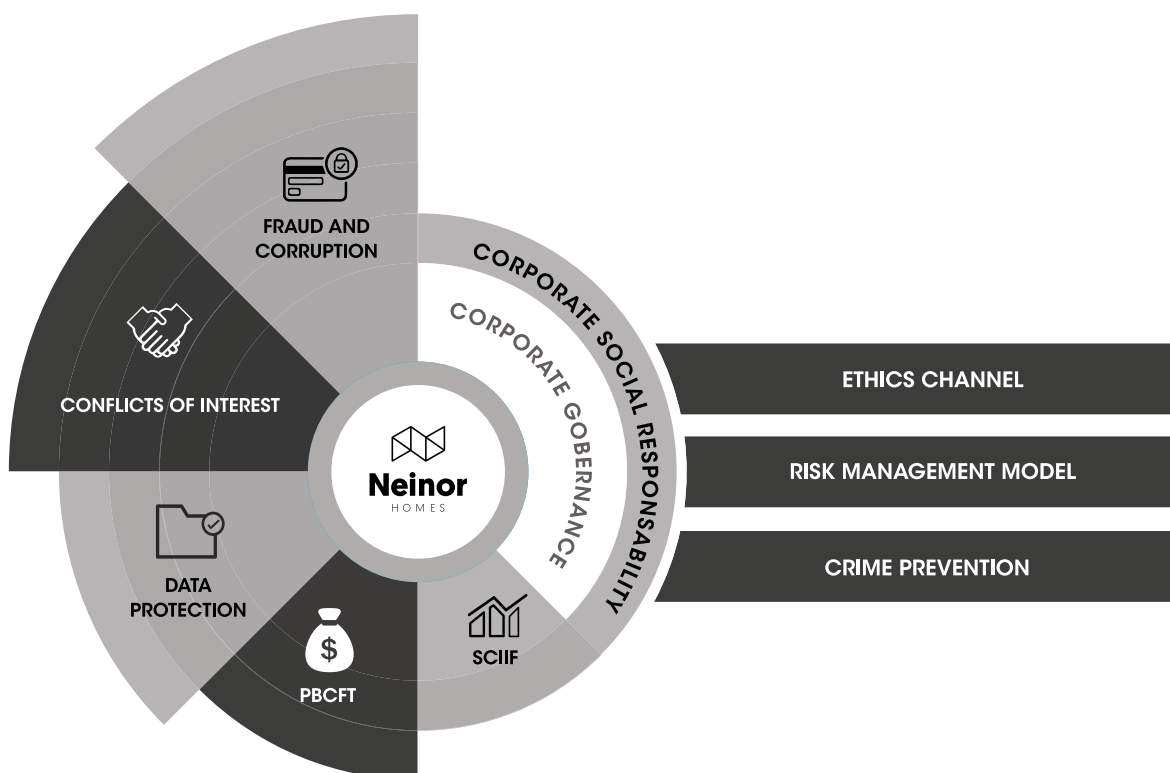
> DELEGATED COMMITTEES OF THE BOARD OF DIRECTORS

For **greater efficiency in the exercise of its functions**, the Board has the following delegated committees, whose functioning is regulated in the Board Rules:



6.4. A COMPREHENSIVE CONTROL, COMPLIANCE AND ASSURANCE MODEL

Neinor Homes has developed a **comprehensive Control, Compliance and Assurance model**, also called **Combined Assurance**, based on industry and other best practices, which is a system for **integrating and aligning assurance processes** so that senior management and audit and oversight committees can obtain a **comprehensive and holistic view of the effectiveness of their organization's governance, risks and controls. At the same time**, it allows for the **establishment of priorities and the identification of necessary measures**.



With this system, a new integrated organization chart has been developed for the Audit, Risk and Compliance functions. Everything therefore depends on the same Control, Compliance and Assurance (CCA) Management and the **integration of the Corporate Social Responsibility strategy** in the business is achieved as a main priority, thus achieving an increase in its exposure and dissemination. This whole system allows us to **meet the expectations of stakeholders**, and comply with legislative requirements on good governance policies and the need for activities to be based on an effective and dynamic risk management system.

In addition, Neinor Homes has an **Assurance Model** aligned with national and international internal control and compliance standards, which has been implemented in and disseminated throughout the entire organisation.

The Assurance Model is a **dynamic and constantly updated model** based on two transversal axes, that of **Corporate Governance** and that of **Corporate Social Responsibility**, and three fundamental pillars: **the ethical channel, the risk management model** and the **prevention of criminal liability**. **Five key elements or management themes** converge around it, from which a series of policies and responsibilities emerge:

MODEL	POLICIES/RESPONSABILITIES	
FRAUD AND CORRUPTION PREVENTION MODEL	<ul style="list-style-type: none"> • Spending and reporting policy • Supplier selection, approval and evaluation policy • Code of good practice for real estate intermediation 	<ul style="list-style-type: none"> • Code of Ethics • Code of Conduct for Third Parties • Complaint and registration channel • Gift and registration policy • Monitoring and Control Committee
ANTI-MONEY LAUNDERING MODEL	<ul style="list-style-type: none"> • AMLFT Manual • Internal Control Body • Specific AML unit • AML Practical Guide • KYC pamphlets natural and legal persons • Trade compliance form and questionnaire 	<ul style="list-style-type: none"> • ML procedure for the management of singular assets and retail • AML procedure for new construction management • External audit
INTERNAL CONTROL SYSTEM FOR FINANCIAL INFORMATION	Adaptation of the information to the 16 indicators required by the CNMV (risk matrix and controls of the processes in operation and responsibilities assigned, accounting policy manual, evidence repository, etc.)	
CONFLICT OF INTEREST AND RELATED PARTIES MODEL	<ul style="list-style-type: none"> • Recording of Conflict of Interest and Related Party Transactions • Review and approval of related-party transactions • Reporting to the Board and the Audit Committee and ratification 	<ul style="list-style-type: none"> • Conflicts of interest and related party policy • Operations communication channel
DATA PROTECTION AND INFORMATION PRIVACY MODEL	<ul style="list-style-type: none"> • Privacy Policy • Incident Management Procedure • Interested Parties Rights Procedure • ISMS Procedure • Personal Data System Management Procedure • Regulations and Personal Data Protection Policy 	<ul style="list-style-type: none"> • Life Cycle Procedure for the processing of personal data • Regulator Consultation Procedure • PIAC procedure • Information Security Committee • Communication Channel

> ETHICAL CHANNEL AND MANAGEMENT PROCEDURE

One of the essential values and commitments for Neinor Homes in the area of good corporate governance is to **act pursuant to the strictest corporate standards with regard to ethics and transparency**, ensuring and demanding that all personnel, members of the administrative bodies and related entities act in accordance with the company's ethical principles and according to moral criteria.

In 2015 Neinor Homes approved the **Code of Ethics** which establishes the ethical principles, values and standards of conduct that should guide the actions of all companies and individuals who are part of the company and its third party collaborators. Therefore, all employees receive regular training on it, both in person and online, as well as some suppliers.

In addition, in 2017 the **Code of Conduct for third parties** was approved, which defines the highest ethical standards that must be met by all those **third parties that provide any type of service to Neinor Homes**, and the company is committed to making this Code known. The **principles and values** it contains are based on **best market practices** and the **principles of the United Nations Global Compact**.

ETHICAL CHANNEL

Since 2015, Neinor Homes has been operating an Ethical Channel through which all interested parties have the obligation to report any event that may constitute a breach of the Code of Ethics or the Code of Conduct for third parties. The Ethical Channel is available on the corporate website (*canal.etico@neinorhomes.com*). In internal training and in contracts with suppliers and customers.

All complaints are treated anonymously and confidentially and there is no retaliation against the complainant for the fact of the complaint. In June 2017, the Monitoring and Control Committee approved the Complaint Management Procedure: once the complaint is received, its management begins and if it uncovers illegal behaviour or conduct contrary to the Code of Ethics, the Monitoring and Control Committee will then meet to establish the appropriate protocols.

The **Compliance Department** is responsible for ensuring strict compliance with the Code of Ethics and is in charge of promoting and disseminating it, as well as handling complaints received. It also reports regularly to the Board on the management of complaints.

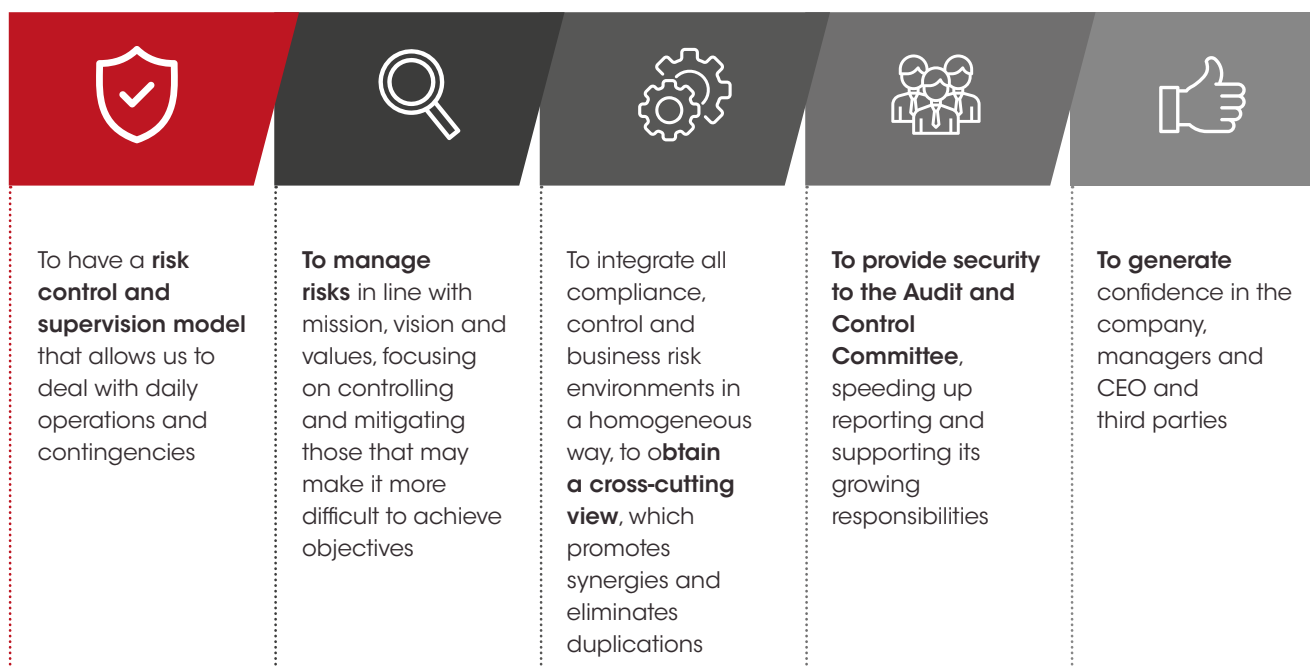
On the other hand, the **Monitoring and Control Committee** is the body in charge of studying, processing and resolving the complaints received, made up of the Internal Audit, Compliance, Legal and Human Resources Departments. In **2020, 2 complaints** have been received by the Ethical Channel and no cases of discrimination have been reported.

Neinor Homes refrains from working with those third parties who do not comply with the Code of Conduct, reserving the right to terminate the commercial relationship with those who do not comply with any of the stipulated points.

Every year, **training sessions** are held to guarantee **knowledge** and to encourage the **application** of all the internal tools and regulations in force in the field of ethics and transparency. In 2020, 259 employees have received training on corporate governance, business risks, compliance, data protection and prevention of money laundering and terrorist financing, among other things. In addition, 12 Back Office employees, 42 Neinor Homes sales representatives and 119 external sales representatives have received training in this last area.

> RISK MANAGEMENT MODEL

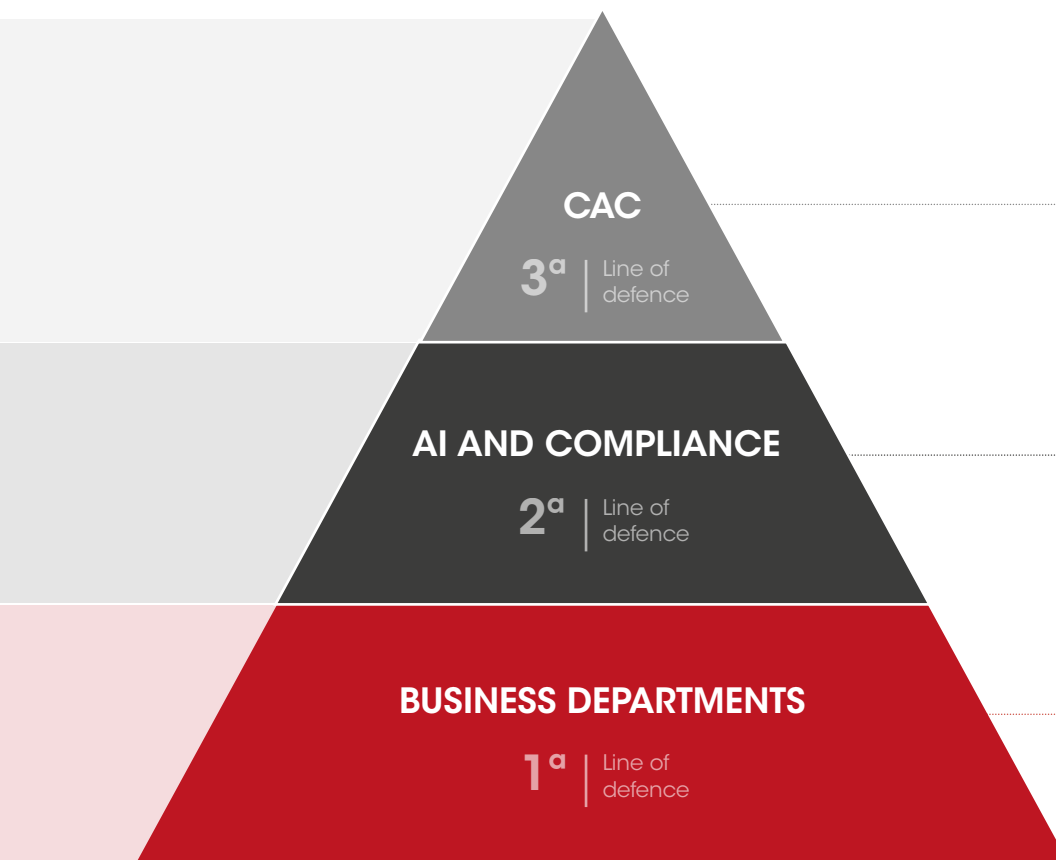
Neinor Homes carries out continuous management of its risks under an **Integrated Internal Control System (SIC)**. This **integrated control system** associates the **risks** with the **strategic objectives, processes** and **measures of control** into which those responsible for their execution and supervision are incorporated, as well as the evidence supporting the system. The **objectives** of the SIC are:



For the SIC to be **constantly updated**, it is key to have internal and external communication channels and the commitment of all those who make up Neinor Homes. **External updates** are mainly provided by legal experts, advisors, forums, networks or suppliers.

The supervision of the model is summarized in **three lines of defence**:

Neinor Homes has a dynamic and constantly updated risk management model.



The **Audit and Control Committee (CAC)** monitors that the 1st and 2nd lines of defence fulfil their performance and supervision functions, and performs the last validation.

The **Compliance Directorate and the Internal Audit (AI) Directorate** regularly monitor that the 1st line of defence fulfils its performance and supervision functions.

The key controls integrated in the SIC are reviewed by the **person responsible for supervision in the various business departments** to verify that the executor of the control has carried out the assigned activity with the established frequency.

The **main inputs** of the SIC are **compliance, corporate** and **business controls and risks**.

Neinor Homes has carried out the **identification of its corporate risks** through an analysis of the company and the real estate sector and taking into account the experiences of Neinor Homes executives and other external experts in the sector. The Internal Audit Department participates in the risk identification phase together with the Compliance Department and all the people responsible for risks and controls in the various areas of the company. In this way Neinor Homes has classified the various risks to which it is exposed into **5 categories**:

1

ENVIRONMENTAL RISKS

related to the real estate sector and the cyclical nature of the business. Correlation of our sector closely linked to the economic cycle. Business structure/resources not aligned to the changes in the cycle/diversification of Servicing/Equity/Leasing activity. Effect of the authorities on the sector. New tax and regulatory policies for the sector, land policies, management and licensing deadlines. Increase in construction and land acquisition costs, as the existing demand and supply in the market and competitive environment are not homogeneous; associated with the competitiveness of the various agents involved in the real estate sector. Increased competition. Non-homogeneous competition.

2

OPERATIONAL RISKS

management of expectations and customer satisfaction. Excessive dependence on suppliers and sometimes limited capacity of execution by them in time and form. Loss of business knowledge due to the outsourcing of essential services in the value chain. Retention and succession of key people. Inadequate adaptation to the industrial model. Being disconnected from the transformation and digitalization of the sector.

3

COMPLIANCE AND ETHICS RISKS

failure to comply in terms of time and quality of the homes delivered. Illegal acts/criminal offences under the regulations, carried out by the company or its employees. Non-compliance with the rules and regulations to which the company is subject.

4

FINANCIAL AND MARKET RISKS

Management of the capital market and all those risks related to the fulfilment of the expectations agreed with the shareholder/market. Excessive linkage to the financial sector. Non-compliance with margins and expected profit by investors and the market..

