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*Self-Assessment Report  
of the Board of  
Directors of Neinor  
Homes, S.A.*

*December 2020*

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## 1. Introduction

This report presents the findings of the self-assessment process addressing the quality and efficiency of the functioning and performance of the Board of Directors and Committees of Neinor Homes, S.A. ("Neinor Homes") for the period October 2019 - October 2020 ("financial year 2019 - 2020").

Neinor Homes, as a listed company since March 2017, is subject to Spanish legislation applicable to corporate governance in public limited companies ("sociedades anónimas"). Specifically, it comes under the following regulations and good practices, among others:

- 1) Law 31/2014 of 3 December on amendments to the **Spanish Companies Act (SCA)** to enhance corporate governance. The SCA focuses on Board assessment so as to improve good governance by including continuous improvement processes.

Specifically, the SCA contains the following stipulations:

Article 529h on *performance assessment*:

- **The Board of Directors shall assess its functioning and that of its committees annually and shall propose, based on its findings, an action plan to correct the weaknesses identified.**

- 2) The **Code of Good Governance in Listed Companies (CGGLC)**, recently reformed in 2020. The CGGLC considers it to be a fundamental practice for listed companies to carry out regular assessments of the performance of the Board of Directors and its members and committees, and to prepare, based on the findings, an action plan to correct weaknesses detected.

A further recommendation is that independent external consultants should collaborate regularly with the Board of Directors in this evaluation so that it may be enriched by objective contributions.

Specifically, the CGGLC's recommendations include the following:

CGGLC Recommendation 33 on the Board Chairman:

- *The Chairman of the Board, as responsible for the Board of Directors' proper functioning, besides carrying out the functions attributed by the Law and the Bylaws, should prepare and submit to the Board of Directors a schedule of dates and items for discussion; organise and coordinate the **regular evaluation of the Board and, as appropriate, of the company's chief executive**; be responsible for directing the Board and ensuring that it functions effectively; ensure that sufficient time is devoted to discussing strategic issues; and agree on and revise refresher programmes for each director, where advisable in the circumstances.*

CGGLC Recommendation 36 on the periodic assessment of the Board:

- *The Board of Directors, in a plenary meeting, **should evaluate** the following points **once a year** and, if appropriate, implement an **action plan** to correct any weaknesses detected:*
  - a) Quality and efficiency of the Board's functioning.*
  - b) Functioning and composition of the Board committees.*
  - c) Diversity in the composition and powers of the Board of Directors.*
  - d) Performance of the Board's Chairperson and the Company's Chief Executive.*
  - e) Performance and contribution of each director, paying particular attention to those responsible for the Board committees.*

*f) Every three years, the Board of Directors will **be assisted in the assessment by an external consultant**, whose independence will be verified by the Appointments Committee.*

In accordance with the regulations and recommendations applicable to corporate governance and pursuant to Article 18.3 of the Company's Board of Directors Regulations, Neinor Homes has undertaken a self-assessment process addressing the Board of Directors and Board committees for the financial year 2019 - 2020, assisted for the first time by an external consultant this year.

It is important to note that according to the report "Boards of Directors of Listed Companies. Tenth edition", prepared by PwC, it may be observed that, like Neinor Homes, 45% of companies analysed perform a mixed assessment of the Board of Directors, as compared with 35% that opt for an internal assessment and 20% that commission an external assessment. In recent years, these processes have been consolidated and the trend favours mixed assessments, which combine internal insight with the independence and distance provided by external assessors<sup>1</sup>.

It should be noted that the period covered by this assessment process has been affected by the COVID-19 crisis. In this regard, companies are receiving unprecedented impacts and must face a variety of issues, ranging from employee health to supply chain interruptions or share price fluctuations. Now more than ever, Boards of Directors have to be proactive, act swiftly and show strong leadership.

<sup>1</sup> CGGLC Recommendation 36 states that, every three years, the Board of Directors will be assisted in the assessment by an external consultant, whose independence will be verified by the Appointments Committee. Article 529h of the SCA stipulates that the Board of Directors must assess its own functioning and that of its committees annually and propose, based on its findings, an action plan to correct the weaknesses identified.

## 2. Prior considerations on methodology

Neinor Homes' Board of Directors self-assessment process for financial year 2019 - 2020 encompasses the Board of Directors, the Board Chair, the Chief Executive Office, the Board Secretary and the following consultative committees: Audit and Control Committee, Appointments and Remuneration Committee and Land Investment Committee.

The conclusions drawn from the self-assessment of these administrative bodies are set out in this document, which includes the following sections:

- ❖ **Executive summary:** presenting the main findings of the administrative body's self-assessment and of the analysis of internal documents and regulations, the analysis of compliance with the corporate governance standards considered and the benchmarking work performed.
- ❖ **Action Plan:** identifying improvement areas for the coming year, after analysing the self-assessment process findings.
- ❖ **Legislation, Recommendations and Trends considered in the framework of the Board of Directors' self-assessment:** describing the documents used to analyse Neinor Homes' compliance with good governance legislation and practices.
- ❖ **Appendices:** detailing the findings of the Board of Directors' self-assessment process and of the comparative analysis encompassing Neinor Homes and companies operating in the industry or highly reputed for corporate governance at the domestic and international levels.

The **self-assessment of Neinor Homes' Board of Directors and Committees** was essentially conducted during the months of September and October 2020 and focused on the following aspects:

- 1) Analysis of the **level of coverage of the responsibilities assigned**, based on the Board of Directors' internal documentation.
  
- 2) Analysis of the **degree of alignment** of Neinor Homes' corporate governance practices with respect to a selection of **domestic and international benchmarks**:
  - ❖ **Code of Good Governance in Listed Companies (CGGLC)**, recently reformed in 2020, and the Spanish National Securities Market Commission (CNMV)'s recommendations on the information published in prior-year Annual Corporate Governance Reports.
  - ❖ **CNMV's Technical Guide 3/2017** on Audit Committees at Public Interest Entities and **Technical Guide 1/2019** on Appointments and Remuneration Committees.
  - ❖ Spanish Institute of Directors (**IC-A**)'s Guide on Proprietary Directors, Spain 2019.
  - ❖ European Banking Authority (**EBA**)'s 2018 corporate governance guidelines.
  - ❖ **King IV Report** of the Institute of Directors in Southern Africa, South Africa 2016.

**3) Comparative analysis** of Neinor Homes' corporate governance practices **in relation to the actions of "comparable" listed companies in the industry and of benchmark companies in the field of corporate governance**, both in Spain and globally, based on the Board of Directors' internal documents and available public information.

The following companies were selected:



**4) Support** for the self-assessment of the Board of Directors and its Committees based on the completion of a **Self-Assessment Form** prepared under the supervision and coordination of Neinor Homes' Governance, Risk & Compliance (GRC) and Internal Audit Department, and structured interviews of selected members of the administrative body, also validated by that department.

❖ The **Self-Assessment Form** covered the following areas of analysis:

- **Board of Directors:** questions related to the structure and composition of the Board of Directors, its effectiveness and internal functioning, and the Board's connection with senior management.
- **Performance of the Board and Committee functions:** questions posed to the directors to obtain their opinion on the performance of the functions of the Board of Directors, Chairman, CEO, Audit and Control Committee, Appointments and Remuneration Committee and Land Investment Committee.
- **Other considerations:** questions related to the latest recommendations applicable to the Board and its Committees and potential improvement areas.

The Self-Assessment Form had a digital format and was sent on 6 October 2020 to all the members of the Board of Directors and to the Board Secretary. In October 2020, the questionnaire was duly completed and sent to PwC's team, which has treated the assessments as confidential. The findings set out in this report in relation to the assessments are shown in an aggregated form.

The following table provides the names and offices of the directors who took part in the self-assessment processes by completing PwC's forms:

The following table provides the names and offices of the directors who took part in the self-assessment processes by completing PwC's forms:

Name	Office
Mr. Ricardo Martí Fluxá	Independent Director - (Chairman)
Mr. Borja Garcia-Egotxeaga Vergara	Executive Director - (CEO)
Mr. Aref H. Lahham	Proprietary Director
Ms. Anna M. Birulés Bertran	Independent Director
Mr. Van J. Stults	Proprietary Director
Mr. Alfonso Rodés Vilà	Independent director
Mr. Felipe Morenés Botín-Sanz de Sautuola	Other External Director
Mr. Andreas Segal	Independent director
Mr. Jorge Pepa	Executive Director
Ms. Silvia López Jiménez	Non-Voting Board Secretary

- ❖ The purpose of the **interview process** was to analyse in more detail the responses contained in the Self-Assessment Form and to obtain opinions on the performance and functioning of the Board of Directors and its Committees.

This process was conducted by means of video conferencing during October 2020 and included the following members of Neinor Homes' Board of Directors, based on their office on the Board of Directors and Committees of Neinor Homes (Board Chairman, CEO, Audit and Control Committee Chairman, Appointments and Remuneration Committee Chairman, Land Investment Committee Chairman, an additional Independent Director and the Board Secretary):

- **Mr. Ricardo Martí Fluxá (Board Chairman and Appointments and Remuneration Committee Chairman)**
- **Mr. Borja Garcia-Egotxeaga Vergara (CEO)**
- **Ms. Anna M. Birulés Bertran (Audit and Control Committee Chairman)**
- **Mr. Aref H. Lahham (Land Investment Committee Chairman)**
- **Mr. Alfonso Rodés Vilà (Independent Director)**
- **Ms. Silvia López Jiménez (Board Secretary)**

**Important note:**

***The self-assessment findings set out in this self-assessment report with external advice reflect the directors' majority opinions.***

### 3. **Executive summary**

Corporate governance continues to improve steadily in Spanish companies. A genuine reform has taken place in the past five years, thanks the changes driven by the Spanish Companies Act (SCA) and the Code of Good Governance in Listed Companies (CGGLC). Changes have been continuous, but all the indications are that there is a still a way to go since the last June the CNMV reviewed the CGGLC, amending a total of 20 recommendations.

Following the analysis of the findings of the self-assessment process undertaken by PwC through **interviews of the directors**, the **analysis of internal documents and regulations**, and the **benchmark analysis**, the **efficiency and proper functioning** of Neinor Homes' has been confirmed in general terms. A very positive assessment has been obtained in relation to the following aspects:

#### **Strengths**

- ❖ As regards both the **directors' assessments and the external advisor's analysis**, Neinor Homes' Board of Directors has a **structure aligned with good practices** in terms of its **current size**, including a **high level of diversity** in terms of profile, experience, knowledge and nationalities. The **international diversity** of Neinor Homes' Board of Directors **is above the industry average at the national level** and very close to benchmark Ibex 35 companies such as Iberdrola, which has the largest Board with the greatest international presence.

As regards the different **types of directors**, Neinor Homes fulfils CGGLC Recommendations 13, 14, 15<sup>2</sup>, 16 and 17, as there are nine Board directors (the good practices recommend a Board of between 5 and 15 members), four of whom are independent directors (44%), two are executive directors (22%), two are proprietary directors (22%) and one is in the other external director category (11%). The percentage of independent directors on Neinor Homes' Board is slightly below the average for Ibex 35 companies (52%)<sup>3</sup>.

- ❖ **Proper internal functioning** of the Board of Directors as regards the frequency of meetings, the advance notice given and the level of director attendance. Various members of the Board of Directors have highlighted the proper functioning of the administrative body, particularly in view of the COVID-19 restrictions.
- ❖ **Effective and satisfactory decision-making process** in the Board of Directors, resolving differences of opinion in a smooth, orderly manner.
- ❖ Good level of **interaction between the Board of Directors and Senior Management**, particularly the availability of the Company's executives, the rigour and presentation of their comments and the appreciation of the Board's guidance and oversight role.

<sup>2</sup> As regards the statement "Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control".

<sup>3</sup> Boards of Directors of listed companies. Tenth edition.



- ❖ The findings of the analysis of the documents furnished to the external advisor and the information available in Neinor Homes' website **are very positive** as regards the existence of a **policy on the communication of economic-financial, non-financial and corporate information, a procedure for conflicts of interest and related-party transactions and a corporate criminal liability prevention model**.

As regards the above-mentioned policies and procedures, and bearing in mind the findings of the benchmark study performed, Neinor Homes is one of the pioneering listed companies in complying with CGGLC Recommendations 2, 4 and 22. Neinor Homes has put in place and communicated ruled and mechanisms to avoid possible actions or negative attitudes of directors causing harm or possible harm to the Company's credibility and reputation.