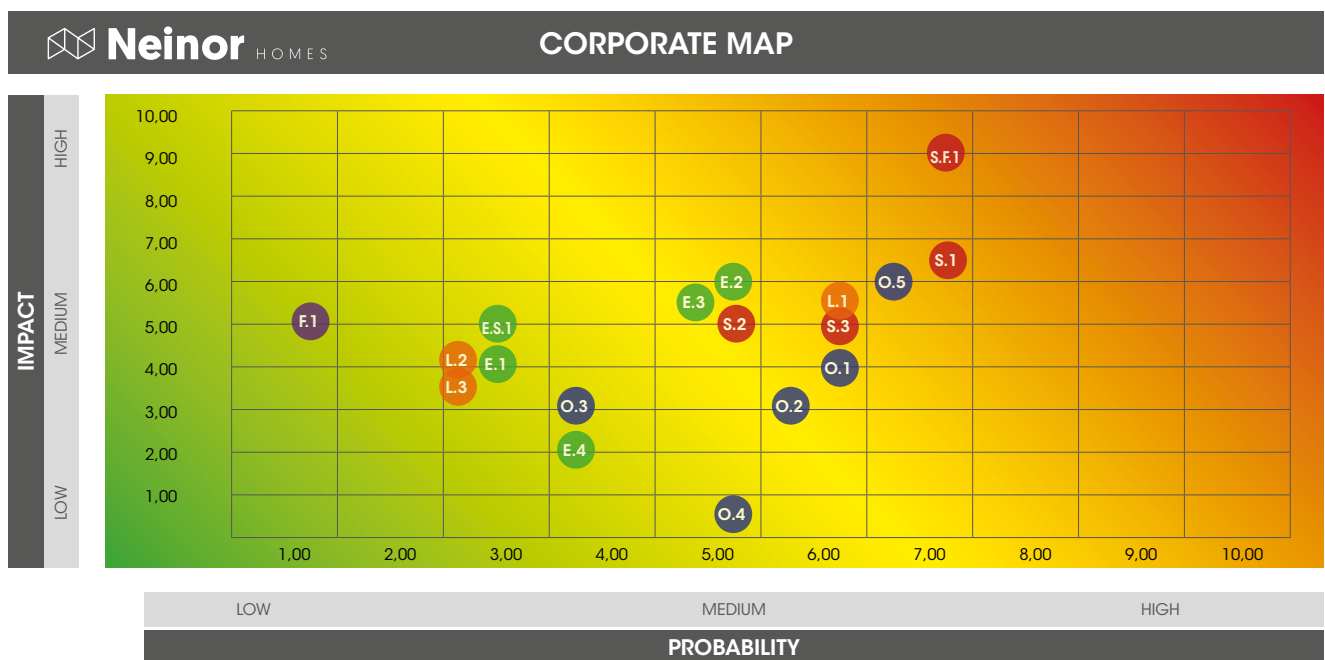
5

STRATEGIC RISKS

Failure to meet deadlines or cost targets for strategic land development (land not ready for building)/and in land acquisition. Valuation of assets and lack of discipline, coherence and reasonability in the acquisition of land. Non-attainment of the sales envisaged in the Business Plan. Conflicts of interest in the strategic development and long-term viability of the company versus the expectations of investors and the market with a more short-term vision. Non-compliance or poor performance in Servicing contract management.

Given that the Integrated Control System (SIC) implemented is a dynamic tool, which aims to provide updated and continuous information on the possible risks faced by the company, Neinor Homes periodically collects from the various sources of risk detection defined the events/occurrences that could become a risk. This is in order to facilitate their analysis and continuous monitoring and take measures for their remediation, as well as if appropriate the incorporation of a control/mitigation measure, or the analysis of the effectiveness and efficiency of one already existing within the SIC.

The **Corporate Risk Map** is reviewed at least once a year so it is a fully dynamic model whose monitoring is continuous.



After periodic analysis Neinor Homes has classified the various risks to which it is exposed in 5 global categories, included in Section E.3 of the IAGC.

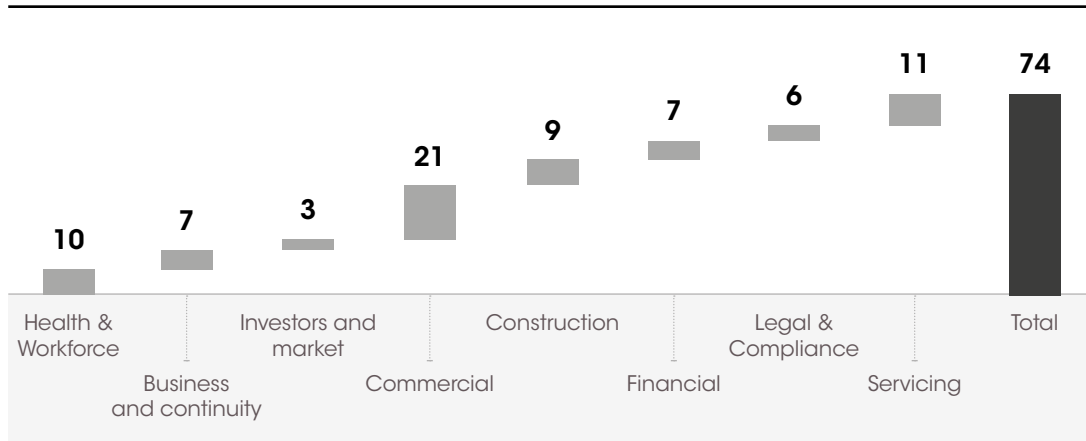
The Risk Management methodology used by Neinor Homes is based on the latest version of **"Enterprise Risk Management"** (also known as COSO III), which allows the contribution of added value through the identification, management and monitoring of business risk management.

In 2020, following the outbreak of the pandemic, the company, as part of its Integrated Risk Control and Management System, defined from the start of the state of emergency a specific model for dealing with the risks that could arise from this situation (Project Escipión), which has been disseminated throughout the organisation, is associated with strategic objectives, processes and control activities and is monitored periodically, with reporting of its results to senior management and the Audit Committee.

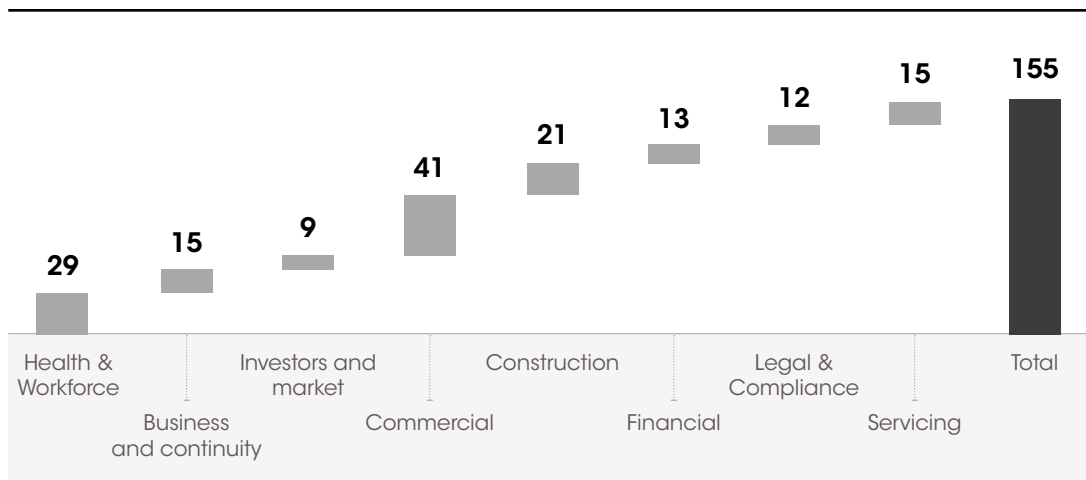


In this regard, 9 major risks, 25 materialisation scenarios for such risks, 74 causes that could lead to these risk scenarios, 75 direct consequences and 155 actions to be taken to avoid and mitigate the consequences of risk materialisation were identified.

REASONS/CAUSE SUMMARY

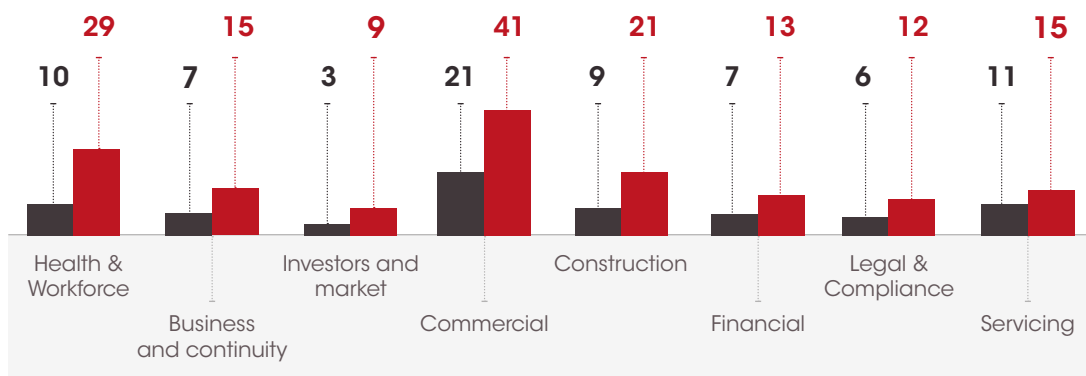


ACTIONS SUMMARY

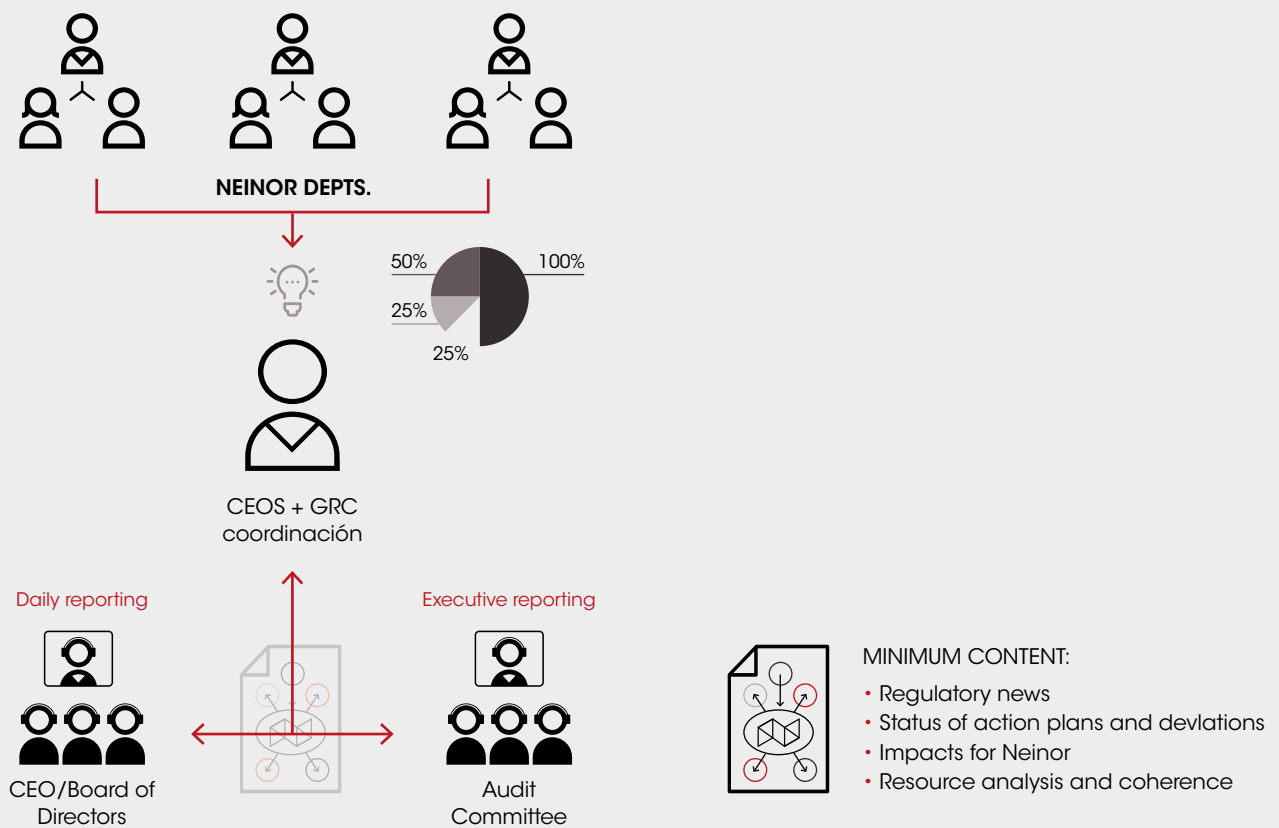


REASONS & ACTIONS BY AREA

■ Reason/cause ■ Actions/measurements



The operational model for the control of the evolution and compliance of the proposed measures was centralised in the CEOs and GRC, who controlled, received and issued reports with the updates of each proposed and adopted measure.



In this connection, this risk structure of the company, together with certain conservative and prudent measures taken prior to the declaration of the state of emergency by the respective general managements in the company's business, have placed the company in an advantageous position to deal with the period of uncertainty we are facing.

One of the strengths that recurrently appears in the audit report of the ISO 9001 certification is the risk management system implemented by the company; in the current financial year the risk-based action plan designed to respond to the consequences of the impact of the pandemic, "Escipión", has been highlighted by the auditors as one of the two most significant strengths of the company.

> PREVENTION OF CRIMINAL LIABILITY

All the people who are part of Neinor Homes must maintain strict compliance with current legal regulations. In this connection, the company develops the necessary internal policies and procedures to comply with this principle and makes every effort to **prevent the commission of criminal offences** to which it is exposed in the course of its activities. In the event that one of these crimes takes place, Neinor Homes investigates who did it, collaborates with the reparation of the damages produced and denounces the perpetrators, accomplices or anyone covering up the crime.

The **Criminal Risk Prevention Manual** is the framework that details the principles of management and crime prevention within Neinor Homes and its main objective is to define the rules of action and behaviour that govern the company's activity, as well as the control systems that have been implemented with the aim of preventing the commission of the crimes defined in the Criminal Code.

In the event that a crime is detected by any of the directors, employees or dependents of Neinor Homes, there is a **protocol that sets out the guidelines for action**.

The **dissemination of the Manual** and its principles is done through the web and through e-mail to all the staff. Likewise, new additions receive it together with the Code of Ethics in the welcome pack. Finally, Neinor Homes has a **specific training plan** in the area of Criminal Risk Prevention, ensuring the knowledge and dissemination of the rules of conduct with periodic training and an aptitude test on its content.

> ZERO TOLERANCE FOR CORRUPTION

Neinor Homes applies the principle of "zero tolerance" towards corruption. The company's commitment against corruption and bribery is implemented through the Code of Ethics and the **Anti-Corruption, Fraud and Bribery Policy**; both of these documents are published on the website.

ANTI-CORRUPTION, FRAUD AND BRIBERY POLICY

This governs and prohibits the following situations:

- Making and offering gifts, favours and services at advantageous conditions.
- Receiving and requesting gifts, favours or services under advantageous conditions.
- Donations, sponsorships and other non-profit contributions: Donations made must have a social purpose and must be destined to entities with a recognized trajectory. All donations must be reported to the Compliance Department.
- Professional meetings, congresses, conventions, seminars and other events: attendance at these must be authorized by the Compliance Department, which keeps a record of the expenses incurred.
- Influence peddling: it is forbidden to exert any kind of influence on a public official with the purpose of taking advantage of the powers of his position.
- Recruitment of advisors, agents, intermediaries and suppliers: they must be subject to a verification and assessment procedure and their remuneration must be in line with the market.

Employees and members of the governing body received and confirmed the commitment to comply with the Code of Ethics and the group's policies, and specific training was provided in 2020 for the employees and for the directors.

> MANAGEMENT OF CONFLICTS OF INTEREST

At Neinor Homes there is a **Conflict of Interest and Related Party Transaction Management Policy** that is applicable to all responsible parties and that establishes the criteria and procedures for approving transactions involving related parties, meaning when one of the parties has a significant influence on the financial or operational decision-making of the other.

The GRC Department will keep a **record of related-party transactions and conflicts of interest** and will report annually to the Audit and Control Committee and to the Board on the transactions carried out under the established terms, with directors requesting explanations if they deem it necessary.

In addition to all the analyses carried out due to conflicts of interest and related parties. Two full investigation reports on two conflict of interest situations were generated this year.

Finally, internally the Internal Audit Department checks the transactions that exist between companies related to directors and senior management with the company and these persons additionally confirm these transactions in a statement.

> ANTI- MONEY LAUNDERING AND FINANCING OF TERRORISM

Neinor Homes maintains a firm commitment to the legislation on anti-money laundering and financing of terrorism (AML/FT), with an **AML/FT Manual** that establishes rules that all members of Neinor Homes and its external marketing agents must be aware of and strictly comply with, since non-compliance could lead to the corresponding **disciplinary or employment sanctions**. It is the responsibility of each member to know this, and in addition the company provides classroom and online training for both employees and sales agents, in which attendance must be duly accredited and a test on the knowledge acquired must be passed.

The **Anti- Money Laundering and the Financing of Terrorism Model** is monitored through an Internal Control and Communication Body, with the **Board of Directors** as the highest authority. In addition, during 2020, this was supervised by an independent expert who stated that the model is effective and efficient and has not revealed any relevant incidents.

Moreover, the company's Anti-Money Laundering Model was recognised as one of the two major strengths of the company in the ISO 9001 quality certification for the year 2020.

The Anti-Money Laundering and Financing of Terrorism model has been audited.

> DATA PROTECTION, CONFIDENTIALITY AND INFORMATION SECURITY

Neinor Homes is aware of the importance of the **confidentiality of the information** it handles about its customers and collaborators. For this reason, the Code of Ethics establishes the obligation of all professionals not to reveal, assign or distribute confidential and sensitive information.

In addition, Neinor Homes has a **Privacy Policy on the Protection of Personal Data** which sets out the different uses of personal data and the purpose of the same carried out by the company. There is also a **Procedure for compliance with the rights of data subjects** approved in March 2018, which provides the minimum guidelines necessary to ensure that the data subject is provided with the mechanisms required to exercise his/her rights with regard to the processing of his/her personal data.

In 2020 Neinor homes received **8 requests** related to the rights of customers to **unsubscribe their data**.

Neinor Homes has a **Data Protection Officer (DPO)**, who is responsible for supervising, coordinating and disseminating the data protection policy both inside and outside the company. In this connection, training has been carried out on the new European Regulation and on cyber security aimed at employees and users of the Neinor Homes network.

Neinor Homes considers **cyber security** a key part of its digital strategy. As a result of this concern, the Redes Limpias service has been contracted out to a third party, providing perimeter protection for the most common threats.

The **Regulatory Framework of the Neinor Homes Information Security Management System** aims to achieve adequate protection of information assets, preserving the security principles of **confidentiality, integrity and availability**. In addition, faced with a potential cyber-risk threat, Neinor Homes has developed a **cyber-security management model** that aims to ensure the protection of assets, transactions and the integrity of information. Security requirements and objectives are determined by **the Information Security Committee**.