- ❖ Despite the fact that Neinor Homes' Board did not need the advice / collaboration of numerous external advisors or consultants during the year assessed, the **directors' perception as regards the availability to take advice from outside experts is very positive**, highlighting the Board's accessibility to services of this kind when required.

In this regard, and as a sample of this accessibility, this self-assessment exercise addressing the Board of Directors of Neinor Homes and its Committees has been conducted with the support of an external consultant, thereby fulfilling CGGLC recommendation 36, which states that the Board will be assisted during the assessment, every three years, by an external consultant, whose independence will be verified by the appointments committee.

In addition, and as an illustrative example of the Board of Directors' accessibility to external advisors, during 2020 the Appointments and Remuneration Committee received support from a specialised firm to analyse the suitability and profile of the directors and in relation to the Company's incentive plan.

- ❖ Highly positive opinion of the directors with respect to the **activities of Neinor Homes' Board Committees**.
- ❖ Very positive assessment of the activities of the **Chairman** in his areas of responsibility, the calling and presiding of meetings, coordination of the periodic assessment of the Board and its Committees, and preservation of the Board's independence having been generally highlighted.
- ❖ Very positive assessment of the activities of the **Chief Executive Officer** in his areas of responsibility, highlighting aspects related to his approach to extraordinary/urgent events, implementation of control systems and reporting to the Board.
- ❖ Very positive assessment of the activities of the **Board Secretary** in her areas of responsibility, highlighting her support for the Chairman, advice to the Board, raising of minutes and assurance that the CNMV's recommendations were observed.
- ❖ Very positive assessment, in general, as regards the **quality and level of detail of the information and documents** made available to the directors for analysis and decision-making during the performance of their duties.

- ❖ Very positive, unanimous assessment of the performance of the person responsible for Neinor Homes' **GRC and Internal Audit Department**, as a management unit reporting to the Audit and Control Committee, in relation to the support and reasonable assurance functions carried out when monitoring good practices in corporate governance, compliance, risk management, internal control, internal audit and Corporate Social Responsibility (CSR).
- ❖ The analysis of Neinor Homes' internal documents and regulations reveals a **high level of fulfilment of the CGGLC Recommendations** (54 fulfilled, 3 partially fulfilled<sup>4</sup> and 7 not applicable due to the Company's structure).

### Improvement areas

- ❖ As reflected in previous self-assessment processes addressing Neinor Homes' Board of Directors, there is currently **room to improve in the area of gender diversity, since there is only one woman director**, accounting for 11% of all the Board directors, which is well below the 30% target set for 2020 by the CNMV in CGGLC Recommendation 15.

Gender diversity remains a key issue for companies and also for boards of directors. It should be noted that 32% of companies listed on the continuous market have over 30% women board directors, as recommended by the CNMV, another 32% are between 20% and 30%, 26% are between 10% and 20%, and 9% do not reach 10% women directors.

- ❖ Following the analysis of the **director succession plan dated May 2018**, by reference to trends in corporate governance, an improvement area is identified in relation to the level of detail of the procedures, bodies responsible and criteria for director succession, particularly as regards the Chairman and Chief Executive Officer.

Although Neinor Homes' Board of Directors was recently renewed, **work should continue on improving the director succession plan**, developing guidelines or principles to assure an orderly, structured process, in line with the provisions already contained in Neinor Homes' internal regulations, so that the governance model develops in parallel to the business.

- ❖ Following the analysis of the **Proposed Remuneration Policy for the members of the Board of Directors**, an improvement area has been identified in connection with the level of detail on mechanisms relating to the executive directors' variable remuneration.

Reflections and debates regarding the configuration of **executive directors' remuneration** have filled the news and the corporate governance agenda at the domestic and international levels in recent years<sup>5</sup>. In Spain, the diverse stances include a shared awareness of the need for executive directors' remuneration to be suitably linked both to the performance of their executive functions and to measurable financial and non-financial aspects of the business, and to provide adequate incentives so as to sustainably increase shareholder value.

- ❖ Having analysed the **minutes reflecting attendance** at Neinor Homes' consultative committees' meetings, it has been observed that a large majority **were attended by all the members of the Board of Directors, without needing to be a member of the committee in question**. This high level of involvement of the Board members facilitates Board meetings, which are held following on from the Committee meetings. On this basis, it might be advisable to prepare spaces exclusively for the Committee members so as to avoid possible conflicts of interest.

<sup>4</sup> Recommendation 15 (gender diversity), Recommendation 58 and Recommendation 59 (variable remuneration).

<sup>5</sup> For example, the introduction of the "CEO Pay Ratio" disclosure as a mandatory practice in US listed companies or the reform of the UK Corporate Governance Code, which in turn recommends this practice for listed companies.

#### 4. Action plan

Pursuant to the Spanish Companies Act, the Board of Directors, besides assessing annually its own functioning and that of its committees, must propose, based on the findings, an action plan containing improvement areas for the following year.

After analysing the findings, the aspects that should be addressed by Neinor Homes during 2021 are set out below:

- ❖ As observed during assessments in recent years, **increase women's representation should be prioritised** in processes to replace and bring in new directors, where the potential candidates have the same merits.
- ❖ Continue to progress with a **succession plan**, focusing particularly on the Chairman and CEO, while also devoting sufficient time to this aspect in the agendas of Board and the Appointments and Remuneration Committee meetings.
- ❖ Deliberate on **updating of the Remuneration Policy**, including the point on variable remuneration, limits and the technical safeguards needed to ensure that **variable remuneration is related to the professional performance** of the beneficiaries, thereby fulfilling the CGGLC recommendations on remuneration schemes in companies.
- ❖ **Reflect on the attendance of all the directors at meetings of Committees of which they are not members.** Although this aspect **facilitates subsequent Board meetings to a certain extent**, each Committee has its own functions and permanent attendance by non-committee members **could jeopardise the committee's independence.**

After identifying the action plans to be implemented based on the improvement areas detected during the assessment of the Board of Directors, set out below are other matters to be considered on the basis of corporate governance trends and/or good practices:

- ❖ Beyond the current level of alignment with corporate governance good practices, as analysed in this report, continue with the continuous deployment of **good practices within the Company's corporate governance model**, beyond the regulatory requirements to improve corporate governance laid down in the SCA and the recommendations of the CGGLC.
- ❖ Reflect at all times on the **composition and proportions** of the different types of directorship (independent, proprietary and executive), so as to assure balances and counterweights within the Board.
- ❖ Optimise **periodic training** programmes, including temporary and structural matters of relevance to the Board members, which may be related, for example, to industry issues at the domestic and international level, digital transformation, cybersecurity, considerations relating to the Spanish banking industry, the responsibility of Boards of Directors or other aspects of corporate governance. Matters to be addressed may also derive from regulatory changes and/or good practices at the national or international level.

The possibility of implementing these programmes through **training pills or separate agenda items in meetings of** Boards and Committees could be considered so as not to "overload" the normal meetings.

- ❖ Maintain a balance between the **level of detail and depth** of the information supporting the matters to be deliberated on in the Board and Committee meetings, with respect to the **prior-notice period** for receipt and analysis by the directors.
- ❖ Encourage **orderly discussions** in the Board meetings, fostering the participation of all the directors in a context in which there may be more non-face-to-face meetings.

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- ❖ The Board of Directors should continue to promote and analyse matters related to Corporate Social Responsibility from a broad perspective of **sustainability in relation to environmental, social and corporate governance (ESG) aspects.**

**5. Legislation, Recommendations and Trends considered during the Board of Directors' self-assessment**

- ❖ Law 31/2014 of 3 December on amendments to the **Spanish Companies Act** to enhance Corporate Governance (December 2014).
- ❖ **Code of Good Governance in Listed Companies**, CNMV (June 2020 review).
- ❖ **CNMV's Technical Guide 3/2017** on Audit Committees at Public Interest Entities.
- ❖ **CNMV's Technical Guide 1/2019** on Appointments and Remuneration Committees.
- ❖ **CNMV's recommendations** on the information published in **prior-year Annual Corporate Governance Reports**.
- ❖ Spanish Institute of Directors (IC-A)'s **Guide on Proprietary Directors** (Spain 2019).
- ❖ European Banking Authority (EBA)'s 2018 Corporate Governance Guidelines.
- ❖ **King IV Report** of the Institute of Directors in Southern Africa, South Africa 2016.

## Appendix I. Comparative analysis of good governance practices

This appendix presents the main findings of the **comparative analysis** of Neinor Homes' corporate governance practices **in relation to the actions of "comparable" listed companies in the industry and of benchmark companies in the field of corporate governance**, addressing the following objectives:

- ❖ **Determine the gap** between Neinor Homes' corporate governance and that of comparable companies included in the benchmark.
- ❖ Identify **improvement areas and opportunities**.

The comparative analysis has been conducted considering different indicators on the basis of applicable legislation and corporate governance best practices.

The information included in this report has been obtained from the analysis of the Annual Corporate Governance Reports and Annual Remuneration Reports of the selected companies and other public information sources (corporate websites, annual reports, etc.). PwC has not verified the accuracy or veracity of that information and will not therefore accept any liability in this regard.

The absence of information relating to any of the indicators analysed does not allow the conclusion to be drawn that the company does not have related measures or practices in place.

The comparative analysis has been performed addressing the following **assessment areas**, based on applicable legislation, recommendations and best practices:

<b>Scope</b>	<b>Indicator</b>	<b>Documentary support</b>
<b>Composition and structure</b>	<ul style="list-style-type: none"> <li>• <i>Completeness, type and age of directors</i></li> <li>• <i>Gender diversity and international profile</i></li> </ul>	<ul style="list-style-type: none"> <li>• CGGLC Rec. 14, 15 and 17</li> <li>• SCA / Securities Market Act</li> </ul>
<b>Internal functioning</b>	<ul style="list-style-type: none"> <li>• <i>Board's assessment</i></li> <li>• <i>Board meetings (planning, information processing, etc.)</i></li> </ul>	<ul style="list-style-type: none"> <li>• CGGLC Rec. 26, 27 and 36</li> <li>• SCA / Securities Market Act</li> </ul>
<b>Audit and Control Committee</b>	<ul style="list-style-type: none"> <li>• <i>Type of directors and Chair</i></li> <li>• <i>Number of meetings</i></li> </ul>	<ul style="list-style-type: none"> <li>• CGGLC Rec. 25 and 39</li> <li>• SCA / Securities Market Act</li> </ul>
<b>Appointments and Remuneration Committee</b>	<ul style="list-style-type: none"> <li>• <i>Type of directors and Chair</i></li> <li>• <i>Number of meetings</i></li> </ul>	<ul style="list-style-type: none"> <li>• CGGLC Rec. 25, 34 and 47</li> <li>• SCA / Securities Market Act</li> </ul>
<b>Internal Audit function</b>	<ul style="list-style-type: none"> <li>• <i>Internal Audit function</i></li> </ul>	<ul style="list-style-type: none"> <li>• CGGLC Rec. 40, 42 and 46</li> <li>• Trends and best practices</li> </ul>
<b>Control and risk management</b>	<ul style="list-style-type: none"> <li>• <i>Risk Control and Management policy</i></li> <li>• <i>Risk Control and Management function</i></li> </ul>	<ul style="list-style-type: none"> <li>• CGGLC Rec. 45 and 46</li> <li>• Spanish Companies Act</li> <li>• Trends and best practices</li> </ul>
<b>Environmental, Social and Governance (ESG)</b>	<ul style="list-style-type: none"> <li>• <i>CSR strategy and ESG reporting</i></li> </ul>	<ul style="list-style-type: none"> <li>• CGGLC Rec. 45 and 46</li> <li>• Spanish Companies Act</li> <li>• Trends and best practices</li> </ul>
<b>General Meeting Shareholders'</b>	<ul style="list-style-type: none"> <li>• <i>Percentage attendance at the GSM</i></li> </ul>	<ul style="list-style-type: none"> <li>• CGGLC Rec. 9 and 10</li> <li>• SCA / Securities Market Act</li> </ul>

The enterprises selected for analysis are either “comparable” enterprises or benchmarks for corporate governance. The following selection criteria were applied:

	National Scope	International Scope
<b>Comparable enterprises</b>  <i>Objective: Analyse Neinor's degree of alignment with comparable enterprises</i>	<b>Selection criteria:</b> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">1</span> <ul style="list-style-type: none"> <li><b>Listed companies</b> (IBEX-35/Continuous Market) <b>with a profile similar to that of Neinor</b> in assets, sales and/or shareholder composition (shareholder dispersion), which largely determine Corporate Governance transparency requirements.</li> </ul>	<b>Selection criteria:</b> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">2</span> <ul style="list-style-type: none"> <li><b>Top real estate companies</b> at the international level, with a focus on Europe.</li> </ul>
<b>Benchmark enterprises</b>  <i>Objective: Analyse Neinor's degree of alignment with enterprises considered to apply Best Practices in Corporate Governance</i>	<b>Criteria de selección:</b> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">3</span> <ul style="list-style-type: none"> <li><b>Listed IBEX 35 companies that are included in the global DJSI<sup>1</sup> index</b> and also have a significant positioning in <b>international rankings.</b></li> </ul>	<b>Criteria de selección:</b> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">4</span> <ul style="list-style-type: none"> <li><b>International benchmark enterprises</b> with a significant positioning in <b>international rankings.</b></li> </ul>

On this basis, the following companies were selected:



For each assessment area, the benchmark findings and the following information are provided:

Minimum	Maximum	Average	Neinor Homes	Standard*
Minimum number identified among the comparables	Maximum number identified among the comparables	Average identified among the comparables	Neinor Homes' current status	Compliance or Non-compliance by Neinor Homes of both the CGGLC and internal regulations

The findings of the comparative analysis of each **assessment area** are shown hereafter.

## Composition and structure

### Size of the Board of Directors



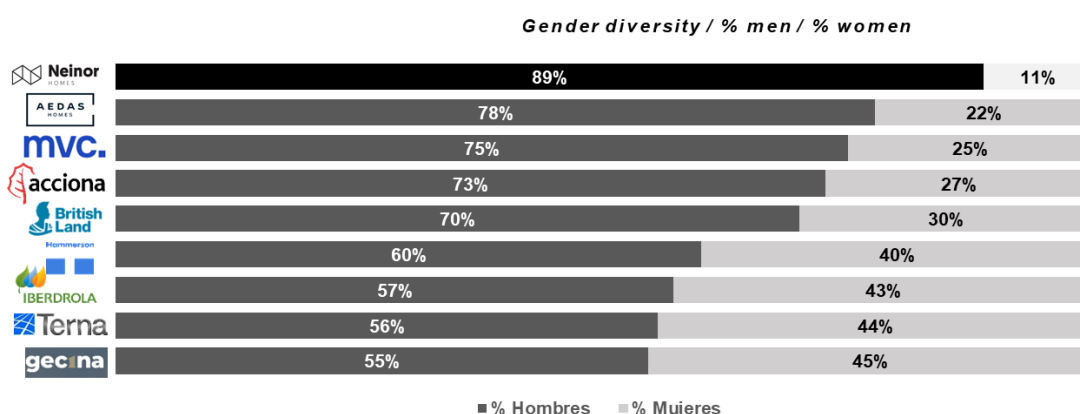
Minimum	Maximum	Average	Neinor Homes	Standard*
9	14	11	9	

Neinor Homes has **nine Board directors**, which is **in line with** the average size in the enterprises analysed. Neinor Homes' directors feel comfortable with this number, highlighting a **high degree of diversity** in terms of profiles, experience, knowledge and nationalities.

\* The Board should have the necessary size to ensure effectiveness and participation, it being advisable to have between five and fifteen members. (CGGLC Rec. 13)

\* 5- 15 members determined by the General Shareholders' Meeting (Art. 7 of NH's Board of Directors Regulations)

### Gender diversity on the Board of Directors



Minimum	Maximum	Average	Neinor Homes	Standard*
1%	45%	35%	11%	

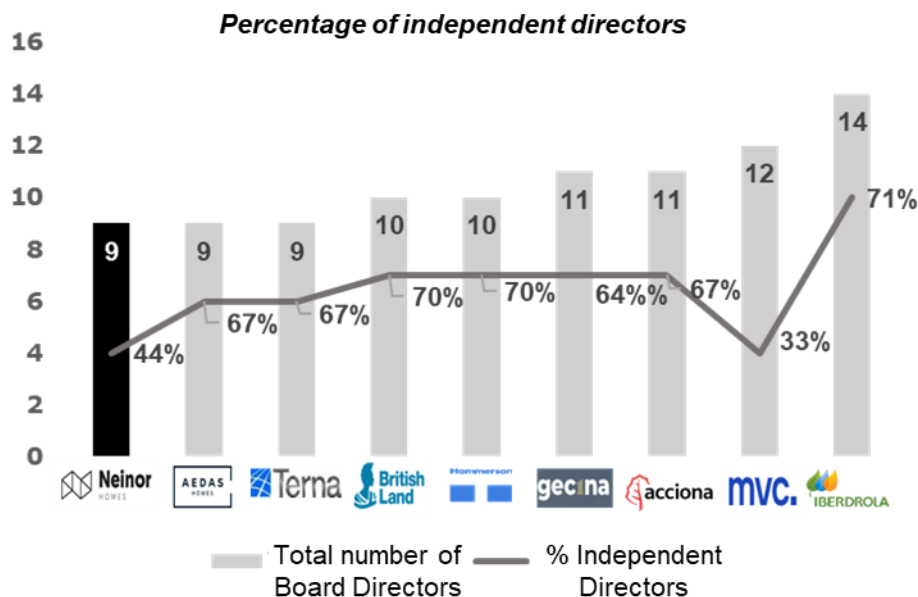
Neinor Homes has only **one woman director** on its Board, which is **below** average for the companies analysed, and being this figure generally higher in international companies. Although this is an improvement area for Neinor Homes, the Board has expressed positive opinions on the **high level of diversity** in general terms.

\* 40% of women by the end of 2022 (CGGLC Rec. 15)

\* Any kind of discrimination will be avoided (Art. 8 of NH's Board of Directors Regulations)



Total independent directors



Minimum	Maximum	Average	Neinor Homes	Standard*
33%	71%	63%	44%	

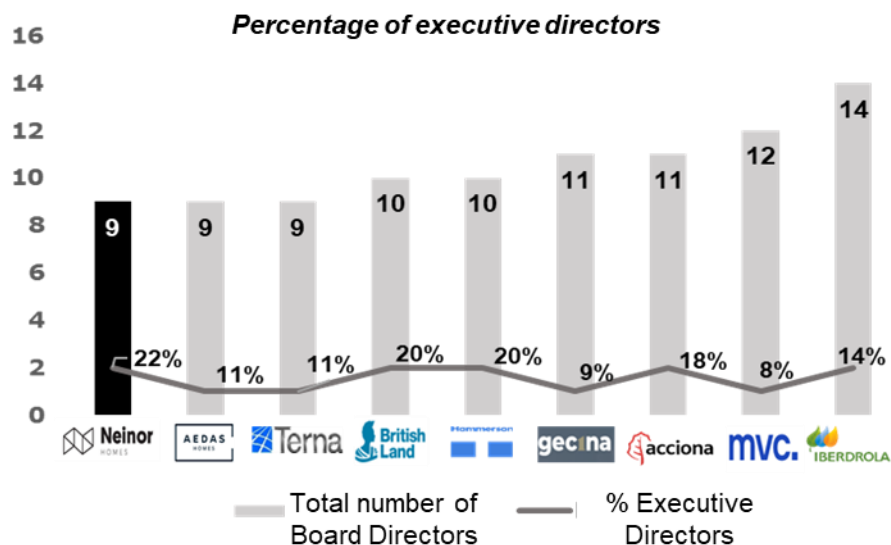
Neinor Homes' Board of Directors has **four independent directors** of a total of **nine directors**, entailing 44% of the Board's total, which is considerably below the average (63%) for the comparable enterprises.

Although Neinor Homes is aligned with CGGLC Recommendation 17, this could be an area on which to reflect internally, as it is below average for the enterprises analysed.

\* 50% independent directors (CGGLC Rec. 17). When the company is not a large capitalisation company or when, being a large cap company, there is one or more shareholders acting jointly that control more than 30% of share capital, the number of independent directors will represent at least one third of all Board members.

\* Majority of proprietary and independent directors, so that the number of independent directors accounts for at least one third of the total (Art. 8 of NH's Board of Directors Regulations)

Total executive directors



Minimum	Maximum	Average	Neinor Homes	Standard*
8%	22%	14%	22%	👍

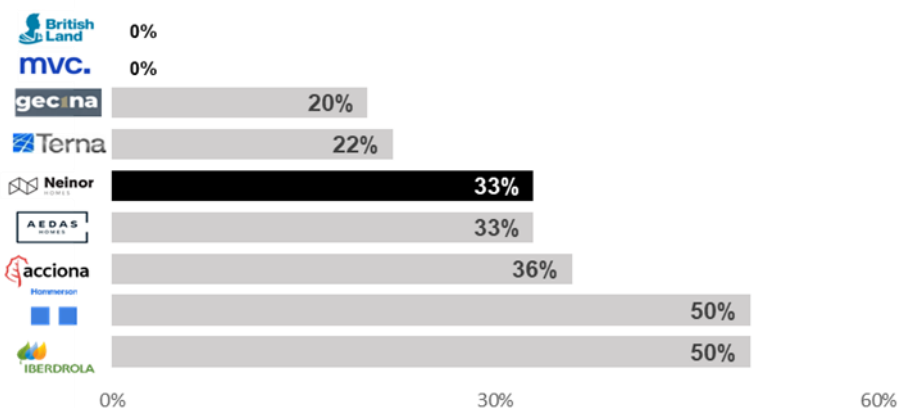
Neinor Homes has **two executive directors** on the Board, representing **22%** of the total, which is not out of line with, though slightly above, the average for the enterprises analysed and in compliance with CGGLC Recommendation 14.

\* Majority of independent and proprietary directors with the necessary minimum number of executives (CGGLC Rec. 15)

\* Minimum possible number of executive directors (Art. 8 of NH's Board of Directors Regulations)

Percentage of foreign directors

**Total foreign directors**



Minimum	Maximum	Average	Neinor Homes	Standard*
0%	50%	30%	33%	

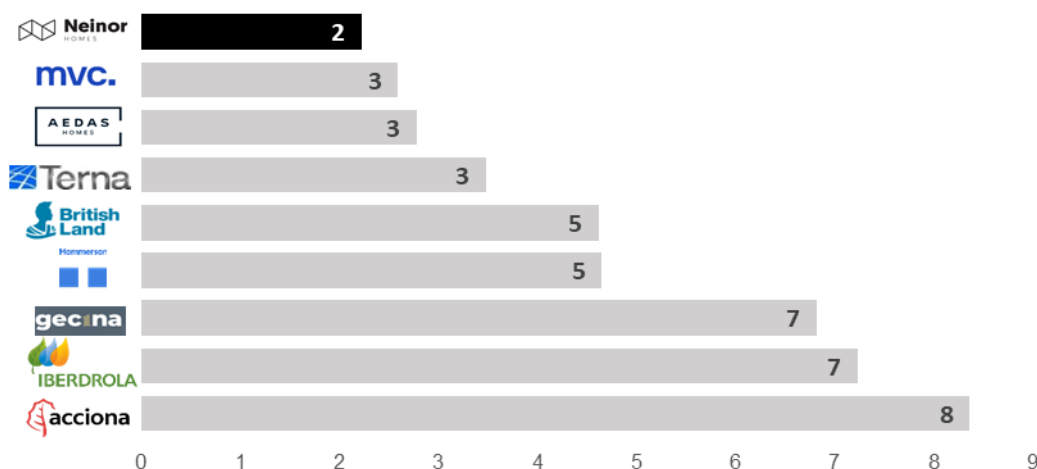
The **international diversity** of Neinor Homes' Board of Directors **is above the industry average at the national level** and very close to enterprises such as Iberdrola that have a large Board with considerable international presence.

\* [...] favour diversity of knowledge, experience, age and gender (CGGLC Rec. 14)

\* [...] favour diversity of knowledge, experience, age and gender (Art. 5.4 of NH's Board of Directors Regulations)

Average length of Board service

**Average years of Board service**



Minimum	Maximum	Average	Neinor Homes	Standard*
2	8	5.07	2.2	

The average **length of Board service** of Neinor Homes' directors is **well below average** for the other companies analysed, so it could be described as a "young" body. The director who has sat on the Board for the longest period of time joined in 2015, while **four directors** joined last year, reducing the average period of Board service.