Furthermore, a business contingency plan is executed every two years. This audit was carried out in accordance with the Audit Plan approved by the Committee and consisted of an unannounced cyber security attack on the systems area and controlled by an external audit.

Neinor Homes
is ISO 27001
certified.

> INTERNAL CONTROL SYSTEM FOR FINANCIAL INFORMATION

Neinor Homes has various mechanisms that make up the **internal control and risk management systems in relation to the financial information issuing process (SCIIF)**. The implementation of this SCIIF is the responsibility of the company's own business areas, which are in charge of implementing the control mechanisms and activities to ensure the reliability of the company's financial information. For its part, the Board of Directors ensures the adequate development and execution of the system, relying on the Audit and Control Committee for this purpose.

General Financial Management is in charge of preparing financial information, although all areas of the company must prioritise the **transparency and veracity** of the information handled and supplied to the market. Therefore, the Internal Audit Department has given a training course on SCIIF to those areas involved in the preparation and review of financial information. In addition, Neinor Homes voluntarily submits its annual Corporate Governance Report to an independent external audit, with highly satisfactory results. In addition, internal audits are carried out every year, thus completing the internal control of the published financial information.

In addition, each year the effectiveness and model of the Internal Control System for Financial Information (SCIIF) is reviewed by Internal Audit. In the current financial year, an assessment of SCIIF compliance has been carried out by an external expert in order to safeguard internal audit independence in the preparation and design of the controls to be implemented and to obtain an additional viewpoint.

07

WE OFFER A
PERSONALIZED
TREATMENT TAILOR-
MADE TO THE
CUSTOMER'S
NEEDS



We are aware that our customers are trusting us with one of the most important decisions of their lives, and that is why we **take care of the details** of the service we provide. In all our processes we try to continuously improve by applying new technologies and implementing specific measures aimed at greater customer satisfaction.

Neinor Homes' commitment to its customers is total and is its main raison d'être, with **customer-oriented quality** as a distinctive feature and seeking to achieve their satisfaction as its main objective. Therefore, it always strives to offer excellent customer service that meets the real expectations of the customers, so that they become the best ambassadors of the Neinor Homes brand.

In 2020, various **measures were taken to better get to know customers** interested in Neinor Homes:



Implementation of **CRM** and **Customer Centric** tools, which are unique in the real estate sector and which allow us to develop very detailed knowledge of the needs of our customers, with the aim of building developments that are better adapted to what customers expect from their homes.

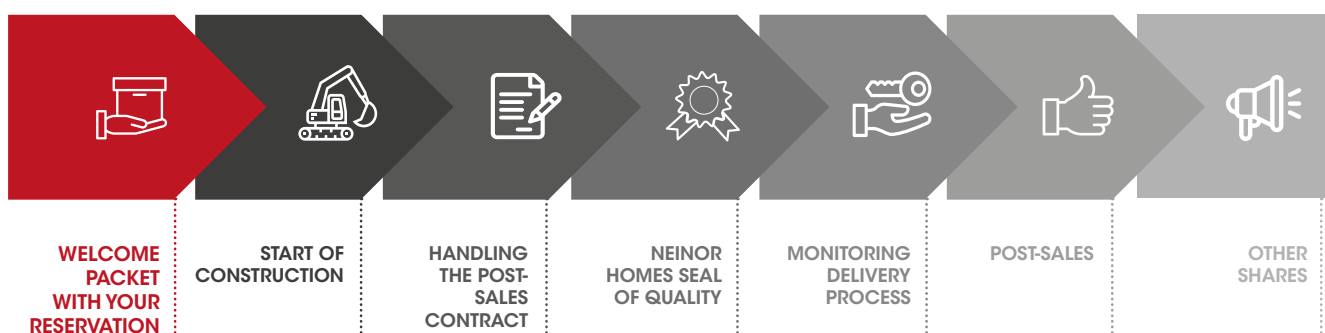
Major digital transformation to improve customer relations; pre- and post-sales incident channel via tablet or smartphone in some of our Developments, and virtual visits and online bookings.

For Neinor Homes each customer is unique and we offer a **personalized service**, aiming to be their companion on this journey at all times and keeping them permanently informed. In addition, Neinor Homes designs all its projects with the customer's needs in mind, and for all its developments it carries out an in-depth prior analysis of the market and the buyer. At year-end 2020 Neinor Homes had approximately 7,000 customers.

7.1. NEINOR EXPERIENCE

Neinor Experience is the **exclusive customer service** offered by Neinor Homes to all its customers, to accompany them from the moment they sign the reservation of the property until the delivery of the keys and the subsequent after-sales service, guaranteeing maximum transparency. The customer can request information by email or telephone. In addition, a newsletter is sent to them every month informing them of the progress of the work. All this is managed by a **Neinor Experience manager** in each development, who can also respond to the customer and look after the customer's interests whenever necessary.

The services offered by Neinor Experience can be broken down into 7 stages that occur during the purchase of a home:



WELCOME PACKET WITH YOUR RESERVATION

- Visit the website and the Neinor Experience App which features content on construction, homes, documents, information on financing, consultations, etc.
- Contact information for a Neinor agent: email address and phone number.
- Free subscription to Amazon Prime
- Arranging the electricity/water supply with Endesa.

START OF CONSTRUCTION

Distribution of monthly newsletters with:

- A description of the monthly status of the project.
- General progress of the promotion
- Details on the project, featuring information on certain construction area of interest.
- Photos featuring progress on the project and degree of completion by chapters.
- Corporate news on NH
- Experience Culture: cultural actions in the city or province where the promotion is located.

HANDLING THE POST-SALES CONTRACT

Updating the website with the contract's status.

NEINOR HOMES SEAL OF QUALITY

Certain of our promotions feature the Seal of Quality, which reflects the quality standards expected of the product and is entirely independent.

MONITORING DELIVERY PROCESS

- Coordinación y gestión de las visitas de cortesía, entrega y escrituración con todas las partes implicadas.
- Control y seguimiento del estado de la vivienda para su correcta entrega y escrituración.
- Obsequio Neinor Experience para el cliente.

POST-SALES

After-sales management in Promotion: offering to the customer a service custom detection and incident repair during the entire period of home warranty.

OTHER SHARES

Satisfaction surveys. Several satisfaction surveys were distributed during different key promotions:

- Reservation.
- Purchase-sale.
- Six months after registering the homes.
- 12 months from the delivery.

The Covid-19 pandemic has changed the way we work with our customers; safety, health and commitment have been our priorities:

- Virtual tours to find out about our developments.
- Online reservations.
- Electronic signing of documents.
- Security protocols at the notary's office for signing Deeds.
- Disinfection of homes before delivery.
- Reinforcement of the information of the Family Homes Protection which has helped 87 customers with the reduction of one or more monthly instalments due to furlough or similar procedure.
- Flexible payment.

Just a few weeks before the signing the deed to the property, Neinor Experience invites customers to a courtesy visit to the homes. After signing the title deed, the owners have a few days to make a **list of deficiencies**, which will be sent to the relevant companies and the construction company. Neinor Homes follows up and periodically receives the conformity reports cited by the customers.

Can be accessed at www.neinorexperience.com or through the App

> NEINOR EXPERIENCE COMMUNICATION CHANNELS

Neinor Homes offers its customers a wide range of two-way communication channels:



The **Neinor Experience website**, through which the customer can consult the evolution of everything relating to the purchase of their home. Each customer has a **private web area** where all the documentation related to the purchase is incorporated.



The monthly **newsletter** that includes a section called "the works in detail", as well as current news about the company.



The **Neinor Responds channel** is a corporate service that is offered to all customers who are not new builders. This is a telephone consultation service through an internal **call centre**.



Call centre service to answer customer incidents. In 2020, 9.021 incidents were resolved, which represents 99.85% of the incidents received with an average response time of 1 minute.

MAIN FIGURES IN 2020

59,947

Sessions on the **Neinor Experience** website

18,923

New customers accessing the **Neinor Experience** website

1,056

App downloads

19,043

Contacts with Neinor Homes

7.2. ATTENTION TO COMPLAINTS AND CLAIMS

Neinor Homes acts with due diligence when faced with complaints and claims from its customers, having **specific procedures** and enabling **various accessible channels** through which complaints received are registered and to which those responsible are assigned to resolve them. Understanding and evaluating customer complaints and claims is an opportunity to learn more about their expectations and needs, allowing for continuous progress and improvement.

Likewise, once the properties are registered, the **post-sale claims** then start, arising from any problems in the functioning of the installations and faults in the finishes due to small dents or stains in the paint, wood, etc. In this case, an agent will be present to take note of the incidents, always before the move.

The *Neinor Experience* manager of each development is responsible for processing all incidents registered through the **call centre** or the **development's exclusive email address**. In the case of urgent incidents, the incident is strictly monitored until it is completely resolved. The rest of the incidents are managed on a case-by-case basis.

The improvement of the digital transformation, accelerated due to the COVID-19 pandemic, allows easy recording of pre-sale and post-sale incidents during the same visit to the property (with photographs and documentation), from a smartphone or tablet, and which has already been arranged in 28 developments delivered in 2020, plus other developments from previous years.

In 2020
Neinor Homes
received 20.260
communications
with an average
response time of
18 hours and 30
minutes.

NEINOR HOMES AFTER-SALES SERVICE

Neinor Homes establishes maximum guarantee periods to attend to and respond to customer complaints, in compliance with current regulations

Finishes: 1 year from the delivery of the house

Faults in **installations**, appearance of **damp** or filtrations: 3 years from the delivery of the keys

Serious errors in the **structure**:
10 years from the delivery of the house

08

WE BUILD
HOMES
WITH **ADDED**
VALUE



In the design of our homes we take into account **demanding quality, sustainability and health criteria** so that our customers can enjoy a product that satisfies them and allows them to live better. And innovation and digitalization allow us to add value, optimize processes, increase effectiveness and reduce operating costs.

The **quality of homes is a priority** for Neinor Homes, one of its main hallmarks and a source of pride. This responsibility begins before designing and building, by carrying out a market research process. This is the only way to create innovative homes for the 21st century, excellent in design and quality and above all sustainable

Neinor Homes
**has registered
more than 7,700
homes under the
BREEAM® seal
since its inception.**

> ADDED VALUE SERVICES

FAMILY HOMES PROTECTION INSURANCE

1 Neinor Homes was the **first developer to offer a protection insurance for its customers that covers the outstanding capital of the property**, from the signing of the purchase contract and until the end of the scheduled periodical payment schedule, in case of death by accident and absolute permanent disability. In addition, Neinor Homes is committed to cover the pending payments of the property purchase contract up to a maximum of 12 monthly payments, in the event that the client suffers the involuntary loss of their job or a temporary disability or hospitalization due to an accident. Since March 2020 and as a consequence of COVID-19 pandemic, the Family Homes Protection insurance has covered 87 of our customers, those who are temporarily unemployed (Record of Temporary Employment Regulation or a similar situation), assuming their deferred payments. In this way is possible for them to meet the payments of their future home.

DISINFECTION OF DEVELOPMENTS DUE TO THE COVID-19 SITUATION

2 Neinor Homes intends to be by our customers' side throughout the current health crisis, supporting them in whatever way it can in this situation. For this reason, having as an absolute priority the ensuring of maximum medical safety, we decided to arrange the disinfection of all developments pending delivery throughout this year 2020. Thus, before the delivery of the new developments, we carry out a disinfection of each home as well as the main transit areas of the development with a specialised company, complying with the applicable regulations and using products authorised by the Ministry of Health. With this measure, we intend to guarantee the medical safety of each of our developments and, above all, provide the peace of mind and security required at the start of a new stage as exciting as the opening of a new home.

3

NEINOR MOBILITY PACK

Within the framework of *Neinor Lab*, the initiative arose to offer customers the possibility of adapting their homes in ways that facilitate their **habitability, accessibility and comfort**, especially in circumstances where their **mobility capacity has been reduced**.

This initiative, which has the support of **ILUNION Technology and Accessibility**, focuses on aspects of **design, equipment and technology and home automation**, and consists of a set of measures that are offered as a **package of customization of the houses**.

4

UTILITIES ARRANGEMENT SERVICES DIRECT WITH THE COMPANIES

At Neinor Homes we know that homes play a key role in our lives, which is why we have reached an agreement with Endesa to provide our customers with savings and comfort for their homes: **save on electricity with ENDESA and get a €50 GIFT VOUCHER for purchases on Amazon**. Advantages that Endesa, as electricity supplier offers you exclusively for being a Neinor Homes customer.

8.1. MANAGEMENT OF EXCELLENCE AND QUALITY IN HOUSING

Neinor Homes has a **Quality, Environment and Innovation Policy**, which establishes the principles that should guide the company's activity in terms of quality, minimizing environmental impacts and promoting innovation. In this connection, in 2019 an effort has been made to maintain the AENOR ISO 9001, ISO 14001 and UNE 166002 management certificates. Work has been done on improving procedures that directly involve the company's value chain, looking for inefficiencies in processes and better work methodologies.

With the premise of achieving maximum quality and sustainability, Neinor Homes applies a **Research + Listening + Development process** in the launch of all its developments and in the construction of its homes, this being a differentiating factor vis-à-vis the competition.

Therefore, after selecting the best land ready for building, all developments are begun by carrying out a thorough **analysis of the physical environment**, an **analysis of the demand** and a **market study** to define the product to be offered in each development. To do this, Neinor Homes has 'big data' tools that also feed off the data collected in the surveys. There is also a **benchmarking** of other sectors to detect solutions that could also be implemented in the real estate sector.

Once the research and listening process has been carried out, the project is defined by adapting it to the demand and studying its **technical, social and environmental feasibility**, taking maximum care with quality, after which construction begins. **Customer interaction** is present throughout the entire life cycle of the home.

CHARACTERISTICS OF NEINOR HOMES DEVELOPMENTS

- **Economy of maintenance:**

design, careful selection of materials and innovative technological solutions allow savings in maintenance costs in the long term.

- **Habitability and functionality:**

every metre of floor space is used to the full.

- **Attractive:**

homes that are adapted to new lifestyles and the environment.

- **Acoustic comfort:**

thanks to external insulation and internal layout.

- **Safety:**

healthy and safe homes vis-à-vis natural phenomena.



> QUALITY IN HOUSING THROUGH THE WHITE BOOK

Neinor Homes pioneered the development of a **design and construction manual** called the **White Book**. The main objective of this manual is to **standardise the quality, sustainability and design parameters** that define all the Company's real estate developments.

In this way, with the White Book Neinor Homes ensures that all developments have **design criteria and product attributes that are unique to Neinor Homes** and adapted to the needs of the customer in each geographical area, which are always applied independently of the architectural studio that develops the project. The standards it sets are independent of the design used and **each product is customized** for each development.

The White Book is a living tool and its success lies in the fact that it **is constantly being revised** to adapt it to conditions and trends of the sector and the company, to new systems or materials that arise and to experience acquired. In addition, **the entire company has the chance to suggest and contribute changes and updates**. Thus, the White Book allows Neinor Homes **to lead the transformation of the sector**, benefitting from implicit know-how that allows the transfer of knowledge, capabilities, standards and ways of doing things.

The White Book is a pioneering manual in the sector.

8.2. PERSONALIZATION OF THE HOMES

For Neinor Homes it is key that the user is satisfied with their own home. Therefore, the company offers the possibility for the customer to **personalize their home** to their liking with a predefined catalogue to adjust it to their needs.

To manage this, Neinor Homes has a **Home Personalisation Procedure** that is applied in all its developments, whose objective is to define the steps, rules, conditions and other aspects necessary to systematically carry out the personalisation of the homes. Neinor Homes offers two levels of customization:



STANDARD CUSTOMIZATION

The proposals are divided into 3 main packages:

- **Bathrooms:** you can choose between two possible alternatives, if you want to remove the bidet or keep it and if you want to change the bath for a shower tray.
- **Kitchen:** you can choose the ambience from two possible alternatives and the combination of furniture and kitchen worktop from three possible options.
- **General housing:** the flooring is chosen from two options, the interior carpentry finish from two possible options and the painting of the walls from three possible options. We always adjust to the marketing plan and commercial needs of each branch.



ADVANCED CUSTOMISATION

In the most advanced customisation, Neinor Homes offers the possibility of adapting the home for people whose mobility is reduced due to various circumstances with the Neinor Homes Mobility Pack, which entails an added cost for the customer. The pack consists of three sections:

- **Architectural design:** widening the passage width of the doors, putting in non-slip bathroom flooring, sliding doors or power sockets and knobs at an accessible height.
- **Equipment:** this implies changes in the kitchen equipment, in the bathrooms and in the wardrobes.
- **Technology and domotics:** electronic sight glass, fall detector, emergency button and domotics for elderly people are installed.

The Commercial Department, Neinor Experience, Personalisation Manager, Product and the Technical Team of the project are all involved in the **process of personalising** the homes in order to coordinate the customer's choice.

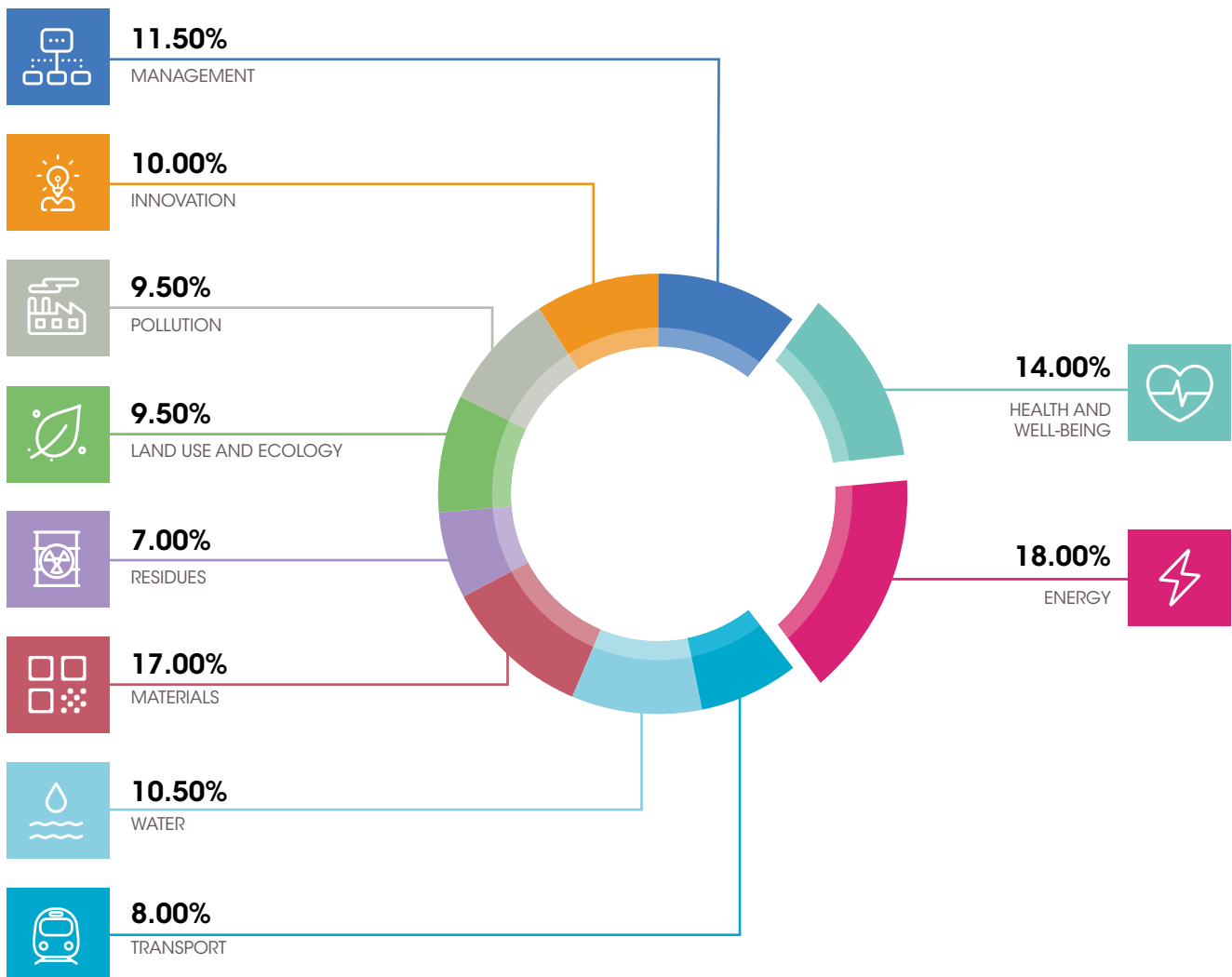
8.3. ENVIRONMENTAL SUSTAINABILITY AND HEALTH IN HOUSING

Neinor Homes takes into account sustainability, health and quality criteria in its developments, so that the homes can be adapted to the increasingly exigent demands of customers.

> BREEAM® CERTIFICATION

BREEAM® is the most visible part of a global project to transform the building sector worldwide.

This promotes more sustainable construction that results in economic, environmental and social benefits for all those involved in the life of a building (tenants, users, developers, owners, managers, etc.) while at the same time conveying the company's Sustainability to society and the market in an unequivocal and easily perceptible way. It is responsible for assessing a total of 49 requirements divided into 10 categories, the weighting of which is adapted to the country in which it is implemented.






Neinor Homes has made a voluntary commitment to take into account **BREEAM® certification** requirements in most of its developments. Since the company was founded, **52.73% of the developments launched (165 developments) have included the requisites to obtain BREEAM® sustainability certification** at the Good or Very Good level from the design phase, which means more than 7,700 homes. Finally, of the total number of completed developments, 32 developments have obtained the final BREEAM® certification, 28 at Good level and 4 at Very Good level, representing 2,225 certified homes.

Neinor Homes is the **Spanish developer** that has obtained most BREEAM® certifications in recent years.

In 2020 we made progress in fulfilling our commitment: 76% of the company's revenue comes from deliveries of BREEAM certified developments and 67% of the developments under construction are in the process of certification.

When a building meets the **requirements of the BREEAM® certification this ensures that both the user and the environment benefit** from the following aspects:

 HEALD	 ECONOMIC SAVINGS	 ECOLOGY
<ul style="list-style-type: none"> • Use of paint, varnish and materials with minimal harmful elements. • Homes with features for enjoyment and relaxation: swimmingpool, communal leisure areas, etc. • Close to basic services (nor further than 500m from the closest bus stop, schools, grocery stores, healthcare centers, etc.) 	<ul style="list-style-type: none"> • Design of thermal enclosures making it possible to save on heating and air conditioning. • The choice of efficient elevator. • Use of energy-efficient lamps and lighting. • Instalation of solar panels handling all the energy needs for the demand for hot water, representing savings and the reduction of greenhouse gas emissions. • Instalation of vegetation on roofs and in gardens, designed to create a soothing, lowmaintenance ambiance using very little water, as the plants are local varieties not requiring much water. 	<ul style="list-style-type: none"> • Choice of water-saving faucets. • Reduction of number of individual car trips thanks to proximity to basic services. • Reduction of CO² emissions. • Recycling os waste generated during building. • Legal acquisition of lumber. • Instalation os grease separators to minimize water contamination.

Neinor Homes trains its commercial managers so that they can transmit the benefits of having BREEAM® certificate, together with the rest of the factors explained in this report, has made Neinor Homes the **leading developer in sustainability** in Europe.

8.4. INNOVATION AS A DRIVER OF TRANSFORMATION

Innovation, technology and digital transformation have been in the DNA of Neinor Homes since its creation, with the vision that its drive allows it to obtain a **competitive advantage and maintain a leading position** in the transformation of the Spanish residential and real estate sector.

From a purely product standpoint, the new buildings are expected to be sustainable, intelligent, safe, adapted to the new lifestyles of the users and to the various climate scenarios.

Neinor Homes has analysed the **trends forecast for the building sector** and the challenges it will face over a 20-year period, considering aspects such as ethics, transparency, customer focus, industrialisation, digital transformation, automation and new sustainable materials, among others.

In this context, innovation is one of the fundamental values that govern Neinor Homes, acting as a cross-cutting thread for the three corporate pillars of the company: Institutionalisation, Customer and Product.

To this end, in 2020 Neinor Homes renewed the

AENOR 166002:2014 Certification

which it has been obtaining for the last 4 years.

Neinor Homes is aware that the future of the sector involves betting on trends and new technologies that will transform the homes of the future. This is why it has the **Home Innovation Centre**, a space designed to promote the transformation of the residential sector.

Neinor Homes
leads the way in
innovation in the
real estate sector.

> INNOVACIÓN COLABORATIVA

Neinor Homes is committed to the **exchange of experiences and solutions** with the rest of the real estate sector and with other sectors, in order to **seek new solutions in innovation** and adapt them to the new needs of the customers.

- Along these lines, in 2020 the **Neinor Mobility Pack** remained on offer in collaboration with Ilunion Tecnología y Accesibilidad, which was also the first initiative to emerge from Neinor Lab.
- **Cluster de la Construcción de Euskadi ERAIKUNE** (ERAIKUNE Basque Construction Cluster) participating to address the various challenges that the Basque Country is facing within its 2019-2020 Strategic Plan. More specifically, the development of Working Group 2 "Innovation and Training" to address Challenge 2 "incorporating knowledge and cutting-edge technologies in the industry".

The objective is to incorporate state-of-the-art knowledge and technologies in the construction industry to improve the competitiveness of cluster companies by:

- Sector technology watch.
 - Promotion of the development of new advanced products and processes.
 - Launching of innovation projects.
 - Enhancing the skills of today's professionals.
 - Training of future professionals.
- **Plataforma de Industrialización de Viviendas PIV:** Neinor has joined the Plataforma para la industrialización de la Vivienda (Housing Industrialisation Platform) "PIV", sponsored by ASPRIMA, which was created to research, disseminate and promote the use of industrialised systems in housing construction. We are taking part in the working groups and we are part of the board.

The main objective of the platform is to obtain guidelines and criteria to promote the industrialisation of residential buildings.

- Increasing knowledge of industrialisation systems and industrialisation systems enterprises.
- Promoting meetings and networking between agents.
- Increasing the dissemination of the advantages and benefits of industrialised systems.
- Increasing the commitment of public authorities to these types of solutions.



COLLABORATION AGREEMENT WITH CEMEX VENTURES

In 2020, a cooperation agreement between CEMEX Ventures, CEMEX's Corporate Venture Capital and Neinor Homes has been maintained with the objective of **establishing synergies** to improve the construction and development industry. With this collaboration both companies **will exchange information on start-ups** that may be of interest.

INNOVATION PROCESS IN CONSTRUCTION



Neinor Homes is promoting agreements with companies that apply the **most advanced technologies in the construction sector**, with the aim of implementing highly innovative technologies in its housing production chain. In this way, industrial production processes will be applied to its buildings with **panels** that include final finishes and that only need to be **assembled in a simple way** and with a minimal loss.

> DIGITAL TRANSFORMATION

Neinor Homes tries to apply innovation in each link of its value chain, implementing various **digital initiatives that provide added value** and allow the optimization of processes, the increase of effectiveness and a reduction of operating costs. This **Digital Transformation Plan** includes all the company's departments, through participation in the proposed initiatives:



DIGITAL SIGNATURE

The digital signature allows for immediacy in the digital signing of contracts, without the need to do it face-to-face.

Implemented in the purchasing department, for the signing of works contracts and framework agreements and for the commercial department for customer reservations.

VIRTUAL VISITS

This has allowed us to:

- Remain at our customers' side, offering them a similar experience to that of the Stores.
- Continue our marketing activities.
- Continue setting trends in the market, being the first to implement it.

SUPPLIER PORTAL

- Easy sign-up of suppliers and receipt of invoices
- Shorter deadlines and reduced costs
- Better visibility of the state of invoices
- Avoidance of "whaling" payment attacks such as "CEO Fraud".

CUSTOMER CENTRIC BIG DATA

This tool allows the **analysis of past behaviour** of contacts and customers, in order to **optimise new products** and thus increase sales.

NEINOR STORES

These are physical stores that allow us to **change customers' experiences**, offering them computer graphics, virtual reality and other digital experiences adapted to the customer's needs. The customer experience is raised to the highest level.

TIME MANAGEMENT TOOL

This tool allows us to improve the coordination and monitoring of processes, leading to a **reduction of internal efforts** and an **improvement in the delivery times** of developments.

NEINOR EXPERIENCE

App for the customer (in some Developments), in which one can see using a Smartphone or Tablet the pre-sales and post-sales incidents in the customer's various visits.

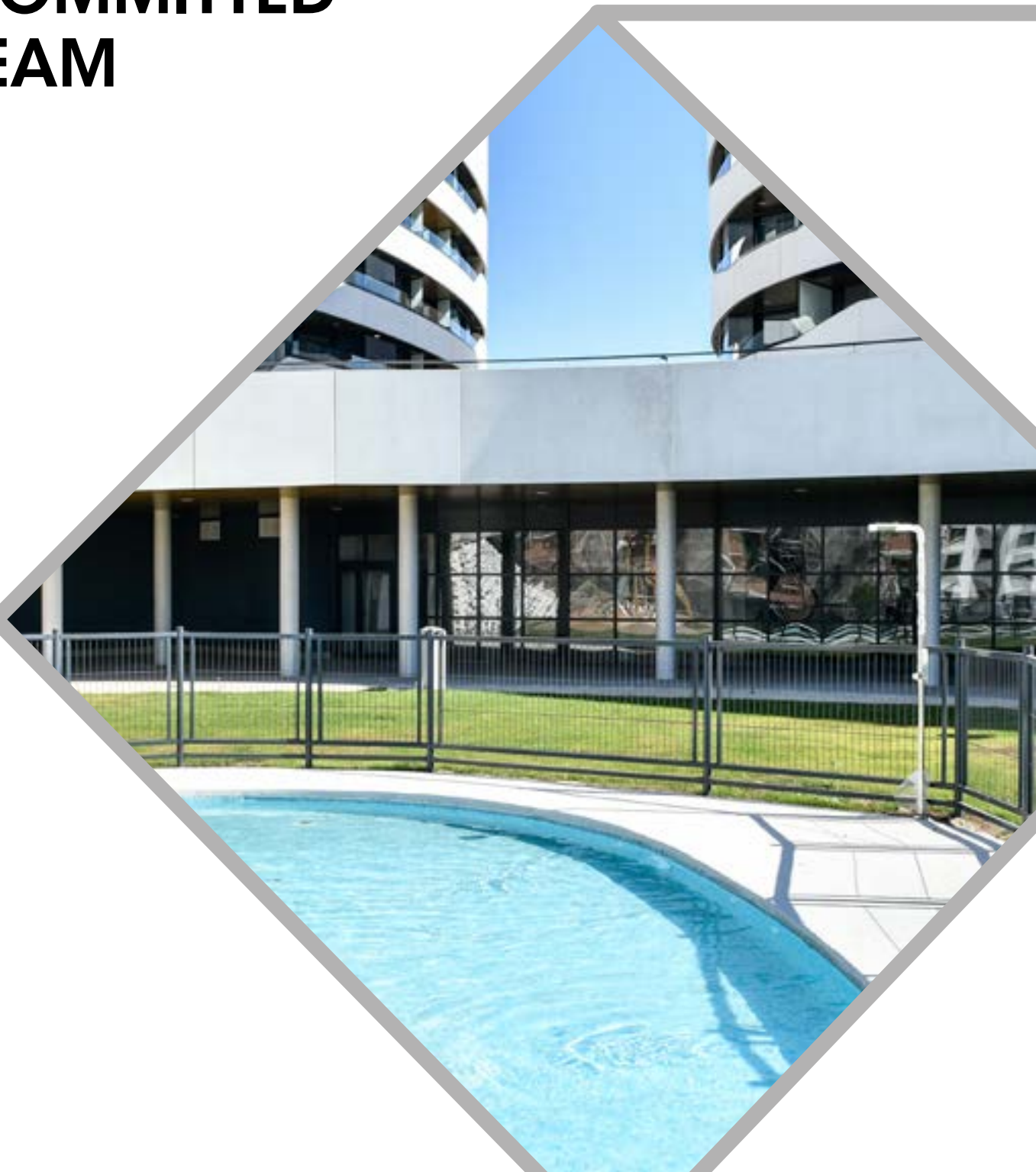
The digital transformation at Neinor Homes continues to evolve, such as with the creation of a **Datawarehouse** to unify information and manage the company's reporting; now the **situation created by COVID-19** worldwide **has made it a priority**.

Aware of the importance of a safe business, we have deployed all the necessary mechanisms to guarantee it and bring it to our employees, shareholders, suppliers and, above all, our customers:

- **Digital signing** to guarantee the immediacy of both purchasing and commercial contracts. **More than 80 online contracts and pre-reservations**, avoiding the need to do so face-to-face.
- More than **300 virtual visits** to our Developments have allowed us to continue our commercial activity and continue to set the trend in the market by being the **first to implement it**.
- Ease and **security in sending invoices** through the **new supplier portal**, avoiding risks of payment attacks; shortening of deadlines and reduction of costs, and better visibility of the status of invoices.
- **Neinor Experience: Improvement of the app** with photographs, documentation and customer approval when creating pre-sales and post-sales incidents during the same visit to the property. **The customer can access the app using a smartphone or tablet** (in other words, a mobile phone and a digital tablet).

09

WE HAVE A
**COMMITTED
TEAM**

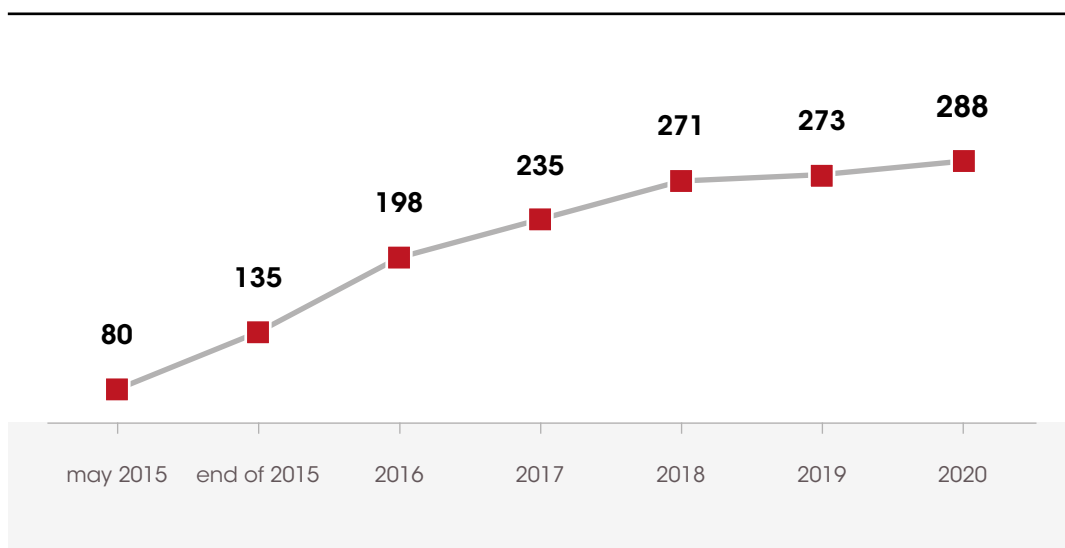


One of the priorities of Neinor Homes is to offer its team an **attractive environment** where they can develop professionally and where they can balance their personal lives with their work. All this is based on **equal opportunities, transparency, health and safety.**

Neinor Homes is a benchmark company in the real estate sector, offering an **attractive environment in which to work**, generating quality employment, encouraging the development of talent and continuous training, and promoting well-being, work-life balance and safety. The company always seeks **maximum transparency in communication and involves the entire staff in the innovation and growth** of the company. Only by working daily with all these values in mind can we be at the forefront in a sector that demands ever **greater dynamism and professionalism.**

Since its creation in 2015, Neinor Homes has grown exponentially, increasing its workforce 3.6 times in these 5 years. This requires efficient management of people, which is determined by a **Strategic Human Resources Plan** closely linked to the company's three strategic pillars.