\* The Board directors will hold office for a three-year period, at the end of which they may be reappointed one or more times for equal maximum periods (**Art. 20 of NH's Board of Directors Regulations**)

\* Independent directors will not remain independent for a continuous period of more than 12 years (**Art. 20 of NH's Board of Directors Regulations**)

**Internal functioning**

*Board's assessment*



<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>	<i>Neinor Homes</i>	<i>Standard*</i>
-	-	-	External	

All the companies analysed undertake an annual assessment of the Board of Directors.

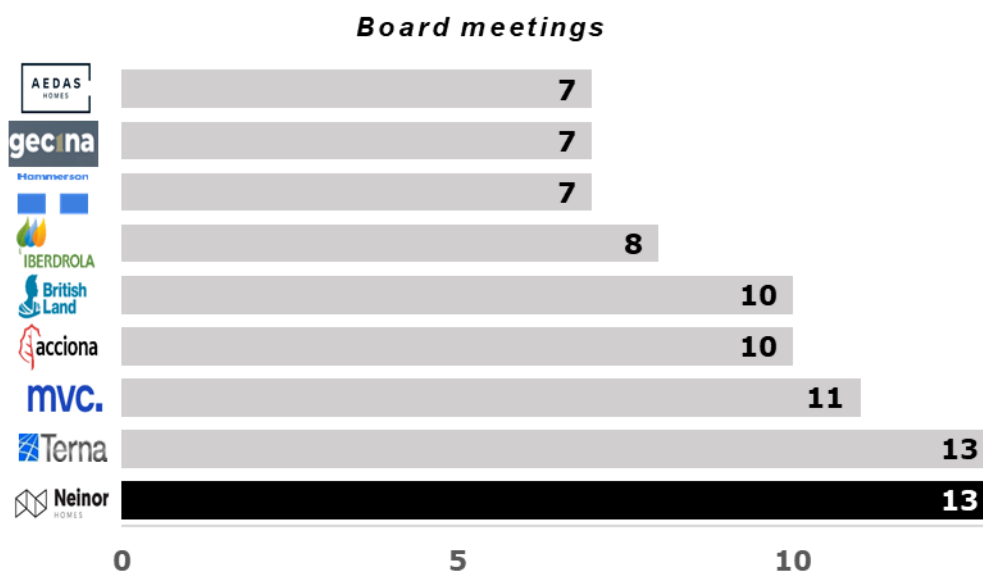
Neinor Homes, on **supporting the self-assessment process involving external advisors**, is in line with CGGLC Recommendation 36.

In this regard, as part of the analysis of Neinor Homes' internal information and regulations, **the internal assessments made by the Company's Internal Audit Department** in the previous two years have been reviewed, observing a **broad scope** and the correct **monitoring of the action plans** implemented based on the assessment findings.

*\* Annual assessment of the Board and its Committees and implementation of an action plan, focused on: quality, functioning, diversity, performance, etc.; an external assessment will be carried out every three years; description in the Annual Corporate Governance Report of the assessment process and areas assessed. (CGGLC Rec. 36)*

*\* Annually, the Board of Directors will assess (i) its functioning and the quality of its work; (ii) the performance of the Chair of the Board of Directors and, if applicable, of the Chief Executive Officer, based on the report submitted by the Appointments and Remuneration Committee; (iii) diversity in the composition and competencies of the Board of Directors; and (iv) the functioning of the Board Committees, based on the reports submitted. [...] Every three years, the Board of Directors will be assisted in the assessment by an external consultant, whose independence will be verified by the Appointments and Remuneration Committee (Art. 18 of NH's Board of Directors Regulations)*

Board meetings



Minimum	Maximum	Average	Neinor Homes	Standard*
7	13	9	13	

Neinor Homes' Board of Directors met **13** times in 2019, which is **above average for the enterprises analysed**. Neinor Homes fulfils CGGLC Recommendation 26, which indicates that the Board should meet as regularly as is necessary to effectively carry out its functions.

Nonetheless, although there are a large number of meetings, which could give rise to agenda issues, the directors value **very highly the frequency of the Board meetings**, highlighting the quality of the **information and/or documents provided**, in time and form, prior to the meetings in relation to the items on the agenda, as well as attendance by the directors.

It should also be noted that there were exceptional events in 2019 that required greater involvement by the Board of Directors, such as the CEO succession process. Due to the currently circumstances, the number of Appointments and Remuneration Committee meetings was also high compared with previous years (**10 meetings**).

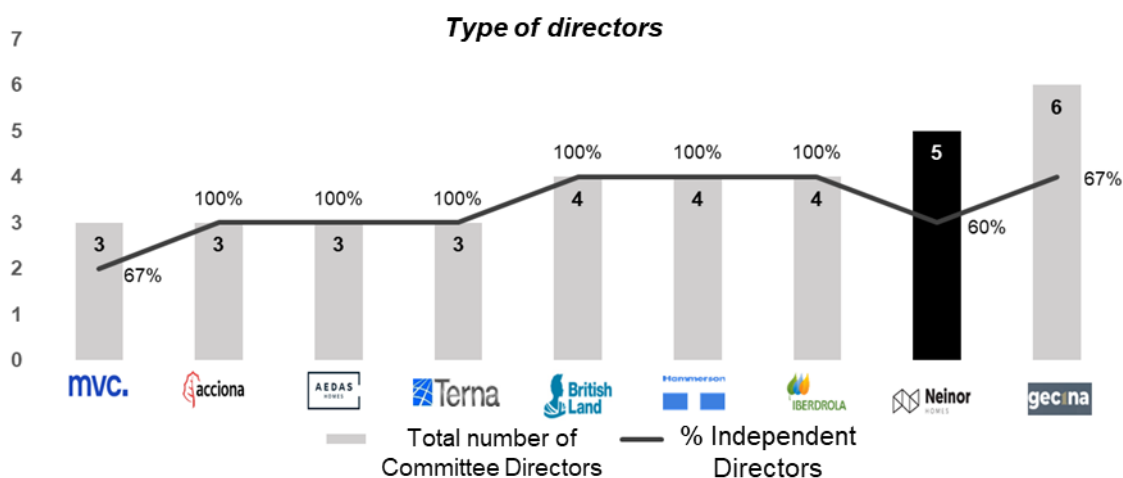
At the legislative level, Article 245.3 of the Spanish Companies Act (SCA) states that Boards of Directors must meet at least once per quarter, while the CGGLC recommends a minimum of 8 meetings each year.

\* Minimum of eight meetings per year (**CGGLC Rec. 26**)

\* The Board of Directors will meet at least once per quarter (**Art. 16 of NH's Board of Directors Regulations**)

## Audit and Control Committee

### Total independent directors and members



Minimum	Maximum	Average	Neinor Homes	Standard*
66.7% indep.	100% indep.	87.5% indep.	60% indep.	

The Audit and Control Committee of Neinor Homes is formed by **five** directors, **three** of whom are independent (60%), one is a proprietary director (20%) and one is in the other external director category (20%), thereby fulfilling CGGLC Recommendation 39.

The total number of Neinor Homes' Audit and Control Committee members is in the upper range of the benchmark study findings.

As with Neinor Homes, most of the Spanish enterprises analysed have audit committees formed exclusively by external directors, **at least 50% of whom are independent directors**.

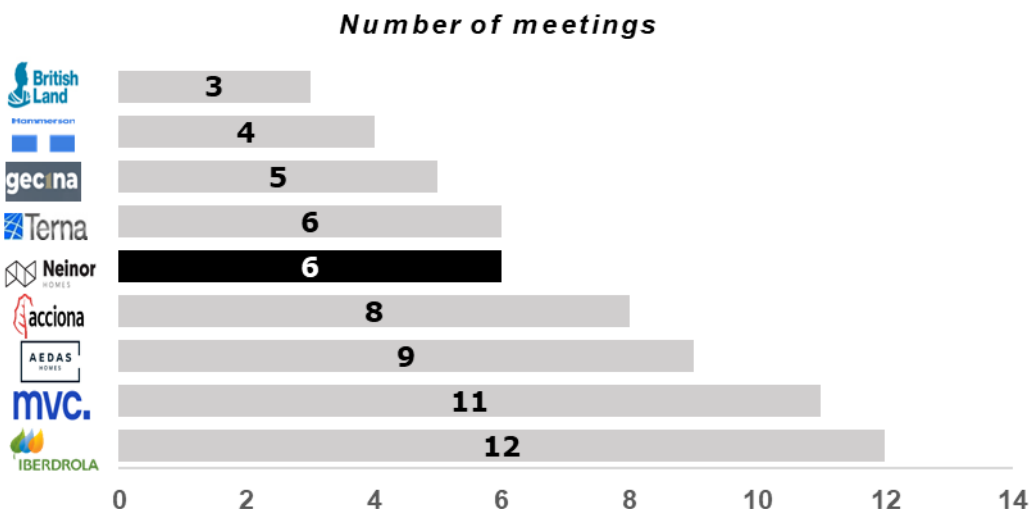
The same applies to the Audit Committee Chairman, who is an **independent director** in 88.9% of the enterprises analysed<sup>6</sup>.

\* All the members of the Audit Committee and, in particular, the Chair, will be designated taking into account their knowledge and experience in accounting, auditing and financial and non-financial risk management (**CGGLC Rec. 39**)

\* 3 - 5 non-executive members; majority of independent directors (one of whom will be designated on the basis of his knowledge and experience in accounting, auditing or both); the Committee Chair will be independent (**Art. 14 of NH's Board of Directors Regulations**); (**Art. 1 of NH's Audit and Control Committee Regulations**)

<sup>6</sup> Chairman of Neinor's Audit and Control Committee. Anna M. Birulés Bertran.

Meetings of the Audit and Control Committee



Minimum	Maximum	Average	Neinor Homes	Standard*
3	12	7	6	

Neinor Homes' Audit and Control Committee met a total of **six** times during the year, which is **in line with the average** for the Audit Committees of the enterprises analysed.

It has been observed that more Audit Committee meetings are held in Spanish enterprises, which is understandable in view of the broad functions attributed to this committee in Spanish legislation and corporate governance standards.

The members of Neinor Homes' Audit and Control Committee **feel comfortable** with the number of meetings held during the year, even **exceeding the minimum required** by the Audit and Control Committee Regulations, since **a large number of functions are attributed to the Committee**.

\* Minimum of four meetings per year (**Art. 4 of NH's Audit and Control Committee Regulations**)

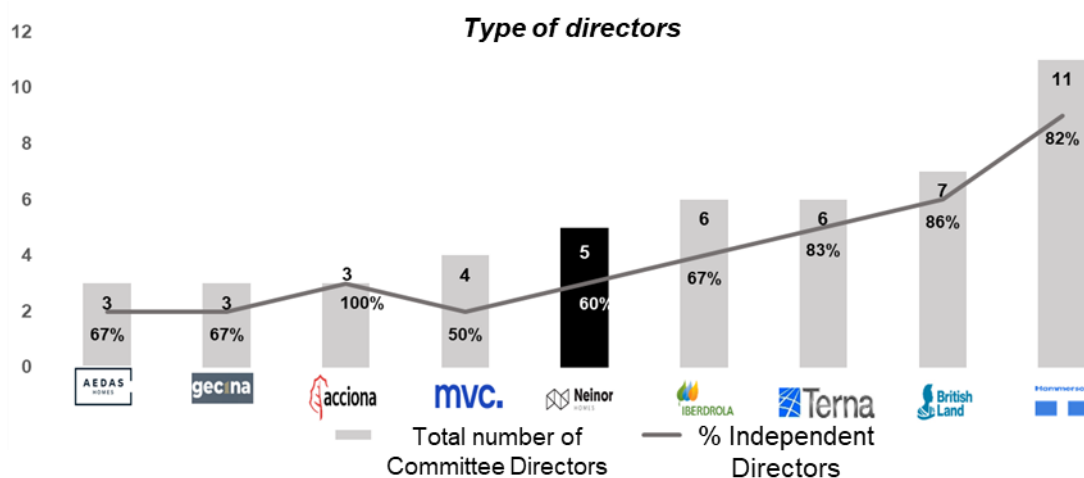
\* Minimum of four meetings per year, addressing matters such as the internal auditor and annual accounts (**Rec. 23, 26 – Technical Guide on Audit Committees**)

\* The Committee should have its own Regulations, which should be posted on the website (**Rec. 19, 21 – Technical Guide on Audit Committees**)



## Appointments and Remuneration Committees

### Total independent directors and members



The data reported on Iberdrola, Terna, The British Land Company and Hammerson relate to the sum of the directors on the Appointments Committee and the Remuneration Committee, which are separate.

Minimum	Maximum	Average	Neinor Homes	Standard*
50% indep.	100% indep.	75% indep.	60% indep.	

The Appointments and Remuneration Committee of Neinor Homes is formed by **five** directors, **three** of whom are independent (60%), one is a proprietary director (20%) and one is in the other external director category (20%), thereby fulfilling CGGLC Recommendation 47.

As with Neinor Homes, most of the Spanish enterprises analysed have Appointments and Remuneration Committees formed exclusively by external directors, **at least 50% of whom are independent directors**.

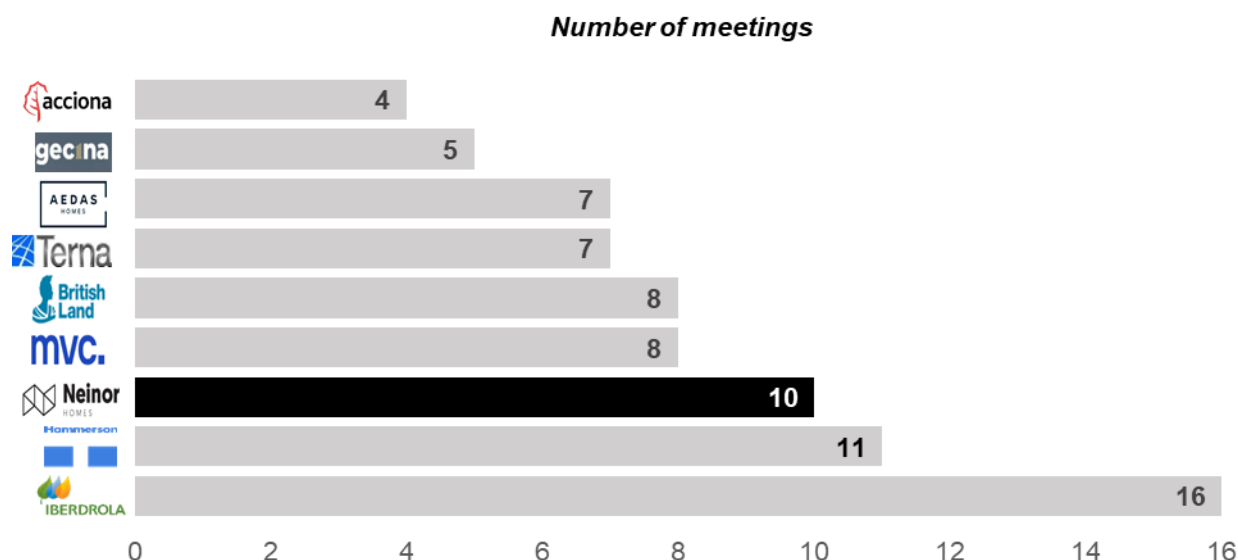
In 78% of the enterprises analysed, the Chairman of the Appointments and Remuneration Committee is an **independent director**<sup>7</sup>.

\* Majority of independent directors; separation into two different committees is recommended in Ibex-35 companies (**CGGLC Rec. 47**)

\* 3 - 5 non-executive members; majority of independent directors; the Committee Chair will be independent; (**Art. 15 of NH's Board of Directors Regulations**) (**Art. 1 of NH's Appointments and Remuneration Committee Regulations**)

<sup>7</sup> Chairman of Neinor's Appointments and Remuneration Committee. Ricardo Martí Fluxá.

Meetings of the Appointments and Remuneration Committee



The data reported on Iberdrola, Terna, The British Land Company and Hammerson relate to the sum of the meetings of the Appointments Committee and the Remuneration Committee, which are separate.

Minimum	Maximum	Average	Neinor Homes	Standard*
4	16	8	10	

Neinor Homes' Appointments and Remuneration Committee met a total of **ten** times during the year, which is **slightly above average** for the Appointments and Remuneration Committees of the enterprises analysed.

Although the members of Neinor Homes' Appointments and Remuneration Committee **are comfortable** with the number of meetings held during 2019, there were exceptional events during the year that required greater involvement by the administrative body, such as the CEO succession. Due to the currently circumstances, the number of Appointments and Remuneration Committee meetings was also high compared with previous years (**10 meetings**).

\* Minimum of four meetings per year (**Art. 4 of NH's Appointments and Remuneration Committee Regulations**)

\* At least three meetings per year (**General aspects of functioning – Technical Guide on the Appointments and Remuneration Committee**)

\* The Committee should have its own Regulations, which should be posted on the website (**Rec. 19, 21 – Technical Guide on Audit Committees**)

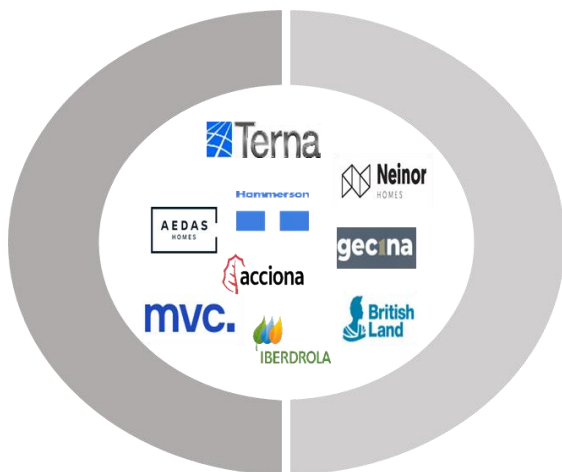
**Other committees**

The enterprises benchmarked also have the following main committees:

	Neinor	Aedas	Iberdrola	Acciona	Gecina	British Land	Terna
Land Investment Committee	✓						
Risk Committee			✓		✓		✓
Technology Committee		✓					
Sustainability Committee			✓	✓		✓	

**Internal Audit function**


Existence of an Internal Audit function.



Neinor Homes, as with all the enterprises analysed, **has an Internal Audit function**, thereby fulfilling CGGLC Recommendation 40.

Neinor Homes' **Internal Audit function reports to the Audit Committee**, in line with CGGLC Recommendation 42.

From the viewpoint of both the directors and the advisory team, based on the analysis of internal documents, the work carried out by Internal Audit is highly appreciated as regards the **quality and level of detail of the information and documents** made available to the directors for analysis and decision-making.

<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>	<i>Neinor Homes</i>	<i>Standard*</i>
-	-	-	Yes	

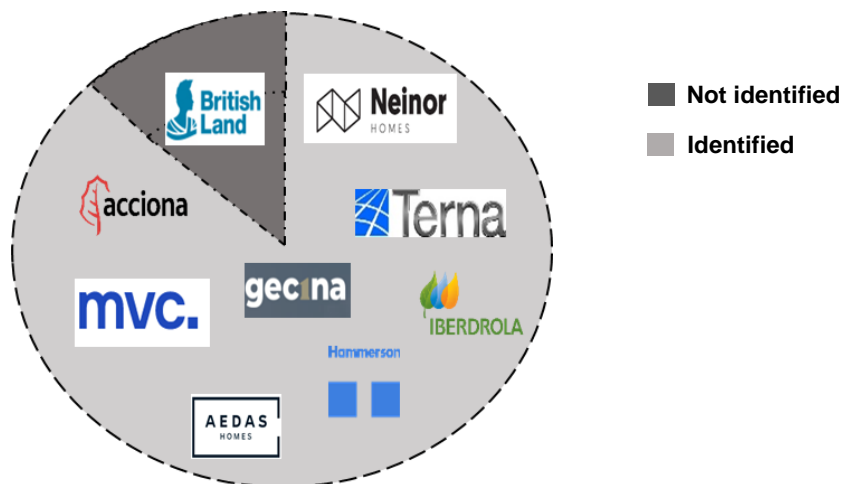
\* Existence of an Internal Audit function (overseen by the Audit Committee) that assures the proper functioning of the information and internal control systems (CGGLC Rec. 40)

\* The Audit Committee must oversee the independence of the unit that performs the Internal Audit function (CGGLC Rec. 42)

\* The Internal Audit function will depend functionally on the Non-Executive Chair of the Board or of the Audit and Control Committee (Art. 14 of the Board of Directors Regulations)

**Control and risk management**

Existence of Risk Control and management policy



Virtually all the enterprises analysed **have a risk control and management policy** (not identified in the case of The British Land Company) identifying the main risks faced.

Neinor Homes, as with 89% of the enterprises analysed, is aligned with CGGLC Recommendation 45, which specifies that risk management policies must at least identify:

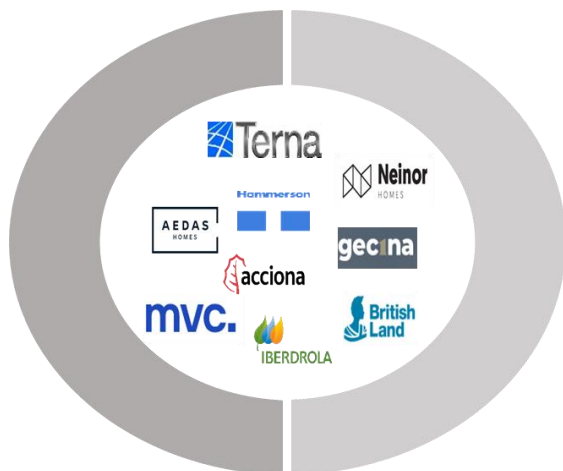
- The different types of financial and non-financial risks;
- A risk control and management model based on different levels;
- Setting of a risk level deemed acceptable;
- Measures to mitigate impacts;
- The information and internal control systems to be used.

Minimum	Maximum	Average	Neinor Homes	Standard*
-	-	-	Yes	


\* Existence of a Risk Management Policy identifying the different types of risks, at least: financial and non-financial risks (operating, technology, legal, social, environmental, political and reputational (including those related to corruption)) [...] (CGGLC Rec. 45)

\* The Board of Directors has the authority to approve the Risk Control and Management Policy (Art. 5 of the Board of Directors Regulations)

Existence of a Risk Control and Management function



All the enterprises analysed are aligned with CGGLC Recommendation 46, which indicates that enterprises must have a **Risk Control and Management function** performed by an internal department so as to guarantee the proper functioning of risk control and management systems.

<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>	<i>Neinor Homes</i>	<i>Standard*</i>
-	-	-	Yes	

*Under the direct supervision of the Audit Committee or, where appropriate, a specialised Board committee, an internal control and risk management function should exist, performed by an internal unit or department of the Company to which the following functions have been specifically allocated (CGGLC Rec. 46):*

**Environmental, social and governance aspects**

*CSR strategy*



Virtually all the enterprises analysed opted to **define and implement a corporate social responsibility strategy/policy**, which is posted on the corporate website. In the case of Terna, no information has been found on its website. Nonetheless, we cannot be sure that the enterprise has not undertaken any CSR-related activities.

As regards the entry into force of Law 11/2018 on non-financial information and diversity, listed companies such as Iberdrola and Acciona are required to file a **Non-Financial Information Statement** describing the main aspects of the Group's business model and short-, medium- and long-term risks, as well as information on environmental, social, personnel, combating corruption and bribery, and human rights aspects.

As regards the ESG aspects, Neinor Homes issues an annual Corporate Social Responsibility Report that has been voluntarily submitted to an independent third party for verification in the last three years. In comparative terms, it should be noted that other Spanish companies such as Aedas Homes and Metrovacesa, also on a voluntary basis, do not have Non-Financial Information Statements or Corporate Social Responsibility Reports verified by a third party.