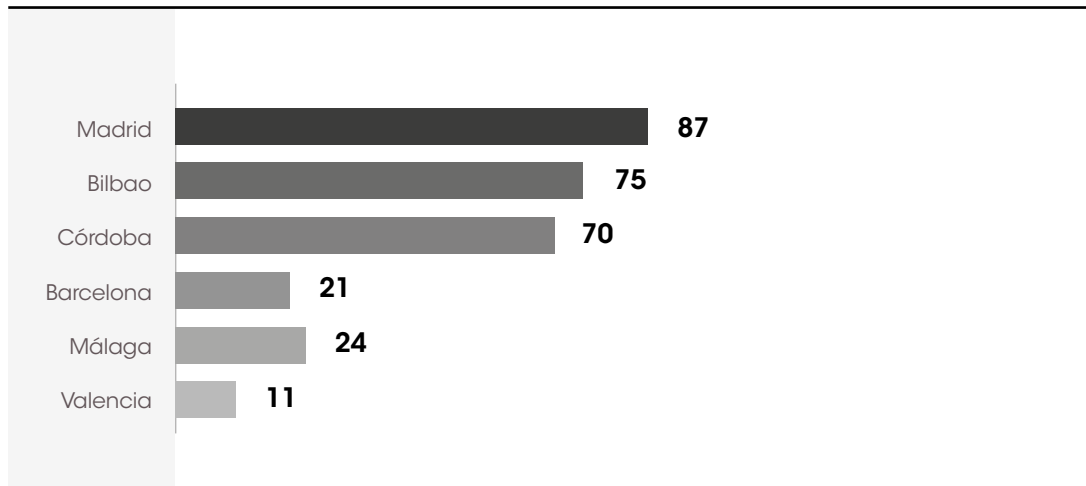
EVOLUTION OF THE WORKFORCE



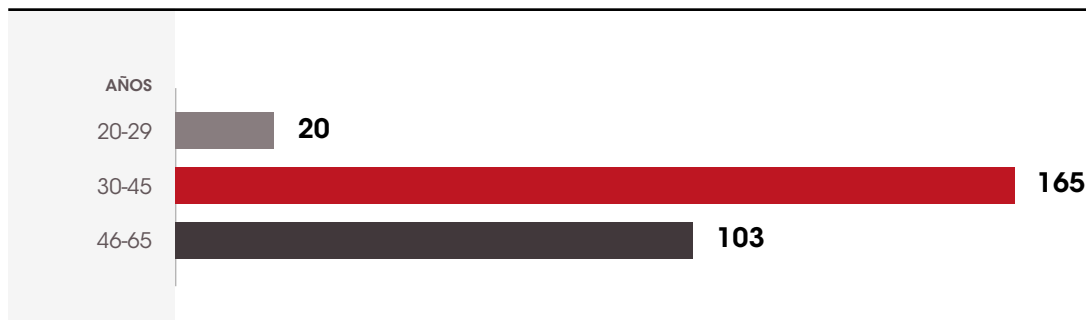
In 2020 Neinor Homes had a workforce of **288 employees, 56% men and 44% women, increasing the workforce by 15** employees from the 273 in 2019. Neinor Homes is committed to talent and professionalism when it comes to training its work teams, which is why it has a variety of profiles. The **average age** of employees in 2020 was **41,76 years**. The average age of the staff is **3,42 years**, as the company has grown considerably in recent years.

During its first 5 years it has not only grown in the number of employees, but also in the number of branches. It is currently located in **6 areas** at a peninsular level: Madrid, Bilbao, Cordoba, Barcelona, Malaga and Valencia.

DISTRIBUTION OF THE GEOGRAPHICAL LOCATION OF THE WORKFORCE



DISTRIBUTION OF THE WORKFORCE BY AGE RANGE



Neinor Homes, **100% of employees are signed up to the construction collective bargaining** agreement in force in the autonomous region in which its headquarters are located. Furthermore, freedom of association is guaranteed and trade union representatives provided with meeting rooms for their meetings, with trade union representatives affiliated to the ELA trade union in Bilbao, and in Cordoba to the UGT and CCOO trade unions. The collective agreements in the construction sector establish the health and safety aspects of the sector's activities, including issues such as the minimum safety provisions applicable on construction sites and the health and safety training to be provided. Therefore, all of them are applicable to 100% of the workforce.

9.1. EQUALITY AND DIVERSITY

Neinor Homes is firmly committed **to equal opportunities, non-discrimination and respect for diversity**, which is also reflected in the principles of its Code of Ethics, in the Code of Conduct with third parties and in its Diversity and Non-discrimination Policy. The best proof of this is that there is practically parity between **men and women** among its employees, which is remarkable considering the particularities of the sector in which it operates. However, in Neinor Homes, equality is applied in a broader concept than gender since it aims to promote the equalization of all people in rights and obligations. In this regard, the company's practices are aimed at complying with the **ten principles of the United Nations Global Compact** and the 17 Sustainable Development Goals (SDGs), particularly in this case those relating to **human rights, labour and equality**.

Neinor Homes has approved an **Equality Policy** that establishes the criteria and guidelines for achieving equal treatment and opportunities and for eliminating any type of discrimination on the basis of gender, origin, age, race, culture, ideology, religion or disability. These guidelines are:

Neinor Homes' commitment to equality and non-discrimination is reflected in its Equality Policy.



PROMOTION OF EQUAL OPPORTUNITIES

Guarantee for all employees of equal treatment and opportunities at work in access to employment, professional classification, performance evaluation and development, remuneration, training and work-life balance.



RESPECT FOR DIVERSITY

Rejection of any discriminatory behaviour or intolerant behaviour in the organisation, considering diversity as a value that brings different visions and encourages the generation of new ideas and creative and innovative alternatives.



INTEGRATION AND INCLUSION

Collaboration and teamwork so that all professionals, regardless of their seniority in the company, previous experience or any other condition, can be part of the company, with a strong commitment to the inclusion of specific groups with different abilities.



WORKPLACE ENVIRONMENT

Preserving an environment free of harassment at work, promoting an atmosphere of respect and acceptance, reinforcing the company's sensitivity and culture of diversity, inclusion and non-discrimination and guaranteeing the rights of freedom of association as set out in international law.



THIRD PARTY CONDUCT

Extending commitments to respect diversity and non-discrimination to all stakeholders, particularly with regard to raising awareness among suppliers and contractors.

> EQUAL PAY

Neinor Homes guarantees respect for equal pay and has reflected this in its Diversity and Non-Discrimination Policy. Avoiding discriminatory biases in remuneration is key to fostering an environment that promotes diversity, which is considered one of the main values of the company's human capital.

The remuneration structure of all professional categories and responsibility levels in the group is conceived under the criterion of gender neutrality. Furthermore, the salary review processes that the company carries out annually are based on common criteria and individual performance evaluation for both genders.

Neinor Homes is determined that there should be no gender-based pay inequality in its business. For this reason, it has begun to carry out a salary analysis to identify possible cases of inequality between women and men with identical jobs, functions and responsibilities. Taking as a principle the right of men and women to receive the same pay for the same work (equal pay), the difference between the average pay received by men and women (pay gap) has been calculated.

With the information obtained from this analysis, the data will be studied by business line and level of responsibility to define whether there is a gender gap in jobs of equal activity, or whether the difference is due to any other cause (seniority, performance, results, etc.). Neinor Homes' aim is to eliminate any cases of this type of inequality that may be detected.

In addition, a specific analysis of inequitable remuneration situations will be carried out through the annual salary review process. This action plan is regularly monitored by the Management, which evaluates progress at each level of the organisation.

GENDER PAY EQUITY ANALYSIS¹

CATEGORY	AVERAGE COMPENSATION	Nº OF PERSONS	AVERAGE AGE	AVERAGE LENGTH OF SERVICE	% VARIATION	ADJUSTED AVERAGE COMPENSATION	% ADJUSTED VARIATION
TOP MANAGEMENT	243,634	15	47.5	8.4			
Male	243,634	15	47.5	8.4			
AREA MANAGERS	81,717	34	44.0	7.4			
Male	87,306	25	44.9	7.7	24%	76,327	13%
Female	66,191	9	41.4	6.5			
RESPONSIBLE	51,524	49	43.1	6.6			
Male	55,546	26	45.5	7.2	15%		
Female	46,979	23	40.3	5.8			
TECHNICIANS	39,008	137	40.6	4.3			
Male	42,006	73	41.6	4	15%		
Female	35,588	64	39.4	4.7			
ADMINISTRATIVE	24,635	41	39.7	5.3			
Male	25,802	11	38.9	4.1	6%		
Female	24,136	31	40.2	5.6			
CONSTRUCTION PERSONNEL	42,791	11	49.4	0.4			
Male	42,791	11	49.4	0.4			
TOTAL	54,877	288	42.0	5.3			

¹ The calculation of remuneration is made taking into account the contractual conditions of each employee, contemplating the total variable salary regardless of the amount received.

The underlying cause of the pay gap in certain categories is the lower presence of women in the workforce, a common situation in the development and construction sector, which is accentuated in Senior Management, Area Managers and site personnel.

For the area managers, a calculation adjustment has been made because there are 3 men aged between 55 and 65 years with more than 10 years experience in the company. For this reason their salary doubles the average salary. If we do not consider them, the percentage difference decreases from 24% to 13%. *

Neinor Homes defends wage equality and is committed to reducing the wage gap. Therefore, in order to mitigate this situation, Neinor Homes is working on the implementation and development of an Equality Plan.

* The gap is explained by more working experience and more seniority in the company.



EQUALITY PRACTICES AND MEASURES ADOPTED AT NEINOR HOMES

- **Access to employment:** definition of requirements in job offers that provide the same employment opportunities and recruitment and interview processes in which there is no discrimination.
- **Performance evaluation and developmen:** use of objective criteria when assessing employee performance and development. In addition, the presence of women in governing bodies is encouraged.
- **Remuneration:** search for homogeneity by professional category to reward employees according to their development and performance evaluation, not encouraging the existence of unjustified inequalities.
- **Training:** Providing all members of the company with training courses to improve and expand their knowledge for the development of their job.
- **Work and personal life balance:** definition and implementation of a number of measures to promote equality and to balance and integrate professional activity with family and personal responsibilities.

The **Human Resources Department** will ensure the fulfilment and application of this Equality Policy, in collaboration with the other departments that make up Neinor Homes. For its part, the Internal Audit Department periodically reviews and reports on compliance with the guidelines of the Equality Policy. In 2020 Neinor Homes had 3 employees with disabilities.

9.2. PROFESSIONAL AND PERSONAL DEVELOPMENT OF EMPLOYEES

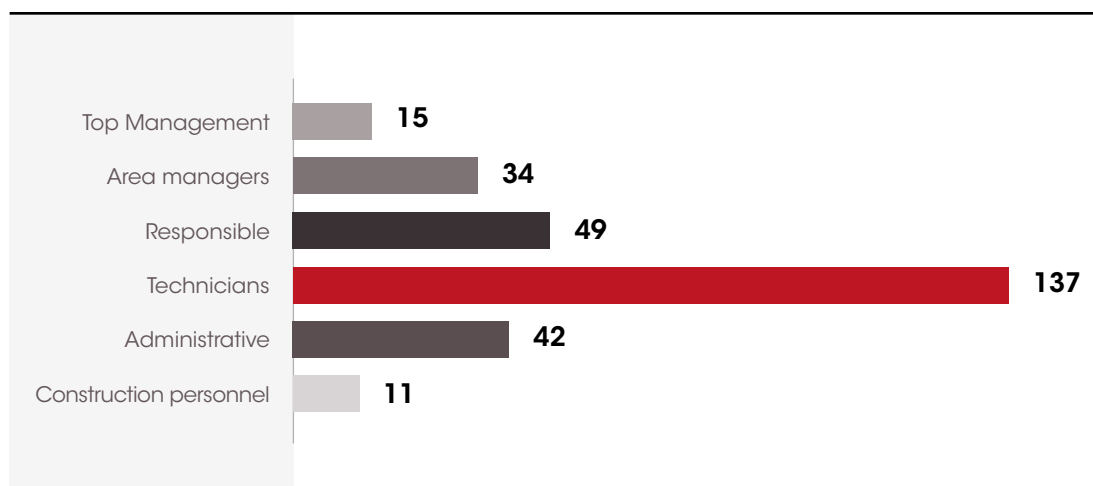
The achievements to date and the continued growth of the company (**34 new hires in 2020, 7 women and 27 men**, of which 7 are in the 20-29, 12 in the 30-45 and 15 in the 46-65 age bracket), have been possible thanks **to the search for the best professional training and the attraction of talent** in the recruitment process. In 2020, the recruitment rate was 15%.

In 2020, we worked hard to **internalise** as many **positions** as possible in order to obtain valuable information from the selection processes. In 2020, **5 employees** were promoted.

Neinor Homes is a defender of **quality employment** and fosters a sense of belonging among its workforce and its consolidation, which is why practically all of the workforce, 93%, have a permanent contract, 99% of which are full-time, with medical insurance. The competition has been attracted to its valued employees, which has led to a **turnover rate** of 6% in 2020, despite Neinor Homes' efforts to retain talent and offer quality employment. In 2020 there was **1 dismissal** in the company (male, in the category of technicians and under 30 years old).

Neinor Homes has a team of highly talented professionals that allows us to encourage promotion from within.

DISTRIBUTION OF THE WORKFORCE BY PROFESSIONAL CATEGORY



DISTRIBUTION OF WORKFORCE BY TYPE OF CONTRACT

	WOMEN 127	MENS 161	20 -29 YEARS	30 - 45 YEARS	46 - 65 YEARS	TOP MANAGEMENT	AREA MANAGERS	RESPONSIBLE TECHNICIANS	ADMINISTRATIVES	CONSTRUCTION PERSONNEL	
PERMANENT CONTRACT 267	123	144	15	160	92	15	34	49	127	40	2
TEMPORAL CONTRACT 21	4	17	5	5	11	0	0	0	10	2	9
COMPLETE JOURNEY 285	126	159	18	165	102	15	34	49	135	41	11
PARTIAL DAY 3	1	2	2	0	1	0	0	0	2	1	0

Neinor Homes is working on a **Professional Development Plan** to encourage the growth and professional development of its employees, which is linked to the performance of each one of them. In connection with this, **annual salary reviews** are conducted for most of its employees, which are directly linked to the worker's performance.

Neinor Homes collaborates with universities and business schools, offering scholarships in the company with the possibility of future employment.



ATTRACTIVE AND FLEXIBLE REMUNERATION

Neinor Homes has implemented a variable remuneration policy to ensure the sustainability of the company. The potential variable is modulated by the achievement of EBITDA. It decreases if EBITDA falls below a certain minimum level and likewise increases if EBITDA exceeds a certain threshold. 100% of the resulting incentive is divided between Department or Territorial objectives and Individual objectives. Once the bonus has been calculated with this formula, the meritocracy is objectified and thus excellence in work is recognized according to performance.

9.3. TRAINING

Neinor Homes believes that training helps to increase the **employment productivity** of employees, while improving the possibilities of their individual development.

Neinor Homes provides employees with a **training platform** on which the different training courses are posted so that employees have access to them at all times. In 2020, a total of **2,433 hours of training** have been provided.

Some of the topics have been Customer Centric courses, online sales gateway, Neinor Experience platform learning, productivity at work, technical training, new regulations, training tools or ad hoc training to meet the needs of certain departments, among other things.

Finally, there are initiatives to raise awareness and involve employees in Sustainability by encouraging their pride in belonging. From the point of view of **environmental awareness**, communications are regularly sent to employees to improve awareness in relation to **caring for the environment**.

For Neinor Homes, training is a fundamental pillar and promotes the exchange of knowledge between its employees.

9.4. WELFARE AND WORK-LIFE BALANCE

For Neinor Homes, the **well-being and quality of life** of its employees outside the workplace is also important, since a worker who is happy and content their personal environment will also be happy and content in their work environment, favouring their effectiveness and their relationship with colleagues. It is thus implementing measures that seek to harmonize professional activity with personal needs that are materialized in the **Work-Life Balance Plan**.

The results of the **working environment and psychosocial risk survey** and the recommendations identified in the internal audits have been taken into account in preparing the Work-Life Balance Plan. Thus, a **number of measures** were proposed to favour work and personal life balance:

TELEWORKING



Availability for teleworking 3 days per month when it was possible. For this they are endowed to all Mobile phone and laptop employees. The interested employee must coordinate with both the Systems Department for the installation of the VPN, and with your manager to set the appropriate tasks and there is a calendar of enjoyment of the measure that must be reported to Human Resources.



REDUCTION OF WORKING HOURS IN NON-SCHOOL DAYS

It is allowed to **adjust the working day** to the school calendar and can reduce it in **Nonschool days**. A **bag of hours** has been created to compensate for those hours not worked on the school days of the children.



PRE-DELIVERY PERMIT

There is the option to request **15 days of paid leave** from the pregnant woman during the last 15 days of pregnancy until the baby is born.



FLEXIBILITY OF ENTRY AND EXIT TIMES

It is possible to make **flexible the time of entry and exit** of the job in one hour. The departments ensure that all responsibilities are always covered in the entire work schedule. In addition, there is flexibility in the **meal schedule**.



LACTATION

The paid nursing leave is extended to **20 days** (instead of 13 days) or until the child turns 15 months (instead of 12 months).



CHILD CARE LEAVE

A leave of absence is established for the care and care of children under **4 years** (instead 3 years as the statute marks).



FINANCIAL ASSISTANCE FOR CHILDREN WITH DISABILITIES

Employees with children with disabilities have financial assistance of **€ 150 gross monthly until the child turns 15 years old**.



MEETING SCHEDULE FLEXIBILITY

Except in exceptional cases, the schedule established for holding meetings and Video-conferences should range between **10:00 a.m. and 6:00 p.m.**



PERMIT COMPLICATIONS IN CHILDBIRTH

The premise paid in case of complications is extended to **15 days** (instead of 5 days) derived from childbirth or from neonatal diseases that make the baby have to stay in the hospital.



INTENSIVE DAY

From July 15 until August 31, the work day ends at 3:00 p.m., establishing weekly rotating shifts in each department so that this way you can support in case of any incident and provide service.



WORKLOADS

With the objective of reducing to the maximum possible the excess of work outside the schedules established, there is a **commitment to define workloads**.



RESPECT FOR REST HOURS

A commitment is made to **respect resting times as much as possible after working hours** and control measures are implemented to achieve it.



BIRTHDAY

The birthday will be a holiday, being able to enjoy it on Friday of that week if prefer.