<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>	<i>Neinor Homes</i>	<i>Standard*</i>
-	-	-	Yes	

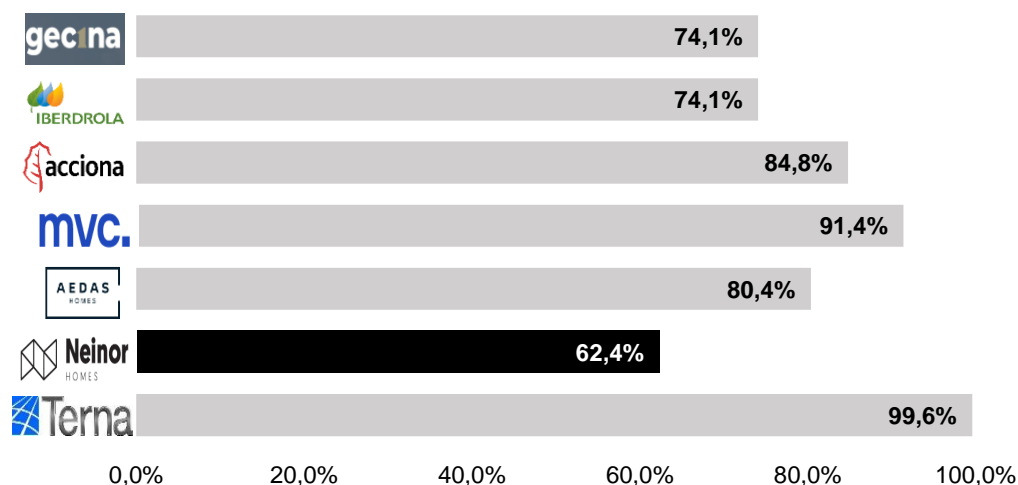
\* Existence of an environmental and social sustainability policy which at least identifies: - the principles, commitments, objectives and strategy relating to shareholders, employees, customers, suppliers, social matters, environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal activities [...]; - channels for stakeholder communication, engagement and dialogue; - responsible communication practices that avoid the manipulation of information and protect integrity and honour. **(CGGLC Rec. 55)**

\* The Audit and Control Committee will examine, drive, guide, supervise and evaluate the extent to which the Company's corporate social responsibility and sustainability strategy and practices meet the recommendations, ensuring that they are focused on value creation. **(Article 11 of the Audit and Control Committee Regulations)**

## General Shareholders' Meeting

### GSM attendance and participation\*

#### GSM attendance and participation



Minimum	Maximum	Average	Neinor Homes	Standard*
74.1%	99.6%	84.1%	62.4%	

Neinor Homes, with **62.36%** attendance to the General Shareholders' Meeting, is **the company with the lowest attendance level in relation to the companies analysed.**

As regards the compliance with corporate governance standards, Neinor Homes' General Shareholders' Meeting Regulations include the requirements contained in CGGLC Recommendation 9 in relation to attendance at and participation in the General Shareholders' Meeting.

\* No information on the companies Hammerson and The British Land Company has been identified

\* The Company will publicly and permanently disclose on its website the requirements and procedures that it will accept to evidence ownership of shares, the right to attend the General Shareholders' Meeting and the exercise or delegation of voting rights (**CGGLC Rec. 9**)



**New CGGLC transparency recommendations**

In accordance with the amendment to CGGLC Recommendations 2, 4 and 22 and in line with Neinor Homes' commitment to Board transparency, there is a **policy on the communication of economic-financial, non-financial and corporate information, a procedure for conflicts of interest and related-party transactions, and a corporate criminal liability prevention model**, which define mechanisms or rules to avoid possible adverse actions or attitudes by directors that affect or could affect the Company's credibility and reputation.

Neinor Homes is a **step ahead of the comparable enterprises**, according to the analysis findings set out below (based on public information at the reporting date):

	Aedas	Metrovacesa	Acciona	Iberdrola	Neinor Homes
Policy for the communication of economic-financial, non-financial and corporate information	R*	R*	✓	✓	✓
Conflicts of interests rules					✓
Compliance Handbook			✓	✓	✓

\* Aedas Homes and Metrovacesa have policies on communication and contacts with shareholders, institutional investors and proxy advisors, approved in 2018, prior to the update of the CGGLC. These policies address the communication of financial and corporate information, but not of non-financial information.

## Appendix II. Self-assessment process findings

The following approach has been applied to consolidate the information compiled, based on the **scale of 1 to 5** indicated in the self-assessment form, 1 being the most negative assessment and 5 the most positive:

- **Red:** Responses to questions receiving an average score of **less than 3 points**, which may be regarded as potential **improvement areas**.
- **Orange:** Responses to questions receiving an average score of **3-4 points**, which may be regarded as **positive assessments**.
- **Green:** Responses to questions receiving an average score of **over 4 points**, which may be regarded as **very positive assessments**.

Area	Assessment	Average	Minimum/maximum scores
Structure and composition of the Board of Directors		4.017	Min.: 1 <sup>8</sup> Max.: 5
Internal functioning of the Board of Directors		4.486	Min.: 2 Max.: 5
Effectiveness of the Board of Directors		4.557	Min.: 1 <sup>9</sup> Max.: 5
Relationships and connections of the Board of Directors		4.550	Min.: 3 Max.: 5
Performance of the Board's functions		4.633	Min.: 3 Max.: 5
Performance of the Board Chair's functions		4.694	Min.: 3 Max.: 5
Performance of the CEO's functions		4.861	Min.: 4 Max.: 5
Performance of the Board Secretary's functions		5.000	Min.: 5 Max.: 5
Performance of the Audit and Control Committee's functions		4.788	Min.: 3 Max.: 5
Performance of the Appointments and Remuneration Committee's functions		4.633	Min.: 3 Max.: 5
Performance of the Land Investment Committee's functions		4.600	Min.: 1 <sup>10</sup> Max.: 5



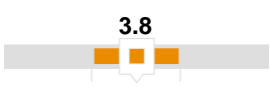




<sup>8</sup> Assessment relating to the distribution of different categories of director (independent, proprietary and executive).

<sup>9</sup> Assessment relating to Board training programmes.

<sup>10</sup> Assessment relating to the following Land Investment Committee areas of responsibility: (i) Definition of general real estate policies and strategies, and (ii) acquisition of real estate assets and/or developments.









**Structure and composition of the Board of Directors**

1.- Assess the following characteristics related to the Board of Directors' structure and composition:

		
Current size of the Board		The directors consider that the number of Board members (9 directors) is entirely <b>appropriate in view of Neinor Homes' current size</b> . This number allows nimble, effective decision-making and is in line with <u>CGGLC Recommendation 13</u> .
Distribution of different categories of director (independent, proprietary and executive)		In general, the directors <b>feel comfortable</b> with the current distribution of directors on Neinor Homes' Board of Directors. Although some directors have mentioned that, in the event of changes to the Board's structure, the possibility of increasing the number of proprietary directors should be studied while in any case maintaining a balanced structure in line with good corporate governance practices.
Diversity in terms of gender and profile		In general, a significant number of directors <b>identify a potential improvement area in relation to Board gender diversity</b> (11% women) so as to be better aligned with <u>CGGLC Recommendation 15</u> .
Diversity in terms of experience and knowledge		The directors expressed a <b>very positive opinion</b> of the <b>mix of competencies / profiles on the Board</b> , although some indicated that profiles with industry experience or banking experience could be included in future renewal processes.
Current term of office		As regards the directors' term of office, the general opinion is that it is <b>appropriate</b> .
Board Committee structure		In general, the directors have a <b>very positive opinion of the composition and structure</b> of the Board Committees.

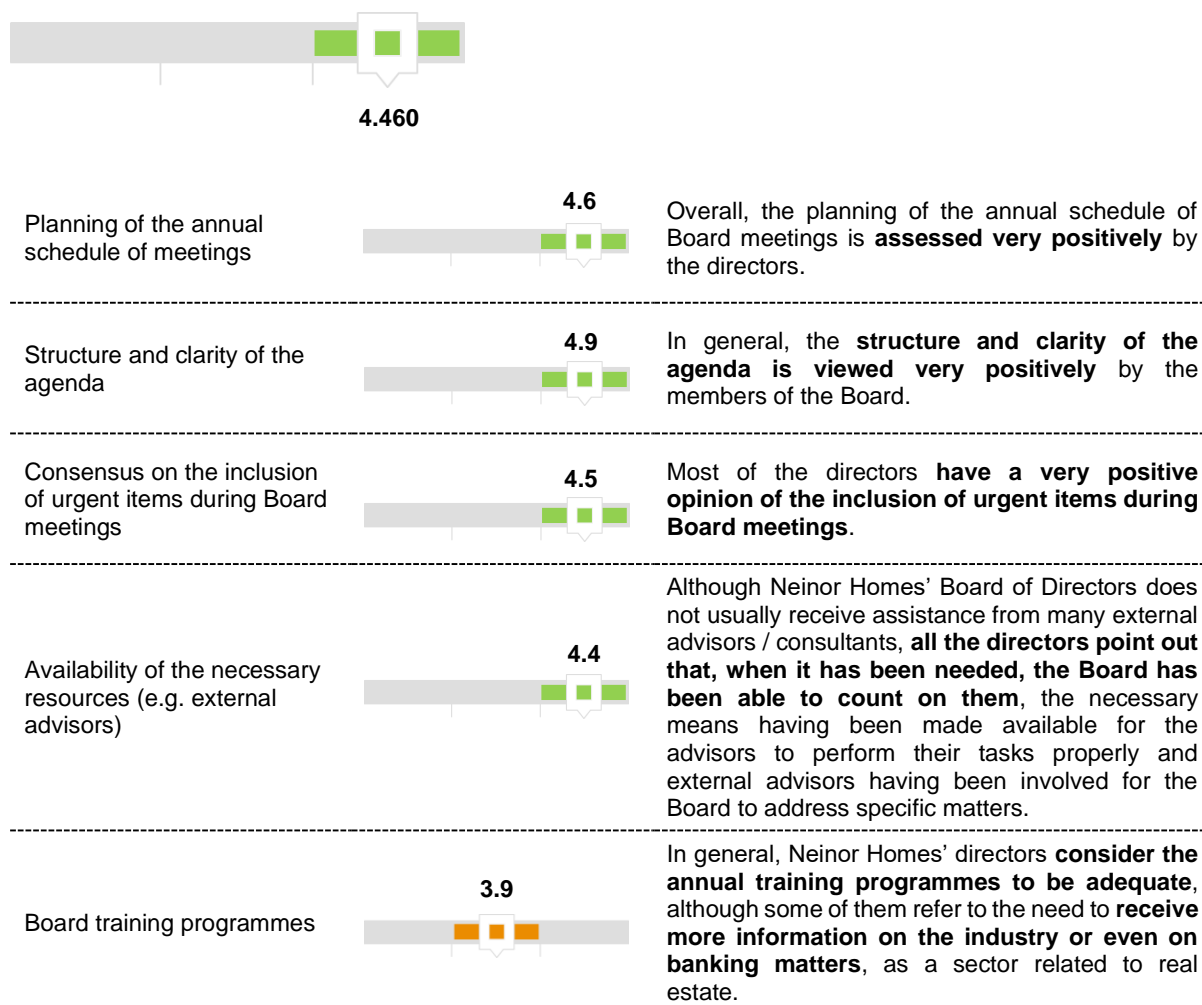
**Internal functioning of the Board of Directors**

1.- Assess the following characteristics related to the Board of Directors' internal functioning

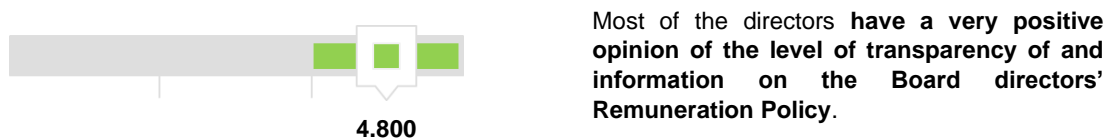
		
Frequency of Board meetings		The directors have a <b>very positive opinion of the frequency of Board meetings</b> . Thirteen meetings were held in 2019. This is in line with <u>CGGLC Recommendation 26</u> , which states that the Board should meet at least eight times a year.
Advance notice of meetings		Most of the directors consider the advance notice given of meetings to be <b>very positive</b> . However, <b>some directors refer to this as an improvement area</b> .
Quality information in time and form		In general, the directors have a <b>very positive view of the information and/or documents provided</b> prior to meetings, allowing them to study the agenda items.
Level of attendance at meetings		A <b>very positive assessment of the level of attendance at meetings</b> by the directors is unanimous.
Length of Board meetings		In general, the directors consider the length of meetings to be <b>appropriate</b> although, on occasions, the <b>allocation of time</b> can complicate the possibility of addressing some agenda items in detail.
Order, level and depth of deliberations		The opinion on the <b>encouragement of debate</b> during Board meetings is largely <b>positive</b> . Nonetheless, some directors stated that <b>deliberations have at times been monopolised</b> or perhaps <b>some matters have previously been excessively "worked on / prepared"</b> prior to the Board meetings.
Order and clarity of voting		Most of the directors have a <b>very positive opinion of the order and clarity</b> of Board voting.

**Effectiveness of the Board of Directors**

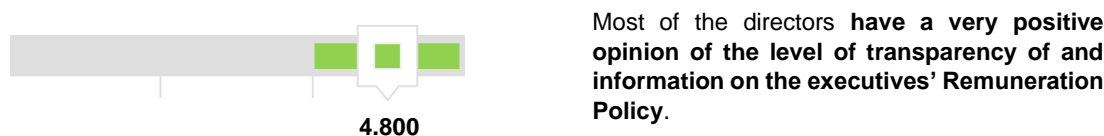
1.- Assess the following characteristics related to the Board of Directors' effectiveness



2.- Are you satisfied with the level of transparency of and information on the design, structure and content of the Board directors' Remuneration Policy?



3.- Are you satisfied with the level of transparency of and supervision and information on the design, structure and content of the executives' Remuneration Policy?



**Relationships and connections of the Board of Directors**

1.- Do you consider the level of coordination between the Board and senior management to be appropriate? (For example: availability to interact, rigour of presentations, acceptance of supervision, etc.)



The **majority of directors** have a **very positive opinion** of the level of interaction between the Board of Directors and senior management, particularly as regards the **availability of the executives and the rigour and preparation of their presentations**.

2.- Do you consider the level of coordination between the Board and shareholders and investors to be appropriate? (For example: availability to interact, sending of information relevant to the General Shareholders' Meeting (GSM), swift response to queries related to the GSM, etc.)



In general, the directors have a **very positive opinion of the level of interaction** between the Board of Directors and shareholders and investors.

3.- What is your assessment of the periodic information received on movements in the shareholder structure, and on the opinions of the most relevant shareholders, investors and rating agencies with respect to the Company (CGGLC Recommendation 32)?



The majority of directors view the periodic information received by the Board in relation to CGGLC Recommendation 32 **very positively**.

4.- What is your assessment of the information disclosed to the market and available through the "Shareholders and investors" section of the corporate website?



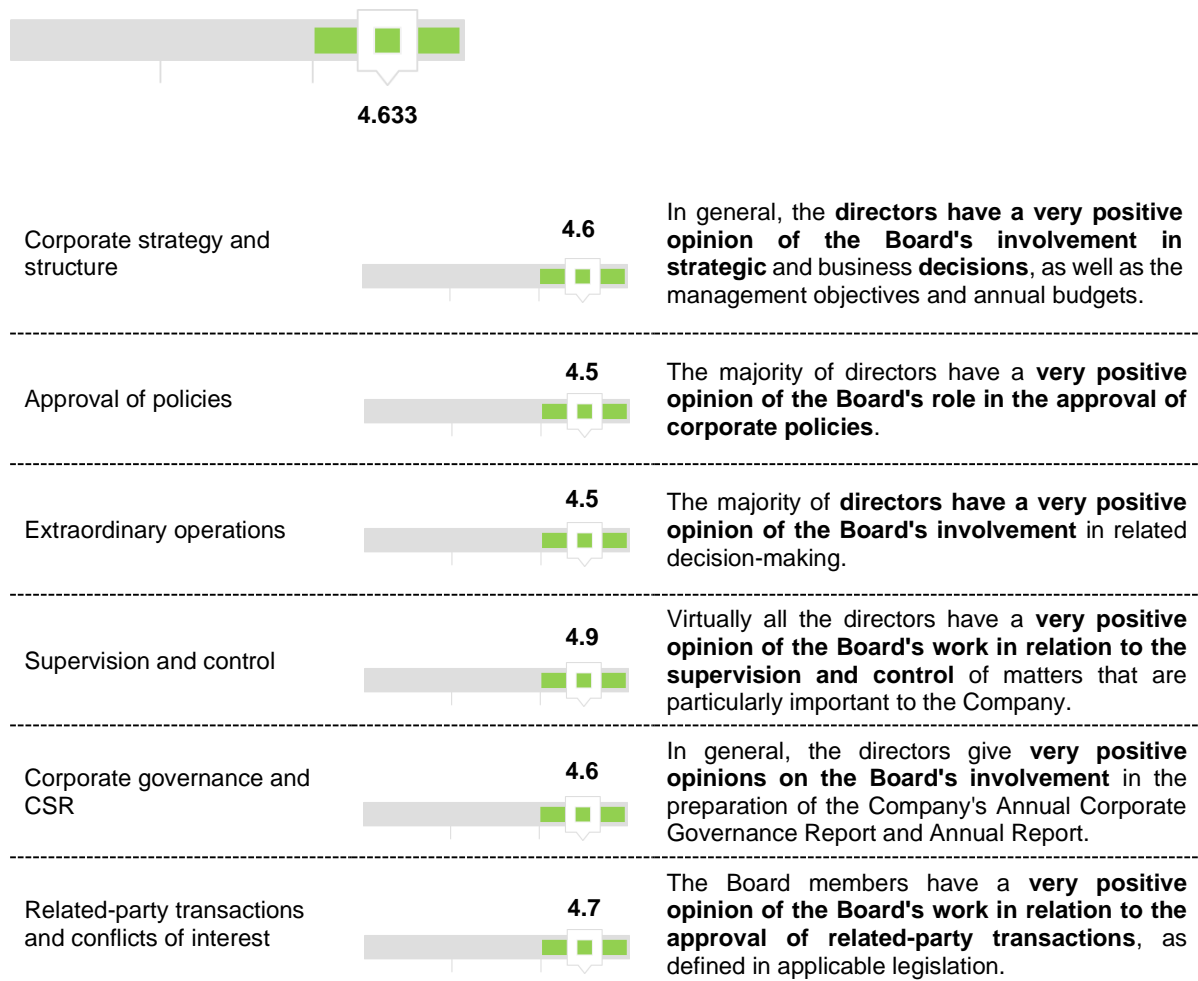
Although most of the directors have a **positive opinion**, some indicated that outgoing communication could be an improvement area, **relating both to large shareholders and to non-controlling interests**.

**Performance of the administrative body's functions**

**- Performance of the Board of Directors' functions**

1.- What is your opinion on the activities of the Board of Directors as regards the non-delegable powers defined in the Company's internal regulations and other powers stipulated in applicable legislation?

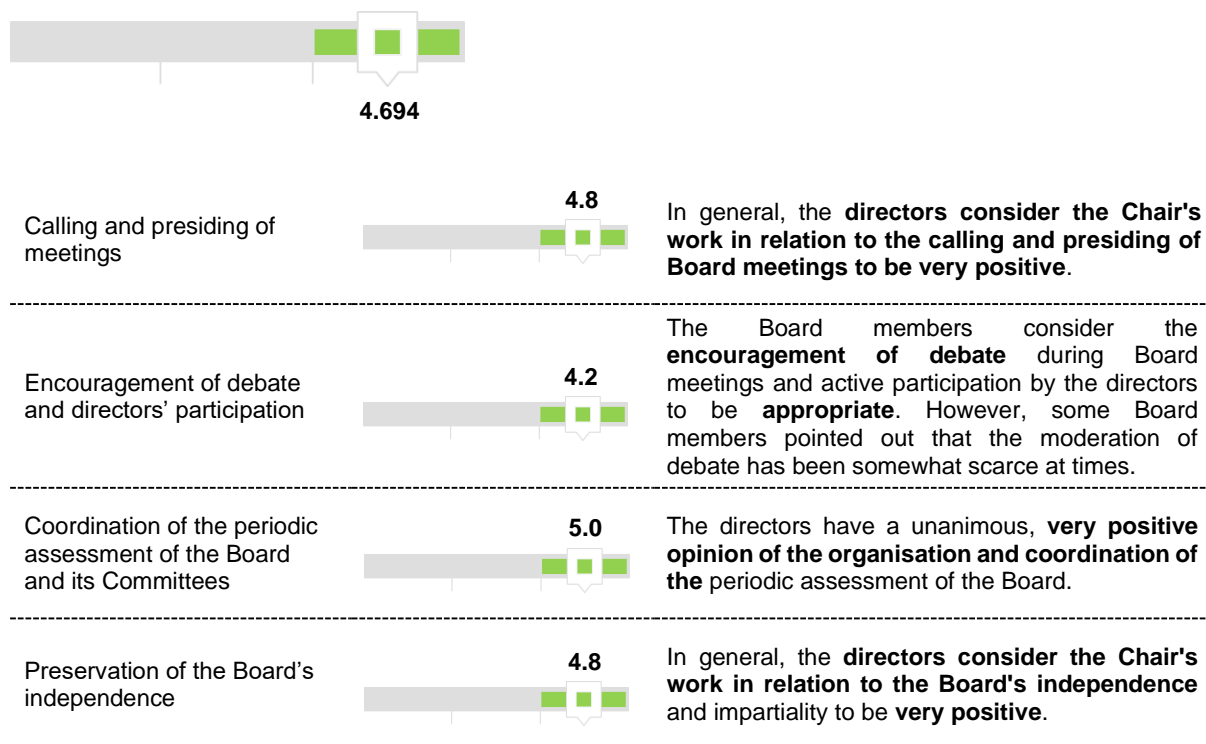
As regards the Board of Directors' activities in its areas of responsibility, the majority have a **very positive opinion**:



- **Performance of the Board Chairman's functions**

1.- What is your assessment of the Chair's activities as a member of the Board of Directors, in relation to the following areas of responsibility?<sup>11</sup>

The majority of directors value the **Chair's performance in his areas of responsibility very positively**.



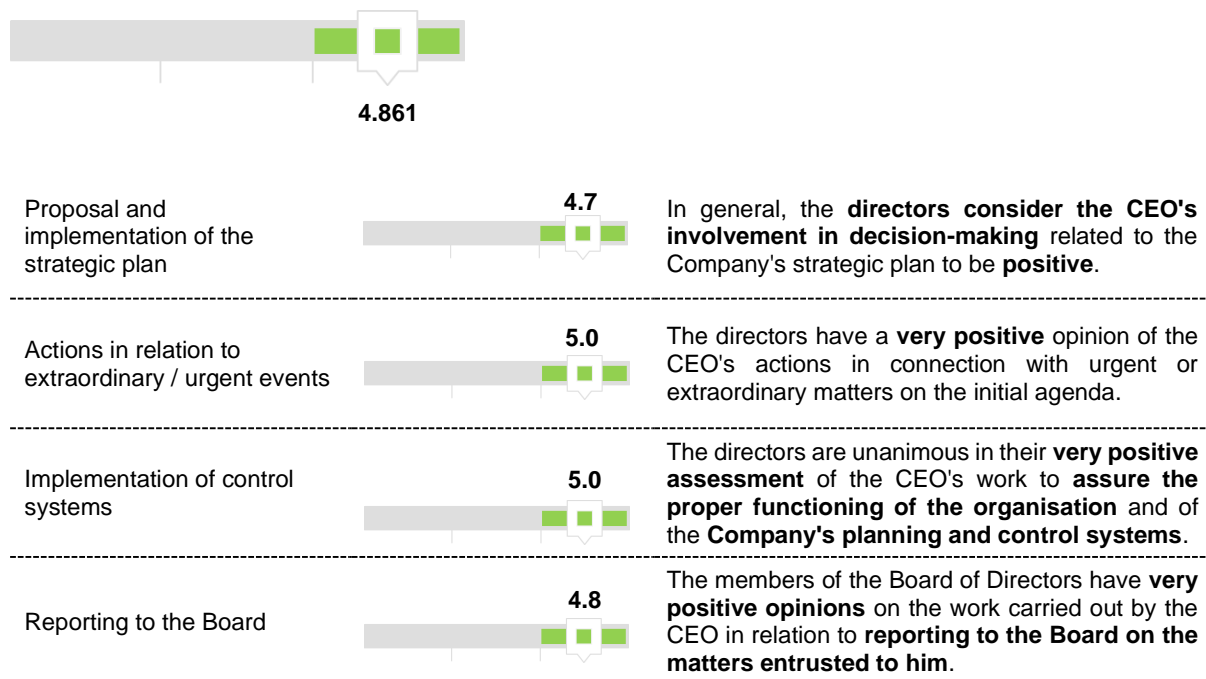
<sup>11</sup> This form module was not sent to the Chairman of the Board of Directors.



- **Performance of the CEO's functions**

1.- What is your assessment of the activities of the Chief Executive Officer in relation to the following responsibilities?<sup>12</sup>

The majority of directors value the **CEO's performance in his areas of responsibility very positively**.



<sup>12</sup> This form module was not sent to the Chief Executive Officer.

- **Performance of the Board Secretary's functions**

1.- What is your assessment of the activities of the Board Secretary in relation to her responsibilities? (For example: supporting the Chair, advising the Board, raising minutes and ensuring that the CNMV's recommendations are followed)<sup>13</sup>



The Spanish Companies Act regulates the role of the Board Secretary in listed companies, stipulating the minimum functions to be performed. In addition, CGGLC Recommendation 35 states that, in particular, the Secretary must ensure that the Board's actions and decisions take account of the CGGLC's good governance recommendations.