The Human Resources Department monitors these measures and is open to the assessment of new actions. In addition to these special measures, employees are entitled to all benefits established by law. Thus in 2020 a total of **26 workers**, 14 women and 12 men, have taken **maternity or paternity leave**, of which 100% have returned or will return to work after taking the leave. Neinor Homes also offers flexible compensation packages for employees with childcare, meal and transportation tickets, including health insurance for the entire family. On the other hand, preference is given to employees when it comes to accessing housing in the developments launched by the company, although in no case does this mean a reduction in price.

9.5. HEALTH AND SAFETY

Neinor Homes promotes a **safe working environment** and is committed to permanently updating the occupational risk prevention measures appropriate to each job, beyond the levels required by legislation. Due to the nature of their work, Neinor Homes employees are exposed to the inherent risks of office work. In this connection, an external company is in charge of carrying out periodic health and safety and PRL audits in all offices and branches, the result of which has been that the standards required in all of them are being met.

With the aim of promoting a health and safety-based culture, Neinor Homes continued in 2020 with its commitment to train 100% of its professionals in Occupational Risk Prevention through special courses. In 2020, there were no occupational accidents while travelling with sick leave among the company's own staff and there were no occupational accidents with sick leave in the workplace. Despite Covid, the absenteeism rate at Neinor Homes was 3,7% for both women and men.

In addition, and to guarantee the safety of all its employees, Neinor Homes took out a life insurance policy for the entire workforce, with an insured capital equivalent to 4 monthly payments of each employee's gross salary.

9.6. THE SAFETY OF OUR EMPLOYEES DURING THE PANDEMIC

The COVID crisis has posed a huge challenge worldwide, and Neinor Homes, like the rest of the business world, has had to adapt its working practices and its day-to-day operations to cope with the new situation. For this reason, from the very first moment we became aware of this pandemic, the company has worked hard to maintain day-to-day productivity, preserving the health of the workforce, and facing up to the challenge of ensuring that this crisis did not slow down the objectives we had set as a company in the Business Plan for the year.

Although COVID-19, when it started, was often considered to be similar to a common flu that we did not need to worry about, Neinor Homes focused its strategy from the very first moment on protecting its employees as an absolute priority, so that in mid-February 2020, weeks before the State of Emergency was declared in the country, the company opted to implement teleworking for colleagues who had been in Italy. These measures were then extended to those workers living in the so-called Zone 0, and by 29 February, the company, fully aware of the seriousness of the health situation, decided to create the Crisis and Response Committee, with the aim of adapting measures quickly and preserving the health of the workforce and the business itself. During the following weeks, teleworking continued to be increased for all employees living in areas of possible sources of contagion, and PPE was provided for workers.

Acting at all times on the basis of WHO and the Ministry of Health recommendations, an action plan was designed for each of the company's branches, adapted to the circumstances of each region and each workforce, combining face-to-face work in the office with teleworking, so that the safe distance between colleagues could be guaranteed at all times and, thus, possible spread could be controlled.

However, on the weekend of 14 March, we were forced to put these plans on hold, because on that weekend, following the declaration of a nationwide State of Emergency and in view of the speed and seriousness of events, it was decided to close our branches for 77 days/weeks. During this period, however, work did not cease and the company continued to move forward, monitoring the entire workforce to find out how they were coping with the situation, both on a personal and work level, so that workloads and schedules could be adapted to the reality of each household. The company provided assistance to its workers, helping those who requested it, both financially and in terms of management and guidance, in view of a lack - and contradictory - information that was received at times.

The first phase of the de-escalation plan was implemented on 25 May; this was a phase designed to very gradually resume work in the offices, for which all staff were contacted individually, prioritising at all times those who indicated that they would be suitable for a return to the branches without involving any risk to themselves or their environment, and always guaranteeing maximum safety in the office areas. At that time, the company already had a COVID-19 protocol in place, which was continuously updated as details on the virus became known. This protocol, which has evolved considerably, is still in force and is applied in all the branches, with the General Services department ensuring compliance and monitoring it on a daily basis. We are indeed proud of the effectiveness and rigorousness of, and compliance with, this protocol, which made it possible to control the spread of the virus within our offices.

Finally, it is worth highlighting the work that the company carried out during all the months in which this crisis forced us to work remotely and, therefore, to reduce the proximity and relationship between colleagues. To this end, Neinor Homes worked internally in solidarity with its employees, with corporate measures and activities that fostered a sense of belonging to the company, but, above all, that served to maintain the team spirit that characterises the firm. Some examples were recreational activities such as a "Stay at home" photo contest which was an unforgettable moment of the weeks of lockdown, activities designed for the little ones with a contest of children's diplomas for employees' children, or support initiatives such as aid for employees whose spouses had been affected by a furlough.

Undoubtedly, 2020 has been a huge challenge for all Human Resources departments, and in the case of this department within Neinor Homes, we have worked and will continue to work in 2021 to ensure that safety, business development and job satisfaction go hand in hand every day and despite whatever crisis may befall us.

9.7. EMPLOYEE COMMUNICATION AND SATISFACTION

In 2020 Neinor Homes has continued **to promote internal dialogue and communication** among all employees, who have different mailboxes to address specific issues of health and safety, human resources, recruitment and sustainability, among others.. In addition, they have the "Non-agreement" app on their desktop to submit queries on a variety of subjects and they have the Ethics Channel at their disposal to report any breach of legal obligations or of the Code of Ethics of which they may become aware.

To obtain real data on which to base future measures, for the last 5 years the Human Resources department in collaboration with GRC has been sending the "Working Environment Survey" to all its employees to measure their level of satisfaction with the policies and measures adopted by the company with regard to the company, working conditions, training and personal development, work organisation, information and communication, CSR and quality, among other things.

The survey was created in a Google Forms format so that employees could submit their answers anonymously, within a maximum of 2 weeks. In 2020, 61% of the workforce took part in this initiative, which revealed that:

97%	Feel committed to the company and proud of what has been achieved. They also believe that good work is being done in terms of digital transformation and new technologies.
85%	Believe that the company's ethics and compliance culture is reflected in procedures and operational methods and 93% also believe that regulatory compliance is an important and rigorous aspect of the company.
80%	Believe that in recruitment, evaluation, professional growth and remuneration processes there is no discrimination based on gender, age, origin, sexual orientation or ideology.
94%	Consider that the company's attitude and operational methods in the management of Covid-19 has been adequate and positively value the protection of workplaces and of personal health carried out by the company.
94%	Believe that Neinor Homes is concerned about the environment and society and is also informed and knows how to participate in the social measures that the company implements for this purpose.

In conclusion, **94%** would recommend working at Neinor Homes to others.

Finally, **initiatives** aimed at fostering pride of belonging and satisfaction are carried out:



CHRISTMAS PARTY

A Christmas party is held every year, bringing together all the delegations, facilitating transportation and re-enforcing the relationship and communication between employees.



NEINOR FAMILY DAY

One day a year, close to Christmas, employees can bring their children to the office, offering them activities and special catering.

Although this year as a result of COVID-19 these had to be suspended, other initiatives have been sought to promote teamwork and the sense of belonging to a great company: business trivia among employees, photo contests, diplomas for the youngest members of the family, etc.

9.8. SOCIAL INITIATIVES (CSR)

At Neinor Homes we continue to be committed to our employees and stakeholders, to society and to the planet. In 2019 we implemented a robust Corporate Social Responsibility Policy, with CSR plans aimed at reinforcing our commitment to sustainability and the environment.

The year 2020 and the COVID-19 pandemic caused us to redefine and strengthen our RSC policies and plans in search of a **stronger and closer commitment**. The importance of the people who are part of the organisation, **protecting them and safeguarding their health and safety**, was the priority of our organisation during the COVID-19 pandemic:



- Year-round teleworking for all employees at risk or living with family members at risk.
- Maintaining safe distances of employees who came to the offices through alternate-week shifts.
- Acquisition of hygiene products for the use of employees to avoid risks of contagion by controlling the use of common areas.
- Regular communication and information by management on the evolution of the pandemic, together with a clear and dynamic Anti-Covid protocol and personalised follow-ups.
- Guaranteeing employment during the pandemic: no furloughs, no redundancies.
- Encouraging the participation of the entire workforce to form part of a great human team: competitions for the youngest members of the household or sharing with everyone the most important or significant moment we have experienced during the quarantine.
- Protecting employees by advancing 3 salary instalments where the partner or spouse has been financially affected by the COVID pandemic.

The focus on safety has also been passed on to **our suppliers** with a clear motto of "0" accidents at our sites or with the implementation of the new supplier channel to facilitate and guarantee the receipt of invoices.

To our shareholders, with electronic Boards and meetings that reflect the important digital transformation carried out by Neinor Homes; a digital transformation made secure through the implementation of electronic signatures for both purchases and sales so that **our customers** feel secure, so that they can go to the Notary's office with strict security protocols, or see our promotions thanks to virtual visits.

Work-family life balance, understood as a means to achieve equality, was another of Neinor Homes' priorities for 2020. In addition to the measures already in place and implemented in terms of job quality, work and time flexibility, family support and personal and professional development, a proper **equality plan** was designed, aimed at achieving equal treatment and opportunity between women and men in the company and eliminating discrimination.

Neinor Homes, aware that a sustainable company must be economically, socially and environmentally sustainable, wants to focus its CSR strategy on the **17 Sustainable Development Goals (SDGs)** of the United Nations, which will serve as an additional guide for our CSR plan, with the conviction that the cooperation and effort of everyone - company, employees and collaborators - is essential.

SUSTAINABLE DEVELOPMENT GOALS



Many of our social initiatives have been aligned with one of these 17 Goals; **helping to fight hunger, poverty, helping to prevent ill health or quality education:**

- **Working with the Madrid Food Bank:** aware of the increase in the number of people who have to resort to Food Banks as a result of the COVID-19 economic crisis, the cooperation of all Neinor Homes employees, together with the company's contribution, has made it possible to collect enough money to feed 4,000 people for one day (16,000 portions, 4,000 kg of food).
- Thanks to the selfless work of a number of our employees, it has been possible to prepare up to 20,000 daily rations to feed the most disadvantaged families: **helping to prepare food rations through the Chefforspain initiative** of the NGO World Central Kitchen, led by Chef Jose Andrés and with the help of the Red Cross, the Food Bank, Makro and other collaborating companies.
- Our contribution of **IT material and used mobile phones to La Kalle Cultural Association** through its REUTILIZAK initiative, which needs material to assist with the social and employment inclusion of possibly vulnerable young people. With our donation, the Association will be able to train them in new technologies and they will be able to access a job more easily and reduce the digital divide.
- Aware of the needs of blood banks, Neinor Homes, committed to this cause, has undertaken to carry out blood donation campaigns in the main cities where we have offices. During 2020 and as a first step for the rest of the offices, the first blood donation campaign was carried out in Bilbao, where 34 Neinor Homes employees went to the mobile unit of the Basque Centre for Transfusions and Tissues of the Basque Country located in Calle Ercilla to help the health centres of Bizkaia that have seen their blood banks reduced as a result of Covid-19.

In addition, **the development of our own activity** contributes to progress and participation in some of the SDGs, **working together to create more sustainable cities and communities, affordable and non-polluting energy and forming alliances to achieve goals (SDGs 7, 11 and 17): 52.73% of our developments** launched since the company was founded have included the requisites for obtaining **BREEAM® certification**, ensuring that both the user and the environment benefit from health, energy and ecological savings. We are also the developer with the most BREEAM® licences obtained. This is also evidenced by initiatives such as Neinor Smart Sun, the Spatium seal (2018) or the future project collaborating with the Green Building Council by participating in working groups on the taxonomy of sustainable buildings to obtain green financing.

In a year in which the global economy was destabilised and faltering, we not only avoided the loss of direct employment, but we also **prevented the disappearance of indirect jobs, helping our subcontractors to avoid insolvency**; helping to create more jobs thanks to new business areas such as Neinor Work or studying and looking at other possibilities for corporate transactions which could in turn translate into decent employment and economic growth (SDG 8).

We are aware that innovation and technological progress are key to discovering lasting solutions to the economic and environmental challenges we are facing. We have been a fast responder to COVID 19, thanks to **teleworking and videoconferencing systems** both inside and outside the workplace, **digital signing or virtual visits** to our developments, contributing, to some extent, to the reduction of pollution and greenhouse gases in our cities.

We are more committed than ever to a **clean, green, safe and resilient economy**. Our efforts to create a more sustainable world continue: In addition to plastic reduction, selective recycling, the use of green energy and the rational consumption of our resources, some of our employees are involved in campaigns to maintain and clean up our oceans.

The development and implementation of the Neinor Homes CSR Policy, which is carried out through the GRC (Risk Governance and Compliance) Department, in cooperation with other Departments such as HR, Communication and Marketing, **is aimed at encouraging employees to change their behaviour to make it more socially supportive and responsible**, as a way of driving business growth. The company made available to all employees a **Corporate Social Responsibility tool, "Help up"**, to facilitate, coordinate and encourage participation of everyone in the socially-oriented actions proposed by the company and its employees.

10

WE ARE **STRATEGIC**
PARTNERS OF
OUR SUPPLIERS

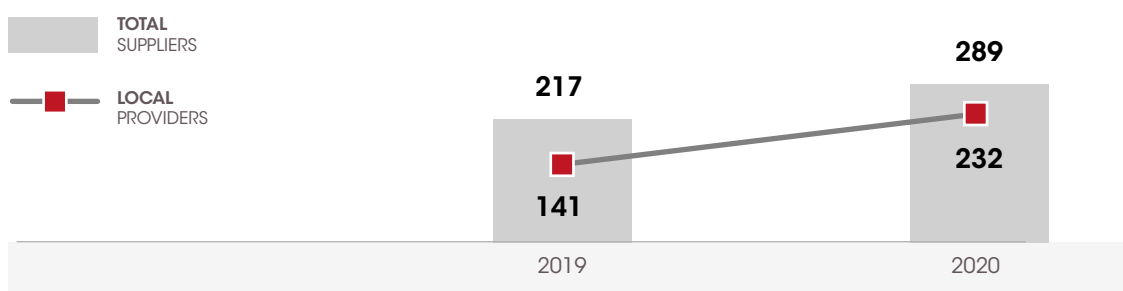


The **relationship** we establish with **our suppliers** and all the mechanisms we put in place to guarantee compliance with minimum criteria and requirements in terms of quality, deadlines and health and safety, among other aspects, is fundamental to **the success of our activity**.

10.1. OUR SUPPLY CHAIN

The values and commitments of Neinor Homes are also applicable to its entire supply chain, because we are aware that, in order to guarantee excellence and quality levels, it is important to actively work on **successfully managing the long-term relationship** with contractors, suppliers and collaborating companies. In this connection, work is being done to promote a relationship of closeness and trust in which suppliers act as **strategic partners** of the company.

EVOLUTION OF THE TOTAL NUMBER OF SUPPLIERS AND LOCAL PROVIDERS



Neinor Homes works mainly with **three types of suppliers**: construction companies, architects and project managers. In addition, other minor construction companies and suppliers of other services (kitchen furniture, geotechnical and topographical reports, health and safety coordinators, quality control companies, etc.) are also part of its supply chain.

In total, in 2020 Neinor Homes has worked with **289 suppliers**. Of these 232 (80 % of the total) were local suppliers. However, this high percentage of local suppliers demonstrates **its faithful commitment to hiring local suppliers**, local being understood as suppliers who operate in the same autonomous region where the development for which they work takes place.

In order to attract the best suppliers on the market, it is essential to establish **strategic supplier relationships** that are beneficial to both parties. In 2020, the contracting of the framework agreements started in 2018 was extended (12, seven of them signed and 5 in the pipeline), adding more companies to the list of direct partners with Neinor Homes.

10.2. RESPONSIBLE PURCHASING MANAGEMENT

Neinor Homes' purchasing management is based on **principles that must be complied** with before, during and after contracting. Throughout the entire process, suppliers must comply with Neinor Homes' integrity policies and values based on the Code of Ethics, the specific clauses for contracting suppliers, the Code of Conduct for third parties sent to suppliers for their acceptance and signature, and the Anti-Corruption, Fraud and Bribery Policy.

Neinor Homes has a **purchasing management procedure** as a framework for action in the field of contracting that describes a systematic process and allows for the standardisation of work for the entire organization with the aim of avoiding any type of risk in the value chain. The procedure for contracting and awarding contracts has been approved by the Management Committee.

Suppliers must comply with Neinor Homes' values and integrity policies.

DEPARTMENTS INVOLVED IN PURCHASING MANAGEMENT

The following departments are involved in purchasing procedures, performing different functions:

- **Purchasing Department:** in charge of carrying out the complete process of contracting, from the selection of construction companies to the award proposal.
- **Technical Department:** participates in the selection of construction companies, resolves any doubts that may arise and reviews the project.
- **Project Manager:** gives support the purchasing department in the tenders, issuing a report evaluating the process. In addition, it studies and checks the project to locate possible errors that may have occurred.
- **Compliance Department:** participates in the opening of the envelopes of the tenders ensuring the integrity of the tender.
- **Directorate-General for Operations:** responsible for approving recruitment.
- **CEO:** in charge of hiring approval.
- **Steering Committee:** approves major contracts.
- **Internal Audit Department:** carries out periodic audits of the purchasing management model and its compliance.

For the tasks of **units and services**, which are similar in all developments, **Framework Contracts** are available. They provide a prescription with specific conditions (prices, supply preferences, etc.) that must be met by the developments. In general, we seek to **optimize contracting** by emphasizing the achievement of established deadlines, compliance with the budget and, of course, without compromising the quality of the projects established by our standards and procedures. In this way, a mutually beneficial relationship is achieved both for Neinor Homes, which achieves the best conditions in terms of quality and price, and for manufacturers and subcontractors who manage to increase their turnover and improve their own image by being prescribed by a prestigious developer. Finally, this relationship also results in an increase in quality as a commitment to excellence is achieved by all parties. In Neinor Homes, a computer application has been created to control and monitor the Framework Agreements signed. In 2020, 12 new Framework Agreements were extended (7 signed and 5 in the pipeline).

Neinor Homes also has a **Construction Tendering Procedure** that aims to define the bases and documents necessary to select the companies that will carry out each of the developments. Those of the most important items, such as architects and construction companies, are carried out by means of a tendering process with delivery of offers in a closed envelope and an opening ceremony in which the *Compliance* Department is involved. From the offers received, the Purchasing Department selects a series of companies based on criteria related to the approval, technical and economic solvency, geographical location and local experience.

In 2020 Neinor Homes has contracted **€205 million in purchases for suppliers** to carry out their activity, entirely spanish companies. The 40% of the total purchases volume have been invested in local suppliers which operate in the same region where the housing development is being executed. The purchase volume has decreased by 47% due to the pandemic and the Real Estate slowdown.

The Framework Agreements promote equal opportunities and equitable distribution of developments.

The tendering period is 12 weeks.

10.3. SUPPLIER SELECTION, HOMOLOGATION AND EVALUATION

Neinor Homes monitors compliance with the highest sustainability standards among its suppliers, thus ensuring that it offers its customers sustainable and eco-efficient buildings that improve their quality of life.

For this reason, it has implemented a **demanding selection and approval process** that establishes the aspects that must be analysed for each supplier, depending on the sector of the company in question and the service or product it supplies. During 2020, a total of 93 new suppliers were approved. All of them were analysed according to ESG (Environmental, Social & Governance) criteria. However, all suppliers must comply with the principles and requirements of Corporate Social Responsibility, sustainability and ethics and compliance of Neinor Homes, as well as with the international agreements of the International Labour Organisation and the United Nations Global Compact. **100% of the contracts** that Neinor Homes enters into with its suppliers **include ESG clauses**. Pursuant to this, guarantees are required in matters such as health and safety, sustainability, confidentiality, anti-money laundering, anti-bribery or corruption and prevention of criminal offences.

Neinor Homes has identified the main potential **environmental and social risks** in its supply chain, such as accident rate, inadequate waste management or impact on biodiversity. In the current approval process, these risks are detected in each supplier, **rejecting those with negative impacts and thus excluding them from the contract**.

All suppliers must comply with the contractual legal provisions on environmental matters and assume liability in the event of breach. In addition, Neinor Homes requires them to provide documentation relating to environmental management, quality and health and safety:

- Ecolabelling, Environmental Self-Declaration or Environmental Product Declaration.
- Copy of UNE-EN ISO 9001 (quality), UNE-EN ISO 14001 (environment), UNE-EN ISO 50001 (energy efficiency), and OHSAS (health and safety) certificates.
- BREEAM® seals.

Architects and builders are likewise obliged to comply with the requirements of the White Paper and are also positively assessed for the application of BREEAM® sustainability criteria (waste, pollution, energy, materials, etc.). Moreover, tax and employment liabilities are guaranteed through remunerations consistent with the market and avoiding the hiring of third parties if there is a suspicion of tax fraud, influence peddling or any other symptom that goes against the company's policies and values.

In addition to aspects related to sustainability and the environment, Neinor Homes' contract clauses include certain **clauses, declarations and commitments** related to different aspects that the contracted suppliers are obliged to comply with:



SAFETY AND HEALTH

- **Health and Safety Plan:** the obligation to develop a Health and Safety plan to be presented to the Health and Safety Coordinator prior to breaking ground.
- **Law 31/1995**, dated November 8, on Workplace Accident Prevention.
- **Royal Decree 1627/1997**, dated October 24, on minimum Health and Safety provisions at construction sites.
- **Company commitments** to employees, information and training.



GIFTS

It is strictly forbidden to request gifts, favors, services under favorable circumstances, or invitations to suppliers, customers, intermediaries, agents, advisors or others.



CORRUPTION AND BRIBERY

- **Appropriate policies regarding corruption and bribery or compliance** with those of Neinor Homes.
- Declaration of understanding and accepting the regulations contained in its **Anti-corruption Protocol**.
- **The commitment to report** any instances of bribery or corruption through Neinor Homes' Ethics Channel.



ANTI-MONEY LAUNDERING

- **Law 10/2010**, of April 28, on the prevention of money laundering and the financing of terrorism.
- **Royal Decree 304/2014**, dated May 5, applicable to individuals and legal entities involved in real estate promotion activities.
- **Manual for the Prevention of Money Laundering and the Financing of Terrorism.**

Finally, Neinor Homes carries out a qualitative evaluation of the subcontractors associated with its suppliers. The Purchasing Department is in charge of the follow-up, carrying out the evaluations through a computer application and taking into account criteria of quality, environment, health and safety, technical capacity and compliance with deadlines, among others. In this connection, during 2020 it has carried out 780 evaluations of which 772 have obtained a favourable score, covering 100% of the work carried out.

10.4. HEALTH AND SAFETY AND AWARENESS REQUIREMENTS

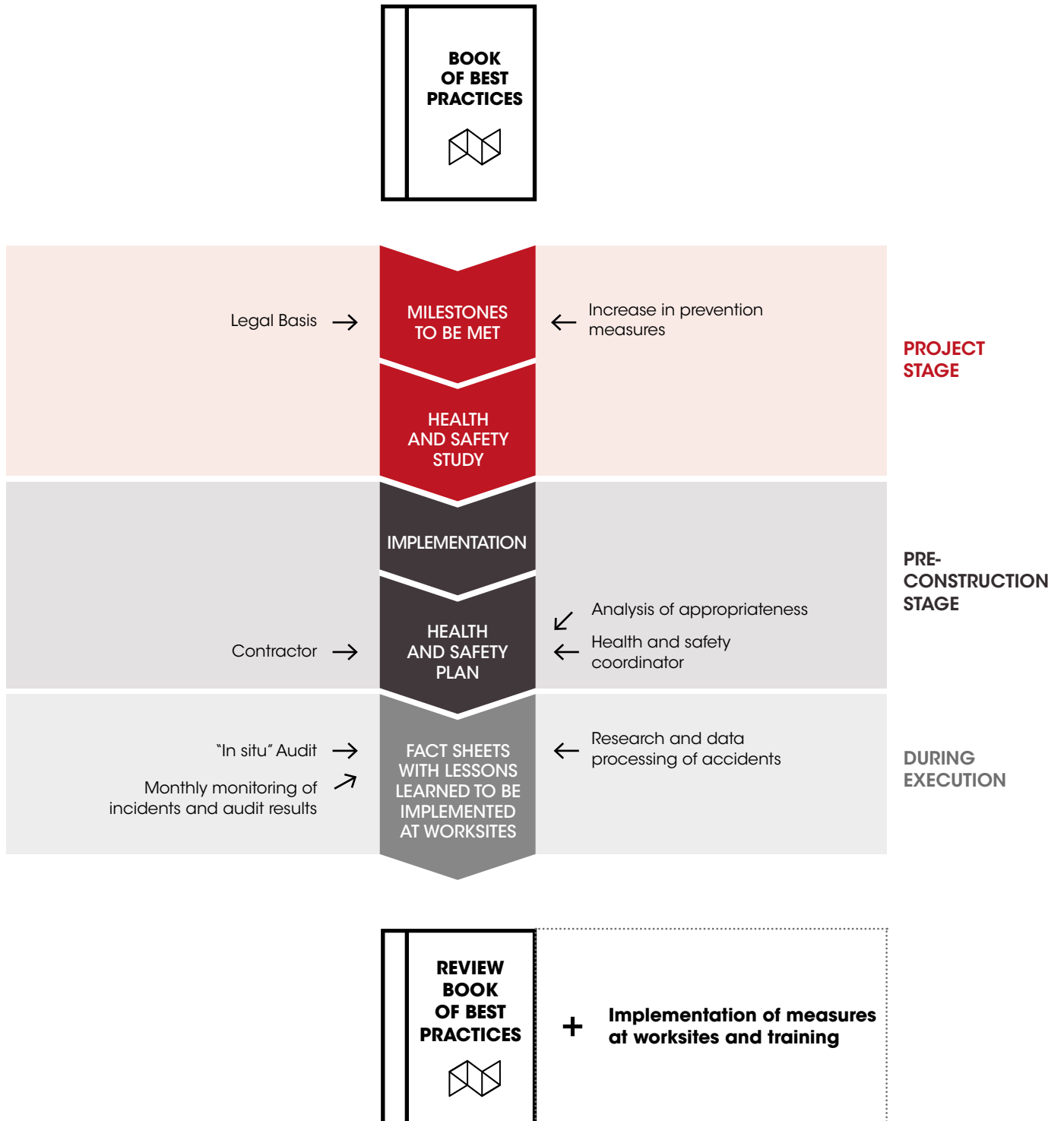
In the current market environment there is a high demand for labour in the construction sector, which is characterised by **workers with reduced experience**, low qualifications and sometimes an **increase in the number of accidents at work**. For Neinor Homes, safety and risk prevention are two key factors in its developments and it promotes a safe work environment, **applying health and safety standards that are superior to the regulations** and levels demanded by the market.

Neinor Homes has a **Good Practice Manual** to increase safety levels in the construction works of its real estate developments, with the aim of minimizing the risks to which its people are exposed and thus achieving the completion of the works with a **zero accident rate**. The main measures include access control, documentation required from contractors, subcontractors, workers and machinery, safety measures in the various phases of the work and the on-site Emergency Plan.

In each of the works, a **safety coordinator** is appointed during the carrying out of the works, who is responsible for ensuring that the requirements established in the legislation in force are met and who ensures compliance with the Good Practice Manual. In addition, each building contractor must appoint at least one worker who is permanently present on the site and whose part of the working day is devoted to preventive functions and at least one other worker responsible for the safety and health of his/her work.

In all the open works, a consulting company of reference in the prevention of occupational risks carries out **courses on health and safety awareness**. All operators, technicians, workers and project managers participate in these talks and three talks are held in all developments, depending on the phase in which it is located (start of work, structure phase and masonry phase). They give examples of the accidents that have occurred, proposing possible solutions so that they do not happen again and specific contents depending on the type of actions to be carried out on the site.

In addition, the same consultancy firm carries out **health and safety audits** at all sites, based on very strict criteria and superior to the regulations established in the sector. Each site must pass at least three audits.

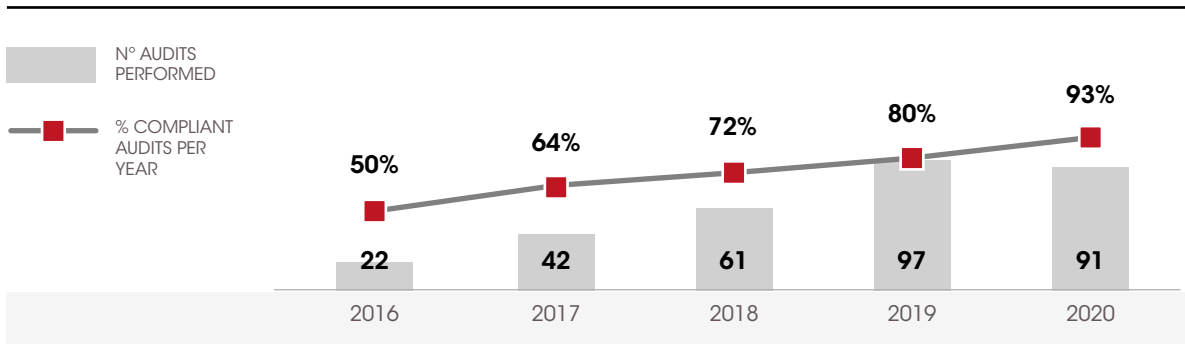


COMPLIANCE CRITERIA FOR HEALTH AND SAFETY ON CONSTRUCTION SITES

The health and safety audits that are carried out on construction sites consist of 2 parts. On the one hand, the state of the works are reviewed (compliance) with respect to the **current legislation in force**, which must be **complied with 100%**. On the other hand, the **state of the work** is reviewed with **reference** to the Neinor Homes **Good Practice Manual, with compliance of at least 75%** being necessary in order to consider the audit as compliant. If in either of these a supplier fails to reach the compliance threshold, Neinor Homes automatically excludes it from the candidates to be hired in a new development.

In 2020, **91 Health and Safety Audits** were carried out, which showed that 99.45% complied with health and safety regulations and 94.48% complied with the Neinor Homes Good Practices Manual. Furthermore, the result of 93% of these audits was "Compliant".

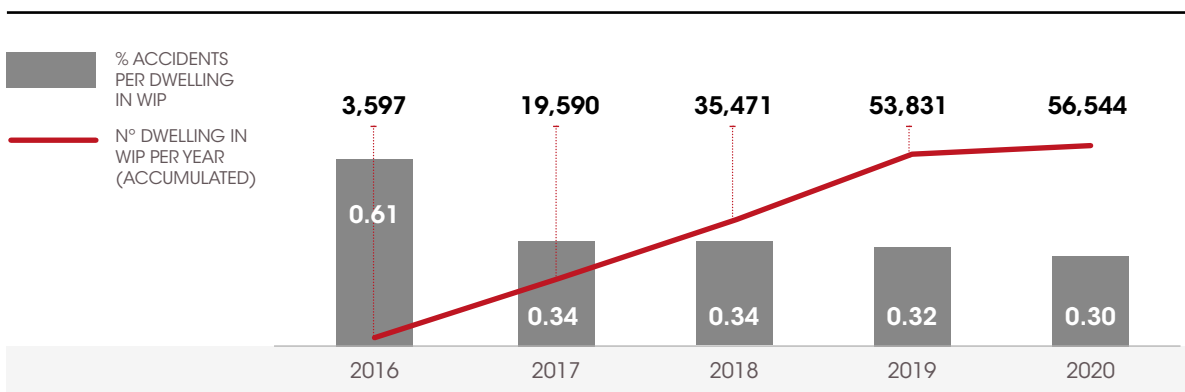
% COMPLIANT AUDITS PER YEAR y N° AUDITS



As a result of our commitment to health and safety, Neinor Homes has managed to have **accident rates on its construction sites that are well below the average for the sector**. In 2020, **167 accidents** occurred, with a frequency index of 22.59 and a severity index of 0,53. There have been no fatal accidents.

Despite an increase in the number of works in progress, accidents on construction sites have decreased by 50% since 2016.

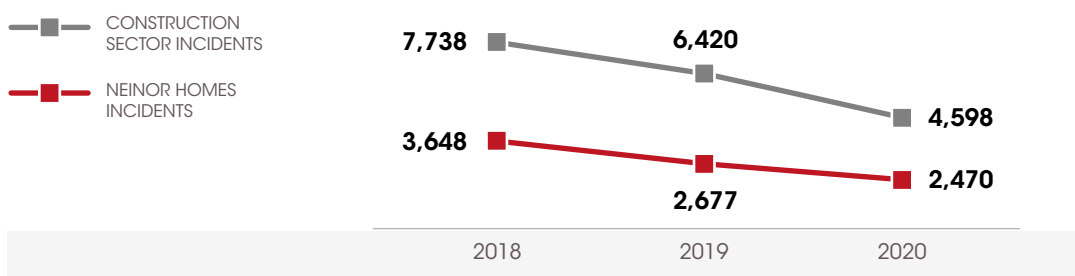
% ACCIDENTS PER DWELLING IN WIP



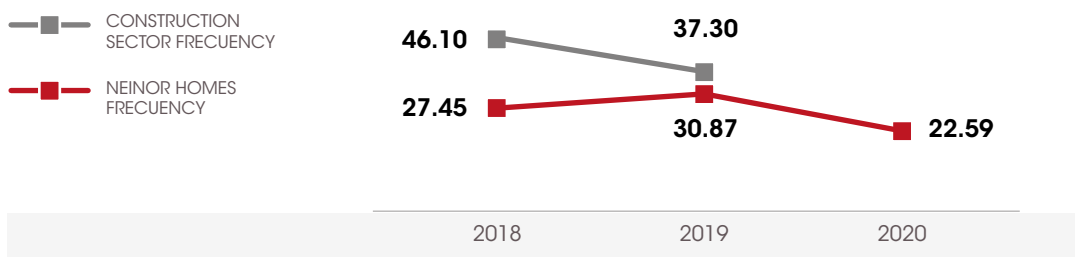
In addition, the incidence, frequency and severity rates for accidents on Neinor Homes' construction sites are well below those of the sector and the trend is downwards.

TOTAL	CONSTRUCTION SECTOR DEC - 2018	NEINOR HOMES 2018	CONSTRUCTION SECTOR DEC - 2019	NEINOR HOMES 2019	CONSTRUCTION SECTOR OCT - 2020	NEINOR HOMES 2020
Incident rate	7,738.45	3,647.53	6,419.6	2,677.42	4,598.05	2,470.40
Frequency rate	46.10	27.45	37.3	30.87	Not yet published	22.59
Severity rate	1.51	0.62	1.28	0.73	Not yet published	0.53

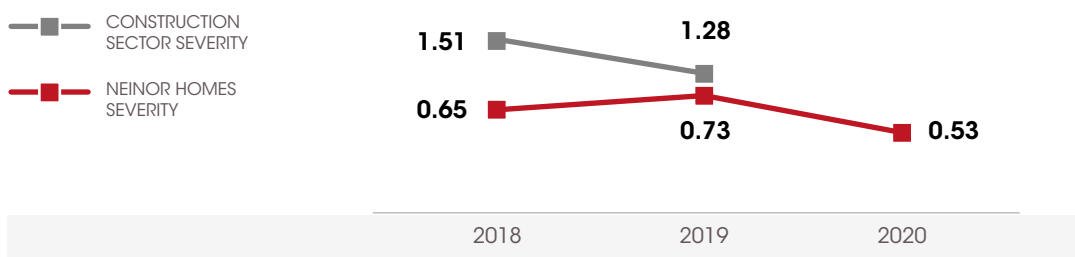
IMPACT



FREQUENCY



GRAVITY



Since the beginning of the state of emergency resulting from the health situation caused by Covid-19, the priority objective for Neinor Homes has been to protect and safeguard people's health and safety, adopting specific measures that have made it possible to preserve the health and safety of its workers and collaborators, both directly and indirectly.

10.5. COMMUNICATION, SATISFACTION AND WORKING WITH SUPPLIERS

As a sign of its commitment to quality and continuous improvement, Neinor Homes continually evaluates the suppliers it works with and the results of these evaluations are analysed with the collaborators themselves in periodic meetings. The objective is to favour **bilateral communication** that promotes in both companies the improvement in the least strong aspects and the strengthening of the most outstanding aspects.

For Neinor Homes, the brand image it gives to all the suppliers it works with is also very important. For this reason, suppliers have a computer application at their disposal in which they can **evaluate their perception of Neinor Homes**.

An improvement **action plan** is drawn up for the worst-rated aspects, which is monitored by the Purchasing Department. In 2020, **429 evaluations** were carried out.

Neinor Homes maintains a fluid and continuous communication with its suppliers and gives them the possibility to evaluate their perception of the company.