Neinor Homes' Board Secretary **is given a very positive assessment in relation to the functions carried out**, i.e. supporting the Chairman during the preparation of documentary support for the Board of Directors, advising and informing the directors, and preparing rigorous, orderly documentation on the Board meetings, as well as paying special attention to ensuring that the Board's actions and decisions comply with applicable laws and regulations, with the Company's Bylaws, the Regulations of the General Shareholders' Meeting and the Board of Directors, the Internal Code of Conduct in Securities Markets, and all good governance recommendations applicable to the Company.

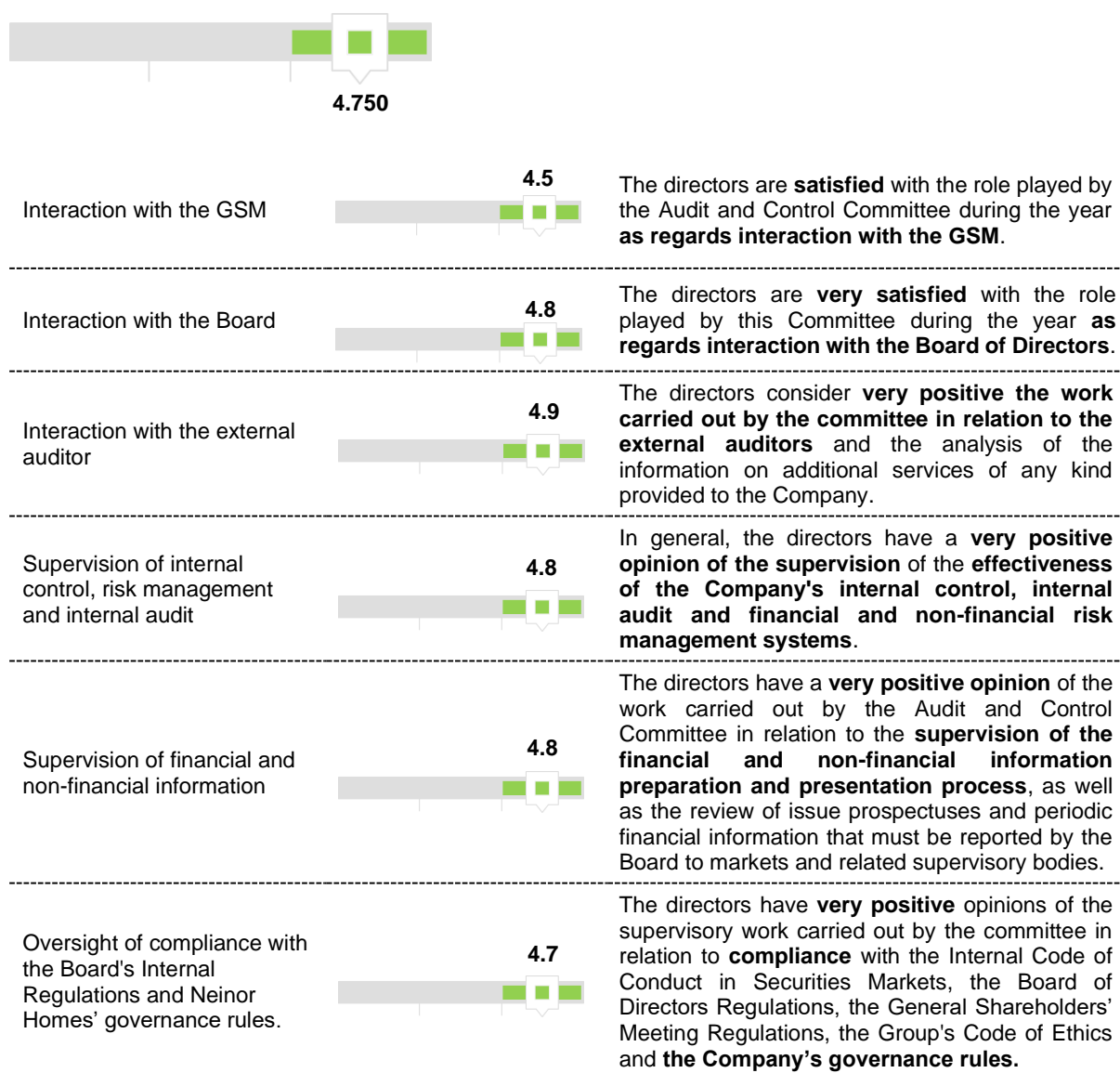
The directors are also satisfied with the Board Secretary's oversight responsibility to ensure that the Board has taken into consideration the CGGLC recommendations in its actions and decisions, as well as with the level of formal compliance with all corporate governance requirements applicable to listed companies.

<sup>13</sup> This form module was not sent to the Board Secretary.

- **Performance of the Audit and Control Committee's functions**

1.- What is your assessment of the Audit and Control Committee's current-year activities in its areas of responsibility and other areas attributed to it by prevailing legislation?

The directors have a **very positive** opinion of the **internal functioning and formal aspects** of the Audit and Control Committee. They also consider that the committee's performance in its areas of responsibility is satisfactory, despite the heavy workload taken on, due in part to the amendments to the CGGLC.



2.- What is your assessment of the support / reasonable assurance provided by the GRC and Internal Audit Department, as a unit reporting to the Audit and Control Committee, in relation to the monitoring of good practices in corporate governance, compliance, risk management, internal control, internal audit and CSR?

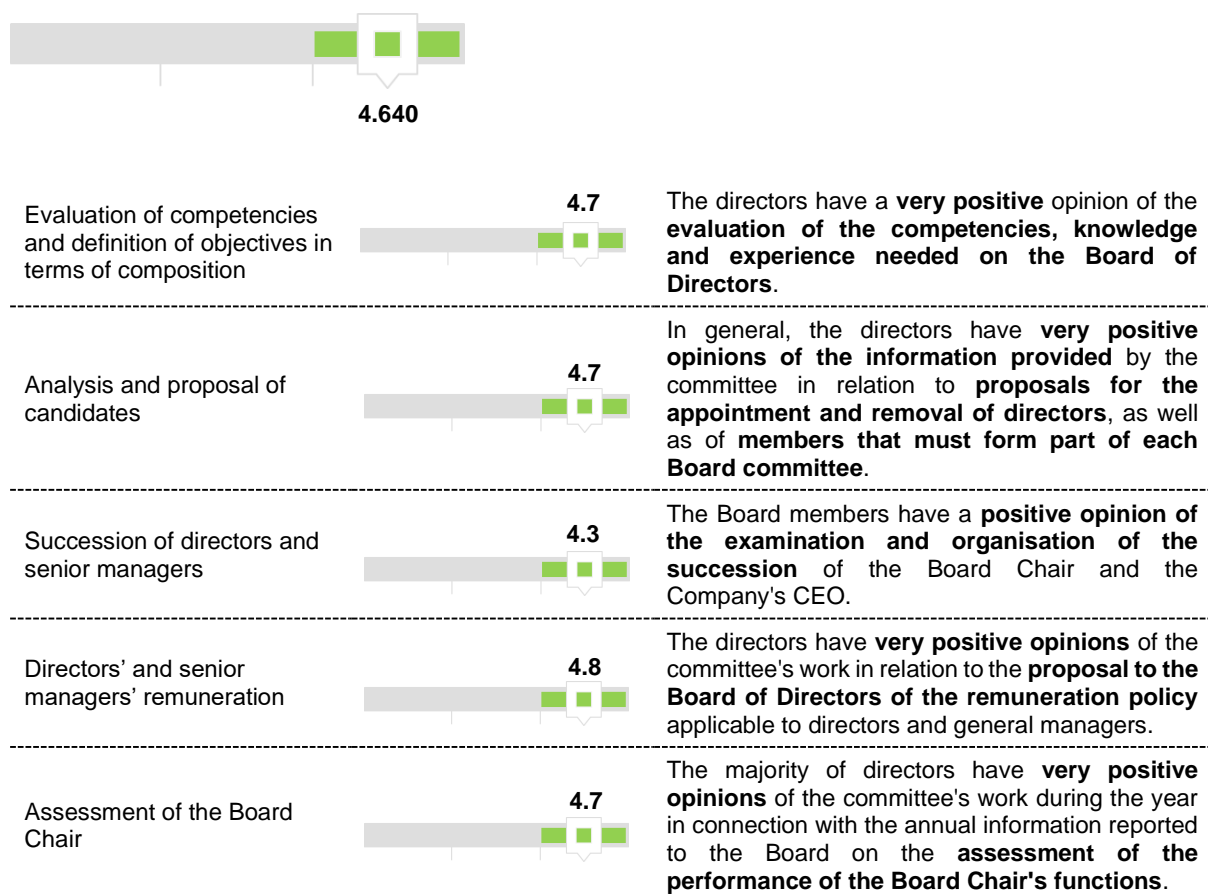


All the directors have a **very positive opinion of the work performed by the GRC and Internal Audit Department** in relation to the monitoring of good practices in **corporate governance, internal audit, conflicts of interest, CSR** and the **preparation of relevant documentation** to the Board of Directors, shareholders and investors, among other matters.

- **Performance of the Appointments and Remuneration Committee's functions**

1.- What is your assessment of the Appointments and Remuneration Committee's current-year activities in its areas of responsibility and other areas attributed to it by prevailing legislation?

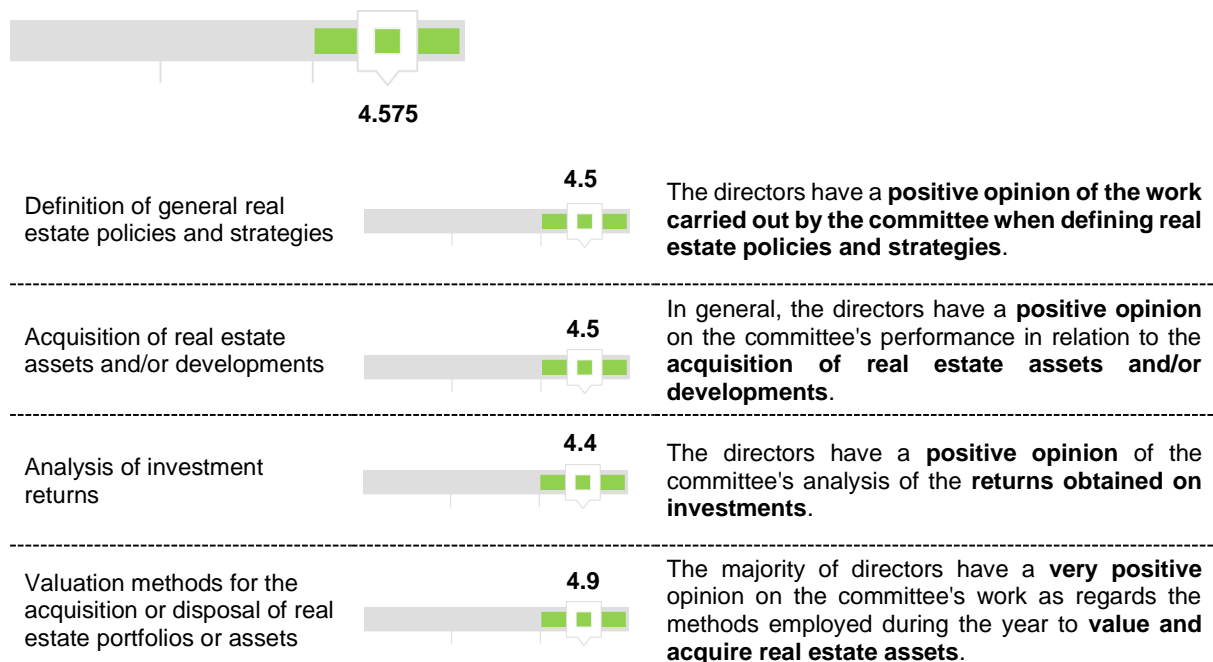
The directors generally have a **very positive** opinion of the **internal functioning and formal aspects** of the Appointments and Remuneration Committee. They are also satisfied with the committee's performance in its areas of responsibility, taking into consideration the proposals and/or concerns of all the members.



- **Performance of the Land Investment Committee's functions**

1.- What is your assessment of the Property Investment Committee's current-year activities in its areas of responsibility and other areas attributed to it by prevailing legislation?

The directors generally have a **very positive** opinion of the **internal functioning and formal aspects** of the Property Investment Committee. They are also satisfied with the committee's performance in its areas of responsibility, as an essential part of the business.





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