11

SUSTAINABLE DEVELOPMENT



11. OUR NEXT STEPS IN SUSTAINABILITY

At the date of publication of this Report and in line with the route set by the company in terms of diversification, growth, business continuity and commitment to sustainability, the following milestones for the year and events after 31 December 2020 that we believe will contribute to the contribution of value for the entire environment in which the company operate are set out below:

1

Neinor Homes is committed to complying with the ten principles of the United Nations Global Compact and its 17 Sustainable Development Goals (SDGs). It is therefore a full member and adheres to the Global Compact as a Partner at the Participant level. Among the various levels, this level implies a greater demand and commitment and is ideal for leaders in sustainability who seek to accelerate their efforts and increase their positive impacts in the world.



2

Neinor Homes wishes to repay its investors for the trust placed in the company and to distribute the profit obtained from its transactions in the economy, and has therefore approved a dividend distribution of 0.5 euros gross for each Neinor share entitled to receive it. The payment will take place at the end of February 2021.

3

Neinor Homes has sought to strengthen and consolidate its four business lines (residential development, construction, rental and servicing) through corporate transactions of various kinds:

- A merger by absorption was conducted of the company Quabit Inmobiliaria as part of the land acquisition business, which had been on hold since the beginning of the 2020 financial year when it was decided not to buy land at any price, but rather to wait for the right moment. The transaction was a good opportunity given Quabit's financial situation and will allow us to increase the capacity of our land bank to build more than 16,000 homes, integrating this land within a well-defined real estate development platform. The merger will also complement and strengthen Neinor's various business lines, such as the development of rental housing, an expansion of supply to different types of demand and the consolidation of Neinor's construction activity through the integration of the Quabit group's construction capabilities.
- Acquisition of the company Renta Garantizada which, together with other acquisitions of housing portfolios, will strengthen the rental business line, managing the leasing of properties owned by third parties as well as its own and which, when integrated with the developments built by Neinor for rental purposes, will provide a portfolio of more than 5,000 rental homes within a period of no more than 3 years.

4

Search for and agreements for public-private partnerships with various organisations, institutions and councils to promote the creation, development and expansion of a social rental housing stock, with affordable prices for groups that have difficulties in accessing housing, such as young people.

5

The Board of Directors is firmly committed that Neinor Homes will be a leader in ESG criteria, inspiring our stakeholders with our example and becoming a benchmark for the sector.

12

ABOUT THIS REPORT



SCOPE OF INFORMATION

Neinor Homes is presenting its Sustainability Report for the fourth time, this time for 2020, following the guidelines contained in the Global Reporting Initiative (GRI) Guidelines. Its aim with the Report is to respond to both the commitment to disclose its activities and the desire to be accountable to its stakeholders and society. The information included in the Report is limited to the financial year 2020.

In order to facilitate the understanding of the business and evaluate the performance of Neinor Homes in various areas at present, the figures and events of the previous year are also referred to, thus offering a broader perspective of analysis. The future information provided in this report responds to an analysis of the current context and its expected evolution, without compromising these objectives.

The information included in the Report is complemented by other corporate documents that may be of interest for further information and which are available on the website www.neinorhomes.com

ANNUAL
ACCOUNTS 2020

ANNUAL CORPORATE
GOVERNANCE
REPORT 2020

REPORTING STANDARDS USED

This report has been prepared taking as a reference the guidelines established in the Global Reporting Initiative's Guide for the preparation of Sustainability Reports in its GRI Standards version, in accordance with the essential conformity option. The selection of important aspects has been carried out based on the results of the new materiality analysis carried out in 2020 and explained below.

Furthermore, with the aim of ensuring that Neinor Homes continues to be one of the leading companies in its sector, this Report has been prepared in line with the recommendations and best practices established by *EPRA Sustainability (European Public Real Estate Association)*. The table of GRI performance indicators included at the end of the Report indicates the pages where the related information is provided.

Finally, a large part of the requirements established in Law 11/2018 of 28 December on non-financial information and diversity have also been taken into account in its preparation, since, although this law does not apply to Neinor Homes in 2020, it has been considered good practice in order to prepare for future years.

PROCESS OF PREPARING THE REPORT AND IDENTIFYING THE STAKEHOLDERS

For the preparation of this Report, Neinor Homes has carried out a review of the materiality analysis which reflects the most important issues for the company in accordance with its internal management and the expectations of its stakeholders. This review consisted of the analysis of various sources of information that provide the external perception of the company, also compared with the internal strategic vision of Neinor Homes based on the effect of the pandemic, the consolidation of new lines of business such as construction, rental housing... and the process of preparation and reflection of the Strategic Plan 2019. The commitment acquired by Neinor Homes in its Master Plan pivots on the following levers:

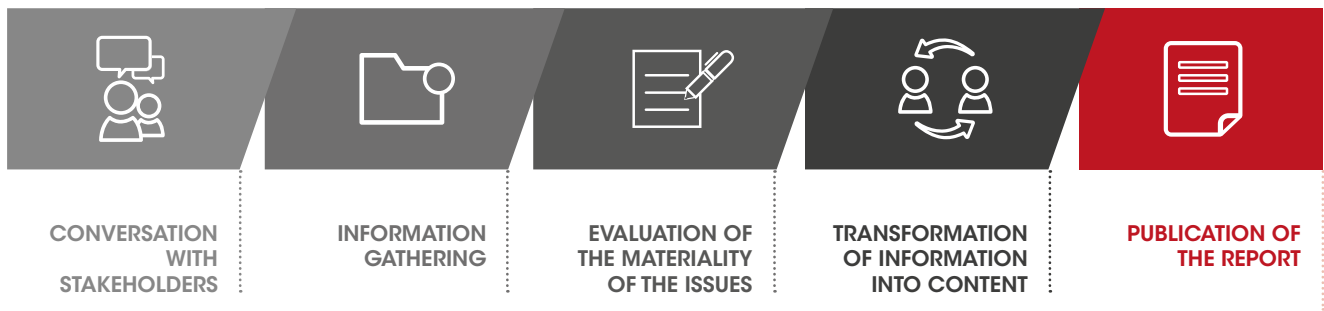
Sustainability linked to the business, generating a positive impact and footprint on society, contributing to the creation of a more sustainable environment through BREEAM® certified homes and through a clear commitment to the transformation of the sector at the level of innovation, digitalization, customer focus, *assurance* and *compliance*.

Sustainability "from within", increasing the satisfaction and well-being of Neinor Homes employees through initiatives that promote work-life balance, a career plan, training and remuneration.

Commitment to society, promoting social action activities involving employees. For example, sports actions that promote the well-being of professionals while fostering social measures are encouraged, as well as other initiatives with environmental goals.

The main expectations of the Stakeholders identified in the previous year have also been taken into account. Neinor Homes considers that its Stakeholders are all those that are directly or indirectly affected by the development of its business activity and, therefore, also have the capacity to directly or indirectly affect the development of the same. Under this premise, Stakeholders are considered to be investors and shareholders, customers, employees, suppliers and society in general. More information is given in section "5.5. The importance of communication with our Stakeholders" in this Report.

Taking dialogue with stakeholders as the basis, and through analysis of other sources of information, Neinor Homes identified a list of issues that took into account stakeholder expectations based on their relationship with various areas of the company. These issues were also assessed on the basis of their internal relevance to the company itself.



As a result of the assessment of the importance of the various issues, those that are most important to Neinor Homes were identified. Following the review of the materiality analysis in 2020, no additional issues to those identified in 2019 have been identified. The following table shows the relationship between these issues and the aspects considered by the *Global Reporting Initiative* Sustainability Reporting Guidelines:

IMPORTANT ASPECTS FOR NEINOR HOMES	GRI STANDARDS ASPECTS
Transparency	<ul style="list-style-type: none"> • Organization profile • Stakeholder engagement • Economic performance
Ethics and integrity	<ul style="list-style-type: none"> • Ethics and integrity • Anti-Corruption • Public policy • Unfair competition • Socio-economic compliance • Diversity and equal opportunities • Non-Discrimination
Good Governance	<ul style="list-style-type: none"> • Strategy • Organization profile • Environmental Compliance • Governance
Innovation strategy applied to products and services, technology and digitalization	<ul style="list-style-type: none"> • Customer health and safety • Marketing and labelling • Training and education
Sector leadership and influence with Stakeholders	<ul style="list-style-type: none"> • Stakeholder engagement
Customer Service	<ul style="list-style-type: none"> • Customer Privacy • Marketing and labelling
Corporate reputation and sustainable brand value	<ul style="list-style-type: none"> • Organization profile
Health and safety at work	<ul style="list-style-type: none"> • Health and safety at work
Economic sustainability and responsible investment	<ul style="list-style-type: none"> • Strategy • Socio-economic compliance

IMPORTANT ASPECTS FOR NEINOR HOMES	GRI STANDARDS ASPECTS
Added value of the product	<ul style="list-style-type: none"> • Customer health and safety • Marketing and labelling
Human capital management, talent attraction and retention	<ul style="list-style-type: none"> • Organization profile • Employment • Training and education
Corporate reporting	<ul style="list-style-type: none"> • Reporting practices
Strategic relationship with suppliers	<ul style="list-style-type: none"> • Procurement practices • Supplier environmental assessment • Social evaluation of suppliers
Responsible supply system	<ul style="list-style-type: none"> • Procurement practices • Materials • Energy • Effluents and waste • Supplier environmental assessment • Social evaluation of suppliers

The various departments have been involved in the process of preparing this report coordinated and led by the GRC area that is responsible for the sustainability of the company, ensuring the accuracy and completeness of the information reported. It should also be noted that this report is published together with the financial information for the year, making it easier for stakeholders to consider it along with the rest of the company's relevant information.

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GRI
CONTENT



FUNDAMENTALS

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
101	Principles for the preparation of reports	Investors and stakeholders	109-111

GENERAL CONTENTS

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
102-1	Name of the organization	N/A	21
102-2	Activities, brands, products and services	N/A	18-21
102-3	Location of the headquarters	N/A	Calle Ercilla n° 24, Bilbao
102-4	Location of operations	N/A	Calle Ercilla n° 24, Bilbao
102-5	Ownership and legal form	N/A	18-21, 24
102-6	Markets served	N/A	21, 27
102-7	Size of the organization	N/A	18-21, 24, 76
102-8	Information on employees and other workers	N/A	75-90
102-9	Supply chain	N/A	94-104
102-10	Significant changes in the organization and its supply chain	N/A	15-16, 18-21, 24, 94-104
102-11	Precautionary approach or principle	N/A	32-33
102-12	External initiatives	N/A	72, 91-93
102-13	Association memberships	N/A	31
102-14	Statement from senior executives responsible or taking decisions	N/A	12-13
102-15	Main impacts, risks and opportunities	N/A	46-58
102-16	Values, principles, standards and norms of conduct	N/A	4, 19-20
102-18	Governance structure	N/A	37-45
102-22	Composition of the supreme governing body and its committees	Gov-Board	40-45
102-35	Remuneration policies	N/A	38
102-36	Process for determining remuneration	N/A	79-81, 83
102-40	List of stakeholders	N/A	34-35
102-41	Collective bargaining agreements	N/A	77
102-42	Identification and selection of stakeholders	N/A	109-111
102-43	Approach to stakeholder engagement	N/A	34-35, 61-62, 89-90, 104, 109-111
102-44	Key issues and concerns mentioned	N/A	110-111
102-45	Entities included in the consolidated financial statements	N/A	21

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
102-46	Definition of report contents and subject coverage	N/A	109-111
102-47	List of material issues	N/A	110-111
102-48	Re-stating of information	N/A	No relevant information has been restated with respect to last year
102-49	Changes in the preparation of reports	N/A	No significant changes have been made to the Report with respect to last year
102-50	Reporting period	N/A	108
102-51	Date of last report	N/A	2019
102-52	Reporting cycle	N/A	Annual
102-53	Contact point for questions about the report	N/A	sustainability@neinorhomes.com alvaro.conde@neinorhomes.com
102-54	Statement of compliance with GRI standards	N/A	108
102-55	GRI table of contents	N/A	113-117
102-56	External verification	N/A	118-119

MANAGEMENT APPROACH

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
103-1	Explanation of the material subject and its coverage	N/A	109-111
103-2	The management approach and its components	N/A	15-58
103-3	Evaluation of the management approach	N/A	15-58

FINANCIAL PERFORMANCE

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
201-1	Direct economic value generated and distributed	N/A	28

PROCUREMENT PRACTICES

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
204-1	Proportion of spending on local suppliers	N/A	97

ANTI-CORRUPTION

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
205-2	Communication and training on anti-corruption policies and procedures	N/A	49
205-3	Confirmed cases of corruption and measures taken	N/A	No cases of corruption were detected in 2020

UNFAIR COMPETITION

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
206-1	Legal actions related to unfair competition and monopolistic practices and against free competition	N/A	No claims of unfair competition have been received in 2020

MATERIALS

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
301-1	Materials used by weight or volume	N/A	33

ENERGY

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
302-1	Energy consumption within the organization	Elec-Abs	33
302-5	Reduction of energy requirements for products and services	N/A	32, 69-70

EFFLUENTS AND WASTE

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
306-3	Waste by type and disposal method	Waste-Abs	33

ENVIRONMENTAL COMPLIANCE

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
307-1	Non-compliance with environmental regulations and legislation	N/A	No fines or penalties have been received in 2020 in relation to environmental issues infringement

SUPPLIER ENVIRONMENTAL ASSESSMENT

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
308-1	New suppliers who have passed evaluation and selection filters	N/A	98-99
308-2	Negative environmental and social impacts in the supply chain and measures taken	N/A	95, 102

EMPLOYMENT

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
401-1	New hires and staff turnover	Emp-Turnover	82
401-3	Parental leave	N/A	86

HEALTH AND SAFETY AT WORK

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
403-1	Occupational health and safety management system	H&S-Emp	87-88, 100-103
403-2	Hazard identification, risk assessment and incident investigation	H&S-Asset	87-88, 100-103
403-3	Occupational health services	N/A	16, 87-88
403-4	Workers with high incidence or high risk of activity related diseases	N/A	77
403-5	Training of workers on health and safety at work	N/A	87
403-6	Promotion of workers' health	H&S-Emp	16, 87-88, 100-103
403-7	Prevention and mitigation of impacts on the health and safety of workers directly linked to business relationships	H&S-Emp	87-88

TRAINING AND EDUCATION

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
404-1	Average hours of training per year per employee	Emp-Training	9, 84
404-2	Employee skill enhancement and transition assistance programs	N/A	84

DIVERSITY IN GOVERNING BODIES AND EMPLOYEES

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
405-1	Diversity in governing bodies and employees	Diversity-Emp	40, 76-77

NON-DISCRIMINATION

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
406-1	Cases of discrimination and remedial action taken	Diversity-Emp	In 2020, there have been no cases of discrimination or complaints of discrimination

SOCIAL EVALUATION OF SUPPLIERS

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
414-1	Suppliers who have passed selection filters according to social criteria	N/A	96-99
414-2	Negative social impacts on the supply chain and measures taken	N/A	96-103

PUBLIC POLICY

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
415-1	Contribution to political parties and/or representatives	N/A	The Neinor Homes Code of Ethics prohibits any type of contribution to political parties and/or representatives. In 2020, no breaches of the Code of Ethics have been identified in relation to these aspects

CUSTOMER HEALTH AND SAFETY

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
416-1	Assessment of health and safety impacts of product or service categories	H&S-Asset	32-33, 69-70
416-2	Cases of non-compliance relating to the health and safety impacts of product and service categories	H&S-Comp	In 2020, no complaints have been received for noncompliance with the health and safety of products and services

MARKETING AND LABELLING

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
417-1	Requirements for information and labelling of products and services	N/A	61, 69-70

CUSTOMER PRIVACY

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
418-1	Substantiated claims regarding violations of customer privacy and loss of customer data	N/A	57

SOCIO-ECONOMIC COMPLIANCE

	CONTENTS	EPRA Sustainability Performance Measures	Reference (Page)
419-1	Non-compliance with laws and regulations in the social and economic fields	N/A	Note 16 (Provisions) to the consolidated financial statements



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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT VERIFICATION REPORT

To the Shareholders of Neinor Homes:

We have performed the verification, with a scope of limited assurance, of the Sustainability Report 2020, for the year ended 31 December 2020, of Neinor Homes, S.A. and subsidiaries ("Neinor Homes"), whose scope is defined in its chapter '12. About this report'.

Responsibilities of the directors and of management

The approval of the Sustainability Report of Neinor Homes is the responsibility of the Board of Directors of Neinor Homes. The report was prepared in keeping with the criteria established in the GRI standards in their core option. These responsibilities also include the design, implementation and maintenance of such internal control as considered necessary to enable the Sustainability Report to be free from material misstatement, whether due to fraud or error.

The Directors and the Management are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the Sustainability Report is obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in reporting on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We have conducted our verification work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force,

issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines on assurance engagements on the non-financial information statements published by the Spanish Institute of Certified Public Accountants.

The procedures performed in a limited assurance engagement vary in terms of nature and timing, and are less in extent than, a reasonable assurance engagement and, consequently, the level of assurance provided is also lower.

Our work consisted in making inquiries to the management and the various business units of Neinor Homes that participated in the preparation of the Sustainability Report, reviewing the processes used to compile and validate the information presented in the Sustainability Report and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Neinor Homes personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, materiality and completeness of the contents included in the Sustainability Report based on the materiality analysis performed by Neinor Homes and described in the chapter "12. About this Report" of the Sustainability Report.
- Analysis of the adherence of the contents of the Sustainability Report to those recommended in the GRI-SRS in their core option.
- Analysis of the processes used to gather and validate the data presented in the 2020 Sustainability Report.
- Verification, by means of sample-based review tests, of the non-financial information relating to the contents identified in the 2020 Sustainability Report and the appropriate compilation thereof based on the data furnished by Neinor Homes' information sources.
- Obtention of a representation letter from the Directors and Management.

Conclusion

Based on the procedures performed and the evidence we have obtained, no matter has come to our attention that causes us to believe that the Neinor Homes Sustainability Report for the year ended December 31, 2020 has not been prepared, in all material respects, in accordance with the GRI standards in their core option.

DELOITTE, S.L.



M^a Concepción Iglesias Jiménez

24 February 2021



Neinor

HOMES

